FRANKLIN COUNTY

CARNESVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FRANKLIN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, GA, as of and for the year ended June 30, 2017, 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 preparation and fair 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, which represent 9 percent, 1 percent, and 40 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Franklin County Health Department, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, GA, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 50-56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements 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 records used to prepare the basic financial statements. Such information has 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and the state reporting section with the special purpose local option sales tax report are fairly stated, in all material respects, in relation to the basic 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 December 21, 2017 on our consideration of the Franklin County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin County's internal control over financial reporting.

Duncan & Kitchens, LLC

Duncan & Kitchens
Certified Public Accountants
Clarkesville, Georgia
December 21, 2017

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current assets				
Cash and cash equivalents	$ 8,205,084	$ 200,998	$ 8,406,082	$ 654,721
Restricted assets				
Cash	826,398	-	826,398	-
Certificates of deposit	11,672	1,390,537	1,402,209	-
Receivables (net)				
Accounts	173,547	153,295	326,842	45,397
Intergovernmental	87,131	-	87,131	-
Taxes	964,743	-	964,743	1,197
Notes	-	30,340	30,340	-
Internal Balances	497,697	(497,697)	-	-
Inventory	-	268,038	268,038	-
Prepaid expenses	84,257	-	84,257	-
Total current assets	10,850,529	1,545,511	12,396,040	701,315
Noncurrent assets				
Notes receivable	-	32,987	32,987	-
Capital assets				
Non-depreciable	4,968,337	700,670	5,669,007	4,629,132
Depreciable (net)	29,363,383	18,148,899	47,512,282	-
Total noncurrent assets	34,331,720	18,882,556	53,214,276	4,629,132
TOTAL ASSETS	45,182,249	20,428,067	65,610,316	5,330,447
Deferred Outflow of Resources				
Deferred Charges on Refunding	1,461,423	-	1,461,423	-
Pension Related Items	977,773	35,881	1,013,654	136,098
Total deferred outflow of Resources	2,439,196	35,881	2,475,077	136,098
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 47,621,445	$ 20,463,948	$ 68,085,393	$ 5,466,545
LIABILITIES				
Current Liabilities				
Payables				
Accounts	$ 151,353	$ -	$ 151,353	$ 7,227
Intergovernmental	293,364	-	293,364	
Interest	-	20,007	20,007	
Accrued salaries and expenses	1,165,832	8,949	1,174,781	8,281
Due to other agencies	80,557	-	80,557	
Notes payable	-	227,094	227,094	
Lease Payable	11,116	-	11,116	
Bonds payable	68,758	300,000	368,758	
Compensated Absences	152,296	14,348	166,644	26,000
Other liabilities	167,687	-	167,687	
Total current liabilities	2,090,963	570,398	2,661,361	41,508

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Noncurrent liabilities				
Compensated absences	$ 456,890	$ -	$ 456,890	$ 15,445
Net Pension Liability	2,204,947	80,916	2,285,863	-
Proportionate share of net pension liability	-	-	-	493,288
Leases Payable	208,392	-	208,392	-
Notes payable	-	2,379,557	2,379,557	-
Bonds payable	13,888,716	1,660,000	15,548,716	-
Post-closure care costs	-	1,077,683	1,077,683	-
Total noncurrent liabilities	16,758,945	5,198,156	21,957,101	508,733
TOTAL LIABILITIES	18,849,908	5,768,554	24,618,462	550,241
Deferred Inflows of Resources				
Pension related items	215,135	7,895.00	223,030	1,139
TOTAL LIABLITIES AND DEFERRED INFLOW OF RESOURCES	$ 19,065,043	$ 5,776,449	$ 24,841,492	$ 551,380
NET POSITION				
Net Investment in Capital Assets	$ 18,693,315	$ 15,941,493	$ 34,634,808	$ 4,629,132
Restricted for:				
Judicial	231,492	-	231,492	-
Public Safety	1,125,037	-	1,125,037	-
Capital outlay	4,499,209	-	4,499,209	-
Tourism	235	-	235	-
Unrestricted	4,007,114	(1,253,994)	2,753,120	286,033
TOTAL NET POSITION	**$** 28,556,402	**$** 14,687,499	**$** 43,243,901	**$** 4,915,165

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Primary Government			
		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS					
Primary government					
Governmental activities					
General Government	$ 2,874,673	$ 560,401	$ -	$	$ (2,314,272)
Judicial	1,858,248	2,182,741			324,493
Public Safety	8,416,161	2,071,067	119,699		(6,225,395)
Public Works	5,537,011	4,278		713,290	(4,819,443)
Health and Welfare	356,528		93,443		(263,085)
Culture and Recreation	436,254	88,156			(348,098)
Housing and Development	82,097				(82,097)
Interest on long-term debt	481,805				(481,805)
Total governmental activities	20,042,777	4,906,643	213,142	713,290	(14,209,702)
Business-type activities					
Water and Sewer	1,594,995	1,592,423	-	33,388	30,816
Solid Waste	54,781	45,293	-	-	(9,488)
Total business-type activities	1,649,776	1,637,716	-	33,388	21,328
Total primary government	$ 21,692,553	$ 6,544,359	$ 213,142	$ 746,678	$ (14,188,374)
Component Units					
Franklin County Industrial Building Authority					
Housing and Development	115,242	-	28,939	1,900,035	1,813,732
Franklin County Health Department					
Health and Welfare	674,647	299,722	253,517	-	(121,408)
Total component units	$ 789,889	$ 299,722	$ 282,456	$ 1,900,035	$ 1,692,324

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Change in net position				
Net (expense) revenue	$ (14,209,702)	$ 21,328	$ (14,188,374)	$ 1,692,324
General revenues				
Taxes				
Property	6,645,868	-	6,645,868	152,730
Sales	5,132,471	-	5,132,471	-
Insurance premium	877,028	-	877,028	-
Intangible	102,220	-	102,220	-
Franchise	42,513	-	42,513	-
Real estate transfer	27,850	-	27,850	-
Occupational	14,805	-	14,805	-
Other	26,563	-	26,563	-
Interest and investment earnings	3,386	4,255	7,641	-
Payments from Franklin County	-	-	-	101,431
Total general revenues and transfers	12,872,704	4,255	12,876,959	254,161
Change in Net Position	(1,336,998)	25,583	(1,311,415)	1,946,485
Net Position - Beginning of Year-as previously reported	29,893,400	14,661,916	44,555,316	2,899,254
Prior Period Adjustment	-	-	-	69,426
Net Position - Beginning of Year - as restated	29,893,400	14,661,916	44,555,316	2,968,680
Net Position - End of Year	$ 28,556,402	$ 14,687,499	$ 43,243,901	$ 4,915,165

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	GENERAL	SPLOST IV	SPLOST V	EMERGENCY 911	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
ASSETS						
Cash and cash equivalents	$ 3,446,194	$ 2,180,733	$ 1,952,631	$ 54,194	$ 571,332	$ 8,205,084
Receivables (net)						
Accounts	137,977	-	-	35,570	-	173,547
Intergovernmental	9,845	-	-	-	77,286	87,131
Taxes	403,819	-	560,924	-	-	964,743
Prepaid expenses	84,257	-	-	-	-	84,257
Due from other funds	1,945,409	-	-	-	79,110	2,024,519
Restricted Assets						
Cash	826,398	-	-	-	-	826,398
Certificates of deposit	-	-	-	-	11,672	11,672
TOTAL ASSETS	$ 6,853,899	$ 2,180,733	$ 2,513,555	$ 89,764	$ 739,400	$ 12,377,351
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Payables						
Accounts	$ 151,213	$ -	$ -	$ -	$ 140	$ 151,353
Intergovernmental	-	-	293,364	-	-	293,364
Excess taxes	167,687	-	-	-	-	167,687
Accrued salaries and expenses	1,096,715	-	-	42,781	26,336	1,165,832
Due to other agencies	-	-	-	-	80,557	80,557
Due to other funds	79,110	-	-	1,443,996	3,716	1,526,822
TOTAL LIABILITIES	1,494,725	-	293,364	1,486,777	110,749	3,385,615
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	19,490	-	-	-	-	19,490
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,514,215	-	293,364	1,486,777	110,749	3,405,105
FUND BALANCES						
Nonspendable prepaid	84,257	-	-	-	-	84,257
Restricted for:						-
Judicial	-	-	-	-	231,492	231,492
Public Safety	826,398	-	-	-	298,639	1,125,037
Capital projects	-	2,180,733	2,220,191	-	98,285	4,499,209
Tourism	-	-	-	-	235	235
Unassigned	4,429,029	-	-	(1,397,013)	-	3,032,016
TOTAL FUND BALANCES	5,339,684	2,180,733	2,220,191	(1,397,013)	628,651	8,972,246
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,853,899	$ 2,180,733	$ 2,513,555	$ 89,764	$ 739,400	$ 12,377,351

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 POSITION
JUNE 30, 2017

Adjustments to the Statement of Net Position		
Fund Balance		8,972,246
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of $68,906,137, net of accumulated depreciation of ($34,574,417), are not financial resources and, therefore, are not reported in the funds		34,331,720
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Charges on Refunding	1,461,423	
Deferred Outflows - Pension Related Items	977,773	
Deferred Inflows - Pension Related Items	(215,135)	2,224,061
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds		
Property Taxes		19,490
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Capital Leases	(219,508)	
Bonds Payable	(13,957,474)	
Compensated Absences	(609,186)	
Net Pension Liability	(2,204,947)	(16,991,115)
Total Net Position of Governmental Activities (Exhibit A-1)		28,556,402

