FRANKLIN COUNTY

CARNESVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FRANKLIN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

May 12, 2014

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 the Franklin County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Franklin County Health Department, a component unit of Franklin County, Georgia, which represent 9.7 percent, 8.9 percent, and 2.7 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Franklin County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and,

where applicable, cash flows, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Georgia's basic financial statements. The combining and individual fund financial statements and supplemental budgetary comparison schedules, and state reporting section with the special purpose local option sales report are presented for the 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 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 the supplemental budgetary comparison schedules, and the state reporting section with the special purpose local option sales tax report are the responsibility of management and were derived from and relate directly to the underlying accounting and other record used to prepare the basic financial statements. Such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual financial statements and schedules, the schedule of federal awards and the state reporting section with special purpose local option sales tax report are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2014 on our consideration of the Franklin County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control over financial reporting.

Duncan & Kitchens, LLC

Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,494,928	$ 749,615	$ 2,244,543	$ 442,666
Certificates of deposit	1,831,293		1,831,293	157,246
Investments			-	
Restricted assets			-	
Cash	886,064		886,064	
Certificates of deposit		1,385,652	1,385,652	
Interest receivable		572	572	
Receivables (net)			-	
Accounts	128,773	109,795	238,568	105,440
Intergovernmental	76,786		76,786	
Taxes	987,703		987,703	3,278
Interest	2,617		2,617	
Notes		30,340	30,340	
Inventory		376,353	376,353	
Prepaid expenses	82,715		82,715	
Total current assets	5,490,879	2,652,327	8,143,206	708,630
Noncurrent assets				
Notes receivable		32,987	32,987	
Capital assets			-	
Non-depreciable	4,968,337	399,323	5,367,660	2,565,846
Depreciable (net)	35,439,990	19,060,447	54,500,437	
Pension assets	797,598		797,598	
Debt issue costs		78,418	78,418	
Total noncurrent assets	41,205,925	19,571,175	60,777,100	2,565,846
TOTAL ASSETS	46,696,804	22,223,502	68,920,306	3,274,476
LIABILITIES				
Current Liabilities				
Payables				
Accounts	258,080		258,080	2,611
Interest		30,595	30,595	
Accrued salaries and expenses	874,289	4,284	878,573	
Due to other agencies	6,822		6,822	
Notes payable		158,441	158,441	
Bonds payable		260,000	260,000	
Compensated Absences				24,150
Other liabilities	196,207		196,207	
Total current liabilities	1,335,398	453,320	1,788,718	26,761
Noncurrent liabilities				
Compensated absences	449,461	7,144	456,605	
Notes payable	-	2,805,336	2,805,336	
Bonds payable	-	2,795,000	2,795,000	
Post-closure care costs	-	1,162,732	1,162,732	
Total noncurrent liabilities	449,461	6,770,212	7,219,673	
TOTAL LIABILITIES	1,784,859	7,223,532	9,008,391	26,761

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2013

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET POSITION				
Invested in capital assets, net of related debt	$ 40,408,327	$ 14,760,092	$ 55,168,419	$ 2,955,751
Restricted for:				
Judicial	125,790	-	125,790	
Public Safety	1,208,071	-	1,208,071	
Capital outlay	828,389	67,155	895,544	
Unrestricted	2,341,368	172,723	2,514,091	291,964
TOTAL NET POSITION	$ 44,911,945	$ 14,999,970	$ 59,911,915	$ 3,247,715

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Primary Government Program Revenues: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 3,099,638	$ 355,840	$ 72,254	$ -	$ (2,671,544)
Judicial	1,448,222	1,129,589	-	-	(318,633)
Public Safety	8,341,354	2,193,574	238,485	-	(5,909,295)
Public Works	4,612,457	2,057	2,120	1,238,032	(3,370,248)
Health and Welfare	318,969	-	170,795		(148,174)
Culture and Recreation	563,389	152,786	-	2,662,287	2,251,684
Housing and Development	79,600	-	-	-	(79,600)
Intergovernmental	475,939	-	-	-	(475,939)
Total governmental activities	18,939,568	3,833,846	483,654	3,900,319	(10,721,749)
Business-type activities					
Water and Sewer	1,571,895	1,038,746	-	404,381	(128,768)
Solid Waste	60,856	39,672	-	-	(21,184)
Total business-type activities	1,632,751	1,078,418	-	404,381	(149,952)
Total primary government	$ 20,572,319	$ 4,912,264	$ 483,654	$ 4,304,700	$ (10,871,701)
Component Units					
Franklin County Recreation Department					
Culture and Recreation	2,662,287	-	-	-	(2,662,287)
Franklin County Industrial Building Authority					
Housing and Development	136,738	-	-	1,253,456	1,116,718
Franklin County Health Department					
Health and Welfare	538,107	215,703	264,563	-	(57,841)
Total component units	$ 3,337,132	$ 215,703	$ 264,563	$ 1,253,456	$ (1,603,410)

	Primary Government: Governmental Activities	Business-Type Activities	Total	Component Units
Change in net assets				
Net (expense) revenue	$ (10,721,749)	$ (149,952)	$ (10,871,701)	$ (1,603,410)
General revenues				
Taxes				
Property	5,061,494	-	5,061,494	177,031
Sales	5,748,112	-	5,748,112	-
Insurance premium	701,272	-	701,272	-
Intangible	80,892	-	80,892	-
Franchise	63,776	-	63,776	-
Real estate transfer	16,961	-	16,961	-
Occupational	10,929	-	10,929	-
Other	54	-	54	
Interest and investment earnings	13,831	5,190	19,021	987
Payments from Franklin County		-	-	101,431
Other		200	200	-
Transfers	(441,528)	441,528	-	
Total general revenues and transfers	11,255,793	446,918	11,702,711	279,449
Change in Net Position	534,044	296,966	831,010	(1,323,961)
Net Position - Beginning of Year	44,377,901	14,703,004	59,080,905	4,571,676
Net Position - End of Year	$ 44,911,945	$ 14,999,970	$ 59,911,915	$ 3,247,715

e accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	GENERAL	SPLOST IV	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
ASSETS				
Cash and cash equivalents	$ 496,656	$ 78,107	$ 920,165	$ 1,494,928
Certificates of deposit	1,819,692		11,601	1,831,293
Receivables (net)				
Accounts	71,911		56,862	128,773
Intergovernmental	8,580		68,206	76,786
Taxes	447,958	539,745		987,703
Interest	2,617			2,617
Prepaid expenses	82,715			82,715
Due from other funds	367,115			367,115
Restricted Assets				
Cash	886,064			886,064
TOTAL ASSETS	$ 4,183,308	$ 617,852	$ 1,056,834	$ 5,857,994
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Payables				
Accounts	$ 258,080	$	$	$ 258,080
Intergovernmental				-
Excess taxes	196,207			196,207
Accrued salaries and expenses	849,726		24,563	874,289
Due to other agencies			6,822	6,822
Due to other funds			367,115	367,115
TOTAL LIABILITIES	1,304,013	-	398,500	1,702,513
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	122,888			122,888
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,426,901	-	398,500	1,825,401
FUND BALANCES				
Nonspendable prepaids	82,715			82,715
Restricted for:				
Judicial	-		125,790	125,790
Public Safety	886,064		181,876	1,067,940
Capital projects	-	617,852	210,537	828,389
Assigned for:				
Public Safety	-		140,131	140,131
Unassigned	1,787,628			1,787,628
TOTAL FUND BALANCES	2,756,407	617,852	658,334	4,032,593
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,183,308	$ 617,852	$ 1,056,834	$ 5,857,994

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, 2013

Adjustments to the Statement of Net Position		
Fund Balance		$ 4,032,593
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	$ 40,408,327	
Net pension assets	797,598	41,205,925
Long-term assets (receivables) are not available to pay current period expenditures and, therefore. are deferred in the funds. These are deferred property taxes.		122,888
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences		(449,461)
Total Net Position of Governmental Activities (Exhibit A-1)		$ 44,911,945

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 YEAR ENDED JUNE 30, 2013

	GENERAL	SPLOST IV	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES				
Taxes	$ 8,102,076	$ 3,535,144	$	$ 11,637,220
Licenses and permits	5,911			5,911
Fines, fees and forfeitures	1,064,654		588,008	1,652,662
Charges for services	1,782,270		434,493	2,216,763
Intergovernmental	1,489,826		212,299	1,702,125
Interest	10,481	151	517	11,149
Other	-			-
TOTAL REVENUES	12,455,218	3,535,295	1,235,317	17,225,830
EXPENDITURES				
Current				-
General Government	3,018,532			3,018,532
Judicial	905,575		541,099	1,446,674
Public Safety	5,818,471	1,231,888	1,134,342	8,184,701
Public Works	1,322,342	2,611,319		3,933,661
Health and Welfare	305,997			305,997
Culture and Recreation	408,085	12,400		420,485
Housing and Development	79,600			79,600
Capital outlay	-		145,804	145,804
Intergovernmental	-	1,431,875		1,431,875
TOTAL EXPENDITURES	11,858,602	5,287,482	1,821,245	18,967,329
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	596,616	(1,752,187)	(585,928)	(1,741,499)
OTHER FINANCING SOURCES(USES)				
Transfers in	-		518,260	518,260
Transfers out	(959,788)			(959,788)
TOTAL OTHER FINANCING SOURCES (USES)	(959,788)	-	518,260	(441,528)
NET CHANGE IN FUND BALANCE	(363,172)	(1,752,187)	(67,668)	(2,183,027)
FUND BALANCE - BEGINNING OF YEAR	3,119,579	2,370,039	726,002	6,215,620
FUND BALANCE - END OF YEAR	$ 2,756,407	$ 617,852	$ 658,334	$ 4,032,593

