FRANKLIN COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2012

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FRANKLIN COUNTY, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2012

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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, 2012, 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 represents 6.1 percent, 5.4 percent, and 41.2 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 the 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, 2012, 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 November 19, 2012, on our consideration of Franklin County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Georgia's financial statements as a whole. 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules, the special purpose local option sales tax report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States, Franklin County, Georgia's basic financial statements for the year ended June 30, 2011, which are not presented with the accompanying financial statements. In our report dated December 5, 2011, we expressed unqualified opinions on the respective 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. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Georgia's financial statements as a whole. The individual fund financial statements and schedules, related to the 2011 financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 19, 2012

Samuel D. Elrod
Commission Chairman

Billy Morse
County Manager

Laverne Hilley
County Clerk

Dale R. "Bubba" Samuels, LLC
County Attorney

FRANKLIN COUNTY
BOARD OF COMMISSIONERS



Angela M. Whidby
District 1 Commissioner

Charles L. Cawthon
District 2 Commissioner

Jeff S. Jacques
District 3 Commissioner

Clint Harper
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, 2012. 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, 2012, by $59,662,441 (reported as *net assets*).

- As of June 30, 2012, Franklin County's governmental funds reported combined ending fund balances of $6,215,620. Approximately 35% of this total amount, or $2,203,038, is available for spending at the Board of Commissioners' discretion (unassigned fund balance of the General Fund).

More detailed information regarding these activities and funds begins on page 7.

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 SPLOST IV 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 63-66 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, 2012, 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, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Current and other assets	$ 10,043,000	$ 12,221,395	$ 2,288,099	$ 2,281,041	$ 12,331,099	$ 14,502,436
Capital assets	37,698,235	36,312,287	18,922,686	19,108,272	56,620,921	55,420,559
Total assets	47,741,235	48,533,682	21,210,785	21,389,313	68,952,020	69,922,995
Long-term liabilities	0	0	6,051,446	5,894,731	6,051,446	5,894,731
Other liabilities	3,363,333	5,509,624	456,335	506,790	3,819,668	6,016,414
Total liabilities	3,363,333	5,509,624	6,507,781	6,401,521	9,871,114	11,911,145
Net assets:						
Invested in capital assets, net of related debt	37,698,235	36,312,287	14,964,206	15,862,756	52,662,441	52,175,043
Restricted	3,894,804	3,756,930	62,045	67,381	3,956,849	3,824,311
Unrestricted	2,784,863	2,954,841	(323,247)	(942,345)	2,461,616	2,012,496
Total net assets	$ 44,377,902	$ 43,024,058	$ 14,703,004	$ 14,987,792	$ 59,080,906	$ 58,011,850

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 $59,080,906 at the close of the fiscal year ended June 30, 2012.

$52,662,441 of Franklin County's net assets is 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.

$3,956,849 of Franklin County's net assets is subject to external restrictions or enabling legislation on how they can be used.

Unrestricted net assets of the business-type activities report a negative balance of $323,247. 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 payment of post-closure care costs.

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, 2012:

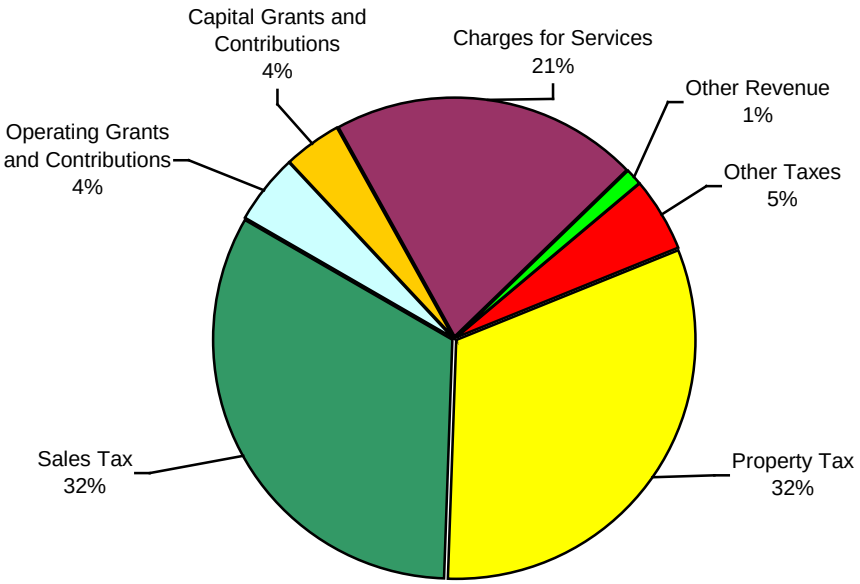
Franklin County
Changes in Net Assets
For the fiscal years ended June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Program revenues:						
Charges for services	$ 3,538,275	$ 3,769,232	$ 1,072,151	$ 1,042,624	$ 4,610,426	$ 4,811,856
Operating grants and contributions	830,690	524,967	0	0	830,690	524,967
Capital grants and contributions	672,008	22,505	522,363	0	1,194,371	22,505
General revenues:						
Property taxes	5,382,276	5,679,297	0	0	5,382,276	5,679,297
Sales tax	5,580,029	5,047,271	0	0	5,580,029	5,047,271
Intangible tax	78,128	63,699	0	0	78,128	63,699
Franchise tax	66,211	78,205	0	0	66,211	78,205
Insurance premium tax	656,427	696,913	0	0	656,427	696,913
Real estate transfer tax	13,951	10,965	0	0	13,951	10,965
Other taxes	16,762	18,211	0	0	16,762	18,211
Investment income	58,837	186,700	14,560	25,440	73,397	212,140
Gain on sale of assets	4,945	0	0	0	4,945	-
Miscellaneous revenue	108,457	39,471	577	327	109,034	39,798
Total revenues	17,006,996	16,137,436	1,609,651	1,068,391	18,616,647	17,205,827
Expenses						
General government	2,656,550	2,860,643	0	0	2,656,550	2,860,643
Judicial	1,422,915	1,613,043	0	0	1,422,915	1,613,043
Public Safety	6,857,042	7,032,730	0	0	6,857,042	7,032,730
Public Works	3,533,544	2,527,614	0	0	3,533,544	2,527,614
Health and Welfare	333,272	354,254	0	0	333,272	354,254
Culture and Recreation	532,865	449,165	0	0	532,865	449,165
Housing and Development	826,452	74,661	0	0	826,452	74,661
Interest on long-term debt	16,667	213,926	0	0	16,667	213,926
Water and Sewer	0	0	1,302,406	1,057,460	1,302,406	1,057,460
Solid Waste	0	0	65,878	135,199	65,878	135,199
Total expenses	16,179,307	15,126,036	1,368,284	1,192,659	17,547,591	16,318,695
Increase (decrease) in net assets before transfers	827,689	1,011,400	241,367	(124,268)	1,069,056	887,132
Transfers	526,155	(265,049)	(526,155)	265,049	0	0
Change in net assets	1,353,844	746,351	(284,788)	140,781	1,069,056	887,132
Net assets - January 1	43,024,058	42,277,707	14,987,792	14,847,011	58,011,850	57,124,718
Net assets - ending	$ 44,377,902	$ 43,024,058	$ 14,703,004	$ 14,987,792	$ 59,080,906	$ 58,011,850

Governmental Activities –

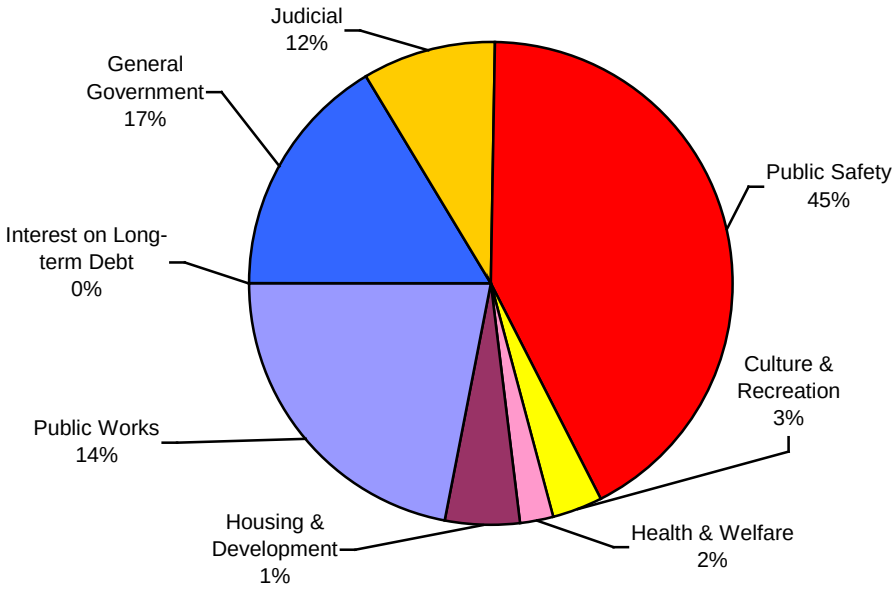
The following chart illustrates revenues of the governmental activities for the fiscal year ended June 30, 2011:

Revenues by Source – Governmental Activities
For the fiscal year ended June 30, 2012



The following chart illustrates the expenses of the governmental activities for the fiscal ended June 30, 2012:

Expenses – Governmental Activities
For the fiscal year ended June 30, 2011



Business-Type Activities –

Business-type activities decreased Franklin County's assets by $284,788. This is a decrease of $425,569 from the prior year. The change in net assets in the Water and Sewer Fund was up from fiscal year 2011 due primarily to the receipt of intergovernmental capital contributions and the increase in amount transferred from the General Fund; the change in net assets in the Solid Waste Fund was down from fiscal year 2011 due to the distribution of capital assets to the Governmental Activities.

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, unassigned 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 $6,215,620. Of this amount, $2,203,038, or 35%, constitutes unassigned fund balance of the General Fund, which is available for appropriation for the general purposes of the County. $3,902,714, or 63%, constitutes restricted fund balance, which is available for appropriations within the purposes of the funds. The remainder of fund balance is not available for spending because it has already been committed to payment of incurred expenses for future periods of $82,715.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,203,038, while total fund balance was $3,119,579. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. Unassigned fund balance represents approximately 2.2 months of General Fund expenditures, while total fund balance represents approximately 3.1 months of that same amount.

The County ended the fiscal year by decreasing the fund balance of the General Fund by $1,150,818 or approximately 27%. Expenditures were approximately 13% over the final budget and revenues collected were approximately 10% over the final budget.

General Fund Budget Highlights.

The actual revenues exceeded the budget by approximately 10%.

The there were no amendments to the original budget for the General Fund adopted for fiscal year ended June 30, 2012.

Overall, the General Fund expenditures totaled approximately 13% over the budget projections; the Sheriff's and Public Works Departments were significantly over budget. The Sheriff's Department expenses increased due to maintenance of an aging Detention Center and older vehicle fleet, as well as a spike in gasoline prices. The Public Work's Department made significant and much needed roadway improvements that were later reimbursed with SPLOST funds once the lawsuit was decided in the County's favor.

It is anticipated that the General Fund may experience decreased 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 $ 716,559
- Solid Waste $ (1,039,806)

The change in net assets for each fund was $1,085,404 and $(1,370,192), 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 $56,620,921 in capital assets (net of accumulated depreciation). Approximately 67% 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, 2012 are summarized as follows:

Franklin County
Capital Assets (net of accumulated depreciation)
June 30, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Land	$ 4,854,587	$ 4,854,587	$ 399,323	$ 399,323	$ 5,253,910	$ 5,253,910
Land improvements	0	0	29,382	29,382	29,382	29,382
Water lines and towers	0	0	22,025,552	19,765,422	22,025,552	19,765,422
Infrastructure	43,333,674	41,823,250	0	0	43,333,674	41,823,250
Buildings	8,641,749	6,798,398	32,380	1,875,731	8,674,129	8,674,129
Machinery and equipment	2,477,678	2,351,741	323,636	441,875	2,801,314	2,793,616
Vehicles	5,123,336	5,052,073	254,280	268,909	5,377,616	5,320,982
Construction in progress	0	0	0	689,886	0	689,886
Total	64,431,024	60,880,049	23,064,553	23,470,528	87,495,577	84,350,577
Accumulated depreciation	(26,732,789)	(24,567,762)	(4,141,867)	(4,362,256)	(30,874,656)	(28,930,018)
Net Capital Assets	$ 37,698,235	$ 36,312,287	$ 18,922,686	$ 19,108,272	$ 56,620,921	$ 55,420,559

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

- Improvements and expansion of the County's infrastructure
- Improvements to County Buildings
- Equipment for the Sheriff's Department
- Vehicles for the Sheriff's and Fire Departments
- Construction of a new EMS Station 2

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 9 on pages 46-48 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. This bond issue was retired during fiscal year 2012.

