FRANKLIN COUNTY, GEORGIA

Annual Financial Report

For the six months ended June 30, 2006

This page intentionally left blank.

FRANKLIN COUNTY, GEORGIA
FINANCIAL REPORT
For the six months ended June 30, 2006

TABLE OF CONTENTS

		Page (s)
INTRODUCTORY SECTION:		
	Table of Contents	i-v
FINANCIAL SECTION:		
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-15
BASIC FINANCIAL STATEMENTS		
	Government-wide Statements	
Exhibit		
A-1	Statement of Net Assets	16-17
A-2	Statement of Activities	18
	Fund Financial Statements	
A-3	Balance Sheet - Governmental Funds	19
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	20
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
A-7	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	23-24
A-8	Statement of Net Assets - Proprietary Funds	25
A-9	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	26
A-10	Statement of Cash Flows - Proprietary Funds	27
A-11	Statement of Fiduciary Assets and Liabilities	28

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Exhibit		Page (s)
A-12	Combining Statement of Net Assets - Component Units	**29**
A-13	Combining Statement of Activities - Component Units	**30**
A-14	**Notes to the Financial Statements**	**31-65**

Item #		Page #
1.	Description of Government Unit	**31**
2.	Summary of Significant Accounting Policies	**31-44**
3.	Deposit and Investment Risk	**44-45**
4.	Accounts Receivable	**46**
5.	Intergovernmental Receivables	**46**
6.	Interfund Receivables and Payables	**47**
7.	Interfund Transfers	**48**
8.	Capital Assets	**49-51**
9.	Operating Lease Agreements	**51**
10.	Other Liabilities	**51**
11.	Long-Term Debt	**51-54**
12.	Landfill Post-Closure Care Costs	**54**
13.	Reserved Equity Balances	**55**
14.	Changes in Beginning Equity	**55-56**
15.	Pension Plan	**56-59**
16.	Deferred Compensation Plans	**60-61**
17.	Hotel/Motel Lodging Tax	**62**
18.	Joint Ventures	**62**
19.	Risk Financing Activities	**63**
20.	Commitments and Contingencies	**64**
21.	Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted	**65**
22.	Change in Accounting Period	**65**

Table of Contents, continued

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Exhibit		Page (s)
B-1	Combining Balance Sheet - Nonmajor Governmental Funds	**66-67**
B-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	**68-69**
	GENERAL FUND	
C-1	Balance Sheet	**70**
C-2	Statement of Revenues, Expenditures and Changes in Fund Balances	**71**
C-3	Schedule of Revenues - Budget (GAAP Basis) and Actual	**72**
C-4	Schedule of Expenditures - Budget (GAAP Basis) and Actual	**73-77**
	SPECIAL REVENUE FUNDS	
D-1	Emergency E911 Special Revenue Fund Balance Sheet	**78**
D-2	Emergency E911 Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**79**
D-3	Drug Enforcement Special Revenue Fund Balance Sheet	**80**
D-4	Drug Enforcement Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**81**
D-5	Inmate Welfare Special Revenue Fund Balance Sheet	**82**
D-6	Inmate Welfare Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**83**
D-7	Law Library Special Revenue Fund Balance Sheet	**84**
D-8	Law Library Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**85**
D-9	MANS Unit Special Revenue Fund Balance Sheet	**86**
D-10	MANS Unit Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**87**

Table of Contents, continued

SUPPLEMENTARY INFORMATION, continued

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	SPECIAL REVENUE FUNDS, continued	
D-11	Public Defender Special Revenue Fund Balance Sheet	**88**
D-12	Public Defender Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**89**
D-13	Public Defender Special Revenue Fund Balance Sheet	**90**
D-14	Public Defender Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**91**
	DEBT SERVICE FUND	
E-1	Debt Service Fund Balance Sheet	**92**
E-2	Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	**93**
	CAPITAL PROJECTS FUNDS	
F-1	Special Purpose Local Option Sales Tax Fund Balance Sheet	**94**
F-2	Special Purpose Local Option Sales Tax Fund Statement of Revenues, Expenditures and Changes in Fund Balances	**95**
F-3	2004 Special Purpose Local Option Sales Tax Fund Balance Sheet	**96**
F-4	2004 Special Purpose Local Option Sales Tax Fund Statement of Revenues, Expenditures and Changes in Fund Balances	**97**
	ENTERPRISE FUNDS	
G-1	Water and Sewer Enterprise Fund Statement of Net Assets	**98**
G-2	Water and Sewer Enterprise Fund Statement of Revenues, Expenses and Changes in Net Assets	**99**
G-3	Water and Sewer Enterprise Fund Statement of Cash Flows	**100**

Table of Contents, continued

SUPPLEMENTARY INFORMATION, continued

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	ENTERPRISE FUNDS, continued	
G-4	Solid Waste Enterprise Fund Statement of Net Assets	**101**
G-5	Solid Waste Enterprise Fund Statement of Revenues, Expenses and Changes in Net Assets	**102**
G-6	Solid Waste Enterprise Fund Statement of Cash Flows	**103**
	AGENCY FUNDS	
H-1	Combining Balance Sheet	**104-105**
H-2	Statement of Changes in Assets and Liabilities	**106**
H-3	Schedule of Receipts and Disbursements	**107-108**
	COMPONENT UNITS	
I-1	Recreation Department Balance Sheet	**109**
I-2	Recreation Department Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**110**
I-3	Industrial Building Authority Balance Sheet	**111**
I-4	Industrial Building Authority Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**112**
OTHER REPORTING SECTION		
	Independent Auditor's 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	**113-116**
J-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	**117**

This page intentionally left blank.

Independent Auditor's Report

Honorable Chairman and Members
of the Board of Commissioners
Franklin County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, Georgia, as of and for the six months ended June 30, 2006 and twelve months ended June 30, 2006 for the Franklin County Health Department component unit, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Franklin County, Georgia. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Franklin County Health Department, a component unit of Franklin County, Georgia, as of June 30, 2006, and for the twelve months then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions on the financial statements, insofar as they relate to the amounts included for the Franklin County Health Department, is based 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 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, Georgia, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison of the General Fund for the six months then ended, and twelve months then ended for the Franklin County Health Department component unit, 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 October 19, 2006, on our consideration of Franklin County, Georgia's internal control over financial reporting and 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 read considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

This page intentionally left blank.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the state reporting section with the special purpose local option sales tax report have 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.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
October 19, 2006

This page intentionally left blank.

FRANKLIN COUNTY
BOARD OF COMMISSIONERS

P.O. BOX 159
CARNESVILLE, GEORGIA 30521
Phone: 706-384-2483
Fax: 706-384-7089

Samuel D. Elrod
Commission Chairman

Frank Ginn
County Manager

Laverne Hilley
County Clerk

Jarrard & Davis, LLP
County Attorneys

Robert L. Franklin
District 1 Commissioner

Eddie W. Grizzle
District 2 Commissioner

Jeff S. Jacques
District 3 Commissioner

Levy E. Moore
District 4 Commissioner

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Franklin County, it is our pleasure to present this narrative discussion and analysis of Franklin County's financial performance, providing an overview of the activities for the six months ended June 30, 2006. The County elected to change its year end from December 31 to June 30 for the period ending June 30, 2006, and all subsequent periods. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Franklin County. This analytical information is presented as an overview and should be reviewed in conjunction with the County's financial statements that follow this section.

Financial Highlights

- Franklin County's assets exceeded its liabilities at June 30, 2006, by $26,677,267 (reported as *net assets*).

- As of June 30, 2006, Franklin County's governmental funds reported combined ending fund balances of $22,522,961. Approximately 34% of this total amount, or $7,684,030, is available for spending at the Board of Commissioners' discretion (unreserved fund balance of the General Fund).

More detailed information regarding these activities and funds begins on page 8.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Franklin County's basic financial statements. Franklin County's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the County as a whole). The focus of the government-wide financial statements is on the overall financial position and activities of Franklin County and is designed to provide readers with a broad overview of the County's financial activities in a manner similar to a private business enterprise.

The County's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about Franklin County using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Assets*** (pages 16-17) is to attempt to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net assets*. Although the purpose of the County is not to accumulate net assets, in general, as this amount increases it indicates that the financial position of the County is improving over time.

The ***Statement of Activities*** (page 18), on the other hand, presents the revenues and expenses of the County. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net assets*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the County and identifies the extent to which each function of the County draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Assets and the Statement of Activities, we divide Franklin County into three types of activities:

- ***Governmental activities*** – Most of the County's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: property, sales, insurance premium and intangible finance most of these services.

- ***Business-type activities*** – The County charges fees to customers to assist in covering the cost for providing certain services. The County's solid waste tipping fees are reported in this category.

- ***Discretely Presented Component Units*** – A component unit is a legally separate organization for which the elected officials of the County are financially accountable. The Health Department, Recreation Department, and the Industrial Building Authority, although legally separate, function for all practical purposes as departments of Franklin County, and therefore have been included as an integral part of the primary government.

The County's government-wide financial statements are presented on pages 16-18.

Fund Financial Statements (Reporting the County's Major Funds).
The focus of fund financial statements is directed to specific activities of the County and its most significant funds, not the County as a whole. A fund is an entity with a self-balancing set of accounts that the County uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the County's non-major funds can be found beginning on page 66. The County's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the County's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

Franklin County maintains eleven individual governmental funds. Information is presently separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and 2004 SPLOST Capital Projects Funds, which are considered major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 66-69 of this report.

Franklin County adopts an annual appropriated budget for its General Fund, all Special Revenue Funds, and Debt Service Fund. The budgetary comparison statement has been provided for the General Fund to demonstrate compliance with these budgets.

The County's basic governmental fund financial statements are presented on pages 19-24 of this report.

- ***Proprietary Funds*** – When the County charges customers for the services it provides – whether to outside customers or to other departments of the County – these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

  Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. Franklin County uses enterprise funds to account for its Water and Sewer and Solid Waste functions. Both of these funds are considered major funds.

  The County's proprietary fund financial statements are presented on pages 25-27.

- ***Fiduciary Funds –*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Franklin County's own programs and services. The accounting used for fiduciary funds is much like that used for proprietary funds.

  Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

  The County's fiduciary funds Statement of Assets and Liabilities is presented on page 28.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-65 of this report.

Other Supplementary Information.

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 20 and 22) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the County's Financial Position and Operations

The County's overall financial position and operations for this six months ended June 30, 2006, is summarized as follows based on the information included in the government-wide financial statements (see pages 16-18):

Franklin County
Net Assets (Financial Position)
June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Current and other assets	$ 24,292,555	$ 29,550,658	$ 64,959	$ 60,512	$ 24,357,514	$ 29,611,170
Capital assets	9,588,852	7,698,474	16,802,625	16,370,581	26,391,477	24,069,055
Total assets	33,881,407	37,249,132	16,867,584	16,431,093	50,748,991	53,680,225
Long-term liabilities	16,005,911	16,080,263	4,493,186	4,574,745	20,499,097	20,655,008
Other liabilities	3,406,296	2,502,028	166,331	180,449	3,572,627	2,682,477
Total liabilities	19,412,207	18,582,291	4,659,517	4,755,194	24,071,724	23,337,485
Net assets:						
Invested in capital assets, net of related debt	9,588,852	7,698,474	13,537,306	12,990,200	23,126,158	20,688,674
Restricted	11,987,019	16,014,010	8,866	18,442	11,995,885	16,032,452
Unrestricted	(7,106,671)	(5,045,643)	(1,338,105)	(1,332,743)	(8,444,776)	(6,378,386)
Total net assets	$ 14,469,200	$ 18,666,841	$ 12,208,067	$ 11,675,899	$ 26,677,267	$ 30,342,740

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets for Franklin County exceeded liabilities by $26,677,267 at the close of the six months ended June 30, 2006.

Approximately 87**%** of Franklin County's net assets are reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets comprise 45%**.** This amount represents resources that are subject to external restrictions or enabling legislation on how they can be used.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Franklin County's net assets changed during the six months ended June 30, 2006.

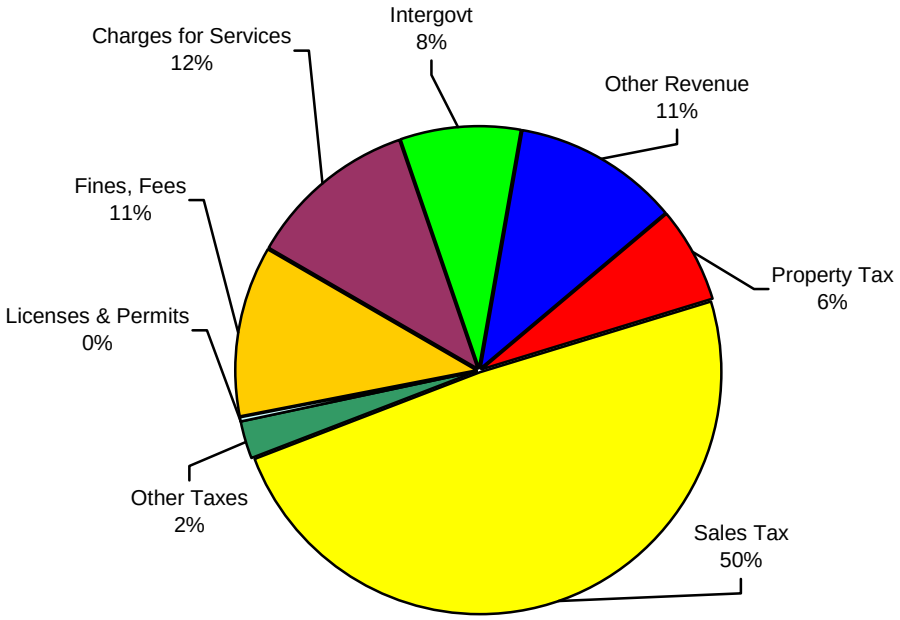
Franklin County
Changes in Net Assets
For the six months ended June 30, 2006 and the twelve months ended June 30, 2005

