

FRANKLIN COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2011

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FRANKLIN COUNTY, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2011

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, Georgia, as of and for the fiscal year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Franklin County, Georgia. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Franklin County Health Department, a component unit of Franklin County, Georgia, which represents 3.9 percent, 4.8 percent, and 46.0 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions on the financial statements, insofar as they relate to the amounts included for the Franklin County Health Department, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, Georgia, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison of the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of Franklin County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Franklin County, Georgia's financial statements as a whole. The combining and individual fund financial statements and schedules, and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the state reporting section with the special purpose local option sales tax report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 5, 2011

Samuel D. Elrod
Commission Chairman

Billy Morse
County Manager

Laverne Hilley
County Clerk

Dale R. "Bubba" Samuels, LLC
County Attorney

FRANKLIN COUNTY BOARD OF COMMISSIONERS



Angela M. Whidby
District 1 Commissioner

Charles L. Cawthon
District 2 Commissioner

Jeff S. Jacques
District 3 Commissioner

Clint Harper
District 4 Commissioner

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Franklin County, it is our pleasure to present this narrative discussion and analysis of Franklin County's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2011. The purpose of this narrative is to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Franklin County. This analytical information is presented as an overview and should be reviewed in conjunction with the County's financial statements that follow this section.

Financial Highlights

- Franklin County's assets exceeded its liabilities at June 30, 2011, by \$58,011,850 (reported as *net assets*).
- As of June 30, 2011, Franklin County's governmental funds reported combined ending fund balances of \$10,387,363. Approximately 33% of this total amount, or \$3,442,764, is available for spending at the Board of Commissioners' discretion (unassigned fund balance of the General Fund).

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

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Franklin County's basic financial statements. Franklin County's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the County as a whole). The focus of the government-wide financial statements is on the overall financial position and activities of Franklin County and is designed to provide readers with a broad overview of the County's financial activities in a manner similar to a private business enterprise.

The County's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about Franklin County using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the **Statement of Net Assets** (pages 13-14) is to attempt to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net assets*. Although the purpose of the County is not to accumulate net assets, in general, as this amount increases it indicates that the financial position of the County is improving over time.

The **Statement of Activities** (page 15), on the other hand, presents the revenues and expenses of the County. Under the accrual basis of accounting mentioned earlier, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net assets*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the County and identifies the extent to which each function of the County draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Assets and the Statement of Activities, we divide Franklin County into three types of activities:

- **Governmental activities** – Most of the County's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: property, sales, insurance premium and intangible finance most of these services.
- **Business-type activities** – The County charges fees to customers to assist in covering the cost for providing certain services. The County's solid waste tipping fees are reported in this category.
- **Discretely Presented Component Units** – A component unit is a legally separate organization for which the elected officials of the County are financially accountable. The Health Department, Recreation Department, and the Industrial Building Authority, although legally separate, function for all practical purposes as departments of Franklin County, and therefore have been included as an integral part of the primary government.

The County's government-wide financial statements are presented on pages 13-15.

Fund Financial Statements (Reporting the County's Major Funds).

The focus of fund financial statements is directed to specific activities of the County and its most significant funds, not the County as a whole. A fund is an entity with a self-balancing set of accounts that the County uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In addition to the major funds, individual fund data for the County's non-major funds can be found beginning on page 63. The County's funds are divided into three broad categories – governmental, proprietary, and fiduciary – and use different prescribed accounting methodologies.

- **Governmental Funds** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on the short-term view of the County's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

Franklin County maintains twelve individual governmental funds. Information is presently separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and 2004 SPLOST Capital Projects Funds, which are considered major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 63-66 of this report.

Franklin County adopts an annual appropriated budget for its General Fund, all Special Revenue Funds, and Debt Service Fund. The budgetary comparison statement has been provided for the General Fund to demonstrate compliance with these budgets.

The County's basic governmental fund financial statements are presented on pages 16-21 of this report.