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, 2011, the outstanding balance of these bonds was $3,305,000.

At June 30, 2011 Franklin County had total notes payable outstanding in the amount of $1,972,549. The County's total debt decreased by approximately 58% during the course of the fiscal year ended June 30, 2012. The key factor related to the decrease was 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 49-51 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 five years. Several factors were considered during preparation of the budget for fiscal year 2013 including the following:

- Decrease in interest rates for Certificates of Deposit and bank balances
- Further expansion of water lines and addition of water customers
- Decrease in tax revenues due to decrease in net digest
- Increased demands by citizens for road maintenance
- Decrease in Solid Waste facility usage

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, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,172,033	$ 528,111	$ 5,700,144	$ 414,805
Certificates of deposit	1,820,286	0	1,820,286	155,500
Investments	0	0	0	0
Restricted assets				
Cash	833,826	0	833,826	0
Certificates of deposit	0	1,380,258	1,380,258	0
Interest receivable	0	856	856	0
Receivables (net)				
Accounts	173,968	99,218	273,186	79,075
Intergovernmental	75,189	0	75,189	0
Taxes	685,577	0	685,577	2,919
Interest	4,490	0	4,490	985
Notes	0	30,340	30,340	0
Inventory	0	530,863	530,863	0
Prepaid expenses	82,715	0	82,715	0
Internal balances	400,000	(400,000)	0	0
Other assets	0	0	0	0
Total current assets	9,248,084	2,169,646	11,417,730	653,284
Noncurrent assets				
Notes receivable	0	32,987	32,987	0
Capital assets				
Non-depreciable	4,854,587	399,323	5,253,910	1,428,839
Depreciable (net)	32,843,648	18,523,363	51,367,011	2,539,571
Pension assets	794,916	0	794,916	0
Debt issue costs	0	85,466	85,466	0
Total noncurrent assets	38,493,151	19,041,139	57,534,290	3,968,410
Total assets	47,741,235	21,210,785	68,952,020	4,621,694
LIABILITIES				
Current liabilities				
Payables				
Accounts	69,785	0	69,785	4,279
Intergovernmental	1,932,030	0	1,932,030	0
Retainages	0	0	0	0
Interest	0	39,593	39,593	0
Escrow deposits	0	0	0	0
Accrued salaries and expenses	749,374	3,627	753,001	2,121
Compensated absences	407,487	7,100	414,587	38,523
Due to other agencies	5,759	0	5,759	0
Notes payable	0	156,015	156,015	0
Bonds payable	0	250,000	250,000	0
Other liabilities	198,898	0	198,898	0
Total current liabilities	3,363,333	456,335	3,819,668	44,923
Noncurrent liabilities				
Compensated absences	0	0	0	5,095
Notes payable	0	1,816,534	1,816,534	0
Bonds payable	0	3,055,000	3,055,000	0
Post-closure care costs	0	1,179,912	1,179,912	0
Total noncurrent liabilities	0	6,051,446	6,051,446	5,095
Total liabilities	3,363,333	6,507,781	9,871,114	50,018

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	$ 37,698,235	$ 14,964,206	$ 52,662,441	$ 3,968,410
Restricted for:				
Judicial	119,232	0	119,232	0
Public Safety	1,139,967	0	1,139,967	0
Capital outlay	2,635,605	62,045	2,697,650	0
Unrestricted	2,784,863	(323,247)	2,461,616	603,266
Total net assets	$ 44,377,902	$ 14,703,004	$ 59,080,906	$ 4,571,676

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2012

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	$ 2,656,550	$ 338,339	$ 430,901	$ 0	$ (1,887,310)
Judicial	1,422,915	899,917	0	0	(522,998)
Public Safety	6,857,042	2,298,209	247,984	0	(4,310,849)
Public Works	3,533,544	1,810	0	672,008	(2,859,726)
Health and Welfare	333,272	0	132,244	0	(201,028)
Culture and Recreation	532,865	0	0	0	(532,865)
Housing and Development	826,452	0	19,561	0	(806,891)
Interest on long-term debt	16,667	0	0	0	(16,667)
Total governmental activities	16,179,307	3,538,275	830,690	672,008	(11,138,334)
Business-type activities					
Water and Sewer	1,302,406	1,012,040	0	522,363	231,997
Solid Waste	65,878	60,111	0	0	(5,767)
Total business-type activities	1,368,284	1,072,151	0	522,363	226,230
Total primary government	17,547,591	4,610,426	830,690	1,194,371	(10,912,104)
Component Units					
Franklin County Recreation Department					
Culture and Recreation	480,484	123,083	916	275,224	(81,261)
Franklin County Industrial Building Authority					
Housing and Development	1,041,475	0	5,141	0	(1,036,334)
Franklin County Health Department					
Health and Welfare	525,280	222,821	211,632	0	(90,827)
Total component units	2,047,239	345,904	217,689	275,224	(1,208,422)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (11,138,334)	$ 226,230	$ (10,912,104)	$ (1,208,422)
General revenues				
Taxes				
Property	5,382,276	0	5,382,276	156,793
Sales	5,580,029	0	5,580,029	0
Insurance premium	656,427	0	656,427	0
Intangible	78,128	0	78,128	0
Franchise	66,211	0	66,211	0
Real estate transfer	13,951	0	13,951	0
Occupational	12,243	0	12,243	0
Other	4,519	0	4,519	0
Interest and investment earnings	58,837	14,560	73,397	1,214
Payments from Franklin County	0	0	0	301,066
Gain on sale of assets	4,945	0	4,945	0
Other	108,457	577	109,034	4,285
Transfers	526,155	(526,155)	0	0
Total general revenues and transfers	12,492,178	(511,018)	11,981,160	463,358
Change in net assets	1,353,844	(284,788)	1,069,056	(745,064)
Net assets - beginning	43,024,058	14,987,792	58,011,850	5,316,740
Net assets - ending	$ 44,377,902	$ 14,703,004	$ 59,080,906	$ 4,571,676

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

FRANKLIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General	Debt Service	SPLOST IV	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 236,424	$ 0	$ 3,946,394	$ 989,215	$ 5,172,033
Certificates of deposit	1,808,767	0	0	11,519	1,820,286
Receivables (net)					
Accounts	122,938	0	0	51,030	173,968
Intergovernmental	9,710	0	0	65,479	75,189
Taxes	329,903	0	355,675	0	685,578
Interest	4,490	0	0	0	4,490
Prepaid expenses	82,715	0	0	0	82,715
Due from other funds	764,002	0	0	0	764,002
Restricted Assets					
Cash	833,826	0	0	0	833,826
Total assets	$ 4,192,775	$ 0	$ 4,302,069	$ 1,117,243	$ 9,612,087
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	$ 69,786	$ 0	$ 0	$ 0	$ 69,786
Intergovernmental	0	0	1,932,030	0	1,932,030
Excess taxes	198,898	0	0	0	198,898
Accrued salaries and expenses	727,894	0	0	21,480	749,374
Deferred revenue	76,618	0	0	0	76,618
Due to other agencies	0	0	0	5,759	5,759
Due to other funds	0	0	0	364,002	364,002
Total liabilities	1,073,196	0	1,932,030	391,241	3,396,467
Fund balances					
Nonspendable prepaids	82,715	0	0	0	82,715
Restricted for:					
Judicial	0	0	0	119,232	119,232
Public Safety	833,826	0	0	314,051	1,147,877
Capital projects	0	0	2,370,039	265,566	2,635,605
Assigned for:					
Public Safety	0	0	0	27,153	27,153
Unassigned	2,203,038	0	0	0	2,203,038
Total fund balances	3,119,579	0	2,370,039	726,002	6,215,620
Total liabilities and fund balances	$ 4,192,775	$ 0	$ 4,302,069	$ 1,117,243	$ 9,612,087

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, 2012

Total fund balance - total governmental funds		$ 6,215,620
Amounts reported for governmental activities in the statement of net assets are different because:		
Some assets are not financial and, therefore, are not reported in the funds. These are:		
Capital assets, net of accumulated depreciation	$ 37,698,235	
Net pension assets	794,916	38,493,151
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are deferred property taxes.		76,618
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences		(407,487)
Net assets of governmental activities		$ 44,377,902

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, 2012

	General	Debt Service	SPLOST IV	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 8,359,215	$ 0	$ 3,431,687	$ 0	$ 11,790,902
Licenses and permits	6,969	0	0	0	6,969
Fines, fees and forfeitures	1,122,007	0	0	729,762	1,851,769
Charges for services	1,267,986	0	0	411,550	1,679,536
Intergovernmental	1,270,442	0	0	231,964	1,502,406
Interest	45,821	65	231	623	46,740
Other	108,455	0	0	0	108,455
Total revenues	12,180,895	65	3,431,918	1,373,899	16,986,777
EXPENDITURES					
Current					
General Government	2,601,995	0	0	0	2,601,995
Judicial	920,715	0	0	556,775	1,477,490
Public Safety	5,383,832	0	0	1,071,177	6,455,009
Public Works	2,496,794	0	0	0	2,496,794
Health and Welfare	307,184	0	0	0	307,184
Culture and Recreation	229,636	0	0	0	229,636
Housing and Development	73,186	0	0	0	73,186
Capital outlay	0	0	0	32,431	32,431
Debt service	0	4,100,000	0	0	4,100,000
Intergovernmental	0	0	1,932,028	659,924	2,591,952
Total expenditures	12,013,342	4,100,000	1,932,028	2,320,307	20,365,677
Excess (deficiency) of revenues over (under) expenditures	167,553	(4,099,935)	1,499,890	(946,408)	(3,378,900)
Other financing sources (uses)					
Transfers in	77,097	0	0	2,479,895	2,556,992
Transfers out	(1,400,413)	(527,821)	0	(1,426,546)	(3,354,780)
Sales of capital assets	4,945	0	0	0	4,945
Total other financing sources (uses)	(1,318,371)	(527,821)	0	1,053,349	(792,843)
Net change in fund balance	(1,150,818)	(4,627,756)	1,499,890	106,941	(4,171,743)
Fund balances, July 1	4,270,397	4,627,756	870,149	619,061	10,387,363
Fund balances, June 30	$ 3,119,579	$ 0	$ 2,370,039	$ 726,002	$ 6,215,620

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, 2012

Net change in fund balances - total governmental funds			$ (4,171,743)
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.			
Capital outlays	$ 1,599,973		
Depreciation expense	(1,537,969)		62,004
Contributions of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.			1,323,944
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. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.			
Debt prinicipal repayments	$ 4,000,000		
Debt proceeds	0		
Amortization of bonds premium	12,391		
Amortization of debt issue costs	(4,507)		
Net change in interest payable	83,333		4,091,217
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred.			2,882
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. These include the net change in pension assets.			14,248
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.			31,292
Change in net assets of governmental activities			$ 1,353,844

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, 2012

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 7,780,644	$ 7,780,644	$ 8,359,215	$ 578,571
Licenses and permits	10,700	10,700	6,969	(3,731)
Fines, fees and forfeitures	1,652,800	1,652,800	1,122,007	(530,793)
Charges for services	1,262,500	1,262,500	1,267,986	5,486
Intergovernmental	182,362	182,362	1,270,442	1,088,080
Interest	10,000	10,000	45,821	35,821
Other	150,000	150,000	108,455	(41,545)
Total revenues	11,049,006	11,049,006	12,180,895	1,131,889
EXPENDITURES				
Current				
General Government				
Commission Board	81,704	81,704	82,359	(655)
County Manager's Office	268,284	268,284	253,724	14,560
General Building and Plant	151,941	151,941	127,553	24,388
General Administration	1,270,460	1,270,460	1,268,231	2,229
Tax Commissioner	310,660	310,660	294,933	15,727
Tax Assessor	375,651	375,651	359,497	16,154
Registrar	135,660	135,660	114,318	21,342
County Engineer	103,292	103,292	101,380	1,912
Judicial				
Probate Court	236,232	236,232	227,907	8,325
Magistrate Court	168,416	168,416	160,874	7,542
Superior Court	252,737	252,737	213,425	39,312
Superior Court Judge	14,500	14,500	13,484	1,016
Clerk of Superior Court	244,951	244,951	206,372	38,579
District Attorney	39,261	39,261	38,763	498
Public Defender	79,478	79,478	59,890	19,588
Public Safety				
Fire Departments	305,620	305,620	303,762	1,858
Coroner Services	31,548	31,548	27,110	4,438
Emergency Medical Service	1,632,278	1,632,278	1,598,327	33,951
Emergency Management	15,453	15,453	15,491	(38)
County Marshal	49,634	49,634	45,396	4,238
Sheriff's Department	3,132,546	3,132,546	3,363,746	(231,200)
Animal Shelter	30,000	30,000	30,000	0
Public Works				
Highways and Streets	986,080	986,080	2,496,794	(1,510,714)
Health and Welfare				
Senior Center	203,418	203,418	182,612	20,806
Foster Care Services	61,010	61,010	20,696	40,314
Health Department	103,431	103,431	103,876	(445)
Culture and Recreation				
Recreation Department	200,000	200,000	199,636	364
Library Board	30,000	30,000	30,000	0
Housing and Development				
County Agent	66,829	66,829	60,408	6,421
Forestry Service	7,772	7,772	11,381	(3,609)
Planning and Zoning	11,000	11,000	1,397	9,603
Total expenditures	10,599,846	10,599,846	12,013,342	(1,413,496)