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Program revenues:						
Charges for services	$ 1,525,045	$ 2,304,538	$ 434,450	$ 820,123	$ 1,959,495	$ 3,124,661
Operating grants and contributions	413,376	788,323	0	0	413,376	788,323
Capital grants and contributions	108,753	252,391	0	567,125	108,753	819,516
General revenues:						
Property taxes	416,977	5,531,426	0	0	416,977	5,531,426
Sales tax	3,220,117	5,493,449	0	0	3,220,117	5,493,449
Intangible tax	62,015	130,167	0	0	62,015	130,167
Franchise tax	47,985	73,141	0	0	47,985	73,141
Insurance premium tax	0	644,031	0	0	0	644,031
Real estate transfer tax	21,750	34,309	0	0	21,750	34,309
Other taxes	20,838	6,410	0	0	20,838	6,410
Investment income	515,903	604,569	37,681	41,212	553,584	645,781
Gain on sale of assets	14,710	59,770	0	0	14,710	59,770
Grants and contributions	0	0	0	0	0	0
Miscellaneous revenue	202,523	97,972	0	0	202,523	97,972
Total revenues	6,569,992	16,020,496	472,131	1,428,460	7,042,123	17,448,956
Expenses						
General government	1,188,919	1,986,027	0	0	1,188,919	1,986,027
Judicial	550,937	957,242	0	0	550,937	957,242
Public Safety	3,321,675	6,326,858	0	0	3,321,675	6,326,858
Public Works	2,674,319	2,734,329	0	0	2,674,319	2,734,329
Health and Welfare	166,480	363,526	0	0	166,480	363,526
Culture and Recreation	488,678	997,279	0	0	488,678	997,279
Housing and Development	121,195	224,060	0	0	121,195	224,060
Interest on long-term debt	330,626	408,334	0	0	330,626	408,334
Water and Sewer	0	0	458,613	902,211	458,613	902,211
Solid Waste	0	0	131,097	285,864	131,097	285,864
Total expenses	8,842,829	13,997,655	589,710	1,188,075	9,432,539	15,185,730
Increase (decrease) in net assets before transfers	(2,272,837)	2,022,841	(117,579)	240,385	(2,390,416)	2,263,226
Transfers	(660,894)	(1,253,123)	660,894	1,253,123	0	0
Change in net assets	(2,933,731)	769,718	543,315	1,493,508	(2,390,416)	2,263,226
Net assets - January 1	18,666,841	17,897,123	11,675,899	10,110,749	30,342,740	28,007,872
Prior period adjustments	(1,263,910)	0	(11,147)	71,642	(1,275,057)	71,642
Net assets - ending	$ 14,469,200	$ 18,666,841	$ 12,208,067	$ 11,675,899	$ 26,677,267	$ 30,342,740

Governmental Activities –

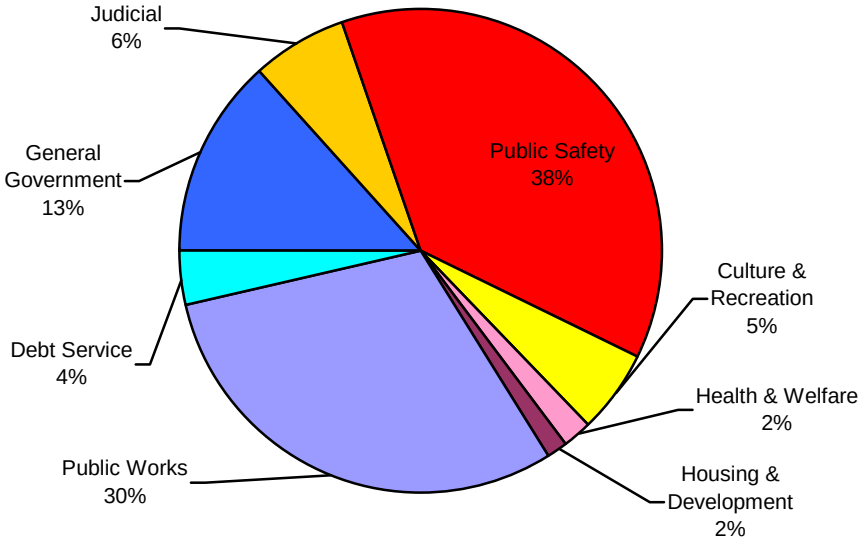
The following chart illustrates revenues of the governmental activities for the six months ended June 30, 2006:

Revenues by Source– Governmental Activities
For the six months ended June 30, 2006



The following chart illustrates the expenses of the governmental activities for the six months ended June 30, 2006:

Expenses – Governmental Activities
For the six months ended June 30, 2006



Business-Type Activities –

Business-type activities increased Franklin County's assets by $436,491. This is an increase of 3% from the prior year. The change in net assets in the Water and Sewer Fund was up from 2005 because a grant for the ground storage water tank expansion was received and an increase in the customer base; the change in net assets in the Solid Waste Fund was down from 2005 because of expiration of SPLOST revenue for solid waste projects.

Financial Analysis of the County's Funds

As noted earlier, Franklin County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the six month period

As the County completed this six month period, its governmental funds reported a combined ending fund balance of $22,522,961. Of this amount, $20,401,760 or 91% constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds. The General Fund comprises 38% of the unreserved fund balance. The remainder of fund balance is not available for spending because it has already been committed to:

1) payment of incurred expenses of the prior period of $101,584

2) payment of program expenses of $274,271

The General Fund is the chief operating fund of the County. At the end of the current six month period, unreserved fund balance of the General Fund was $7,684,030, while total fund balance reached $8,059,885. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to fund expenditures. Unreserved fund balance represents approximately 10 months of General Fund expenditures, while total fund balance represents approximately 10.5 months of that same amount.

The County ended the six month period by decreasing the fund balance of the General Fund by $908,557 or approximately 10%. Expenditures were approximately 2% over the budget and revenues collected were approximately 18% under budget projections.

General Fund Budget Highlights.

The primary change in the County's projected revenue was due to the receipt of property taxes. The budget revenues exceeded actual by approximately 43%.

The original budget for the General Fund was amended by various appropriations approved after the beginning of the six months ended June 30, 2006. In addition, the Board of Commissioners approved several adjustments tapping the Fund Balance line item to prevent budget overruns.

Overall, the General Fund expenditures totaled approximately 2% over the budget projections; this was due to the following departments over budget:

- Commission Board for supplies
- General Building and Plant for contract services and supplies
- General Administration for personal services and contract services
- Sheriff Department for personal services, contract services and inmate expense
- Health Department for supplies

It is anticipated that the General Fund may experience minimal increased revenues in the next fiscal year; however, the County will continue to monitor spending and other measures will help ensure that the fund balance remains positive.

Proprietary Funds. Franklin County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the County's two proprietary funds totaled as follows:

- Water and Sewer $ (42,881)
- Solid Waste $ (1,295,224)

The increase (decrease) in net assets for each fund was $834,904 and $(291,589), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

Capital Assets and Debt Administration

Capital Assets. Franklin County has invested $26,391,477 in capital assets (net of accumulated depreciation). Approximately 37% of this investment is related to governmental activities and includes infrastructure, land, buildings, and machinery and equipment.

Capital assets held by the County at June 30, 2006 are summarized as follows:

Franklin County
Capital Assets (net of accumulated depreciation)
June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Land	$ 1,199,646	$ 661,820	$ 399,323	$ 432,444	$ 1,598,969	$ 1,094,264
Land improvements	0	0	29,382	52,182	29,382	52,182
Water lines and towers	0	0	15,841,548	14,700,455	15,841,548	12,304,523
Infrastructure	340,812	340,812	0	0	340,812	340,812
Buildings	6,623,050	6,119,806	1,875,731	1,875,731	8,498,781	7,995,537
Machinery and equipment	1,566,430	2,017,060	465,917	696,806	2,032,347	2,713,866
Vehicles	3,457,715	3,047,055	268,909	402,478	3,726,624	3,449,533
Construction in progress	798,479	258,824	0	192,000	798,479	450,824
Total	13,986,132	12,445,377	18,880,810	18,352,096	32,866,942	28,401,541
Accumulated depreciation	(4,397,280)	(4,746,903)	(2,078,185)	(1,981,515)	(6,475,465)	(6,728,418)
Net Capital Assets	$ 9,588,852	$ 7,698,474	$ 16,802,625	$ 16,370,581	$ 26,391,477	$ 21,673,123

The County elected to implement the general provisions of GASB Statement 34 during 2003 and intends to fully implement the retroactive infrastructure provisions in fiscal year 2007. Until that time, net capital assets for governmental activities will be significantly understated.

Major capital asset expenditures during the current six month period for governmental activities included the following:

- Rocky Ford Park improvements
- Purchase of Road and Water Department equipment.
- Purchase of Sheriff Department equipment
- Vehicles and equipment for county fire departments

The major capital asset expenses during the current six month period for business-type activities included the following:

- Continued upgrading and expansion of Water system projects
- Purchase of vehicles in Solid Waste Department
- Purchase of equipment for Water-Sewer Department

Additional information on Franklin County's capital assets can be found in Note 8 on pages 49-51 of this report.

Long-term debt. During 2005, the County issued the Franklin County General Obligation Sales Tax Bonds, Series 2005. These bonds were issued in the original amount of $17,000,000; a premium of $966,575 was received on the issuance of the bonds. At June 30, 2006, the outstanding balance of these bonds was $17,000,000; the unamortized amount of the premium was $755,911.

On June 30, 2006, Franklin County had total notes payable outstanding in the amount of $3,308,643. The County's total debt decreased by approximately 3% during the course of the six months ended June 30, 2006. The key factor related to the decrease was simply the normal payment requirements on the debt obligations.

Additional information on the County's long-term debt can be found in Note 11 on pages 51-54 of this report.

Economic Condition and Outlook

Compared to other counties in the State of Georgia, Franklin County has faired relatively well under the weakened economy that we have experienced over the past three years. Several factors were considered during preparation of the budget for fiscal year 2007 including the following:

- Stability of interest rates for Certificate of Deposits and bank balances
- Completion of several GDOT Road Projects
- Additional staffing at jail to meet state and federal standards
- Expansion of water lines and addition of water customers
- Increase in cost of fuel and insurance
- Upgrading of E911 equipment

Contacting the County's Financial Services Department

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Franklin County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

Franklin County Board of Commissioners
P. O. Box 159
Carnesville, Ga. 30521

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	$ 1,717,654	$ 1,814,302	$ 3,531,956	$ 207,181
Equity in pooled cash	2,797,370	0	2,797,370	0
Certificates of deposit	2,187,261	0	2,187,261	0
Investments	12,764,138	0	12,764,138	0
Restricted assets				
Cash	274,271	0	274,271	0
Certificates of deposit	0	262,131	262,131	0
Interest receivable	0	5,408	5,408	0
Receivables (net)				
Accounts	395,012	90,336	485,348	13,703
Intergovernmental	1,127,452	0	1,127,452	30,431
Taxes	431,326	0	431,326	0
Interest	33,168	0	33,168	0
Inventory	0	39,769	39,769	0
Prepaid expenses	101,584	0	101,584	0
Internal balances	2,190,311	(2,190,311)	0	0
Total current assets	24,019,547	21,635	24,041,182	251,315
Noncurrent assets				
Capital assets				
Non-depreciable	1,998,125	399,323	2,397,448	1,265,191
Depreciable (net)	7,590,727	16,403,302	23,994,029	586,875
Intangible assets (net)	273,008	43,324	316,332	0
Total noncurrent assets	9,861,860	16,845,949	26,707,809	1,852,066
Total assets	33,881,407	16,867,584	50,748,991	2,103,381
LIABILITIES				
Current liabilities				
Payables				
Accounts	692,931	6,940	699,871	3,033
Intergovernmental	34,281	0	34,281	0
Retainages	79,847	0	79,847	0
Interest	275,521	0	275,521	0
Accrued salaries and expenses	205,249	9,197	214,446	0
Compensated absences	199,420	6,379	205,799	27,632
Due to other agencies	67,844	0	67,844	0
Notes payable	0	143,815	143,815	0
Bonds payable	1,750,000	0	1,750,000	0
Other liabilities	101,203	0	101,203	0
Total current liabilities	3,406,296	166,331	3,572,627	30,665
Noncurrent liabilities				
Compensated absences	0	0	0	6,270
Notes payable	0	3,164,828	3,164,828	0
Bonds payable	16,005,911	0	16,005,911	0
Post-closure care costs	0	1,328,358	1,328,358	0
Total noncurrent liabilities	16,005,911	4,493,186	20,499,097	6,270
Total liabilities	19,412,207	4,659,517	24,071,724	36,935

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2006

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
NET ASSETS				
Invested in capital assets, net of related debt	$ 9,588,852	$ 13,537,306	$ 23,126,158	$ 1,852,066
Restricted for:				
Judicial	64,853	0	64,853	0
Public Safety	476,728	0	476,728	0
Health and Welfare	0	0	0	157,802
Culture and Recreation	0	0	0	52,046
Housing and Development	0	0	0	4,532
Capital outlay	11,445,438	8,866	11,454,304	0
Unrestricted	(7,106,671)	(1,338,105)	(8,444,776)	0
Total net assets	$ 14,469,200	$ 12,208,067	$ 26,677,267	$ 2,066,446

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the six months ended June 30, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 1,188,919	$ 93,561	$ 0	$ 0	$ (1,095,358)
Judicial	550,937	224,311	103,225	0	(223,401)
Public Safety	3,321,675	1,201,426	214,003	0	(1,906,246)
Public Works	2,674,319	4,913	3,488	108,753	(2,557,165)
Health and Welfare	166,480	834	73,319	0	(92,327)
Culture and Recreation	488,678	0	0	0	(488,678)
Housing and Development	121,195	0	19,341	0	(101,854)
Interest on long-term debt	330,626	0	0	0	(330,626)
Total governmental activities	8,842,829	1,525,045	413,376	108,753	(6,795,655)
Business-type activities					
Water and Sewer	458,613	413,862	0	0	(44,751)
Solid Waste	131,097	20,588	0	0	(110,509)
Total business-type activities	589,710	434,450	0	0	(155,260)
Total primary government	9,432,539	1,959,495	413,376	108,753	(6,950,915)
Component Units					
Franklin County Recreation Department					
Culture and Recreation	179,679	58,220	11,638	0	(109,821)
Franklin County Industrial Building Authority					
Housing and Development	35,254	0	0	0	(35,254)
Franklin County Health Department (for the 12 months ended June 30, 2006)					
Health and Welfare	510,884	236,288	137,073	0	(137,523)
Total component units	725,817	294,508	148,711	0	(282,598)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (6,795,655)	$ (155,260)	$ (6,950,915)	$ (282,598)
General revenues				
Taxes				
Property	416,977	0	416,977	0
Sales	3,220,117	0	3,220,117	0
Intangible	62,015	0	62,015	0
Franchise	47,985	0	47,985	0
Real estate transfer	21,750	0	21,750	0
Occupational	16,434	0	16,434	0
Other	4,404	0	4,404	0
Interest and investment earnings	515,903	37,681	553,584	57
Gain on sale of assets	14,710	0	14,710	0
Payments from Franklin County	0	0	0	571,634
Miscellaneous	202,523	0	202,523	986
Transfers	(660,894)	660,894	0	0
Total general revenues and transfers	3,861,924	698,575	4,560,499	572,677
Change in net assets	(2,933,731)	543,315	(2,390,416)	290,079
Net assets - beginning (original)	18,666,841	11,675,899	30,342,740	1,776,367
Prior period adjustments	(1,263,910)	(11,147)	(1,275,057)	0
Net assets - beginning (restated)	17,402,931	11,664,752	29,067,683	1,776,367
Net assets - ending	$ 14,469,200	$ 12,208,067	$ 26,677,267	$ 2,066,446