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 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES-GOVERMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Adjustments to the Statement of Activities

Net Change in Fund Balance		$ (2,183,027)
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	$ 1,698,657	
Depreciation expense	(1,641,886)	56,771
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.		2,640,356
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.		46,270
These include the net change in pension assets.		2,683
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.		(29,009)
Change in Net Position of Governemental Activities (Exhibit A-2)		$ 534,044

ıe accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
ASSETS			
Current Assets			
Cash and cash equivalents	$ 632,500	$ 117,115	$ 749,615
Restricted assets			
Certicates of deposit	1,385,652		1,385,652
Interest	572		572
Receivables			
Accounts (net)	109,795		109,795
Notes		30,340	30,340
Inventory	376,353		376,353
Total Current Assets	2,504,872	147,455	2,652,327
Noncurrent Assets			
Notes receivable		32,987	32,987
Capital assets			
Non-depreciable	20,347	378,976	399,323
Depreciable (net)	19,051,959	8,488	19,060,447
Debt issue costs (net)	78,418		78,418
Total Noncurrent Assets	19,150,724	420,451	19,571,175
TOTAL ASSETS	$ 21,655,596	$ 567,906	$ 22,223,502
LIABILITIES			
Current liabilities			
Interest payable	$ 30,595	$	$ 30,595
Accured salaries	3,591	693	4,284
Compensated absences	7,016	128	7,144
Notes Payable	1,147,242		1,147,242
Current portion of Long term Note	158,441		158,441
Bonds payable	260,000		260,000
Total Current Liabilities	1,606,885	821	1,607,706
Noncurrent liabilities			
Notes payable	1,658,094		1,658,094
Bonds payable	2,795,000		2,795,000
Post-closure care costs		1,162,732	1,162,732
Total Noncurrent Liabilities	4,453,094	1,162,732	5,615,826
TOTAL LIABILITIES	6,059,979	1,163,553	7,223,532
NET POSITION			
Invested in capital assets, net of related debt	14,372,628	387,464	14,760,092
Restricted for capital outlay	67,155	-	67,155
Unrestricted	1,155,834	(983,111)	172,723
TOTAL NET POSITION	15,595,617	(595,647)	14,999,970
TOTAL LIABILITIES AND NET POSITION	$ 21,655,596	$ 567,906	$ 22,223,502

e accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
OPERATING REVENUES			
Charges for sales and services	$ 1,038,746	$ 39,672	$ 1,078,418
Miscellaneous revenue	200		200
TOTAL OPERATING REVENUES	1,038,946	39,672	1,078,618
OPERATING EXPENSES			
Costs of sales and services	777,407	24,737	802,144
Personal services	205,311	27,800	233,111
Depreciation	445,218	2,078	447,296
Other	21,283	481	21,764
TOTAL OPERATING EXPENSES	1,449,219	55,096	1,504,315
OPERATING INCOME (LOSS)	(410,273)	(15,424)	(425,697)
NON-OPERATING REVENUES (EXPENSE)			
Interest revenue	5,150	40	5,190
Payments to other agencies		(5,760)	(5,760)
Interest expense	(115,628)		(115,628)
Amortization	(7,048)		(7,048)
TOTAL NON-OPERATING REVENUES (EXPENSE)	(117,526)	(5,720)	(123,246)
OPERATING INCOME	(527,799)	(21,144)	(548,943)
CAPITAL CONTRIBUTIONS			
Capital contributions	117,570		117,570
Intergovernmental	286,811		286,811
TOTAL CAPITAL CONTRIBUTIONS	404,381	-	404,381
NET INCOME (LOSS) BEFORE TRANSFERS	(123,418)	(21,144)	(144,562)
TRANSFERS			
Transfers in	365,766	75,762	441,528
Transfers out			-
TOTAL TRANSFERS	365,766	75,762	441,528
NET INCOME (LOSS)	242,348	54,618	296,966
TOTAL NET POSITION-BEGINNING OF YEAR	15,353,269	(650,265)	14,703,004
TOTAL NET POSITION-END OF YEAR	$ 15,595,617	$ (595,647)	$ 14,999,970

ıe 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, 2013

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 1,028,369	$ 39,672	$ 1,068,041
Payment to Supliers	(622,897)	(24,737)	(647,634)
Payments to employees	(213,803)	(27,605)	(241,408)
Other payments	(21,283)	(481)	(21,764)
NET CASH PROVIDED BY OPERATING ACTIVITIES	170,386	(13,151)	157,235
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Receipts from other funds		75,761	75,761
Payments to other funds	(34,234)		(34,234)
Payments for post-closure costs of landfill		(17,180)	(17,180)
Payments to other agencies		(5,760)	(5,760)
NET CASH PROVIDED(USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(34,234)	52,821	18,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Receipts from other governments	286,811		286,811
Interest paid	(115,628)		(115,628)
Acquisition of capital assets	(984,379)		(984,379)
Contributed capital	117,570		117,570
Issuance of notes payable	1,147,242		1,147,242
Principal payment - bonds payable	(250,000)		(250,000)
Principal payment - notes payable	(156,014)		(156,014)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	45,602	-	45,602
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	5,150	40	5,190
Proceeds from sale of investments	1,381,114		1,381,114
Purchase of investments	(1,386,224)		(1,386,224)
NET CASH PROVIDED BY INVESTING ACTIVITIES	40	40	80
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	181,794	39,710	221,504
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	450,706	77,405	528,111
CASH AND CASH EQUIVALENTS AT END OF YEAR	632,500	117,115	749,615
Reconciliation of operating Income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(410,273)	(15,424)	(425,697)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	445,218	2,078	447,296
(Increase) decrease in accounts receivable	(10,577)		(10,577)
(Increase) decrease in inventory	154,510		154,510
Increase (decrease) in accounts payable	(8,998)		(8,998)
Increase (decrease) in accrued liabilities	506	195	701
Total adjustments	580,659	2,273	582,932
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 170,386	$ (13,151)	$ 157,235

e accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	$ 502,917
TOTAL ASSETS	$ 502,917
LIABILITIES	
Due to other agencies	$ 502,917

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2013

	FRANKLIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY	FRANKLIN COUNTY HEALTH DEPARTMENT	TOTALS
ASSETS			
Current Assets			
Cash and cash equivalents	$ 203,713	$ 238,953	$ 442,666
Certificates of deposit	157,246		157,246
Receivables (net)			
Accounts	25,668	79,772	105,440
Taxes	3,278		3,278
Due to other agencies			-
Total Current Assets	389,905	318,725	708,630
Noncurrent Assets			
Capital assets			
Non-depreciable	2,565,846		2,565,846
Depreciable (net)			-
Total Noncurrent Assets	2,565,846		2,565,846
TOTAL ASSETS	2,955,751	318,725	3,274,476
LIABILITIES			
Current Liabilities			
Accounts payable		2,611	2,611
Accrued salaries and expenses			-
Compensated absences		24,150	24,150
Total Current Liabilities	-	26,761	26,761
TOTAL LIABILITIES		26,761	26,761
NET ASSETS			
Invested in capital assets, net of related debt	2,955,751	-	2,955,751
Unrestricted		291,964	291,964
TOTAL NET POSITION	$ 2,955,751	$ 291,964	$ 3,247,715

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, 2013

	FRANKLIN COUNTY RECRECATION DEPARTMENT	FRANKLIN COUNTY INDUSTRIAL BUILDING AUTHORITY	FRANKLIN COUNTY HEALTH DEPARTMENT	TOTALS
EXPENSES				
Health and Welfare	$	$	$ 538,107	$ 538,107
Culture and Recreation	2,662,287			2,662,287
Housing and Development	-	136,738		136,738
TOTAL EXPENSES	2,662,287	136,738	538,107	3,337,132
PROGRAM REVENUES				
Charges for services			215,703	215,703
Operating grants and contributions			264,563	264,563
Capital grants and contributions	-	1,253,456		1,253,456
TOTAL PROGRAM REVENUES	-	1,253,456	480,266	1,733,722
Net (expense) revenue	(2,662,287)	1,116,718	(57,841)	(1,603,410)
GENERAL REVENUES				
Property taxes		177,031		177,031
Interest		987		987
Payments from Franklin County			101,431	101,431
Transfers				
TOTAL GENERAL REVENUES	-	178,018	101,431	279,449
CHANGE IN NET POSITION	(2,662,287)	1,294,736	43,590	(1,323,961)
NET POSITION - BEGINNING OF YEAR	2,662,287	1,661,015	248,374	4,571,676
NET POSITION- END OF YEAR	$ -	$ 2,955,751	$ 291,964	$ 3,247,715

e accompanying notes are an integral part of these financial statements

NOTE 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies taxes or issues their debt.

The County's component units are presented either as "blended" or "discretely presented". If blended, it is reported as if it were a fund of the County throughout the year. It is included at both the government-wide and fund financial reporting levels.