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, 2012

	Budget			Variance with
	Original	Final	Actual	Final Budget
Excess (deficiency) of revenues over expenditures	$ 449,160	$ 449,160	$ 167,553	$ (281,607)
Other financing sources (uses)				
Transfers in	0	0	77,097	77,097
Transfers out	(459,160)	(459,160)	(1,400,413)	(941,253)
Sale of capital assets	10,000	10,000	4,945	(5,055)
Total other financing sources (uses)	(449,160)	(449,160)	(1,318,371)	(869,211)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(1,150,818)	(1,150,818)
Fund balances, July 1	0	0	4,270,397	4,270,397
Fund balances, June 30	$ 0	$ 0	$ 3,119,579	$ 3,119,579

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 450,706	$ 77,405	$ 528,111
Restricted assets			
Certicates of deposit	1,380,258	0	1,380,258
Interest	856	0	856
Receivables			
Accounts (net)	99,218	0	99,218
Notes	0	30,340	30,340
Inventory	530,863	0	530,863
Total current assets	2,461,901	107,745	2,569,646
Noncurrent assets			
Notes receivable	0	32,987	32,987
Capital assets			
Non-depreciable	20,347	378,976	399,323
Depreciable (net)	18,512,798	10,565	18,523,363
Debt issue costs (net)	85,466	0	85,466
Total noncurrent assets	18,618,611	422,528	19,041,139
Total assets	21,080,512	530,273	21,610,785
LIABILITIES			
Current liabilities			
Interest payable	39,593	0	39,593
Accrued salaries	3,132	495	3,627
Compensated absences	6,969	131	7,100
Notes payable	156,015	0	156,015
Bonds payable	250,000	0	250,000
Due to other funds	400,000	0	400,000
Total current liabilities	855,709	626	856,335
Noncurrent liabilities			
Notes payable	1,816,534	0	1,816,534
Bonds payable	3,055,000	0	3,055,000
Post-closure care costs	0	1,179,912	1,179,912
Total noncurrent liabilities	4,871,534	1,179,912	6,051,446
Total liabilities	5,727,243	1,180,538	6,907,781
NET ASSETS			
Invested in capital assets, net of related debt	14,574,665	389,541	14,964,206
Restricted for capital outlay	62,045	0	62,045
Unrestricted	716,559	(1,039,806)	(323,247)
Total net assets	$ 15,353,269	$ (650,265)	$ 14,703,004

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, 2012

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	$ 1,012,040	$ 60,111	$ 1,072,151
Miscellaneous revenue	577	0	577
Total operating revenues	1,012,617	60,111	1,072,728
OPERATING EXPENSES			
Costs of sales and services	618,465	29,294	647,759
Personal services	112,800	27,170	139,970
Depreciation	428,497	3,387	431,884
Other	11,087	267	11,354
Total operating expenses	1,170,849	60,118	1,230,967
Operating income (loss)	(158,232)	(7)	(158,239)
Non-operating revenues (expenses)			
Interest revenue	14,523	37	14,560
Distribution of capital assets	0	(1,346,539)	(1,346,539)
Payments to other agencies	0	(5,760)	(5,760)
Interest expense	(124,509)	0	(124,509)
Amortization	(7,048)	0	(7,048)
Total non-operating revenues (expenses)	(117,034)	(1,352,262)	(1,469,296)
Net income (loss) before capital contributions and transfers	(275,266)	(1,352,269)	(1,627,535)
Capital contributions			
Capital contributions	22,596	0	22,596
Intergovernmental	522,363	0	522,363
Total capital contributions	544,959	0	544,959
Net income (loss) before transfers	269,693	(1,352,269)	(1,082,576)
Transfers in (out)			
Transfers in	815,711	0	815,711
Transfers out	0	(17,923)	(17,923)
Total transfers	815,711	(17,923)	797,788
Change in net assets	1,085,404	(1,370,192)	(284,788)
Net assets, July 1	14,267,865	719,927	14,987,792
Net assets, June 30	$ 15,353,269	$ (650,265)	$ 14,703,004

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, 2012

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	$ 1,012,090	$ 60,111	$ 1,072,201
Payments to suppliers	(683,845)	(29,294)	(713,139)
Payments to employees	(114,375)	(27,256)	(141,631)
Other receipts	577	0	577
Other payments	(11,087)	(267)	(11,354)
Net cash provided (used) by operating activities	203,360	3,294	206,654
Cash flows from non-capital financing activities:			
Receipts from other funds	130,114	0	130,114
Payments to other funds	0	(17,922)	(17,922)
Payments for post-closure costs of landfill	0	(19,560)	(19,560)
Payments to other agencies	0	(5,760)	(5,760)
Net cash provided (used) by non-capital financing activities	130,114	(43,242)	86,872
Cash flows from capital and related financing activities:			
Receipts from other governments	522,363	0	522,363
Interest paid	(127,444)	0	(127,444)
Acquisition of capital assets	(1,570,242)	0	(1,570,242)
Payment of capital related accounts payable	(82,548)	0	(82,548)
Issuance of notes payable	582,290	0	582,290
Debt issue costs	(9,706)	0	(9,706)
Principal payment - bonds payable	(240,000)	0	(240,000)
Principal payment - notes payable	(129,326)	0	(129,326)
Net cash provided (used) by capital and related financing activities	(1,054,613)	0	(1,054,613)
Cash flows from investing activities:			
Interest received	19,244	37	19,281
Proceeds from sale of investments	1,880,873	0	1,880,873
Purchase of investments	(1,380,258)	0	(1,380,258)
Net cash provided (used) by investing activities	519,859	37	519,896
Net increase (decrease) in cash and cash equivalents	(201,280)	(39,911)	(241,191)
Cash and cash equivalents, July 1	651,986	117,316	769,302
Cash and cash equivalents, June 30	$ 450,706	$ 77,405	$ 528,111
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (158,232)	$ (7)	$ (158,239)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	428,497	3,387	431,884
(Increase) decrease in accounts receivable	50	0	50
(Increase) decrease in inventory	(65,380)	0	(65,380)
(Increase) decrease in notes receivable	0	0	0
Increase (decrease) in accounts payable	0	0	0
Increase (decrease) in accrued liabilities	(1,575)	(86)	(1,661)
Total adjustments	361,592	3,301	364,893
Net cash provided (used) by operating activities	$ 203,360	$ 3,294	$ 206,654

Noncash investing, capital, and financing activities:

Contributions of capital assets from government totaled $22,596 for the fiscal year ended June 30, 2012.
Distributions of capital assets to government totaled $1,346,539 for the fiscal year ended June 30, 2012.

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2012

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 541,980
LIABILITIES	
Due to other agencies	$ 541,980

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

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2012

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department	Totals
ASSETS				
Current assets				
Cash and cash equivalents	$ 21,931	$ 162,737	$ 230,137	$ 414,805
Certificates of deposit	0	155,500	0	155,500
Receivables (net)				
Accounts	0	27,464	51,611	79,075
Taxes	0	2,919	0	2,919
Interest	0	985	0	985
Total current assets	21,931	349,605	281,748	653,284
Noncurrent assets				
Capital assets				
Non-depreciable	113,750	1,315,089	0	1,428,839
Depreciable (net)	2,539,571	0	0	2,539,571
Total noncurrent assets	2,653,321	1,315,089	0	3,968,410
Total assets	2,675,252	1,664,694	281,748	4,621,694
LIABILITIES				
Current liabilities				
Accounts payable	0	0	4,279	4,279
Accrued salaries and expenses	0	2,121	0	2,121
Compensated absences	12,965	1,558	24,000	38,523
Total current liabilities	12,965	3,679	28,279	44,923
Noncurrent liabilities				
Compensated absences	0	0	5,095	5,095
Total liabilities	12,965	3,679	33,374	50,018
NET ASSETS				
Invested in capital assets, net of related debt	2,653,321	1,315,089	0	3,968,410
Unrestricted	8,966	345,926	248,374	603,266
Total net assets	$ 2,662,287	$ 1,661,015	$ 248,374	$ 4,571,676

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, 2012

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department	Totals
Expenses				
Health and Welfare	$ 0	$ 0	$ 525,280	$ 525,280
Culture and Recreation	480,484	0	0	480,484
Housing and Development	0	1,041,475	0	1,041,475
Total expenses	480,484	1,041,475	525,280	2,047,239
Program revenues				
Charges for services	123,083	0	222,821	345,904
Operating grants and contributions	916	5,141	211,632	217,689
Capital grants and contributions	275,224	0	0	275,224
Total program revenues	399,223	5,141	434,453	838,817
Net (expense) revenue	(81,261)	(1,036,334)	(90,827)	(1,208,422)
General revenues				
Property taxes	0	156,793	0	156,793
Interest	5	1,209	0	1,214
Payments from Franklin County	199,635	0	101,431	301,066
Miscellaneous	542	3,743	0	4,285
Total general revenues	200,182	161,745	101,431	463,358
Change in net assets	118,921	(874,589)	10,604	(745,064)
Net assets, July 1	2,543,366	2,535,604	237,770	5,316,740
Net assets, June 30	$ 2,662,287	$ 1,661,015	$ 248,374	$ 4,571,676

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 since all services benefit Franklin County. 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 since all services benefit Franklin County. 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 since all services benefit Franklin County. 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). 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 appointed 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). 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. Franklin County appoints members to the Franklin County Health Department Board. 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. 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 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.

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.

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

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. Agency funds have no measurement focus. Accordingly, all the County's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The types of transactions reported as program revenues for the County are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

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

2. Summary of Significant Accounting Policies (continued)

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

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.

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.

2. Summary of Significant Accounting Policies (continued)

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

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.

Special Purpose Local Option Sales Tax IV 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 2010 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.

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).

2. Summary of Significant Accounting Policies (continued)

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

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).

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.

2. Summary of Significant Accounting Policies (continued)

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

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.

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. The County did not adopt a budget for the Debt Service Fund for fiscal year 2012.

Each year in April, 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.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

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.

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, 2011, are recorded as prepaid items.

2. Summary of Significant Accounting Policies (continued)

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.

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 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. Prior to July 1, 2006, neither their historical costs, nor related depreciation, had been reported in the financial statements. The County implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007. The County elected to report general infrastructure assets placed into service prior to July 1, 1980.

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. Fund Balances – Governmental Funds

Franklin County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Commissioners, Franklin County's highest level of decision making authority, which include the language "committed for the purpose of". Commitments may be modified or rescinded only through adoption of a subsequent resolution. A resolution committing amounts must be adopted prior to the end of the fiscal year; however, the amount to be committed may be determined within 90 days of fiscal year-end.

Assigned – includes amounts that the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the County's adopted policy, amounts may be assigned by the County Manager, under the authorization of the Board of Commissioners, through a written memorandum. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year's budget shall constitute assignments and are documented by adoption of the County's annual operating budget. Equity amounts reported in special revenue funds, capital project funds, debt service funds, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

2. Summary of Significant Accounting Policies (continued)

K. Fund Balances – Governmental Funds, continued

Unassigned – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

For the purposes of fund balance classification, the County considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, then committed amounts are spent first, followed by assigned amounts, and then unassigned amounts.

L. 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.

M. 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.

2. Summary of Significant Accounting Policies (continued)

M. Long-Term Obligations, continued

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.

N. 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.

O. 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.

P. 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 2011 amounts have been reclassified to conform with the 2012 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.