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

FRANKLIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General	Debt Service	2004 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS					
Cash	$ 96,506	$ 0	$ 0	$ 1,621,149	$ 1,717,655
Equity in pooled cash	2,781,197	0	0	16,173	2,797,370
Certificates of deposit	1,859,073	0	0	328,188	2,187,261
Investments	0	2,080,625	10,683,513	0	12,764,138
Receivables (net)					
Accounts	367,450	0	0	27,564	395,014
Intergovernmental	425,143	664,245	0	38,064	1,127,452
Taxes	431,326	0	0	0	431,326
Interest	27,197	0	0	5,970	33,167
Prepaid expenses	101,584	0	0	0	101,584
Due from other funds	2,452,355	0	0	198,953	2,651,308
Restricted Assets					
Cash	274,271	0	0	0	274,271
Total assets	$ 8,816,102	$ 2,744,870	$ 10,683,513	$ 2,236,061	$ 24,480,546
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	$ 105,414	$ 0	$ 582,378	$ 5,140	$ 692,932
Intergovernmental	30,431	0	0	3,850	34,281
Retainages	0	0	79,847	0	79,847
Excess taxes	101,203	0	0	0	101,203
Accrued salaries and expenses	179,914	0	0	25,335	205,249
Deferred revenue	315,232	0	0	0	315,232
Due to other agencies	0	0	0	67,844	67,844
Due to other funds	24,023	2,100	46,328	388,546	460,997
Total liabilities	756,217	2,100	708,553	490,715	1,957,585
Fund balances					
Reserved for prepaids	101,584	0	0	0	101,584
Reserved for program expenditures	274,271	0	0	0	274,271
Unreserved, undesignated	7,684,030	2,742,770	9,974,960	0	20,401,760
Special Revenue Funds	0	0	0	274,868	274,868
Capital Projects Funds	0	0	0	1,470,478	1,470,478
Total fund balances	8,059,885	2,742,770	9,974,960	1,745,346	22,522,961
Total liabilities and fund balances	$ 8,816,102	$ 2,744,870	$ 10,683,513	$ 2,236,061	$ 24,480,546

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

FRANKLIN COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2006

Total fund balance - total governmental funds	$	22,522,961
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $13,986,132, net of accumulated depreciation of ($4,397,280), and intangible assets of $273,008, are not financial resources and, therefore, are not reported in the funds.		9,861,860
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are deferred property taxes.		315,231
Long-term liabilities of are not due and payable in the current period and are not reported in the funds. These are bonds payable of ($17,755,911), interest payable of ($275,521), and compensated absences of ($199,420).		(18,230,852)
Net assets of governmental activities	$	14,469,200

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the six months ended June 30, 2006

	General	Debt Service	2004 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 2,204,040	$ 1,008,734	$ 962,963	$ 0	$ 4,175,737
Licenses and permits	19,137	0	0	0	19,137
Fines, fees and forfeitures	583,790	0	0	166,547	750,337
Charges for services	638,999	0	0	116,572	755,571
Intergovernmental	104,948	0	0	417,181	522,129
Interest	120,465	47,484	252,030	21,572	441,551
Other	202,522	0	0	0	202,522
Total revenues	3,873,901	1,056,218	1,214,993	721,872	6,866,984
EXPENDITURES					
Current					
General Government	1,149,127	0	0	0	1,149,127
Judicial	401,208	0	0	147,094	548,302
Public Safety	2,184,459	0	0	524,918	2,709,377
Public Works	529,094	0	0	0	529,094
Health and Welfare	154,706	0	0	0	154,706
Culture and Recreation	110,070	0	0	0	110,070
Housing and Development	81,305	0	0	0	81,305
Capital outlay	0	0	4,409,297	534,801	4,944,098
Debt service	0	332,726	0	0	332,726
Total expenditures	4,609,969	332,726	4,409,297	1,206,813	10,558,805
Excess (deficiency) of revenues over (under) expenditures	(736,068)	723,492	(3,194,304)	(484,941)	(3,691,821)
Other financing sources (uses)					
Transfers in	3,058	0	369,937	181,232	554,227
Transfers out	(211,232)	(369,937)	(903,599)	(42,258)	(1,527,026)
Sale of capital assets	35,685	0	0	0	35,685
Total other financing sources (uses)	(172,489)	(369,937)	(533,662)	138,974	(937,114)
Net change in fund balance	(908,557)	353,555	(3,727,966)	(345,967)	(4,628,935)
Fund balances, January 1 (original)	9,849,729	2,389,215	13,702,926	2,091,313	28,033,183
Prior period adjustment	(881,287)	0	0	0	(881,287)
Fund balances, January 1 (restated)	8,968,442	2,389,215	13,702,926	2,091,313	27,151,896
Fund balances, June 30	$ 8,059,885	$ 2,742,770	$ 9,974,960	$ 1,745,346	$ 22,522,961

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

FRANKLIN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
June 30, 2006

Net change in fund balances - total governmental funds	$	(4,628,935)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $2,156,516 exceeded depreciation of ($341,963) in the current period.		1,814,553
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change infund balance by the cost of the assets sold of ($234,600), net of related accumulated depreciation of $199,925.		(34,675)
Donations of capital assets from business-type activities of $272,705 increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources,		272,705
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include the difference in recognition of unavailable deferred revenue of ($386,055) and amortization of premiums on general obligation bonds of $74,352.		(311,703)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences of ($18,826), amortization of intangible assets of ($26,850), the net increase in interest payable of ($220,417).		(266,093)
Change in net assets of governmental activities	$	(3,154,148)

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

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the six months ended June 30, 2006

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 3,815,794	$ 3,833,794	$ 2,204,040	$ (1,629,754)
Licenses and permits	29,000	11,000	19,137	8,137
Fines, fees and forfeitures	314,000	314,000	583,790	269,790
Charges for services	363,904	363,904	638,999	275,095
Intergovernmental	143,000	143,000	104,948	(38,052)
Interest	25,000	25,000	120,465	95,465
Other	30,000	30,000	202,522	172,522
Total revenues	4,720,698	4,720,698	3,873,901	(846,797)
EXPENDITURES				
Current				
General Government				
Commission Board	32,377	32,377	33,502	(1,125)
County Manager's Office	134,085	134,085	125,526	8,559
General Building and Plant	66,250	42,250	51,683	(9,433)
General Administration	449,371	380,371	519,356	(138,985)
Tax Commissioner	152,156	152,156	143,722	8,434
Tax Assessor	143,558	247,658	236,918	10,740
Registrar	30,573	30,573	27,423	3,150
Elections	18,500	18,500	5,327	13,173
County Engineer	15,000	15,000	5,670	9,330
Judicial				
Probate Court	101,188	101,188	98,507	2,681
Magistrate Court	73,541	73,541	69,685	3,856
Superior Court	124,559	124,559	103,555	21,004
Superior Court Judge	6,999	6,999	4,256	2,743
Clerk of Superior Court	97,135	122,935	125,205	(2,270)
Public Safety				
Fire Departments	140,350	140,350	135,355	4,995
Coroner Services	11,109	11,109	8,649	2,460
Emergency Medical Service	578,474	578,474	566,280	12,194
Emergency Management	5,353	5,353	503	4,850
Youth Investigation and Control	3,500	3,500	0	3,500
County Marshal	26,180	26,180	22,093	4,087
Sheriff's Department	1,309,534	1,309,534	1,439,079	(129,545)
Animal Shelter	12,500	12,500	12,500	0
Public Works				
Highways and Streets	536,779	536,779	529,094	7,685
Health and Welfare				
Senior Center	115,499	115,499	80,644	34,855
Foster Care Services	32,000	32,000	20,010	11,990
Health Department	51,615	51,615	54,052	(2,437)
Culture and Recreation				
Recreation Department	99,805	99,805	98,070	1,735
Library Board	12,000	12,000	12,000	0
Housing and Development				
County Agent	34,651	34,651	17,173	17,478
Forestry Service	3,584	3,584	0	3,584
Planning and Zoning	36,878	36,878	28,138	8,740
Industrial Building Authority	39,615	39,615	35,994	3,621
Airport Authority	7,000	7,000	0	7,000
Total expenditures	4,501,718	4,538,618	4,609,969	(71,351)

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

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the six months ended June 30, 2006

	Budget			Variance with
	Original	Final	Actual	Final Budget
Excess (deficiency) of revenues over expenditures	$ 218,980	$ 182,080	$ (736,068)	$ (918,148)
Other financing sources (uses)				
Transfers in	102,748	102,748	3,058	(99,690)
Transfers out	(224,195)	(224,195)	(211,232)	12,963
Sale of general fixed assets	30,000	30,000	35,685	5,685
Contingency	(127,533)	(90,633)	0	90,633
Total other financing sources (uses)	(218,980)	(182,080)	(172,489)	9,591
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(908,557)	(908,557)
Fund balances, January 1 (original)	0	0	9,849,729	9,849,729
Prior period adjustment	0	0	(881,287)	(881,287)
Fund balances, January 1 (restated)	0	0	8,968,442	8,968,442
Fund balances, June 30	$ 0	$ 0	$ 8,059,885	$ 8,059,885

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
ASSETS			
Current assets			
Cash	$ 1,682,809	$ 131,493	$ 1,814,302
Restricted assets			
Certificates of deposit	0	262,131	262,131
Interest receivable	0	5,408	5,408
Due from other funds	0	8,866	8,866
Accounts receivable (net)	90,336	0	90,336
Inventory	39,769	0	39,769
Due from other funds	24	2,656	2,680
Total current assets	1,812,938	410,554	2,223,492
Noncurrent assets			
Capital assets			
Non-depreciable	20,347	378,976	399,323
Depreciable (net)	14,637,380	1,765,922	16,403,302
Intangible assets (net)	43,324	0	43,324
Total noncurrent assets	14,701,051	2,144,898	16,845,949
Total assets	16,513,989	2,555,452	19,069,441
LIABILITIES			
Current liabilities			
Accounts payable	6,858	82	6,940
Accrued salaries	7,090	2,107	9,197
Compensated absences	3,823	2,556	6,379
Notes payable	143,815	0	143,815
Due to other funds	1,838,048	363,809	2,201,857
Total current liabilities	1,999,634	368,554	2,368,188
Noncurrent liabilities			
Notes payable	3,164,828	0	3,164,828
Post-closure care costs	0	1,328,358	1,328,358
Total noncurrent liabilities	3,164,828	1,328,358	4,493,186
Total liabilities	5,164,462	1,696,912	6,861,374
NET ASSETS			
Invested in capital assets, net of related debt	11,392,408	2,144,898	13,537,306
Restricted for restricted assets	0	8,866	8,866
Unrestricted	(42,881)	(1,295,224)	(1,338,105)
Total net assets	$ 11,349,527	$ 858,540	$ 12,208,067

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the six months ended June 30, 2006

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	$ 413,862	$ 20,588	$ 434,450
Total operating revenues	413,862	20,588	434,450
OPERATING EXPENSES			
Costs of sales and services	178,846	26,204	205,050
Personal services	51,771	30,732	82,503
Depreciation	166,788	69,333	236,121
Other	4,409	383	4,792
Total operating expenses	401,814	126,652	528,466
Operating income (loss)	12,048	(106,064)	(94,016)
Non-operating revenues (expenses)			
Interest revenue	29,571	8,110	37,681
Payments to others	(12,284)	(2,880)	(15,164)
Interest expense	(25,727)	0	(25,727)
Gain (loss) on disposal of capital assets	(17,495)	(1,565)	(19,060)
Amortization	(1,293)	0	(1,293)
Total non-operating revenues (expenses)	(27,228)	3,665	(23,563)
Net income (loss) before transfers	(15,180)	(102,399)	(117,579)
Transfers in (out)			
Transfers in	903,599	0	903,599
Transfers out	(53,515)	(189,190)	(242,705)
Total transfers	850,084	(189,190)	660,894
Change in net assets	834,904	(291,589)	543,315
Net assets, January 1 (original)	10,514,623	1,161,276	11,675,899
Prior period adjustments	0	(11,147)	(11,147)
Net assets, January 1 (restated)	10,514,623	1,150,129	11,664,752
Net assets, June 30	$ 11,349,527	$ 858,540	$ 12,208,067

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the six months ended June 30, 2006

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	$ 387,055	$ 22,359	$ 409,414
Payments to suppliers	(189,388)	(27,645)	(217,033)
Payments to employees	(50,420)	(29,512)	(79,932)
Other payments	(4,409)	(383)	(4,792)
Net cash provided (used) by operating activities	142,838	(35,181)	107,657
Cash flows from non-capital financing activities:			
Receipts from other funds	324,111	9,576	333,687
Payments to other funds	0	(46,161)	(46,161)
Payments for post-closure costs of landfill	0	(9,500)	(9,500)
Payments to other agencies	0	(2,880)	(2,880)
Net cash provided (used) by non-capital financing activities	324,111	(48,965)	275,146
Cash flows from capital and related financing activities:			
Receipts from other funds	903,599	0	903,599
Interest paid	(25,727)	0	(25,727)
Acquisition of capital assets	(983,361)	0	(983,361)
Principal payment - notes payable	(71,738)	0	(71,738)
Net cash provided (used) by capital and related financing activities	(177,227)	0	(177,227)
Cash flows from investing activities:			
Interest received	29,571	6,750	36,321
Sale of investments	0	364,588	364,588
Purchase of investments	0	(262,131)	(262,131)
Net cash provided (used) by investing activities	29,571	109,207	138,778
Net increase (decrease) in cash and cash equivalents	319,293	25,061	344,354
Cash and cash equivalents, January 1	1,363,516	106,432	1,469,948
Cash and cash equivalents, December 31	$ 1,682,809	$ 131,493	$ 1,814,302
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 12,048	$ (106,064)	$ (94,016)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	166,788	69,333	236,121
(Increase) decrease in accounts receivable	(26,809)	1,771	(25,038)
(Increase) decrease in inventory	5,029	0	5,029
Increase (decrease) in accounts payable	(15,570)	(1,440)	(17,010)
Increase (decrease) in accrued liabilities	1,352	1,219	2,571
Total adjustments	130,790	70,883	201,673
Net cash provided (used) by operating activities	$ 142,838	$ (35,181)	$ 107,657

Noncash investing, capital, and financing activities:
Distributions of capital assets to government and other agencies totaled $272,705 and $12,284, respectively.