- **Proprietary Funds** – When the County charges customers for the services it provides – whether to outside customers or to other departments of the County – these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. Franklin County uses enterprise funds to account for its Water and Sewer and Solid Waste functions. Both of these funds are considered major funds.

The County's proprietary fund financial statements are presented on pages 22-24.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Franklin County's own programs and services. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

The County's fiduciary funds' Statement of Assets and Liabilities is presented on page 25.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-62 of this report.

Other Supplementary Information.

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 17 and 19) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.
- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but are reported as deferred revenue on the fund statements.
- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the County's Financial Position and Operations

The County's overall financial position and operations for the fiscal year ended June 30, 2011, is summarized as follows based on the information included in the government-wide financial statements (see pages 13-15):

Franklin County Net Assets (Financial Position) June 30, 2011 and 2010						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 12,221,395	\$ 13,997,362	\$ 2,281,041	\$ 2,896,464	\$ 14,502,436	\$ 16,893,826
Capital assets	36,312,287	37,438,426	19,108,272	18,650,863	55,420,559	56,089,289
Total assets	48,533,682	51,435,788	21,389,313	21,547,327	69,922,995	72,983,115
Long-term liabilities	0	4,161,095	5,894,731	10,438,782	5,894,731	14,599,877
Other liabilities	5,509,624	4,996,986	506,790	5,419,615	6,016,414	10,416,601
Total liabilities	5,509,624	9,158,081	6,401,521	15,858,397	11,911,145	25,016,478
Net assets:						
Invested in capital assets, net of related debt	36,312,287	37,438,426	15,862,756	15,291,021	52,175,043	52,729,447
Restricted	3,756,930	5,066,384	67,381	50,610	3,824,311	5,116,994
Unrestricted	2,954,841	(227,103)	(942,345)	(494,620)	2,012,496	(721,723)
Total net assets	\$ 43,024,058	\$ 42,277,707	\$ 14,987,792	\$ 14,847,011	\$ 58,011,850	\$ 57,124,718

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets for Franklin County exceeded liabilities by \$58,011,850 at the close of the fiscal year ended June 30, 2011.

\$52,175,043 of Franklin County's net assets is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire the assets. The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

\$3,824,311 of Franklin County's net assets is subject to external restrictions or enabling legislation on how they can be used.

Unrestricted net assets of the business-type activities report a negative balance of \$942,345. This is due to the post-closure care cost liability of the Solid Waste fund in excess of assets to pay for that liability. This negative balance will be liquidated through future revenue recognition.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Franklin County's net assets changed during the fiscal year ended June 30, 2011