3. Deposit and Investment Risk (continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

4. Accounts Receivable

Net accounts receivable at June 30, 2012, consist of the following:

Primary Government:		
Major Funds		
General Fund	$ 194,779	
Less: Allowance for Uncollectibles	(71,841)	$ 122,938
Enterprise Funds		
Water and Sewer	126,087	
Less: Allowance for Uncollectibles	(26,869)	99,218
Nonmajor Funds		
Emergency 911 Special Revenue Fund		51,030
Total primary government		$ 273,186
Component Units		
Franklin County Industrial Building Authority	$ 27,464	
Franklin County Health Department	51,611	$ 79,075

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2012, consist of the following:

Major Funds		
General Fund		
Franklin-Hart Airport Authority	$ 1,129	
Franklin County Industrial Building Authority	7,183	
Northern Judicial Circuit Public Defender's Office	1,398	$ 9,710
Nonmajor Funds		
Special Revenue Funds		
MANS Unit		
Georgia Criminal Justice Coordinating Council	25,344	
Probation Services		
Northern Judicial Circuit	40,135	65,479
Total primary government		$ 75,189

6. Taxes Receivable

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 2012, based upon the assessments of January 1, 2011, were levied on July 22, 2011, billed on August 15, 2011, and due on November 15, 2011. Tax liens may be issued 90 days after the due date.

Taxes receivable as of June 30, 2012, consist of property taxes for seven years as follows:

Year of Levy	Franklin County	Franklin County Industrial Building Authority
2011	$ 117,196	$ 3,479
2010	29,882	883
2009	13,224	447
2008	8,051	106
2007	5,683	0
2006	5,031	0
2005	4,795	0
	183,862	4,915
Less allowance for uncollectible	(76,618)	(1,996)
Total	$ 107,244	$ 2,919

Other Taxes

$578,333 of sales taxes are also included in taxes receivable.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2012, is as follows:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	$ 400,000
	Nonmajor Governmental	364,002
Subtotal		$ 764,002

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, 2012, is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	Water and Sewer	$ 815,711
	Nonmajor Governmental	584,702
Nonmajor Governmental	General	59,174
	Nonmajor Governmental	1,367,372
Debt Service	Nonmajor Governmental	527,821
Solid Waste	General	17,923
		$ 3,372,703

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. Notes Receivable

During fiscal year 2010, the County entered into a host fee agreement with Earth Resources of Franklin County, LLC, which operates a construction and demolition landfill in the County. State law requires that private landfill operators collect and remit host fees to the local host government. Earth Resources had collect, but not remit, the fees required by state law since it began operations in 2008. In accordance with the host fee agreement, Earth Resources agreed to remit to the County all fees related to the continued operations of the landfill, as well as all fee owed to the County. The host fee agreement allows Earth Resources to remit amounts owed over 60 months, beginning in October 2010; Earth Resources further agreed to pay 5.25% interest on amounts owed, beginning in October 2010. Earth Resources has not made payments since February 2011; the County expects to receive the balance owed in full.

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	$ 30,340	$ 6,004	$ 36,344
2014	14,182	1,394	15,576
2015	14,945	631	15,576
2016	3,860	33	3,893
Totals	$ 63,327	$ 8,062	$ 71,389

9. Capital Assets

Capital asset activity for the primary government for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/2011	Increases	Decreases	Balance 6/30/2012
Governmental Activities				
Nondepreciable assets				
Land	$ 4,854,587	$ 0	$ 0	$ 4,854,587
Depreciable assets				
Infrastructure	41,823,250	1,510,424	0	43,333,674
Buildings	6,798,398	1,843,351	0	8,641,749
Machinery and equipment	2,351,741	140,153	(14,216)	2,477,678
Vehicles	5,052,073	82,263	(11,000)	5,123,336
Total depreciable assets	56,025,462	3,576,191	(25,216)	59,576,437
Accumulated Depreciation				
Infrastructure	(16,063,888)	(843,219)	0	(16,907,107)
Buildings	(2,411,563)	(738,108)	0	(3,149,671)
Machinery and equipment	(1,841,449)	(316,336)	14,216	(2,143,569)
Vehicles	(4,250,862)	(292,580)	11,000	(4,532,442)
Total accumulated depreciation	(24,567,762)	(2,190,243)	25,216	(26,732,789)
Total depreciable assets, net	31,457,700	1,385,948	0	32,843,648
Governmental Activities capital assets, net	$ 36,312,287	$ 1,385,948	$ 0	$ 37,698,235
Business-type Activities				
Nondepreciable assets				
Land	$ 399,323	$ 0	$ 0	$ 399,323
Construction in progress	689,886	0	(689,886)	0
Total non-depreciable assets	1,089,209	0	(689,886)	399,323
Depreciable assets				
Land improvements	29,382	0	0	29,382
Distribution system	19,765,424	2,260,128	0	22,025,552
Buildings	1,875,731	0	(1,843,351)	32,380
Machinery and equipment	441,874	0	(118,238)	323,636
Vehicles	268,909	0	(14,629)	254,280
Total depreciable assets	22,381,320	2,260,128	(1,976,218)	22,665,230
Accumulated Depreciation				
Land improvements	(16,975)	(1,959)	0	(18,934)
Distribution system	(3,162,032)	(408,416)	0	(3,570,448)
Buildings	(526,186)	(810)	520,564	(6,432)
Machinery and equipment	(388,155)	(20,699)	117,081	(291,773)
Vehicles	(268,909)	0	14,629	(254,280)
Total accumulated depreciation	(4,362,257)	(431,884)	652,274	(4,141,867)
Total depreciable assets, net	18,019,063	1,828,244	(1,323,944)	18,523,363
Business-type Activities capital assets, net	$ 19,108,272	$ 1,828,244	$ (2,013,830)	$ 18,922,686

9. Capital Assets (continued)

Capital asset activity for the Recreation Department and Industrial Building Authority Component Units for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/2011	Increases	Decreases	Balance 6/30/2012
Recreation Department Component Unit				
Nondepreciable assets				
Land	$ 113,750	$ 0	$ 0	$ 113,750
Depreciable assets				
Land improvements	955,207	273,224	0	1,228,431
Buildings	2,047,055	0	0	2,047,055
Machinery and equipment	101,819	0	0	101,819
Vehicles	21,283	0	0	21,283
Total depreciable assets	3,125,364	273,224	0	3,398,588
Accumulated Depreciation				
Land improvements	(447,011)	(69,674)	0	(516,685)
Buildings	(214,042)	(51,176)	0	(265,218)
Machinery and equipment	(53,502)	(9,205)	0	(62,707)
Vehicles	(11,350)	(3,057)	0	(14,407)
Total accumulated depreciation	(725,905)	(133,112)	0	(859,017)
Total depreciable assets, net	2,399,459	140,112	0	2,539,571
Recreation Department Component Unit capital assets, net	$ 2,513,209	$ 140,112	$ 0	$ 2,653,321
Industrial Building Authority Component Unit				
Nondepreciable assets				
Land	$ 3,507,321	$ 0	$ (2,192,232)	$ 1,315,089
Depreciable assets				
Buildings	362,194	0	(362,194)	0
Land improvements	50,125	0	(50,125)	0
Total depreciable assets	412,319	0	(412,319)	0
Accumulated Depreciation				
Land improvements	(11,674)	(1,949)	13,623	0
Total accumulated depreciation	(11,674)	(1,949)	13,623	0
Total depreciable assets, net	400,645	(1,949)	(398,696)	0
Industrial Building Authority Component Unit capital assets, net	$ 3,907,966	$ (1,949)	$ (2,590,928)	$ 1,315,089

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 71,266
Judicial	136
Public Safety	430,423
Public Works	1,010,091
Health and Welfare	24,794
Housing and Development	1,259
Total depreciation expense for governmental activities	$ 1,537,969
Business-type activities	
Water and Sewer	428,497
Solid Waste	3,387
Total depreciation expense for business-type activities	$ 431,884
Recreation Department Component Unit	$ 133,112
Industrial Building Authority Component Unit	$ 1,949

	Governmental Activities
Current year depreciation expense	$ 1,537,969
Prior accumulated depreciation on assets transferred from business-type to governmental activities	652,274
Additions to accumulated depreciation	$ 2,190,243

10. Other Liabilities

At June 30, 2012, the County had $198,898 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.

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issue at June 30, 2011:

$4,190,000 2008 Franklin County Water and Sewerage Authority series revenue bonds due in annual installments of $250,000 to $355,000 through March 1, 2023; interest at 3.599% ($3,305,000 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
2013	$ 250,000	$ 118,947	$ 368,947
2014	260,000	109,949	369,949
2015	270,000	100,592	370,592
2016	280,000	90,875	370,875
2017	285,000	80,798	365,798
2018 - 2022	1,605,000	241,133	1,846,133
2023	355,000	12,776	367,776
Totals	$ 3,305,000	$ 755,070	$ 4,060,070

11. Long-Term Debt (continued)

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, 2012, the balance of this note is $1,390,259. Quarterly installments of $32,332 principal are due through March 1, 2023; interest at 0%.

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 $582,290. At June 30, 2012, the balance of this note is $582,290. Monthly installments of $2,426 principal are due through July 1, 2033; interest at 0%.

Annual debt service requirements for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	$ 156,015	$ 0	156,015
2014	158,441	0	158,441
2015	158,441	0	158,441
2016	158,441	0	158,441
2017	158,441	0	158,441
2018-2022	792,205	0	792,205
2023-2027	242,575	0	242,575
2028-2032	145,575	0	145,575
2033	2,415	0	2,415
Totals	$ 1,972,549	$ 0	$ 1,972,549

11. Long-Term Debt (continued)

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2012:

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012	Due Within One Year
Governmental activities					
General obligation bonds	$ 4,000,000	$ 0	$ (4,000,000)	$ 0	$ 0
Unamortized bond premium	12,391	0	(12,391)	0	0
Compensated absences	438,779	407,487	(438,779)	407,487	407,487
Total Governmental activities	$ 4,451,170	$ 407,487	$ (4,451,170)	$ 407,487	$ 407,487
Business-type activities					
Notes payable	$ 1,519,585	$ 582,290	$ (129,326)	$ 1,972,549	$ 156,015
Bonds payable	3,545,000	0	(240,000)	3,305,000	250,000
Post-closure care costs	1,199,472	0	(19,560)	1,179,912	0
Compensated absences	8,181	7,100	(8,181)	7,100	0
Total business-type activities	$ 6,272,238	$ 589,390	$ (397,067)	$ 6,464,561	$ 406,015
Recreation Department Component Unit					
Compensated absences	$ 13,010	$ 12,965	$ (13,010)	$ 12,965	$ 12,965
Industrial Buildling Authority Component Unit					
Notes payable	$ 1,616,264	$ 0	$ (1,616,264)	$ 0	$ 0
Compensated absences	1,558	1,558	(1,558)	1,558	1,558
Total Industrial Building Authority Component Unit	$ 1,617,822	$ 1,558	$ (1,617,822)	$ 1,558	$ 1,558

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. Conduit Debt

On December 15, 2010, the Franklin County Industrial Building Authority issued the Series 2010 Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of a medical facility deemed to be in the public interest. The Authority has acquired the property financed and leased it back to the private-sector entity under a lease agreement with payments sufficient to pay principal and interest on the bonds; upon repayment of the bonds, ownership of the acquired facilities will transfer to the private-sector entity. Neither the Authority nor the State of Georgia, or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, the principal amount payable is $39,000,000; the original issue amount totaled $39,000,000.

13. Landfill Post-Closure Care Costs

The County closed its solid 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 $1,179,912 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.

14. Deficit Equity Balances

Business-type Activities

At June 30, 2011, the Solid Waste Enterprise Fund has negative net assets of $650,265. 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. Changes in Beginning Balances

Agency Funds

Prior period adjustments have been made to decrease accounts receivable for fines receivable that are no longer being reported. Fines are not susceptible to accrual because they generally are not measureable until received. These adjustments decreased beginning assets and liabilities by $65,516, $537,202, and $74,367, in the Magistrate Court, Probate Court, and Clerk of Superior Court Agency Funds, respectively.

16. 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.

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 hired before March 7, 2011, 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.

16. Pension Plan (continued)

Plan Description and Contribution Information, continued

Current Membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	31
Terminated vested participants entitled to but not yet receiving benefits	74
Active participants	135
Total number of participants	240

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 12.6% 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.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2011. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	7.75%
Projected salary increases due to:	
Inflation	3.0%
Merit	1.0%-3.5%
Post-retirement benefit increases	none
Life expectancy before and after retirement (Group Annuity Mortality table)	1983

16. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

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, 2011, was 10 years.