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

FRANKLIN COUNTY, GEORGIA
Statement of Fiduciary Assets and Liabilties
Fiduciary Funds
June 30, 2006

	Agency Funds
ASSETS	
Cash	$ 2,549,136
Accounts receivable	310,368
Total assets	2,859,504
LIABILITIES	
Due to other agencies	$ 2,859,504

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

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2006

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department	Totals
ASSETS				
Current assets				
Cash	$ 27,247	$ 4,532	$ 175,402	$ 207,181
Receivables (net)				
Accounts	0	0	13,703	13,703
Intergovernmental	30,431	0	0	30,431
Total current assets	57,678	4,532	189,105	251,315
Noncurrent assets				
Capital assets				
Non-depreciable	1,265,191	0	0	1,265,191
Depreciable (net)	586,875	0	0	586,875
Total noncurrent assets	1,852,066	0	0	1,852,066
Total assets	1,909,744	4,532	189,105	2,103,381
LIABILITIES				
Current liabilities				
Accounts payable	0	0	3,033	3,033
Compensated absences	5,632	0	22,000	27,632
Total current liabilities	5,632	0	25,033	30,665
Noncurrent liabilities				
Compensated absences	0	0	6,270	6,270
Total liabilities	5,632	0	31,303	36,935
NET ASSETS				
Invested in capital assets	1,852,066	0	0	1,852,066
Restricted for:				
Health and Welfare	0	0	157,802	157,802
Culture and Recreation	52,046	0	0	52,046
Housing and Development	0	4,532	0	4,532
Total net assets	$ 1,904,112	$ 4,532	$ 157,802	$ 2,066,446

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

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the six months ended June 30, 2006

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department for the 12 months ended June 30, 2006	Totals
Expenses				
Health and Welfare	$ 0	$ 0	$ 510,884	$ 510,884
Culture and Recreation	179,679	0	0	179,679
Housing and Development	0	35,254	0	35,254
Total expenses	179,679	35,254	510,884	725,817
Program revenues				
Charges for services	58,220	0	236,288	294,508
Operating grants and contributions	11,638	0	137,073	148,711
Net (expense) revenue	(109,821)	(35,254)	(137,523)	(282,598)
General revenues				
Interest	57	0	0	57
Payments from Franklin County	433,584	35,994	102,056	571,634
Miscellaneous	0	986	0	986
Total general revenues	433,641	36,980	102,056	572,677
Change in net assets	323,820	1,726	(35,467)	290,079
Net assets, January 1	1,580,292	2,806	193,269	1,776,367
Net assets, June 30	$ 1,904,112	$ 4,532	$ 157,802	$ 2,066,446

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

1. Description of Government Unit

Franklin County, Georgia (the County) is located in the Northeastern area of Georgia about 80 miles northeast of Atlanta and about 60 miles southwest of Greenville, South Carolina, along Interstate 85.

The County provides a full range of governmental services, including public safety, health and welfare services, recreational programs and economic development as well as water and sewer service and solid waste services.

The government is governed by an elected Chairman and four Commissioners.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Franklin County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of its operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Blended Component Units – Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

Solid Waste Management Authority – On October 23, 1995, Franklin County created the Solid Waste Management Authority of Franklin County, Georgia, under the provisions of the Official Code of Georgia Annotated Section 12-8-50. The Authority consists of five directors who are appointed by the Franklin County Board of Commissioners. The Authority is blended with the Solid Waste Enterprise Fund. Separate financial statements are not issued for the Authority.

Water and Sewer Authority – On April 1, 1980, Franklin County created the Water and Sewer Authority of Franklin County, Georgia, under the provisions of 1980 Georgia Law page 4388. The Authority consists of nine directors, five are each Mayor of the five municipalities in the County and the remaining four are appointed by the Franklin County Board of Commissioners. The Authority is blended with the Water Enterprise Fund. Separate financial statements are not issued for the Authority.

Public Building Authority - On April 29, 1997, Franklin County created the Public Building Authority of Franklin County, Georgia, under the provisions of 1997 Georgia Law act 229 (H.B. 904). The Authority consists of five directors, which are appointed by the Franklin County Board of Commissioners. The Authority is blended with the General Fund. Separate financial statements are not issued for the Authority.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Discretely Presented Component Units – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

Franklin County Recreation Department – The Franklin County Recreation Board was established as a legally separate entity in August 1993 and operates pursuant to the Official Code of Georgia Annotated Section 36-64-1. The Board consists of seven members approved by the Board of Commissioners. The Recreation Board provides leisure services to the citizens of Franklin County and the citizens of Municipalities within the County. The Board undertakes special projects and assignments for County management. In many respects it functions similar to a County department through regular participation in department director meetings, budget approval, accounting, payroll, etc. Individual financial statements are presented as part of the County's Annual Report in the section labeled "Component Unit". (See Exhibit I). The Franklin County Recreation Department has a June 30 year-end (See Note 23). Individual financial statements may be obtained by contacting the Franklin County Recreation Department, PO Box 311, Carnesville, Georgia 30521.

Franklin County Industrial Building Authority – The Franklin County Industrial Building Authority was established as a legally separate entity and operates pursuant to the Official Code of Georgia Annotated Section 36-62-4. The Board consists of seven members. Two members are appoints by the Board of Commissioners. The remaining five members are the mayors of the five cities located in Franklin County. The Industrial Building Authority facilitates economic development in the County. Individual financial statements are presented as part of the County's Annual Report in the section labeled "Component Unit". (See Exhibit I). The Franklin County Industrial Building Authority has a June 30 year-end (See Note 23). Individual financial statements may be obtained by contacting the Franklin County Industrial Building Authority, PO Box 151, Carnesville, Georgia 30521.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Franklin County Health Department – The Franklin County Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Franklin County Health Department and is responsible for the overall coordination of the local health activities. The Franklin County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operated under the supervision of the local Board of Health. The Franklin County Health Department has a June 30 year-end. A copy of the Franklin County Health Department financial statements can be obtained from the Franklin County Health Department, P.O. Box 546, Carnesville, Georgia 30521. This component unit has not been included as part of the notes to the financial statements.

C. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the County. Fiduciary activities of the County are not included in these statements.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Accordingly, all the County's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements

Governmental 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. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The County considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The County reports the following major governmental funds:

General Fund – The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

2004 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes passed by the 2004 referendum.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The County reports the following major proprietary funds:

Water and Sewer Enterprise Fund – This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in Franklin County.

Solid Waste Enterprise Fund – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's solid waste transfer station.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds - Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the County or for others.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Component Units

The Franklin County Recreation Department, the Franklin County Industrial Building Authority, and the Franklin County Health Department are accounted for using a current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they both become measurable and available).

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

The Board of Commissioners adopts an annual budget for all governmental fund types, prior to June 30, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting. For the six months ending June 30, 2006, the County did not adopt budgets for the Public Defender or Probation Services Special Revenue Funds.

Each year in August, each department submits a proposed budget to the Board of Commissioners for their review. Each department will have scheduled meetings with the Board of Commissioners to review the proposed budget and to ratify any adjustments to the budget. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Franklin County. These hearings are publicized in the local newspaper at least one week before the first hearing, and the budget document is made available for public inspection during this week.

The final proposed budget is presented at a Board of Commissioners meeting for final passage prior to June 30.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end.

The County does not use the encumbrance system of accounting.

2. Summary of Significant Accounting Policies (continued)

F. Cash and Investments

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

G. Intergovernmental Receivables

Receivables from other governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

H. Inventories

Inventories for the General fund are valued at average cost and recorded as expenditures when purchased (purchase method) and an inventory account established at year-end. Inventories in the Water and Sewer Enterprise Fund are valued at cost on the first-in, first-out method.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

2. Summary of Significant Accounting Policies (continued)

J. Capital Assets, continued

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the beginning of the year ended December 31, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal year 2007. The County intends to fully implement the retroactive infrastructure provisions in fiscal year 2007.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Land	N/A	$ 1
Land Improvements	15	$ 5,000
Buildings	40	$ 5,000
Machinery and Equipment	5-10	$ 5,000
Furniture and Fixtures	5	$ 5,000
Vehicles	5-10	$ 5,000
Computer Hardware and Software	3-5	$ 5,000
Infrastructure	15-50	$20,000 - $100,000

The costs of normal maintenance and repairs that do not add value or materiality extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

K. Compensation for Future Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and compensation benefits. These will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

L. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

M. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

2. Summary of Significant Accounting Policies (continued)

N. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances, which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

O. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the County's financial position and operations. Certain 2004 amounts have been reclassified to conform to the 2005 presentation.

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a financial institution failure, the County's deposits may not be returned. The City has no formal policy, but follows State of Georgia requirements that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices. Investments are reported at fair value.

Concentration of Credit Risk

The County has no formal policy on the amount the County may invest in any one issuer.

3. Deposit and Investment Risk (continued)

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

As of June 30, 2006, the County's investments included a US Treasuries obligation fund with a fair value of $3,439,046; the average maturity of the fund at June 30, 2006, was less than 30 days.

As of June 30, 2006, the County's investments included repurchase agreements with a fair value of $9,325,092; these repurchase agreements mature on June 1, 2008. The underlying securities of these repurchase agreements are FHLB securities, which were rated AAA by Standard & Poor's.

4. Accounts Receivable

Net accounts receivable at June 30, 2006 consist of the following:

Primary Government:		
Major Funds		
General Fund	$ 566,980	
Less: Allowance for Uncollectables	(138,746)	$ 428,234
Emergency 911 Special Revenue Fund		13,454
SPLOST Capital Projects Fund		14,110
Enterprise Funds		
Water and Sewer	96,746	
Less: Allowance for Uncollectibles	(6,410)	90,336
Total primary government		$ 546,134
Fiduciary Funds		
Agency Funds		
Magistrate Court	$ 55,772	
Less: Allowance for Uncollectables	(2,175)	
Probate Court	216,778	
Less: Allowance for Uncollectables	(4,613)	
Clerk of Superior Court	52,912	
Less: Allowance for Uncollectables	(8,306)	$ 310,368

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2006 consist of the following:

Major Funds		
General Fund		
Georgia Department of Revenue	$ 419,521	
Northern Judicial Circuit	5,622	$ 425,143
Debt Service Fund		
Georgia Department of Revenue		664,245
Nonmajor Funds		
Special Revenue Funds		
MANS Unit		
Georgia Criminal Justice Coordinating Council	17,900	
Public Defender		
Madison County, Georgia	4,042	
Probation Services		
Elbert County, Georgia	12,272	
Madison County, Georgia	3,850	38,064
Total primary government		$ 1,127,452

6. Interfund Receivables and Payables

A summary of interfund receivables and payables as of June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	$ 1,708,890
	Solid Waste	363,809
	Nonmajor Governmental	379,656
2004 SPLOST	Debt Service	2,100
	Water and Sewer	126,502
Water and Sewer	Nonmajor Governmental	24
Solid Waste	Water and Sewer	2,656
	Nonmajor Governmental	8,866
Nonmajor Governmental	General	10,976
Total		$ 2,603,479

The balances reported as Due to/Due from represent loans between the borrower funds and the lender funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

7. Interfund Transfers

A summary of interfund transfers as of June 30, 2006 is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	Solid Waste	$ 30,000
	Nonmajor Governmental	184,290
2004 SPLOST	Water and Sewer	903,599
Debt Service	2004 SPLOST	369,937
Subtotal		1,487,826
Transfer of capital assets:		
Water and Sewer	General Activities	53,515
Solid Waste	General Activities	219,190
Subtotal		272,705
Total		$ 1,760,531

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

8. Capital Assets

Capital asset activity for the primary government for the six months ended June 30, 2006 was as follows:

	Balance 1/1/2006	Increases	Decreases	Balance 6/30/2006
Governmental Activities				
Nondepreciable assets				
Land	$ 661,820	$ 537,926	(100)	$ 1,199,646
Construction in progress	316,515	1,053,804	(571,840)	798,479
Total non-depreciable assets	978,335	1,591,730	(571,940)	1,998,125
Depreciable assets				
Infrastructure	340,812	0	0	340,812
Buildings	6,119,806	681,138	(177,894)	6,623,050
Machinery and equipment	2,017,060	296,036	(746,666)	1,566,430
Vehicles	3,047,055	480,360	(69,700)	3,457,715
Total depreciable assets	11,524,733	1,457,534	(994,260)	11,988,007
Accumulated Depreciation				
Infrastructure	(11,190)	(3,408)	0	(14,598)
Buildings	(1,523,232)	(76,996)	3,340	(1,596,888)
Machinery and equipment	(1,130,475)	(118,243)	666,748	(581,970)
Vehicles	(2,082,006)	(191,518)	69,700	(2,203,824)
Total accumulated depreciation	(4,746,903)	(390,165)	739,788	(4,397,280)
Total depreciable assets, net	6,777,830	1,067,369	(254,472)	7,590,727
Governmental Activities capital assets, net	$ 7,756,165	$ 2,659,099	$ (826,412)	$ 9,588,852
Business-type Activities				
Nondepreciable assets				
Land	$ 432,444	$ 0	$ (33,121)	$ 399,323
Construction in progress	192,000	155,771	(347,771)	0
Total non-depreciable assets	624,444	155,771	(380,892)	399,323
Depreciable assets				
Land improvements	52,182	0	(22,800)	29,382
Distribution system	14,700,455	1,175,361	(34,268)	15,841,548
Buildings	1,875,731	0	0	1,875,731
Machinery and equipment	696,806	0	(230,889)	465,917
Vehicles	402,478	0	(133,569)	268,909
Total depreciable assets	17,727,652	1,175,361	(421,526)	18,481,487
Accumulated Depreciation				
Land improvements	(17,857)	(979)	11,654	(7,182)
Distribution system	(1,185,062)	(150,181)	6,373	(1,328,870)
Buildings	(259,953)	(24,203)	0	(284,156)
Machinery and equipment	(328,426)	(33,867)	59,079	(303,214)
Vehicles	(190,217)	(26,891)	62,345	(154,763)
Total accumulated depreciation	(1,981,515)	(236,121)	139,451	(2,078,185)
Total depreciable assets, net	15,746,137	939,240	(282,075)	16,403,302
Business-type Activities capital assets, net	$ 16,370,581	$ 1,095,011	$ (662,967)	$ 16,802,625

8. Capital Assets (continued)

Capital asset activity for the Recreation Department Component Unit for the six months ended June 30, 2006 was as follows:

	Balance 1/1/2006	Increases	Decreases	Balance 6/30/2006
Recreation Department Component Unit				
Nondepreciable assets				
Land	$ 99,000	$ 0	$ 0	$ 99,000
Construction in progress	839,315	326,876	0	1,166,191
Total non-depreciable assets	938,315	326,876	0	1,265,191
Depreciable assets				
Land improvements	655,260	0	0	655,260
Buildings	100,000	0	0	100,000
Machinery and equipment	37,386	10,000	0	47,386
Vehicles	21,000	0	(15,000)	6,000
Total depreciable assets	813,646	10,000	(15,000)	808,646
Accumulated Depreciation				
Land improvements	(155,838)	(21,842)	0	(177,680)
Buildings	(7,500)	(1,250)	0	(8,750)
Machinery and equipment	(27,446)	(1,895)	0	(29,341)
Vehicles	(21,000)	0	15,000	(6,000)
Total accumulated depreciation	(211,784)	(24,987)	15,000	(221,771)
Total depreciable assets, net	601,862	(14,987)	0	586,875
Recreation Department Component Unit capital assets, net	$ 1,540,177	$ 311,889	$ 0	$ 1,852,066

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 22,273
Public Safety	215,704
Public Works	92,219
Health and Welfare	11,767
Total depreciation expense for governmental activities	$ 341,963
Business-type activities	
Water and Sewer	166,788
Solid Waste	69,333
Total depreciation expense for business-type activities	$ 236,121
Recreation Department Component Unit	$ 24,987

8. Capital Assets (continued)

	Governmental Activities	Business-type Activities	Component Unit
Current year depreciation expense	$ 341,963	$ 236,121	$ 24,897
Prior accumulated depreciation on assets transferred between governmental and business-type activities	48,202	0	0
Additions to accumulated depreciation	$ 390,165	$ 236,121	$ 24,897

9. Operating Lease Agreements

The County's lease agreements are relatively minor commitments and are in compliance with state law.