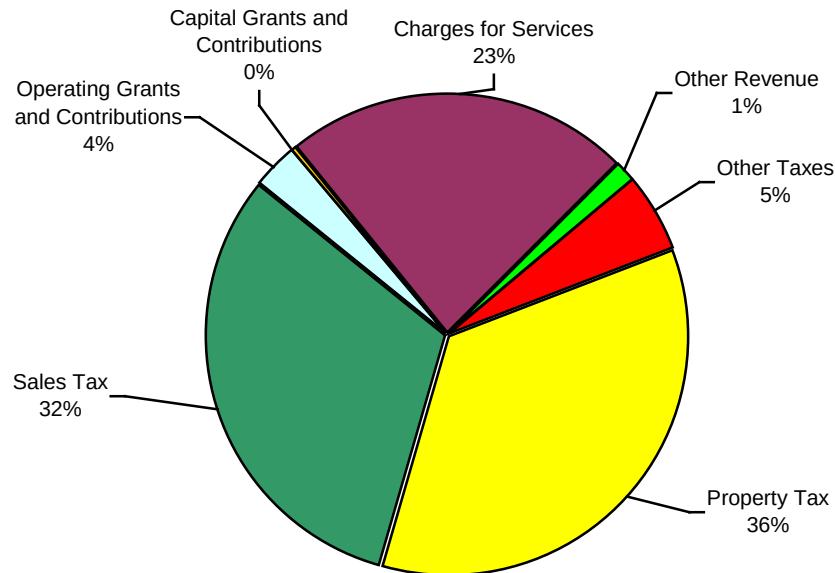
Franklin County
Changes in Net Assets
For the fiscal years ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
Revenues	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 3,769,232	\$ 3,676,161	\$ 1,042,624	\$ 1,009,184	\$ 4,811,856	\$ 4,685,345
Operating grants and contributions	524,967	679,689	0	0	524,967	679,689
Capital grants and contributions	22,505	276,336	0	0	22,505	276,336
General revenues:						
Property taxes	5,679,297	5,733,184	0	0	5,679,297	5,733,184
Sales tax	5,047,271	5,013,864	0	0	5,047,271	5,013,864
Intangible tax	63,699	59,320	0	0	63,699	59,320
Franchise tax	78,205	59,238	0	0	78,205	59,238
Insurance premium tax	696,913	716,566	0	0	696,913	716,566
Real estate transfer tax	10,965	10,190	0	0	10,965	10,190
Other taxes	18,211	18,003	0	0	18,211	18,003
Investment income	186,700	241,231	25,440	44,629	212,140	285,860
Gain on sale of assets	0	7,165	0	0	0	7,165
Miscellaneous revenue	39,471	71,173	327	354	39,798	71,527
Total revenues	16,137,436	16,562,120	1,068,391	1,054,167	17,205,827	17,616,287
Expenses						
General government	2,860,643	2,650,244	0	0	2,860,643	2,650,244
Judicial	1,613,043	1,807,574	0	0	1,613,043	1,807,574
Public Safety	7,032,730	6,918,229	0	0	7,032,730	6,918,229
Public Works	2,527,614	2,594,939	0	0	2,527,614	2,594,939
Health and Welfare	354,254	353,595	0	0	354,254	353,595
Culture and Recreation	449,165	364,091	0	0	449,165	364,091
Housing and Development	74,661	151,261	0	0	74,661	151,261
Interest on long-term debt	213,926	380,261	0	0	213,926	380,261
Water and Sewer	0	0	1,057,460	1,027,502	1,057,460	1,027,502
Solid Waste	0	0	135,199	130,851	135,199	130,851
Total expenses	15,126,036	15,220,194	1,192,659	1,158,353	16,318,695	16,378,547
Increase (decrease) in net assets before transfers	1,011,400	1,341,926	(124,268)	(104,186)	887,132	1,237,740
Transfers	(265,049)	(369,323)	265,049	369,323	0	0
Change in net assets	746,351	972,603	140,781	265,137	887,132	1,237,740
Net assets - January 1	42,277,707	41,305,104	14,847,011	14,581,874	57,124,718	55,886,978
Net assets - ending	\$ 43,024,058	\$ 42,277,707	\$ 14,987,792	\$ 14,847,011	\$ 58,011,850	\$ 57,124,718

Governmental Activities –

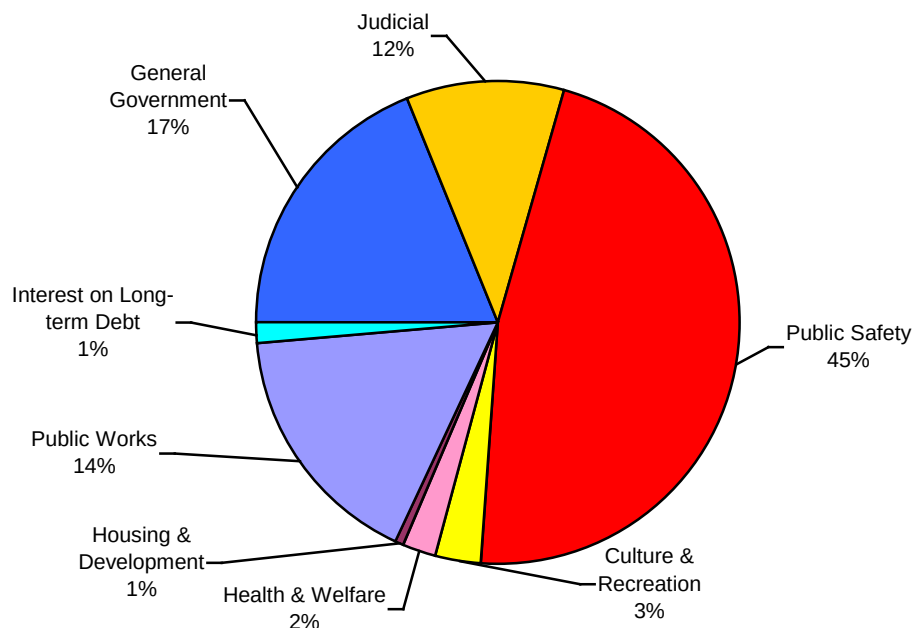
The following chart illustrates revenues of the governmental activities for the fiscal year ended June 30, 2011