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	GENERAL	SPLOST IV	SPLOST V	EMERGENCY 911	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
REVENUES						
Taxes	$ 9,706,964	$ 2,061,452	$ 1,095,049	$ -	$ 235	$ 12,863,700
Licenses and permits	10,737	-	-	-	-	10,737
Fines, fees and forfeitures	1,394,770	-	-	-	990,518	2,385,288
Charges for services	1,829,352	-	-	372,653	51,405	2,253,410
Intergovernmental	926,056	-	500	-	108,603	1,035,159
Interest	3,291	198	178	-	95	3,762
Other	148,105	-	-	-	-	148,105
TOTAL REVENUES	14,019,275	2,061,650	1,095,727	372,653	1,150,856	18,700,161
EXPENDITURES						
Current						-
General Government	2,734,116	33,755	91,067	-	6	2,858,944
Judicial	1,087,929	-	-	-	766,856	1,854,785
Public Safety	6,865,480	23,530	275,133	751,987	311,728	8,227,858
Public Works	1,475,221	60,705	937,466	-	-	2,473,392
Health and Welfare	333,745	-	-	-	-	333,745
Culture and Recreation	303,658	2,661	-	-	-	306,319
Housing and Development	82,097	-	-	-	-	82,097
Debt Service	18,779	-	63,422	-	-	82,201
Intergovernmental	-	1,983,477	293,364	-	-	2,276,841
TOTAL EXPENDITURES	12,901,025	2,104,128	1,660,452	751,987	1,078,590	18,496,182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,118,250	(42,478)	(564,725)	(379,334)	72,266	203,979
OTHER FINANCING SOURCES(USES)						
Transfers (To) From Other Funds	(22,715)	-	-	-	22,715	-
TOTAL OTHER FINANCING SOURCES (USES)	(22,715)	-	-	-	22,715	-
NET CHANGE IN FUND BALANCE	1,095,535	(42,478)	(564,725)	(379,334)	94,981	203,979
FUND BALANCE - BEGINNING OF YEAR	4,244,149	2,223,211	2,784,916	(1,017,679)	533,670	8,768,267
FUND BALANCE - END OF YEAR	$ 5,339,684	$ 2,180,733	$ 2,220,191	$ (1,397,013)	$ 628,651	$ 8,972,246

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Adjustments to the Statement of Activities		
Net Change in Fund Balance		203,979
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	$ 798,415	
Depreciation expense	(1,806,932)	(1,008,517)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		5,618
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		(399,604)
Governmental funds report pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned, net of employer contributions is reported as pension expense.		(100,858)
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.		(37,616)
Change in Net Position of Governmental Activities (Exhibit A-2)		(1,336,998)

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
ASSETS			
Current Assets			
Cash and cash equivalents	$ 84,280	$ 116,718	$ 200,998
Restricted assets			
Certicates of deposit	1,390,537	-	1,390,537
Receivables			
Accounts (net)	153,295	-	153,295
Notes	-	30,340	30,340
Inventory	268,038	-	268,038
Total Current Assets	1,896,150	147,058	2,043,208
Noncurrent Assets			
Notes receivable	-	32,987	32,987
Capital assets			
Non-depreciable	321,694	378,976	700,670
Depreciable (net)	18,148,246	653	18,148,899
Total Noncurrent Assets	18,469,940	412,616	18,882,556
TOTAL ASSETS	20,366,090	559,674	20,925,764
Deferred Outflow of Resources			
Pension related items	26,911	8,970	35,881
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 20,393,001	$ 568,644	$ 20,961,645
LIABILITIES			
Current liabilities			
Interest payable	$ 20,007	$ -	$ 20,007
Accrued salaries	7,797	1,152	8,949
Compensated absences	14,128	220	14,348
Due to Other Funds	314,519	183,178	497,697
Current portion of Long term Note	227,094	-	227,094
Bonds payable	300,000	-	300,000
Total Current Liabilities	883,545	184,550	1,068,095
Noncurrent liabilities			
Notes payable	2,379,557	-	2,379,557
Bonds payable	1,660,000	-	1,660,000
Net Pension Obligation	60,687	20,229	80,916
Post-closure care costs	-	1,077,683	1,077,683
Total Noncurrent Liabilities	4,100,244	1,097,912	5,198,156
TOTAL LIABILITIES	4,983,789	1,282,462	6,266,251
Deferred Inflow of Resources			
Pension related items	5,921	1,974	7,895
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	4,989,710	1,284,436	6,274,146
NET POSITION			
Net investment in capital assets	15,561,864	379,629	15,941,493
Unrestricted	(158,573)	(1,095,421)	(1,253,994)
TOTAL NET POSITION	15,403,291	(715,792)	14,687,499
TOTAL LIABILITIES AND NET POSITION	$ 20,393,001	$ 568,644	$ 20,961,645

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, 2017

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
OPERATING REVENUES			
Charges for sales and services	$ 1,592,423	$ 45,293	$ 1,637,716
TOTAL OPERATING REVENUES	1,592,423	45,293	1,637,716
OPERATING EXPENSES			
Costs of sales and services	762,556	28,864	791,420
Personal services	213,861	23,809	237,670
Depreciation	498,081	1,959	500,040
Other	8,817	149	8,966
TOTAL OPERATING EXPENSES	1,483,315	54,781	1,538,096
OPERATING INCOME (LOSS)	109,108	(9,488)	99,620
NON-OPERATING REVENUES (EXPENSE)			
Interest revenue	4,219	36	4,255
Interest expense	(111,680)	-	(111,680)
TOTAL NON-OPERATING REVENUES (EXPENSE)	(107,461)	36	(107,425)
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,647	(9,452)	(7,805)
CAPITAL CONTRIBUTIONS			
Capital contributions	33,388	-	33,388
TOTAL CAPITAL CONTRIBUTIONS	33,388	-	33,388
NET INCOME (LOSS)	35,035	(9,452)	25,583
TOTAL NET POSITION-BEGINNING OF YEAR-	15,368,256	(706,340)	14,661,916
TOTAL NET POSITION-END OF YEAR	$ 15,403,291	$ (715,792)	$ 14,687,499

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, 2017

	BUSINESS-TYPE ACTIVITIES		
	WATER AND SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 1,592,423	$ 45,293	$ 1,637,716
Payment to Suppliers	(767,333)	-	(767,333)
Payments to employees	(213,861)	-	(213,861)
Other payments	(8,817)	(50)	(8,867)
NET CASH PROVIDED BY OPERATING ACTIVITIES	602,412	45,243	647,655
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(111,680)	-	(111,680)
Acquisition of capital assets	(66,461)	-	(66,461)
Contributed capital	33,388	-	33,388
Principal payment - bonds payable	(285,000)	-	(285,000)
Principal payment - notes payable	(225,698)	-	(225,698)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(655,451)	-	(655,451)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	4,219	36	4,255
NET CASH PROVIDED BY INVESTING ACTIVITIES	4,219	36	4,255
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,820)	45,279	(3,541)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,523,637	71,439	1,595,076
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,474,817	116,718	1,591,535
Reconciliation of operating Income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	109,108	(9,452)	99,656
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	498,081	1,959	500,040
(Increase) decrease in accounts receivable	29,333	-	29,333
(Increase) decrease in Deferred Outflows	(7,571)	700	(6,871)
(Increase) decrease in inventory	20,439	-	20,439
Increase (decrease) in interest payable	(198)	-	(198)
Increase (decrease) in accrued liabilities	3,539	(197)	3,342
Increase (decrease) in Due to Other Funds	(65,068)	84,609	19,541
Increase (decrease) in Net Pension Libility	14,027	(3,103)	10,924
Increase (decrease) in Deferred Inflows	722	(625)	97
Increase (decrease) in Post-Closure Care costs	-	(28,648)	(28,648)
Total adjustments	493,304	54,695	547,999
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 602,412	$ 45,243	$ 647,655

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	AGENCY FUNDS
ASSETS	
Cash and cash equivalents	$ 612,018
TOTAL ASSETS	$ 612,018
LIABILITIES	
Due to other agencies	$ 612,018
TOTAL LIABILITIES	$ 612,018

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2017

	FRANKLIN COUNTY INDUSTRIAL BUILDING AUTHORITY	FRANKLIN COUNTY HEALTH DEPARTMENT	TOTALS
ASSETS			
Current Assets			
Cash and cash equivalents	$ 207,276	$ 447,445	$ 654,721
Receivables (net)			
Accounts	24,113	21,284	45,397
Taxes	1,197	-	1,197
Total Current Assets	232,586	468,729	701,315
Noncurrent Assets			
Capital assets			
Non-depreciable	4,629,132	-	4,629,132
Depreciable (net)	-	-	-
Total Noncurrent Assets	4,629,132		4,629,132
TOTAL ASSETS	4,861,718	468,729	5,330,447
Deferred Outflow of Resources			
Pension related items	-	136,098	136,098
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 4,861,718	$ 604,827	$ 5,466,545
LIABILITIES			
Current Liabilities			
Accounts payable	$ -	$ 7,227	$ 7,227
Accrued salaries and expenses	8,281	-	8,281
Compensated absences due within one year	-	26,000	26,000
Total Current Liabilities	8,281	33,227	41,508
Noncurrent Liabilities			
Compensated absences due after one year	-	15,445	15,445
Net Pension Liability	-	493,288	493,288
Total Noncurrent Liabilities	-	508,733	508,733
TOTAL LIABILITIES	8,281	541,960	550,241
DEFERRED INFLOW OF RESOURCES			
Pension Related Items	-	1,139	1,139
Total Deferred Inflow of Resources	-	1,139	1,139
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	8,281	543,099	551,380
NET POSITION			
Net Investment in Capital Assets	4,629,132	-	4,629,132
Unrestricted	224,305	61,728	286,033
TOTAL NET POSITION	$ 4,853,437	$ 61,728	$ 4,915,165

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, 2017

	FRANKLIN COUNTY INDUSTRIAL BUILDING AUTHORITY	FRANKLIN COUNTY HEALTH DEPARTMENT	TOTALS
EXPENSES			
Health and Welfare	$ -	$ 674,647	$ 674,647
Housing and Development	115,242	-	115,242
TOTAL EXPENSES	115,242	674,647	789,889
PROGRAM REVENUES			
Charges for services		299,722	299,722
Operating grants and contributions	28,939	253,517	282,456
Capital grants and contributions	1,900,035	-	1,900,035
TOTAL PROGRAM REVENUES	1,928,974	553,239	2,482,213
Net (expense) revenue	1,813,732	(121,408)	1,692,324
GENERAL REVENUES			
Property taxes	152,730	-	152,730
Interest	-	-	-
Payments from Franklin County			
Transfers	-	101,431	101,431
TOTAL GENERAL REVENUES	152,730	101,431	254,161
CHANGE IN NET POSITION	1,966,462	(19,977)	1,946,485
NET POSITION - Beginning of Year - As Previously Reported	2,886,975	12,279	2,899,254
Prior Period Adjustment	-	69,426	69,426
NET POSITION - Beginning of Year - Restated	2,886,975	81,705	2,968,680
NET POSITION- End of Year	$ 4,853,437	$ 61,728	$ 4,915,165

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.