Discretely presented component units are reported only at the government-wide financial reporting level. The component unit columns included on the government-wide financial statements identifies the financial data of the County's discretely presented component units. They are reported separately to emphasize that they are legally separate from the County.

NOTE 2 - (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.

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 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".

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

NOTE 2 - (Continued)

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.

B. Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. The primary government and the discretely presented component units are presented separately with the financial statements with the focus on the primary government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Individual funds are not displayed. The statements distinguish between governmental activities, generally supported by taxes, intergovernmental revenues, and other non-exchange transactions and business-type activities, which are generally financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial position of the governmental and business type activities of the County and it's discretely presented component units at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities, for identifiable activity of the business-type activities of the County and for each major component unit. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. 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. These revenues are subject to externally imposed restrictions to these program uses.

For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which functions the revenues are *restricted.*

NOTE 2 - (Continued)

Taxes and other revenue sources not properly included with the program revenues are reported as general revenues of the County. The comparison between direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for Nonmajor funds. Fiduciary funds are presented by type.

Fund Accounting – The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds: - Governmental Funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balance of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's 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.

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.

Proprietary Funds: – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The County has two 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.

NOTE 2 - (Continued)

Additionally, the County reports the following fund types:

Non-major Governmental Funds:

The *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.

Fiduciary Fund Types

The *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are used to account for assets that the County holds for others in an agency capacity.

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

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included in the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary funds types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, governmental funds use the modified accrual basis of accounting and the fiduciary funds use the accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual method and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

NOTE 2 - (Continued)

Revenues- Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the calendar year which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current calendar year. For the County, the phrase "available for exchange transactions" means expected to be received within 60 days of year end.

Revenues – Non-exchange Transactions – Non-exchange transactions, in which the County receives value without directly giving equal value in return, includes sales tax, property taxes, grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the calendar year for which the taxes are levied. Revenue from grants and donations is recognized in the calendar year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specific the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected before June 30, 2013 for property taxes and within 60 days for other non-exchange transactions) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales tax, special assessments and federal and state grants.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

D. Assets, Liabilities and Equity

1 ***Cash and Investments*** - Cash and cash equivalents include amounts in demand and time deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. Cash and cash equivalents are reported on the balance sheets, statements of net position and in cash flow statements.

State statutes authorize the County to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or Government Agency
- Obligations of any corporation of the United States Government
- Prime Bankers acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund 1)
- Obligations of the other political subdivisions of the State of Georgia

NOTE 2 - (Continued)

2 *Receivables* – Levied property taxes are recorded as receivables and recognized as revenue in the year they become due. The levy is made on assessed valuations as of January 1, and the taxes are due on December 20 of each year.

The tax bills are mailed at least 60 days prior to the due date. The billings are considered past due 60 days after the tax billings date or December 20, whichever is later, at which time the applicable property is subject to lien, and penalties are assessed.

All trade and property tax receivables are shown net of an allowance for uncollectables, where applicable.

3 *Interfund Balances*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to /from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4 *Inventories*

Inventories in the Water and Sewer Enterprise Fund are valued at cost on the first-in, first-out method.

5 *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditures/expenses in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

6 *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

NOTE 2 - (Continued)

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.

7 ***Compensated Absences***

It is the County's policy to permit employees to accumulate earned but unused vacation. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and fund liability of the government fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long term liabilities.

8 ***Accrued Liabilities and Long-term Obligations***

The County reports long-term debt of governmental activities at face value in the Government-wide Statement of Net Assets. Long-term debt is not reported for governmental activities in the fund financial statements. Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in both the Government-wide and fund financial statements.

NOTE 2 - (Continued)

9 *Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* – Fund balances are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash like inventories and prepaid items) or (b) legally or contractually required to be maintained intact.
- *Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution prior to the end of the fiscal year. In order to modify or rescind the commitment, the Board of Commissioners must adopt another resolution.
- *Assigned*- Fund balances are reported as assigned when the amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's finance director to assign fund balances.

- *Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all other governmental funds.

Net Position Flow Assumptions – In order to report net position as a restricted-net position and an unrestricted-net position in the government-wide and proprietary fund financial statements, the County has established a flow assumption policy. It is the County's policy to use restricted – net position first before using unrestricted-net position.

NOTE 2 – (Continued)

Fund Balance Flow Assumptions - It is the County's policy to consider restricted fund balance to have been used before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the County's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – The net position represents the difference between assets and liabilities. The net position component "invested in capital assets, net of related debt", consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt used for the acquisition, construction, or improvement of those assets. In determining the outstanding balance of any borrowing, proceeds of that debt which has not been spent is deducted. Accounts payable for costs related to acquisition, construction, or improvement of those capital assets is considered debt for this calculation. Net assets are reported as restricted as described in the fund balance section above. All other assets are reported as unrestricted.

10 ***Operating Revenue and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for water and development. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

11 ***Interfund Activity***

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/ expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

12 ***Estimates***

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 – (Continued)

13 *Deferred Outflows/Inflows of Resources*

The County implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB No. 65, *Items Previously Reported as Assets and Liabilities* in fiscal year 2013. This implementation resulted primarily in changes to terminology and the elimination of reporting unamortized debt issuance costs (i.e., unamortized loan origination fees) as a deferred charge.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources, this separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The County has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. **Budgetary Information**

The County clerk prepares a draft of the annual budget from which the Commissioners prepare a proposed budget. The County then advertises in a local newspaper giving notice regarding a public hearing in which local citizens may give their input regarding the proposed budget. The County also places a copy of the proposed budget on file for public inspection prior to actual approval. Once all of the steps have been taken, the Commissioners then formally adopt the annual, balanced budget. The legal level of control of the budget is at the department level. All appropriations lapse at year end. During the current fiscal year, there were no amendments made to the original budget.

The Commission annually adopts budgets for the General Fund of the Primary Government. All appropriations are legally controlled at the departmental level for the General Fund. The budgets are integrated into the accounting system, and the budgetary, as presented in financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditures are recorded to reserve that portion of the applicable appropriation - is not utilized by the Franklin County Commissioners.

NOTE 3 – (Continued)

During the fiscal year ended June 30, 2013, the County incurred expenditures in the following General Fund departments that were materially in excess of the amounts appropriated.

General Fund			
County Manager	277,921	281,807	(3,886)
General Administration	1,297,735	1,628,376	(330,641)
Probate Court	193,103	217,657	(24,554)
District Attorney	39,261	40,205	(944)
EMS	1,653,902	1,821,806	(167,904)
Sheriff	3,245,438	3,625,470	(380,032)
Animal Shelter	30,000	56,000	(26,000)
Highways and Streets	930,279	1,322,342	(392,063)
Health Department	103,431	104,921	(1,490)
Recreation	357,970	378,085	(20,115)

NOTE 4 – DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk - Deposits

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 – ACCOUNTS RECEIVABLE

Net accounts receivable at June 30, 2013, consist of the following:

Primary Government:		
Major Funds		
General Fund	$ 114,670	
Less: Allowance for Uncollectibles	(42,759)	71,911
Enterprise Funds		
Water and Sewer	141,983	
Less: Allowance for Uncollectibles	(32,188)	109,795
Nonmajor Funds		
Emergency 911 Special Revenue Fund		56,862
Total primary government		$ 238,568
Component Units		
Franklin County Industrial Building Authority	25,668	
Franklin County Health Department	79,772	$ 105,440

NOTE 6 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2013, consist of the following:

Major Funds		
General Fund		
Franklin County Industrial Building Authority	$ 7,183	
Northern Judicial Circuit Public Defender's Office	1,397	8,580
Nonmajor Funds		
Special Revenue Funds		
MANS Unit		
Georgia Criminal Justice Coordinating Council	21,192	
Probation Services		
Northern Judicial Circuit	47,014	68,206
Total primary government		$ 76,786

NOTE 7 – 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 2013, based upon the assessments of January 1, 2012, were levied on July 22, 2012, billed on August 15, 2012, and due on November 15, 2012. Tax liens maybe issued 90 days after the due date.

Taxes receivable as of June 30, 2013, consist of property taxes for seven years as follows:

Year of Levy	Franklin County	Franklin County Industrial Building Authority
2012	$ 110,148	$ 3,278
2011	20,401	603
2010	10,884	325
2009	8,636	309
2008	5,249	11
2007	4,834	-
2006	4,472	-
2005	4,157	
	168,781	4,526
Less allowance for uncollectible	(58,633)	(1,248)
Total	$ 110,148	$ 3,278

Other Taxes

$877,555 of sales taxes are also included in taxes receivable.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund receivables and payables as of June 30, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 367,115
Subtotal		$ 367,115

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.

NOTE 8 – (Continued)

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, 2013, is as follows:

INTERFUND TRANSFERS

	Major Funds			Nonmajor Funds		
	General	Water and Sewer	Solid Waste	E-911	Mans Unit	Combined
Transfer Out To:						
Major Funds						
Water and Sewer	$ (365,766)	$	$	$	$	$ (365,766)
Solid Waste	(75,762)					(75,762)
Nonmajor Funds						
E-911 Special Revenue	(504,278)					(504,278)
Mans Unit Special Revenue	(13,982)					(13,982)
Transfer In From:						
Major Funds						
General		365,766	75,762	504,278	13,982	959,788
	$ (959,788)	$ 365,766	$ 75,762	$ 504,278	$ 13,982	$ -

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.