**Revenues by Source – Governmental Activities
For the fiscal year ended June 30, 2011**



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

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



Business-Type Activities –

Business-type activities increased Franklin County's assets by \$140,781. This is a decrease of \$124,356 from the prior year. The change in net assets in the Water and Sewer Fund was down from fiscal year 2010 due primarily to the decrease in amount transferred from the General Fund; the change in net assets in the Solid Waste Fund was down from fiscal year 2010 due to a landfill host fees recognized during fiscal year 2010 and a decrease in the amount transferred from the General Fund.

Financial Analysis of the County's Funds

As noted earlier, Franklin County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the County completed this fiscal year, its governmental funds reported a combined ending fund balance of \$10,387,363. Of this amount, \$2,419,924, or 23%, constitutes unassigned fund balance, which is available for appropriation for the general purposes of the County. \$7,857,571, or 76%, constitutes restricted fund balance, which is available for appropriations within the purposes of the funds. The remainder of fund balance is not available for spending because it has already been committed to payment of incurred expenses for future periods of \$82,715.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,442,764, while total fund balance was \$4,270,397. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. Unassigned fund balance represents approximately 3.7 months of General Fund expenditures, while total fund balance represents approximately 4.6 months of that same amount.

The County ended the fiscal year by decreasing the fund balance of the General Fund by \$471,167 or approximately 10%. Expenditures were approximately 5% over the final budget and revenues collected were approximately 2% under the final budget.

General Fund Budget Highlights.

The budget exceeded actual revenues by approximately 2%.

The original budget for the General Fund was amended by various appropriations approved after the beginning of the fiscal year ended June 30, 2011. In addition, the Board of Commissioners approved several adjustments tapping the Fund Balance line item to prevent budget overruns.

Overall, the General Fund expenditures totaled approximately 5% over the budget projections; the General Administration, Sheriff's and Public Works Departments were significantly over budget.

It is anticipated that the General Fund may experience minimal decreased revenues in the next fiscal year; however, the County will continue to monitor spending and other measures will help ensure that the fund balance remains positive.

Proprietary Funds. Franklin County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the County's two proprietary funds totaled as follows:

▪ Water and Sewer	\$ 77,196
▪ Solid Waste	\$ (1,019,541)

The change in net assets for each fund was \$189,294 and \$(48,513), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

Capital Assets and Debt Administration

Capital Assets. Franklin County has invested \$55,160,361 in capital assets (net of accumulated depreciation). Approximately 66% of this investment is related to governmental activities and includes infrastructure, land, buildings, and machinery and equipment.

Capital assets held by the County at June 30, 2011 are summarized as follows:

Franklin County Capital Assets (net of accumulated depreciation) June 30, 2011 and 2010						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 4,854,587	\$ 4,854,587	\$ 399,323	\$ 399,323	\$ 5,253,910	\$ 5,253,910
Land improvements	0	0	29,382	29,382	29,382	29,382
Water lines and towers	0	0	19,765,422	19,375,809	19,765,422	19,375,809
Infrastructure	41,823,250	41,577,682	0	0	41,823,250	41,577,682
Buildings	6,798,398	6,798,398	1,875,731	1,875,731	8,674,129	8,674,129
Machinery and equipment	2,351,741	2,344,764	441,875	441,875	2,793,616	2,786,639
Vehicles	5,052,073	4,803,051	268,909	268,909	5,320,982	5,071,960
Construction in progress	0	0	689,886	151,998	689,886	151,998
Total	60,880,049	60,378,482	23,470,528	22,543,027	84,350,577	82,921,509
Accumulated depreciation	(24,567,762)	(22,940,056)	(4,362,256)	(3,892,164)	(28,930,018)	(26,832,220)
Net Capital Assets	\$ 36,312,287	\$ 37,438,426	\$ 19,108,272	\$ 18,650,863	\$ 55,420,559	\$ 56,089,289