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.

NOTE 2 - (Continued)

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 not 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 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

NOTE 2 - (Continued)

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*.

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

NOTE 2 - (Continued)

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.

Special Purpose Local Option Sales Tax V 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 2015 referendum. Revenue collections for the SPLOST V fund has not started as of the date of the financial statements. However, the County issued bonds in advance of the revenue collections which are accounted for in the SPLOST V fund.

Emergency 911 Fund – This fund is used to account for the collections of user fees and the operations of the County's E911 dispatch center.

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.

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.

NOTE 2 - (Continued)

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.

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

NOTE 2 - (Continued)

accrual basis, revenue from non-exchange transactions also must be available (i.e., collected before June 30, 2017 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

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 November 15, 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."

NOTE 2 - (Continued)

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, 2017, 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 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

NOTE 2 - (Continued)

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 Position. 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.

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.

NOTE 2 – (Continued)

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.

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 "net investment in capital assets", 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 position is 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.

13 Deferred Outflows/Inflows of Resources

The County implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources,*

NOTE 2 – (Continued)

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.

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. Deferred Revenue is one such example 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. In the proprietary funds, the county records deferred inflows related to pension obligations.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The County manager 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, the County did make amendments 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, 2017, 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			
Commissioners Board	$ 76,402	$ 76,670	$ (268)
County Manager's Office	273,216	274,639	(1,423)
Registrar	138,380	200,765	(62,385)
Superior Court Judge	14,896	16,358	(1,462)
Public Defender	93,866	94,316	(450)
Coroner Services	38,046	42,146	(4,100)
Emergency Medical Services	1,982,807	2,011,765	(28,958)
County Marshall	50,780	53,762	(2,982)
Sheriff's Department	3,986,853	4,361,832	(374,979)
Health Department	105,705	125,192	(19,487)

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 County has no formal policy, but follows State of Georgia requirements that all deposits be federally insured or fully collateralized.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

NOTE 5 – ACCOUNTS RECEIVABLE

Net accounts receivable at June 30, 2017, consist of the following:

Primary Government:		
Major Funds		
General Fund	$ 226,218	
Less: Allowance for Uncollectibles	(88,241)	$ 137,977
Emergency 911 Special Revenue Fund		35,570
Enterprise Funds		
Water and Sewer	201,121	
Less: Allowance for Uncollectibles	(47,826)	153,295
Total primary government		$ 326,842
Component Units		
Franklin County Industrial Building Authority	24,113	
Franklin County Health Department	21,284	$ 45,397

NOTE 6 – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2017, consist of the following:

Major Funds		
General Fund		
Franklin County Industrial Building Authority	$ 8,280	
Northern Judicial Circuit Public Defender's Office	1,565	$ 9,845
Nonmajor Funds		
Special Revenue Funds		
MANS Unit		
Georgia Criminal Justice Coordinating Council	16,456	
Probation Services		
Northern Judicial Circuit	60,830	77,286
Total primary government		$ 87,131

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 2017, based upon the assessments of January 1, 2016, were levied on July 22, 2016, billed on August 15, 2016, and due on November 15, 2016. Tax liens maybe issued 90 days after the due date.

NOTE 7 – (Continued)

Taxes receivable as of June 30, 2017, consist of property taxes for seven years as follows:

Year of Levy	Franklin County	Franklin County Industrial Building Authority
2016	$ 52,680	$ 1,197
2015	11,763	304
2014	5,818	176
2013	5,483	165
2012	4,006	122
2011	5,065	154
2010	3,285	100
2009 & prior	10,235	127
	98,335	2,345
Less allowance for uncollectible	(45,655)	(1,148)
Total	$ 52,680	$ 1,197

Other Taxes

$351,139 of Local Option Sales Tax (LOST) and $560,924 of Special Purpose Local Option Sales Tax (SPLOST) are also included in taxes receivable.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund receivables and payables as of June 30, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General	E911	$ 1,443,996
General	Water and Sewer Enterprise	314,519
General	Solid Waste Fund	183,178
General	Law Library	3,716
Nonmajor	General	79,110
Total		$ 2,024,519

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

NOTE 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.

The following is a schedule of the future minimum receivable payments as of June 30, 2017:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 30,340	$ 6,004	$ 36,344
2019	14,182	1,394	15,576
2020	14,945	631	15,576
2021	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, 2017 was as follows:

	Balance 6/30/2016	Increase	Decrease	Balance 6/30/2017
Governmental Activities				
Nondepreciable assets				
Land	$ 4,968,337	$ -	$ -	$ 4,968,337
Depreciable assets				
Land Improvements	1,228,432	-	-	1,228,432
Infrastructure	42,146,869	-	-	42,146,869
Buildings	11,193,066	384,688	-	11,577,754
Machinery and equipment	2,486,948	184,145	(20,021)	2,651,072
Vehicles	6,104,091	229,582	-	6,333,673
Total depreciable assets	63,159,406	798,415	(20,021)	63,937,800
Accumulated Depreciation				
Land Improvements	(844,267)	(69,502)		(913,769)
Infrastructure	(20,268,685)	(842,314)	-	(21,110,999)
Buildings	(4,630,287)	(285,531)	-	(4,915,818)
Machinery and equipment	(2,181,173)	(114,542)	20,021	(2,275,694)
Vehicles	(4,863,094)	(495,043)	-	(5,358,137)
Total accumulated depreciation	(32,787,506)	(1,806,932)	20,021	(34,574,417)
Total depreciable assets, net	30,371,900	(1,008,517)	-	29,363,383
Governmental Activities capital assets, net	$ 35,340,237	$ (1,008,517)	$ -	$ 34,331,720

NOTE 10 – (Continued)

	Balance 6/30/2016	Increase	Decrease	Balance 6/30/2017
Business-type Activities				
Nondepreciable assets				
Land	$ 399,323	$ -	$ -	$ 399,323
Construction in progress	268,273	33,074	-	301,347
Total non-depreciable assets	667,596	33,074	-	700,670
Depreciable assets				
Land improvements	29,382	-	-	29,382
Distribution system	23,985,626	13,396	-	23,999,022
Buildings	40,380	-	-	40,380
Machinery and equipment	298,010	-	-	298,010
Vehicles	286,052	19,991	-	306,043
Total depreciable assets	24,639,450	33,387	-	24,672,837
Accumulated Depreciation				
Land improvements	(26,770)	(1,959)	-	(28,729)
Distribution system	(5,450,502)	(483,992)	-	(5,934,494)
Buildings	(9,770)	(1,210)	-	(10,980)
Machinery and equipment	(297,528)	(483)	-	(298,011)
Vehicles	(239,328)	(12,396)	-	(251,724)
Total accumulated depreciation	(6,023,898)	(500,040)	-	(6,523,938)
Total depreciable assets, net	18,615,552	(466,653)	-	18,148,899
Business-type Activities capital assets, net	$ 19,283,148	$ (433,579)	$ -	$ 18,849,569

Capital asset activity for the Industrial Building Authority Component Unit for the fiscal year ended June 30, 2017 was as follows:

	Balance 6/30/2016	Increase	Decrease	Balance 6/30/2017
Industrial Building Authority Component Unit				
Nondepreciable assets				
Land	$ 2,188,586	$ 2,440,546	$ -	$ 4,629,132
Industrial Building Authority Component Unit capital assets, net	$ 2,188,586	$ 2,440,546	$ -	$ 4,629,132

NOTE 10 – (Continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government		
Governmental activities		
General Government	$	142,618
Public Safety		546,268
Public Works		968,691
Health and Welfare		23,535
Culture and Recreation		125,820
Total depreciation expense for governmental activities	$	1,806,932
Business-type activities		
Water and Sewer	$	498,081
Solid Waste		1,959
Total depreciation expense for business-type activities	$	500,040

NOTE 11 – OTHER LIABILITIES

At June 30, 2017, the County had $167,687 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 – CAPITAL AND OPERATING LEASE AGREEMENTS

The County has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these capital leases at June 30, 2017 are $219,508 for governmental activities.

Total assets leased under capital leases are $247,084 for governmental activities and are classified as follows:

	Governmental Activities	
	Cost	**Accumulated Depreciation**
Machinery and Equipment	$ 247,084	$ (103,880)

Amortization of leased equipment under capital leases is included with depreciation expense.

NOTE 12 – (Continued)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2017:

Year Ending June 30	
2018	$ 18,780
2019	213,687
2020	7,327
2021	1,221
Total minimum lease payments	241,015
Less amounts representing interest	(21,507)
Present value of minimum lease payments	$ 219,508

The County's lease agreements, other than such agreement described above, are relatively minor commitments and are in compliance with state law.

Caterpillar Financing.

On April 6, 2015 the County entered into a Capital Lease with Caterpillar Finance for the acquisition of one 420FIT Caterpillar Backhoe Loader and one 120M2 Caterpillar Motor Grader. The original amount of the lease was $217,235. The lease calls for four annual payments of $11,452 and a balloon payment of $193,965 due one month after final monthly payment beginning April 1, 2016. This lease has an interest rate of 2.70% per annum. The asset is recorded in the General Fund. The equipment has a five-year estimated useful life. The depreciation expense for the year ended June 30, 2017 is $41,084.

Kubota Financing

On August 12, 2015, the County entered into a Capital Lease with Kubota Leasing for the acquisition of a Kubota M8560HDC Tractor. The original amount of the lease was $29,849. The lease calls for monthly payments of $610.58 for 60 months. This lease has an interest rate of 8.374% per annum. The asset is recorded in the General Fund. The equipment has a five-year estimated useful life. The depreciation expense for the year ended June 30, 2017 is $5,970.