The County's annual pension cost and net pension obligations for the current year ended June 30, 2012, were as follows:

Annual required contribution	$ 591,037
Interest on net pension obligation	(60,502)
Adjustment to ARC	64,736
Annual pension cost	595,271
Contributions made	609,519
Increase (decrease) in net pension obligation	(14,248)
Net pension obligation - beginning of year	(780,668)
Net pension obligation - end of year	$ (794,916)

16. 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
2006	$ 227,873	107%	$ (63,823)
2007	390,281	256%	(673,542)
2008	462,421	108%	(709,809)
2009	542,963	107%	(748,882)
2010	584,473	105%	(780,668)
2011	595,271	102%	(794,916)

Schedule of Funding Progress

Plan Year Ended 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)
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%
2008	2,900,000	4,187,012	1,287,012	69.3%	3,312,499	38.9%
2009	3,477,734	4,902,948	1,425,214	70.9%	3,951,478	36.1%
2010	4,128,820	5,479,524	1,350,704	75.3%	4,617,541	29.3%
2011	4,766,301	5,854,156	1,087,855	81.4%	4,820,598	22.6%

17. Deferred Compensation Plans

The County 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.

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 fiscal year ended June 30, 2012, the County contributed $8,221 to the Plans, based on covered salaries of $2,568,983. Total payroll was $6,430,428. Plan members made voluntary contributions of $120,280.

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.

18. 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, 2011 follows:

Lodging tax receipts	$	41	
Disbursements for tourism	$	41	100% of tax receipts

19. 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 $0 to the Airport during the year ended June 30, 2012. A copy of the Airport financial statements can be obtained from Franklin-Hart Airport, 710 Hartwell Street, Royston, Georgia 30662.

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the year ended June 30, 2012, the County paid $17,087 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC 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 GMRC financial statements can be obtained from GMRC, 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, 2012. Separate financial statements may be obtained from Joint Development Authority of Hart, Franklin, and Stephens Counties, Georgia, PO Box 793, Hartwell, Georgia 30643.

20. 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

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.

21. Commitments and Contingencies

Contingencies

◊ 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.

◊ 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.

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

During the fiscal year ended June 30, 2012, the County incurred expenditures in the following General Fund departments that were materially in excess of the amounts appropriated.

Department	Budget	Actual	Variance
General Fund			
Sheriff's Department	$ 3,132,546	$ 3,363,746	$ (231,200)
Highways and Streets	986,080	2,496,794	(1,510,714)
Forestry Service	7,772	11,381	(3,609)

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.

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COMBINING STATEMENTS

Nonmajor Governmental Funds

FRANKLIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue			
	Emergency 911	**Drug Enforcement**	**Inmate Welfare**	**Law Library**
ASSETS				
Cash and cash equivalents	$ 321,470	$ 116,934	$ 22,283	$ 107,713
Certificates of deposit	0	0	0	11,519
Receivables				
Accounts	51,030	0	0	0
Intergovernmental	0	0	0	0
Total assets	$ 372,500	$ 116,934	$ 22,283	$ 119,232
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued salaries	$ 12,790	$ 0	$ 0	$ 0
Due to other agencies	0	0	0	0
Due to other funds	332,557	0	0	0
Total liabilities	345,347	0	0	0
Fund balances				
Restricted for:				
Judicial	0	0	0	119,232
Public Safety	0	116,934	22,283	0
Capital projects	0	0	0	0
Assigned for Public Safety	27,153	0	0	0
Total fund balances	27,153	116,934	22,283	119,232
Total liabilities and fund balances	$ 372,500	$ 116,934	$ 22,283	$ 119,232

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
MANS Unit	Probation Service	SPLOST II	SPLOST III	
$ 155,249	$ 0	$ 85,566	$ 180,000	$ 989,215
0	0	0	0	11,519
0	0	0	0	51,030
25,344	40,135	0	0	65,479
$ 180,593	$ 40,135	$ 85,566	$ 180,000	$ 1,117,243
$ 0	$ 8,690	$ 0	$ 0	$ 21,480
5,759	0	0	0	5,759
0	31,445	0	0	364,002
5,759	40,135	0	0	391,241
0	0	0	0	119,232
174,834	0	0	0	314,051
0	0	85,566	180,000	265,566
0	0	0	0	27,153
174,834	0	85,566	180,000	726,002
$ 180,593	$ 40,135	$ 85,566	$ 180,000	$ 1,117,243

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2012

	Special Revenue			
	Emergency 911	**Drug Enforcement**	**Inmate Welfare**	**Law Library**
REVENUES				
Fines, fees, and forfeitures	$ 0	$ 110,383	$ 0	$ 13,367
Charges for services	364,158	0	47,392	0
Intergovernmental	0	0	0	0
Interest	23	45	0	453
Total revenues	364,181	110,428	47,392	13,820
EXPENDITURES				
Current				
Judicial	0	0	0	5,310
Public Safety	753,499	5,214	38,583	0
Capital outlay	0	0	0	0
Intergovernmental	0	0	0	0
Total expenditures	753,499	5,214	38,583	5,310
Excess (deficiency) of revenues over (under) expenditures	(389,318)	105,214	8,809	8,510
Other financing sources (uses)				
Transfers in	389,318	0	0	0
Transfers out	0	(10,000)	0	0
Total other financing sources (uses)	389,318	(10,000)	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	95,214	8,809	8,510
Fund balances, July 1	27,153	21,720	13,474	110,722
Fund balances, June 30	$ 27,153	$ 116,934	$ 22,283	$ 119,232

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
MANS Unit	Probation Service	SPLOST II	SPLOST III	
$ 5,373	$ 600,639	$ 0	$ 0	$ 729,762
0	0	0	0	411,550
231,964	0	0	0	231,964
40	0	60	2	623
237,377	600,639	60	2	1,373,899
0	551,465	0	0	556,775
273,881	0	0	0	1,071,177
0	0	0	32,431	32,431
0	0	0	659,924	659,924
273,881	551,465	0	692,355	2,320,307
(36,504)	49,174	60	(692,353)	(946,408)
13,982	0	181,402	1,895,193	2,479,895
0	(49,174)	(1,367,372)	0	(1,426,546)
13,982	(49,174)	(1,185,970)	1,895,193	1,053,349
(22,522)	0	(1,185,910)	1,202,840	106,941
197,356	0	1,271,476	(1,022,840)	619,061
$ 174,834	$ 0	$ 85,566	$ 180,000	$ 726,002

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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, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 236,424	$ 356,381
Certificates of deposit	1,808,767	1,789,087
Receivables (net)		
Accounts	122,938	183,005
Intergovernmental	9,710	25,037
Taxes	329,903	324,468
Interest	4,490	8,519
Prepaid items	82,715	82,715
Due from other funds	764,002	1,770,745
Restricted Assets		
Cash	833,826	744,918
Total assets	$ 4,192,775	$ 5,284,875
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 69,786	$ 15,131
Excess taxes	198,898	207,062
Accrued salaries and expenses	727,894	718,549
Deferred revenue	76,618	73,736
Total liabilities	1,073,196	1,014,478
Fund balances		
Nonspendable prepaid items	82,715	82,715
Restricted for Public Safety	833,826	744,918
Unassigned	2,203,038	3,442,764
Total fund balances	3,119,579	4,270,397
Total liabilities and fund balances	$ 4,192,775	$ 5,284,875

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
REVENUES		
Taxes	$ 8,359,215	$ 8,514,974
Licenses and permits	6,969	9,196
Fines, fees and forfeitures	1,122,007	1,310,627
Charges for services	1,267,986	1,292,358
Intergovernmental	1,270,442	167,005
Interest	45,821	35,684
Other	108,455	39,391
Total revenues	12,180,895	11,369,235
EXPENDITURES		
Current		
General Government	2,601,995	2,777,894
Judicial	920,715	913,538
Public Safety	5,383,832	5,504,794
Public Works	2,496,794	1,342,119
Health and Welfare	307,184	327,835
Culture and Recreation	229,636	263,416
Housing and Development	73,186	70,884
Debt Service	0	1,010
Total expenditures	12,013,342	11,201,490
Excess (deficiency) of revenues over (under) expenditures	167,553	167,745
Other financing sources (uses)		
Transfers in (out) -		
E911 Fund	(389,318)	(346,135)
MANS Unit Fund	(13,982)	(13,982)
Drug Enforcement Fund	10,000	1,383
Public Defender Fund	0	(39,573)
Probation Services Fund	49,174	24,444
SPLOST II Fund	(181,402)	0
Water and Sewer Fund	(815,711)	(249,371)
Solid Waste Fund	17,923	(15,678)
Sales of capital assets	4,945	0
Total other financing sources (uses)	(1,318,371)	(638,912)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,150,818)	(471,167)
Fund balances, July 1	4,270,397	4,741,564
Fund balances, June 30	$ 3,119,579	$ 4,270,397

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 4,377,544	$ 4,639,386	$ 261,842	$ 4,958,831
Motor vehicle tax	500,000	549,351	49,351	504,328
Mobile home tax	50,000	43,405	(6,595)	61,910
Cost, penalties, and interest	100,100	145,044	44,944	173,341
Total general property tax	5,027,644	5,377,186	349,542	5,698,410
Intangibles tax	55,000	78,128	23,128	63,699
Real estate transfer tax	10,000	13,951	3,951	10,965
Local option sales tax	1,900,000	2,148,342	248,342	1,943,202
Insurance premium	700,000	656,427	(43,573)	696,913
Franchise tax	60,000	66,211	6,211	78,205
Occupational tax	20,000	12,243	(7,757)	13,745
Other taxes	7,500	6,686	(814)	9,778
Hotel/motel tax	500	41	(459)	57
Total taxes	7,780,644	8,359,215	578,571	8,514,974
Licenses and Permits				
Building and inspection permits	6,000	5,100	(900)	4,655
Other permits	4,700	1,869	(2,831)	4,541
Total licenses and permits	10,700	6,969	(3,731)	9,196
Fines, fees and forfeitures	1,652,800	1,122,007	(530,793)	1,310,627
Charges for Services				
Emergency medical services	820,000	750,315	(69,685)	776,804
Tax collection commissions	300,000	290,927	(9,073)	298,366
Sheriff services	62,000	147,891	85,891	151,429
Prisoner board	40,000	36,000	(4,000)	37,713
Other	40,500	42,853	2,353	28,046
Total charges for services	1,262,500	1,267,986	5,486	1,292,358
Intergovernmental				
Grants and receipts	182,362	1,270,442	1,088,080	167,005
Interest	10,000	45,821	35,821	35,684
Other	150,000	108,455	(41,545)	39,391
Total revenues	$ 11,049,006	$ 12,180,895	$ 1,131,889	$ 11,369,235

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Commission Board				
Personal services	$ 75,604	$ 72,659	$ 2,945	$ 73,530
Supplies and materials	6,100	9,700	(3,600)	6,622
Total Commission Board	81,704	82,359	(655)	80,152
County Manager's Office				
Personal services	241,884	226,588	15,296	272,209
Contract services	17,350	18,447	(1,097)	20,942
Supplies and materials	9,050	8,689	361	9,736
Total County Manager's Office	268,284	253,724	14,560	302,887
General Building and Plant				
Personal services	80,991	80,104	887	81,541
Contract services	29,000	21,671	7,329	40,062
Supplies and materials	26,950	25,778	1,172	29,201
Capital outlay	15,000	0	15,000	0
Total General Building and Plant	151,941	127,553	24,388	150,804
General Administration				
Personal services	783,460	791,004	(7,544)	875,898
Contract services	479,400	460,653	18,747	489,519
Supplies and materials	1,600	2,174	(574)	4,085
Capital outlay	0	14,400	(14,400)	0
Payments to other agencies	6,000	0	6,000	0
Total General Administration	1,270,460	1,268,231	2,229	1,369,502
Tax Commissioner				
Personal services	238,514	225,918	12,596	229,581
Contract services	54,716	55,099	(383)	39,230
Supplies and materials	11,430	13,916	(2,486)	11,511
Capital outlay	6,000	0	6,000	0
Total Tax Commissioner	310,660	294,933	15,727	280,322
Tax Assessor				
Personal services	288,296	285,331	2,965	273,097
Contract services	68,000	59,261	8,739	40,022
Supplies and materials	19,355	14,905	4,450	19,279
Capital outlay	0	0	0	19,379
Total Tax Assessor	375,651	359,497	16,154	351,777
Registrar				
Personal services	43,160	35,082	8,078	44,169
Contract services	77,250	60,869	16,381	75,145
Supplies and materials	15,250	18,367	(3,117)	18,430
Total Registar	135,660	114,318	21,342	137,744