10. Other Liabilities

At June 30, 2006, the County had $101,203 in excess property taxes received from the sale of properties with delinquent taxes due. This excess amount received over taxes and fees is legally due to the owner of the sold property and is held as a liability until all efforts to contact the property owner have been exhausted.

11. Long-Term Debt

Long - Term Debt

The County enters into promissory notes with the Georgia Environmental Facilities Authority and the United States Department of Agriculture for the financing of water and sewer construction projects. The County pledges the full faith credit and taxing powers of the County in this financing arrangement.

11. Long-Term Debt (continued)

General Obligation Bonds

General obligation bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2006:

$17,000,000 2005 Franklin County General Obligation Sales Tax series bonds due in annual installments of $1,750,000 to $4,000,000 through August 1, 2011; interest at 2.50% to 5.00% ($17,000,000 outstanding), for various equipment purchase and capital projects of Franklin County and the five municipalities located in the County; revenues of the 2004 special purpose local option sales tax referendum have been obligated for debt service.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	$ 1,750,000	$ 661,250	$ 2,411,250
2008	2,250,000	617,500	2,867,500
2009	2,500,000	550,000	3,050,000
2010	3,000,000	475,000	3,475,000
2011	3,500,000	355,000	3,855,000
2012	4,000,000	200,000	4,200,000
Totals	$ 17,000,000	$ 2,858,750	$ 19,858,750

$2,742,770 is available in the Debt Service Fund to service the general obligation bonds.

Notes Payable

Business-type Activities

The County has entered into a lending agreement with the Georgia Environmental Facility Authority for expansion of the water and sewer system in the original amount of $2,166,217. At June 30, 2006, the balance of this note is $2,166,217. Quarterly installments of $32,332 principal are due through March 1, 2023; interest at 0%.

11. Long-Term Debt (continued)

Notes Payable, continued

Additionally, the County has entered into a lending agreement with the United States Department of Agriculture for the expansion of the water and sewer system in the original amount of $1,204,000. At June 30, 2006, the balance of this note is $1,142,426. Monthly installments of $5,467 of principal and interest are due through August 28, 2040; interest at 4.50%.

Annual debt service requirements for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	$ 143,815	$ 51,115	$ 194,930
2008	144,482	50,448	194,930
2009	145,178	49,752	194,930
2010	145,906	49,024	194,930
2011	146,668	48,262	194,930
2012-2016	746,049	228,601	974,650
2017-2021	771,082	203,568	974,650
2022-2026	382,117	172,230	554,347
2027-2031	195,016	133,004	328,020
2032-2036	244,120	83,900	328,020
2037-2041	244,210	23,574	267,784
Totals	$ 3,308,643	$ 1,093,478	$ 4,402,121

11. Long-Term Debt (continued)

The following is a summary of changes in long-term debt of the County for the six months ended June 30, 2006:

	Balance 1/1/2006	Additions	Deductions	Balance 6/30/2006	Due Within One Year
Governmental activities					
General obligation bonds	$ 17,000,000	$ 0	$ 0	$ 17,000,000	$ 1,750,000
Unamortized bond premium	830,263	0	74,352	755,911	0
Compensated absences	180,594	199,420	180,594	199,420	199,420
Total Governmental activities	$ 18,010,857	$ 199,420	$ 254,946	$ 17,955,331	$ 1,949,420
Business-type activities					
Notes payable	$ 3,380,381	$ 0	$ 71,738	$ 3,308,643	$ 143,815
Post-closure care costs	1,337,858	0	9,500	1,328,358	0
Compensated absences	4,736	6,379	4,736	6,379	6,379
Total business-type activities	$ 4,722,975	$ 6,379	$ 85,974	$ 4,643,380	$ 150,194
Recreation Department Component Unit					
Compensated absences	$ 3,587	$ 5,632	$ 3,587	$ 5,632	$ 5,632

Compensated absences are liquidated by those governmental funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund and Emergency 911 and MANS Unit Special Revenue Funds.

12. Landfill Post-Closure Care Costs

The County closed its sold waste landfill in 2002. State and federal laws and regulations require the County to perform certain maintenance and monitoring operations at the landfill site for 30 years after official closure. The estimated cost of all post closure care activities is $1,328,358 and is reflected as a long-term liability in the Solid Waste Enterprise Fund. Because of future changes in technology, laws, or regulations, these costs may change.

13. Reserved Equity Balances

General Fund

Reserved for prepaid items - An amount of $101,584 has been reserved for prepaid items since this amount is not legally available for appropriation.

Reserved for program expenditures – The total of $274,271 has been reserved to reflect amounts that are restricted by revenue source, but are accounted for in the General Fund.

Enterprise Funds

Restricted for restricted assets – An amount of $8,866 has been restricted in Solid Waste Fund for restricted assets since this amount is not legally available for appropriation.

14. Changes in Beginning Balances

Governmental Activities

A prior period adjustment has been made to remove capital assets that were reported in the prior period, but had been disposed of at December 31, 2005. This adjustment decreased beginning net assets by $162,206.

A prior period adjustment has been made to record unaccrued interest payable at December 31, 2005. This adjustment decreased beginning net assets by $220,417.

General Fund

A prior period adjustment has been made to remove cash accounts in the County Agent department that belonged to another entity. This adjustment decreased beginning fund balance by $12,737.

14. Changes in Beginning Balances (continued)

Governmental Activities, continued

General Fund (continued)

A prior period adjustment has been made to remove an agency fund receivable incorrectly recorded in the prior period. This adjustment decreased beginning fund balance by $868,550.

The net effect of these adjustments was to decrease beginning fund balance in the General Fund by $881,287.

The net effect of these adjustments was to decrease beginning net assets in the Governmental Activities by $1,263,910.

Business-type Activities

Solid Waste Enterprise Fund

A prior period adjustment has been made to remove capital assets that were reported in the prior period, but had been disposed of at December 31, 2005. This adjustment decreased beginning net assets by $11,147.

15. Pension Plan

Plan Description and Contribution Information

Description

Franklin County contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County elected to participate in the Plan as of the result of Board of Commissioner vote and a contract between the County and the ACCG. The county has been participating in the Plan since January 1, 1994.

15. Pension Plan (continued)

Plan Description and Contribution Information, continued

The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments. The ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 3 years of plan participation. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1% of average annual compensation plus $36 for each year of service payable as a life annuity. Compensation is averaged over a five-year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

Current Membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	23
Terminated vested participants entitled to but not yet receiving benefits	48
Active participants	87
Total number of participants	158

Funding Policy

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, based on an actuarially determined rate. The current rate is 8.4% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

15. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2005. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	8.0%
Projected salary increases due to:	
Inflation	3.0%
Merit	2.0%
Post-retirement benefit increases	none
Life expectancy before and after retirement (Group Annuity Mortality table)	1971

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of Franklin County's assets was determined using market value. The unfunded actuarially accrued liability is being amortized as a level dollar of projected payroll on a closed basis over a thirty-year period. The remaining amortization period at January 1, 2005 was 10 years.

The County's annual pension cost and net pension obligations for the current six month ended June 30, 2006, were as follows:

Annual pension cost	$ 218,288
Contributions made	240,147
Increase (decrease) in net pension obligation	(21,859)
Net pension obligation - beginning of year	0
Net pension obligation - end of year	$ (21,859)

15. Pension Plan (continued)

Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented below.

Pension Cost Information

Plan Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2000	$ 157,284	100%	$ 0
2001	185,532	100%	0
2002	189,776	100%	0
2003	186,333	100%	0
2004	227,701	100%	0
2005	218,288	110%	(21,859)

Schedule of Funding Progress

Actuarial Valuation Date December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2000	$ 570,314	$ 1,406,975	$ 836,661	40.5%	$ 1,620,799	51.6%
2001	642,752	1,689,745	1,046,993	38.0%	1,690,585	61.9%
2002	686,100	1,668,276	982,176	41.1%	1,841,541	53.3%
2003	897,878	1,865,834	967,956	48.1%	2,016,889	48.0%
2004	1,118,229	2,032,295	914,066	55.0%	2,243,960	40.7%
2005	1,276,929	2,204,290	927,361	57.9%	2,611,381	35.5%

16. Deferred Compensation Plans

The County has established the ACCG 401(a) Defined Contribution Plan for the Senior Management, the County Manager and County Clerk of Franklin County. The Plan was created under Internal Revenue Code Section 401(a). The plan is administer by the Association of County Commissioners of Georgia ("ACCG"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. Under the terms of the Plan, the County contributes 20% of the eligible employee's salary each year. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

The Plan is a noncontributory participant plan. Funds are vest 100% at the time of contribution. Amounts held in the Plan are not available to the employees until termination, retirement, or death. During the six months ended June 30, 2006, the County contributed $11,513 to the Plan, based on covered salaries of $57,732.

The County has no fiduciary relationship with the Plan, and Plan assets are not available to the County or its general creditors. The Plan assets are held in trust by the administrator for the exclusive benefit of the participants of the Plan.

16. Deferred Compensation Plans (continued)

The County also provides retirement benefits for its employees through two deferred compensation, defined contribution plans. The Plans were created under Internal Revenue Code Sections 457 and 401(a), and are administered by the Variable Annuity Life Insurance Company (VALIC) and the Government Employees Benefits Corporation (GEBCorp) of Georgia, independent third parties. Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plans. Employees may defer a maximum of 25% of their salary, up to the maximum allowed by federal law. Employees may choose to contribute to one or both of the Plans.

Beginning January 1, 2006, the County will contribute $100 for each year of service for all employees. These contributions are paid into the Plans at the beginning of each calendar year.

The County will also contribute 1% for each year of service of the employee's contribution per year. There is a cap of 12% for this additional match and an overall cap of $1,000 for County contributions. County contributions are paid into the Plans at the end of each calendar year.

Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the 6 months ended June 30, 2006, the County contributed $85,100 to the Plans, base on covered salaries of $1,376,414. Total payroll was $1,376,414. Plan members made voluntary contributions of $45,062.

The County has no fiduciary relationship with the Plans, and Plan assets are not available to the County or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans.

17. Hotel/Motel Lodging Tax

The County has levied a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the six months ended June 30, 2006 follows:

Lodging tax receipts	$	208	
Disbursements for tourism	$	208	100% of tax receipts

18. Joint Ventures

Franklin County participates jointly with Hart County, Georgia in the Franklin-Hart Airport. Both Franklin and Hart County have agreed to allocate funds as part of their respective budget toward the venture. The Airport is a separate entity that maintains and accumulates assets of its individual ownership. The Airport entity will apply for grants and seek other outside revenue needed to supplement the entity's budget. Franklin County contributed no monies to the Airport during the six months ended June 30, 2006. A copy of the Airport financial statements can be obtained from Franklin-Hart Airport, 710 Hartwell Street, Royston, Georgia 30662.

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Development Center (GMRDC) and is required to pay annual dues thereto. During the six months ended June 30, 2006, the County paid $14,776 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. A copy of the GMRDC financial statements can be obtained from GMRDC, 1310 West Ridge Road, Gainesville, Georgia 30501.

Franklin County has entered into an intergovernmental agreement with the Joint Development Authority of Hart, Franklin, and Stephens Counties, Georgia, in the creation of the Gateway Business Park, an industrial park development located jointly in Hart and Franklin Counties. No monies were spent on this project during the six months ended June 30, 2006. Separate financial statements may be obtained from Joint Development Authority of Hart, Franklin, and Stephens Counties, Georgia, PO Box 793, Hartwell, Georgia 30643.

19. Risk Financing Activities

◊ Material estimates have been made by management about the historical cost of fixed assets and the life of the depreciated fixed assets. Management has used a conservative approach on these estimates.

◊ The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agent and attorneys 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 protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against the 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.

Settled claims in the past three years have not exceeded the coverages.

◊ Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2006, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

20. Commitments and Contingencies

Commitments

The County has active construction projects as of June 30, 2006. At the six months ended June 30, 2006, the County's commitments with contractors are as follows:

Project	Amount spent to date	Remaining commitment
Improvements to County's road infrastructure	$ 798,478	$ 17,960

Contingencies

◊ Franklin County participates in a number of Revenue Sharing Grants. Expenditures financed by Revenue Sharing Grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

◊ The County is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The County's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

21. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the six months ended June 30, 2006, the County incurred expenditures in the following General Fund departments that were in materially in excess of the amounts appropriated:

Department	Budget	Actual	Variance
Commission Board	$ 32,377	$ 33,502	$ (1,125)
General Building and Plant	42,250	51,683	(9,433)
General Administration	380,371	519,356	(138,985)
Sheriff's Department	1,309,534	1,439,079	(129,545)
Health Department	51,615	54,052	(2,437)

Also during the six months ended June 30, 2006, the Debt Service Fund had appropriations of $0 and expenditures of $332,726.

During the six months ended June 30, 2006, budgets were not adopted for the Public Defender and Probation Services Special Revenue Funds (See Note 2E).

Management concurs with these findings. The County Manager will be reviewing the comparative financial statements to budget and recommend any necessary budget revisions to the Board of Commissioners.

22. Change in Accounting Period

On August 4, 2005, the County Commission elected to change its year end from December 31 to June 30 for the period ending June 30, 2006, and all subsequent periods. A six-month budget was adopted for the period January 1 through June 30, 2006. The Franklin County Recreation Department and Franklin County Industrial Building Authority Component Units have also adopted this change.

This page intentionally left blank.

