FRANKLIN COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2008

This page intentionally left blank.

FRANKLIN COUNTY, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2008

TABLE OF CONTENTS

INTRODUCTORY SECTION:

		Page (s)
	Table of Contents	i-v

FINANCIAL SECTION:

	Independent Auditor's Report	1-2
	Management's Discussion and Analysis	3-12

BASIC FINANCIAL STATEMENTS

Exhibit		
	Government-wide Statements	
A-1	Statement of Net Assets	13-14
A-2	Statement of Activities	15
	Fund Financial Statements	
A-3	Balance Sheet - Governmental Funds	16
A-4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
A-5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
A-6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
A-7	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	20-21
A-8	Statement of Net Assets - Proprietary Funds	22
A-9	Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	23
A-10	Statement of Cash Flows - Proprietary Funds	24
A-11	Statement of Fiduciary Assets and Liabilities	25
A-12	Combining Statement of Net Assets - Component Units	26
A-13	Combining Statement of Activities - Component Units	27

Table of Contents, continued

BASIC FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Exhibit		Page (s)
A-14	**Notes to the Financial Statements**	**28-60**

Item #		Page #
1.	Description of Government Unit	**28**
2.	Summary of Significant Accounting Policies	**28-41**
3.	Deposit and Investment Risk	**41-42**
4.	Accounts Receivable	**42**
5.	Intergovernmental Receivables	**43**
6.	Property Taxes	**43**
7.	Interfund Receivables, Payables, and Transfers	**44**
8.	Capital Assets	**45-47**
9.	Operating Lease Agreements	**47**
10.	Other Liabilities	**47**
11.	Long-Term Debt	**48-50**
12.	Landfill Post-Closure Care Costs	**51**
13.	Reserved Equity Balances	**51**
14.	Deficit Equity Balances	**51-52**
15.	Pension Plan	**52-55**
16.	Deferred Compensation Plans	**56-57**
17.	Hotel/Motel Lodging Tax	**57**
18.	Joint Ventures	**57-58**
19.	Risk Financing Activities	**58-59**
20.	Commitments and Contingencies	**59-60**
21.	Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted	**60**

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

B-1	Combining Balance Sheet - Nonmajor Governmental Funds	**62-63**
B-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	**64-65**

Table of Contents, continued

SUPPLEMENTARY INFORMATION, continued

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	GENERAL FUND	
C-1	Comparative Balance Sheets	**65**
C-2	Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**66**
C-3	Schedule of Revenues - Budget (GAAP Basis) and Actual	**67**
C-4	Schedule of Expenditures - Budget (GAAP Basis) and Actual	**68-72**
	SPECIAL REVENUE FUNDS	
D-1	Emergency E911 Special Revenue Fund Comparative Balance Sheets	**73**
D-2	Emergency E911 Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**74**
D-3	Drug Enforcement Special Revenue Fund Comparative Balance Sheets	**75**
D-4	Drug Enforcement Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**76**
D-5	Inmate Welfare Special Revenue Fund Comparative Balance Sheets	**77**
D-6	Inmate Welfare Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**78**
D-7	Law Library Special Revenue Fund Comparative Balance Sheets	**79**
D-8	Law Library Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**80**
D-9	MANS Unit Special Revenue Fund Comparative Balance Sheets	**81**
D-10	MANS Unit Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**82**

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 Comparative Balance Sheets	**83**
D-12	Public Defender Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**84**
D-13	Public Defender Special Revenue Fund Comparative Balance Sheets	**85**
D-14	Public Defender Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**86**
	DEBT SERVICE FUND	
E-1	Debt Service Fund Comparative Balance Sheets	**87**
E-2	Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	**88**
	CAPITAL PROJECTS FUNDS	
F-1	Special Purpose Local Option Sales Tax Fund Comparative Balance Sheets	**89**
F-2	Special Purpose Local Option Sales Tax Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**90**
F-3	2004 Special Purpose Local Option Sales Tax Fund Comparative Balance Sheets	**91**
F-4	2004 Special Purpose Local Option Sales Tax Fund Comparative Statements of Revenues, Expenditures and Changes in Fund Balances	**92**
	ENTERPRISE FUNDS	
G-1	Water and Sewer Enterprise Fund Comparative Statements of Net Assets	**93-94**
G-2	Water and Sewer Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**95**
G-3	Water and Sewer Enterprise Fund Comparative Statements of Cash Flows	**96**

SUPPLEMENTARY INFORMATION, continued

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (continued)

Exhibit		Page (s)
	ENTERPRISE FUNDS, continued	
G-4	Solid Waste Enterprise Fund Comparative Statements of Net Assets	**97**
G-5	Solid Waste Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets	**98**
G-6	Solid Waste Enterprise Fund Comparative Statements of Cash Flows	**99**
	AGENCY FUNDS	
H-1	Combining Balance Sheet	**100-101**
H-2	Statement of Changes in Assets and Liabilities	**102**
	COMPONENT UNITS	
I-1	Recreation Department Comparative Balance Sheets	**103**
I-2	Recreation Department Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**104**
I-3	Industrial Building Authority Comparative Balance Sheets	**105**
I-4	Industrial Building Authority Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	**106**
	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	**107-111**
J-1	Schedule of Projects Financed with Special Purpose Local Option Sales Tax	**112**

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 fiscal year ended June 30, 2008, 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, which represent 2.9 percent, 2.2 percent, and 41.4 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. 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.

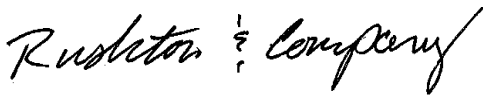
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2008, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison of the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2009, 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 12 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.

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.



Certified Public Accountants

Gainesville, Georgia
January 13, 2009

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 fiscal year ended June 30, 2008. 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, 2008, by $56,095,776 (reported as *net assets*).

- As of June 30, 2008, Franklin County's governmental funds reported combined ending fund balances of $15,367,696. Approximately 37% of this total amount, or $5,562,611, 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 13-14) 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 15), 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 13-15.

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 61. 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 61-64 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 16-21 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 22-24.

- ***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 25.

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 28-60 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 17 and 19) 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 the fiscal year ended June 30, 2008, is summarized as follows based on the information included in the government-wide financial statements (see pages 13-15):

Franklin County
Net Assets (Financial Position)
June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Current and other assets	$ 17,116,014	$ 20,054,548	$ 2,953,088	$ 260,164	$ 20,069,102	$ 20,314,712
Capital assets	39,322,142	40,617,147	18,987,699	18,041,192	58,309,841	58,658,339
Total assets	56,438,156	60,671,695	21,940,787	18,301,356	78,378,943	78,973,051
Long-term liabilities	10,958,503	13,607,207	7,039,419	4,327,740	17,997,922	17,934,947
Other liabilities	3,858,197	4,578,880	427,048	192,317	4,285,245	4,771,197
Total liabilities	14,816,700	18,186,087	7,466,467	4,520,057	22,283,167	22,706,144
Net assets:						
Invested in capital assets, net of related debt	39,322,142	40,617,147	15,892,969	14,917,103	55,215,111	55,534,250
Restricted	6,299,964	7,012,050	17,104	8,866	6,317,068	7,020,916
Unrestricted	(4,000,650)	(5,143,589)	(1,435,753)	(1,144,670)	(5,436,403)	(6,288,259)
Total net assets	$ 41,621,456	$ 42,485,608	$ 14,474,320	$ 13,781,299	$ 56,095,776	$ 56,266,907

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 $56,095,776 at the close of the fiscal year ended June 30, 2008.

$55,215,111 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.

$6,317,068 of Franklin County's net assets are subject to external restrictions or enabling legislation on how they can be used.

Unrestricted net assets of the governmental activities report a negative balance of $4,000,650. This is due to long-term liabilities in excess of assets to pay for those liabilities. This negative balance will be liquidated through future revenue recognition. Unrestricted net assets of the business-type activities report a negative balance of $1,435,753. This is due to the post-closure care cost liability of the Solid Waste fund in excess of assets to pay for that liability. This negative balance will be liquidated through future revenue recognition.

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 fiscal year ended June 30, 2008.

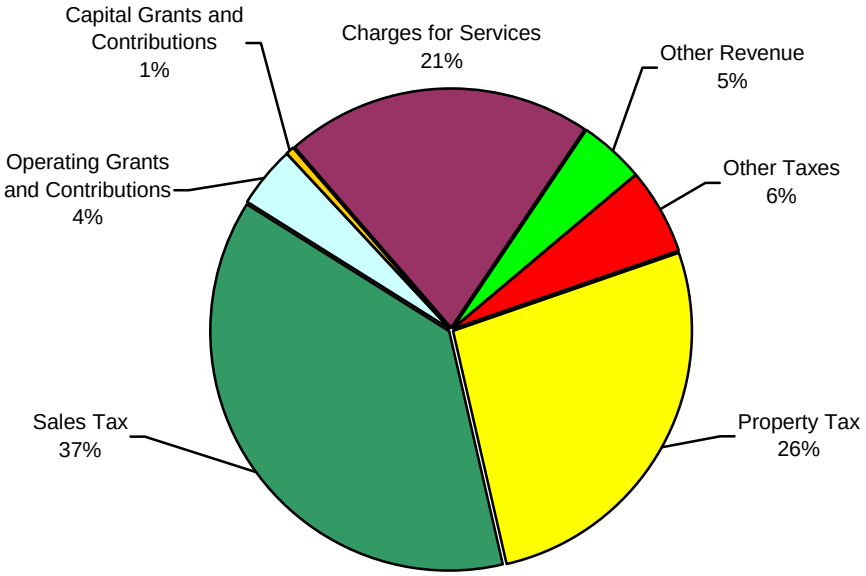
Franklin County
Changes in Net Assets
For the fiscal years ended June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Program revenues:						
Charges for services	$ 3,264,775	$ 3,039,903	$ 930,661	$ 883,492	$ 4,195,436	$ 3,923,395
Operating grants and contributions	643,304	688,075	88,022	0	731,326	688,075
Capital grants and contributions	107,077	548,912	0	60,017	107,077	608,929
General revenues:						
Property taxes	4,214,837	4,444,426	0	0	4,214,837	4,444,426
Sales tax	5,918,884	5,990,575	0	0	5,918,884	5,990,575
Intangible tax	97,601	130,864	0	0	97,601	130,864
Franchise tax	58,778	66,210	0	0	58,778	66,210
Insurance premium tax	709,692	674,925	0	0	709,692	674,925
Real estate transfer tax	28,046	39,838	0	0	28,046	39,838
Other taxes	16,215	35,891	0	0	16,215	35,891
Investment income	645,962	1,030,616	37,412	33,026	683,374	1,063,642
Gain on sale of assets	31,350	0	0	82,143	31,350	82,143
Miscellaneous revenue	36,205	23,500	525	5,375	36,730	28,875
Total revenues	15,772,726	16,713,735	1,056,620	1,064,053	16,829,346	17,777,788
Expenses						
General government	1,991,256	3,069,189	0	0	1,991,256	3,069,189
Judicial	1,580,629	1,440,595	0	0	1,580,629	1,440,595
Public Safety	7,013,294	5,949,511	0	0	7,013,294	5,949,511
Public Works	3,177,693	3,031,025	0	0	3,177,693	3,031,025
Health and Welfare	379,276	363,914	0	0	379,276	363,914
Culture and Recreation	413,993	1,039,888	0	0	413,993	1,039,888
Housing and Development	589,649	2,882,243	0	0	589,649	2,882,243
Interest on long-term debt	555,625	621,146	0	0	555,625	621,146
Water and Sewer	0	0	1,158,841	1,042,232	1,158,841	1,042,232
Solid Waste	0	0	140,221	223,571	140,221	223,571
Total expenses	15,701,415	18,397,511	1,299,062	1,265,803	17,000,477	19,663,314
Increase (decrease) in net assets before transfers	71,311	(1,683,776)	(242,442)	(201,750)	(171,131)	(1,885,526)
Transfers	(935,463)	(1,774,982)	935,463	1,774,982	0	0
Change in net assets	(864,152)	(3,458,758)	693,021	1,573,232	(171,131)	(1,885,526)
Net assets - January 1	42,485,608	14,469,200	13,781,299	12,208,067	56,266,907	26,677,267
Prior period adjustments	0	31,475,166	0	0	0	31,475,166
Net assets - ending	$ 41,621,456	$ 42,485,608	$ 14,474,320	$ 13,781,299	$ 56,095,776	$ 56,266,907

Governmental Activities –

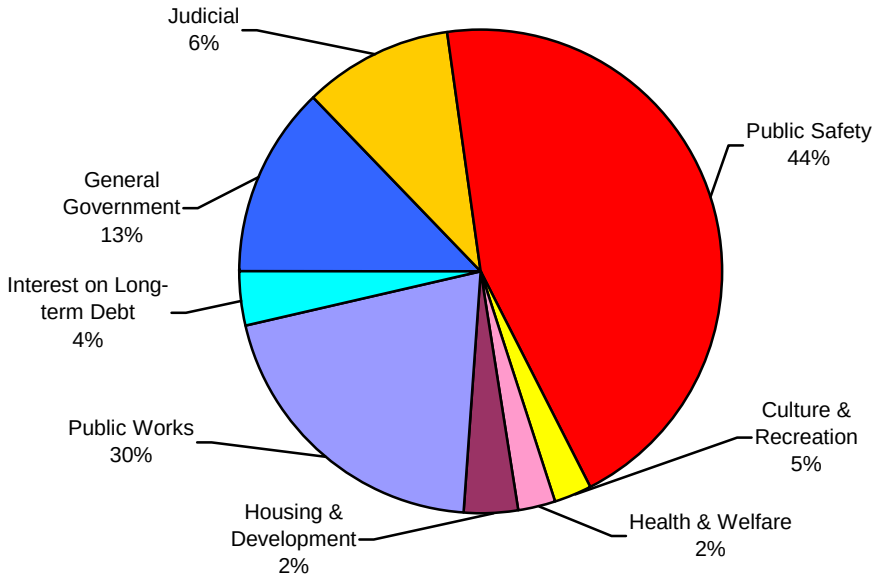
The following chart illustrates revenues of the governmental activities for the fiscal year ended June 30, 2008:

Revenues by Source – Governmental Activities
For the fiscal year ended June 30, 2008



The following chart illustrates the expenses of the governmental activities for the fiscal ended June 30, 2008:

Expenses – Governmental Activities
For the fiscal year ended June 30, 2008



Business-Type Activities –

Business-type activities increased Franklin County's assets by $693,021. This is a decrease of 56% from the prior year. The change in net assets in the Water and Sewer Fund was down from fiscal year 2007 due primarily to the decrease in amounts transferred from the 2004 SPLOST Fund; the change in net assets in the Solid Waste Fund was up from fiscal year 2007 due to a grant received from the State of Georgia for expenses incurred in prior years for clean-up activities after the closure of the County's landfill.