NOTE 9 – NOTES RECEIVABLE

During fiscal year 2010, the County entered into a host fee with Earth Resources of Franklin County, LLC, which operates a construction and demolition landfill in the County. State law requires that private landfill operator's collects and remit host fees to the local host government. Earth Resources had collected, but not remitted, 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 a fee owed to the County. The host fee agreement allows Earth Resources further agreed to pay a 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.

NOTE 9 – (Continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	$ 30,340	$ 6,004	$ 36,344
2015	14,182	1,394	15,576
2016	14,945	631	15,576
2017	3,860	33	3,893
Totals	$ 63,327	$ 8,062	$ 71,389

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended June 30, 2013 was as follows:

	Balance 6/30/2012	Increase	Decrease	Balance 6/30/2013
Governmental Activities				
Nondepreciable assets				
Land	$ 4,854,587	$ 113,750	$ -	$ 4,968,337
Depreciable assets				
Land Improvements		1,228,431		1,228,431
Infrastructure	43,333,674	347,335	-	43,681,009
Buildings	8,641,749	2,325,190	-	10,966,939
Machinery and equipment	2,477,678	101,819	-	2,579,497
Vehicles	5,123,336	1,094,470	-	6,217,806
Total depreciable assets	59,576,437	5,097,245	-	64,673,682
Accumulated Depreciation				
Land Improvements		(522,009)		(522,009)
Infrastructure	(16,907,107)	(460,647)	-	(17,367,754)
Buildings	(3,149,671)	(849,600)	-	(3,999,271)
Machinery and equipment	(2,143,569)	(350,418)	-	(2,493,987)
Vehicles	(4,532,442)	(318,229)	-	(4,850,671)
Total accumulated depreciation	(26,732,789)	(2,500,903)	-	(29,233,692)
Total depreciable assets, net	32,843,648	2,596,342	-	35,439,990
Governmental Activities capital assets, net	$ 37,698,235	$ 2,710,092	$ -	$ 40,408,327

NOTE 10 – (Continued)

	Balance 6/30/2012	Increase	Decrease	Balance 6/30/2013
Business-type Activities				
Nondepreciable assets				
Land	$ 399,323	$ -	$ -	$ 399,323
Construction in progress	-	-	-	-
Total non-depreciable assets	399,323	-	-	399,323
Depreciable assets				
Land improvements	29,382	-	-	29,382
Distribution system	22,025,552	984,380	-	23,009,932
Buildings	32,380	-	-	32,380
Machinery and equipment	323,636	-	-	323,636
Vehicles	254,280	-	-	254,280
Total depreciable assets	22,665,230	984,380	-	23,649,610
Accumulated Depreciation				
Land improvements	(18,934)	(2,029)	-	(20,963)
Distribution system	(3,570,448)	(422,991)	-	(3,993,439)
Buildings	(6,432)	(839)	-	(7,271)
Machinery and equipment	(291,773)	(21,437)	-	(313,210)
Vehicles	(254,280)	-	-	(254,280)
Total accumulated depreciation	(4,141,867)	(447,296)	-	(4,589,163)
Total depreciable assets, net	18,523,363	537,084	-	19,060,447
Business-type Activities capital assets, net	$ 18,922,686	$ 537,084	$ -	$ 19,459,770

NOTE 10 – (Continued)

Capital asset activity for the Recreation Department and Industrial Building Authority Component Units for the fiscal year ended June 30, 2013 was as follows:

	Balance 6/30/2012	Increase	Decrease	Balance 6/30/2013
Recreation Department Component Unit				
Nondepreciable assets				
Land	$ 113,750		$ 113,750	$
Depreciable assets				
Land improvements	1,228,431		1,228,431	
Buildings	2,047,055		2,047,055	
Machinery and equipment	101,819		101,819	
Vehicles	21,283		21,283	
Total depreciable assets	3,398,588	-	3,398,588	
Accumulated Depreciation				
Land improvements	(516,685)		516,685	
Buildings	(265,218)		265,218	
Machinery and equipment	(62,707)		62,707	
Vehicles	(14,407)		14,407	
Total accumulated depreciation	(859,017)	-	859,017	
Total depreciable assets, net	2,539,571	-	2,539,571	
Recreation Department Component Unit capital assets, net	$ 2,653,321	$ -	$ 2,653,321	$
Industrial Building Authority Component Unit				
Nondepreciable assets				
Land	$ 1,315,089	$ 1,250,757	$ -	$ 2,565,846
Industrial Building Authority Component Unit capital assets, net	$ 1,315,089	$ 1,250,757	$ -	$ 2,565,846

NOTE 10 – (Continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government		
Governmental activities		
General Government	$	217,464
Judicial		139
Public Safety		372,100
Public Works		1,025,727
Health and Welfare		26,456
Total depreciation expense for governmental activities	$	1,641,886
Business-type activities		
Water and Sewer	$	445,218
Solid Waste		2,078
Total depreciation expense for business-type activities	$	447,296

		Governmental Activities
Current year depreciation expense	$	1,641,886
Prior accumulated depreciation on assets transferred from Recreation component unit to the General Fund		859,017
Additions to accumulated depreciation	$	2,500,903

NOTE 11 – OTHER LIABILITIES

On September 1, 2012 the City entered into an agreement with the Georgia Environmental Facilities Authority, loan number DWSRF 12-002, to borrow $2,000,000 for a Water and Sewer Project. The note has a debt forgiveness portion, in the amount of $400,000 that will be forgiven when the project is complete. As of June 30, 2013, the County has drawn down $1,147,243. This note has not gone into permanent financing yet, but the County did start making interest payments after the year end.

At June 30, 2013, the County had $196,207 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.

NOTE 12 – 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% ($3,055,000 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
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	300,000	70,540	370,540
2019-2023	1,660,000	183,369	1,843,369
Totals	$ 3,055,000	$ 636,123	$ 3,691,123

NOTE 12 – (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, 2013, the balance of this note is $1,260,931. Quarterly installments of $32,332 principal are due through March 1, 2023; interest at 0%.

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	$ 129,326	$ -	$ 129,326
2015	129,326	-	129,326
2016	129,326	-	129,326
2017	129,326	-	129,326
2018	129,326	-	129,326
2019-2023	614,302	-	614,302
Totals	$ 1,260,932	$ -	$ 1,260,932

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, 2013, the balance of this note is $555,601. 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
2014	$ 29,114	$ -	$ 29,114
2015	29,114	-	29,114
2016	29,114	-	29,114
2017	29,114	-	29,114
2018	29,114	-	29,114
2019-2023	145,573	-	145,573
2024--2028	145,573	-	145,573
2029-2033	118,886	-	118,886
Totals	$ 555,602	$ -	$ 555,602

NOTE 12 – (Continued)

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2013:

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014	Due Within One Year
Governmental activities					
Compensated absences	$ 407,487	$ 449,461	$ 407,487	$ 449,461	$ -
Total Governmental activities	$ 407,487	$ 449,461	$ 407,487	$ 449,461	$ -
Business-type activities					
Notes payable	$ 1,972,549	$ 1,147,242	$ (156,014)	$ 2,963,777	$ 158,441
Bonds payable	3,305,000	-	(250,000)	3,055,000	260,000
Post-closure care costs	1,179,912	-	(17,180)	1,162,732	-
Compensated absences	7,100	7,144	(7,100)	7,144	-
Total business-type activities	$ 6,464,561	$ 1,154,386	$ (430,294)	$ 7,188,653	$ 418,441
Recreation Department Component Unit					
Compensated absences	$ 12,965	$ -	$ (12,965)	$ -	$ -
Industrial Buildling Authority Component Unit					
Notes payable	-	-	-	-	-
Compensated absences	$ 1,558	$ -	$ (1,558)	$ -	$ -
Total Industrial Building Authority Component Unit	$ 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 Funds.

NOTE 13 – 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, 2013, the principal amount payable is $39,000,000; the original issue amount totaled $39,000,000.

NOTE 14 – LANDFILL POSTCLOSURE 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 $1,162,732 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.

NOTE 15 – DEFICIT EQUITY BALANCES

Business-type Activities

At June 30, 2013, the Solid Waste Enterprise Fund has negative net assets of $595,647. 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.

NOTE 16 – EMPLOYEE RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

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.

NOTE 16 – (Continued)

Plan Description and Contribution Information, continued

Current Membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	32
Terminated vested participants entitled to but not yet receiving benefits	75
Active participant	141
Total number of participants	248

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, 2013. 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

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, 2013, was 10 years.

NOTE 16 – (Continued)

The County's annual pension cost and net pension obligations for the current year ended June 30, 2013, were as follows:

Annual required contribution	$ 586,645
Interest on net pension obligation	(61,606)
Adjustment to ARC	65,917
Annual pension cost	590,956
Contributions made	593,638
Increase (decrease) in net pension obligation	(2,682)
Net pension obligation - beginning of year	(794,916)
Net pension obligation - end of year	$ (797,598)

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)
2012	590,956	100%	(797,598)

NOTE 16 – (Continued)

Schedule of Funding Progress

Plan Year Ended December 31	Actuarial Value of Assets (a)	Acturial 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%
2012	5,439,009	6,298,982	859,973	86.3%	5,006,501	17.2%

NOTE 17–DEFERRED COMPENSATION PLAN

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, 2013, the County contributed $34,647 to the Plans, based on covered salaries of $2,568,983. Total payroll was $6,536,237. Plan members made voluntary contributions of $112,750.

