FRANKLIN COUNTY

CARNESVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FRANKLIN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

March 6, 2015

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

Report on the Financial Statements

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, 2014, 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 statements reflect total assets of $353,907 as of June 30, 2014 and total revenues of $458,258 for the year then ended. 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, 2014, and the respective changes in financial position and,

where applicable, cash flows thereof 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 March 6, 2015 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
Certified Public Accountants
Clarkesville, Georgia

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Current assets				
Cash and cash equivalents	$ 944,599	$ 232,375	$ 1,176,974	$ 914,294
Certificates of deposit	1,649,776		1,649,776	
Investments			-	
Restricted assets			-	
Cash	875,486		875,486	
Certificates of deposit		1,388,251	1,388,251	
Interest receivable		572	572	
Receivables (net)			-	
Accounts	91,407	138,614	230,021	81,285
Intergovernmental	666,118		666,118	
Taxes	323,775		323,775	2,272
Interest			-	
Notes		30,340	30,340	
Inventory		369,112	369,112	
Prepaid expenses	82,715		82,715	
Total current assets	4,633,876	2,159,264	6,793,140	997,851
Noncurrent assets				
Notes receivable		32,987	32,987	
Capital assets			-	
Non-depreciable	4,968,337	399,323	5,367,660	3,031,251
Depreciable (net)	34,330,264	19,315,093	53,645,357	
Pension assets	793,702		793,702	
Debt issue costs		74,704	74,704	
Total noncurrent assets	40,092,303	19,822,107	59,914,410	3,031,251
TOTAL ASSETS	$ 44,726,179	$ 21,981,371	$ 66,707,550	$ 4,029,102
LIABILITIES				
Current Liabilities				
Payables				
Accounts	$ 154,748	$ 376	$ 155,124	$ 5,046
Interest		25,486	25,486	
Accrued salaries and expenses	1,160,687	4,857	1,165,544	
Due to other agencies	6,974		6,974	
Notes payable		201,262	201,262	
Bonds payable		270,000	270,000	
Compensated Absences				27,395
Other liabilities	196,207		196,207	
Total current liabilities	1,518,616	501,981	2,020,597	32,441
Noncurrent liabilities				
Compensated absences	460,213	8,961	469,174	
Notes payable		3,037,482	3,037,482	
Bonds payable		2,525,000	2,525,000	
Post-closure care costs		1,140,647	1,140,647	
Total noncurrent liabilities	460,213	6,712,090	7,172,303	
TOTAL LIABILITIES	1,978,829	7,214,071	9,192,900	32,441

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
NET POSITION				
Net Investment in				
Capital Assets	$ 39,298,601	$ 14,999,741	$ 54,298,342	$ 3,031,251
Restricted for:				
Judicial	147,818		147,818	
Public Safety	986,277		986,277	
Capital outlay	854,032	69,754	923,786	
Unrestricted	1,460,622	(302,195)	1,158,427	965,410
TOTAL NET POSITION	$ 42,747,350	$ 14,767,300	$ 57,514,650	$ 3,996,661

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Primary Government: Program Revenues: Charges for Services	Primary Government: Program Revenues: Operating Grants and Contributions	Primary Government: Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 2,765,346	$ 420,455	$ 38,410	$	$ (2,306,481)
Judicial	1,547,266	1,181,767			(365,499)
Public Safety	8,244,888	2,207,040	320,553		(5,717,295)
Public Works	3,661,923	2,660		484,956	(3,174,307)
Health and Welfare	364,659		198,840		(165,819)
Culture and Recreation	608,117	174,539			(433,578)
Housing and Development	74,220				(74,220)
Intergovernmental	1,411,233				(1,411,233)
Total governmental activities	18,677,652	3,986,461	557,803	484,956	(13,648,432)
Business-type activities					
Water and Sewer	1,309,438	1,116,950	-	425,664	233,176
Solid Waste	54,170	76,614	-	-	22,444
Total business-type activities	1,363,608	1,193,564	-	425,664	255,620
Total primary government	$ 20,041,260	$ 5,180,025	$ 557,803	$ 910,620	$ (13,392,812)
Component Units					
Franklin County Industrial Building Authority					
Housing and Development	229,663			800,800	571,137
Franklin County Health Department					
Health and Welfare	534,105	216,894	241,364		(75,847)
Total component units	$ 763,768	$ 216,894	$ 241,364	$ 800,800	$ 495,290

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (13,648,432)	$ 255,620	$ (13,392,812)	$ 495,290
General revenues				
Taxes				
Property	4,987,228		4,987,228	148,136
Sales	5,146,240		5,146,240	
Insurance premium	728,859		728,859	
Intangible	44,246		44,246	
Franchise	42,635		42,635	
Real estate transfer	21,635		21,635	
Occupational	19,146		19,146	
Other	-		-	
Interest and investment earnings	2,866	2,692	5,558	171
Payments from Franklin County			-	101,431
Other			-	
Transfers	490,982	(490,982)	-	
Total general revenues and transfers	11,483,837	(488,290)	10,995,547	249,738
Change in Net Position	(2,164,595)	(232,670)	(2,397,265)	745,028
Net Position - Beginning of Year-as previously reported	44,911,945	14,999,970	59,911,915	3,247,715
Prior Period Adjustment				3,918
Net Position - Beginning of Year - as restated	44,911,945	14,999,970	59,911,915	3,251,633
Net Position - End of Year	$ 42,747,350	$ 14,767,300	$ 57,514,650	$ 3,996,661

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL	SPLOST IV	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
ASSETS				
Cash and cash equivalents	$ 415,943	$ 185,989	$ 342,667	$ 944,599
Certificates of deposit	1,638,122		11,654	1,649,776
Receivables (net)				
Accounts	38,844		52,563	91,407
Intergovernmental	18,576	569,767	77,775	666,118
Taxes	323,775			323,775
Interest				-
Prepaid expenses	82,715			82,715
Due from other funds	345,975			345,975
Restricted Assets				
Cash	875,486			875,486
TOTAL ASSETS	$ 3,739,436	$ 755,756	$ 484,659	$ 4,979,851
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Payables				
Accounts	$ 154,748	$	$	$ 154,748
Intergovernmental				-
Excess taxes	196,207			196,207
Accrued salaries and expenses	1,112,649		48,038	1,160,687
Due to other agencies			6,974	6,974
Due to other funds			345,975	345,975
TOTAL LIABILITIES	1,463,604	-	400,987	1,864,591
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-			-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,463,604	-	400,987	1,864,591
FUND BALANCES				
Nonspendable prepaids	82,715			82,715
Restricted for:				
Judicial	-		147,818	147,818
Public Safety	875,486		110,791	986,277
Capital projects	-	755,756	98,276	854,032
Unassigned	1,317,631		(273,213)	1,044,418
TOTAL FUND BALANCES	2,275,832	755,756	83,672	3,115,260
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,739,436	$ 755,756	$ 484,659	$ 4,979,851