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 fiscal year.

As the County completed this fiscal year, its governmental funds reported a combined ending fund balance of $15,367,696. Of this amount, $14,817,301 or 97% constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds. The General Fund comprises 40% 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 future periods of $54,107

2) payment of program expenses of $496,288

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was $5,562,611, while total fund balance reached $6,113,006. 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 6.1 months of General Fund expenditures, while total fund balance represents approximately 6.6 months of that same amount.

The County ended the fiscal year by decreasing the fund balance of the General Fund by $1,889,017 or approximately 24%. Expenditures were approximately 3% under the final budget and revenues collected were approximately 12% over final budget projections.

General Fund Budget Highlights.

The actual revenues exceeded budget by approximately 12%.

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year ended June 30, 2008. 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 3% under the budget projections; however, the following departments over significantly over budget:

- Emergency Medical Services for payments to the City of Carnesville for construction of any EMS station
- Sheriff Department for contract services, supplies, and inmate expense
- Highways and Streets for supplies and equipment purchases

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 $ (320,143)
- Solid Waste $ (1,115,610)

The increase in net assets for each fund was $675,370 and $17,651, 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 $58,309,841 in capital assets (net of accumulated depreciation). Approximately 68% 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, 2008 are summarized as follows:

Franklin County
Capital Assets (net of accumulated depreciation)
June 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 4,854,587	$ 4,854,588	$ 399,323	$ 399,323	$ 5,253,910	$ 5,253,911
Land improvements	0	0	29,382	29,382	29,382	29,382
Water lines and towers	0	0	18,794,137	17,235,110	18,794,137	17,235,110
Infrastructure	40,708,314	40,708,313	0	0	40,708,314	40,708,313
Buildings	6,665,762	6,696,950	1,875,731	1,875,731	8,541,493	8,572,681
Machinery and equipment	2,237,640	2,158,509	428,651	428,651		2,587,160
Vehicles	4,400,067	4,107,708	268,909	268,909	4,668,976	4,376,617
Construction in progress	68,812	23,788	143,319	248,635		272,423
Total	58,935,182	58,549,856	21,939,452	20,485,741	77,996,212	79,035,597
Accumulated depreciation	(19,613,040)	(17,932,709)	(2,951,753)	(2,444,549)	(22,564,793)	(20,377,258)
Net Capital Assets	$ 39,322,142	$ 40,617,147	$ 18,987,699	$ 18,041,192	$ 55,431,419	$ 58,658,339

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Improvements and expansion of the County's infrastructure
- Equipment for the Tax Commissioner's, EMS, and Streets departments.
- Vehicles for the Tax Assessor's, Sheriff's, EMS, County Marshal, and Streets departments

The major capital asset expenses during the current fiscal year for business-type activities included the following:

- Continued upgrading and expansion of Water system projects

Additional information on Franklin County's capital assets can be found in Note 8 on pages 45-47 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, 2008, the outstanding balance of these bonds was $13,000,000; the unamortized amount of the premium was $458,503.

During fiscal year 2008, the County issued the Franklin County Water and Sewerage Authority Revenue Bonds, Series 2008. These bonds were issued in the original amount of $4,190,000. At June 30, 2008, the outstanding balance of these bonds was $4,190,000.

At June 30, 2008, Franklin County had total notes payable outstanding in the amount of $1,907,564. The County's total debt increased by approximately 93% during the course of the fiscal year ended June 30, 2008. The key factor related to the increase was difference in debt issued and 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 48-50 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 2009 including the following:

- Low interest rates for Certificate of Deposits and bank balances
- Increase in employee pension benefits and salaries
- 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
- Completion of and staffing of fourth ambulance station
- Decrease in tax revenues
- Increased cost for gravel and asphalt for road maintenance

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

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	$ 2,021,476	$ 601,605	$ 2,623,081	$ 323,937
Equity in pooled cash	1,477,427	0	1,477,427	0
Certificates of deposit	1,981,756	0	1,981,756	0
Investments	7,081,227	0	7,081,227	0
Restricted assets				
Cash	496,288	0	496,288	0
Certificates of deposit	0	3,002,834	3,002,834	0
Interest receivable	0	17,104	17,104	0
Receivables (net)				
Accounts	380,072	104,134	484,206	42,024
Intergovernmental	1,359,358	0	1,359,358	0
Taxes	303,832	0	303,832	0
Interest	65,048	0	65,048	0
Inventory	0	179,823	179,823	0
Prepaid expenses	54,017	0	54,017	0
Pension assets	673,542	0	673,542	0
Internal balances	1,056,363	(1,056,363)	0	0
Total current assets	16,950,406	2,849,137	19,799,543	365,961
Noncurrent assets				
Capital assets				
Non-depreciable	4,923,399	542,642	5,466,041	2,319,706
Depreciable (net)	34,398,743	18,445,057	52,843,800	2,420,679
Intangible assets (net)	165,608	103,951	269,559	0
Total noncurrent assets	39,487,750	19,091,650	58,579,400	4,740,385
Total assets	56,438,156	21,940,787	78,378,943	5,106,346
LIABILITIES				
Current liabilities				
Payables				
Accounts	63,459	9,201	72,660	3,639
Intergovernmental	0	47,688	47,688	0
Interest	229,167	35,465	264,632	0
Accrued salaries and expenses	610,864	10,044	620,908	0
Compensated absences	294,269	10,324	304,593	37,902
Due to other agencies	23,078	0	23,078	0
Notes payable	0	129,326	129,326	0
Bonds payable	2,500,000	185,000	2,685,000	0
Other liabilities	137,360	0	137,360	0
Total current liabilities	3,858,197	427,048	4,285,245	41,541
Noncurrent liabilities				
Compensated absences	0	0	0	2,047
Notes payable	0	1,778,238	1,778,238	0
Bonds payable	10,958,503	4,005,000	14,963,503	0
Post-closure care costs	0	1,256,181	1,256,181	0
Total noncurrent liabilities	10,958,503	7,039,419	17,997,922	2,047
Total liabilities	14,816,700	7,466,467	22,283,167	43,588

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	$ 39,322,142	$ 15,892,969	$ 55,215,111	$ 4,740,385
Restricted for:				
Judicial	65,038	0	65,038	0
Public Safety	720,995	0	720,995	0
Health and Welfare	0	0	0	112,828
Culture and Recreation	0	0	0	25,215
Housing and Development	0	0	0	184,330
Capital outlay	5,513,931	17,104	5,531,035	0
Unrestricted	(4,000,650)	(1,435,753)	(5,436,403)	0
Total net assets	$ 41,621,456	$ 14,474,320	$ 56,095,776	$ 5,062,758

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2008

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	$ 1,991,256	$ 351,098	$ 6,017	$ 0	$ (1,634,141)
Judicial	1,580,629	841,942	219,996	0	(518,691)
Public Safety	7,013,294	2,063,466	280,507	0	(4,669,321)
Public Works	3,177,693	5,770	0	107,077	(3,064,846)
Health and Welfare	379,276	2,499	124,318	0	(252,459)
Culture and Recreation	413,993	0	0	0	(413,993)
Housing and Development	589,649	0	12,466	0	(577,183)
Interest on long-term debt	555,625	0	0	0	(555,625)
Total governmental activities	15,701,415	3,264,775	643,304	107,077	(11,686,259)
Business-type activities					
Water and Sewer	1,158,841	867,039	0	0	(291,802)
Solid Waste	140,221	63,622	88,022	0	11,423
Total business-type activities	1,299,062	930,661	88,022	0	(280,379)
Total primary government	17,000,477	4,195,436	731,326	107,077	(11,966,638)
Component Units					
Franklin County Recreation Department					
Culture and Recreation	430,742	102,601	3,255	65,790	(259,096)
Franklin County Industrial Building Authority					
Housing and Development	90,529	0	0	299,508	208,979
Franklin County Health Department					
Health and Welfare	588,093	277,078	178,032	0	(132,983)
Total component units	1,109,364	379,679	181,287	365,298	(183,100)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (11,686,259)	$ (280,379)	$ (11,966,638)	$ (183,100)
General revenues				
Taxes				
Property	4,214,837	0	4,214,837	0
Sales	5,918,884	0	5,918,884	0
Insurance premium	709,692	0	709,692	0
Intangible	97,601	0	97,601	0
Franchise	58,778	0	58,778	0
Real estate transfer	28,046	0	28,046	0
Occupational	15,314	0	15,314	0
Other	901	0	901	0
Interest and investment earnings	645,962	37,412	683,374	118
Gain on sale of assets	31,350	0	31,350	0
Payments from Franklin County	0	0	0	416,925
Miscellaneous	36,205	525	36,730	1,322
Transfers	(935,463)	935,463	0	0
Total general revenues and transfers	10,822,107	973,400	11,795,507	418,365
Change in net assets	(864,152)	693,021	(171,131)	235,265
Net assets - beginning	42,485,608	13,781,299	56,266,907	4,827,493
Net assets - ending	$ 41,621,456	$ 14,474,320	$ 56,095,776	$ 5,062,758

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

FRANKLIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Debt Service	2004 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS					
Cash	$ 168,889	$ 0	$ 0	$ 1,852,587	$ 2,021,476
Equity in pooled cash	1,477,427	0	0	0	1,477,427
Certificates of deposit	1,621,752	0	0	360,004	1,981,756
Investments	0	2,775,000	4,306,227	0	7,081,227
Receivables (net)					
Accounts	345,462	0	0	34,610	380,072
Intergovernmental	600,911	668,215	0	90,232	1,359,358
Taxes	303,832	0	0	0	303,832
Interest	47,027	0	0	18,021	65,048
Prepaid expenses	54,017	0	0	0	54,017
Due from other funds	1,810,959	0	0	278,467	2,089,426
Restricted Assets					
Cash	496,288	0	0	0	496,288
Total assets	$ 6,926,564	$ 3,443,215	$ 4,306,227	$ 2,633,921	$ 17,309,927
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	$ 28,592	$ 0	$ 32,445	$ 2,422	$ 63,459
Intergovernmental	0	0	0	0	0
Excess taxes	137,360	0	0	0	137,360
Accrued salaries and expenses	569,094	0	0	41,770	610,864
Deferred revenue	74,407	0	0	0	74,407
Due to other agencies	0	0	0	23,078	23,078
Due to other funds	4,105	2,100	276,367	750,491	1,033,063
Total liabilities	813,558	2,100	308,812	817,761	1,942,231
Fund balances					
Reserved for prepaids	54,107	0	0	0	54,107
Reserved for program expenditures	496,288	0	0	0	496,288
Unreserved, designated for:					
Budget	2,063,285	0	0	0	2,063,285
Unreserved, undesignated	3,499,326	3,441,115	3,997,415	0	10,937,856
Special Revenue Funds	0	0	0	299,644	299,644
Capital Projects Funds	0	0	0	1,516,516	1,516,516
Total fund balances	6,113,006	3,441,115	3,997,415	1,816,160	15,367,696
Total liabilities and fund balances	$ 6,926,564	$ 3,443,215	$ 4,306,227	$ 2,633,921	$ 17,309,927