COMBINING STATEMENTS

Nonmajor Governmental Funds

FRANKLIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue		
	Emergency 911	**Drug Enforcement**	**Inmate Welfare**
ASSETS			
Cash	$ 332,976	$ 13,743	$ 9,357
Equity in pooled cash	0	0	0
Certificates of deposit	0	0	0
Receivables			
Accounts	13,454	0	0
Intergovernmental	0	0	0
Interest	0	0	0
Due from other funds	0	10,976	0
Total assets	$ 346,430	$ 24,719	$ 9,357
LIABILITIES AND FUND BALANCES			
Liabilities			
Payables			
Accounts	$ 4,716	$ 0	$ 0
Intergovernmental	0	0	0
Accrued salaries	11,863	0	0
Due to other agencies	0	10,976	0
Due to other funds	303,537	0	0
Total liabilities	320,116	10,976	0
Fund balances			
Unreserved	26,314	13,743	9,357
Total liabilities and fund balances	$ 346,430	$ 24,719	$ 9,357

Special Revenue						
Law Library	MANS Unit	Public Defender	Probation Service	SPLOST Capital Projects	Total Nonmajor Governmental Funds
$ 36,531	$ 186,522	$ 0	$ 0	$ 1,042,020	$ 1,621,149
0	0	16,173	0	0	16,173
9,731	0	0	0	318,457	328,188
0	0	0	0	14,110	27,564
0	17,900	4,042	16,122	0	38,064
0	0	0	0	5,970	5,970
0	13,047	0	0	174,930	198,953
$ 46,262	$ 217,469	$ 20,215	$ 16,122	$ 1,555,487	$ 2,236,061
$ 0	$ 0	$ 424	$ 0	$ 0	$ 5,140
0	0	0	3,850	0	3,850
0	0	1,200	12,272	0	25,335
0	56,868	0	0	0	67,844
0	0	0	0	85,009	388,546
0	56,868	1,624	16,122	85,009	490,715
46,262	160,601	18,591	0	1,470,478	1,745,346
$ 46,262	$ 217,469	$ 20,215	$ 16,122	$ 1,555,487	$ 2,236,061

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the six months ended June 30, 2006

	Special Revenue		
	Emergency 911	**Drug Enforcement**	**Inmate Welfare**
REVENUES			
Fines, fees, and forfeitures	$ 0	$ 86,344	$ 0
Charges for services	85,155	0	31,417
Intergovernmental	0	0	0
Interest	513	46	0
Total revenues	85,668	86,390	31,417
EXPENDITURES			
Current			
Judicial	0	0	0
Public Safety	225,607	35,638	29,103
Capital outlay	0	0	0
Total expenditures	225,607	35,638	29,103
Excess (deficiency) of revenues over (under) expenditures	(139,939)	50,752	2,314
Other financing sources (uses)			
Transfers in	140,000	0	0
Transfers out	0	(39,200)	0
Total other financing sources (uses)	140,000	(39,200)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	61	11,552	2,314
Fund balances, January 1	26,253	2,191	7,043
Fund balances, June 30	$ 26,314	$ 13,743	$ 9,357

Special Revenue					
Law Library	MANS Unit	Public Defender	Probation Service	SPLOST Capital Projects	Total Nonmajor Governmental Funds
$ 7,273	$ 60,658	$ 0	$ 12,272	$ 0	$ 166,547
0	0	0	0	0	116,572
0	205,203	103,225	0	108,753	417,181
63	605	0	0	20,345	21,572
7,336	266,466	103,225	12,272	129,098	721,872
1,453	0	133,369	12,272	0	147,094
0	234,570	0	0	0	524,918
0	0	0	0	534,801	534,801
1,453	234,570	133,369	12,272	534,801	1,206,813
5,883	31,896	(30,144)	0	(405,703)	(484,941)
0	13,982	27,250	0	0	181,232
(3,058)	0	0	0	0	(42,258)
(3,058)	13,982	27,250	0	0	138,974
2,825	45,878	(2,894)	0	(405,703)	(345,967)
43,437	114,723	21,485	0	1,876,181	2,091,313
$ 46,262	$ 160,601	$ 18,591	$ 0	$ 1,470,478	$ 1,745,346

This page intentionally left blank.

GENERAL FUND

The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
BALANCE SHEET
June 30, 2006

ASSETS

Cash	$ 96,506
Equity in pooled cash	2,781,197
Certificates of deposit	1,859,073
Receivables (net)	
Accounts	367,450
Intergovernmental	425,143
Taxes	431,326
Interest	27,197
Prepaid items	101,584
Due from other funds	2,452,355
Restricted Assets	
Cash	274,271
Total assets	$ 8,816,102

LIABILITIES AND FUND BALANCES

Liabilities	
Payables	
Accounts	$ 105,414
Intergovernmental	30,431
Excess taxes	101,203
Accrued salaries and expenses	179,914
Due to other funds	24,023
Deferred revenue	315,232
Total liabilities	756,217
Fund balances	
Reserved for prepaid items	101,584
Reserved for program expenditures	274,271
Unreserved	7,684,030
Total fund balances	8,059,885
Total liabilities and fund balances	$ 8,816,102

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the six months ended June 30, 2006

REVENUES	
Taxes	$ 2,204,040
Licenses and permits	19,137
Fines, fees and forfeitures	583,790
Charges for services	638,999
Intergovernmental	104,948
Interest	120,465
Other	202,522
Total revenues	3,873,901
EXPENDITURES	
Current	
General Government	1,149,127
Judicial	401,208
Public Safety	2,184,459
Public Works	529,094
Health and Welfare	154,706
Culture and Recreation	110,070
Housing and Development	81,305
Total expenditures	4,609,969
Excess (deficiency) of revenues over (under) expenditures	(736,068)
Other financing sources (uses)	
Transfers in (out) -	
Law Library Fund	3,058
E911 Fund	(140,000)
MANS Unit Fund	(13,982)
Public Defender Fund	(27,250)
Solid Waste	(30,000)
Sale of assets	35,685
Total other financing sources (uses)	(172,489)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(908,557)
Fund balances, January 1, (original)	9,849,729
Prior period adjustment	(881,287)
Fund balances, January 1, (restated)	8,968,442
Fund balances, June 30	$ 8,059,885

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Taxes			
General property taxes			
Property tax	$ 1,525,000	$ 436,987	$ (1,088,013)
Motor vehicle tax	300,000	231,872	(68,128)
Mobile home tax	12,000	59,312	47,312
Cost, penalties, and interest	60,100	74,501	14,401
Total general property tax	1,897,100	802,672	(1,094,428)
Intangibles tax	50,000	62,015	12,015
Real estate transfer tax	10,000	21,750	11,750
Local option sales tax	1,200,000	1,248,420	48,420
Insurance premium	603,094	0	(603,094)
Franchise tax	48,000	47,985	(15)
Occupational tax	18,000	16,434	(1,566)
Other taxes	7,500	4,556	(2,944)
Hotel/motel tax	100	208	108
Total taxes	3,833,794	2,204,040	(1,629,754)
Licenses and Permits			
Business and inspection licenses	5,000	3,950	(1,050)
Other permits	6,000	15,187	9,187
Total licenses and permits	11,000	19,137	8,137
Fines, fees and forfeitures	314,000	583,790	269,790
Charges for Services			
Emergency medical services	250,000	507,778	257,778
Tax collection commissions	70,000	72,566	2,566
Sheriff services	15,200	32,537	17,337
Prisoner board	20,804	18,513	(2,291)
Other	7,900	7,605	(295)
Total charges for services	363,904	638,999	275,095
Intergovernmental			
Grants and receipts	143,000	104,948	(38,052)
Interest	25,000	120,465	95,465
Other	30,000	202,522	172,522
Total revenues	$ 4,720,698	$ 3,873,901	$ (846,797)

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
EXPENDITURES			
Current			
General Government			
Commission Board			
Personal services	$ 29,947	$ 31,775	$ (1,828)
Supplies and materials	2,430	1,727	703
Total Commission Board	32,377	33,502	(1,125)
County Manager's Office			
Personal services	113,335	108,198	5,137
Contract services	13,380	11,968	1,412
Supplies and materials	7,370	5,360	2,010
Total County Manager's Office	134,085	125,526	8,559
General Building and Plant			
Contract services	15,592	20,475	(4,883)
Supplies and materials	13,658	18,208	(4,550)
Capital outlay	13,000	13,000	0
Total General Building and Plant	42,250	51,683	(9,433)
General Administration			
Personal services	262,201	377,832	(115,631)
Contract services	104,370	128,472	(24,102)
Supplies and materials	1,300	602	698
Payments to other agencies	12,500	12,450	50
Total General Administration	380,371	519,356	(138,985)
Tax Commissioner			
Personal services	105,001	103,430	1,571
Contract services	37,070	32,314	4,756
Supplies and materials	6,585	7,978	(1,393)
Capital outlay	3,500	0	3,500
Total Tax Commissioner	152,156	143,722	8,434
Tax Assessor			
Personal services	137,180	127,239	9,941
Contract services	100,527	102,807	(2,280)
Supplies and materials	9,951	6,872	3,079
Total Tax Assessor	247,658	236,918	10,740
Registrar			
Personal services	23,253	20,315	2,938
Contract services	4,655	4,473	182
Supplies and materials	2,665	2,635	30
Total Registar	30,573	27,423	3,150

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
General Government, continued			
Elections			
Personal services	$ 586	$ 583	$ 3
Contract services	9,934	1,613	8,321
Supplies and materials	7,980	3,131	4,849
Total Elections	18,500	5,327	13,173
County Engineer			
Personal services	1,300	0	1,300
Contract services	13,100	5,670	7,430
Supplies and materials	600	0	600
Total County Engineer	15,000	5,670	9,330
Total General Government	1,052,970	1,149,127	(96,157)
Judicial			
Probate Court			
Personal services	91,511	90,968	543
Contract services	5,575	4,991	584
Supplies and materials	4,102	2,548	1,554
Total Probate Court	101,188	98,507	2,681
Magistrate Court			
Personal services	60,561	60,678	(117)
Contract services	8,760	6,037	2,723
Supplies and materials	4,220	2,970	1,250
Total Magistrate Court	73,541	69,685	3,856
Superior Court			
Personal services	47,889	37,171	10,718
Contract services	74,820	65,707	9,113
Supplies and materials	1,850	677	1,173
Total Superior Court	124,559	103,555	21,004
Superior Court Judge			
Contract services	4,604	2,135	2,469
Supplies and materials	2,395	2,121	274
Total Superior Court Judge	6,999	4,256	2,743
Clerk of Superior Court			
Personal services	81,635	87,489	(5,854)
Contract services	29,975	28,052	1,923
Supplies and materials	11,325	9,664	1,661
Total Clerk of Superior Court	122,935	125,205	(2,270)
Total Judicial	429,222	401,208	28,014

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
Public Safety			
Fire Departments			
Personal services	$ 3,325	$ 0	$ 3,325
Contract services	1,077	522	555
Supplies and materials	3,763	3,206	557
Payments to other agencies	132,185	131,627	558
Total Fire Departments	140,350	135,355	4,995
Coroner Services			
Personal services	6,459	4,663	1,796
Contract services	4,200	3,986	214
Supplies and materials	450	0	450
Total Coroner Services	11,109	8,649	2,460
Emergency Medical Service			
Personal services	483,449	480,775	2,674
Contract services	31,362	26,684	4,678
Supplies and materials	57,091	58,821	(1,730)
Capital outlay	6,572	0	6,572
Total Emergency Medical Services	578,474	566,280	12,194
Emergency Management			
Personal services	2,153	0	2,153
Contract services	2,150	503	1,647
Supplies and materials	1,050	0	1,050
Total Emergency Management	5,353	503	4,850
Youth Investigation and Control			
Contract services	3,500	0	3,500
County Marshal			
Personal services	18,930	18,283	647
Contract services	2,850	1,421	1,429
Supplies and materials	4,400	2,389	2,011
Total County Marshal	26,180	22,093	4,087
Sheriff Department			
Personal services	968,471	990,829	(22,358)
Contract services	64,450	90,360	(25,910)
Supplies and materials	211,725	281,796	(70,071)
Capital outlay	64,888	76,094	(11,206)
Total Sheriff Department	1,309,534	1,439,079	(129,545)

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
Public Safety, continued			
Animal Shelter			
Payments to other agencies	$ 12,500	$ 12,500	$ 0
Total Public Safety	2,087,000	2,184,459	(97,459)
Public Works			
Highways and Streets			
Personal services	302,790	302,766	24
Contract services	29,270	27,719	1,551
Supplies and materials	204,719	198,609	6,110
Total Public Works	536,779	529,094	7,685
Health and Welfare			
Senior Center			
Personal services	51,179	43,132	8,047
Contract services	19,190	16,376	2,814
Supplies and materials	45,130	21,136	23,994
Total Senior Center	115,499	80,644	34,855
Foster Care Services			
Payments to other agencies	32,000	20,010	11,990
Health Department			
Contract services	250	0	250
Supplies and materials	700	3,336	(2,636)
Payments to other agencies	50,665	50,716	(51)
Total Health Department	51,615	54,052	(2,437)
Total Health and Welfare	199,114	154,706	44,408
Culture and Recreation			
Recreation Department			
Payments to other agencies	99,805	98,070	1,735
Library Board			
Payments to other agencies	12,000	12,000	0
Total Culture and Recreation	111,805	110,070	1,735
Housing and Development			
County Agent			
Personal services	25,412	9,780	15,632
Contract services	7,359	5,710	1,649
Supplies and materials	1,880	1,683	197
Total County Agent	34,651	17,173	17,478

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
Housing and Development, continued			
Forestry Service			
Payments to other agencies	$ 3,584	$ 0	$ 3,584
Planning and Zoning			
Personal services	25,080	24,503	577
Contract services	7,888	2,309	5,579
Supplies and materials	3,410	1,326	2,084
Capital outlay	500	0	500
Total Planning and Zoning	36,878	28,138	8,740
Industrial Building Authority			
Payments to other agencies	39,615	35,994	3,621
Airport Authority			
Contract services	3,000	0	3,000
Payments to other agencies	4,000	0	4,000
Total Airport Authority	7,000	0	7,000
Total Housing and Development	121,728	81,305	40,423
Total expenditures	$ 4,538,618	$ 4,609,969	$ (71,351)

This page intentionally left blank.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Emergency 911 Fund – This fund is used to account for the County's share of telephone fees for the operation of their 911 emergency system.

Drug Enforcement Fund – This fund is used to account for monies confiscated during drug arrests by the Sheriff's Department. These monies are held for evidence and then disbursed by court order to the appropriate agencies. This fund also includes monies paid to the County that are restricted for law enforcement against drugs.

Inmate Welfare Fund – This fund is used to account for monies legally restricted for the benefit of detainees in the County jail.

Law Library Fund – This fund is used to account for the funds court office fines and fees legally restricted for operation of a County Law Library.

MANS Unit Fund – This fund is used to account for funds legally restricted for law enforcement activity.

Public Defender Fund – This fund is used to account for funds legally restricted for the operation of the Northern Judicial Circuit Public Defender's Office.

Probation Service Fund – This fund is used to account for funds legally restricted for the operation of Probation Services.

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2006

ASSETS	
Cash	$ 332,976
Accounts receivable	13,454
Total assets	$ 346,430
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	$ 4,716
Accrued salaries	11,863
Due to other funds	303,537
Total liabilities	320,116
Fund balances	
Unreserved	26,314
Total liabilities and fund balances	$ 346,430

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 89,000	$ 85,155	$ (3,845)
Interest	550	513	(37)
Total revenues	89,550	85,668	(3,882)
EXPENDITURES			
Current			
Public Safety			
Personal services	148,980	146,512	2,468
Contractual services	76,275	71,005	5,270
Supplies and materials	6,200	8,090	(1,890)
Capital outlay	7,500	0	7,500
Total expenditures	238,955	225,607	13,348
Excess (deficiency) of revenues over (under) expenditures	(149,405)	(139,939)	9,466
Other financing sources (uses)			
Transfers in (out)			
General Fund	149,405	140,000	(9,405)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	61	61
Fund balances, January 1	0	26,253	26,253
Fund balances, June 30	$ 0	$ 26,314	$ 26,314

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2006

.