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, 2014

Adjustments to the Statement of Net Position		
Fund Balance		$ 3,115,260
Amounts reported for governmental activities in the statement of net position are different because:		
Some assets are not financial and. therefore, are not reported in the funds. These are:		
Capital assets, net of accumulated depreciation	$ 39,298,601	
Net pension assets	793,702	40,092,303
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are:		
Compensated absences		(460,213)
Total Net Position of Governmental Activities (Exhibit A-1)		$ 42,747,350

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, 2014

	GENERAL	SPLOST IV	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES				
Taxes	$ 7,881,214	$ 3,231,663	$	$ 11,112,877
Licenses and permits	8,354			8,354
Fines, fees and forfeitures	1,010,191		888,566	1,898,757
Charges for services	1,699,066		425,635	2,124,701
Intergovernmental	833,992		163,416	997,408
Interest	6,422	25	315	6,762
Other	-			-
TOTAL REVENUES	11,439,239	3,231,688	1,477,932	16,148,859
EXPENDITURES				
Current				-
General Government	2,723,342			2,723,342
Judicial	918,145		628,619	1,546,764
Public Safety	6,234,292	377,531	1,213,982	7,825,805
Public Works	1,672,525	1,032,227		2,704,752
Health and Welfare	341,124			341,124
Culture and Recreation	447,148	15,880		463,028
Housing and Development	74,220			74,220
Capital outlay	-		209,993	209,993
Intergovernmental	-	1,668,146		1,668,146
TOTAL EXPENDITURES	12,410,796	3,093,784	2,052,594	17,557,174
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(971,557)	137,904	(574,662)	(1,408,315)
OTHER FINANCING SOURCES(USES)				
Transfers in	490,982		-	490,982
Transfers out	-			-
TOTAL OTHER FINANCING SOURCES (USES)	490,982	-	-	490,982
NET CHANGE IN FUND BALANCE	(480,575)	137,904	(574,662)	(917,333)
FUND BALANCE - BEGINNING OF YEAR	2,756,407	617,852	658,334	4,032,593
FUND BALANCE - END OF YEAR	$ 2,275,832	$ 755,756	$ 83,672	$ 3,115,260

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, 2014

Adjustments to the Statement of Activities		
Net Change in Fund Balance		$ (917,333)
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	$ 630,448	
Depreciation expense	(1,740,174)	(1,109,726)
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.		(122,888)
These include the net change in pension assets.		(3,896)
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.		(10,752)
Change in Net Position of Governemental Activities (Exhibit A-2)		$ (2,164,595)

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
ASSETS			
Current Assets			
Cash and cash equivalents	$ 228,856	$ 3,519	$ 232,375
Restricted assets			
Certicates of deposit	1,388,251		1,388,251
Interest	572		572
Receivables			
Accounts (net)	138,614		138,614
Notes		30,340	30,340
Inventory	369,112		369,112
Total Current Assets	2,125,405	33,859	2,159,264
Noncurrent Assets			
Notes receivable		32,987	32,987
Capital assets			
Non-depreciable	20,347	378,976	399,323
Depreciable (net)	19,308,564	6,529	19,315,093
Debt issue costs (net)	74,704		74,704
Total Noncurrent Assets	19,403,615	418,492	19,822,107
TOTAL ASSETS	$ 21,529,020	$ 452,351	$ 21,981,371
LIABILITIES			
Current liabilities			
Accounts Payable	$ 376	$	$ 376
Interest payable	25,486		25,486
Accured salaries	4,055	802	4,857
Compensated absences	8,868	93	8,961
Current portion of Long term Note	201,262		201,262
Bonds payable	270,000		270,000
Total Current Liabilities	510,047	895	510,942
Noncurrent liabilities			
Notes payable	3,037,482		3,037,482
Bonds payable	2,525,000		2,525,000
Post-closure care costs		1,140,647	1,140,647
Total Noncurrent Liabilities	5,562,482	1,140,647	6,703,129
TOTAL LIABILITIES	6,072,529	1,141,542	7,214,071
NET POSITION			
Invested in capital assets, net of related debt	14,614,236	385,505	14,999,741
Restricted for capital outlay	69,754	-	69,754
Unrestricted	772,501	(1,074,696)	(302,195)
TOTAL NET POSITION	15,456,491	(689,191)	14,767,300
TOTAL LIABILITIES AND NET POSITION	$ 21,529,020	$ 452,351	$ 21,981,371

The 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, 2014

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
OPERATING REVENUES			
Charges for sales and services	$ 1,116,950	$ 76,614	$ 1,193,564
Miscellaneous revenue			-
TOTAL OPERATING REVENUES	1,116,950	76,614	1,193,564
OPERATING EXPENSES			
Costs of sales and services	489,520	18,050	507,570
Personal services	182,482	27,659	210,141
Depreciation	477,514	1,959	479,473
Other	17,369	735	18,104
TOTAL OPERATING EXPENSES	1,166,885	48,403	1,215,288
OPERATING INCOME (LOSS)	(49,935)	28,211	(21,724)
NON-OPERATING REVENUES (EXPENSE)			
Interest revenue	2,630	62	2,692
Payments to other agencies		(5,767)	(5,767)
Interest expense	(135,505)		(135,505)
Amortization	(7,048)		(7,048)
TOTAL NON-OPERATING REVENUES (EXPENSE)	(139,923)	(5,705)	(145,628)
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(189,858)	22,506	(167,352)
CAPITAL CONTRIBUTIONS			
Capital contributions	317,312		317,312
Intergovernmental	108,352		108,352
TOTAL CAPITAL CONTRIBUTIONS	425,664	-	425,664
NET INCOME (LOSS) BEFORE TRANSFERS	235,806	22,506	258,312
TRANSFERS			
Transfers in			-
Transfers out	(374,932)	(116,050)	(490,982)
TOTAL TRANSFERS	(374,932)	(116,050)	(490,982)
NET INCOME (LOSS)	(139,126)	(93,544)	(232,670)
TOTAL NET POSITION-BEGINNING OF YEAR	15,595,617	(595,647)	14,999,970
TOTAL NET POSITION-END OF YEAR	$ 15,456,491	$ (689,191)	$ 14,767,300