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, 2008

Total fund balance - total governmental funds	$	15,367,696
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $58,935,181, net of accumulated depreciation of ($19,613,039), intangible assets of $165,608, and pension assets of $673,542 are not financial resources and, therefore, are not reported in the funds.		40,161,292
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are deferred property taxes.		74,407
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 ($13,458,503), interest payable of ($229,167), and compensated absences of ($294,269).		(13,981,939)
Net assets of governmental activities	$	41,621,456

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 fiscal year ended June 30, 2008

	General	Debt Service	2004 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 7,459,678	$ 3,642,459	$ 0	$ 0	$ 11,102,137
Licenses and permits	20,222	0	0	0	20,222
Fines, fees and forfeitures	1,129,751	0	0	603,114	1,732,865
Charges for services	1,071,366	0	0	440,322	1,511,688
Intergovernmental	253,507	0	0	496,875	750,382
Interest	176,405	49,130	215,315	56,409	497,259
Other	30,870	0	5,333	0	36,203
Total revenues	10,141,799	3,691,589	220,648	1,596,720	15,650,756
EXPENDITURES					
Current					
General Government	2,546,599	0	0	0	2,546,599
Judicial	849,353	0	0	732,928	1,582,281
Public Safety	5,440,180	0	0	1,158,616	6,598,796
Public Works	1,414,316	0	0	0	1,414,316
Health and Welfare	351,325	0	0	0	351,325
Culture and Recreation	257,269	0	0	0	257,269
Housing and Development	240,736	0	0	0	240,736
Capital outlay	0	0	1,071,927	342,984	1,414,911
Debt service	0	2,835,850	0	0	2,835,850
Total expenditures	11,099,778	2,835,850	1,071,927	2,234,528	17,242,083
Excess (deficiency) of revenues over (under) expenditures	(957,979)	855,739	(851,279)	(637,808)	(1,591,327)
Other financing sources (uses)					
Transfers in	5,333	0	612,912	410,067	1,028,312
Transfers out	(1,001,164)	(612,912)	(349,699)	0	(1,963,775)
Sales of capital assets	64,793	0	0	0	64,793
Total other financing sources (uses)	(931,038)	(612,912)	263,213	410,067	(870,670)
Net change in fund balance	(1,889,017)	242,827	(588,066)	(227,741)	(2,461,997)
Fund balances, July 1	8,002,023	3,198,288	4,585,481	2,043,901	17,829,693
Fund balances, June 30	$ 6,113,006	$ 3,441,115	$ 3,997,415	$ 1,816,160	$ 15,367,696

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
For the fiscal year ended June 30, 2008

Net change in fund balances - total governmental funds	$	(2,461,997)
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 $440,301 exceeded depreciation of ($1,701,863) in the current period.		(1,261,562)
In the statement of activities, the gain 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 in fund balance by the cost of the assets sold of ($54,975), net of accumulated depreciation of $21,532.		(33,443)
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of $2,250,000 exceeded proceeds of $0.		2,250,000
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 ($58,084) and amortization of premiums on general obligation bonds of $148,704.		90,620
Employer contributions to retirement plans in excess of annual pension costs are reported as expenditures in the governmental funds, but result in assets in the governmental activities.		636,647
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 change in compensated absences of ($58,842), amortization of intangible assets of ($53,700), and net change in interest payable of $28,125.		(84,417)
Change in net assets of governmental activities	$	(864,152)

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 fiscal year ended June 30, 2008

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 7,339,337	$ 7,339,337	$ 7,459,678	$ 120,341
Licenses and permits	10,600	10,600	20,222	9,622
Fines, fees and forfeitures	638,100	638,100	1,129,751	491,651
Charges for services	770,000	770,000	1,071,366	301,366
Intergovernmental	329,400	329,400	253,507	(75,893)
Interest	178,500	178,500	176,405	(2,095)
Other	6,000	6,000	30,870	24,870
Total revenues	9,271,937	9,271,937	10,141,799	869,862
EXPENDITURES				
Current				
General Government				
Commission Board	75,113	75,113	74,601	512
County Manager's Office	278,804	309,515	311,706	(2,191)
General Building and Plant	78,300	78,300	84,447	(6,147)
General Administration	924,752	1,652,048	1,142,712	509,336
Tax Commissioner	303,145	311,565	288,129	23,436
Tax Assessor	408,931	537,758	430,671	107,087
Registrar	73,456	75,528	70,937	4,591
Elections	32,395	32,395	44,567	(12,172)
County Engineer	92,638	95,568	98,829	(3,261)
Judicial				
Probate Court	210,455	213,898	211,401	2,497
Magistrate Court	159,819	164,555	156,002	8,553
Superior Court	238,751	242,606	245,860	(3,254)
Superior Court Judge	15,200	15,200	13,591	1,609
Clerk of Superior Court	221,482	228,427	222,499	5,928
Public Safety				
Fire Departments	286,093	286,093	284,795	1,298
Coroner Services	27,375	27,375	20,833	6,542
Emergency Medical Service	1,292,554	1,621,880	1,800,093	(178,213)
Emergency Management	7,003	9,156	7,761	1,395
County Marshal	74,507	75,841	66,087	9,754
Sheriff's Department	2,976,748	3,032,746	3,225,611	(192,865)
Animal Shelter	35,000	35,000	35,000	0
Public Works				
Highways and Streets	1,158,338	1,288,371	1,414,316	(125,945)
Health and Welfare				
Senior Center	248,521	251,870	196,793	55,077
Foster Care Services	61,010	61,010	45,368	15,642
Health Department	103,431	103,431	109,164	(5,733)
Culture and Recreation				
Recreation Department	222,514	228,881	227,269	1,612
Library Board	30,000	30,000	30,000	0
Housing and Development				
County Agent	75,004	75,004	60,900	14,104
Forestry Service	2,918	2,918	2,918	0
Planning and Zoning	82,416	90,566	77,487	13,079
Industrial Building Authority	83,353	85,711	88,225	(2,514)
Airport Authority	11,500	11,500	11,206	294
Total expenditures	9,891,526	11,349,829	11,099,778	250,051

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 fiscal year ended June 30, 2008

	Budget			Variance with
	Original	Final	Actual	Final Budget
Excess (deficiency) of revenues over expenditures	$ (619,589)	$ (2,077,892)	$ (957,979)	$ 1,119,913
Other financing sources (uses)				
Transfers in	300,000	300,000	5,333	(294,667)
Transfers out	(200,000)	(214,000)	(1,001,164)	(787,164)
Sale of general fixed assets	50,000	50,000	64,793	14,793
Contingency	(800,000)	(140,575)	0	140,575
Total other financing sources (uses)	(650,000)	(4,575)	(931,038)	(926,463)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,269,589)	(2,082,467)	(1,889,017)	193,450
Fund balances, January 1	1,269,589	2,082,467	8,002,023	5,919,556
Fund balances, June 30	$ 0	$ 0	$ 6,113,006	$ 6,113,006

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
ASSETS			
Current assets			
Cash	$ 458,118	$ 143,487	$ 601,605
Restricted assets			
Certicates of deposit	3,002,834	0	3,002,834
Interest	17,104	0	17,104
Accounts receivable (net)	104,134	0	104,134
Inventory	179,823	0	179,823
Due from other funds	0	4,105	4,105
Total current assets	3,762,013	147,592	3,909,605
Noncurrent assets			
Capital assets			
Non-depreciable	163,666	378,976	542,642
Depreciable (net)	16,905,355	1,539,702	18,445,057
Debt issue costs (net)	103,951	0	103,951
Total noncurrent assets	17,172,972	1,918,678	19,091,650
Total assets	20,934,985	2,066,270	23,001,255
LIABILITIES			
Current liabilities			
Payables			
Accounts	8,391	810	9,201
Intergovernmental	47,688	0	47,688
Interest	35,465	0	35,465
Accrued salaries	8,217	1,827	10,044
Compensated absences	5,940	4,384	10,324
Notes payable	129,326	0	129,326
Bonds payable	185,000	0	185,000
Due to other funds	1,060,468	0	1,060,468
Total current liabilities	1,480,495	7,021	1,487,516
Noncurrent liabilities			
Notes payable	1,778,238	0	1,778,238
Bonds payable	4,005,000	0	4,005,000
Post-closure care costs	0	1,256,181	1,256,181
Total noncurrent liabilities	5,783,238	1,256,181	7,039,419
Total liabilities	7,263,733	1,263,202	8,526,935
NET ASSETS			
Invested in capital assets, net of related debt	13,974,291	1,918,678	15,892,969
Restricted for restricted assets	17,104	0	17,104
Unrestricted	(320,143)	(1,115,610)	(1,435,753)
Total net assets	$ 13,671,252	$ 803,068	$ 14,474,320

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 fiscal year ended June 30, 2008

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	$ 867,039	$ 63,622	$ 930,661
Miscellaneous revenue	525	0	525
Total operating revenues	867,564	63,622	931,186
OPERATING EXPENSES			
Costs of sales and services	571,809	1,404	573,213
Personal services	76,415	27,223	103,638
Depreciation	402,133	105,071	507,204
Other	27,799	763	28,562
Total operating expenses	1,078,156	134,461	1,212,617
Operating income (loss)	(210,592)	(70,839)	(281,431)
Non-operating revenues (expenses)			
Intergovernmental	0	88,022	88,022
Interest revenue	31,184	6,228	37,412
Payments to others	0	(5,760)	(5,760)
Interest expense	(76,983)	0	(76,983)
Amortization	(3,702)	0	(3,702)
Total non-operating revenues (expenses)	(49,501)	88,490	38,989
Income (loss) before transfers	(260,093)	17,651	(242,442)
Transfers in (out)			
Transfers in	935,463	0	935,463
Change in net assets	675,370	17,651	693,021
Net assets, July 1	12,995,882	785,417	13,781,299
Net assets, June 30	$ 13,671,252	$ 803,068	$ 14,474,320

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2008

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	$ 850,958	$ 63,622	$ 914,580
Payments to suppliers	(438,302)	(31,308)	(469,610)
Payments to employees	(75,027)	(25,640)	(100,667)
Other receipts	525		525
Other payments	(27,799)	(763)	(28,562)
Net cash provided (used) by operating activities	310,355	5,911	316,266
Cash flows from non-capital financing activities:			
Receipts from other funds	591,097	8,867	599,964
Receipts from other agencies	0	88,022	88,022
Payments to other funds	0	(136,711)	(136,711)
Payments for post-closure costs of landfill	0	(20,500)	(20,500)
Payments to other agencies	0	(5,760)	(5,760)
Net cash provided (used) by non-capital financing activities	591,097	(66,082)	525,015
Cash flows from capital and related financing activities:			
Receipts from other funds	344,366	0	344,366
Issuance of bonds payable	4,190,000	0	4,190,000
Debt issue costs	(66,915)	0	(66,915)
Interest paid	(41,518)	0	(41,518)
Acquisition of capital assets	(1,453,712)	0	(1,453,712)
Principal payment - notes payable	(1,257,263)	0	(1,257,263)
Net cash provided (used) by capital and related financing activities	1,714,958	0	1,714,958
Cash flows from investing activities:			
Interest received	14,080	6,228	20,308
Purchase of investments	(3,002,834)	0	(3,002,834)
Net cash provided (used) by investing activities	(2,988,754)	6,228	(2,982,526)
Net increase (decrease) in cash and cash equivalents	(372,344)	(53,943)	(426,287)
Cash and cash equivalents, July 1	830,462	197,430	1,027,892
Cash and cash equivalents, June 30	$ 458,118	$ 143,487	$ 601,605
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (210,592)	$ (70,839)	$ (281,431)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	402,133	105,071	507,204
Closure/post closure care costs	0	(30,714)	(30,714)
(Increase) decrease in accounts receivable	(16,081)	0	(16,081)
(Increase) decrease in inventory	107,866	0	107,866
Increase (decrease) in accounts payable	(22,047)	810	(21,237)
Increase (decrease) in intergovernmental payables	47,688	0	47,688
Increase (decrease) in accrued liabilities	1,388	1,583	2,971
Total adjustments	520,947	76,750	597,697
Net cash provided (used) by operating activities	$ 310,355	$ 5,911	$ 316,266

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

FRANKLIN COUNTY, GEORGIA
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds
ASSETS	
Cash	$ 987,966
Accounts receivable	441,882
Total assets	1,429,848
LIABILITIES	
Due to other agencies	$ 1,429,848

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

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2008

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department	Totals
ASSETS				
Current assets				
Cash	$ 34,117	$ 156,567	$ 133,253	$ 323,937
Receivables (net)				
Accounts	0	27,763	14,261	42,024
Total current assets	34,117	184,330	147,514	365,961
Noncurrent assets				
Capital assets				
Non-depreciable	113,272	2,206,434	0	2,319,706
Depreciable (net)	2,395,029	25,650	0	2,420,679
Total noncurrent assets	2,508,301	2,232,084	0	4,740,385
Total assets	2,542,418	2,416,414	147,514	5,106,346
LIABILITIES				
Current liabilities				
Accounts payable	0	0	3,639	3,639
Compensated absences	8,902	0	29,000	37,902
Total current liabilities	8,902	0	32,639	41,541
Noncurrent liabilities				
Compensated absences	0	0	2,047	2,047
Total liabilities	8,902	0	34,686	43,588
NET ASSETS				
Invested in capital assets	2,508,301	2,232,084	0	4,740,385
Restricted for:				
Health and Welfare	0	0	112,828	112,828
Culture and Recreation	25,215	0	0	25,215
Housing and Development	0	184,330	0	184,330
Total net assets	$ 2,533,516	$ 2,416,414	$ 112,828	$ 5,062,758

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

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended June 30, 2008

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department	Totals
Expenses				
Health and Welfare	$ 0	$ 0	$ 588,093	$ 588,093
Culture and Recreation	430,742	0	0	430,742
Housing and Development	0	90,529	0	90,529
Total expenses	430,742	90,529	588,093	1,109,364
Program revenues				
Charges for services	102,601	0	277,078	379,679
Operating grants and contributions	3,255	0	178,032	181,287
Capital grants and contributions	65,790	299,508	0	365,298
Total program revenues	171,646	299,508	455,110	926,264
Net (expense) revenue	(259,096)	208,979	(132,983)	(183,100)
General revenues				
Interest	118	0	0	118
Payments from Franklin County	227,268	88,226	101,431	416,925
Miscellaneous	0	1,322	0	1,322
Total general revenues	227,386	89,548	101,431	418,365
Change in net assets	(31,710)	298,527	(31,552)	235,265
Net assets, July 1	2,565,226	2,117,887	144,380	4,827,493
Net assets, June 30	$ 2,533,516	$ 2,416,414	$ 112,828	$ 5,062,758

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.