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.

NOTE 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

NOTE 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, 2013. 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, 2013, 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, 2013. Separate financial statements may be obtained from Joint Development Authority of Hart, Franklin, and Stephens Counties, Georgia, PO Box 793, Hartwell, Georgia 30643.

NOTE 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.

NOTE 20 – (Continued)

- 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.

- 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.

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

Nonmajor Governmental Funds

FRANKLIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	SPECIAL REVENUE			
	EMERGENCY 911	DRUG ENFORCEMENT	INMATE WELFARE	LAW LIBRARY
ASSETS				
Cash and cash equivalents	$ 427,933	$ 26,403	$ 19,413	$ 114,189
Certificates of Deposit				11,601
Receivables				
Accounts	56,862			
Intergovernmental				
TOTAL ASSETS	$ 484,795	$ 26,403	$ 19,413	$ 125,790
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued Salaries	$ 12,107	$	$	$
Due to other agencies				
Due to other funds	332,557			
TOTAL LIABILITIES	344,664	-	-	-
FUND BALANCES				
Restricted for:				
Judicial				125,790
Public Safety		26,403	19,413	
Capital Projects				
Assigned for Public Safety	140,131			
TOTAL FUND BALANCES	140,131	26,403	19,413	125,790
TOTAL LIABILITIES AND FUND BALANCE	$ 484,795	$ 26,403	$ 19,413	$ 125,790

SPECIAL REVENUE		CAPITAL PROJECTS		
MANS UNIT	PROBATION SERVICE	SPLOST II	SPLOST III	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ 121,690	$	$ 30,537	$ 180,000	$ 920,165
				11,601
21,192	47,014			56,862
				68,206
$ 142,882	$ 47,014	$ 30,537	$ 180,000	$ 1,056,834
$	$ 12,456	$	$	$ 24,563
6,822				6,822
	34,558			367,115
6,822	47,014	-	-	398,500
				125,790
136,060				181,876
		30,537	180,000	210,537
				140,131
136,060	-	30,537	180,000	658,334
$ 142,882	$ 47,014	$ 30,537	$ 180,000	$ 1,056,834

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE			
	EMERGENCY 911	DRUG ENFORCEMENT	INMATE WELFARE	LAW LIBRARY
REVENUES				
Fines, fees, and forfeitures	$	$ 34,776	$	$ 12,381
Charges for services	387,096		47,397	
Intergovernmental				
Interest	23	43		398
TOTAL REVENUE	387,119	34,819	47,397	12,779
EXPENDITURES				
Judicial				6,221
Public Safety	778,419	34,596	50,267	
Capital outlay		90,754		
Intergovernmental				
TOTAL EXPENDITURES	778,419	125,350	50,267	6,221
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(391,300)	(90,531)	(2,870)	6,558
OTHER FINANCING SOURCES (USES)				
Transfers in	504,278			
Transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	504,278	-	-	-
NET CHANGES IN FUND BALANCE	112,978	(90,531)	(2,870)	6,558
FUND BALANCE - BEGINNING OF YEAR	27,153	116,934	22,283	119,232
FUND BALANCE - END OF YEAR	$ 140,131	$ 26,403	$ 19,413	$ 125,790

SPECIAL REVENUE		CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
MANS UNIT	PROBATION SERVICE	SPLOST II	SPLOST III	
$ 5,973	$ 534,878	$	$	$ 588,008
				434,493
212,299				212,299
32		21		517
218,304	534,878	21	-	1,235,317
	534,878			541,099
271,060				1,134,342
		55,050		145,804
				-
271,060	534,878	55,050	-	1,821,245
(52,756)	-	(55,029)	-	(585,928)
13,982				518,260
				-
13,982	-	-	-	518,260
(38,774)	-	(55,029)	-	(67,668)
174,834		85,566	180,000	726,002
$ 136,060	$ -	$ 30,537	$ 180,000	$ 658,334

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

In accordance with the Governmental Accounting Standards Board Statement No. 34,
The following information is a required part of the financial statements.

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	ORIGIANL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED
REVENUES				
Taxes	$ 8,130,212	$ 8,130,212	$ 8,102,076	$ (28,136)
Licenses and permits	10,700	10,700	5,911	(4,789)
Fines, fees and forfeitures	1,402,000	1,402,000	1,064,654	(337,346)
Charges for services	1,433,470	1,433,470	1,782,270	348,800
Intergovernmental	202,362	202,362	1,489,826	1,287,464
Interest	20,000	20,000	10,481	(9,519)
Other	160,000	160,000	-	(160,000)
TOTAL REVENUES	11,358,744	11,358,744	12,455,218	1,096,474
EXPENDITURES				
General Government				
Commission Board	171,184	171,184	83,258	87,926
County Manager's Office	277,921	277,921	281,807	(3,886)
General Building and Plant	156,573	156,573	134,087	22,486
General Administration	1,297,735	1,297,735	1,628,376	(330,641)
Tax Commissioner	330,080	330,080	302,554	27,526
Tax Assessor	383,047	383,047	354,452	28,595
Registrar	161,006	161,006	134,465	26,541
County Engineer	99,108	99,108	99,533	(425)
Judicial				
Probate Court	193,103	193,103	217,657	(24,554)
Magistrate Court	172,844	172,844	168,957	3,887
Superior Court	248,909	248,909	227,045	21,864
Superior Court Judge	14,500	14,500	11,160	3,340
Clerk of Superior Court	249,999	249,999	200,537	49,462
Distict Attorney	39,261	39,261	40,205	(944)
Public Defender	-	-	40,014	(40,014)
Public Safety				
Fire Departments	305,620	305,620	228,506	77,114
Coroner Services	31,548	31,548	26,544	5,004
Emergency Medical Service	1,653,902	1,653,902	1,821,806	(167,904)
Emergency Management	15,453	15,453	13,112	2,341
County Marshal	49,880	49,880	47,033	2,847
Sheriffs Department	3,245,438	3,245,438	3,625,470	(380,032)
Animal Shelter	30,000	30,000	56,000	(26,000)
Public Works				
Highways and Streets	930,279	930,279	1,322,342	(392,063)
Health and Welfare				
Senior Center	203,452	203,452	176,509	26,943
Foster Care Services	61,010	61,010	24,567	36,443
Health Department	103,431	103,431	104,921	(1,490)
Culture and Recreation				
Recreation Department	357,970	357,970	378,085	(20,115)
Library Board	30,000	30,000	30,000	-
Housing and Development				
County Agent	66,829	66,829	64,615	2,214
Forestry Service	7,872	7,872	7,816	56
Planning and Zoning	15,900	15,900	7,169	8,731
TOTAL EXPENDITURES	10,903,854	10,903,854	11,858,602	(954,748)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	454,890	454,890	596,616	141,726
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Transfers out	(454,890)	(454,890)	(959,788)	(504,898)
TOTAL OTHER FINANCING SOURCES (USES)	(454,890)	(454,890)	(959,788)	(504,898)
NET CHANGE IN FUND BALANCE	-	-	(363,172)	(363,172)
FUND BALANCE - BEGINNING OF YEAR			3,119,579	3,119,579
FUND BALANCE - END OF YEAR	$ -	$ -	$ 2,756,407	$ 2,756,407

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE FORM FINAL
REVENUES			
Taxes			
General property taxes			
Property tax	$ 4,350,000	$ 4,150,141	$ (199,859)
Motor vehicle tax	550,000	711,588	161,588
Mobile home tax	50,000	43,825	(6,175)
Cost, penalties, and interest	127,212	106,632	(20,580)
Total general property tax	5,077,212	5,012,186	(65,026)
Intangibles tax	55,000	80,892	25,892
Real estate transfer tax	10,000	16,961	6,961
Local option sales tax	2,250,000	2,212,968	(37,032)
Insurance premium	650,000	701,272	51,272
Franchise tax	60,000	63,776	3,776
Occupational tax	20,000	10,929	(9,071)
Other taxes	7,500	3,038	(4,462)
Hotel/motel tax	500	54	(446)
Total taxes	8,130,212	8,102,076	(28,136)
Licenses and Permits			
Building and inspection permits	6,000	5,796	(204)
Other permits	4,700	115	(4,585)
Total licenses and permits	10,700	5,911	(4,789)
Fines, fees and forfeitures	1,402,000	1,064,654	(337,346)
Charges for Services			
Emergency medical services	820,000	1,048,720	228,720
Tax collection commissions	313,000	314,661	1,661
Sheriff services	62,000	159,215	97,215
Prisoner board	40,000	28,072	(11,928)
Recreation Fees	157,970	194,278	
Other	40,500	37,324	(3,176)
Total charges for services	1,433,470	1,782,270	348,800
Intergovernmental			
Grants and receipts	202,362	1,489,826	1,287,464
Interest	20,000	10,481	(9,519)
Other	160,000	-	(160,000)
TOTAL REVENUES	$ 11,358,744	$ 12,455,218	$ 1,096,474