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 1,088,131	$ 76,614	$ 1,164,745
Payment to Supliers	(482,655)	(18,050)	(500,705)
Payments to employees	(182,482)	(27,659)	(210,141)
Other payments	(19,410)	(22,746)	(42,156)
NET CASH PROVIDED BY OPERATING ACTIVITIES	403,584	8,159	411,743
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Payments to other funds	(374,932)	(116,050)	(490,982)
Payments to other agencies		(5,767)	(5,767)
NET CASH PROVIDED(USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	(374,932)	(121,817)	(496,749)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Receipts from other governments	108,352		108,352
Interest paid	(135,505)		(135,505)
Acquisition of capital assets	(734,119)		(734,119)
Contributed capital	317,312		317,312
Debt Proceeds	476,229		476,229
Prepaid Closing Costs	(3,334)		(3,334)
Principal payment - bonds payable	(260,000)		(260,000)
Principal payment - notes payable	(201,262)		(201,262)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(432,327)	-	(432,327)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	2,630	62	2,692
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,630	62	2,692
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(401,045)	(113,596)	(514,641)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,018,724	117,115	2,135,839
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,617,679	3,519	1,621,198
Reconciliation of operating Income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(49,935)	28,211	(21,724)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	477,514	1,959	479,473
(Increase) decrease in accounts receivable	(28,819)		(28,819)
(Increase) decrease in inventory	7,241		7,241
Increase (decrease) in accounts payable	376		376
Increase (decrease) in accrued liabilities	(2,793)	74	(2,719)
Increase (decrease) in Post-Closure Care costs		(22,085)	
Total adjustments	453,519	(20,052)	433,467
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 403,584	$ 8,159	$ 411,743

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	$ 523,798
TOTAL ASSETS	$ 523,798
LIABILITIES	
Due to other agencies	$ 523,798
TOTAL LIABILITIES	$ 523,798

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2014

	FRANKLIN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY	FRANKLIN COUNTY HEALTH DEPARTMENT	TOTALS
ASSETS			
Current Assets			
Cash and cash equivalents	$ 616,458	$ 297,836	$ 914,294
Certificates of deposit			-
Receivables (net)			
Accounts	25,214	56,071	81,285
Taxes	2,272		2,272
Due to other agencies			-
Total Current Assets	643,944	353,907	997,851
Noncurrent Assets			
Capital assets			
Non-depreciable	3,031,251		3,031,251
Depreciable (net)			-
Total Noncurrent Assets	3,031,251		3,031,251
TOTAL ASSETS	3,675,195	353,907	4,029,102
LIABILITIES			
Current Liabilities			
Accounts payable		5,046	5,046
Accrued salaries and expenses			-
Compensated absences	-	27,395	27,395
Total Current Liabilities	-	32,441	32,441
TOTAL LIABILITIES		32,441	32,441
NET POSITION			
Net Investment in Capital Assets	3,031,251	-	3,031,251
Unrestricted	643,944	321,466	965,410
TOTAL NET POSITION	$ 3,675,195	$ 321,466	$ 3,996,661

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, 2014

	FRANKLIN COUNTY INDUSTRIAL BUILDING AUTHORITY	FRANKLIN COUNTY HEALTH DEPARTMENT	TOTALS
EXPENSES			
Health and Welfare	$	$ 534,105	$ 534,105
Culture and Recreation			-
Housing and Development	229,663		229,663
TOTAL EXPENSES	229,663	534,105	763,768
PROGRAM REVENUES			
Charges for services		216,894	216,894
Operating grants and contributions		241,364	241,364
Capital grants and contributions	800,800		800,800
TOTAL PROGRAM REVENUES	800,800	458,258	1,259,058
Net (expense) revenue	571,137	(75,847)	495,290
GENERAL REVENUES			
Property taxes	148,136		148,136
Interest	171		171
Payments from Franklin County		101,431	101,431
Transfers			
TOTAL GENERAL REVENUES	148,307	101,431	249,738
CHANGE IN NET POSITION	719,444	25,584	745,028
NET POSITION - Beginning of Year - as previously reported	2,955,751	291,964	3,247,715
Prior Period Adjustment		3,918	3,918
NET POSITION - Beginning of Year - as restated	2,955,751	295,882	3,251,633
NET POSITION- End of Year	$ 3,675,195	$ 321,466	$ 3,996,661

The 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". The Industrial Building Authority does issue separate financial statements.

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, 2014 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 November 15 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 uncollectibles, 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, 2014, 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, 2014, the County incurred expenditures in the following General Fund departments that were materially in excess of the amounts appropriated.

Department	Budget	Actual	Variance
General Fund			
Commission Board	57,935	99,703	(41,768)
General Administration	1,291,631	1,426,709	(135,078)
Tax Commissioner	357,061	358,603	(1,542)
Probate Court	205,559	222,082	(16,523)
District Attorney	41,261	48,234	(6,973)
Coroner Services	31,548	39,180	(7,632)
Emergency Medical	1,677,439	1,776,918	(99,479)
County Marshall	47,200	49,394	(2,194)
Sheriff's Department	3,244,092	3,983,682	(739,590)
Animal Shelter	56,000	70,080	(14,080)
Highways and Streets	927,011	1,672,525	(745,514)
Senior Center	204,341	207,334	(2,993)
Health Department	103,431	108,063	(4,632)
Recreation Department	358,905	417,148	(58,243)
Forestry Service	8,037	16,074	(8,037)
Planning and Zoning	6,000	6,716	(716)

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.

NOTE 4 – (Continued)

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 – ACCOUNTS RECEIVABLE

Net accounts receivable at June 30, 2014, consist of the following:

Primary Government:		
Major Funds		
General Fund	$ 81,447	
Less: Allowance for Uncollectibles	(42,603)	38,844
Enterprise Funds		
Water and Sewer	179,251	
Less: Allowance for Uncollectibles	(40,637)	138,614
Nonmajor Funds		
Emergency 911 Special Revenue Fund		52,563
Total primary government		$ 230,021
Component Units		
Franklin County Industrial Building Authority	25,214	
Franklin County Health Department	56,071	$ 81,285

NOTE 6 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2014, consist of the following:

Major Funds		
General Fund		
Franklin County Industrial Building Authority	$ 8,060	
Due from City of Carnesville	9,119	
Northern Judicial Circuit Public Defender's Office	1,397	18,576
Nonmajor Funds		
Special Revenue Funds		
MANS Unit		
Georgia Criminal Justice Coordinating Council	25,730	
Probation Services		
Northern Judicial Circuit	52,045	77,775
Total primary government		$ 96,351

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 2014, based upon the assessments of January 1, 2013, were levied on July 22, 2013, billed on August 15, 2013, and due on November 15, 2013. Tax liens maybe issued 90 days after the due date.

Taxes receivable as of June 30, 2014, consist of property taxes for seven years as follows:

Year of Levy	Franklin County	Franklin County Industrial Building Authority
2013	$ 75,617	$ 2,272
2012	13,569	413
2011	7,729	236
2010	5,826	177
2009	5,141	205
2008	4,527	6
2007	4,255	-
2006	3,847	-
	120,511	3,309
Less allowance for uncollectible	(44,894)	(1,037)
Total	$ 75,617	$ 2,272

Other Taxes

$248,158 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, 2014, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	$ 345,975
Total		$ 345,975

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". A summary of interfund transfers as of June 30, 2014, is as follows:

INTERFUND TRANSFERS

	Major Funds			
	General	Water and Sewer	Solid Waste	Combined
Transfer Out To:				
Major Funds				
General	$ -	$ (374,932)	$ (116,050)	$ (490,982)
Transfer In From:				
Major Funds				
Water and Sewer	374,932			374,932
Solid Waste	116,050			116,050
	$ 490,982	$ (374,932)	$ (116,050)	$ -

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.