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.

2. Summary of Significant Accounting Policies (continued)

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

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.

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.

2. Summary of Significant Accounting Policies (continued)

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

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.

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.

2. Summary of Significant Accounting Policies (continued)

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

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.

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).

2. Summary of Significant Accounting Policies (continued)

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

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.

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 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, 2008, 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 City to report and depreciate new infrastructure assets effective with 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 among the largest asset classes of the County. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The County implemented the requirements for retroactive reporting of major general infrastructure assets during fiscal year ended June 30, 2008.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital 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 the changes in the County's financial position and operations. Certain 2007 amounts have been reclassified to conform with the 2008 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. At June 30, 2008, the County had $2,560,858 in deposits at Pinnacle Bank that were uncollateralized.

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.

3. Deposit and Investment Risk (continued)

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

As of June 30, 2008, the County's investments included a US Treasuries obligation fund with a fair value of $7,081,227; the average maturity of the fund at June 30, 2008, was less than 30 days.

4. Accounts Receivable

Net accounts receivable at June 30, 2008, consist of the following:

Primary Government:		
Major Funds		
General Fund	$ 441,896	
Less: Allowance for Uncollectables	(96,434)	$ 345,462
Enterprise Funds		
Water and Sewer	114,466	
Less: Allowance for Uncollectibles	(10,332)	104,134
Nonmajor Funds		
Emergency 911 Special Revenue Fund		34,610
Total primary government		$ 484,206
Component Units		
Franklin County Industrial Building Authority	$ 27,763	
Franklin County Health Department	14,261	$ 42,024
Fiduciary Funds		
Agency Funds		
Magistrate Court	$ 66,915	
Less: Allowance for Uncollectables	(2,175)	
Probate Court	303,707	
Less: Allowance for Uncollectables	(4,613)	
Clerk of Superior Court	86,354	
Less: Allowance for Uncollectables	(8,306)	$ 441,882

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2008, consist of the following:

Major Funds		
General Fund		
Georgia Department of Revenue	$ 410,010	
Franklin County Board of Education	183,982	
Northern Judicial Circuit	6,919	$ 600,911
Debt Service Fund		
Georgia Department of Revenue		668,215
Nonmajor Funds		
Special Revenue Funds		
MANS Unit		
Georgia Criminal Justice Coordinating Council	34,222	
Public Defender		
Elbert County, Georgia	18,017	
Oglethorpe County, Georgia	9,343	
Probation Services		
Northern Judicial Circuit	28,650	90,232
Total primary government		$ 1,359,358

6. Property Taxes

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2008, based upon the assessments of January 1, 2007, were levied on July 20, 2007, billed on August 1, 2007, and due on December 20, 2007. Tax liens may be issued 90 days after the due date.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	$ 1,060,468
	Nonmajor Governmental	750,491
Solid Waste	General Fund	4,105
Nonmajor Governmental	2004 SPLOST	276,367
	Debt Service	2,100
Total		$ 2,093,531

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”.

A summary of interfund transfers as of June 30, 2008, is as follows:

Transfer out/Transfer in other funds:

Transfer Out Fund	Transfer In Fund	Amount
General	Water and Sewer	$ 591,097
	Nonmajor Governmental	410,067
2004 SPLOST	General	5,333
	Water and Sewer	344,366
Debt Service	2004 SPLOST	612,912
Subtotal		$ 1,963,775

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 fiscal ended June 30, 2008, was as follows:

	Balance 6/30/2007	Increases	Decreases	Balance 6/30/2007
Governmental Activities				
Nondepreciable assets				
Land	$ 4,854,587	$ 0	$ 0	$ 4,854,587
Construction in progress	23,788	68,812	(23,788)	68,812
Total non-depreciable assets	4,878,375	68,812	(23,788)	4,923,399
Depreciable assets				
Infrastructure	40,708,314	0	0	40,708,314
Buildings	6,696,950	23,787	(54,975)	6,665,762
Machinery and equipment	2,158,509	79,131	0	2,237,640
Vehicles	4,107,708	292,359	0	4,400,067
Total depreciable assets	53,671,481	395,277	(54,975)	54,011,783
Accumulated Depreciation				
Infrastructure	(12,772,322)	(814,167)	0	(13,586,489)
Buildings	(1,761,602)	(165,797)	21,532	(1,905,867)
Machinery and equipment	(784,246)	(260,889)	0	(1,045,135)
Vehicles	(2,614,539)	(461,010)	0	(3,075,549)
Total accumulated depreciation	(17,932,709)	(1,701,863)	21,532	(19,613,040)
Total depreciable assets, net	35,738,772	(1,306,586)	(33,443)	34,398,743
Governmental Activities capital assets, net	$ 40,617,147	$ (1,237,774)	$ (57,231)	$ 39,322,142
Business-type Activities				
Nondepreciable assets				
Land	$ 399,323	$ 0	$ 0	$ 399,323
Construction in progress	248,635	30,464	(135,780)	143,319
Total non-depreciable assets	647,958	30,464	(135,780)	542,642
Depreciable assets				
Land improvements	29,382	0	0	29,382
Distribution system	17,235,110	1,559,027	0	18,794,137
Buildings	1,875,731	0	0	1,875,731
Machinery and equipment	428,651	0	0	428,651
Vehicles	268,909	0	0	268,909
Total depreciable assets	19,837,783	1,559,027	0	21,396,810
Accumulated Depreciation				
Land improvements	(9,141)	(1,958)	0	(11,099)
Distribution system	(1,652,554)	(360,553)	0	(2,013,107)
Buildings	(332,562)	(48,406)	0	(380,968)
Machinery and equipment	(241,747)	(42,505)	0	(284,252)
Vehicles	(208,545)	(53,782)	0	(262,327)
Total accumulated depreciation	(2,444,549)	(507,204)	0	(2,951,753)
Total depreciable assets, net	17,393,234	1,051,823	0	18,445,057
Business-type Activities capital assets, net	$ 18,041,192	$ 1,082,287	$ (135,780)	$ 18,987,699

8. Capital Assets (continued)

Capital asset activity for the Recreation Department and Industrial Building Authority Component Units for the fiscal year ended June 30, 2008, was as follows:

	Balance 6/30/2007	Increases	Decreases	Balance 6/30/2008
Recreation Department Component Unit				
Nondepreciable assets				
Land	$ 99,000	$ 0	$ 0	$ 99,000
Construction in progress	0	14,272	0	14,272
Total non-depreciable assets	99,000	14,272	0	113,272
Depreciable assets				
Land improvements	655,260	51,518	0	706,778
Buildings	2,008,784	0	0	2,008,784
Machinery and equipment	47,386	0	0	47,386
Vehicles	6,000	0	0	6,000
Total depreciable assets	2,717,430	51,518	0	2,768,948
Accumulated Depreciation				
Land improvements	(221,364)	(46,260)	0	(267,624)
Buildings	(11,250)	(50,220)	0	(61,470)
Machinery and equipment	(34,083)	(4,742)	0	(38,825)
Vehicles	(6,000)	0		(6,000)
Total accumulated depreciation	(272,697)	(101,222)	0	(373,919)
Total depreciable assets, net	2,444,733	(49,704)	0	2,395,029
Recreation Department Component Unit capital assets, net	$ 2,543,733	$ (35,432)	$ 0	$ 2,508,301
Industrial Building Authority Component Unit				
Nondepreciable assets				
Land	$ 1,904,226	$ 302,208	$ 0	$ 2,206,434
Depreciable assets				
Land improvements	28,500	0	0	28,500
Accumulated Depreciation				
Land improvements	(950)	(1,900)	0	(2,850)
Total depreciable assets, net	27,550	(1,900)	0	25,650
Industrial Building Authority Component Unit capital assets, net	$ 1,931,776	$ 300,308	$ 0	$ 2,232,084

8. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 68,857
Judicial	1,633
Public Safety	596,515
Public Works	1,003,769
Health and Welfare	27,312
Housing and Development	3,777
Total depreciation expense for governmental activities	$ 1,701,863
Business-type activities	
Water and Sewer	402,133
Solid Waste	105,071
Total depreciation expense for business-type activities	$ 507,204
Recreation Department Component Unit	$ 101,222
Industrial Building Authority Component Unit	$ 1,900

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, 2008, the County had $137,360 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.

General Obligation Bonds

General obligation bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2008:

$15,250,000 2005 Franklin County General Obligation Sales Tax series bonds due in annual installments of $2,500,000 to $4,000,000 through August 1, 2011; interest at 3.00% to 5.00% ($13,000,000 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
2009	$ 2,500,000	$ 512,500	$ 3,012,500
2010	3,000,000	415,000	3,415,000
2011	3,500,000	277,500	3,777,500
2012	4,000,000	100,000	4,100,000
Totals	$ 13,000,000	$ 1,305,000	$ 14,305,000

$3,441,115 is available in the Debt Service Fund to service the general obligation bonds.

11. Long-Term Debt (continued)

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issue at June 30, 2008:

$4,190,000 2008 Franklin County Water and Sewerage Authority series revenue bonds due in annual installments of $185,000 to $355,000 through March 1, 2023; interest at 3.599% ($4,190,000 outstanding), for expansion of the County's water and sewerage system and retirement of promissory notes with the United States Department of Agriculture.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	$ 185,000	$ 128,597	$ 313,597
2010	225,000	144,140	369,140
2011	235,000	136,042	371,042
2012	240,000	127,585	367,585
2013	250,000	118,947	368,947
2014-2018	1,395,000	452,754	1,847,754
2019-2023	1,660,000	183,369	1,843,369
Totals	$ 4,190,000	$ 1,291,434	$ 5,481,434

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, 2008, the balance of this note is $1,907,564. Quarterly installments of $32,332 principal are due through March 1, 2023; interest at 0%.

11. Long-Term Debt (continued)

Notes Payable, continued

Annual debt service requirements for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	$ 129,326	$ 0	$ 129,326
2010	129,326	0	129,326
2011	129,326	0	129,326
2012	129,326	0	129,326
2013	129,326	0	129,326
2014-2018	646,630	0	646,630
2019-2023	614,304	0	614,304
Totals	$ 1,907,564	$ 0	$ 1,907,564

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2008:

	Balance 6/30/2007	Additions	Deductions	Balance 6/30/2008	Due Within One Year
Governmental activities					
General obligation bonds	$ 15,250,000	$ 0	$ 2,250,000	$ 13,000,000	$ 2,500,000
Unamortized bond premium	607,207	0	148,704	458,503	0
Compensated absences	235,427	294,269	235,427	294,269	294,269
Total Governmental activities	$ 16,092,634	$ 294,269	$ 2,634,131	$ 13,752,772	$ 2,794,269
Business-type activities					
Notes payable	$ 3,164,827	$ 0	$ 1,257,263	$ 1,907,564	$ 129,326
Bonds payable	0	4,190,000	0	4,190,000	185,000
Post-closure care costs	1,307,395	0	51,214	1,256,181	0
Compensated absences	7,425	10,324	7,425	10,324	10,324
Total business-type activities	$ 4,479,647	$ 4,200,324	$ 1,315,902	$ 7,364,069	$ 324,650
Recreation Department Component Unit					
Compensated absences	$ 10,422	$ 8,902	$ 10,422	$ 8,902	$ 8,902

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 $1,256,181 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 $54,107 has been reserved for prepaid items since this amount is not legally available for appropriation.

Reserved for program expenditures – The total of $496,288 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 $17,104 has been restricted in the Water and Sewer Fund for restricted assets since this amount is not legally available for appropriation.