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
EXPENDITURES			
General Government			
Commission Board			
Personal services	$ 65,059.00	$ 67,789.00	$ (2,730.00)
Contract Services	100,000.00	187.00	99,813.00
Supplies and materials	6,125.00	12,482.00	(6,357.00)
Capital Outlay	-	2,800.00	(2,800.00)
Total Commission Board	171,184.00	83,258.00	87,926.00
County Manager's Office			
Personal services	245,148.00	251,321.00	(6,173.00)
Contract services	23,723.00	20,150.00	3,573.00
Supplies and materials	9,050.00	10,336.00	(1,286.00)
Total County Manager's Office	277,921.00	281,807.00	(3,886.00)
General Building and Plant			
Personal services	82,623.00	85,443.00	(2,820.00)
Contract services	30,500.00	28,852.00	1,648.00
Supplies and materials	28,450.00	19,792.00	8,658.00
Capital outlay	15,000.00	-	15,000.00
Total General Building and Plant	156,573.00	134,087.00	22,486.00
General Administration			
Personal services	769,914.00	948,065.00	(178,151.00)
Contract services	439,800.00	627,380.00	(187,580.00)
Supplies and materials	2,000.00	2,967.00	(967.00)
Payments to other agencies	86,021.00	49,964.00	36,057.00
Total General Administration	1,297,735.00	1,628,376.00	(330,641.00)
Tax Commissioner			
Personal services	257,524.00	255,970.00	1,554.00
Contract services	59,106.00	38,431.00	20,675.00
Supplies and materials	11,450.00	7,703.00	3,747.00
Capital outlay	2,000.00	450.00	1,550.00
Total Tax Commissioner	330,080.00	302,554.00	27,526.00
Tax Assessor			
Personal services	298,772.00	285,684.00	13,088.00
Contract services	66,750.00	54,873.00	11,877.00
Supplies and materials	17,525.00	13,895.00	3,630.00
Capital outlay	-	-	-
Total Tax Assessor	383,047.00	354,452.00	28,595.00

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Registrar			
Personal services	44,856.00	49,827.00	(4,971.00)
Contract services	99,900.00	59,335.00	40,565.00
Supplies and materials	16,250.00	25,303.00	(9,053.00)
Total Registar	161,006.00	134,465.00	26,541.00
County Engineer			
Personal services	96,008.00	96,828.00	(820.00)
Contract services	2,700.00	2,633.00	67.00
Supplies and materials	400.00	72.00	328.00
Total County Engineer	99,108.00	99,533.00	(1.00)
Total General Government	$ 2,876,654.00	$ 3,018,532.00	$ (141,878.00)
Judicial			
Probate Court			
Personal services	$ 162,653.00	$ 178,331.00	$ (15,678.00)
Contract services	20,400.00	28,589.00	(8,189.00)
Supplies and materials	8,550.00	10,737.00	(2,187.00)
Capital Outlay	1,500.00	-	1,500.00
Total Probate Court	193,103.00	217,657.00	(24,554.00)
Magistrate Court			
Personal services	152,184.00	142,795.00	9,389.00
Contract services	12,410.00	18,477.00	(6,067.00)
Supplies and materials	8,250.00	6,707.00	1,543.00
Capital Outlay	-	978.00	
Total Magistrate Court	172,844.00	168,957.00	3,887.00
Superior Court			
Personal services	138,409.00	123,640.00	14,769.00
Contract services	99,000.00	96,502.00	2,498.00
Supplies and materials	11,500.00	6,903.00	4,597.00
Total Superior Court	248,909.00	227,045.00	21,864.00
Superior Court Judge			
Contract services	6,900.00	4,157.00	2,743.00
Supplies and materials	7,600.00	7,003.00	597.00
Total Superior Court Judge	14,500.00	11,160.00	3,340.00
Clerk of Superior Court			
Personal services	216,499.00	171,261.00	45,238.00
Contract services	18,900.00	19,528.00	(628.00)
Supplies and materials	14,600.00	9,748.00	4,852.00
Total Clerk of Superior Court	249,999.00	200,537.00	49,462.00

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
District Attorney			
Contract services	39,261.00	40,205.00	(944.00)
Public Defender			
Payments to other agencies	-	40,014.00	(40,014.00)
Total Judicial	$ 918,616.00	$ 905,575.00	$ 13,041.00
Public Safety			
Fire Departments			
Personal services	$ 5,500.00	$ 6,770.00	$ (1,270.00)
Contract services	1,200.00	4,159.00	(2,959.00)
Supplies and materials	1,500.00	10,982.00	(9,482.00)
Payments to other agencies	297,420.00	206,595.00	90,825.00
Total Fire Departments	305,620.00	228,506.00	77,114.00
Coroner Services			
Personal services	16,148.00	15,159.00	989.00
Contract services	13,000.00	11,125.00	1,875.00
Supplies and materials	2,400.00	260.00	2,140.00
Total Coroner Services	31,548.00	26,544.00	5,004.00
Emergency Medical Service			
Personal services	1,381,002.00	1,390,846.00	(9,844.00)
Contract services	112,400.00	134,912.00	(22,512.00)
Supplies and materials	138,000.00	152,065.00	(14,065.00)
Capital outlay	22,500.00	143,983.00	(121,483.00)
Total Emergency Medical Services	1,653,902.00	1,821,806.00	(167,904.00)
Emergency Management			
Personal services	11,303.00	11,246.00	57.00
Contract services	3,850.00	1,866.00	1,984.00
Supplies and materials	300.00	-	300.00
Capital outlay	-	-	-
Total Emergency Management	15,453.00	13,112.00	2,341.00
County Marshal			
Personal services	40,960.00	41,663.00	(703.00)
Contract services	2,800.00	1,623.00	1,177.00
Supplies and materials	6,120.00	3,747.00	2,373.00
Capital outlay	-	-	-
Total County Marshal	49,880.00	47,033.00	2,847.00

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Sheriff Department			
Personal services	2,362,858.00	2,585,194.00	(222,336.00)
Contract services	178,330.00	333,350.00	(155,020.00)
Supplies and materials	617,500.00	643,356.00	(25,856.00)
Capital outlay	86,750.00	63,570.00	23,180.00
Total Sheriff Department	3,245,438.00	3,625,470.00	(380,032.00)
Animal Shelter			
Payments to other agencies	30,000.00	56,000.00	(26,000.00)
Total Public Safety	$ 5,331,841.00	$ 5,818,471.00	$ (486,630.00)
Public Works			
Highways and Streets			
Personal services	$ 473,812.00	$ 492,232.00	$ (18,420.00)
Contract services	55,050.00	426,341.00	(371,291.00)
Supplies and materials	401,417.00	403,768.66	(2,351.66)
Total Public Works	$ 930,279.00	$ 1,322,341.66	$ (392,062.66)
Health and Welfare			
Senior Center			
Personal services	$ 101,125.00	$ 94,556.00	$ 6,569.00
Contract services	12,180.00	17,552.00	(5,372.00)
Supplies and materials	90,147.00	64,401.00	25,746.00
Total Senior Center	203,452.00	176,509.00	26,943.00
Foster Care Services			
Payments to other agencies	61,010.00	24,567.00	36,443.00
Health Department			
Contract services	600.00	1,652.00	(1,052.00)
Supplies and materials	1,400.00	1,838.00	(438.00)
Payments to other agencies	101,431.00	101,431.00	-
Total Health Department	103,431.00	104,921.00	(1,490.00)
Total Health and Welfare	$ 367,893.00	$ 305,997.00	$ 61,896.00
Culture and Recreation			
Recreation Department			
Personal Services	$ 152,511.00	$ 175,548.00	$ (23,037.00)
Contract Services	65,003.00	66,925.00	(1,922.00)
Supplies and Materials	140,456.00	135,612.00	4,844.00
Total Recreation	357,970.00	378,085.00	(20,115.00)

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Library Board			
Payments to other agencies	30,000.00	30,000.00	-
Total Culture and Recreation	$ 387,970.00	$ 408,085.00	$ (20,115.00)
Housing and Development			
County Agent			
Personal services	$ 53,416.00	$ 52,872.00	$ 544.00
Contract services	11,688.00	10,082.00	1,606.00
Supplies and materials	1,725.00	1,661.00	64.00
Total County Agent	66,829.00	64,615.00	2,214.00
Forestry Service			
Contract services	100.00	44.00	56.00
Payments to other agencies	7,772.00	7,772.00	-
Total Forestry Service	7,872.00	7,816.00	56.00
Planning and Zoning			
Personal Services	5,000.00	6,925.00	
Contract services	8,400.00	150.00	8,250.00
Supplies and materials	2,500.00	94.00	2,406.00
Total Planning and Zoning	15,900.00	7,169.00	8,731.00
Total Housing and Development	$ 90,601.00	$ 79,600.00	$ 11,001.00
TOTAL EXPENDITURES	$ 10,903,854.00	$ 11,858,601.66	$ (954,747.66)

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 Sherriff'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 the funds legally restricted for the benefit of detainees in the Count jail.