NOTE 13 – LONG –TERM DEBT

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2017:

	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017	Due Within One Year
Governmental activities					
Bonds payable	$ 12,719,826	$ -	$ -	$ 12,719,826	$ -
Capital Lease Payable	238,287	-	(18,779)	219,508	11,116
Unamortized Bond Premium	1,306,406	-	(68,758)	1,237,648	68,758
Compensated absences	571,570	37,616	-	609,186	152,296
Total Governmental activities	$ 14,836,089	$ 37,616	$ (87,537)	$ 14,786,168	$ 232,170
Business-type activities					
Notes payable	$ 2,832,349	$ -	$ (225,698)	$ 2,606,651	$ 227,094
Bonds payable	2,245,000	-	(285,000)	1,960,000	300,000
Post-closure care costs	1,106,331	-	(28,648)	1,077,683	-
Compensated absences	11,672	2,676	-	14,348	14,348
Total business-type activities	$ 6,195,352	$ 2,676	$ (539,346)	$ 5,658,682	$ 541,442
Health Department Component Unit					
Compensated absences	$ 38,297	$ 3,148	$ -	$ 41,445	$ 26,000
Total Health Department Component Unit	$ 38,297	$ 3,148	$ -	$ 41,445	$ 26,000

Contracts Payable

HOSPITAL AUTHORITY OF THE CITY OF LAVONIA REVENUE ANTICIPATION CERTIFICATES, SERIES 2010

The Hospital Authority of the City of Lavonia (the "Authority") issued on December 10, 2010, $8,500,000 in aggregate principal amount of HOSPITAL AUTHORITY OF THE CITY OF LAVONIA REVENUE ANTICIPATION CERTIFICATES, SERIES 2010 (Series 2010 Anticipation Certificates) in order to pay a portion of the costs of constructing and equipping the Ty Cobb Regional Medical Center.

The Authority entered into a pilot agreement dated as of December 1, 2010, with NGTC Health Properties, LLC (the "Company"), under the terms of which the Company was obligated to pay or cause to be paid to the Authority payments in lieu of taxes ("PILOT Payments") which were intended to be sufficient to pay the debt service on the Series 2010 Bonds.

The County entered into an Intergovernmental Contract, dated as of December 1, 2010 (the "Contract") with the Authority. Under the terms of the Contract the County agreed to pay the Authority amounts sufficient to pay the debt service on the Series 2010 in the event that the PILOT Payments are insufficient to service the debt. The Agreement also authorized the County to levy an ad valorem tax of up to seven mills to make the debt service payments.

No Pilot Payments were made and the Authority had no revenue from which to make the debt service payments. As guarantor, the County paid two debt service payments in December 2014 and June 2015.

The Medical Center was sold to St. Mary's Healthcare System, Inc. in June 2015. No assets from the sale or future revenues from the Medical Center are pledge to the payment of the Series 2010 Anticipation Certificates. The County released all parties related to the Series 2010 Anticipation Certificates and assumed full liability for the remaining balance.

NOTE 13– (Continued)

In May of 2016, the County issued 2016 Series A and Series B bonds in an amount of $8,510,000 and $1,075,000 respectively. The proceeds from these bonds will be used for the purpose of refunding the remaining $8,065,000 balance on the Series 2010 Anticipation Certificates. The refunding transaction resulted in aggregate debt service savings of $1,275,821 and an economic gain (net present value of the aggregate debt service savings) of $832,843.

General Obligation Bonds

General obligation bonds have been issued by the County and consist of the following:

In 2016, Franklin County issued The Franklin County General Obligation Bonds, Series 2016A and the Franklin County Taxable General Obligation Bonds, Series 2016B. The Bonds are being issued to provide funds to finance (i) the costs of advance refunding and redeeming the outstanding Hospital Authority of the City of Lavonia Revenue Anticipation Certificates (Ty Cobb Regional Medical Center Project), Series 2010; (ii) the costs of a municipal bond insurance policy relating to the Bonds to be issued by Build America Mutual, (iii) capitalized interest on the bonds; and (iv) the costs of issuance of the bonds.

The Series 2016A bonds were issued in the amount of $8,510,000. Payment on the bonds are due installments ranging from $33,023 to $827,400 to be paid through July 1, 2035. The interest rate on the bonds varies from 2% to 4% over the life of the bonds.

Annual debt service requirements to maturity for the 2016 Series A bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 321,300	$ 321,300
2019	-	321,300	321,300
2020	-	321,300	321,300
2021	120,000	321,300	441,300
2022	315,000	317,700	632,700
2023-2027	2,515,000	1,419,400	3,934,400
2028-2032	3,265,000	861,000	4,126,000
2033-2036	2,295,000	186,000	2,481,000
Totals	$ 8,510,000	$ 4,069,300	$ 12,579,300

NOTE 13– (Continued)

The Series 2016B bonds were issued in the amount of $1,075,000. Payment on the bonds are due installments ranging from $2,210 to $311,500 to be paid through July 1, 2022. The interest rate on the bonds varies from 1.43% to 2.08% over the life of the bonds. Annual debt service requirements to maturity for the 2016 Series B bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 21,500	$ 21,500
2019	290,000	21,500	311,500
2020	295,000	15,700	310,700
2021	300,000	9,800	309,800
2022	190,000	3,800	193,800
Totals	$ 1,075,000	$ 72,300	$ 1,147,300

During 2015, the County issued Series 2015 General Obligation Sales Tax Bonds. The bonds were all issued to a local financial institution for a total of $3,135,000 as an advanced funding for the construction of capital projects as approved in the SPLOST V referendum. The bond carries a fixed interest rate of 1.99% for the life of the bond. Annual debt service requirements for the Series 2015 General Obligation Sales Tax Bonds is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ -	$ 62,387	$ 62,387
2019	1,025,000	52,188	1,077,188
2020	1,045,000	31,591	1,076,591
2021	1,064,826	10,597	1,075,423
Totals	$ 3,134,826	$ 156,763	$ 3,291,589

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issue at June 30, 2017:

The Franklin County Water and Sewerage Authority issued 2008 series revenue bonds in the amount of $4,190,000. The bonds are due in annual installments of $250,000 to $355,000 through March 1. 2023; interest at 3.599% ($1,960,000 outstanding), for expansion of the County's water and sewerage system and retirement of promissory notes with the United States Department of Agriculture.

NOTE 13 – (Continued)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 300,000	$ 70,540	$ 370,540
2019	310,000	59,743	369,743
2020	320,000	48,587	368,587
2021	330,000	37,070	367,070
2022	345,000	25,193	370,193
2023	355,000	12,776	367,776
Totals	$ 1,960,000	$ 253,909	$ 2,213,909

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, 2017, the balance of this note is $743,627. Quarterly installments of $32,332 principal are due through March 1, 2023; interest at 0%. Annual debt service requirements to maturity for the notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 129,326	$ -	$ 129,326
2019	129,326	-	129,326
2020	129,326	-	129,326
2021	129,326	-	129,326
2022	129,326	-	129,326
2023	96,997	-	96,997
Totals	$ 743,627	$ -	$ 743,627

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, 2017, the balance of this note is $439,144 Monthly installments of $2,426 principal are due through July 1, 2033; interest at 0%.

NOTE 13 – (Continued)

Annual debt service requirements for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 29,114	$ -	$ 29,114
2019	29,114	-	29,114
2020	29,114	-	29,114
2021	29,114	-	29,114
2022	29,114	-	29,114
2023-2027	145,570	-	145,570
2028-2032	145,570	-	145,570
2033	2,434	-	2,434
Totals	$ 439,144	$ -	$ 439,144

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, 2017, the balance of this note is $1,423,880. Monthly installments of $8,193 principal and interest are due beginning November 1, 2014 through October 1, 2034; interest at 2.13%. Annual debt service requirements for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$ 68,653	$ 29,663	$ 98,316
2019	70,130	28,186	98,316
2020	71,596	26,720	98,316
2021	73,220	25,096	98,316
2022	74,753	23,563	98,316
2023-2027	398,586	92,994	491,580
2028-2032	443,328	48,252	491,580
2033-2035	223,614	5,799	229,413
Totals	$ 1,423,880	$ 280,273	$ 1,704,153

Compensated Absences

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

NOTE 13 – (Continued)

Conduit Debt

From time to time, the Industrial Building Authority, a discretely presented component unit, has issued Franklin County Industrial Building Authority Taxable Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be of public interest. Neither the Industrial Building Authority, the County, state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds that are considered conduit debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were only one series of industrial building authority bonds outstanding at year end. The total amount of the original issue totaled $4,200,000. The total amount of those bonds outstanding as of June 30, 2017, was $4,200,000.

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 $1,077,683 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

Governmental Activities

The E-911 Special Revenue Fund has a negative net position of $1,397,013. This is due to management's decision to show transfers to E-911 from the General Fund as an interfund liability rather than a transfer.

Business-type Activities

The Solid Waste Enterprise Fund has a negative net position of $715,792. This is due to the estimated cost of post closure care activities. The County plans to liquidate the negative unrestricted net position 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	$	84,257

NOTE 16 – (Continued)

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.	$ 826,398
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	2,180,733
SPLOST V 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	2,220,191
Nonmajor Special Revenue Funds	
Judicial Programs:	
Probation Service – To account for funds legally restricted for the operation of Probation Services.	113,604
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	117,888
Public Safety Programs:	
Drug Enforcement – To account for funds received from surcharges on fines and forfeitures restricted for Drug Enforcement.	6,852
MANS Unit – To account for funds legally restricted for law enforcement activity.	235,391
Inmate Welfare – Used to account for funds held in trust for inmates while incarcerated.	56,396
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	98,285
Tourism:	
Hotel/Motel Tax – Used to account for funds received as a result of the imposition of a Hotel/ Motel Tax. These funds are restricted for use to tourism related activities	235
	$ 5,940,230

NOTE 17 - EMPLOYEE RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (GEBCorp). The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCorp at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Control over the operation and administration of the Plan is vested with ACCG along with custody of the Plan assets. The Plan provides that the County has no liability with respect to payments or benefits or otherwise under the plan except to pay over to ACCG such actuarially determined contributions as are required to meet minimum funding's standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after satisfaction of all liabilities, such funds shall not revert to the County but shall be allocated to employees.