14. Deficit Equity Balances

Governmental Activities

At June 30, 2008, the Governmental Activities have negative unrestricted net assets of $4,000,650. This is due to general obligation bonds recorded in the governmental activities. The County plans to liquidate the negative unrestricted net assets through future revenue recognition.

At June 30, 2008, the Public Defender Special Revenue Fund has a deficit fund balance of $7,912. This is due to the payment for services in anticipation of future revenues. The County plans to liquidate this deficit fund balance through future revenue recognition.

14. Deficit Equity Balances (continued)

Governmental Activities, continued

At June 30, 2008, the Probation Services Special Revenue Fund has a deficit fund balance of $19,873. This is due to the payment for services in anticipation of future revenues. The County plans to liquidate this deficit fund balance through future revenue recognition.

Business-type Activities

At June 30, 2008, the Water and Sewer Enterprise Fund has negative unrestricted net assets of $320,143. This is due to investment in capital assets through the expansion of the County's water distribution system. The County plans to liquidate the negative unrestricted net assets through future revenue recognition.

At June 30, 2008, the Solid Waste Enterprise Fund has negative unrestricted net assets of $1,115,610. This is due to the estimated cost of post closure care activities. The County plans to liquidate the negative unrestricted net assets through payment of post closure care costs.

15. Pension Plan

Plan Description and Contribution Information

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 2% of average annual compensation 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	24
Terminated vested participants entitled to but not yet receiving benefits	61
Active participants	89
Total number of participants	174

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 13.4% 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, 2007. 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, 2007, was 10 years.

The County's annual pension cost and net pension obligations for the current year ended June 30, 2008, were as follows:

Annual required contribution	$ 390,000
Interest on net pension obligation	(5,106)
Adjustment to ARC	5,387
Annual pension cost	390,281
Contributions made	1,000,000
Increase (decrease) in net pension obligation	(609,719)
Net pension obligation - beginning of year	(63,823)
Net pension obligation - end of year	$ (673,542)

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
2002	$ 189,776	100%	$ 0
2003	186,333	100%	0
2004	200,436	114%	(27,265)
2005	218,408	110%	(49,004)
2006	227,873	107%	(63,823)
2007	390,281	256%	(673,542)

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)
2002	$ 686,100	$ 1,668,276	$ 982,176	41.1%	$ 1,814,541	54.1%
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%
2006	1,526,514	2,259,649	733,135	67.6%	2,761,559	26.5%
2007	2,558,303	3,532,826	974,523	72.4%	2,918,887	33.4%

16. Deferred Compensation Plans

The County has established the ACCG 401(a) Defined Contribution Plan for the Senior Management; the County Manager, County Clerk, County Engineer, and County Planning Director are cover by this Plan. 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 year ended June 30, 2008, the County contributed $8,786 to the Plan, based on covered salaries of $43,929.

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.

On October 1, 2007, the County elected to terminate the ACCG 401(a) Defined Contribution Plan for the Senior Management; all assets of the Plan were distributed to the participants. The County also adjusted the compensation of the Plan participants to include amounts that would have been contributed to the Plan on their account but for the termination of the Plan.

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.

16. Deferred Compensation Plans (continued)

The County will 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 year ended June 30, 2008, the County contributed $8,378 to the Plans, base on covered salaries of $2,962,977. Total payroll was $6,305,049. Plan members made voluntary contributions of $159,893.

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 year ended June 30, 2008 follows:

Lodging tax receipts	$	901	
Disbursements for tourism	$	901	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 $23,706 to the Airport during the year ended June 30, 2008. A copy of the Airport financial statements can be obtained from Franklin-Hart Airport, 710 Hartwell Street, Royston, Georgia 30662.

18. Joint Ventures (continued)

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 year ended June 30, 2008, the County paid $17,030 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 year ended June 30, 2008. 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 capital assets and the life of the depreciated capital 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

19. Risk Financing Activities (continued)

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, 2008, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

20. Commitments and Contingencies

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.

20. Commitments and Contingencies (continued)

◊ 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 fiscal year ended June 30, 2008, the County incurred expenditures in the following General Fund departments and Special Revenue Funds that were in materially in excess of the amounts appropriated:

Department	Budget	Actual	Variance
General Building and Plant	$ 78,300	$ 84,447	$ (6,147)
Elections	32,395	44,567	(12,172)
County Engineer	95,568	98,829	(3,261)
Emergency Medical Service	1,621,880	1,800,093	(178,213)
Sheriff's Department	3,032,746	3,225,611	(192,865)
Highways and Streets	1,288,371	1,414,316	(125,945)
Health Department	103,431	109,164	(5,733)
Drug Enforcement Fund	45,000	68,708	(23,708)
MANS Unit Fund	201,149	310,993	(109,844)

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

This page intentionally left blank.

COMBINING STATEMENTS

Nonmajor Governmental Funds

FRANKLIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue			
	Emergency 911	**Drug Enforcement**	**Inmate Welfare**	**Law Library**
ASSETS				
Cash	$ 415,441	$ 4,566	$ 4,375	$ 62,369
Certificates of deposit	0	0	0	10,581
Receivables				
Accounts	34,610	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Due from other funds	0	0	0	0
Total assets	$ 450,051	$ 4,566	$ 4,375	$ 72,950
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 2,422	$ 0	$ 0	$ 0
Accrued salaries	22,205	0	0	0
Due to other agencies	0	0	0	0
Due to other funds	386,753	0	0	0
Total liabilities	411,380	0	0	0
Fund balances				
Unreserved	38,671	4,566	4,375	72,950
Total liabilities and fund balances	$ 450,051	$ 4,566	$ 4,375	$ 72,950

Special Revenue					
MANS Unit	Public Defender	Probation Service	SPLOST Capital Projects	Total Nonmajor Governmental Funds
$ 195,723	$ 0	$ 0	$ 1,170,113	$ 1,852,587
0	0	0	349,423	360,004
0	0	0	0	34,610
34,222	27,360	28,650	0	90,232
0	0	0	18,021	18,021
0	0	0	278,467	278,467
$ 229,945	$ 27,360	$ 28,650	$ 1,816,024	$ 2,633,921
$ 0	$ 0	$ 0	$ 0	$ 2,422
0	1,500	18,065	0	41,770
23,078	0	0	0	23,078
0	33,772	30,458	299,508	750,491
23,078	35,272	48,523	299,508	817,761
206,867	(7,912)	(19,873)	1,516,516	1,816,160
$ 229,945	$ 27,360	$ 28,650	$ 1,816,024	$ 2,633,921

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2008

	Special Revenue			
	Emergency 911	**Drug Enforcement**	**Inmate Welfare**	**Law Library**
REVENUES				
Fines, fees, and forfeitures	$ 0	$ 50,998	$ 0	$ 16,491
Charges for services	386,245	0	54,077	0
Intergovernmental	0	0	0	0
Interest	11,892	80	0	1,737
Total revenues	398,137	51,078	54,077	18,228
EXPENDITURES				
Current				
Judicial	0	0	0	5,115
Public Safety	721,798	68,708	57,117	0
Capital outlay	0	0	0	0
Total expenditures	721,798	68,708	57,117	5,115
Excess (deficiency) of revenues over (under) expenditures	(323,661)	(17,630)	(3,040)	13,113
Other financing sources (uses)				
Transfers in	336,019	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	12,358	(17,630)	(3,040)	13,113
Fund balances, July 1	26,313	22,196	7,415	59,837
Fund balances, June 30	$ 38,671	$ 4,566	$ 4,375	$ 72,950

Special Revenue			SPLOST Capital Projects	Total Nonmajor Governmental Funds
MANS Unit	Public Defender	Probation Service		
$ 75,686	$ 0	$ 459,939	$ 0	$ 603,114
0	0	0	0	440,322
276,789	219,997	0	89	496,875
1,106	0	0	41,594	56,409
353,581	219,997	459,939	41,683	1,596,720
0	278,647	449,166	0	732,928
310,993	0	0	0	1,158,616
0	0	0	342,984	342,984
310,993	278,647	449,166	342,984	2,234,528
42,588	(58,650)	10,773	(301,301)	(637,808)
13,982	60,066	0	0	410,067
56,570	1,416	10,773	(301,301)	(227,741)
150,297	(9,328)	(30,646)	1,817,817	2,043,901
$ 206,867	$ (7,912)	$ (19,873)	$ 1,516,516	$ 1,816,160

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
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	$ 168,889	$ 281,898
Equity in pooled cash	1,477,427	3,882,692
Certificates of deposit	1,621,752	1,917,071
Receivables (net)		
Accounts	345,462	327,578
Intergovernmental	600,911	605,498
Taxes	303,832	269,800
Interest	47,027	70,145
Prepaid items	54,017	97,105
Due from other funds	1,810,959	1,804,212
Restricted Assets		
Cash	496,288	393,028
Total assets	$ 6,926,564	$ 9,649,027
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 28,592	$ 125,609
Excess taxes	137,360	158,321
Accrued salaries and expenses	569,094	1,230,583
Deferred revenue	74,407	132,491
Due to other funds	4,105	0
Total liabilities	813,558	1,647,004
Fund balances		
Reserved for prepaid items	54,107	97,105
Reserved for program expenditures	496,288	393,028
Unreserved, designated for budget	2,063,285	1,269,589
Unreserved, undesignated	3,499,326	6,242,301
Total fund balances	6,113,006	8,002,023
Total liabilities and fund balances	$ 6,926,564	$ 9,649,027

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
REVENUES		
Taxes	$ 7,459,678	$ 7,893,324
Licenses and permits	20,222	8,485
Fines, fees and forfeitures	1,129,751	1,292,190
Charges for services	1,071,366	1,012,432
Intergovernmental	253,507	180,301
Interest	176,405	319,866
Other	30,870	23,312
Total revenues	10,141,799	10,729,910
EXPENDITURES		
Current		
General Government	2,546,599	3,088,118
Judicial	849,353	797,752
Public Safety	5,440,180	4,589,303
Public Works	1,414,316	1,109,222
Health and Welfare	351,325	356,931
Culture and Recreation	257,269	244,885
Housing and Development	240,736	219,178
Total expenditures	11,099,778	10,405,389
Excess (deficiency) of revenues over (under) expenditures	(957,979)	324,521
Other financing sources (uses)		
Transfers in (out) -		
2004 SPLOST Fund	5,333	0
E911 Fund	(336,019)	(325,398)
MANS Unit Fund	(13,982)	(13,982)
Public Defender Fund	(60,066)	(56,050)
Water and Sewer Fund	(591,097)	0
Sales of capital assets	64,793	0
Total other financing sources (uses)	(931,038)	(395,430)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,889,017)	(70,909)
Fund balances, July 1, (original)	8,002,023	8,059,885
Prior period adjustment	0	13,047
Fund balances, July 1, (restated)	8,002,023	8,072,932
Fund balances, June 30	$ 6,113,006	$ 8,002,023

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 3,664,000	$ 3,673,895	$ 9,895	$ 3,900,236
Motor vehicle tax	400,000	446,999	46,999	460,127
Mobile home tax	57,000	52,643	(4,357)	77,157
Cost, penalties, and interest	105,250	96,956	(8,294)	188,307
Total general property tax	4,226,250	4,270,493	44,243	4,625,827
Intangibles tax	98,500	97,601	(899)	130,864
Real estate transfer tax	35,000	28,046	(6,954)	39,838
Local option sales tax	2,200,000	2,276,425	76,425	2,318,430
Insurance premium	674,925	709,692	34,767	674,925
Franchise tax	63,500	58,778	(4,722)	66,210
Occupational tax	20,000	15,314	(4,686)	15,876
Other taxes	21,032	2,428	(18,604)	21,271
Hotel/motel tax	130	901	771	83
Total taxes	7,339,337	7,459,678	120,341	7,893,324
Licenses and Permits				
Business and inspection licenses	3,700	4,340	640	4,884
Other permits	6,900	15,882	8,982	3,601
Total licenses and permits	10,600	20,222	9,622	8,485
Fines, fees and forfeitures	638,100	1,129,751	491,651	1,292,190
Charges for Services				
Emergency medical services	600,000	582,476	(17,524)	589,449
Tax collection commissions	95,000	313,804	218,804	292,496
Sheriff services	27,000	105,931	78,931	74,102
Prisoner board	35,000	43,814	8,814	44,426
Other	13,000	25,341	12,341	11,959
Total charges for services	770,000	1,071,366	301,366	1,012,432
Intergovernmental				
Grants and receipts	127,400	253,507	126,107	180,301
Interest	178,500	176,405	(2,095)	319,866
Other	6,000	30,870	24,870	23,312
Total revenues	$ 9,069,937	$ 10,141,799	$ 1,071,862	$ 10,729,910