ASSETS

Cash	$	13,743
Due from other funds		10,976
Total assets	$	24,719

LIABILITIES AND FUND BALANCES

Liabilities		
Due to other agencies	$	10,976
Fund balances		
Unreserved		13,743
Total liabilities and fund balances	$	24,719

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 78,400	$ 86,344	$ 7,944
Interest	0	46	46
Total revenues	78,400	86,390	7,990
EXPENDITURES			
Current			
Public Safety			
Supplies	78,400	20,151	58,249
Capital outlay	0	15,487	(15,487)
Total expenditures	78,400	35,638	42,762
Excess (deficiency) of revenues over (under) expenditures	0	50,752	50,752
Other financing sources (uses)			
Transfers in (out)			
General Fund	0	(39,200)	(39,200)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	11,552	11,552
Fund balances, January 1	0	2,191	2,191
Fund balances, December 31	$ 0	$ 13,743	$ 13,743

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2006

ASSETS

Cash	$ 9,357

LIABILITIES AND FUND BALANCES

Fund balances	
Unreserved	$ 9,357

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 56,000	$ 31,417	$ (24,583)
Total revenues	56,000	31,417	(24,583)
EXPENDITURES			
Current			
Public Safety			
Supplies	56,000	29,103	26,897
Total expenditures	56,000	29,103	26,897
Excess (deficiency) of revenues over (under) expenditures	0	2,314	2,314
Fund balances, January 1	0	7,043	7,043
Fund balances, June 30	$ 0	$ 9,357	$ 9,357

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2006

ASSETS	
Cash	$ 36,531
Certificates of deposit	9,731
Total assets	$ 46,262
LIABILITIES AND FUND BALANCES	
Fund balances	
Unreserved	$ 46,262

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 4,500	$ 7,273	$ 2,773
Interest	0	63	63
Total revenues	4,500	7,336	2,836
EXPENDITURES			
Current			
Judicial			
Personal services	840	840	0
Supplies and materials	1,900	613	1,287
Total expenditures	2,740	1,453	1,287
Excess (deficiency) of revenues over (under) expenditures	1,760	5,883	4,123
Other financing sources (uses)			
Transfers in (out)			
General Fund	0	(3,058)	(3,058)
Contingency	(1,760)	0	1,760
Total other financing sources (uses)	(1,760)	(3,058)	(1,298)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	2,825	2,825
Fund balances, January 1	0	43,437	43,437
Fund balances, June 30	$ 0	$ 46,262	$ 46,262

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2006

ASSETS		
Cash	$	186,522
Intergovernmental receivable		17,900
Due from other funds		13,047
Total assets	$	217,469
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$	56,868
Fund balances		
Unreserved		160,601
Total liabilities and fund balances	$	217,469

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 47,493	$ 60,658	$ 13,165
Intergovernmental	185,809	205,203	19,394
Interest	600	605	5
Total revenues	233,902	266,466	32,564
EXPENDITURES			
Current			
Public Safety			
Personal services	153,246	163,683	(10,437)
Contract services	29,506	27,161	2,345
Supplies and materials	32,900	31,477	1,423
Capital outlay	18,250	12,249	6,001
Total expenditures	233,902	234,570	(668)
Excess (deficiency) of revenues over (under) expenditures	0	31,896	31,896
Other financing sources (uses)			
Transfers in (out)			
General Fund	0	13,982	13,982
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	45,878	45,878
Fund balances, January 1	0	114,723	114,723
Fund balances, June 30	$ 0	$ 160,601	$ 160,601

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2006

ASSETS		
Equity in pooled cash	$	16,173
Intergovernmental receivable		4,042
Total assets	$	20,215
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$	424
Accrued salaries		1,200
Total liabilities		1,624
Fund balances		
Unreserved		18,591
Total liabilities and fund balances	$	20,215

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the six months ended June 30, 2006

REVENUES	
Intergovernmental	$ 103,225
Total revenues	103,225
EXPENDITURES	
Current	
Judicial	
Personal services	14,095
Contract services	108,415
Supplies and materials	10,859
Total expenditures	133,369
Excess (deficiency) of revenues over (under) expenditures	(30,144)
Other financing sources (uses)	
Transfers in (out)	
General Fund	27,250
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,894)
Fund balances, January 1	21,485
Fund balances, June 30	$ 18,591

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
June 30, 2006

ASSETS	
Intergovernmental receivable	$ 16,122
LIABILITIES AND FUND BALANCES	
Liabilities	
Accrued salaries	$ 12,272
Intergovernmental payable	3,850
Total liabilities	16,122
Fund balances	
Unreserved	0
Total liabilities and fund balances	$ 16,122

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the six months ended June 30, 2006

REVENUES	
Fines, fees and forfeitures	$ 12,272
Total revenues	12,272
EXPENDITURES	
Current	
Judicial	
Personal services	12,272
Total expenditures	12,272
Excess (deficiency) of revenues over (under) expenditures	0
Fund balances, January 1	0
Fund balances, June 30	$ 0

This page intentionally left blank.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

FRANKLIN COUNTY, GEORGIA
DEBT SERVICE FUND
BALANCE SHEET
June 30, 2006

ASSETS	
Investments	$ 2,080,625
Intergovernmental receivables	664,245
Total assets	$ 2,744,870
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to other funds	$ 2,100
Fund balances	
Unreserved	2,742,770
Total liabilties and fund balances	$ 2,744,870

FRANKLIN COUNTY, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ 1,808,520	$ 1,008,734	$ (799,786)
Interest	0	47,484	47,484
Total revenues	1,808,520	1,056,218	(752,302)
EXPENDITURES			
Debt Service			
Interest and fiscal charges	0	332,726	(332,726)
Total expenditures	0	332,726	(332,726)
Excess (deficiency) of revenues over (under) expenditures	1,808,520	723,492	(1,085,028)
Other financing sources (uses)			
Transfers in (out)			
2004 SPLOST Capital Projects Fund	0	(369,937)	(369,937)
Contingency	(1,808,520)	0	1,808,520
Total other financing sources (uses)	(1,808,520)	(369,937)	1,438,583
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	353,555	353,555
Fund balances, January 1	0	2,389,215	2,389,215
Fund balances, June 30	$ 0	$ 2,742,770	$ 2,742,770

This page intentionally left blank.

CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Special Purpose Local Option Sales Tax Fund – This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

2004 Special Purpose Local Option Sales Tax Fund – This fund is used to account for long-term projects financed by the passage of the 2004 special purpose local option sales tax.

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2006

ASSETS	
Cash	$ 1,042,020
Certificates of deposit	318,457
Receivables	
Accounts	14,110
Interest	5,970
Due from other funds	174,930
Total assets	$ 1,555,487
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to other funds	$ 85,009
Fund balances	
Unreserved	1,470,478
Total liabilities and fund balances	$ 1,555,487

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the six months ended June 30, 2006

REVENUES	
Intergovernmental	$ 108,753
Interest	20,345
Total revenues	129,098
EXPENDITURES	
Capital outlay	
Culture and Recreation	
Recreation	28,116
Housing and Development	
Industrial Building Authority - intergovernmental allocation	506,685
Total expenditures	534,801
Excess (deficiency) of revenues over (under) expenditures	(405,703)
Fund balances, January 1	1,876,181
Fund balances, June 30	$ 1,470,478

FRANKLIN COUNTY, GEORGIA
2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2006

ASSETS	
Investments	$ 10,683,513
LIABILITIES AND FUND BALANCES	
Liabilities	
Payables	
Accounts	$ 582,378
Retainages	79,847
Due to other funds	46,328
Total liabilities	708,553
Fund balances	
Unreserved	9,974,960
Total liabilities and fund balances	$ 10,683,513

FRANKLIN COUNTY, GEORGIA
2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the six months ended June 30, 2006

REVENUES	
Taxes	$ 962,963
Interest	252,030
Total revenues	1,214,993
EXPENDITURES	
Capital outlay	
General Government	
Supplies and materials	599
Capital outlay	422,315
Total General Government	422,914
Public Safety	
Fire	326,363
Fire - intergovernmental allocation	430,484
Total Public Safety	756,847
Public Works	
Highways and Streets	2,286,728
Highways and Streets - intergovernmental allocation	92,494
Water - intergovernmental allocation	461,822
Total Public Works	2,841,044
Culture and Recreation	
Recreation	315,720
Recreation - intergovernmental allocation	16,537
Library - intergovernmental allocation	18,235
Total Culture and Recreation	350,492
Housing and Development	
Airport - intergovernmental allocation	38,000
Total expenditures	4,409,297
Excess (deficiency) of revenues over (under) expenditures	(3,194,304)
Other financing sources (uses)	
Transfers in (out)	
Debt Service Fund	369,937
Water and Sewer Fund	(903,599)
Total other financing sources (uses)	(533,662)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,727,966)
Fund balances, January 1	13,702,926
Fund balances, June 30	$ 9,974,960

This page intentionally left blank.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in Franklin County.

Solid Waste Fund - Used to account for activities connected with the disposal of residential and commercial solid waste at the County's solid waste transfer station.

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET ASSETS
June 30, 2006

ASSETS	
Current assets	
Cash	$ 1,682,809
Accounts receivable (net)	90,336
Inventory	39,769
Due from other funds	24
Total current assets	1,812,938
Capital assets	
Land	20,347
Water lines and towers	15,841,548
Buildings	5,400
Machinery and equipment	174,966
Vehicles	40,420
Accumulated depreciation	(1,424,954)
Total capital assets (net of accumulated depreciation)	14,657,727
Intangible assets	
Debt issuance costs (net of accumulated amortization)	43,324
Total assets	16,513,989
LIABILITIES	
Current liabilities	
Accounts payable	6,858
Accrued salaries	7,090
Compensated absences	3,823
Notes payable	143,815
Due to other funds	1,838,048
Total current liabilities	1,999,634
Long-term liabilities	
Notes payable	3,164,828
Total liabilities	5,164,462
NET ASSETS	
Invested in capital assets, net of related debt	11,392,408
Unrestricted	(42,881)
Total net assets	$ 11,349,527

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the six months ended June 30, 2006

OPERATING REVENUES	
Charges for sales and services	
Water and sewer charges	$ 413,862
OPERATING EXPENSES	
Costs of sales and services	178,846
Personal services	51,771
Depreciation	166,788
Miscellaneous expenses	4,409
Total operating expenses	401,814
Operating income (loss).	12,048
Non-operating revenues (expenses)	
Interest revenue	29,571
Interest expense	(25,727)
Amortization	(1,293)
Gain (loss) on disposal of capital assets	(17,495)
Payment to others	(12,284)
Total non-operating revenues (expenses)	(27,228)
Net income (loss) before transfers	(15,180)
Transfers in (out)	
2004 SPLOST Fund	903,599
General Fund	(53,515)
Total transfers	850,084
Change in net assets	834,904
Net assets, January 1	10,514,623
Net assets, June 30	$ 11,349,527

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the six months ended June 30, 2006

Cash flows from operating activities:	
Receipts from customers	$ 387,055
Payments to suppliers	(189,388)
Payments to employees	(50,420)
Other payments	(4,409)
Net cash provided (used) by operating activities	142,838
Cash flows from non-capital financing activities:	
Receipts from other funds	324,111
Cash flows from capital and related financing activities:	
Receipts from other funds	903,599
Interest paid	(25,727)
Acquisition of capital assets	(983,361)
Principal payment - notes payable	(71,738)
Net cash provided (used) by capital and related financing activities	(177,227)
Cash flows from investing activities:	
Interest received	29,571
Net increase (decrease) in cash and cash equivalents	319,293
Cash and cash equivalents, January 1	1,363,516
Cash and cash equivalents, June 30	$ 1,682,809
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 12,048
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	166,788
(Increase) decrease in accounts receivable	(26,809)
(Increase) decrease in inventory	5,029
Increase (decrease) in accounts payable	(15,570)
Increase (decrease) in accrued payroll liabilities	1,352
Total adjustments	130,790
Net cash provided (used) by operating activities	$ 142,838

Noncash investing, capital, and financing activities:
Distributions of capital assets to government and other agencies totaled $53,515 and $12,284, respectively.

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF NET ASSETS
June 30, 2006

ASSETS	
Current assets	
Cash	$ 131,493
Due from other funds	2,656
Total current assets	134,149
Restricted assets	
Certificates of deposit	262,131
Interest receivable	5,408
Due from other funds	8,866
Total restricted assets	276,405
Capital assets	
Land	378,976
Land improvements	29,382
Buildings	1,870,331
Machinery and equipment	290,951
Vehicles	228,489
Accumulated depreciation	(653,231)
Total capital assets (net of accumulated depreciation)	2,144,898
Total assets	2,555,452
LIABILITIES	
Liabilities	
Accounts payable	82
Accrued salaries	2,107
Compensated absences	2,556
Due to other funds	363,809
Total current liabilities	368,554
Long-term liabilities	
Closure/post-closure care	1,328,358
Total liabilities	1,696,912
NET ASSETS	
Invested in capital assets	2,144,898
Restricted for restricted assets	8,866
Unrestricted	(1,295,224)
Total net assets	$ 858,540

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the six months ended June 30, 2006

OPERATING REVENUES	
Charges for sales and services	
Landfill fees	$ 20,588
OPERATING EXPENSES	
Costs of sales and services	26,204
Personal services	30,732
Depreciation	69,333
Miscellaneous expenses	383
Total operating expenses	126,652
Operating income (loss)	(106,064)
Non-operating revenues (expenses)	
Interest revenue	8,110
Payments to other agencies	(2,880)
Gain (loss) on disposal of capital assets	(1,565)
Total non-operating revenues (expenses)	3,665
Net income (loss) before transfers	(102,399)
Transfers in (out)	
General Fund	(189,190)
Change in net assets	(291,589)
Net assets, January 1 (original)	1,161,276
Prior period adjustment	(11,147)
Net assets, January 1 (restated)	1,150,129
Net assets, June 30	$ 858,540

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the six months ended June 30, 2006

Cash flows from operating activities:	
Receipts from customers	$ 22,359
Payments to suppliers	(27,645)
Payments to employees	(29,512)
Other payments	(383)
Net cash provided (used) by operating activities	(35,181)
Cash flows from non-capital financing activities:	
Receipts from other funds	9,576
Payments to other funds	(46,161)
Payments for closure costs of landfill	(9,500)
Payments to other agencies	(2,880)
Net cash provided (used) by non-capital financing activities	(48,965)
Cash flows from investing activities:	
Interest received	6,750
Proceeds from maturity of investments	364,588
Purchase of investments	(262,131)
Net cash provided (used) by investing activities	109,207
Net increase (decrease) in cash and cash equivalents	25,061
Cash and cash equivalents, January 1	106,432
Cash and cash equivalents, June 30	$ 131,493
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (106,064)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation expense	69,333
(Increase) decrease in accounts receivable	1,771
Increase (decrease) in accounts payable	(1,440)
Increase (decrease) in accrued payroll liabilities	1,219
Total adjustments	70,883
Net cash provided (used) by operating activities	$ (35,181)

Noncash investing, capital, and financing activities:
Distributions of capital assets to government totaled $219,190.

This page intentionally left blank.

AGENCY FUNDS

These funds are used to account for assets held by the County as an agent to be expended in accordance with the conditions of its agency capacity.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

Magistrate Court, Probate Court, and Clerk of Superior Court - These funds account for assets and related liabilities for the collection of court related fees.