There are no loans to any of the County officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in Franklin County. The funds are managed by independent money managers.

The County along with the Industrial Building Authority Component Unit are enrolled in the same defined benefit plan through GEBCorp. As a result, a portion of the deferred outflows, deferred inflows, and net pension liability have been allocated to the Industrial Building Authority.

Participant counts as of December 31, 2016 (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Retirees, Beneficiaries and Disables receiving benefits		44
Terminated plan participants entitled to but not yet receiving benefits		98
Active employees participating in the Plan		113
Total number of Plan Participants		255
Covered compensation for active participants	$	4,285,613

Benefits Provided. The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Benefits vest evenly over five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 5 years of plan participation. The amount of monthly benefits provided to each participant at their normal retirement date is equal to one percent of the participant's average annual compensation multiplied by the participant's total number of years of service. The plan also provides benefits in the event of death or disability.

NOTE 17 – (Continued)

Contributions. Employees make no contributions to the plan. The County is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The current rate is 13.7% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains authority to change the policy.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the County reported a net pension liability of $2,285,863. The net pension liability was measured as of December 31, 2016, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. For the fiscal year ended June 30, 2017, the County recognized pension expense of $ 615,713.

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 414,052	$ (223,030)
Change in assumptions	599,603	-
	$ 1,013,655	$ (223,030)

Amounts reported as deferred outflows and deferred inflows or resources will be recognized in pension expense as follows:

Year Ending June 30	Primary Government
2018	$ 227,849
2019	227,849
2020	214,548
2021	95,206
2022	25,173
Totals	$ 790,625

B. ACTUARIAL ASSUMPTIONS

The total pension liability as of December 31, 2016 was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 17 – (Continued)

Inflation	3.00%
Investment Return:	7.25% per year
Future Salary Increases:	4.00% per year with an age based scale as follows:

Age	Salary Increase
Under 30	4.0% rate plus 1.5%
30-39	4.0% rate plus 1.0%
40-49	4.0% rate less 0.5%
50+	4.0% rate less 1.0%

Cost of Living Adjustments	N/A
Actuarial Cost Method	Entry Age Normal

Mortality rates were developed using RP-2000 projected with Scale AA. The Society of Actuaries are developing a new mortality table for governmental employees. Until such time as the new mortality table for governmental employees is released, the RP-2000 Mortality Table shall be used, as it represents the most up to date table pending this release. The RP-2000 Mortality Table was revised to project mortality improvements with Scale AA.

The mortality and economic actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016 are summarized in the following table:

Benchmark	Asset Allocation	Average 20 Year Return	Weighted 20 Year Return	Average 30 Year Return	Weighted 30 Year Return
S & P 500	30%	7.91%	2.37%	10.22%	3.07%
Barclay's Agg.	30%	5.60%	1.68%	6.56%	1.97%
MSCI EAFE	15%	4.29%	0.64%	5.73%	0.86%
Citi Non US WEBI	5%	4.66%	0.23%	5.98%	0.30%
NAREIT Equity	5%	10.79%	0.54%	10.44%	0.52%
Russell 2000	5%	8.06%	0.40%	9.33%	0.47%
Russell 3000	5%	8.03%	0.40%	10.14%	0.51%
S & P Mid Cap	5%	11.22%	0.56%	11.53%	0.58%
Weighted Return			6.82%		8.28%

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 17 – (Continued)

C. CHANGE IN NET PENSION LIABILITY

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2015	$ 10,008,153	$ 7,990,057	$ 2,018,096
Changes for the year:			
Service Cost	262,245	-	262,245
Interest	738,973	-	738,973
Liability experience (gain)/loss	(56,481)	-	(56,481)
Assumption Change	396,254	-	396,254
Employer contributions	-	615,713	(615,713)
Employee contributions	-	-	-
Net investment income	-	557,257	(557,257)
Benefit payments	(310,358)	(310,358)	-
Administrative expense	-	(27,342)	27,342
Other	-	(72,403)	72,403
Net Changes	1,030,633	762,867	267,766
Balances at December 31, 2016	$ 11,038,786	$ 8,752,924	$ 2,285,862

Sensitivity Analysis. The following represents the County's net pension liability calculated using the discount rate of 7.25%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point higher (8.25%) or one percentage point lower (6.25%):

	6.25%	7.25%	8.25%
Total Pension Liability	$ 12,840,887	$ 11,038,786	$ 9,565,839
Fiduciary Net Position	8,752,924	8,752,924	8,752,924
Net Pension Liability	$ 4,087,963	$ 2,285,862	$ 812,915

D. SUMMARY OF PLAN ASSET MATTERS AND ACCOUNTING PRINCIPLES

Summary of Significant Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains and losses on marketable securities owned by the plan.

NOTE 17 – (Continued)

Plan member contributions are recognized in the period in which contributions are due. County contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 70% equities and 30% fixed income securities on a cost basis.

Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the minimum funding standards for state and local governmental pension plans. Administrative expenses are based on total covered compensation of active plan participants and are added to the state-required annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish, and amend from time-to-time the contribution rates for the County and its plan participants.

Board of Trustees

The Trustees for the Association County Commissioners of Georgia (ACCG) Pension Plan and Trust oversees the administration, investment and funding of the Association County Commissioners of Georgia Retirement Program for member employers.

E. OTHER PLANS

In addition to the plan above, various County employees are covered under the following plans: Georgia Firefighters' Pension Fund, Georgia State Employees' Retirement System (ERS), Magistrates' Retirement Fund of Georgia, Peace Officers' Annuity and Benefit Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual report.

Franklin County Health Department Retirement Plan

Eligible employees of the Franklin County Health Department participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the fiscal year ended June 30, 2017, the Department recognized pension expense of $59,348. As of June 30, 2017, the Department reported a liability of $493,288 for its proportionate share of 0.010428% of the net pension liability. Further information regarding the plan can be obtained from the Department's annual report by contacting District 2, Public Health, 1280 Athens Street, Gainesville, GA 30507.

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.

NOTE 18 – (Continued)

The County will contribute 1 % for each year of service of the employee's contribution per year. There is a cap of 12% for this additional match and an overall cap of $1,000 for County contributions. County contributions are paid into the Plans at the end of each calendar year. Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the fiscal year ended June 30, 2017, the County contributed $42,425 to the Plans, based on covered salaries of $2,121,250. Total payroll was $6,608,608.66. Plan members made voluntary contributions of $108,626.

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 $18,025 to the Airport during the year ended June 30, 2017. 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, 2017, the County paid $17,272 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, 2017. 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.

- 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

NOTE 20 – (Continued)

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.

NOTE 21 – CHANGES IN BEGINNING BALANCES

A prior period adjustment has been made to adjust revenue and expenses at June 30, 2016. This adjustment was required due to an improper recording of revenue and expenses in the component unit in the prior year. This adjustment increased beginning net position of Franklin County Health Department by $69,426.

NOTE 22 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the audit report. Following the close of the fiscal year, but prior to the release of the financial statements, the County turned over the operation of the MANS unit to the Appalachian Regional Drug Enforcement Office. As part of the divestment of county operations, they also turned over all bank accounts and assets held by the MANS unit to the Appalachian Regional Drug Enforcement Office.

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
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	ORIGIANL BUDGET	BUDGET AS AMENDED	ACTUAL	VARIANCE FROM AMENDED
REVENUES				
Taxes	$ 9,208,757	$ 9,234,550	$ 9,706,964	$ 472,414
Licenses and permits	7,734	7,733	10,737	3,004
Fines, fees and forfeitures	1,127,300	1,129,500	1,394,770	265,270
Charges for services	1,637,164	1,701,865	1,829,352	127,487
Intergovernmental	123,289	622,881	926,056	303,175
Interest	-	-	3,291	3,291
Other	268,638	306,448	148,105	(158,343)
TOTAL REVENUES	12,372,882	13,002,977	14,019,275	1,016,298
EXPENDITURES				
General Government				
Commission Board	69,778	76,402	76,670	(268)
County Manager's Office	267,034	273,216	274,639	(1,423)
General Building and Plant	132,872	134,940	109,740	25,200
General Administration	1,277,819	1,277,819	1,269,474	8,345
Tax Commissioner	396,580	401,013	348,953	52,060
Tax Assessor	389,717	394,423	343,622	50,801
Registrar	136,604	138,380	200,765	(62,385)
County Engineer	107,543	110,529	110,253	276
Judicial				
Probate Court	220,395	225,364	219,330	6,034
Magistrate Court	174,064	176,676	166,859	9,817
Superior Court	226,574	226,574	200,217	26,357
Superior Court Judge	14,896	14,896	16,358	(1,462)
Clerk of Superior Court	335,132	338,657	332,762	5,895
District Attorney	65,068	65,068	58,087	6,981
Public Defender	93,866	93,866	94,316	(450)
Public Safety				
Fire Departments	307,265	313,565	311,891	1,674
Coroner Services	31,571	38,046	42,146	(4,100)
Emergency Medical Service	1,874,513	1,982,807	2,011,765	(28,958)
Emergency Management	18,906	18,906	14,004	4,902
County Marshal	49,672	50,780	53,762	(2,982)
Sheriffs Department	3,721,009	3,986,853	4,361,832	(374,979)
Animal Shelter	70,080	70,080	70,080	-
Public Works				
Highways and Streets	1,127,873	1,659,191	1,475,221	183,970
Health and Welfare				
Senior Center	184,039	186,479	183,827	2,652
Foster Care Services	31,000	31,000	24,726	6,274
Health Department	103,205	105,705	125,192	(19,487)
Culture and Recreation				
Recreation Department	329,002	332,371	270,752	61,619
Library Board	32,906	32,906	32,906	-
Housing and Development				
County Agent	81,729	81,730	66,297	15,433
Forestry Service	8,100	8,100	8,037	63
Planning and Zoning	9,246	9,246	7,763	1,483
Debt Service				
Principal		-	10,966	(10,966)
Interest		-	7,813	(7,813)
TOTAL EXPENDITURES	11,888,058	12,855,588	12,901,025	(45,437)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	484,824	147,389	1,118,250	970,861
OTHER FINANCING SOURCES (USES)				
Transfers (To) From Other Funds	(484,824)	(147,389)	(22,715)	124,674
TOTAL OTHER FINANCING SOURCES (USES)	(484,824)	(147,389)	(22,715)	124,674
NET CHANGE IN FUND BALANCE	-	-	1,095,535	
FUND BALANCE - BEGINNING OF YEAR			4,244,149	
FUND BALANCE - END OF YEAR	$ -	$ -	$ 5,339,684	