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Commission Board				
Personal services	$ 70,013	$ 72,416	$ (2,403)	$ 63,076
Supplies and materials	5,100	2,185	2,915	1,889
Total Commission Board	75,113	74,601	512	64,965
County Manager's Office				
Personal services	246,795	248,131	(1,336)	220,973
Contract services	42,600	42,833	(233)	34,518
Supplies and materials	9,120	9,743	(623)	11,290
Capital outlay	11,000	10,999	1	8,163
Total County Manager's Office	309,515	311,706	(2,191)	274,944
General Building and Plant				
Contract services	52,500	48,526	3,974	25,962
Supplies and materials	25,800	35,921	(10,121)	27,648
Capital outlay	0	0	0	28,469
Total General Building and Plant	78,300	84,447	(6,147)	82,079
General Administration				
Personal services	1,246,348	729,717	516,631	1,430,135
Contract services	370,885	384,576	(13,691)	331,028
Supplies and materials	2,895	2,519	376	1,909
Capital outlay	0	0	0	59,576
Payments to other agencies	31,920	25,900	6,020	10,000
Total General Administration	1,652,048	1,142,712	509,336	1,832,648
Tax Commissioner				
Personal services	223,565	209,113	14,452	233,291
Contract services	75,630	47,653	27,977	48,271
Supplies and materials	10,870	9,613	1,257	7,446
Capital outlay	1,500	21,750	(20,250)	0
Total Tax Commissioner	311,565	288,129	23,436	289,008
Tax Assessor				
Personal services	290,002	260,683	29,319	255,361
Contract services	165,240	137,181	28,059	112,374
Supplies and materials	48,516	14,126	34,390	29,510
Capital outlay	34,000	18,681	15,319	8,163
Total Tax Assessor	537,758	430,671	107,087	405,408
Registrar				
Personal services	59,678	57,882	1,796	54,407
Contract services	10,250	9,046	1,204	4,623
Supplies and materials	5,600	4,009	1,591	3,764
Total Registar	75,528	70,937	4,591	62,794

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
General Government, continued				
Elections				
Personal services	$ 2,695	$ 1,055	$ 1,640	$ 2,010
Contract services	24,000	39,495	(15,495)	51,401
Supplies and materials	5,700	4,017	1,683	2,407
Total Elections	32,395	44,567	(12,172)	55,818
County Engineer				
Personal services	94,968	97,077	(2,109)	13,193
Contract services	400	1,562	(1,162)	7,133
Supplies and materials	200	190	10	128
Total County Engineer	95,568	98,829	(3,261)	20,454
Total General Government	3,167,790	2,546,599	621,191	3,088,118
Judicial				
Probate Court				
Personal services	191,598	190,490	1,108	187,623
Contract services	14,400	10,835	3,565	8,617
Supplies and materials	7,900	10,076	(2,176)	11,734
Total Probate Court	213,898	211,401	2,497	207,974
Magistrate Court				
Personal services	138,315	138,567	(252)	126,761
Contract services	17,240	11,973	5,267	13,653
Supplies and materials	9,000	5,462	3,538	9,694
Total Magistrate Court	164,555	156,002	8,553	150,108
Superior Court				
Personal services	115,156	113,512	1,644	86,267
Contract services	119,750	125,663	(5,913)	105,022
Supplies and materials	7,700	6,685	1,015	5,227
Total Superior Court	242,606	245,860	(3,254)	196,516
Superior Court Judge				
Contract services	7,375	6,189	1,186	4,808
Supplies and materials	7,825	7,402	423	7,416
Total Superior Court Judge	15,200	13,591	1,609	12,224
Clerk of Superior Court				
Personal services	199,277	195,898	3,379	194,841
Contract services	13,140	11,183	1,957	14,454
Supplies and materials	16,010	15,418	592	13,472
Capital outlay	0	0	0	8,163
Total Clerk of Superior Court	228,427	222,499	5,928	230,930
Total Judicial	864,686	849,353	15,333	797,752

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Public Safety				
Fire Departments				
Personal services	$ 4,200	$ 4,182	$ 18	$ 2,480
Contract services	2,996	1,690	1,306	3,016
Supplies and materials	7,952	8,035	(83)	7,784
Payments to other agencies	270,945	270,888	57	261,397
Total Fire Departments	286,093	284,795	1,298	274,677
Coroner Services				
Personal services	15,075	12,522	2,553	12,270
Contract services	10,900	8,275	2,625	7,992
Supplies and materials	1,400	36	1,364	300
Total Coroner Services	27,375	20,833	6,542	20,562
Emergency Medical Service				
Personal services	1,267,370	1,124,565	142,805	988,801
Contract services	75,030	64,876	10,154	41,281
Supplies and materials	153,892	151,731	2,161	108,701
Capital outlay	125,588	118,853	6,735	97,491
Payments to other agencies	0	340,068	(340,068)	0
Total Emergency Medical Services	1,621,880	1,800,093	(178,213)	1,236,274
Emergency Management				
Personal services	4,931	4,926	5	0
Contract services	3,925	2,700	1,225	812
Supplies and materials	300	135	165	0
Total Emergency Management	9,156	7,761	1,395	812
Youth Investigation and Control				
Contract services	0	0	0	300
County Marshal				
Personal services	39,241	38,763	478	37,372
Contract services	6,032	4,872	1,160	3,489
Supplies and materials	5,568	3,991	1,577	4,148
Capital outlay	25,000	18,461	6,539	0
Total County Marshal	75,841	66,087	9,754	45,009
Sheriff Department				
Personal services	2,200,601	2,178,042	22,559	2,105,293
Contract services	181,945	271,634	(89,689)	207,450
Supplies and materials	533,900	675,505	(141,605)	564,963
Capital outlay	116,300	100,430	15,870	108,963
Total Sheriff Department	3,032,746	3,225,611	(192,865)	2,986,669

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Public Safety, continued				
Animal Shelter				
Payments to other agencies	$ 35,000	$ 35,000	$ 0	$ 25,000
Total Public Safety	5,088,091	5,440,180	(352,089)	4,589,303
Public Works				
Highways and Streets				
Personal services	646,960	625,660	21,300	637,272
Contract services	132,304	128,015	4,289	69,851
Supplies and materials	509,107	598,730	(89,623)	402,099
Capital outlay	0	61,911	(61,911)	0
Total Public Works	1,288,371	1,414,316	(125,945)	1,109,222
Health and Welfare				
Senior Center				
Personal services	96,275	91,342	4,933	91,676
Contract services	14,160	12,186	1,974	8,985
Supplies and materials	137,535	93,265	44,270	84,088
Capital outlay	3,900	0	3,900	18,886
Total Senior Center	251,870	196,793	55,077	203,635
Foster Care Services				
Payments to other agencies	61,010	45,368	15,642	46,640
Health Department				
Contract services	600	3,113	(2,513)	3,549
Supplies and materials	1,400	4,620	(3,220)	1,676
Payments to other agencies	101,431	101,431	0	101,431
Total Health Department	103,431	109,164	(5,733)	106,656
Total Health and Welfare	416,311	351,325	64,986	356,931
Culture and Recreation				
Recreation Department				
Payments to other agencies	228,881	227,269	1,612	214,885
Library Board				
Payments to other agencies	30,000	30,000	0	30,000
Total Culture and Recreation	258,881	257,269	1,612	244,885
Housing and Development				
County Agent				
Personal services	49,394	45,266	4,128	30,198
Contract services	15,715	12,215	3,500	10,746
Supplies and materials	3,895	3,419	476	26,044
Capital outlay	6,000	0	6,000	0
Total County Agent	75,004	60,900	14,104	66,988

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Housing and Development, continued				
Forestry Service				
Payments to other agencies	$ 2,918	$ 2,918	$ 0	$ 2,918
Planning and Zoning				
Personal services	68,516	59,781	8,735	50,322
Contract services	16,550	13,728	2,822	8,195
Supplies and materials	3,970	3,978	(8)	3,755
Capital outlay	1,530	0	1,530	0
Total Planning and Zoning	90,566	77,487	13,079	62,272
Industrial Building Authority				
Payments to other agencies	85,711	88,225	(2,514)	76,995
Airport Authority				
Contract services	3,500	3,206	294	3,370
Payments to other agencies	8,000	8,000	0	6,635
Total Airport Authority	11,500	11,206	294	10,005
Total Housing and Development	265,699	240,736	24,963	219,178
Total expenditures	$ 11,349,829	$ 11,099,778	$ 250,051	$ 10,405,389

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
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	$ 415,441	$ 580,485
Accounts receivable	34,610	11,153
Total assets	$ 450,051	$ 591,638
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 2,422	$ 3,626
Accrued salaries	22,205	20,522
Due to other funds	386,753	541,177
Total liabilities	411,380	565,325
Fund balances		
Unreserved	38,671	26,313
Total liabilities and fund balances	$ 450,051	$ 591,638

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 365,000	$ 386,245	$ 21,245	$ 233,474
Interest	12,000	11,892	(108)	11,885
Total revenues	377,000	398,137	21,137	245,359
EXPENDITURES				
Current				
Public Safety				
Personal services	493,494	534,495	(41,001)	429,891
Contractual services	188,710	159,141	29,569	124,059
Supplies and materials	15,815	14,562	1,253	12,727
Capital outlay	15,000	13,600	1,400	4,081
Total expenditures	713,019	721,798	(8,779)	570,758
Excess (deficiency) of revenues over (under) expenditures	(336,019)	(323,661)	12,358	(325,399)
Other financing sources (uses)				
Transfers in (out)				
General Fund	336,019	336,019	0	325,398
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	12,358	12,358	(1)
Fund balances, July 1	0	26,313	26,313	26,314
Fund balances, June 30	$ 0	$ 38,671	$ 38,671	$ 26,313

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	$ 4,566	$ 22,196
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 4,566	$ 22,196

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 45,000	$ 50,998	$ 5,998	$ 50,881
Interest	0	80	80	70
Total revenues	45,000	51,078	6,078	50,951
EXPENDITURES				
Current				
Public Safety				
Supplies	45,000	33,133	11,867	18,136
Capital outlay	0	13,500	(13,500)	24,362
Payments to other agencies	0	22,075	(22,075)	0
Total expenditures	45,000	68,708	(23,708)	42,498
Excess (deficiency) of revenues over (under) expenditures	0	(17,630)	(17,630)	8,453
Fund balances, July 1	0	22,196	22,196	13,743
Fund balances, June 30	$ 0	$ 4,566	$ 4,566	$ 22,196

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	$ 4,375	$ 7,415
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 4,375	$ 7,415

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 56,000	$ 54,077	$ (1,923)	$ 56,437
Total revenues	56,000	54,077	(1,923)	56,437
EXPENDITURES				
Current				
Public Safety				
Supplies	56,000	57,117	(1,117)	58,379
Total expenditures	56,000	57,117	(1,117)	58,379
Excess (deficiency) of revenues over (under) expenditures	0	(3,040)	(3,040)	(1,942)
Fund balances, July 1	0	7,415	7,415	9,357
Fund balances, June 30	$ 0	$ 4,375	$ 4,375	$ 7,415

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	$ 62,369	$ 49,644
Certificates of deposit	10,581	10,193
Total assets	$ 72,950	$ 59,837
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 72,950	$ 59,837

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 14,000	$ 16,491	$ 2,491	$ 17,492
Interest	0	1,737	1,737	462
Other	0	0	0	190
Total revenues	14,000	18,228	4,228	18,144
EXPENDITURES				
Current				
Judicial				
Personal services	1,680	1,680	0	1,680
Supplies and materials	4,000	3,435	565	2,889
Total expenditures	5,680	5,115	565	4,569
Excess (deficiency) of revenues over (under) expenditures	8,320	13,113	4,793	13,575
Other financing sources (uses)				
Contingency	(8,320)	0	8,320	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	13,113	13,113	13,575
Fund balances, July 1	0	59,837	59,837	46,262
Fund balances, June 30	$ 0	$ 72,950	$ 72,950	$ 59,837

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	$ 195,723	$ 145,943
Intergovernmental receivable	34,222	28,213
Total assets	$ 229,945	$ 174,156
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 23,078	$ 23,859
Fund balances		
Unreserved	206,867	150,297
Total liabilities and fund balances	$ 229,945	$ 174,156

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 0	$ 75,686	$ 75,686	$ 34,250
Intergovernmental	201,149	276,789	75,640	315,212
Interest	0	1,106	1,106	1,347
Total revenues	201,149	353,581	152,432	350,809
EXPENDITURES				
Current				
Public Safety				
Personal services	201,149	230,797	(29,648)	247,085
Contract services	0	35,076	(35,076)	39,637
Supplies and materials	0	45,120	(45,120)	55,281
Capital outlay	0	0	0	20,045
Total expenditures	201,149	310,993	(109,844)	362,048
Excess (deficiency) of revenues over (under) expenditures	0	42,588	42,588	(11,239)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	13,982	13,982	13,982
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	56,570	56,570	2,743
Fund balances, July 1 (original)	0	150,297	150,297	160,601
Prior period adjustment	0	0	0	(13,047)
Fund balances, July 1 (restated)	0	150,297	150,297	147,554
Fund balances, June 30	$ 0	$ 206,867	$ 206,867	$ 150,297

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Intergovernmental receivable	$ 27,360	$ 3,804
LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries	$ 1,500	$ 1,500
Due to other funds	33,772	11,632
Total liabilities	35,272	13,132
Fund balances		
Unreserved	(7,912)	(9,328)
Total liabilities and fund balances	$ 27,360	$ 3,804