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

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

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

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

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2013

ASSETS

Cash and cash equivalents	$	427,933
Accounts receivable		56,862
TOTAL ASSETS	$	484,795

LIABILITIES AND FUND BALANCES

LIABILITIES

Accrued salaries	$	12,107
Due to other funds		332,557
TOTAL LIABILITIES		344,664

FUND BALANCE

Assigned for Public Safety		140,131
TOTAL LIABILITIES AND FUND BALANCE	$	484,795

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2013

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 412,390	$ 387,096	$ (25,294)
Interest	-	23	23
TOTAL REVENUES	412,390	387,119	(25,271)
EXPENDITURES			
Current			
Public Safety			
Personal services	535,276	583,150	47,874
Contractual services	184,375	156,121	(28,254)
Supplies and materials	14,750	24,942	10,192
Capital outlay	30,000	14,206	(15,794)
TOTAL EXPENDITURES	764,401	778,419	14,018
Excess (deficiency) of revenues over (under) expenditures	(352,011)	(391,300)	(39,289)
Other financing sources (uses)			
Transfers in (out)			
General Fund	352,011	504,278	152,267
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		112,978	112,978
FUND BALANCE - BEGINNING OF YEAR		27,153	27,153
FUND BALANCE - END OF YEAR	$	$ 140,131	$ 140,131

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2013

ASSETS	
Cash and cash equivalents	$ 26,403
LIABILITIES AND FUND BALANCES	
FUND BALANCE	
Restricted for Public Safety	$ 26,403

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2013

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 45,000	$ 34,776	$ (10,224)
Interest		43	43
TOTAL REVENUES	45,000	34,819	(10,181)
EXPENDITURES			
Current			
Public Safety			
Supplies	45,000	34,596	10,404
Capital outlay		90,754	(90,754)
TOTAL EXPENDITURES	45,000	125,350	(80,350)
Excess (deficiency) of revenues over (under) expenditures	-	(90,531)	(90,531)
Other financing sources (uses)			
Transfers in (out)			
General Fund			-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(90,531)	(90,531)
FUND BALANCE BEGINNING OF YEAR		116,934	116,934
FUND BALANCE END OF YEAR	$ -	$ 26,403	$ 26,403

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2013

ASSETS	
Cash and cash equivalents	$ 19,413
LIABILITIES AND FUND BALANCES	
FUND BALANCE	
Restricted for Public Safety	$ 19,413

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2013

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 56,000	$ 47,397	$ (8,603)
TOTAL REVENUES	56,000	47,397	(8,603)
EXPENDITURES			
Current			
Public Safety			
Supplies	56,000	50,267	5,733
TOTAL EXPENDITURES	56,000	50,267	5,733
Excess (deficiency) of revenues over (under) expenditures	-	(2,870)	(2,870)
FUND BALANCE BEGINNING OF YEAR		22,283	22,283
FUND BALANCE END OF YEAR	$ -	$ 19,413	$ 19,413

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2013

ASSETS		
Cash and cash equivalents	$	114,189
Certificates of deposit		11,601
TOTAL ASSETS	$	125,790
LIABILITIES AND FUND BALANCE		
FUND BALANCE		
Restricted for Judicial	$	125,790

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2013

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 16,100	$ 12,381	$ (3,719)
Interest		398	398
Other			-
TOTAL REVENUES	16,100	12,779	(3,321)
EXPENDITURES			
Current			
Judicial			
Personal services	1,680	1,680	-
Supplies and materials	10,000	4,541	5,459
TOTAL EXPENDITURES	11,680	6,221	5,459
Excess (deficiency) of revenues over (under) expenditures	4,420	6,558	2,138
Other financing sources (uses)			
Contingency	(4,420)		4,420
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	6,558	6,558
FUND BALANCE BEGINNING OF YEAR		119,232	119,232
FUND BALANCE END OF YEAR	$ -	$ 125,790	$ 125,790

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2013

ASSETS		
Cash and cash equivalents	$	121,690
Intergovernmental receivable		21,192
TOTAL ASSETS	$	142,882
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Due to other agencies	$	6,822
FUND BALANCE		
Restricted for Judicial		136,060
TOTAL LIABILITIES AND FUND BALANCE	$	142,882

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2013

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 7,006	$ 5,973	$ (1,033)
Intergovernmental	230,433	212,299	(18,134)
Interest	30	32	2
TOTAL REVENUES	237,469	218,304	(19,165)
EXPENDITURES			
Current			
Public Safety			
Personal services	198,153	198,147	6
Contract services	12,938	12,942	(4)
Supplies and materials	59,974	59,971	3
TOTAL EXPENDITURES	271,065	271,060	5
Excess (deficiency) of revenues over (under) expenditures	(33,596)	(52,756)	(19,160)
Other financing sources (uses)			
Transfers in (out)			
General Fund		13,982	13,982
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(33,596)	(38,774)	(5,178)
FUND BALANCE BEGINNING OF YEAR	33,596	174,834	141,238
FUND BALANCE END OF YEAR	$ -	$ 136,060	$ 136,060

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2013

ASSETS		
Intergovernmental receivable	$	47,014
TOTAL ASSETS	$	47,014
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued salaries	$	12,456
Due to other funds		34,558
TOTAL LIABILITIES		47,014
FUND BALANCE		
Unassigned		
TOTAL LIABILITIES AND FUND BALANCE	$	47,014

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
JUNE 30, 2013

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 624,769	$ 534,878	$ (89,891)
TOTAL REVENUES	624,769	534,878	(89,891)
EXPENDITURES			
Current			
Judicial			
Personal services	585,769	495,953	89,816
Contract services	23,500	23,681	(181)
Supplies and materials	15,500	15,244	256
TOTAL EXPENDITURES	624,769	534,878	89,891
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in (out)			
General Fund			-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
FUND BALANCE BEGINNING OF YEAR			-
FUND BALANCE END OF YEAR	$ -	$ -	$ -

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's Department - These funds account for deposits held for incatcerated inmates.

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	TAX COMMISSIOENR	MAGISTRATE COURT	PROBATE COURT
ASSETS			
Cash and cash equivalents	$ 2,285	$ 28,225	$ 65,590
LIABILITIES			
Due to other agencies	$ 2,285	$ 28,225	$ 65,590

CLERK OF SUPERIOR COURT	SHERIFF DEPARTMENT	TOTAL
$ 403,190	$ 3,627	$ 502,917
$ 403,190	$ 3,627	$ 502,917

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2013

	BALANCE JULY 1	ADDITIONS	DELETIONS	BALANCE JUNE 30
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 19,039	$ 17,355,295	$ (17,372,049)	$ 2,285
LIABILITIES				
Due to others	$ 19,039	$ 17,355,295	$ (17,372,049)	$ 2,285
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 26,465	$ 223,184	$ 221,424	$ 28,225
LIABILITIES				
Due to others	$ 26,465	$ 223,184	$ 221,424	$ 28,225
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 84,299	$ 1,159,937	$ (1,178,646)	$ 65,590
LIABILITIES				
Due to others	$ 84,299	$ 1,159,937	$ (1,178,646)	$ 65,590
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 410,128	$ 696,954	$ (703,892)	$ 403,190
LIABILITIES				
Due to others	$ 410,128	$ 696,954	$ (703,892)	$ 403,190
SHERIFF DEPARTMENT				
ASSETS				
Cash and cash equivalents	$ 2,049	$ 171,644	$ (170,066)	$ 3,627
LIABILITIES				
Due to others	$ 2,049	$ 171,644	$ (170,066)	$ 3,627
TOTALS ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 541,980	$ 19,607,014	$ (19,203,229)	$ 502,917
LIABILITIES				
Due to others	$ 541,980	$ 19,607,014	$ (19,203,229)	$ 502,917

SINGLE AUDIT SECTION

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 12, 2014

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

We have audited, in accordance with the 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, 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 year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Franklin County, Georgia's basic financial statements and have issued our report thereon dated May 12, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Franklin County, Georgia's internal control over financial reporting (internal control)to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's 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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 significant deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as comments 13-1 and 13-2 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as comments 13-3 through 13-9 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and question costs as comments 13-10 and 13-11.

Franklin County, Georgia's Response to Findings

Franklin County, Georgia's response to the findings identified in our audit is in the accompanying schedule of findings and questioned costs. Franklin County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Franklin County, Georgia's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Clarkesville, Georgia

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE BY OMB 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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Franklin County, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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's compliance with those requirements and preforming such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Franklin County, Georgia's compliance.

Opinions on Each Major Federal Program

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, 2013.

Report on Internal Control over Compliance

Management of Franklin County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Franklin County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program 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 of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Franklin County's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
Department of Justice			
Bureau of Justice Assistance			
Passed through the Criminal Justice Coordinating Council:			
Edward Byrbe Memorial Justice			
Assistance Grant Program	16.738	B11-8-010	179,028
Total Department of Justice			179,028
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-2013-000-00497	2,710
Total Department of Transportation			2,710
Environmental Protection Agency			
Office of Water			
Passed through the Georgia Environmental			
Finance Authority:			
Capitalization Grants for Drinking Water State			
Revolving Funds	66.468	DWSRD 12-002	
Loans			1,147,243
Grants			286,811
Total Environmental Protection Agency			1,434,054
Total Federal Awards			$ 1,615,792

FRANKLIN COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013

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.