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

- Improvements and expansion of the County's infrastructure
- Equipment for the Sheriff's Department
- Vehicles for the Sheriff's and EMS Departments
- Vehicles for Tax Assessor and EMA Department
- Road Construction / J. F. Shirley, Reno Road and Ross Way
- Paving of Dillard Bray and Jordan Streets
- Additional parking area at recreation department

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

- Continued upgrading and expansion of Water system projects

Additional information on Franklin County's capital assets can be found in Note 9 on pages 47-49 of this report.

Long-term debt. During 2005, the County issued the Franklin County General Obligation Sales Tax Bonds, Series 2005. These bonds were issued in the original amount of \$17,000,000; a premium of \$966,575 was received on the issuance of the bonds. At June 30, 2011 the outstanding balance of these bonds was \$4,000,000; the unamortized amount of the premium was \$12,391.

During fiscal year 2008, the County issued the Franklin County Water and Sewerage Authority Revenue Bonds, Series 2008. These bonds were issued in the original amount of \$4,190,000. At June 30, 2011, the outstanding balance of these bonds was \$3,545,000.

At June 30, 2011 Franklin County had total notes payable outstanding in the amount of \$1,519,585. The County's total debt decrease by approximately 31% during the course of the fiscal year ended June 30, 2011. The key factor related to the decrease was the normal payment requirements on the debt obligations.

Additional information on the County's long-term debt can be found in Note 12 on pages 50-53 of this report.

Economic Condition and Outlook

Compared to other counties in the State of Georgia, Franklin County has fared relatively well under the weakened economy that we have experienced over the past four years. Several factors were considered during preparation of the budget for fiscal year 2012 including the following:

- Decrease in interest rates for Certificates of Deposit and bank balances
- Increase in employee pension payments required by GEBCORP
- Purchase of E911 equipment
- Further expansion of water lines and addition of water customers
- Decrease in tax revenues due to decrease in net digest
- Increased demands by citizens for roads to be adopted for maintenance
- Decrease in Solid Waste facility usage
- Decrease in Local Option Sales Tax funds by 10%

Contacting the County's Financial Services Department

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Franklin County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed as follows:

Franklin County Board of Commissioners
P. O. Box 159
Carnesville, Ga. 30521

BASIC FINANCIAL STATEMENTS

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,614,521	\$ 769,302	\$ 3,383,823	\$ 319,344
Certificates of deposit	1,800,519	0	1,800,519	154,289
Investments	4,100,035	0	4,100,035	0
Restricted assets				
Cash	744,918	0	744,918	0
Certificates of deposit	0	1,880,873	1,880,873	0
Interest receivable	0	5,577	5,577	0
Receivables (net)				
Accounts	239,855	99,268	339,123	73,652
Intergovernmental	97,887	0	97,887	0
Taxes	661,654	0	661,654	2,974
Interest	8,519	0	8,519	987
Notes	0	16,882	16,882	0
Inventory	0	465,483	465,483	0
Prepaid expenses	82,715	0	82,715	0
Internal balances	1,085,597	(1,085,597)	0	0
Other assets	0	0	0	69,183
Total current assets	11,436,220	2,151,788	13,588,008	620,429
Noncurrent assets				
Notes receivable	0	46,445	46,445	0
Capital assets				
Non-depreciable	4,854,587	1,089,209	5,943,796	3,621,071
Depreciable (net)	31,457,700	18,019,063	49,476,763	2,800,104
Pension assets	780,668	0	780,668	0
Debt issue costs	4,507	82,808	87,315	0
Total noncurrent assets	37,097,462	19,237,525	56,334,987	6,421,175
Total assets	48,533,682	21,389,313	69,922,995	7,041,604
LIABILITIES				
Current liabilities				
Payables				
Accounts	15,131	64,455	79,586	10,596
Retainages	0	18,093	18,093	0
Interest	83,333	42,528	125,861	2,590
Escrow deposits	0	0	0	50,000
Accrued salaries and expenses	739,889	4,207	744,096	1,782
Compensated absences	438,779	8,181	446,960	34,568
Due to other agencies	13,039	0	13,039	0
Notes payable	0	129,326	129,326	1,616,264
Bonds payable	4,012,391	240,000	4,252,391	0
Other liabilities	207,062	0	207,062	0
Total current liabilities	5,509,624	506,790	6,016,414	1,715,800
Noncurrent liabilities				
Compensated absences	0	0	0	9,064
Notes payable	0	1,390,259	1,390,259	0
Bonds payable	0	3,305,000	3,305,000	0
Post-closure care costs	0	1,199,472	1,199,472	0
Total noncurrent liabilities	0	5,894,731	5,894,731	9,064
Total liabilities	5,509,624	6,401,521	11,911,145	1,724,864

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	\$ 36,312,287	\$ 15,862,756	\$ 52,175,043	\$ 4,804,911
Restricted for:				
Judicial	110,722	0	110,722	0
Public Safety	968,044	0	968,044	0
Capital outlay	2,141,625	67,381	2,209,006	0
Debt service	536,539	0	536,539	0
Unrestricted	2,954,841	(942,345)	2,012,496	511,829
Total net assets	\$ 43,024,058	\$ 14,987,792	\$ 58,011,850	\$ 5,316,740

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 2,860,643	\$ 331,852	\$ 6,800	\$ 0	\$ (2,521,991)
Judicial	1,613,043	887,449	139,069	0	(586,525)
Public Safety	7,032,730	2,547,575	247,479	22,500	(4,215,176)
Public Works	2,527,614	1,160	2,231	5	(2,524,218)
Health and Welfare	354,254	1,196	129,388	0	(223,670)
Culture and Recreation	449,165	0	0	0	(449,165)
Housing and Development	74,661	0	0	0	(74,661)
Interest on long-term debt	213,926	0	0	0	(213,926)
Total governmental activities	15,126,036	3,769,232	524,967	22,505	(10,809,332)
Business-type activities					
Water and Sewer	1,057,460	973,381	0	0	(84,079)
Solid Waste	135,199	69,243	0	0	(65,956)
Total business-type activities	1,192,659	1,042,624	0	0	(150,035)
Total primary government	16,318,695	4,811,856	524,967	22,505	(10,959,367)
Component Units					
Franklin County Recreation Department					
Culture and Recreation	476,028	118,644	434	46,162	(310,788)
Franklin County Industrial Building Authority					
Housing and Development	273,734	62,107	0	0	(211,627)
Franklin County Health Department					
Health and Welfare	506,969	240,693	193,522	0	(72,754)
Total component units	1,256,731	421,444	193,956	46,162	(595,169)
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Units	
Change in net assets					
Net (expense) revenue	\$ (10,809,332)	\$ (150,035)	\$ (10,959,367)	\$ (595,169)	
General revenues					
Taxes					
Property	5,679,297	0	5,679,297	164,244	
Sales	5,047,271	0	5,047,271	0	
Insurance premium	696,913	0	696,913	0	
Intangible	63,699	0	63,699	0	
Franchise	78,205	0	78,205	0	
Real estate transfer	10,965	0	10,965	0	
Occupational	13,745	0	13,745	0	
Other	4,466	0	4,466	0	
Interest and investment earnings	186,700	25,440	212,140	1,477	
Payments from Franklin County	0	0	0	334,845	
Other	39,471	327	39,798	3,103	
Transfers	(265,049)	265,049	0	0	
Total general revenues and transfers	11,555,683	290,816	11,846,499	503,669	
Change in net assets	746,351	140,781	887,132	(91,500)	
Net assets - beginning	42,277,707	14,847,011	57,124,718	5,408,240	
Net assets - ending	\$ 43,024,058	\$ 14,987,792	\$ 58,011,850	\$ 5,316,740	