Note to the Budgetary Comparison Schedule

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	FINAL BUDGET	ACTUAL	VARIANCE FORM FINAL
REVENUES			
Taxes			
General property taxes			
Property tax	$ 5,484,795	$ 5,732,670	$ 247,875
Motor vehicle tax	872,421	827,317	(45,104)
Mobile home tax	25,000	50,940	25,940
Cost, penalties, and interest	38,884	29,323	(9,561)
Total general property tax	6,421,100	6,640,250	219,150
Intangibles tax	78,000	102,220	24,220
Real estate transfer tax	20,000	27,850	7,850
Local option sales tax	1,862,599	1,975,970	113,371
Insurance premium	785,506	877,028	91,522
Franchise tax	40,055	42,513	2,458
Occupational tax	17,750	14,805	(2,945)
Other taxes	9,540	26,328	16,788
Total taxes	9,234,550	9,706,964	472,414
Licenses and Permits			
Building and inspection permits	4,733	7,825	3,092
Other permits	3,000	2,912	(88)
Total licenses and permits	7,733	10,737	3,004
Fines, fees and forfeitures	1,129,500	1,394,770	265,270
Charges for Services			
Emergency medical services	1,198,431	1,269,649	71,218
Tax collection commissions	323,040	372,488	49,448
Sheriff services	49,000	58,930	9,930
Prisoner board	11,500	7,280	(4,220)
Recreation Fees	91,744	88,156	(3,588)
Other	28,150	32,849	4,699
Total charges for services	1,701,865	1,829,352	127,487
Intergovernmental			
Grants and receipts	622,881	926,056	303,175
Interest	-	3,291	3,291
Other	306,448	148,105	(158,343)
TOTAL REVENUES	$ 13,002,977	$ 14,019,275	$ 1,016,298

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
EXPENDITURES			
General Government			
Commission Board			
Personal services	$ 63,282	$ 68,076	$ (4,794.00)
Contract Services	400	620	(220.00)
Supplies and materials	12,720	7,974	4,746.00
Total Commission Board	76,402	76,670	(268.00)
County Manager's Office			
Personal services	239,421	242,077	(2,656.00)
Contract services	22,865	19,402	3,463.00
Supplies and materials	10,930	10,985	(55.00)
Capital Outlay	-	2,175	(2,175.00)
Total County Manager's Office	273,216	274,639	(1,423.00)
General Building and Plant			
Personal services	88,369	81,657	6,712.00
Contract services	26,487	17,322	9,165.00
Supplies and materials	20,084	10,761	9,323.00
Total General Building and Plant	134,940	109,740	25,200.00
General Administration			
Personal services	880,806	989,360	(108,554.00)
Contract services	377,451	261,320	116,131.00
Supplies and materials	644	7,816	(7,172.00)
Payments to other agencies	18,918	10,978	7,940.00
Total General Administration	1,277,819	1,269,474	8,345.00
Tax Commissioner			
Personal services	309,641	290,878	18,763.00
Contract services	59,381	20,148	39,233.00
Supplies and materials	24,177	35,071	(10,894.00)
Capital outlay	7,814	2,856	4,958.00
Total Tax Commissioner	401,013	348,953	52,060.00
Tax Assessor			
Personal services	314,405	252,913	61,492.00
Contract services	54,480	65,790	(11,310.00)
Supplies and materials	25,538	24,919	619.00
Total Tax Assessor	394,423	343,622	50,801.00

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Registrar			
Personal services	70,140	71,326	(1,186)
Contract services	52,303	32,453	19,850
Supplies and materials	15,937	38,956	(23,019)
Capital Outlay	-	58,030	(58,030)
Total Registrar	138,380	200,765	(62,385)
County Engineer			
Personal services	104,361	104,893	(532)
Contract services	4,668	3,763	905
Supplies and materials	500	1,597	(1,097)
Capital Outlay	1,000	-	1,000
Total County Engineer	110,529	110,253	276
Total General Government	$ 2,806,722	$ 2,734,116	$ 72,606
Judicial			
Probate Court			
Personal services	$ 196,049	$ 194,832	$ 1,217
Contract services	12,425	15,951	(3,526)
Supplies and materials	14,415	8,547	5,868
Capital Outlay	2,475	-	2,475
Total Probate Court	225,364	219,330	6,034
Magistrate Court			
Personal services	147,312	147,945	(633)
Contract services	19,781	9,797	9,984
Supplies and materials	8,583	9,117	(534)
Capital Outlay	1,000	-	1,000
Total Magistrate Court	176,676	166,859	9,817
Superior Court			
Personal services	61,449	60,849	600
Contract services	86,182	80,634	5,548
Supplies and materials	78,943	58,734	20,209
Total Superior Court	226,574	200,217	26,357
Superior Court Judge			
Contract services	4,350	6,134	(1,784)
Supplies and materials	10,546	10,224	322
Total Superior Court Judge	14,896	16,358	(1,462)
Clerk of Superior Court			
Personal services	298,786	289,965	8,821
Contract services	23,270	27,765	(4,495)
Supplies and materials	16,601	15,032	1,569
Total Clerk of Superior Court	338,657	332,762	5,895

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
District Attorney			
Contract services	64,407	23,289	41,118
Materials and supplies	661	1,299	(638)
Pay to other agencies	-	33,499	(33,499)
Total District Attorney	65,068	58,087	6,981
Public Defender			
Contract services	9,600	10,050	(450)
Payments to other agencies	84,266	84,266	-
	93,866	94,316	(450)
Total Judicial	$ 1,131,501	$ 1,087,929	$ 53,622
Public Safety			
Fire Departments			
Personal services	$ 9,845	$ 5,186	$ 4,659
Contract services	6,300	11,997	(5,697)
Supplies and materials	-	8,760	(8,760)
Payments to other agencies	297,420	285,948	11,472
Total Fire Departments	313,565	311,891	1,674
Coroner Services			
Personal services	22,646	26,775	(4,129)
Contract services	13,000	14,137	(1,137)
Supplies and materials	2,400	1,234	1,166
Total Coroner Services	38,046	42,146	(4,100)
Emergency Medical Service			
Personal services	1,601,857	1,630,179	(28,322)
Contract services	165,111	173,605	(8,494)
Supplies and materials	163,037	158,020	5,017
Capital outlay	52,802	49,961	2,841
Total Emergency Medical Services	1,982,807	2,011,765	(28,958)
Emergency Management			
Personal services	13,868	11,172	2,696
Contract services	4,116	2,832	1,284
Supplies and materials	922	-	922
Total Emergency Management	18,906	14,004	4,902
County Marshal			
Personal services	44,564	48,786	(4,222)
Contract services	2,242	1,256	986
Supplies and materials	3,974	3,720	254
Total County Marshal	50,780	53,762	(2,982)

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Sheriff Department			
Personal services	2,754,860	3,034,035	(279,175)
Contract services	247,116	213,965	33,151
Supplies and materials	872,186	955,050	(82,864)
Capital outlay	112,691	126,782	(14,091)
Pay to other agencies	-	32,000	(32,000)
Total Sheriff Department	3,986,853	4,361,832	(374,979)
Animal Shelter			
Payments to other agencies	70,080	70,080	-
Total Public Safety	$ 6,461,037	$ 6,865,480	$ (404,443)
Public Works			
Highways and Streets			
Personal services	$ 556,438	$ 533,965	$ 22,473
Contract services	732,027	615,353	116,674
Supplies and materials	370,726	325,903	44,823
Total Public Works	$ 1,659,191	$ 1,475,221	$ 183,970
Health and Welfare			
Senior Center			
Personal services	$ 102,436	$ 104,358	$ (1,922)
Contract services	10,529	29,477	(18,948)
Supplies and materials	73,514	49,992	23,522
Total Senior Center	186,479	183,827	2,652
Foster Care Services			
Payments to other agencies	31,000	24,726	6,274
Health Department			
Contract services	1,928	1,932	(4)
Supplies and materials	103,777	103,360	417
Pay to other agencies	-	19,900	(19,900)
Total Health Department	105,705	125,192	(19,487)
Total Health and Welfare	$ 323,184	$ 333,745	$ (10,561)
Culture and Recreation			
Recreation Department			
Personal Services	$ 174,649	$ 148,093	$ 26,556
Contract Services	48,200	35,829	12,371
Supplies and Materials	107,429	86,830	20,599
Capital Outlay	2,093	-	2,093
Total Recreation	332,371	270,752	61,619

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	FINAL BUDGET	ACTUAL	VARIANCE FROM FINAL
Library Board			
Payments to other agencies	32,906	32,906	-
Total Culture and Recreation	$ 365,277	$ 303,658	$ 61,619
Housing and Development			
County Agent			
Personal services	$ 63,524	$ 49,006	$ 14,518
Contract services	15,602	15,185	417
Supplies and materials	2,604	2,106	498
Total County Agent	81,730	66,297	15,433
Forestry Service			
Contract services	-	-	-
Payments to other agencies	8,100	8,037	63
Total Forestry Service	8,100	8,037	63
Planning and Zoning			
Personal Services	5,409	2,652	2,757
Contract services	3,837	5,046	(1,209)
Supplies and materials	-	65	(65)
Total Planning and Zoning	9,246	7,763	1,483
Total Housing and Development	$ 99,076	$ 82,097	$ 16,979
TOTAL EXPENDITURES	$ 12,845,988	$ 12,882,246	$ (36,258)