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
General Government, continued				
Elections				
Contract services	$ 0	$ 0	$ 0	$ 190
County Engineer				
Personal services	100,192	98,204	1,988	102,067
Contract services	2,700	3,086	(386)	2,305
Supplies and materials	400	90	310	144
Total County Engineer	103,292	101,380	1,912	104,516
Total General Government	2,697,652	2,601,995	95,657	2,777,894
Judicial				
Probate Court				
Personal services	210,732	197,796	12,936	209,394
Contract services	18,100	19,530	(1,430)	21,004
Supplies and materials	7,400	10,581	(3,181)	6,629
Total Probate Court	236,232	227,907	8,325	237,027
Magistrate Court				
Personal services	147,756	143,451	4,305	145,617
Contract services	12,410	10,685	1,725	10,310
Supplies and materials	8,250	6,738	1,512	5,433
Total Magistrate Court	168,416	160,874	7,542	161,360
Superior Court				
Personal services	142,237	103,770	38,467	102,783
Contract services	99,000	98,530	470	83,571
Supplies and materials	11,500	11,125	375	10,239
Total Superior Court	252,737	213,425	39,312	196,593
Superior Court Judge				
Contract services	6,900	4,566	2,334	3,206
Supplies and materials	7,600	8,918	(1,318)	9,573
Total Superior Court Judge	14,500	13,484	1,016	12,779
Clerk of Superior Court				
Personal services	214,051	172,951	41,100	175,788
Contract services	17,600	19,521	(1,921)	23,595
Supplies and materials	13,300	13,900	(600)	11,220
Total Clerk of Superior Court	244,951	206,372	38,579	210,603
District Attorney				
Contract services	39,261	38,763	498	36,413
Public Defender				
Payments to other agencies	79,478	59,890	19,588	58,763
Total Judicial	1,035,575	920,715	114,860	913,538

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
Public Safety				
Fire Departments				
Personal services	$ 5,500	$ 7,203	$ (1,703)	$ 6,095
Contract services	1,200	2,828	(1,628)	2,877
Supplies and materials	1,500	10,156	(8,656)	7,197
Payments to other agencies	297,420	283,575	13,845	288,317
Total Fire Departments	305,620	303,762	1,858	304,486
Coroner Services				
Personal services	16,148	15,568	580	15,351
Contract services	13,000	11,244	1,756	10,364
Supplies and materials	2,400	298	2,102	191
Total Coroner Services	31,548	27,110	4,438	25,906
Emergency Medical Service				
Personal services	1,366,878	1,343,092	23,786	1,348,148
Contract services	112,400	114,907	(2,507)	104,309
Supplies and materials	137,500	140,328	(2,828)	117,758
Capital outlay	15,500	0	15,500	113,927
Total Emergency Medical Services	1,632,278	1,598,327	33,951	1,684,142
Emergency Management				
Personal services	11,303	11,833	(530)	11,945
Contract services	3,850	3,658	192	2,745
Supplies and materials	300	0	300	0
Capital outlay	0	0	0	10,577
Total Emergency Management	15,453	15,491	(38)	25,267
County Marshal				
Personal services	40,144	39,186	958	39,939
Contract services	2,800	1,342	1,458	2,790
Supplies and materials	6,140	4,868	1,272	3,811
Capital outlay	550	0	550	0
Total County Marshal	49,634	45,396	4,238	46,540
Sheriff Department				
Personal services	2,299,966	2,448,713	(148,747)	2,428,142
Contract services	178,330	249,283	(70,953)	295,446
Supplies and materials	567,500	622,426	(54,926)	601,420
Capital outlay	86,750	43,324	43,426	48,445
Total Sheriff Department	3,132,546	3,363,746	(231,200)	3,373,453
Animal Shelter				
Payments to other agencies	30,000	30,000	0	45,000
Total Public Safety	5,197,079	5,383,832	(186,753)	5,504,794

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
Public Works				
Highways and Streets				
Personal services	$ 469,480	$ 420,368	$ 49,112	$ 456,078
Contract services	68,800	132,392	(63,592)	59,505
Supplies and materials	447,800	433,610	14,190	580,968
Capital outlay	0	1,510,424	(1,510,424)	245,568
Total Public Works	986,080	2,496,794	(1,510,714)	1,342,119
Health and Welfare				
Senior Center				
Personal services	99,493	91,976	7,517	103,691
Contract services	9,975	6,997	2,978	9,035
Supplies and materials	93,950	83,639	10,311	80,939
Total Senior Center	203,418	182,612	20,806	193,665
Foster Care Services				
Payments to other agencies	61,010	20,696	40,314	26,815
Health Department				
Contract services	600	1,724	(1,124)	1,798
Supplies and materials	1,400	721	679	4,126
Payments to other agencies	101,431	101,431	0	101,431
Total Health Department	103,431	103,876	(445)	107,355
Total Health and Welfare	367,859	307,184	60,675	327,835
Culture and Recreation				
Recreation Department				
Payments to other agencies	200,000	199,636	364	233,416
Library Board				
Payments to other agencies	30,000	30,000	0	30,000
Total Culture and Recreation	230,000	229,636	364	263,416
Housing and Development				
County Agent				
Personal services	54,041	48,745	5,296	32,667
Contract services	10,513	10,319	194	11,425
Supplies and materials	1,075	1,344	(269)	1,521
Capital outlay	1,200	0	1,200	0
Total County Agent	66,829	60,408	6,421	45,613
Forestry Service				
Contract services	0	3,609	(3,609)	0
Payments to other agencies	7,772	7,772	0	7,772
Total Forestry Service	7,772	11,381	(3,609)	7,772

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
Housing and Development, continued				
Planning and Zoning				
Contract services	$ 8,500	$ 1,270	$ 7,230	$ 13,592
Supplies and materials	2,500	127	2,373	1,027
Total Planning and Zoning	11,000	1,397	9,603	14,619
Airport Authority				
Contract services	0	0	0	2,880
Total Housing and Development	85,601	73,186	12,415	70,884
Total current	10,599,846	12,013,342	(1,413,496)	11,200,480
Debt Service				
Public Safety				
Emergency Medical Service	0	0	0	1,010
Total expenditures	$ 10,599,846	$ 12,013,342	$ (1,413,496)	$ 11,201,490

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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, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 321,470	$ 437,163
Accounts receivable	51,030	56,850
Total assets	$ 372,500	$ 494,013
LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries	$ 12,790	$ 11,490
Due to other funds	332,557	455,370
Total liabilities	345,347	466,860
Fund balances		
Assigned for Public Safety	27,153	27,153
Total liabilities and fund balances	$ 372,500	$ 494,013

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, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 403,625	$ 364,158	$ (39,467)	$ 406,410
Interest	0	23	23	159
Total revenues	403,625	364,181	(39,444)	406,569
EXPENDITURES				
Current				
Public Safety				
Personal services	531,262	548,595	(17,333)	544,511
Contractual services	175,875	166,930	8,945	168,444
Supplies and materials	12,750	37,974	(25,224)	29,172
Capital outlay	35,000	0	35,000	10,577
Total expenditures	754,887	753,499	1,388	752,704
Excess (deficiency) of revenues over (under) expenditures	(351,262)	(389,318)	(38,056)	(346,135)
Other financing sources (uses)				
Transfers in (out)				
General Fund	351,262	389,318	38,056	346,135
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	27,153	27,153	27,153
Fund balances, June 30	$ 0	$ 27,153	$ 27,153	$ 27,153

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 116,934	$ 21,720
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Public Safety	$ 116,934	$ 21,720

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, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 45,000	$ 110,383	$ 65,383	$ 55,708
Interest	0	45	45	38
Total revenues	45,000	110,428	65,428	55,746
EXPENDITURES				
Current				
Public Safety				
Supplies	45,000	5,214	39,786	25,634
Capital outlay	0	0	0	53,094
Total expenditures	45,000	5,214	39,786	78,728
Excess (deficiency) of revenues over (under) expenditures	0	105,214	105,214	(22,982)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	(10,000)	(10,000)	(1,383)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	95,214	95,214	(24,365)
Fund balances, July 1	0	21,720	21,720	46,085
Fund balances, June 30	$ 0	$ 116,934	$ 116,934	$ 21,720

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 22,283	$ 13,474
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Public Safety	$ 22,283	$ 13,474

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, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 56,000	$ 47,392	$ (8,608)	$ 63,592
Total revenues	56,000	47,392	(8,608)	63,592
EXPENDITURES				
Current				
Public Safety				
Supplies	56,000	38,583	17,417	66,325
Total expenditures	56,000	38,583	17,417	66,325
Excess (deficiency) of revenues over (under) expenditures	0	8,809	8,809	(2,733)
Fund balances, July 1	0	13,474	13,474	16,207
Fund balances, June 30	$ 0	$ 22,283	$ 22,283	$ 13,474

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 107,713	$ 99,290
Certificates of deposit	11,519	11,432
Total assets	$ 119,232	$ 110,722
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Judicial	$ 119,232	$ 110,722

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, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 16,100	$ 13,367	$ (2,733)	$ 17,842
Interest	0	453	453	928
Other	0	0	0	81
Total revenues	16,100	13,820	(2,280)	18,851
EXPENDITURES				
Current				
Judicial				
Personal services	1,680	1,680	0	1,680
Supplies and materials	10,000	3,630	6,370	3,872
Total expenditures	11,680	5,310	6,370	5,552
Excess (deficiency) of revenues over (under) expenditures	4,420	8,510	4,090	13,299
Other financing sources (uses)				
Contingency	(4,420)	0	4,420	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	8,510	8,510	13,299
Fund balances, July 1	0	110,722	110,722	97,423
Fund balances, June 30	$ 0	$ 119,232	$ 119,232	$ 110,722

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 155,249	$ 195,771
Intergovernmental receivable	25,344	14,624
Total assets	$ 180,593	$ 210,395
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 5,759	$ 13,039
Fund balances		
Restricted for Public Safety	174,834	197,356
Total liabilities and fund balances	$ 180,593	$ 210,395

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, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 8,234	$ 5,373	$ (2,861)	$ 3,195
Intergovernmental	221,244	231,964	10,720	241,393
Interest	55	40	(15)	257
Total revenues	229,533	237,377	7,844	244,845
EXPENDITURES				
Current				
Public Safety				
Personal services	190,443	190,359	84	202,549
Contract services	29,823	29,819	4	31,822
Supplies and materials	53,724	53,703	21	57,100
Total expenditures	273,990	273,881	109	291,471
Excess (deficiency) of revenues over (under) expenditures	(44,457)	(36,504)	7,953	(46,626)
Other financing sources (uses)				
Transfers in (out)				
General Fund	13,982	13,982	0	13,982
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(30,475)	(22,522)	7,953	(32,644)
Fund balances, July 1	30,475	197,356	166,881	230,000
Fund balances, June 30	$ 0	$ 174,834	$ 174,834	$ 197,356

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS	$ 0	$ 0
LIABILITIES AND FUND BALANCES		
Total liabilities and fund balances	$ 0	$ 0

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 0	$ 0	$ 0	$ 139,069
Total revenues	0	0	0	139,069
EXPENDITURES				
Current				
Judicial				
Personal services	0	0	0	16,440
Contract services	0	0	0	148,360
Supplies and materials	0	0	0	5,387
Total expenditures	0	0	0	170,187
Excess (deficiency) of revenues over (under) expenditures	0	0	0	(31,118)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	0	0	39,573
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	8,455
Fund balances, July 1	0	0	0	(8,455)
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Intergovernmental receivable	$ 40,135	$ 58,226
LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries	$ 8,690	$ 9,850
Due to other funds	31,445	48,376
Total liabilities	40,135	58,226
Fund balances		
Unassigned	0	0
Total liabilities and fund balances	$ 40,135	$ 58,226

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	$ 578,925	$ 600,639	$ 21,714	$ 610,304
Total revenues	578,925	600,639	21,714	610,304
EXPENDITURES				
Current				
Judicial				
Personal services	539,925	515,864	24,061	504,613
Contract services	23,500	23,878	(378)	19,348
Supplies and materials	15,500	11,723	3,777	10,341
Total expenditures	578,925	551,465	27,460	534,302
Excess (deficiency) of revenues over (under) expenditures	0	49,174	49,174	76,002
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	(49,174)	(49,174)	(24,444)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	51,558
Fund balances, July 1	0	0	0	(51,558)
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

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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, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 0	$ 527,721
Investments	0	4,100,035
Total assets	$ 0	$ 4,627,756
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for debt service	$ 0	$ 4,627,756

FRANKLIN COUNTY, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
REVENUES		
Taxes	$ 0	$ 2,233,768
Interest	65	365
Total revenues	65	2,234,133
EXPENDITURES		
Debt Service		
Principal	4,000,000	3,500,000
Interest and fiscal charges	100,000	279,600
Total expenditures	4,100,000	3,779,600
Excess (deficiency) of revenues over (under) expenditures	(4,099,935)	(1,545,467)
Other financing sources (uses)		
Transfers in (out)		
SPLOST III Fund	(527,821)	3,219,010
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,627,756)	1,673,543
Fund balances, July 1	4,627,756	2,954,213
Fund balances, June 30	$ 0	$ 4,627,756

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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 II Fund – This fund is used to account for long-term projects financed by the passage of the 1999 special purpose local option sales tax.