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, 2014 was as follows:

	Balance 6/30/2013	Increase	Decrease	Balance 6/30/2014
Governmental Activities				
Nondepreciable assets				
Land	$ 4,968,337	$ -	$ -	$ 4,968,337
Depreciable assets				
Land Improvements	1,228,431	-	-	1,228,431
Infrastructure	43,681,009	151,737	-	43,832,746
Buildings	10,966,939	100,563	-	11,067,502
Machinery and equipment	2,579,497	38,000	-	2,617,497
Vehicles	6,217,806	340,148	-	6,557,954
Total depreciable assets	64,673,682	630,448	-	65,304,130
Accumulated Depreciation				
Land Improvements	(522,009)	(81,895)		(603,904)
Infrastructure	(17,367,754)	(875,227)	-	(18,242,981)
Buildings	(3,999,271)	(279,606)	-	(4,278,877)
Machinery and equipment	(2,493,987)	(77,268)	-	(2,571,255)
Vehicles	(4,850,671)	(426,178)	-	(5,276,849)
Total accumulated depreciation	(29,233,692)	(1,740,174)	-	(30,973,866)
Total depreciable assets, net	35,439,990	(1,109,726)	-	34,330,264
Governmental Activities capital assets, net	$ 40,408,327	$ (1,109,726)	$ -	$ 39,298,601

NOTE 10 – (Continued)

	Balance 6/30/2013	Increase	Decrease	Balance 6/30/2014
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	23,009,932	734,119	-	23,744,051
Buildings	32,380	-	-	32,380
Machinery and equipment	323,636	-	-	323,636
Vehicles	254,280	-	-	254,280
Total depreciable assets	23,649,610	734,119	-	24,383,729
Accumulated Depreciation				
Land improvements	(20,963)	(1,959)	-	(22,922)
Distribution system	(3,993,439)	(468,661)	-	(4,462,100)
Buildings	(7,271)	(810)	-	(8,081)
Machinery and equipment	(313,210)	(8,043)	-	(321,253)
Vehicles	(254,280)	-	-	(254,280)
Total accumulated depreciation	(4,589,163)	(479,473)	-	(5,068,636)
Total depreciable assets, net	19,060,447	254,646	-	19,315,093
Business-type Activities capital assets, net	$ 19,459,770	$ 254,646	$ -	$ 19,714,416

Capital asset activity for the Industrial Building Authority Component Unit for the fiscal year ended June 30, 2014 was as follows:

	Balance 6/30/2013	Increase	Decrease	Balance 6/30/2014
Industrial Building Authority Component Unit				
Nondepreciable assets				
Land	$ 2,565,846	$ 465,405	$ -	$ 3,031,251
Industrial Building Authority Component Unit capital assets, net	$ 2,565,846	$ 465,405	$ -	$ 3,031,251

NOTE 10 – (Continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government		
Governmental activities		
General Government	$	60,788
Public Safety		559,060
Public Works		952,888
Health and Welfare		23,535
Culture and Recreation		143,903
Total depreciation expense for governmental activities	$	1,740,174
Business-type activities		
Water and Sewer	$	468,661
Solid Waste		1,959
Total depreciation expense for business-type activities	$	470,620

NOTE 11 – OTHER LIABILITIES

At June 30, 2014, 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

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issue at June 30, 2014:

$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% ($2,795,000 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
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	310,000	59,743	369,743
2020-2023	1,350,000	123,626	1,473,626
Totals	$ 2,795,000	$ 526,174	$ 3,321,174

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.

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, 2014, the balance of this note is $1,131,606. Quarterly installments of $32,332 principal are due through March 1, 2023; interest at 0%.

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	129,326	-	129,326
2016	129,326	-	129,326
2017	129,326	-	129,326
2018	129,326	-	129,326
2019	129,326	-	129,326
2020-2023	484,976	-	484,976
Totals	$ 1,131,606	$ -	$ 1,131,606

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, 2014, the balance of this note is $526,489 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
2015	29,114	-	29,114
2016	29,114	-	29,114
2017	29,114	-	29,114
2018	29,114	-	29,114
2019	29,114	-	29,114
2020-2024	145,570	-	145,570
2025-2029	145,570	-	145,570
2030-2033	89,779	-	89,779
Totals	$ 526,489	$ -	$ 526,489

NOTE 12 – (Continued)

On September 1, 2012 the County 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. At June 30, 2014, the balance of this note is $1,580,650. Monthly installments of $8,193 principal and interest are due beginning November 1, 2014 through October 1, 2034; interest at 2.13%.

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	43,121	33,716	76,837
2016	65,741	32,575	98,316
2017	67,258	31,058	98,316
2018	68,653	29,663	98,316
2019	70,130	28,186	98,316
2020-2024	373,902	117,678	491,580
2025-2029	415,947	75,633	491,580
2030-2033	462,613	28,967	491,580
2034-2035	13,285	146	13,431
Totals	$ 1,580,650	$ 377,622	$ 1,958,272

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2014:

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014	Due Within One Year
Governmental activities					
Compensated absences	$ 449,461	$ 10,752	$	$ 460,213	$ -
Total Governmental activities	$ 449,461	$ 10,752	$ -	$ 460,213	$ -
Business-type activities					
Notes payable	$ 2,963,777	$ 433,408	$ (158,440)	$ 3,238,745	$ 201,561
Bonds payable	3,055,000	-	(260,000)	2,795,000	270,000
Post-closure care costs	1,162,732	-	(22,085)	1,140,647	-
Compensated absences	7,144	8,961	(7,144)	8,961	-
Total business-type activities	$ 7,188,653	$ 442,369	$ (447,669)	$ 7,183,353	$ 471,561
Health Department Component Unit					
Compensated absences	$ 24,150	$ 27,395	$ (24,150)	$ 27,395	$ -
Total Health Department Component Unit	$ 24,150	$ 27,395	$ (24,150)	$ 27,395	$ -

Compensated absences are liquidated by those governmental funds that have salary and wage

NOTE 12 – (Continued)

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, 2014, 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, 2014, the Solid Waste Enterprise Fund has negative net assets of $689,191. 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 – FUND BALANCE

Additional details related to fund balances at the governmental fund level are presented below:

Nonspendable:

General Fund	
Prepaid expenses – For the amount in prepaid insurance in the general fund	$ 82,715

Restricted:

Public Safety	
Sheriff's Department Funds – For funds held by the County for the Sheriff's Department. This includes Operations, Drug Surcharge and Jail Funds.	$ 875,486
SPLOST IV Fund	
Capital outlay projects – For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved Referendum	755,756
Nonmajor Special Revenue Funds	
Judicial Programs:	
Probation Service – To account for funds legally restricted for the operation of Probation Services.	24,044
Law Library – To account for surcharges on fines and forfeitures which are for the operation of the County law library and other general expenditures as decided by the trustees of the library	123,774
Public Safety Programs:	
Drug Enforcement – To account for funds received from surcharges on fines and forfeitures restricted for Drug Enforcement.	11,297
MANS Unit – To account for funds legally restricted for law enforcement activity.	80,895
Inmate Welfare – Used to account for funds held in trust for inmates while incarcerated.	18,599
Capital Projects:	
SPLOST III - For funds received from the imposition of the Special Purpose Local Option Sales Tax (SPLOST) restricted by the voter approved Referendum	98,276
	$ 1,988,127

NOTE 17 – 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.