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	Yes
Are any significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial Statements noted?	Yes

B. Federal Awards

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

Identification of major program:

66.468 Community Development Block Grant/Entitlement Grants
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

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

1. Financial Statement Findings (continued)

A. Current Year Audit Findings

Comment 13-1

Condition: There is a lack of sufficient internal controls in the Sheriff's Department, which is due to inadequate segregation of duties. The result is that one person maintains the checkbook, prepares and makes deposits, withes and signs all checks, and prepares al bank reconciliations. Failing to have an effective system of controls could lead to the misstatement of the financial statements.

Criteria: Proper internal controls require adequate segregation of duties in control over adjustments to the general ledger.

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

Recommendation: To ensure that sufficient internal controls are in place, the Court should properly segregate duties.

Management Response: Management concurs with this finding. Management will advise Elected Officials to implement the recommendation

Comment 13-2

Condition: While performing audit procedures at the Commissioner's office, we noted that the bank reconciliations were not completed for all bank accounts.

Criteria: Proper internal controls require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: Bank reconciliations should be completed for all bank accounts on a monthly basis.

Management Response: Management concurs with this finding.

Comment 13-3

Condition: While performing audit procedures at the Commissioner's office, we found the general ledger was not complete. The County had purchased a new general software in the middle of fiscal year ended June 30, 2013. The system was not properly set up and resulted in the County finance department not being able to properly post transactions.

Criteria: To allow management to review financial transactions and make decisions, the general ledger must be maintained on a current basis. The accuracy of this information is key for management to be able to make decisions.

Effect: Failure to properly post and prepare activity to the general ledger could lead to materially misstated financial statements.

1. Financial Statement Findings (continued)

Recommendation: To prevent and/or detect problems with the general ledger, a monthly review process should be implemented to ensure the accuracy and completeness of the financial reports.

Management Response: Management concurs with this finding and will implement a review process.

Comment 13-4

Condition: During the year miscellaneous debits to the bank statement were not being posted to the general ledger. The bank statements were not being reconciled to detect this omission.

Criteria: Proper internal controls require that transactions be recorded and reconciled in a timely manner.

Effect: Failure to post transactions in a timely manner exposes the County to greater risk of loss due to fraud and may lead to financial statements that are materially misstated.

Recommendation: At a minimum, these items should be posted on a monthly basis.

Managements Response: Management concurs with this finding. Management will advise the appropriate Department Head to implement this recommendation.

Comment 13-5

Condition: During the year miscellaneous credits to the bank statement were not being posted to the general ledger. The bank statements were not being reconciled to detect this omission.

Criteria: Proper internal controls require that transactions be recorded and reconciled in a timely manner.

Effect: Failure to post transactions in a timely manner exposes the County to greater risk of loss due to fraud and may lead to financial statements that are materially misstated.

Recommendation: At a minimum, these items should be posted on a monthly basis.

Managements Response: Management concurs with this finding. Management will advise the appropriate Department Head to implement this recommendation.

Comment 13-6

Condition: While performing audit procedures on capital assets, we noted that capital asset additions and dispositions were not reconciled from the capital asset listing to the general ledger.

Criteria: Generally accepted accounting principles require that the capital asset listing be reconciled to the general ledger on a regular basis, usually monthly.

Effect: Failure to reconcile the capital asset listing to the general ledger may lead to financial statements that are materially misstated.

Recommendation: At a minimum, the capital asset listing should be reconciled to the general ledger on a monthly basis.

1. Financial Statement Findings (continued)

Managements Response: Management concurs with this finding. Management will advise the appropriate Department Head to implement the recommendation.

Comment 13-7

Condition: While performing audit procedures for payroll, we noted that due to incorrect software set up, there were several payroll runs that were not posted to the general ledger.

Criteria: Proper financial reporting requires the payroll ledgers be reconciled to the general ledger.

Effect: Failure to properly reconcile payroll processing to the general ledger could lead to materially misstated financial statements.

Recommendation: To prevent and/or detect problems with ending general ledger balances, a monthly review process should be implemented to reconcile payroll registers to the general ledger.

Managements Response: Management concurs with this finding. Management will advise the appropriate Department Head to implement the recommendation.

Comment 13-8

Condition: While performing audit procedures for equity, we noted that the prior period audit adjustments had not been posted to the general ledger.

Criteria: Proper financial reporting requires that the prior period be posted to the general ledger.

Effect: Failure to properly post and reconcile these adjustments to the general ledger could lead to materially misstated financial statements.

Recommendation: To provide Management with accurate financial data, these entries must be posted to the general ledger on an annual basis.

Managements Response: Management concurs with this finding. Management will advise the appropriate Department Head to implement the recommendation.

Condition 13-9

Condition: While performing our walkthrough of transactions, we discovered that the general ledger had not been correctly set up when the County started using their new general ledger software.

Criteria: Proper financial reporting requires that the opening balances be correct and reconcile with the prior period.

Effect: As a result of the software vendor not correctly posting the opening balances, the general ledger was materially incorrect during the last six months of the fiscal year ended June 30, 2013.

Recommendation: To provide Management with accurate financial data, we recommend the appropriate Department Head review the financial data generated throughout the year. We also recommend the County consider changing software providers for their accounting and billing system.

Managements Response: Management concurs with this finding. Management will advise the appropriate department Head to implement the recommendation.

1. *Financial Statement Findings (continued)*

Comment 13-10

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 13-11

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

Criteria: State law requires that the budget at the legal level of control not be over-expended.

Effect: Failure to maintain expenditures within the balanced budget for these funds will place the County in violation of state law.

Recommendation: The budgets should be reviewed regularly for compliance. This will assist management with budgetary decisions throughout the fiscal year.

Management Response: Management concurs with this finding. The County manager will review the comparative financial statements to budget and recommend any necessary budget revisions to the Board of Commissioners.

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2. *Financial Statement Findings*

B. Prior Year Audit Finding Follow-Ups

Comment 12-1

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

The County did not have any activity to be recorded in the debt service fund this year and finding was not carried over.

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.

The Recreation Authority turned their assets over to the Commissioners at the beginning of the year. The recreation department is now a part of the general fund as a department. All accounting is handled through the general fund accounting department.

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.

This continues for the fiscal year ended June 30, 2013.

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 register on a monthly basis.

There is a new Probate Judge for the fiscal year ended June 30, 2013 and this finding is no longer a problem.

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.

This has been corrected for fiscal year ended June 30, 2013.

2. *Financial Statement Findings (continued)*

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.

The County again experienced material excess of expenditures over appropriations in the General fund for the fiscal year ended June 30, 2013.

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.

STATE REPORTING SECTION

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

FRANKLIN COUINTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	$ 8,800	$ 1,507,807
Fire equipment	1,140,800	1,073,160	1,082,900	46,250	1,129,150
Solid Waste improvements	1,120,000	1,053,593	969,835	-	969,835
Airport improvements	320,000	301,027	335,290	-	335,290
Construction and improvements of roads	3,824,000	3,597,268	3,662,968	-	3,662,968
Industrial development	1,120,000	1,053,593	1,154,277	-	1,154,277
Water expansion	4,400,000	4,139,115	5,850,086	-	5,850,086
Courthouse improvements	160,000	150,513	178,987	-	178,987
Jail improvements	160,000	150,513	168,169	-	168,169
City of Lavonia	590,400	555,394	555,395	-	555,395
City of Royston	665,200	625,759	625,760	-	625,760
City of Canon	299,866	282,087	281,787	-	281,787
City of Carnesville	299,867	282,087	282,087	-	282,087
City of Franklin Springs	299,867	282,087	282,086	-	282,086
Total SPLOST II	$ 16,000,000	$ 15,051,334	$ 16,928,634	$ 55,050	$ 16,983,684
SPLOST III					
Franklin County					
Recreation facilities	$ 1,620,000	$ 1,620,000	$ 1,795,814	$ -	$ 1,795,814
Public Safety	1,400,000	1,400,000		-	-
Emergency 911 equipment	-	-	381,467	-	381,467
Fire facilities and equipment	-	-	1,667,946	-	1,667,946
Airport improvements	360,000	360,000	350,108	-	350,108
Construction and improvements of roads	4,020,000	4,020,000	5,213,650	-	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	-	-	-
City of Lavonia	1,402,143	1,402,143	1,402,143	-	1,402,143
City of Royston	1,402,144	1,402,144	1,402,144	-	1,402,144
City of Canon	778,571	778,571	778,571	-	778,571
City of Carnesville	778,571	778,571	778,571	-	778,571
City of Franklin Springs	778,571	778,571	778,571	-	778,571
Total SPLOST III	$ 18,000,000	$ 18,000,000	$ 20,337,235	$ -	$ 20,337,235

FRANKLIN COUINTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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	$ -	$ 3,865,256	$ 3,865,256
Industrial Development	-	-	752,007	600,655	1,352,662
Roads and Bridges	-	-	157	-	157
City of Lavonia	1,402,140	1,402,140	321,899	228,484	550,383
City of Royston	1,402,140	1,402,140	321,899	219,749	541,648
City of Canon	778,570	778,570	178,741	124,446	303,187
City of Carnesville	778,570	778,570	178,741	124,446	303,187
City of Franklin Springs	778,570	778,570	178,741	124,446	303,187
Total SPLOST IV	$ 18,739,990	$ 18,739,990	$ 1,932,185	$ 5,287,482	$ 7,219,667

* 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.