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

Special Purpose Local Option Sales Tax IV Fund – This fund is used to account for long-term projects financed by the passage of the 2010 special purpose local option sales tax.

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX II
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 85,566	$ 430,038
Due from other funds	0	1,022,840
Total assets	$ 85,566	$ 1,452,878
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 0	$ 181,402
Fund balances		
Restricted for capital projects	85,566	1,271,476
Total liabilities and fund balances	$ 85,566	$ 1,452,878

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX II
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
REVENUES		
Interest	$ 60	$ 514
Total revenues	60	514
EXPENDITURES		
Total expenditures	0	0
Excess (deficiency) of revenues over (under) expenditures	60	514
Other financing sources (uses)		
Transfers in (out)		
General Fund	181,402	0
SPLOST III Fund	(1,367,372)	0
Total other financing sources (uses)	(1,185,970)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,185,910)	514
Fund balances, July 1	1,271,476	1,270,962
Fund balances, June 30	$ 85,566	$ 1,271,476

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX III
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 180,000	$ 0
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 0	$ 1,022,840
Fund balances		
Restricted for capital projects	180,000	0
Unassigned	0	(1,022,840)
Total fund balances	180,000	(1,022,840)
Total liabilities and fund balances	$ 180,000	$ 0

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX III
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
REVENUES		
Interest	$ 2	$ 49
Total revenues	2	49
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	31,825	15,940
Public Works		
Highways and Streets	606	1,387
Intergovernmental	659,924	630,341
Total expenditures	692,355	647,668
Excess (deficiency) of revenues over (under) expenditures	(692,353)	(647,619)
Other financing sources (uses)		
Transfers in (out)		
SPLOST II Fund	1,367,372	0
Debt Service Fund	527,821	(3,219,010)
Total other financing sources (uses)	1,895,193	(3,219,010)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,202,840	(3,866,629)
Fund balances, July 1	(1,022,840)	2,843,789
Fund balances, June 30	$ 180,000	$ (1,022,840)

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX IV
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 3,946,394	$ 532,963
Taxes receivable	355,675	337,186
Total assets	$ 4,302,069	$ 870,149
LIABILITIES AND FUND BALANCES		
Liabilities		
Intergovernmental payables	$ 1,932,030	$ 0
Fund balances		
Restricted for capital projects	2,370,039	870,149
Total liabilities and fund balances	$ 4,302,069	$ 870,149

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX IV
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
REVENUES		
Taxes	$ 3,431,687	$ 870,301
Interest	231	5
Total revenues	3,431,918	870,306
EXPENDITURES		
Capital outlay		
Public Works		
Highways and Streets	0	157
Intergovernmental	1,932,028	0
Total expenditures	1,932,028	157
Excess (deficiency) of revenues over (under) expenditures	1,499,890	870,149
Fund balances, July 1	870,149	0
Fund balances, June 30	$ 2,370,039	$ 870,149

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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, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 450,706	$ 651,986
Accounts receivable (net)	99,218	99,268
Inventory	530,863	465,483
Due from other funds	0	122
Total current assets	1,080,787	1,216,859
Restricted assets		
Construction Fund		
Certificates of deposit	1,380,258	1,880,873
Interest receivable	856	5,577
Total restricted assets	1,381,114	1,886,450
Capital assets		
Land	20,347	20,347
Water lines and towers	22,025,553	19,765,424
Buildings	32,380	5,400
Machinery and equipment	270,923	270,923
Vehicles	40,420	40,420
Construction in progress	0	689,886
Accumulated depreciation	(3,856,478)	(3,423,596)
Total capital assets (net of accumulated depreciation)	18,533,145	17,368,804
Other assets		
Debt issuance costs (net of accumulated amortization)	85,466	82,808
Total assets	21,080,512	20,554,921
LIABILITIES		
Current liabilities		
Payables		
Accounts	0	64,455
Retainages	0	18,093
Interest	39,593	42,528
Accrued salaries	3,132	3,624
Compensated absences	6,969	8,052
Notes payable	156,015	129,326
Bonds payable	250,000	240,000
Due to other funds	400,000	1,085,719
Total current liabilities	855,709	1,591,797
Long-term liabilities		
Notes payable	1,816,534	1,390,259
Bonds payable	3,055,000	3,305,000
Total long-term liabilities	4,871,534	4,695,259
Total liabilities	5,727,243	6,287,056

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

	2012	2011
NET ASSETS		
Invested in capital assets, net of related debt	$ 14,574,665	$ 14,040,740
Restricted for capital outlay	62,045	67,381
Unrestricted	716,559	159,744
Total net assets	$ 15,353,269	$ 14,267,865

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, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Charges for sales and services		
Water and sewer charges	$ 1,012,040	$ 973,381
Other	577	327
Total operating revenues	1,012,617	973,708
OPERATING EXPENSES		
Costs of sales and services	618,465	405,114
Personal services	112,800	84,279
Depreciation	428,497	413,077
Other	11,087	14,681
Total operating expenses	1,170,849	917,151
Operating income (loss)	(158,232)	56,557
Non-operating revenues (expenses)		
Interest revenue	14,523	23,675
Interest expense	(124,509)	(133,261)
Amortization expense	(7,048)	(7,048)
Total non-operating revenues (expenses)	(117,034)	(116,634)
Net income (loss) before capital contributions and transfers	(275,266)	(60,077)
Capital contributions		
Capital contributions	22,596	0
Intergovernmental revenue	522,363	0
Total capital contributions	544,959	0
Net income (loss) before transfers	269,693	(60,077)
Transfers in (out)		
General Fund	815,711	249,371
Change in net assets	1,085,404	189,294
Net assets, July 1	14,267,865	14,078,571
Net assets, June 30	$ 15,353,269	$ 14,267,865

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from customers	$ 1,012,090	$ 964,539
Payments to suppliers	(683,845)	(407,881)
Payments to employees	(114,375)	(83,867)
Other receipts	577	327
Other payments	(11,087)	(14,681)
Net cash provided (used) by operating activities	203,360	458,437
Cash flows from non-capital financing activities:		
Receipts from other funds	130,114	292,299
Cash flows from capital and related financing activities:		
Receipts from other governments	522,363	0
Interest paid	(127,444)	(136,081)
Acquisition of capital assets	(1,570,242)	(406,457)
Payment of capital related accounts payable	(82,548)	0
Issuance of notes payable	582,290	0
Debt issue costs	(9,706)	0
Principal payment - bonds payable	(240,000)	(235,000)
Principal payment - notes payable	(129,326)	(129,326)
Net cash provided (used) by capital and related financing activities	(1,054,613)	(906,864)
Cash flows from investing activities:		
Interest received	19,244	22,078
Proceeds from sale of investments	1,880,873	2,115,699
Purchases of investments	(1,380,258)	(1,880,873)
Net cash provided (used) by investing activities	519,859	256,904
Net increase (decrease) in cash and cash equivalents	(201,280)	100,776
Cash and cash equivalents, July 1	651,986	551,210
Cash and cash equivalents, June 30	$ 450,706	$ 651,986
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (158,232)	$ 56,557
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	428,497	413,077
(Increase) decrease in accounts receivable	50	(8,842)
(Increase) decrease in inventory	(65,380)	(2,767)
Increase (decrease) in accrued payroll liabilities	(1,575)	412
Total adjustments	361,592	401,880
Net cash provided (used) by operating activities	$ 203,360	$ 458,437

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled $82,548 for the fiscal year ended June 30, 2011.

Capitalized inventory totaled $438,497 for the fiscal year ended June 30, 2011.

Contributions of capital assets from government totaled $22,596 for the fiscal year ended June 30, 2012.

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 77,405	$ 117,316
Notes receivable - current	30,340	16,882
Total current assets	107,745	134,198
Capital assets		
Land	378,976	378,976
Land improvements	29,382	29,382
Buildings	0	1,870,331
Machinery and equipment	52,714	170,951
Vehicles	213,860	228,489
Accumulated depreciation	(285,391)	(938,661)
Total capital assets (net of accumulated depreciation)	389,541	1,739,468
Other assets		
Notes receivable - noncurrent	32,987	46,445
Total assets	530,273	1,920,111
LIABILITIES		
Liabilities		
Accrued salaries	495	583
Compensated absences	131	129
Total current liabilities	626	712
Long-term liabilities		
Closure/post-closure care	1,179,912	1,199,472
Total liabilities	1,180,538	1,200,184
NET ASSETS		
Invested in capital assets	389,541	1,739,468
Unrestricted	(1,039,806)	(1,019,541)
Total net assets	$ (650,265)	$ 719,927

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Charges for sales and services		
Landfill fees	$ 60,111	$ 69,243
Total operating revenues	60,111	69,243
OPERATING EXPENSES		
Costs of sales and services	29,294	43,829
Personal services	27,170	28,294
Depreciation	3,387	57,015
Miscellaneous expenses	267	301
Total operating expenses	60,118	129,439
Operating income (loss)	(7)	(60,196)
Non-operating revenues (expenses)		
Interest revenue	37	1,765
Distribution of capital assets	(1,346,539)	0
Payments to other agencies	(5,760)	(5,760)
Total non-operating revenues (expenses)	(1,352,262)	(3,995)
Net income (loss) before transfers	(1,352,269)	(64,191)
Transfers in (out)		
General Fund	(17,923)	15,678
Change in net assets	(1,370,192)	(48,513)
Net assets, July 1	719,927	768,440
Net assets, June 30	$ (650,265)	$ 719,927

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from customers	$ 60,111	$ 74,281
Payments to suppliers	(29,294)	(44,225)
Payments to employees	(27,256)	(28,877)
Other payments	(267)	(301)
Net cash provided (used) by operating activities	3,294	878
Cash flows from non-capital financing activities:		
Payments to other funds	(17,922)	(107,294)
Payments for post-closure costs of landfill	(19,560)	(13,630)
Payments to other agencies	(5,760)	(5,760)
Net cash provided (used) by non-capital financing activities	(43,242)	(126,684)
Cash flows from investing activities:		
Interest received	37	1,765
Net increase (decrease) in cash and cash equivalents	(39,911)	(124,041)
Cash and cash equivalents, July 1	117,316	241,357
Cash and cash equivalents, June 30	$ 77,405	$ 117,316
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (7)	$ (60,196)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	3,387	57,015
(Increase) decrease in notes receivable	0	5,038
Increase (decrease) in accounts payable	0	(396)
Increase (decrease) in accrued payroll liabilities	(86)	(583)
Total adjustments	3,301	61,074
Net cash provided (used) by operating activities	$ 3,294	$ 878

Noncash investing, capital, and financing activities:

Distributions of capital assets to government totaled $1,346,539 for the fiscal year ended June 30, 2012.