Plan Description and Contribution Information, continued

Current Membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	34
Terminated vested participants entitled to but not yet receiving benefits	86
Active participant	132
Total number of participants	252

NOTE 17 – (Continued)

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 17 – (Continued)

The County's annual pension cost and net pension obligations for the current year ended June 30, 2014, were as follows:

Annual required contribution	$	629,075
Interest on net pension obligation		(61,814)
Adjustment to ARC		66,140
Annual pension cost		633,401
Contributions made		629,505
Increase (decrease) in net pension obligation		3,896
Net pension obligation - beginning of year		(797,598)
Net pension obligation - end of year	$	(793,702)

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
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)
2013	633,401	99%	(793,702)

NOTE 17 – (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)
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%
2013	6,394,478	6,879,967	485,489	92.9%	4,817,562	10.1%

NOTE 18–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, 2014, 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 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.

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, 2014

	ORIGIANL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED
REVENUES				
Taxes	$ 8,280,212	$ 8,280,212	$ 7,881,214	$ (398,998)
Licenses and permits	10,700	10,700	8,354	(2,346)
Fines, fees and forfeitures	1,308,600	1,308,600	1,010,191	(298,409)
Charges for services	1,614,405	1,614,405	1,699,066	84,661
Intergovernmental	202,362	202,362	833,992	631,630
Interest	20,000	20,000	6,422	(13,578)
Other	160,000	160,000	-	(160,000)
TOTAL REVENUES	11,596,279	11,596,279	11,439,239	(157,040)
EXPENDITURES				
General Government				
Commission Board	57,935	57,935	99,703	(41,768)
County Manager's Office	273,498	273,498	266,457	7,041
General Building and Plant	150,559	150,559	86,086	64,473
General Administration	1,291,631	1,291,631	1,426,709	(135,078)
Tax Commissioner	357,061	357,061	358,603	(1,542)
Tax Assessor	386,628	386,628	346,332	40,296
Registrar	145,720	145,720	99,856	45,864
County Engineer	99,664	99,664	39,596	60,068
Judicial				
Probate Court	205,559	205,559	222,082	(16,523)
Magistrate Court	178,142	178,142	165,764	12,378
Superior Court	261,694	261,694	247,530	14,164
Superior Court Judge	14,500	14,500	12,284	2,216
Clerk of Superior Court	246,774	246,774	222,251	24,523
Distict Attorney	41,261	41,261	48,234	(6,973)
Public Defender	-	-	-	-
Public Safety				
Fire Departments	305,620	305,620	302,159	3,461
Coroner Services	31,548	31,548	39,180	(7,632)
Emergency Medical Service	1,677,439	1,677,439	1,776,918	(99,479)
Emergency Management	15,880	15,880	12,879	3,001
County Marshal	47,200	47,200	49,394	(2,194)
Sheriffs Department	3,226,342	3,244,092	3,983,682	(739,590)
Animal Shelter	56,000	56,000	70,080	(14,080)
Public Works				
Highways and Streets	927,011	927,011	1,672,525	(745,514)
Health and Welfare				
Senior Center	204,341	204,341	207,334	(2,993)
Foster Care Services	59,638	59,638	25,727	33,911
Health Department	103,431	103,431	108,063	(4,632)
Culture and Recreation				
Recreation Department	358,905	358,905	417,148	(58,243)
Library Board	32,500	32,500	30,000	2,500
Housing and Development				
County Agent	69,490	69,490	51,430	18,060
Forestry Service	8,037	8,037	16,074	(8,037)
Planning and Zoning	6,000	6,000	6,716	(716)
TOTAL EXPENDITURES	10,840,008	10,857,758	12,410,796	(1,553,038)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	756,271	756,271	(971,557)	(1,710,078)
OTHER FINANCING SOURCES (USES)				
Contingency	(315,733)	(738,521)	-	738,521
Transfers in	-	-	490,982	490,982
Transfers out	(440,538)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(756,271)	(738,521)	490,982	1,229,503
NET CHANGE IN FUND BALANCE	-	17,750	(480,575)	(480,575)
FUND BALANCE - BEGINNING OF YEAR			2,756,407	2,756,407
FUND BALANCE - END OF YEAR	$ -	$ 17,750	$ 2,275,832	$ 2,275,832

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE FORM FINAL
REVENUES			
Taxes			
General property taxes			
Property tax	$ 4,350,000	$ 3,982,951	$ (367,049)
Motor vehicle tax	650,000	1,019,669	369,669
Mobile home tax	50,000	53,248	3,248
Cost, penalties, and interest	127,212	53,488	(73,724)
Total general property tax	5,177,212	5,109,356	(67,856)
Intangibles tax	55,000	44,246	(10,754)
Real estate transfer tax	10,000	21,635	11,635
Local option sales tax	2,250,000	1,914,577	(335,423)
Insurance premium	700,000	728,859	28,859
Franchise tax	70,000	42,635	(27,365)
Occupational tax	10,000	19,146	9,146
Other taxes	7,500	760	(6,740)
Hotel/motel tax	500	-	(500)
Total taxes	8,280,212	7,881,214	(398,998)
Licenses and Permits			
Building and inspection permits	6,000	4,775	(1,225)
Other permits	4,700	3,579	(1,121)
Total licenses and permits	10,700	8,354	(2,346)
Fines, fees and forfeitures	1,308,600	1,010,191	(298,409)
Charges for Services			
Emergency medical services	1,000,000	1,010,136	10,136
Tax collection commissions	313,000	392,691	79,691
Sheriff services	62,000	43,949	(18,051)
Prisoner board	40,000	9,731	(30,269)
Recreation Fees	158,905	219,890	60,985
Other	40,500	22,669	(17,831)
Total charges for services	1,614,405	1,699,066	84,661
Intergovernmental			
Grants and receipts	202,362	833,992	631,630
Interest	20,000	6,422	(13,578)
Other	160,000	-	(160,000)
TOTAL REVENUES	$ 11,596,279	$ 11,439,239	$ (157,040)