Sheriff Department - This fund accounts for deposits held for incarcerated inmates.

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
June 30, 2006

	Tax Commissioner	Magistrate Court
ASSETS		
Cash	$ 36,038	$ 35,339
Accounts receivable (net)	0	53,597
Total assets	$ 36,038	$ 88,936
LIABILITIES		
Due to other agencies	$ 36,038	$ 88,936

Probate Court	Clerk of Superior Court	Sheriff Department	Total
$ 162,538	$ 2,308,813	$ 6,408	$ 2,549,136
212,165	44,606	0	310,368
$ 374,703	$ 2,353,419	$ 6,408	$ 2,859,504
$ 374,703	$ 2,353,419	$ 6,408	$ 2,859,504

This page intentionally left blank.

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the six months ended June 30, 2006

	Balance, January 1	Additions	Deletions	Balance, June 30
TAX COMMISSIONER				
ASSETS				
Cash	$ 70,932	$ 3,743,033	$ 3,777,927	$ 36,038
LIABILITIES				
Due to others	$ 70,932	$ 3,743,033	$ 3,777,927	$ 36,038
MAGISTRATE COURT				
ASSETS				
Cash	$ 44,574	$ 125,164	$ 134,399	$ 35,339
Accounts receivable	52,891	706	0	53,597
Total assets	$ 97,465	$ 125,870	$ 134,399	$ 88,936
LIABILITIES				
Due to others	$ 97,465	$ 125,870	$ 134,399	$ 88,936
PROBATE COURT				
ASSETS				
Cash	$ 168,569	$ 521,458	$ 527,489	$ 162,538
Accounts receivable	202,050	10,115	0	212,165
Total assets	$ 370,619	$ 531,573	$ 527,489	$ 374,703
LIABILITIES				
Due to others	$ 370,619	$ 531,573	$ 527,489	$ 374,703
CLERK OF SUPERIOR COURT				
ASSETS				
Cash	$ 2,543,973	$ 663,097	$ 898,257	$ 2,308,813
Accounts receivable	37,763	6,843	0	44,606
Total assets	$ 2,581,736	$ 669,940	$ 898,257	$ 2,353,419
LIABILITIES				
Due to others	$ 2,581,736	$ 669,940	$ 898,257	$ 2,353,419
SHERIFF DEPARTMENT				
ASSETS				
Cash	$ 1,942	$ 73,141	$ 68,675	$ 6,408
LIABILITIES				
Due to others	$ 1,942	$ 73,141	$ 68,675	$ 6,408
TOTALS ALL AGENCY FUNDS				
ASSETS				
Cash	$ 2,829,990	$ 5,125,893	$ 5,406,747	$ 2,549,136
Accounts receivable	292,704	17,664	0	310,368
Total assets	$ 3,122,694	$ 5,143,557	$ 5,406,747	$ 2,859,504
LIABILITIES				
Due to others	$ 3,122,694	$ 5,143,557	$ 5,406,747	$ 2,859,504

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
For the six months ended June 30, 2006

	Tax Commissioner	Magistrate Court
RECEIPTS		
Taxes, tags and titles	$ 3,741,826	$ 0
Licenses and permits	0	0
Fines, fees and court costs	0	125,101
Inmate receipts	0	0
Interest	1,207	63
General Fund	0	0
Total Receipts	3,743,033	125,164
DISBURSEMENTS		
Alternative Dispute Resolution Fund	0	1,830
Clerk of Superior Court	3,381	220
Criminal Justice Technologies	0	0
Drug Education Fund	0	0
Garnishments, settlements, other	66,254	79,246
Georgia Department of Revenue	592,834	0
Georgia Clerk's Authority	0	10,261
Georgia Indigent Defense Fund	0	64
Inmate discharges and store calls	0	0
Jail Fund	0	1,888
Jurors, Bailiff's and Witnesses	0	0
Law Library	0	501
Local Cities	63,658	0
Refunds	16,534	0
Retirement Funds:		
Peace Officer	0	1,004
Probate Judge	0	0
Sheriff	0	706
Superior Court Clerks	0	0
Sheriff of Franklin County	0	8,388
Franklin County Board of Commissioners	1,252,698	30,291
Franklin County Board of Education	1,782,568	0
Total Disbursements	3,777,927	134,399
Excess (deficit) of receipts over (under) disbursements	(34,894)	(9,235)
Cash in Bank, January 1	70,932	44,574
Cash in Bank, June 30	$ 36,038	$ 35,339

Probate Court	Clerk of Superior Court	Sheriff Department	Total
$ 0	$ 0	$ 0	$ 3,741,826
28,599	0	0	28,599
489,217	638,097	0	1,252,415
0	0	73,141	73,141
3,642	0	0	4,912
0	25,000	0	25,000
521,458	663,097	73,141	5,125,893
445	1,770	0	4,045
0	0	0	3,601
8,010	0	0	8,010
666	0	0	666
25	448,149	0	593,674
0	18,780	0	611,614
97,749	29,237	0	137,247
0	0	0	64
0	0	68,675	68,675
0	0	0	1,888
0	27,770	0	27,770
5,275	3,216	0	8,992
0	11,385	0	75,043
4,075	0	0	20,609
16,970	0	0	17,974
4,591	0	0	4,591
3,340	587	0	4,633
0	3,204	0	3,204
0	0	0	8,388
386,343	206,422	0	1,875,754
0	147,737	0	1,930,305
527,489	898,257	68,675	5,406,747
(6,031)	(235,160)	4,466	(280,854)
168,569	2,543,973	1,942	2,829,990
$ 162,538	$ 2,308,813	$ 6,408	$ 2,549,136

This page intentionally left blank.

COMPONENT UNITS

Recreation Department – This component unit is used to account for the County's operation of the recreation programs.

Industrial Building Authority – This component unit is used to account for the County's operation of economic development through recruitment and retention of industry.

FRANKLIN COUNTY, GEORGIA
RECREATION DEPARTMENT (A COMPONENT UNIT)
BALANCE SHEET
June 30, 2006

ASSETS

Cash	$	27,247
Intergovernmental receivable		30,431
Total assets	$	57,678

LIABILITIES AND FUND BALANCES

Fund balances		
Unreserved	$	57,678

FRANKLIN COUNTY, GEORGIA
RECREATION DEPARTMENT (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Actual	Variance
REVENUES			
Charges for sales and services	$ 64,734	$ 58,220	$ (6,514)
Intergovernmental	104,550	438,357	333,807
Interest	246	57	(189)
Contributions	5,388	4,397	(991)
Other	498	2,468	1,970
Total revenues	175,416	503,499	328,083
EXPENDITURES			
Current			
Culture and recreation			
Administrative services	110,490	102,069	8,421
Recreational services	64,926	50,578	14,348
Capital outlay	0	336,876	(336,876)
Total expenditures	175,416	489,523	(314,107)
Excess (deficiency) of revenues over (under) expenditures	0	13,976	13,976
Fund balances, January 1	0	43,702	43,702
Fund balances, June 30	$ 0	$ 57,678	$ 57,678

FRANKLIN COUNTY, GEORGIA
INDUSTRIAL BUILDING AUTHORITY (A COMPONENT UNIT)
BALANCE SHEET
June 30, 2006

ASSETS	
Cash	$ 4,532
LIABILITIES AND FUND BALANCES	
Fund balances	
Unreserved	$ 4,532

FRANKLIN COUNTY, GEORGIA
INDUSTRIAL BUILDING AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the six months ended June 30, 2006

	Final Budget	Acutal	Variance
REVENUES			
Intergovernmental	$ 39,615	$ 35,994	$ (3,621)
Other	0	986	986
Total revenues	39,615	36,980	(2,635)
EXPENDITURES			
Current			
Economic Development			
Personal services	33,667	30,047	3,620
Supplies and materials	5,948	5,207	741
Total expenditures	39,615	35,254	4,361
Excess (deficiency) of revenues over (under) expenditures	0	1,726	1,726
Fund balances, January 1	0	2,806	2,806
Fund balances, June 30	$ 0	$ 4,532	$ 4,532

This page intentionally left blank.

OTHER REPORTING SECTION

This page intentionally left blank.

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

Honorable Chairman and Members
of the Board of Commissioners
Franklin County, Georgia

We have audited the basic financial statements of Franklin County, Georgia, as of and for the six months ended June 30, 2006, and have issued our report thereon dated October 19, 2006. We did not audit the financial statements of the Franklin County Health Department, a component unit of Franklin County, Georgia. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Franklin County Health Department, is based 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Franklin County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Franklin County, Georgia's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions noted were:

Comment 06-1

Condition: The Payroll bank account was not reconciled to the general ledger at year-end.

Criteria: Generally accepted accounting principles require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts may lead to management decisions based on incorrect information.

Recommendation: County personnel should ensure that all bank statements are reconciled to the general ledger each month.

Management Response: Management concurs with this finding. The County Clerk will ensure that all cash accounts are reconciled to the general ledger each month. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 06-2

Condition: The equity in pooled cash between the 1999 SPLOST and the 2004 SPLOST was not reconciled to the general ledger at year-end.

Criteria: Generally accepted accounting principles require that equity in pooled cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile equity in pooled cash accounts may lead to management decisions based on incorrect information.

This page intentionally left blank.

Comment 06-2, continued

Recommendation: County personnel should ensure that all bank statements are reconciled to the general ledger each month.

Management Response: Management concurs with this finding. The County Clerk will ensure that all equity in pooled cash accounts are reconciled to the general ledger each month. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 06-3

Condition: Investment accounts in the 2004 SPLOST and Debt Service Funds were not reconciled to the general ledger at year-end. This is a repeat comment from the prior period.

Criteria: Generally accepted accounting principles require that investment accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile investment accounts may lead to management decisions based on incorrect information.

Recommendation: County personnel should ensure that the investment account statements are reconciled to the general ledger each month.

Management Response: Management concurs with this finding. The County Clerk will ensure that all investment accounts are reconciled to the general ledger each month. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 06-4

Condition: The County Clerk is responsible for multiple financial responsibilities and has the control to make adjustments without approval. This is a repeat comment from the prior period.

Criteria: Generally accepted accounting principles require adequate segregation of duties in control over adjustments to the general ledger.

Effect: Failure to maintain adequate separation of duties subjects the assets of the County to greater risk of misappropriation.

Recommendation: The journal entries and financial general ledger transactions should be reviewed monthly by the County Manager or a member of the Board of Commissioners. All journal entries should be properly supported.

Management Response: Management concurs with this finding. All journal entries and financial general ledger transactions will be reviewed at least monthly by the County Manager. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 06-5

Condition: The inventory in the water department was not taken until after period end.

Criteria: Generally accepted accounting principles require that all assets be properly valued at period end.

Effect: Failure to count inventory a period end may lead to financial statements that are materially misstated and may lead to management decisions based on incorrect information.

This page intentionally left blank.

Comment 06-5, continued

Recommendation: Inventory should be taken as close to the period end as possible to ensure proper cut off as well as proper value of inventory reported.

Management Response: Management concurs with this finding. Water Department personnel will count all inventory at period end. This action was implemented immediately upon receipt of the comment from our auditors.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we consider comments 06-1 through 06-4 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to management of Franklin County, Georgia, in a separate letter dated October 19, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County, Georgia's basic 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 the following instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*:

Comment 06-6

Condition: The County experienced a material excess of expenditures over appropriations in the General Fund. This is a repeat comment from the prior period. Also, the County has not adopted a six month budget for the public defender fund and the probation services fund both of which are in the special revenue fund.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

Effect: Failure to maintain expenditures within the balanced budget for the General Fund will place the City in violation of state law.

Recommendation: Budget to actual comparisons should be periodically reviewed by County management and budgets amended as needed to ensure that the County remains in compliance with state law.

Management Response: Management concurs with this finding. The County Manager will be reviewing the budget to actual comparisons and recommend any necessary budget revisions to the Board of Commissioners. This action was implemented immediately upon receipt of the comment from our auditors.

This page intentionally left blank.

Comment 06-7

Condition: The Recreation Department did not budget for all of its intergovernmental activities, specifically capital outlays in the SPLOST Fund. This is a repeat comment from the prior period.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

Effect: Failure to maintain expenditures within the balanced budget for the General Fund will place the City in violation of state law.

Recommendation: All revenues and expenditures should be budgeted in all funds, including any intergovernmental activities, so that the budget is balanced. In addition, the budget should be reviewed periodically for amendments that should be made.

Management Response: Management concurs with this finding. The Recreation Department Executive Director will be reviewing the budget to actual comparisons and recommend any necessary budget revisions to the Board of Directors. This action was implemented immediately upon receipt of the comment from our auditors.

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

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
October 19, 2006

This page intentionally left blank.

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the six months ended June 30, 2006

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Periods	Current Periods	Total
SPLOST II					
Franklin County					
Recreation facilities	1,600,000	1,505,138	1,470,891	28,116	1,499,007
Fire equipment	1,140,800	1,073,160	1,082,900	0	1,082,900
Solid Waste improvements	1,120,000	1,053,593	967,878	0	967,878
Airport improvements	320,000	301,027	322,790	0	322,790
Construction and improvements of roads	3,824,000	3,597,268	3,658,928	0	3,658,928
Industrial development	1,120,000	1,053,593	105,579	506,685	612,264
Water expansion	4,400,000	4,139,115	5,850,086	0	5,850,086
Courthouse improvements	160,000	150,513	178,987	0	178,987
Jail improvements	160,000	150,513	4,200	0	4,200
City of Lavonia	590,400	555,394	555,395	0	555,395
City of Royston	665,200	625,759	625,760	0	625,760
City of Canon	299,866	282,087	281,787	0	281,787
City of Carnesville	299,867	282,087	282,087	0	282,087
City of Franklin Springs	299,867	282,087	282,086	0	282,086
Total SPLOST II	$ 16,000,000	$ 15,051,334	$ 15,669,354	$ 534,801	$ 16,204,155
SPLOST III					
Franklin County					
Recreation facilities	$ 1,620,000	$ 1,620,000	$ 0	$ 315,720	$ 315,720
Public Safety	1,400,000	1,400,000	765,874	326,363	1,092,237
Airport improvements	360,000	360,000	0	38,000	38,000
Construction and improvements of roads	4,020,000	4,020,000	488,546	2,286,728	2,775,274
Industrial development	1,080,000	1,080,000	0	0	0
Water expansion	4,020,000	4,020,000	1,153,123	903,599	2,056,722
Courthouse improvements	180,000	180,000	18,840	422,914	441,754
Jail improvements	180,000	180,000	0	0	0
City of Lavonia	1,402,143	1,402,143	646,423	361,032	1,007,455
City of Royston	1,402,144	1,402,144	195,736	253,172	448,908
City of Canon	778,571	778,571	300,000	0	300,000
City of Carnesville	778,571	778,571	200,000	60,000	260,000
City of Franklin Springs	778,571	778,571	430,179	345,368	775,547
Total SPLOST III	$ 18,000,000	$ 18,000,000	$ 4,198,721	$ 5,312,896	$ 9,511,617

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

This page intentionally left blank.