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, 2012
(with comparative totals for June 30, 2011)

	Tax Commissioner	Magistrate Court
ASSETS		
Cash and cash equivalents	$ 19,039	$ 26,465
LIABILITIES		
Due to other agencies	$ 19,039	$ 26,465

Probate Court	Clerk of Superior Court	Sheriff Department	Totals 2012	Totals 2011
$ 84,299	$ 410,128	$ 2,049	$ 541,980	$ 705,526
$ 84,299	$ 410,128	$ 2,049	$ 541,980	$ 705,526

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

	Balance, July 1	Additions	Deletions	Balance, June 30
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 10,562	$ 17,162,917	$ (17,154,440)	$ 19,039
LIABILITIES				
Due to others	$ 10,562	$ 17,162,917	$ (17,154,440)	$ 19,039
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 41,400	$ 262,530	$ (277,465)	$ 26,465
LIABILITIES				
Due to others	$ 41,400	$ 262,530	$ (277,465)	$ 26,465
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 238,059	$ 1,163,870	$ (1,317,630)	$ 84,299
LIABILITIES				
Due to others	$ 238,059	$ 1,163,870	$ (1,317,630)	$ 84,299
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 414,435	$ 1,115,085	$ (1,119,392)	$ 410,128
LIABILITIES				
Due to others	$ 414,435	$ 1,115,085	$ (1,119,392)	$ 410,128
SHERIFF DEPARTMENT				
ASSETS				
Cash and cash equivalents	$ 1,070	$ 120,858	$ (119,879)	$ 2,049
LIABILITIES				
Due to others	$ 1,070	$ 120,858	$ (119,879)	$ 2,049
TOTALS ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 705,526	$ 19,825,260	$ (19,988,806)	$ 541,980
LIABILITIES				
Due to others	$ 705,526	$ 19,825,260	$ (19,988,806)	$ 541,980

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, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 21,931	$ 43,167
LIABILITIES AND FUND BALANCES		
Fund balances		
Assigned for Culture and Recreation	$ 21,931	$ 43,167

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, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for sales and services	$ 129,500	$ 123,083	$ (6,417)	$ 118,644
Intergovernmental	209,110	201,635	(7,475)	233,414
Interest	500	5	(495)	35
Contributions	11,800	916	(10,884)	434
Other	0	542	542	0
Total revenues	350,910	326,181	(24,729)	352,527
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	245,269	286,789	(41,520)	277,557
Recreational services	105,641	60,628	45,013	75,138
Capital outlay	0	0	0	6,800
Total expenditures	350,910	347,417	3,493	359,495
Excess (deficiency) of revenues over (under) expenditures	0	(21,236)	(21,236)	(6,968)
Other financing sources (uses)				
Sale of assets	0	0	0	3,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(21,236)	(21,236)	(3,968)
Fund balances, July 1	0	43,167	43,167	47,135
Fund balances, June 30	$ 0	$ 21,931	$ 21,931	$ 43,167

FRANKLIN COUNTY, GEORGIA
INDUSTRIAL BUILDING AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 162,737	$ 45,743
Certificates of deposit	155,500	154,289
Receivables (net)		
Accounts	27,464	26,656
Taxes	2,919	2,974
Interest	986	987
Other assets	0	69,183
Total assets	$ 349,606	$ 299,832
LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries and expenses	$ 2,121	$ 1,782
Deferred revenue	1,996	1,790
Escrow deposit payable	0	50,000
Total liabilities	4,117	53,572
Fund balances		
Assigned for Housing and Development	345,488	246,260
Total liabilities and fund balances	$ 349,605	$ 299,832

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, 2012
(with comparative actual amounts for the fiscal year ended June 30, 2011)

	2012			2011
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	$ 157,000	$ 156,587	$ (413)	$ 164,431
Intergovernmental	5,100	5,141	41	0
Charges for services	0	0	0	62,107
Interest	1,200	1,209	9	1,443
Other	3,420	3,743	323	102
Total revenues	166,720	166,680	(40)	228,083
EXPENDITURES				
Current				
Housing and Development				
Personal services	103,188	92,044	11,144	90,086
Contract services	85,565	83,471	2,094	23,977
Supplies and materials	2,556	1,716	840	3,499
Payments to others	20,000	20,000	0	75,000
Debt service	1,650,000	1,649,339	661	116,188
Total expenditures	1,861,309	1,846,570	14,739	308,750
Excess (deficiency) of revenues over (under) expenditures	(1,694,589)	(1,679,890)	14,699	(80,667)
Other financing sources (uses)				
Proceeds from sale of assets	1,780,000	1,779,118	(882)	0
Contingencies	(85,411)	0	85,411	0
Total other financing sources (uses)	1,694,589	1,779,118	84,529	0
Excess (deficiency of revenues and other financing sources over (under) expenditures and other financing uses	0	99,228	99,228	(80,667)
Fund balances, July 1	0	246,260	246,260	326,927
Fund balances, June 30	$ 0	$ 345,488	$ 345,488	$ 246,260

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SINGLE AUDIT SECTION

This section contains reports required by OMB A-133 and grantor agencies.

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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, 2012, which collectively comprise Franklin County, Georgia's basic financial statements and have issued our report thereon dated November 19, 2012. 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 opinions 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as comments 12-1 through 12-2 that we consider to be material weaknesses in internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as comments 12-3 through 12-5 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 one instance of noncompliance and other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as comment 12-6.

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 November 19, 2012.

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.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 19, 2012

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited Franklin County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Franklin County, Georgia's major federal programs for the year ended June 30, 2012. Franklin County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Franklin County, Georgia's management. Our responsibility is to express an opinion on Franklin County, Georgia's compliance based on our audit.

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

In our opinion, Franklin County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2012.

Internal Control over Compliance

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

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

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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
November 19, 2012

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2012

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
U.S. Department of Agriculture			
Passed through Legacy Link, Inc.:			
Nutrition Services Incentive (NSIP)	10.570	Franklin - NSIP	$ 8,224
Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs:			
Community Development Block Grant/State's Programs and Non-Entitlement Grants in Hawaii	14.228	10i-y-059-1-5325	22,363
		10q-y-059-1-5335	381,028
Total Department of Housing and Urban Development			403,391
Department of Justice			
Equitable Sharing for State and Local Law Enforcement Agencies	16.000	N/A	12,255
Bureau of Justice Assistance			
Passed through the Criminal Justice Coordinating Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	B10-8-011	502
		B11-8-010	179,028
			179,530
Total Department of Justice			191,785
Department of Transportation			
National Highway Traffic Safety Administration			
Passed through the Governor's Office of Highway Safety:			
State and Community Highway Safety	20.600	GA-2012-000-00497	9,934
Environmental Protection Agency			
Office of Water			
Passed through the Georgia Environmental Finance Authority:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWSRF 09-043	
Loans			582,290
Grants			500,000
Total Environmental Protection Agency			1,082,290
Department of Health and Human Services			
Aging Cluster of Programs			
Passed through Legacy Link, Inc.:			
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Franklin - TIII B	17,192
Title III, Part C, Nutrition Services	93.045	Franklin - TIII C1	28,961
		Franklin - TIII C2	15,682
Total Aging Cluster of Programs			61,835
Passed through Legacy Link, Inc.:			
Social Services Block Grant	93.667	Franklin - SSBG	15,170
Total U.S. Department of Health and Human Services			77,005
Total Federal Awards			$ 1,772,629

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the expenditures relating to the County's federal award programs. The schedule is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant Deficiencie(s) identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant Deficiencie(s) identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None reported

Identification of major programs:

14.228	Community Development Block Grant/ State's Programs and Non-Entitlement Grants in Hawaii
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish Between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings

A. Current Year Audit Findings

Comment 12-1

Condition: County personnel did not record the current year activity in the general ledger for the Debt Service Fund.

Criteria: Generally Accepted Accounting Principles require timely recording of all transactions.

Effect: Failure to record transactions in a timely manner may lead to management decisions based on incorrect information.

Recommendation: County management should ensure that all transactions are recorded in the general ledger in a timely manner.

Management Response: Management concurs with this finding. The County Clerk will ensure that all transactions of the County are recorded in the general ledger in a timely manner. This action was taken immediately upon receipt of the comment from our auditors.

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Comment 12-2

Condition: While performing audit procedures on disbursements in the Recreation Department, we noted that the credit card statements are not being reviewed by a member of the Board of Directors. Also, we noted several purchases for which receipts were not attached to the credit card statements.

Criteria: Generally accepted accounting principles require that all transactions be properly supported with documentation and adequate segregation of duties in control over adjustments to the general ledger.

Effect: Failure to ensure proper documentation for credit card purchases and maintain adequate separation of duties subjects the assets of the County to greater risk of misappropriation.

Recommendation: Employees should ensure that all receipts for credit card purchases are submitted and the Recreation Director should review the receipts to ensure the purchases are appropriate for Recreation Department business. The Director should also attach the receipts to the credit card statement as part of the monthly reconciliation of the statement. The Treasurer or other designated member of the Board of Directors should review the credit card statement on a monthly basis and should evidence his or her review by signature or initials.

Management Response: Management concurs with this finding. The Recreation Department Director will ensure that all receipts for credit card purchases are submitted by employees and that the receipts are attached to the credit card statements during the reconciliation process. The Treasurer will review all credit card statements monthly, and evidence his or her review by signature or initials.

2. Financial Statement Findings (continued)

A. Current Year Audit Findings, continued

Comment 12-3

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.

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 12-4

Condition: While performing audit procedures on cash in the Probate Court, we noted that the bank statements were not reconciled to the check registers on a monthly basis.

Criteria: Generally accepted accounting principles require that all cash accounts be reconciled to the accounting system in a timely manner.

Effect: Failure to reconcile all cash accounts in a timely manner may lead to management decisions based on incorrect information.

Recommendation: Employees should ensure that the bank statements are reconciled to the check registers on a monthly basis. The Probate Court Judge should review the reconciliations as a part of his monthly review of the bank statements.

Management Response: Management concurs with this finding. The Probate Court Judge will review and approve all bank reconciliations on a monthly basis. This action was taken immediately upon receipt of the comment from our auditors.

2. Financial Statement Findings (continued)

A. Current Year Audit Findings, continued

Comment 12-5

Condition: While performing audit procedures in the Magistrate Court, we noted that deposits are not being made in a timely manner; no deposits were made during October 2011, November 2011, and February 2012. Only one deposit was made during most other months of fiscal year 2012. We also noted that no disbursements were made in December 2011 for cases settled in November 2011, as required by state law.

Criteria: Proper internal controls require that cash receipts be deposited in a timely manner. State law requires that any monies held for cases settled be disbursed to the appropriate agencies by the end of the month following the disposition of the case.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud. Failure to disburse monies for cases settled in a timely manner will place the County in violation of state law.

Recommendation: The Magistrate Court Judge should ensure that deposits are made at least weekly and that disbursements are made in accordance with state law.

Management Response: Management concurs with this finding. The Magistrate Judge will ensure that deposits are made in a timely manner and the disbursements are made in accordance with state law. This action was implemented immediately upon receipt of the comment from our auditors.

Comment 12-6

Condition: The County experienced a material excess of expenditures over appropriations in the General Fund. Also, an annual budget was not adopted for the Debt Service Fund, as required by state law.

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 and failure to adopt annual budgets as required by OCGA Code Section 36-81-3 will place the County in violation of state law.

Recommendation: County management should ensure that annual operating budgets are adopted for the General Fund, all Special Revenue Funds, and the Debt Service Fund, as required by state law. 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 ensure that an annual budget be adopted for the General Fund, all Special Revenue Funds, and the Debt Service Fund, and will review 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.

2. Financial Statement Findings (continued)

B. Prior Year Audit Findings Follow-Ups

None reported

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

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STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2012

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	969,835	0	969,835
Airport improvements	320,000	301,027	335,290	0	335,290
Construction and improvements of roads	3,824,000	3,597,268	3,662,968	0	3,662,968
Industrial development	1,120,000	1,053,593	1,154,277	0	1,154,277
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	168,169	0	168,169
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	$ 16,928,634	$ 0	$ 16,928,634
SPLOST III					
Franklin County					
Recreation facilities	$ 1,620,000	$ 1,620,000	$ 1,521,103	$ 274,711	$ 1,795,814
Public Safety	1,400,000	1,400,000			
Emergency 911 equipment			381,467		381,467
Fire facilities and equipment			1,636,121	31,825	1,667,946
Airport improvements	360,000	360,000	350,108		350,108
Construction and improvements of roads	4,020,000	4,020,000	5,213,044	606	5,213,650
Industrial development	1,080,000	1,080,000	1,054,918		1,054,918
Water expansion	4,020,000	4,020,000	4,272,753		4,272,753
Courthouse improvements	180,000	180,000	460,579		460,579
Jail improvements	180,000	180,000	0		0
City of Lavonia	1,402,143	1,402,143	1,366,412	35,731	1,402,143
City of Royston	1,402,144	1,402,144	1,102,441	299,703	1,402,144
City of Canon	778,571	778,571	761,978	16,593	778,571
City of Carnesville	778,571	778,571	761,978	16,593	778,571
City of Franklin Springs	778,571	778,571	761,978	16,593	778,571
Total SPLOST III	$ 18,000,000	$ 18,000,000	$ 19,644,880	$ 692,355	$ 20,337,235

The prior years expenditures for SPLOST III for fire facilities and payments to the City of Carnesville have been restated by $57,858 for amounts previously reported as fire facilities expenditures which should have been reported as payments to the City of Carnesville.

The prior years expenditures for SPLOST III for fire facilities and payments to the City of Franklin Springs have been restated by $162,500 for amounts previously reported as payments to the City of Franklin Springs which should have been reported as fire facilities expenditures.

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2012

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Periods	Current Periods	Total
SPLOST IV					
Water, Public Safety, Industrial Development. Roads and Bridges, Airport, Public Facilities. and Recreation facilities and equipment	$ 13,600,000	$ 13,600,000			
Industrial Development			$ 0	$ 752,007	$ 752,007
Roads and Bridges			157	0	157
City of Lavonia	1,402,140	1,402,140	0	321,899	321,899
City of Royston	1,402,140	1,402,140	0	321,899	321,899
City of Canon	778,570	778,570	0	178,741	178,741
City of Carnesville	778,570	778,570	0	178,741	178,741
City of Franklin Springs	778,570	778,570	0	178,741	178,741
Total SPLOST IV	$ 18,739,990	$ 18,739,990	$ 157	$ 1,932,028	$ 1,932,185

* 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.

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