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
EXPENDITURES			
General Government			
Commission Board			
Personal services	$ 51,810	$ 87,018	$ (35,208.00)
Contract Services	-	1,698	(1,698.00)
Supplies and materials	6,125	10,987	(4,862.00)
Capital Outlay	-	-	-
Total Commission Board	57,935	99,703	(41,768.00)
County Manager's Office			
Personal services	243,998	235,439	8,559.00
Contract services	19,550	21,573	(2,023.00)
Supplies and materials	9,950	9,445	505.00
Total County Manager's Office	273,498	266,457	7,041.00
General Building and Plant			
Personal services	81,709	67,443	14,266.00
Contract services	30,800	7,493	23,307.00
Supplies and materials	23,050	10,320	12,730.00
Capital outlay	15,000	830	14,170.00
Total General Building and Plant	150,559	86,086	64,473.00
General Administration			
Personal services	828,810	804,045	24,765.00
Contract services	374,800	519,874	(145,074.00)
Supplies and materials	2,000	1,991	9.00
Payments to other agencies	86,021	100,799	(14,778.00)
Total General Administration	1,291,631	1,426,709	(135,078.00)
Tax Commissioner			
Personal services	290,535	295,528	(4,993.00)
Contract services	53,076	54,527	(1,451.00)
Supplies and materials	11,450	8,548	2,902.00
Capital outlay	2,000	-	2,000.00
Total Tax Commissioner	357,061	358,603	(1,542.00)
Tax Assessor			
Personal services	337,353	314,074	23,279.00
Contract services	8,500	15,248	(6,748.00)
Supplies and materials	40,775	17,010	23,765.00
Capital outlay	-	-	-
Total Tax Assessor	386,628	346,332	40,296.00

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Registrar			
Personal services	44,570	48,934	(4,364)
Contract services	73,500	41,428	32,072
Supplies and materials	27,650	8,584	19,066
Capital Outlay	-	910	(910)
Total Registar	145,720	99,856	45,864
County Engineer			
Personal services	96,564	37,806	58,758
Contract services	2,700	1,770	930
Supplies and materials	400	20	380
Total County Engineer	99,664	39,596	60,068
Total General Government	$ 2,762,696	$ 2,723,342	$ 39,354
Judicial			
Probate Court			
Personal services	$ 167,359	$ 181,549	$ (14,190)
Contract services	21,800	20,951	849
Supplies and materials	12,900	10,610	2,290
Capital Outlay	3,500	8,972	(5,472)
Total Probate Court	205,559	222,082	(16,523)
Magistrate Court			
Personal services	144,962	134,884	10,078
Contract services	18,360	13,916	4,444
Supplies and materials	13,820	16,491	(2,671)
Capital Outlay	1,000	473	527
Total Magistrate Court	178,142	165,764	12,378
Superior Court			
Personal services	137,594	137,738	(144)
Contract services	112,600	101,617	10,983
Supplies and materials	11,500	8,175	3,325
Total Superior Court	261,694	247,530	14,164
Superior Court Judge			
Contract services	6,900	4,658	2,242
Supplies and materials	7,600	7,626	(26)
Total Superior Court Judge	14,500	12,284	2,216
Clerk of Superior Court			
Personal services	206,774	187,444	19,330
Contract services	26,600	23,652	2,948
Supplies and materials	13,400	11,155	2,245
Total Clerk of Superior Court	246,774	222,251	24,523

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
District Attorney			
Contract services	41,161	48,038	(6,877)
Materials and Supplies	100	196	(96)
Total District Attorney	41,261	48,234	(6,973)
Public Defender			
Payments to other agencies			-
Total Judicial	$ 947,930	$ 918,145	$ 29,785
Public Safety			
Fire Departments			
Personal services	$ 5,500	$ 6,194	$ (694)
Contract services	1,200	1,327	(127)
Supplies and materials	1,500	13,216	(11,716)
Payments to other agencies	297,420	281,422	15,998
Total Fire Departments	305,620	302,159	3,461
Coroner Services			
Personal services	16,148	18,992	(2,844)
Contract services	13,000	14,006	(1,006)
Supplies and materials	2,400	6,182	(3,782)
Total Coroner Services	31,548	39,180	(7,632)
Emergency Medical Service			
Personal services	1,376,539	1,469,394	(92,855)
Contract services	125,400	130,536	(5,136)
Supplies and materials	153,000	152,368	632
Capital outlay	22,500	24,620	(2,120)
Total Emergency Medical Services	1,677,439	1,776,918	(99,479)
Emergency Management			
Personal services	11,530	10,700	830
Contract services	4,050	2,130	1,920
Supplies and materials	300	49	251
Capital outlay	-	-	-
Total Emergency Management	15,880	12,879	3,001
County Marshal			
Personal services	40,550	43,458	(2,908)
Contract services	2,600	1,184	1,416
Supplies and materials	4,050	4,752	(702)
Capital outlay	-	-	-
Total County Marshal	47,200	49,394	(2,194)

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Sheriff Department			
Personal services	2,343,762	2,735,138	(391,376)
Contract services	178,330	332,224	(153,894)
Supplies and materials	617,500	744,458	(126,958)
Capital outlay	86,750	171,862	(85,112)
Pay to Others	17,750		
Total Sheriff Department	3,244,092	3,983,682	(739,590)
Animal Shelter			
Payments to other agencies	56,000	70,080	(14,080)
Total Public Safety	$ 5,377,779	$ 6,234,292	$ (856,513)
Public Works			
Highways and Streets			
Personal services	$ 500,544	$ 555,779	$ (55,235)
Contract services	55,050	509,426	(454,376)
Supplies and materials	371,417	424,403	(52,986)
	-	182,917	(182,917)
Total Public Works	$ 927,011	$ 1,672,525	$ (745,514)
Health and Welfare			
Senior Center			
Personal services	$ 100,559	$ 103,830	$ (3,271)
Contract services	17,600	13,765	3,835
Supplies and materials	86,182	89,739	(3,557)
Total Senior Center	204,341	207,334	(2,993)
Foster Care Services			
Payments to other agencies	59,638	25,727	33,911
Health Department			
Contract services	600	2,127	(1,527)
Supplies and materials	1,400	4,505	(3,105)
Payments to other agencies	101,431	101,431	-
Total Health Department	103,431	108,063	(4,632)
Total Health and Welfare	$ 367,410	$ 341,124	$ 26,286
Culture and Recreation			
Recreation Department			
Personal Services	$ 170,290	$ 195,581	$ (25,291)
Contract Services	76,300	71,144	5,156
Supplies and Materials	112,315	149,019	(36,704)
Capital Outlay	-	1,404	(1,404)
Total Recreation	358,905	417,148	(58,243)

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Library Board			
Payments to other agencies	32,500	30,000	2,500
Total Culture and Recreation	$ 391,405	$ 447,148	$ (55,743)
Housing and Development			
County Agent			
Personal services	$ 55,177	$ 38,253	$ 16,924
Contract services	11,388	11,861	(473)
Supplies and materials	2,925	1,316	1,609
Total County Agent	69,490	51,430	18,060
Forestry Service			
Contract services	-	-	-
Payments to other agencies	8,037	16,074	(8,037)
Total Forestry Service	8,037	16,074	(8,037)
Planning and Zoning			
Personal Services	5,000	5,172	(172)
Contract services	1,000	1,544	(544)
Supplies and materials	-	-	-
Total Planning and Zoning	6,000	6,716	(716)
Total Housing and Development	$ 83,527	$ 74,220	$ 9,307
TOTAL EXPENDITURES	$ 10,857,758	$ 12,410,796	$ (1,553,038)