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ 349,355	$ 372,653	$ 23,298
TOTAL REVENUES	349,355	372,653	23,298
EXPENDITURES			
Current			
Public Safety			
Personal services	601,033	570,051	(30,982)
Contractual services	193,862	162,615	(31,247)
Supplies and materials	18,882	18,727	(155)
Capital outlay	9,000	594	(8,406)
TOTAL EXPENDITURES	822,777	751,987	(70,790)
Excess (deficiency) of revenues over (under) expenditures	(473,422)	(379,334)	94,088
Other financing sources (uses)			
Transfers in (out)			
General Fund	473,422	-	(473,422)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(379,334)	(379,334)
FUND BALANCE - BEGINNING OF YEAR		(1,017,679)	(1,017,679)
FUND BALANCE - END OF YEAR	$	$ (1,397,013)	$ (1,397,013)

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
JUNE 30, 2017
(Unaudited)

	Fiscal Year End		
	2017	**2016**	**2015**
Total Pension Liability as of the beginning of year (1)	$ 10,008,153	$ 9,214,877	$ 8,543,254
Service Cost	262,245	260,613	280,360
Interest on Total Pension Liability	750,611	691,116	640,744
Plan Change	-	-	-
Assumption Change	396,254	426,313	-
Benefit Payments (Adjusted for Interest)	(321,996)	(312,075)	(244,524)
Experience (gain)/(loss)	(56,481)	(272,691)	-
Total Pension Liability as of December 31, 2014 (2)	$ 11,038,786	$ 10,008,153	$ 9,219,834
Fiduciary Net Position as of beginning of year (3)	$ 7,990,057	$ 7,699,085	$ 6,857,591
Employer Contributions	615,713	608,046	682,504
Employee Contributions (including buy back)	-	-	-
Net Investment Income	557,257	66,325	496,502
Benefit Payments	(310,358)	(300,795)	(235,686)
Employee Contribution Refunds	-	-	(4,778)
Administrative Expense	(27,342)	(25,282)	(25,509)
Other	(72,403)	(57,322)	(71,539)
Fiduciary Net Position as of End of Year (4)	$ 8,752,924	$ 7,990,057	$ 7,699,085
Net pension liability as of beginning of year (1)-(3)	$ 2,018,096	$ 1,515,792	$ 1,685,663
Net Pension liability as of end of year (2) - (4)	$ 2,285,862	$ 2,018,096	$ 1,520,749
Fiduciary Net Position as a % of Total Pension Liability (4)/(2)	79.3%	79.8%	83.5%
Covered-employee payroll	$ 4,285,613	$ 4,484,980	$ 4,779,734
Net pension liability as a % of covered-employee payroll	53.34%	45.00%	31.82%

Note: Fiscal Year 2015 was the first year of implementation. Therefore, only three years are reported.

FRANKLIN COUNTY
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
JUNE 30, 2017
(Unaudited)

	Fiscal Year End		
	2017	2016	2015
Actuarially determined contribution	$ 579,622	$ 584,000	$ 681,542
Contributions in relation to actuarially determined contribution	(615,713)	(608,046)	(681,542)
Contribution deficiency (excess)	$ (36,091)	$ (24,046)	$ -
Covered-employee payroll	$ 4,285,613	$ 4,484,980	$ 4,779,734
Contributions as a percentage of covered-employee payroll	14.4%	13.6%	13.7%

Note: Fiscal Year 2015 was the first year of implementation. Therefore, only three years are reported.

1. Valuation Date

The actuarially determined contribution rate was determined as of December 31, 2016 with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

2. Methods and Assumptions Used to Determine Contributions Rates

Actuarial cost method = Entry Age Normal

Amortization method = Closed level dollar for remaining unfunded liability.

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 15 years.

Asset valuation method = Smoothed market value with a 5-year smoothing period.

Net investment rate of return = 7.25%

Projected salary increases = 4.00% per year with age based scale

Cost of living adjustments = N/A

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the Social Security Administration standard rate.

3. Changes in Benefits

There have been no substantive changes since the last actuarial valuation.

4. Changes of Assumptions

The expected long-term rate of return was changed from 7.50% to 7.25%.

OTHER SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS

Nonmajor Governmental Funds

FRANKLIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	SPECIAL REVENUE		
	DRUG ENFORCEMENT	INMATE WELFARE	LAW LIBRARY
ASSETS			
Cash and cash equivalents	$ 83,653	$ 56,396	$ 110,072
Certificates of Deposit	-	-	11,672
Due from other funds	-	-	-
Receivables			
Accounts	-	-	-
Intergovernmental	-	-	-
TOTAL ASSETS	$ 83,653	$ 56,396	$ 121,744
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ -	$ -	$ 140
Accrued Salaries	-	-	-
Due to other agencies	76,801	-	-
Due to other funds	-	-	3,716
TOTAL LIABILITIES	76,801	-	3,856
FUND BALANCES			
Restricted for:			
Judicial	-	-	117,888
Public Safety	6,852	56,396	-
Capital Projects	-	-	-
Tourism	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	6,852	56,396	117,888
TOTAL LIABILITIES AND FUND BALANCE	$ 83,653	$ 56,396	$ 121,744

SPECIAL REVENUE			CAPITAL PROJECTS	
MANS UNIT	PROBATION SERVICE	HOTEL/MOTEL TAX	SPLOST III	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ 222,691	$ -	$ 235	$ 98,285	$ 571,332
-	-	-	-	11,672
-	79,110	-	-	79,110
				-
-	-	-	-	-
16,456	60,830	-	-	77,286
$ 239,147	$ 139,940	$ 235	$ 98,285	$ 739,400
$ -	$ -	$ -	$ -	$ 140
-	26,336	-	-	26,336
3,756	-	-	-	80,557
-	-	-	-	3,716
3,756	26,336	-	-	30,092
-	113,604	-	-	231,492
235,391	-	-	-	298,639
-	-	-	98,285	98,285
-	-	235	-	235
-	-	-	-	-
235,391	113,604	235	98,285	628,651
$ 239,147	$ 139,940	$ 235	$ 98,285	$ 739,400

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE		
	DRUG ENFORCEMENT	INMATE WELFARE	LAW LIBRARY
REVENUES			
Fines, fees, and forfeitures	$ 108,027	$ -	$ 22,259
Taxes	-	-	-
Charges for services	-	51,405	-
Intergovernmental	-	-	-
Interest	37	-	51
TOTAL REVENUE	108,064	51,405	22,310
EXPENDITURES			
General Government	-	-	-
Judicial	-	-	11,076
Public Safety	112,821	50,200	-
Tourism	-	-	-
TOTAL EXPENDITURES	112,821	50,200	11,076
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,757)	1,205	11,234
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGES IN FUND BALANCE	(4,757)	1,205	11,234
FUND BALANCE - BEGINNING OF YEAR	11,609	55,191	106,654
FUND BALANCE - END OF YEAR	$ 6,852	$ 56,396	$ 117,888

SPECIAL REVENUE			CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
MANS UNIT	PROBATION SERVICE	HOTEL/MOTEL TAX	SPLOST III	
$ 94,520	$ 765,712	$ -	$ -	$ 990,518
-	-	235		235
-	-	-	-	51,405
108,603	-	-	-	108,603
7	-	-	-	95
203,130	765,712	235	-	1,150,856
-	-	-	6	6
-	755,780	-	-	766,856
148,707	-	-	-	311,728
-	-	-	-	-
148,707	755,780	-	6	1,078,590
54,423	9,932	235	(6)	72,266
22,715	-	-	-	22,715
-	-	-	-	-
22,715	-	-	-	22,715
77,138	9,932	235	(6)	94,981
158,253	103,672	-	98,291	533,670
$ 235,391	$ 113,604	$ 235	$ 98,285	$ 628,651

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.

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.

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

Hotel/ Motel Tax Fund - This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in Franklin County.

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS		
Cash and cash equivalents	$	83,653
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Due to other agencies	$	76,801
FUND BALANCE		
Restricted for Judicial		6,852
TOTAL LIABILITIES AND FUND BALANCE	$	83,653

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ -	$ 108,027	$ 108,027
Interest	-	37	37
TOTAL REVENUES	-	108,064	108,064
EXPENDITURES			
Current			
Public Safety			
Supplies	-	43,611	(43,611)
Capital outlay	-	69,210	(69,210)
TOTAL EXPENDITURES	-	112,821	(112,821)
Excess (deficiency) of revenues over (under) expenditures	-	(4,757)	(4,757)
Other financing sources (uses)			
Transfers in (out)			
General Fund	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	(4,757)	(4,757)
FUND BALANCE BEGINNING OF YEAR	-	11,609	11,609
FUND BALANCE END OF YEAR	$ -	$ 6,852	$ 6,852

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS	
Cash and cash equivalents	$ 56,396
LIABILITIES AND FUND BALANCES	
FUND BALANCE	
Restricted for Public Safety	$ 56,396

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance
REVENUES			
Charges for services	$ -	$ 51,405	$ 51,405
TOTAL REVENUES	-	51,405	51,405
EXPENDITURES			
Current			
Public Safety			
Supplies	-	50,200	(50,200)
TOTAL EXPENDITURES	-	50,200	(50,200)
Excess (deficiency) of revenues over (under) expenditures	-	1,205	1,205
FUND BALANCE BEGINNING OF YEAR	-	55,191	55,191
FUND BALANCE END OF YEAR	$ -	$ 56,396	$ 56,396

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS		
Cash and cash equivalents	$	110,072
Certificates of deposit		11,672
TOTAL ASSETS	$	121,744
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$	140
Due to other funds		3,716
		3,856
FUND BALANCE		
Restricted for Judicial		117,888
TOTAL LIABILITIES AND FUND BALANCE	$	125,600

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ -	$ 22,259	$ 22,259
Interest	-	51	51
TOTAL REVENUES	-	22,310	22,310
EXPENDITURES			
Current			
Judicial			
Personnel Services	-	1,540	(1,540)
Supplies and materials	-	9,536	(9,536)
TOTAL EXPENDITURES	-	11,076	(11,076)
Excess (deficiency) of revenues over (under) expenditures	-	11,234	11,234
Other financing sources (uses)			
Contingency	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	11,234	11,234
FUND BALANCE BEGINNING OF YEAR	-	106,654	106,654
FUND BALANCE END OF YEAR	$ -	$ 117,888	$ 117,888