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 278,960	$ 219,997	$ (58,963)	$ 192,562
Total revenues	278,960	219,997	(58,963)	192,562
EXPENDITURES				
Current				
Judicial				
Personal services	35,064	32,295	2,769	35,283
Contract services	45,960	233,714	(187,754)	230,570
Supplies and materials	12,000	12,638	(638)	10,678
Payments to other agencies	185,936	0	185,936	0
Total expenditures	278,960	278,647	313	276,531
Excess (deficiency) of revenues over (under) expenditures	0	(58,650)	(58,650)	(83,969)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	60,066	60,066	56,050
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	1,416	1,416	(27,919)
Fund balances, July 1	0	(9,328)	(9,328)	18,591
Fund balances, June 30	$ 0	$ (7,912)	$ (7,912)	$ (9,328)

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Accounts receivable	$ 0	$ 9,146
Intergovernmental receivable	28,650	36,390
Total assets	$ 28,650	$ 45,536
LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries	$ 18,065	$ 17,853
Due to other funds	30,458	58,329
Total liabilities	48,523	76,182
Fund balances		
Unreserved	(19,873)	(30,646)
Total liabilities and fund balances	$ 28,650	$ 45,536

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 444,577	$ 459,939	$ 15,362	$ 334,262
Total revenues	444,577	459,939	15,362	334,262
EXPENDITURES				
Current				
Judicial				
Personal services	415,577	422,089	(6,512)	340,271
Contract services	20,500	14,069	6,431	9,829
Supplies and materials	8,500	13,008	(4,508)	14,808
Total expenditures	444,577	449,166	(4,589)	364,908
Excess (deficiency) of revenues over (under) expenditures	0	10,773	10,773	(30,646)
Fund balances, July 1	0	(30,646)	(30,646)	0
Fund balances, June 30	$ 0	$ (19,873)	$ (19,873)	$ (30,646)

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
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Investments	$ 2,775,000	$ 2,558,750
Intergovernmental receivables	668,215	641,638
Total assets	$ 3,443,215	$ 3,200,388
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 2,100	$ 2,100
Fund balances		
Unreserved	3,441,115	3,198,288
Total liabilties and fund balances	$ 3,443,215	$ 3,200,388

FRANKLIN COUNTY, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	$ 3,500,000	$ 3,642,459	$ 142,459	$ 3,671,341
Interest	0	49,130	49,130	73,802
Total revenues	3,500,000	3,691,589	191,589	3,745,143
EXPENDITURES				
Debt Service				
Principal	2,250,000	2,250,000	0	1,750,000
Interest and fiscal charges	583,750	585,850	(2,100)	641,475
Total expenditures	2,833,750	2,835,850	(2,100)	2,391,475
Excess (deficiency) of revenues over (under) expenditures	666,250	855,739	189,489	1,353,668
Other financing sources (uses)				
Transfers in (out)				
2004 SPLOST Capital Projects Fund	0	(612,912)	(612,912)	(898,150)
Contingency	(666,250)	0	666,250	0
Total other financing sources (uses)	(666,250)	(612,912)	53,338	(898,150)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	242,827	242,827	455,518
Fund balances, July 1	0	3,198,288	3,198,288	2,742,770
Fund balances, June 30	$ 0	$ 3,441,115	$ 3,441,115	$ 3,198,288

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
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	$ 1,170,113	$ 938,182
Certificates of deposit	349,423	330,725
Interest receivable	18,021	18,040
Due from other funds	278,467	539,736
Total assets	$ 1,816,024	$ 1,826,683
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 299,508	$ 8,866
Fund balances		
Unreserved	1,516,516	1,817,817
Total liabilities and fund balances	$ 1,816,024	$ 1,826,683

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
REVENUES		
Intergovernmental	$ 89	$ 412,028
Interest	41,594	62,168
Other	0	804
Total revenues	41,683	475,000
EXPENDITURES		
Capital outlay		
Public Safety		
Jail	0	3,075
Housing and Development		
Airport Authority - intergovernmental allocation	12,500	0
Industrial Building Authority - intergovernmental allocation	330,484	124,586
Total expenditures	342,984	127,661
Excess (deficiency) of revenues over (under) expenditures	(301,301)	347,339
Fund balances, July 1	1,817,817	1,470,478
Fund balances, June 30	$ 1,516,516	$ 1,817,817

FRANKLIN COUNTY, GEORGIA
2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Investments	$ 4,306,227	$ 5,377,406
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 32,445	$ 160,691
Intergovernmental	0	93,598
Due to other funds	276,367	537,636
Total liabilities	308,812	791,925
Fund balances		
Unreserved	3,997,415	4,585,481
Total liabilities and fund balances	$ 4,306,227	$ 5,377,406

FRANKLIN COUNTY, GEORGIA
2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
REVENUES		
Interest	$ 215,315	$ 412,313
Donations	0	3,352
Other	5,333	0
Total revenues	220,648	415,665
EXPENDITURES		
Capital outlay		
General Government		
Contract services	0	4,500
Capital outlay	0	14,325
Total General Government	0	18,825
Public Safety		
Fire	54,770	746,149
Fire - intergovernmental allocation	0	37,500
Total Public Safety	54,770	783,649
Public Works		
Highways and Streets	274,848	1,579,919
Highways and Streets - intergovernmental allocation	518,089	193,208
Water - intergovernmental allocation	65,529	206,643
Total Public Works	858,466	1,979,770
Culture and Recreation		
Recreation	79,124	786,336
Recreation - intergovernmental allocation	60,000	7,800
Library - intergovernmental allocation	17,600	867
Total Culture and Recreation	156,724	795,003
Housing and Development		
Industrial Building Authority - intergovernmental allocation	1,967	1,038,957
Airport - Intergovernmental allocation	0	312,108
Total Housing and Development	1,967	1,351,065
Total expenditures	1,071,927	4,928,312
Excess (deficiency) of revenues over (under) expenditures	(851,279)	(4,512,647)
Other financing sources (uses)		
Transfers in (out)		
Debt Service Fund	612,912	898,150
General Fund	(5,333)	0
Water and Sewer Fund	(344,366)	(1,774,982)
Total other financing sources (uses)	263,213	(876,832)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(588,066)	(5,389,479)
Fund balances, July 1	4,585,481	9,974,960
Fund balances, June 30	$ 3,997,415	$ 4,585,481

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
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Current assets		
Cash	$ 458,118	$ 830,462
Accounts receivable (net)	104,134	88,053
Inventory	179,823	287,689
Total current assets	742,075	1,206,204
Restricted assets		
Construction Fund		
Certificates of deposit	3,002,834	0
Interest receivable	17,104	0
Total restricted assets	3,019,938	0
Capital assets		
Land	20,347	20,347
Water lines and towers	18,794,138	17,235,110
Buildings	5,400	5,400
Machinery and equipment	257,700	257,700
Vehicles	40,420	40,420
Construction in progress	143,319	248,635
Accumulated depreciation	(2,192,303)	(1,790,170)
Total capital assets (net of accumulated depreciation)	17,069,021	16,017,442
Intangible assets		
Debt issuance costs (net of accumulated amortization)	103,951	40,738
Total assets	20,934,985	17,264,384
LIABILITIES		
Current liabilities		
Payables		
Accounts	8,391	30,438
Intergovernmental	47,688	0
Interest	35,465	0
Accrued salaries	8,217	7,734
Compensated absences	5,940	5,035
Notes payable	129,326	144,482
Bonds payable	185,000	0
Due to other funds	1,060,468	1,060,468
Total current liabilities	1,480,495	1,248,157
Long-term liabilities		
Notes payable	1,778,238	3,020,345
Bonds payable	4,005,000	0
Total long-term liabilities	5,783,238	3,020,345
Total liabilities	7,263,733	4,268,502

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
NET ASSETS		
Invested in capital assets, net of related debt	13,974,291	12,893,353
Restricted for restricted assets	17,104	0
Unrestricted	(320,143)	102,529
Total net assets	$ 13,671,252	$ 12,995,882

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Charges for sales and services		
Water and sewer charges	$ 867,039	$ 828,540
Miscellaneous revenue	525	375
Total operating revenues	867,564	828,915
OPERATING EXPENSES		
Costs of sales and services	571,809	511,199
Personal services	76,415	102,014
Depreciation	402,133	365,216
Miscellaneous expenses	27,799	10,102
Total operating expenses	1,078,156	988,531
Operating income (loss).	(210,592)	(159,616)
Non-operating revenues (expenses)		
Interest revenue	31,184	24,673
Interest expense	(76,983)	(51,114)
Amortization expense	(3,702)	(2,587)
Total non-operating revenues (expenses)	(49,501)	(29,028)
Net income (loss) before capital contributions and transfers	(260,093)	(188,644)
Capital contributions		
Intergovernmental revenue	0	60,017
Net income (loss) before transfers	(260,093)	(128,627)
Transfers in (out)		
General Fund	591,097	0
2004 SPLOST Fund	344,366	1,774,982
Total transfers	935,463	1,774,982
Change in net assets	675,370	1,646,355
Net assets, July 1	12,995,882	11,349,527
Net assets, June 30	$ 13,671,252	$ 12,995,882

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Receipts from customers	$ 850,958	$ 830,823
Payments to suppliers	(438,302)	(735,540)
Payments to employees	(75,027)	(100,158)
Other receipts	525	375
Other payments	(27,799)	(10,102)
Net cash provided (used) by operating activities	310,355	(14,602)
Cash flows from non-capital financing activities:		
Receipts from other funds	591,097	24
Payments to other funds	0	(777,580)
Net cash provided (used) by non-capital financing activities	591,097	(777,556)
Cash flows from capital and related financing activities:		
Receipts from other funds	344,366	1,774,982
Receipts from other governments	0	60,017
Interest paid	(41,518)	(51,114)
Acquisition of capital assets	(1,453,712)	(1,724,931)
Issuance of bonds payable	4,190,000	0
Debt issue costs	(66,915)	0
Principal payment - notes payable	(1,257,263)	(143,816)
Net cash provided (used) by capital and related financing activities	1,714,958	(84,862)
Cash flows from investing activities:		
Interest received	14,080	24,673
Purchases of investments	(3,002,834)	0
Net cash provided (used) by investing activities	(2,988,754)	24,673
Net increase (decrease) in cash and cash equivalents	(372,344)	(852,347)
Cash and cash equivalents, July 1	830,462	1,682,809
Cash and cash equivalents, June 30	$ 458,118	$ 830,462
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (210,592)	$ (159,616)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	402,133	365,216
(Increase) decrease in accounts receivable	(16,081)	2,283
(Increase) decrease in inventory	107,866	(247,921)
Increase (decrease) in accounts payable	(22,047)	23,580
Increase (decrease) in intergovernmental payables	47,688	0
Increase (decrease) in accrued payroll liabilities	1,388	1,856
Total adjustments	520,947	145,014
Net cash provided (used) by operating activities	$ 310,355	$ (14,602)

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Current assets		
Cash	$ 143,487	$ 197,430
Due from other funds	4,105	0
Total current assets	147,592	197,430
Restricted assets		
Due from other funds	0	8,866
Capital assets		
Land	378,976	378,976
Land improvements	29,382	29,382
Buildings	1,870,331	1,870,331
Machinery and equipment	170,951	170,951
Vehicles	228,489	228,489
Accumulated depreciation	(759,451)	(654,379)
Total capital assets (net of accumulated depreciation)	1,918,678	2,023,750
Total assets	2,066,270	2,230,046
LIABILITIES		
Liabilities		
Accounts payable	810	0
Accrued salaries	1,827	2,238
Compensated absences	4,384	2,390
Due to other funds	0	132,606
Total current liabilities	7,021	137,234
Long-term liabilities		
Closure/post-closure care	1,256,181	1,307,395
Total liabilities	1,263,202	1,444,629
NET ASSETS		
Invested in capital assets	1,918,678	2,023,750
Restricted for restricted assets	0	8,866
Unrestricted	(1,115,610)	(1,247,199)
Total net assets	$ 803,068	$ 785,417

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Charges for sales and services		
Landfill fees	$ 63,622	$ 54,952
Miscellaneous revenue	0	5,000
Total operating revenues	63,622	59,952
OPERATING EXPENSES		
Costs of sales and services	1,404	33,482
Personal services	27,223	60,297
Depreciation	105,071	118,293
Miscellaneous expenses	763	5,739
Total operating expenses	134,461	217,811
Operating income (loss)	(70,839)	(157,859)
Non-operating revenues (expenses)		
Intergovernmental revenue	88,022	0
Interest revenue	6,228	8,353
Payments to other agencies	(5,760)	(5,760)
Gain (loss) on disposal of capital assets	0	82,143
Total non-operating revenues (expenses)	88,490	84,736
Change in net assets	17,651	(73,123)
Net assets, July 1	785,417	858,540
Net assets, June 30	$ 803,068	$ 785,417