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

Nonmajor Governmental Funds

FRANKLIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE			
	EMERGENCY 911	DRUG ENFORCEMENT	INMATE WELFARE	LAW LIBRARY
ASSETS				
Cash and cash equivalents	$ 40,236	$ 11,297	$ 18,599	$ 112,120
Certificates of Deposit				11,654
Receivables				
Accounts	52,563			
Intergovernmental				
TOTAL ASSETS	$ 92,799	$ 11,297	$ 18,599	$ 123,774
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued Salaries	$ 32,626	$	$	$
Due to other agencies				
Due to other funds	333,386			
TOTAL LIABILITIES	366,012	-	-	-
FUND BALANCES				
Restricted for:				
Judicial				123,774
Public Safety		11,297	18,599	
Capital Projects				
Unassigned	(273,213)			
TOTAL FUND BALANCES	(273,213)	11,297	18,599	123,774
TOTAL LIABILITIES AND FUND BALANCE	$ 92,799	$ 11,297	$ 18,599	$ 123,774

SPECIAL REVENUE		CAPITAL PROJECTS		
MANS UNIT	PROBATION SERVICE	SPLOST II	SPLOST III	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ 62,139	$	$ -	$ 98,276	$ 342,667
				11,654
				52,563
25,730	52,045			77,775
$ 87,869	$ 52,045	$ -	$ 98,276	$ 484,659
$	$ 15,412	$	$	$ 48,038
6,974				6,974
	12,589			345,975
6,974	28,001	-	-	400,987
	24,044			147,818
80,895				110,791
		-	98,276	98,276
				(273,213)
80,895	24,044	-	98,276	83,672
$ 87,869	$ 52,045	$ -	$ 98,276	$ 484,659

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE			
	EMERGENCY 911	DRUG ENFORCEMENT	INMATE WELFARE	
REVENUES				
Fines, fees, and forfeitures	$	$ 141,397	$	$
Charges for services	363,180		62,455	
Intergovernmental				
Interest	15	22		
TOTAL REVENUE	363,195	141,419	62,455	
EXPENDITURES				
Judicial				
Public Safety	776,539	58,805	63,269	
Capital outlay		97,720		
Intergovernmental				
TOTAL EXPENDITURES	776,539	156,525	63,269	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(413,344)	(15,106)	(814)	
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	
NET CHANGES IN FUND BALANCE	(413,344)	(15,106)	(814)	
FUND BALANCE - BEGINNING OF YEAR	140,131	26,403	19,413	
FUND BALANCE - END OF YEAR	$ (273,213)	$ 11,297	$ 18,599	$

SPECIAL REVENUE			CAPITAL PROJECTS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
LAW LIBRARY	MANS UNIT	PROBATION SERVICE	SPLOST II	SPLOST III	
13,176	$ 96,769	$ 637,224	$	$	$ 888,566
	163,416				425,635
247	19		-	12	163,416
					315
13,423	260,204	637,224	-	12	1,477,932
15,439		613,180			628,619
	315,369				1,213,982
			30,537	81,736	209,993
					-
15,439	315,369	613,180	30,537	81,736	2,052,594
(2,016)	(55,165)	24,044	(30,537)	(81,724)	(574,662)
					-
					-
-	-	-	-	-	-
(2,016)	(55,165)	24,044	(30,537)	(81,724)	(574,662)
125,790	136,060		30,537	180,000	658,334
123,774	$ 80,895	$ 24,044	$ -	$ 98,276	$ 83,672

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, 2014

ASSETS

Cash and cash equivalents	$	40,236
Accounts receivable		52,563
TOTAL ASSETS	$	92,799

LIABILITIES AND FUND BALANCES

LIABILITIES

Accrued salaries	$	32,626
Due to other funds		333,386
TOTAL LIABILITIES		366,012
FUND BALANCE		
Assigned for Public Safety		(273,213)
TOTAL LIABILITIES AND FUND BALANCE	$	92,799

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 423,515	$ 363,180	$ (60,335)
Interest	-	15	15
TOTAL REVENUES	423,515	363,195	(60,320)
EXPENDITURES			
Current			
Public Safety			
Personal services	533,899	602,556	68,657
Contractual services	199,325	155,646	(43,679)
Supplies and materials	18,950	18,337	(613)
Capital outlay	9,000	-	(9,000)
TOTAL EXPENDITURES	761,174	776,539	15,365
Excess (deficiency) of revenues over (under) expenditures	(337,659)	(413,344)	(75,685)
Other financing sources (uses)			
Transfers in (out)			
General Fund	337,659	-	(337,659)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		(413,344)	(413,344)
FUND BALANCE - BEGINNING OF YEAR		140,131	140,131
FUND BALANCE - END OF YEAR	$	$ (273,213)	$ (273,213)

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS	
Cash and cash equivalents	$ 11,297
LIABILITIES AND FUND BALANCES	
FUND BALANCE	
Restricted for Public Safety	$ 11,297

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 45,000	$ 141,397	$ 96,397
Interest		22	22
TOTAL REVENUES	45,000	141,419	96,419
EXPENDITURES			
Current			
Public Safety			
Supplies	45,000	58,805	(13,805)
Capital outlay		97,720	(97,720)
TOTAL EXPENDITURES	45,000	156,525	(111,525)
Excess (deficiency) of revenues over (under) expenditures	-	(15,106)	(15,106)
Other financing sources (uses)			
Transfers in (out)			
General Fund		-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(15,106)	(15,106)
FUND BALANCE BEGINNING OF YEAR		26,403	26,403
FUND BALANCE END OF YEAR	$ -	$ 11,297	$ 11,297

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS	
Cash and cash equivalents	$ 18,599
LIABILITIES AND FUND BALANCES	
FUND BALANCE	
Restricted for Public Safety	$ 18,599

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 56,000	$ 62,455	$ 6,455
TOTAL REVENUES	56,000	62,455	6,455
EXPENDITURES			
Current			
Public Safety			
Supplies	56,000	63,269	(7,269)
TOTAL EXPENDITURES	56,000	63,269	(7,269)
Excess (deficiency) of revenues over (under) expenditures	-	(814)	(814)
FUND BALANCE BEGINNING OF YEAR		19,413	19,413
FUND BALANCE END OF YEAR	$ -	$ 18,599	$ 18,599

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS		
Cash and cash equivalents	$	112,120
Certificates of deposit		11,654
TOTAL ASSETS	$	123,774
LIABILITIES AND FUND BALANCE		
FUND BALANCE		
Restricted for Judicial	$	123,774