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS		
Cash and cash equivalents	$	222,691
Intergovernmental receivable		16,456
TOTAL ASSETS	$	239,147
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Due to other agencies	$	3,756
FUND BALANCE		
Restricted for Judicial		235,391
TOTAL LIABILITIES AND FUND BALANCE	$	239,147

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ -	$ 94,520	$ 94,520
Intergovernmental	-	108,603	108,603
Interest	-	7	7
TOTAL REVENUES	-	203,130	203,130
EXPENDITURES			
Current			
Public Safety			
Personal services	-	81,728	(81,728)
Contract services	-	15,235	(15,235)
Supplies and Materials	-	51,744	(51,744)
TOTAL EXPENDITURES	-	148,707	(148,707)
Excess (deficiency) of revenues over (under) expenditures	-	54,423	54,423
Other financing sources (uses)			
Transfers in (out)			
General Fund		22,715	22,715
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	77,138	77,138
FUND BALANCE BEGINNING OF YEAR	-	158,253	158,253
FUND BALANCE END OF YEAR	$ -	$ 235,391	$ 235,391

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS		
Intergovernmental receivable	$	60,830
Due from other funds		79,110
TOTAL ASSETS	$	139,940
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accrued salaries	$	26,336
TOTAL LIABILITIES		26,336
FUND BALANCE		
Restricted for Judicial		113,604
TOTAL LIABILITIES AND FUND BALANCE	$	139,940

PROBATION SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance
REVENUES			
Fines, fees and forfeitures	$ 801,900	$ 765,712	$ (36,188)
TOTAL REVENUES	801,900	765,712	(36,188)
EXPENDITURES			
Current			
Judicial			
Personal services	761,836	721,291	40,545
Contract services	22,000	24,698	(2,698)
Supplies and materials	14,000	9,230	4,770
Capital Outlay	7,000	561	6,439
TOTAL EXPENDITURES	804,836	755,780	49,056
Excess (deficiency) of revenues over (under) expenditures	(2,936)	9,932	12,868
Other financing sources (uses)			
Contingency	2,936	-	(2,936)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	9,932	9,932
FUND BALANCE BEGINNING OF YEAR	-	103,672	103,672
FUND BALANCE END OF YEAR	$ -	$ 113,604	$ 113,604

FRANKLIN COUNTY, GEORGIA
HOTEL/ MOTEL TAX FUND
BALANCE SHEET
JUNE 30, 2017

ASSETS	
Cash and cash equivalents	$ 235
LIABILITIES AND FUND BALANCES	
FUND BALANCE	
Restricted for Tourism	$ 235

FRANKLIN COUNTY, GEORGIA
HOTEL/ MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Final Budget	Actual	Variance
REVENUES			
Taxes	$ -	$ 235	$ 235
TOTAL REVENUES	-	235	235
EXPENDITURES			
Current			
Supplies	-	-	-
TOTAL EXPENDITURES	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	235	235
FUND BALANCE BEGINNING OF YEAR	-	-	-
FUND BALANCE END OF YEAR	$ -	$ 235	$ 235

AGENCY FUNDS

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

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

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

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

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	TAX COMMISSIONER	MAGISTRATE COURT	PROBATE COURT
ASSETS			
Cash and cash equivalents	$ 19,636	$ 23,570	$ 123,216
LIABILITIES			
Due to other agencies	$ 19,636	$ 23,570	$ 123,216

CLERK OF SUPERIOR COURT	SHERIFF DEPARTMENT	TOTAL
$ 437,487	$ 8,109	$ 612,018
$ 437,487	$ 8,109	$ 612,018

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BALANCE JULY 1	ADDITIONS	DELETIONS	BALANCE JUNE 30
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	$ 77,781	$ 21,639,441	$ (21,697,586)	$ 19,636
LIABILITIES				
Due to others	$ 77,781	$ 21,639,441	$ (21,697,586)	$ 19,636
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	$ 22,227	$ 304,656	$ (303,313)	$ 23,570
LIABILITIES				
Due to others	$ 22,227	$ 304,656	$ (303,313)	$ 23,570
PROBATE COURT				
ASSETS				
Cash and cash equivalents	$ 110,574	$ 1,777,829	$ (1,765,187)	$ 123,216
LIABILITIES				
Due to others	$ 110,574	$ 1,777,829	$ (1,765,187)	$ 123,216
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	$ 379,016	$ 961,379	$ (902,908)	$ 437,487
LIABILITIES				
Due to others	$ 379,016	$ 961,379	$ (902,908)	$ 437,487
SHERIFF DEPARTMENT				
ASSETS				
Cash and cash equivalents	$ 1,324	$ 304,387	$ (297,602)	$ 8,109
LIABILITIES				
Due to others	$ 1,324	$ 304,387	$ (297,602)	$ 8,109
TOTALS ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	$ 590,922	$ 24,987,692	$ (24,966,596)	$ 612,018
LIABILITIES				
Due to others	$ 590,922	$ 24,987,692	$ (24,966,596)	$ 612,018

OTHER REPORTS

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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*

December 21, 2017

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, GA, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Franklin County, GA's basic financial statements and have issued our report thereon dated December 21, 2017. 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 of the financial statements, we considered Franklin County, GA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County, GA's internal control. Accordingly, we do not express an opinion on the effectiveness of Franklin County, GA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control 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 deficiency, or a 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 did identify deficiencies in internal control described in the accompanying schedule of findings and questioned costs, as described in items 13-1, 15-1, 16-1, and 17-1.

A *significant deficiency* is a deficiency, or a 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 did identify significant deficiencies described in the accompany schedule of findings and questioned costs, as described in items 13-6 and 16-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin County, GA's financial statements are free from 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 questioned costs as items 13-7.

Franklin County, GA's Response to Findings

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

Purpose of this Report

The purpose of this report is 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duncan & Kitchens, LLC

Duncan & Kitchens, LLC
Certified Public Accountants
Clarkesville, Georgia
December 21, 2017

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

1. Financial Statement Findings

A. Current Year Audit Findings

Comment 17-1

Condition: The Franklin County Clerk of Court has been utilizing a signature stamp to sign checks. It was also discovered that some checks were clearing the bank which did not contain any signature.

Criteria: Lack of control over the disbursement of funds.

Effect: Failure to have proper oversight over the disbursement of funds subjects the assets of the County to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the office should require a physical signature on each check that is written.

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

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, writes 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 Sheriff's office should properly segregate duties.

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

Comment 13-6

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.

2. Financial Statement Findings (continued)

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

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

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

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

Comment 13-7

Condition: The County experienced a material excess of expenditures over appropriations in the General Fund and E911 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.

Comment 15-1

Condition: There is a lack of sufficient internal controls in the office at Solid Waste, which is due to inadequate segregation of duties. The result is that one person prepares and makes deposits and records the receipt of funds. 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.

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 office should properly segregate duties.

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

Comment 16-1

Condition: The Franklin County Jail has been utilizing a signature stamp to sign checks for inmates who are being released from jail.

2. Financial Statement Findings (continued)

Criteria: Lack of control over the disbursement of funds.

Effect: Failure to have proper oversight over the disbursement of funds subjects the assets of the County to greater risk of misappropriation.

Recommendation: To ensure that sufficient internal controls are in place, the office should require a physical signature on each check that is written to inmates being released.

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

Comment 16-5

Condition: While performing audit procedures at the Tax Commissioner's office, we noted that the bank reconciliations were not completed in a timely manner.

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 and agrees to perform the reconciliations on a monthly basis going forward.

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, 2017

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	3,693,505		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	$ 17,014,221	$ -	$ 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	5,295,386		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	$ 20,418,971	$ -	$ 20,418,971

FRANKLIN COUINTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project	Estimated Cost* Original	Estimated Cost* Current	Expenditures Prior Periods	Expenditures Current Periods	Expenditures Total
SPLOST IV					
Franklin County					-
Recreation Facilities	$ 500,000	$ 500,000	$ 121,070	$ 2,661	$ 123,731
Public Safety	2,250,000	2,250,000	2,425,345	23,530	2,448,875
Courthouse/Public Facilties	200,000	200,000	104,904	33,755	138,659
Construction and Improvements of roads	3,550,000	3,550,000	3,890,729	-	3,890,729
Water Expansion	3,000,000	3,000,000	1,235,836	60,705	1,296,541
Industrial Development	4,000,000	4,000,000	2,599,962	1,400,038	4,000,000
Airport Improvements	100,000	100,000	65,298	18,024	83,322
City of Lavonia	1,402,140	1,402,140	1,310,220	154,240	1,464,460
City of Royston	1,402,140	1,402,140	1,301,485	154,240	1,455,725
City of Canon	778,570	778,570	725,103	85,645	810,748
City of Carnesville	778,570	778,570	725,104	85,645	810,749
City of Franklin Springs	778,570	778,570	725,103	85,645	810,748
Total SPLOST IV	$ 18,739,990	$ 18,739,990	$ 15,230,159	$ 2,104,128	$ 17,334,287

Project	Estimated Cost* Original	Estimated Cost* Current	Expenditures Prior Periods	Expenditures Current Periods	Expenditures Total
SPLOST V					
Franklin County					-
General Obligation Debt	$ 3,800,000	$ 3,800,000	$ 90,241	$ 63,422	$ 153,663
Roads, Streets, and Bridges	3,550,000	3,550,000	-	937,466	937,466
Public Safety	2,510,000	2,510,000	-	275,133	275,133
Water, Sewer, and Utilities	1,800,000	1,800,000	-		-
Courthouse Renovation/			-		-
Public Facilities Improvement	1,443,000	1,443,000	-	91,067	91,067
Industrial Development	750,000	750,000	-		-
Recreation	400,000	400,000	-		-
Airport Improvements	100,000	100,000	-		-
City of Lavonia	144,000	144,000	-	80,487	80,487
City of Royston	144,000	144,000	-	80,487	80,487
City of Canon	789,000	789,000	-	44,130	44,130
City of Carnesville	789,000	789,000	260,969	44,130	305,099
City of Franklin Springs	789,000	789,000	-	44,130	44,130
Total SPLOST IV	$ 17,008,000	$ 17,008,000	$ 351,210	$ 1,660,452	$ 2,011,662

* 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.