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

FRANKLIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Debt Service	2004 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 356,381	\$ 527,721	\$ 0	\$ 1,730,419	\$ 2,614,521
Certificates of deposit	1,789,087	0	0	11,432	1,800,519
Investments	0	4,100,035	0	0	4,100,035
Receivables (net)					
Accounts	183,005	0	0	56,850	239,855
Intergovernmental	25,037	0	0	72,850	97,887
Taxes	324,468	0	0	337,186	661,654
Interest	8,519	0	0	0	8,519
Prepaid expenses	82,715	0	0	0	82,715
Due from other funds	1,770,745	0	0	1,022,840	2,793,585
Restricted Assets					
Cash	744,918	0	0	0	744,918
Total assets	\$ 5,284,875	\$ 4,627,756	\$ 0	\$ 3,231,577	\$ 13,144,208
LIABILITIES AND FUND BALANCES					
Liabilities					
Payables					
Accounts	\$ 15,131	\$ 0	\$ 0	\$ 0	\$ 15,131
Excess taxes	207,062	0	0	0	207,062
Accrued salaries and expenses	718,549	0	0	21,340	739,889
Deferred revenue	73,736	0	0	0	73,736
Due to other agencies	0	0	0	13,039	13,039
Due to other funds	0	0	1,022,840	685,148	1,707,988
Total liabilities	1,014,478	0	1,022,840	719,527	2,756,845
Fund balances					
Nonspendable prepaids	82,715	0	0	0	82,715
Restricted for:					
Judicial	0	0	0	110,722	110,722
Public Safety	744,918	0	0	232,550	977,468
Capital projects	0	0	0	2,141,625	2,141,625
Debt service	0	4,627,756	0	0	4,627,756
Assigned for:					
Public Safety	0	0	0	27,153	27,153
Unassigned	3,442,764	0	(1,022,840)	0	2,419,924
Total fund balances	4,270,397	4,627,756	(1,022,840)	2,512,050	10,387,363
Total liabilities and fund balances	\$ 5,284,875	\$ 4,627,756	\$ 0	\$ 3,231,577	\$ 13,144,208

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

FRANKLIN COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2011

Total fund balance - total governmental funds	\$	10,387,363
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Amounts reported for governmental activities in the statement of net assets are different because:

Some assets are not financial and, therefore, are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation	\$ 36,312,287	
Debt issue costs, net of accumulated amortization	4,507	
Net pension assets	<u>780,668</u>	37,097,462

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are deferred property taxes.	73,736
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Long-term liabilities are not due and payable in the current period and are not reported in the funds.
These are:

Bonds payable	\$ (4,012,391)	
Interest payable	(83,333)	
Compensated absences	<u>(438,779)</u>	<u>(4,534,503)</u>
Net assets of governmental activities		<u><u>\$ 43,024,058</u></u>