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 16,100	$ 13,176	$ (2,924)
Interest		247	247
Other		-	-
TOTAL REVENUES	16,100	13,423	(2,677)
EXPENDITURES			
Current			
Judicial			
Personal services	1,680	1,680	-
Supplies and materials	10,000	13,759	(3,759)
TOTAL EXPENDITURES	11,680	15,439	(3,759)
Excess (deficiency) of revenues over (under) expenditures	4,420	(2,016)	(6,436)
Other financing sources (uses)			
Contingency	(4,420)	-	4,420
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(2,016)	(2,016)
FUND BALANCE BEGINNING OF YEAR	-	125,790	125,790
FUND BALANCE END OF YEAR	$ -	$ 123,774	$ 123,774

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS		
Cash and cash equivalents	$	62,139
Intergovernmental receivable		25,730
TOTAL ASSETS	$	87,869
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Due to other agencies	$	6,974
FUND BALANCE		
Restricted for Judicial		80,895
TOTAL LIABILITIES AND FUND BALANCE	$	87,869

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 19,500	$ 96,769	$ 77,269
Intergovernmental	96,287	163,416	67,129
Interest	-	19	19
TOTAL REVENUES	115,787	260,204	144,417
EXPENDITURES			
Current			
Public Safety			
Personal services	33,287	200,491	(167,204)
Contract services	58,941	113,758	(54,817)
Supplies and materials		1,120	(1,120)
TOTAL EXPENDITURES	92,228	315,369	(223,141)
Excess (deficiency) of revenues over (under) expenditures	23,559	(55,165)	(78,724)
Other financing sources (uses)			
Transfers in (out)			
General Fund		-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	23,559	(55,165)	(78,724)
FUND BALANCE BEGINNING OF YEAR	-	136,060	136,060
FUND BALANCE END OF YEAR	$ 23,559	$ 80,895	$ 57,336

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2014

ASSETS		
Intergovernmental receivable	$	52,045
TOTAL ASSETS	$	52,045
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued salaries	$	15,412
Due to other funds		12,589
TOTAL LIABILITIES		28,001
FUND BALANCE		
Restricted for Judicial		24,044
TOTAL LIABILITIES AND FUND BALANCE	$	52,045

PROBATION SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
JUNE 30, 2014

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 616,825	$ 637,224	$ 20,399
TOTAL REVENUES	616,825	637,224	20,399
EXPENDITURES			
Current			
Judicial			
Personal services	557,377	587,837	(30,460)
Contract services	23,500	16,383	7,117
Supplies and materials	15,500	8,960	6,540
TOTAL EXPENDITURES	596,377	613,180	(16,803)
Excess (deficiency) of revenues over (under) expenditures	20,448	24,044	3,596
Other financing sources (uses)			
Transfers in (out)			
General Fund		-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	20,448	24,044	3,596
FUND BALANCE BEGINNING OF YEAR	-	-	-
FUND BALANCE END OF YEAR	$ 20,448	$ 24,044	$ 3,596

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	TAX COMMISSIOENR	MAGISTRATE COURT	PROBATE COURT
ASSETS			
Cash and cash equivalents	$ 68,667	$ 14,706	$ 54,104
LIABILITIES			
Due to other agencies	$ 68,667	$ 14,706	$ 54,104

CLERK OF SUPERIOR COURT	SHERIFF DEPARTMENT	TOTAL
$ 384,641	$ 1,681	$ 523,798
$ 384,641	$ 1,681	$ 523,798

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2014

	BALANCE JULY 1	ADDITIONS	DELETIONS	BALANCE JUNE 30
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 2,285	$ 18,525,850	$ (18,459,468)	$ 68,667
LIABILITIES				
Due to others	$ 2,285	$ 18,525,850	$ (18,459,468)	$ 68,667
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 28,225	$ 227,269	$ (240,788)	$ 14,706
LIABILITIES				
Due to others	$ 28,225	$ 227,269	$ (240,788)	$ 14,706
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 65,590	$ 1,133,929	$ (1,145,415)	$ 54,104
LIABILITIES				
Due to others	$ 65,590	$ 1,133,929	$ 1,145,415	$ 54,104
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 403,190	$ 924,855	$ (943,404)	$ 384,641
LIABILITIES				
Due to others	$ 403,190	$ 924,855	$ (943,404)	$ 384,641
SHERIFF DEPARTMENT				
ASSETS				
Cash and cash equivalents	$ 3,627	$ 151,247	$ (153,193)	$ 1,681
LIABILITIES				
Due to others	$ 3,627	$ 151,247	$ (153,193)	$ 1,681
TOTALS ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 502,917	$ 20,963,150	$ (18,651,438)	$ 523,798
LIABILITIES				
Due to others	$ 502,917	$ 20,963,150	$ (18,651,438)	$ 523,798

OTHER REPORTS

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*

March 6, 2015

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, 2014, 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 March 6, 2015. Our report includes a reference to other auditors who audited the financial statements of the Franklin County Health Department, as described in our report on Franklin County, Georgia's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia

DUNCAN & KITCHENS, LLC

Certified Public Accountants

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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

Report on Compliance for Each Major Program

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, 2014. 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, 2014.

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
March 6, 2015

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
Department of Housing and Urban Development			
Passed through Georgia Department of Community Affairs:			
Community Development Block Grant/State's Programs and Non-Entitlement Grants in Hawaii	14.228	10q-y-059-1-5335	12,556
Total Department of Housing and Urban Development			12,556
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	86,709
Total Department of Justice			86,709
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			433,408
Grants			108,352
Total Environmental Protection Agency			541,760
Total Federal Awards			$ 641,025

FRANKLIN COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

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, 2014

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, 2014

1. Financial Statement Findings

A. Current Year Audit Findings

None noted.

2. Financial Statement Findings

B. Prior Year Audit Finding Follow-Ups

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.

2. *Financial Statement Findings (continued)*

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.

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

2. *Financial Statement Findings (continued)*

are materially misstated.

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

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 first six months of the fiscal year ended June 30, 2014.

2. *Financial Statement Findings (continued)*

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.

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, 2014

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, 2014

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Periods	Current Periods	Total
SPLOST II					
Franklin County					
Recreation facilities	$ 1,600,000	$ 1,505,138	$ 1,507,807		$ 1,507,807
Fire equipment	1,140,800	1,073,160	1,129,150		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	30,537	3,693,505
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	$ 16,983,684	$ 30,537	$ 17,014,221
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	81,736	5,295,386
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	$ 81,736	$ 20,418,971

FRANKLIN COUINTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	$ 1,425,638	$ 5,290,894
Industrial Development	-	-	1,352,662	790,000	2,142,662
Roads and Bridges	-	-	157		157
City of Lavonia	1,402,140	1,402,140	550,383	239,550	789,933
City of Royston	1,402,140	1,402,140	541,648	239,550	781,198
City of Canon	778,570	778,570	303,187	133,015	436,202
City of Carnesville	778,570	778,570	303,187	133,016	436,203
City of Franklin Springs	778,570	778,570	303,187	133,015	436,202
Total SPLOST IV	$ 18,739,990	$ 18,739,990	$ 7,219,667	$ 3,093,784	$ 10,313,451

* 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.