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Receipts from customers	$ 63,622	$ 54,952
Payments to suppliers	(31,308)	(32,727)
Payments to employees	(25,640)	(60,332)
Other payments	(763)	(739)
Net cash provided (used) by operating activities	5,911	(38,846)
Cash flows from non-capital financing activities:		
Receipts from other funds	8,867	2,656
Receipts from other agencies	88,022	0
Payments to other funds	(136,711)	(231,203)
Payments for closure costs of landfill	(20,500)	(21,800)
Payments to other agencies	(5,760)	(5,760)
Net cash provided (used) by non-capital financing activities	(66,082)	(256,107)
Cash flows from capital and related financing activities:		
Receipts from the sale of capital assets	0	84,998
Cash flows from investing activities:		
Interest received	6,228	13,761
Proceeds from maturity of investments	0	262,131
Net cash provided (used) by investing activities	6,228	275,892
Net increase (decrease) in cash and cash equivalents	(53,943)	65,937
Cash and cash equivalents, July 1	197,430	131,493
Cash and cash equivalents, June 30	$ 143,487	$ 197,430
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (70,839)	$ (157,859)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	105,071	118,293
Closure/postclosure care costs	(30,714)	837
Increase (decrease) in accounts payable	810	(82)
Increase (decrease) in accrued payroll liabilities	1,583	(35)
Total adjustments	76,750	119,013
Net cash provided (used) by operating activities	$ 5,911	$ (38,846)

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, 2008
(with comparative totals for June 30, 2007)

	Tax Commissioner	Magistrate Court
ASSETS		
Cash	$ 9,796	$ 50,366
Accounts receivable (net)	0	64,740
Total assets	$ 9,796	$ 115,106
LIABILITIES		
Due to other agencies	$ 9,796	$ 115,106

Probate Court	Clerk of Superior Court	Sheriff Department	Totals 2008	Totals 2007
$ 80,886	$ 844,322	$ 2,596	$ 987,966	$ 2,453,528
299,094	78,048	0	441,882	384,084
$ 379,980	$ 922,370	$ 2,596	$ 1,429,848	$ 2,837,612
$ 379,980	$ 922,370	$ 2,596	$ 1,429,848	$ 2,837,612

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2008

	Balance, July 1	Additions	Deletions	Balance, June 30
TAX COMMISSIONER				
ASSETS				
Cash	$ 13,377	$ 16,476,709	$ 16,480,290	$ 9,796
LIABILITIES				
Due to others	$ 13,377	$ 16,476,709	$ 16,480,290	$ 9,796
MAGISTRATE COURT				
ASSETS				
Cash	$ 35,807	$ 299,094	$ 284,535	$ 50,366
Accounts receivable	61,709	3,031	0	64,740
Total assets	$ 97,516	$ 302,125	$ 284,535	$ 115,106
LIABILITIES				
Due to others	$ 97,516	$ 302,125	$ 284,535	$ 115,106
PROBATE COURT				
ASSETS				
Cash	$ 84,318	$ 1,066,394	$ 1,069,826	$ 80,886
Accounts receivable	254,040	45,054	0	299,094
Total assets	$ 338,358	$ 1,111,448	$ 1,069,826	$ 379,980
LIABILITIES				
Due to others	$ 338,358	$ 1,111,448	$ 1,069,826	$ 379,980
CLERK OF SUPERIOR COURT				
ASSETS				
Cash	$ 2,319,186	$ 2,082,842	$ 3,557,706	$ 844,322
Accounts receivable	68,335	9,713	0	78,048
Total assets	$ 2,387,521	$ 2,092,555	$ 3,557,706	$ 922,370
LIABILITIES				
Due to others	$ 2,387,521	$ 2,092,555	$ 3,557,706	$ 922,370
SHERIFF DEPARTMENT				
ASSETS				
Cash	$ 840	$ 138,420	$ 136,664	$ 2,596
LIABILITIES				
Due to others	$ 840	$ 138,420	$ 136,664	$ 2,596
TOTALS ALL AGENCY FUNDS				
ASSETS				
Cash	$ 2,453,528	$ 20,063,459	$ 21,529,021	$ 987,966
Accounts receivable	384,084	57,798	0	441,882
Total assets	$ 2,837,612	$ 20,121,257	$ 21,529,021	$ 1,429,848
LIABILITIES				
Due to others	$ 2,837,612	$ 20,121,257	$ 21,529,021	$ 1,429,848

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)
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2008

	2008	2007
ASSETS		
Cash	$ 34,117	$ 31,915
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 34,117	$ 31,915

FRANKLIN COUNTY, GEORGIA
RECREATION DEPARTMENT (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for sales and services	$ 129,500	$ 102,601	$ (26,899)	$ 125,568
Intergovernmental	238,381	228,323	(10,058)	215,753
Interest	500	118	(382)	174
Contributions	10,800	2,200	(8,600)	427
Other	1,000	0	(1,000)	0
Total revenues	380,181	333,242	(46,939)	341,922
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	302,121	267,112	35,009	232,639
Recreational services	78,060	63,928	14,132	104,615
Capital outlay	0	0	0	30,431
Total expenditures	380,181	331,040	49,141	367,685
Excess (deficiency) of revenues over (under) expenditures	0	2,202	2,202	(25,763)
Fund balances, July 1	0	31,915	31,915	57,678
Fund balances, June 30	$ 0	$ 34,117	$ 34,117	$ 31,915

FRANKLIN COUNTY, GEORGIA
INDUSTRIAL BUILDING AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2007 and 2008

	2008	2007
ASSETS		
Cash	$ 156,567	$ 186,111
Accounts receivable	27,763	0
Total assets	$ 184,330	$ 186,111
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 184,330	$ 186,111

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 fiscal year ended June 30, 2008
(with comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 85,711	$ 88,226	$ 2,515	$ 76,995
Timber sales	0	0	0	148,783
Other	0	1,322	1,322	0
Total revenues	85,711	89,548	3,837	225,778
EXPENDITURES				
Current				
Economic Development				
Personal services	70,402	72,916	(2,514)	63,069
Supplies and materials	15,309	15,713	(404)	18,065
Capital outlay	0	2,700	(2,700)	0
Total expenditures	85,711	91,329	(5,618)	81,134
Excess (deficiency) of revenues over (under) expenditures	0	(1,781)	(1,781)	144,644
Other financing sources (uses)				
Proceeds from sale of assets	0	0	0	36,935
Excess (deficiency of revenues and other financing sources over (under) expenditures and other financing uses	0	(1,781)	(1,781)	181,579
Fund balances, July 1	0	186,111	186,111	4,532
Fund balances, June 30	$ 0	$ 184,330	$ 184,330	$ 186,111

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 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 fiscal year ended June 30, 2008, which collectively comprise Franklin County, Georgia's basic financial statements and have issued our report thereon dated January 13, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Franklin County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Franklin County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Franklin County's financial statements that is more than inconsequential will not be prevented or detected by Franklin County's internal control. We noted the following significant deficiencies in the internal control over financial reporting:

Comment 08-1

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to Franklin County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the County Clerk is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors.

Comment 08-1, continued

Criteria: Effective internal control requires that the County accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Management Response: Management concurs with this finding. The Board of Commissioners and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professional when necessary. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-2

Condition: The County Clerk is responsible for multiple financial responsibilities and has the control to make adjustments without approval. However, all journal entries tested or reviewed appeared appropriate. 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: All journal entries should be reviewed by the County Manager or a member of the Board of Commissioners; this review should be evidenced by signature or initials. All journal entries should be properly supported with adequate documentation.

Management Response: Management concurs with this finding. All journal entries will be reviewed by the County Manager. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 08-3

Condition: While performing audit procedures on cash in the Tax Commissioner's Office, we noted that the Deputy Tax Commissioner maintains the accounting records and reconciles the bank accounts.

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 Tax Commissioner should review the bank statements to verify the appropriateness of all transactions and evidence his review by signature or initials.

Management Response: Management concurs with this finding. The Tax Commissioner will review the bank statements on a monthly basis. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 08-4

Condition: While performing audit procedures on cash in the Probate Court, we noted that the Clerk of Court maintains the checkbook and reconciles the bank accounts.

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 Probate Judge should review the bank statements to verify the appropriateness of all transactions and evidence his review by signature or initials.

Management Response: Management concurs with this finding. The Probate Judge will review the bank statements on a monthly basis. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 08-5

Condition: While performing audit procedures on cash in the Sheriff's Department, we noted that the bookkeeper maintains the accounting records, signs checks, makes deposits, and reconciles the bank accounts.

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 Sheriff or Chief Deputy should assume the responsibility of signing all checks and should review the bank statements to verify the appropriateness of all transactions.

Management Response: Management concurs with this finding. The Sheriff will sign all checks and review the bank statements on a monthly basis. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 08-6

Condition: Proceeds from the 2008 Franklin County Water and Sewerage Authority Revenue Bonds and related certificates of deposit and expenses were not recorded in the general ledger at year-end. Also, interest earned on certificates of deposit, which matured during the fiscal year, was not recorded in the general ledger at year-end.

Criteria: Generally accepted accounting principals require that all transactions be properly recorded in a timely manner.

Effect: Failure to properly record all transactions may lead to material misstatements of the financial statements and management decisions based on incorrect information.

Recommendation: All financial transactions must be properly identified and recorded in the accounting records in a timely manner. When necessary, County personnel should seek technical assistance from the County auditors or other qualified third parties.

Management Response: Management concurs with this finding. The County Clerk will ensure that all transactions are identified and properly recorded. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-7

Condition: While performing audit procedures on cash in the Industrial Building Authority, we noted that the Secretary maintains the accounting records and reconciles the bank accounts. This lack of segregation of duties resulted in an instance of employee theft during fiscal year 2008.

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 resulted in an instance of employee theft during fiscal year 2008.

Recommendation: The Executive Director and a member of the Board of Directors should review the bank statements to verify the appropriateness of all transactions and evidence the review by signature or initials.

Management Response: Management concurs with this finding. The Executive Director and Treasurer of the Board of Directors will review the bank statements on a monthly basis. This action was implemented immediately upon receipt of the comment from our auditors.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Franklin County, Georgia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08-5, 08-6, and 08-7 to be material weaknesses.

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 08-8

Condition: The County experienced a material excess of expenditures over appropriations in the General Fund and the Drug Enforcement and MANS Unit Special Revenue Funds.

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 County 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.

Comment 08-9

Condition: At June 30, 2008, the County had uninsured, uncollateralized deposits of $2,560,858 at Pinnacle Bank

Criteria: State of Georgia Law requires that all public funds be collateralized at 110 percent of amounts in excess of FDIC coverage and the pledged securities be held by the financial institution's trust department or agent in the name of the City.

Effect: Failure to ensure proper collateralization exposes the City to greater risk of loss in the event of financial institution failure.

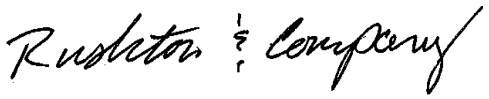
Recommendation: County personnel should ensure that all new accounts are identified and properly collateralized as public funds. Management should request reports of pledged collateral at least quarterly from all financial institutions holding deposits of the County.

Management Response: Management concurs with this finding. Management will insure that all financial institutions are aware that these are public funds and will obtain the appropriate reports and ensure that all County deposits are properly collateralized. This action was taken immediately upon receipt of the comment from our auditors.

We noted certain other matters involving the internal control over financial reporting that we have reported to management of Franklin County, Georgia, in a separate letter dated January 13, 2009.

Franklin County, Georgia's responses to the findings identified in our audit are described above. We did not audit Franklin County's responses and, accordingly, we express no opinion on them.

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.



Certified Public Accountants

Gainesville, Georgia
January 13, 2009

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2008

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Periods	Current Periods	Total
SPLOST II					
Franklin County					
Recreation facilities	$ 1,600,000	$ 1,505,138	$ 1,499,007	$ 0	$ 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	12,500	335,290
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	736,850	330,484	1,067,334
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	7,275	0	7,275
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	$ 16,331,816	$ 342,984	$ 16,674,800
SPLOST III					
Franklin County					
Recreation facilities	$ 1,620,000	$ 1,620,000	$ 1,102,056	$ 79,124	$ 1,181,180
Public Safety	1,400,000	1,400,000			
Emergency 911 equipment			381,467	0	381,467
Fire facilities and equipment			1,456,919	54,770	1,511,689
Airport improvements	360,000	360,000	350,108	0	350,108
Construction and improvements of roads	4,020,000	4,020,000	4,355,193	274,848	4,630,041
Industrial development	1,080,000	1,080,000	1,038,957	1,967	1,040,924
Water expansion	4,020,000	4,020,000	3,831,704	344,366	4,176,070
Courthouse improvements	180,000	180,000	460,579	0	460,579
Jail improvements	180,000	180,000	0	0	0
City of Lavonia	1,402,143	1,402,143	1,065,491	114,665	1,180,156
City of Royston	1,402,144	1,402,144	637,959	77,433	715,392
City of Canon	778,571	778,571	350,000	25,000	375,000
City of Carnesville	778,571	778,571	260,000	444,120	704,120
City of Franklin Springs	778,571	778,571	924,478	0	924,478
Total SPLOST III	$ 18,000,000	$ 18,000,000	$ 16,214,911	$ 1,416,293	$ 17,631,204

* 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.