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, 2011

	General	Debt Service	2004 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 8,514,974	\$ 2,233,768	\$ 0	\$ 870,301	\$ 11,619,043
Licenses and permits	9,196	0	0	0	9,196
Fines, fees and forfeitures	1,310,627	0	0	687,049	1,997,676
Charges for services	1,292,358	0	0	470,002	1,762,360
Intergovernmental	167,005	0	0	380,462	547,467
Interest	35,684	365	49	1,901	37,999
Other	39,391	0	0	81	39,472
Total revenues	11,369,235	2,234,133	49	2,409,796	16,013,213
EXPENDITURES					
Current					
General Government	2,777,894	0	0	0	2,777,894
Judicial	913,538	0	0	710,041	1,623,579
Public Safety	5,504,794	0	0	1,189,228	6,694,022
Public Works	1,342,119	0	0	0	1,342,119
Health and Welfare	327,835	0	0	0	327,835
Culture and Recreation	263,416	0	0	0	263,416
Housing and Development	70,884	0	0	0	70,884
Capital outlay	0	0	17,327	157	17,484
Debt service	1,010	3,779,600	0	0	3,780,610
Intergovernmental	0	0	630,341	0	630,341
Total expenditures	11,201,490	3,779,600	647,668	1,899,426	17,528,184
Excess (deficiency) of revenues over (under) expenditures	167,745	(1,545,467)	(647,619)	510,370	(1,514,971)
Other financing sources (uses)					
Transfers in	25,827	3,219,010	0	399,690	3,644,527
Transfers out	(664,739)	0	(3,219,010)	(25,827)	(3,909,576)
Total other financing sources (uses)	(638,912)	3,219,010	(3,219,010)	373,863	(265,049)
Net change in fund balance	(471,167)	1,673,543	(3,866,629)	884,233	(1,780,020)
Fund balances, July 1	4,741,564	2,954,213	2,843,789	1,627,817	12,167,383
Fund balances, June 30	\$ 4,270,397	\$ 4,627,756	\$ (1,022,840)	\$ 2,512,050	\$ 10,387,363

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, 2011

Net change in fund balances - total governmental funds **\$ (1,780,020)**

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	\$	501,567		
Depreciation expense		(1,627,706)		(1,126,139)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Debt principal repayments	\$	3,500,000		
Debt proceeds		0		
Amortization of bonds premium		148,704		
Amortization of debt issue costs		(53,701)		
Net change in interest payable		64,584		3,659,587

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred. (24,481)

Employer contributions to retirement plans in excess of annual pension costs are reported as expenditures in the governmental funds, but result in assets in the governmental activities. These include the net change in pension assets. 31,784

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. (14,380)

Change in net assets of governmental activities	\$	746,351		
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The accompanying notes are an integral part of these financial statements.

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2011

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 8,695,901	\$ 8,695,901	\$ 8,514,974	\$ (180,927)
Licenses and permits	10,300	10,300	9,196	(1,104)
Fines, fees and forfeitures	1,109,000	1,109,000	1,310,627	201,627
Charges for services	1,424,500	1,424,500	1,292,358	(132,142)
Intergovernmental	202,162	202,162	167,005	(35,157)
Interest	50,000	50,000	35,684	(14,316)
Other	100,000	100,000	39,391	(60,609)
Total revenues	11,591,863	11,591,863	11,369,235	(222,628)
EXPENDITURES				
Current				
General Government				
Commission Board	77,198	77,198	80,152	(2,954)
County Manager's Office	303,553	303,553	302,887	666
General Building and Plant	119,376	119,376	150,804	(31,428)
General Administration	1,227,460	1,227,460	1,369,502	(142,042)
Tax Commissioner	315,197	315,197	280,322	34,875
Tax Assessor	373,156	373,156	351,777	21,379
Registrar	141,465	141,465	137,744	3,721
Elections	0	0	190	(190)
County Engineer	103,508	103,508	104,516	(1,008)
Judicial				
Probate Court	228,432	228,432	237,027	(8,595)
Magistrate Court	171,226	171,226	161,360	9,866
Superior Court	222,796	222,796	196,593	26,203
Superior Court Judge	14,500	14,500	12,779	1,721
Clerk of Superior Court	246,046	246,046	210,603	35,443
District Attorney	39,261	39,261	36,413	2,848
Public Defender	0	58,763	58,763	0
Public Safety				
Fire Departments	305,620	305,620	304,486	1,134
Coroner Services	31,548	31,548	25,906	5,642
Emergency Medical Service	1,725,549	1,725,549	1,684,142	41,407
Emergency Management	15,453	15,453	25,267	(9,814)
County Marshal	47,804	47,804	46,540	1,264
Sheriff's Department	3,160,676	3,160,676	3,373,453	(212,777)
Animal Shelter	45,000	45,000	45,000	0
Public Works				
Highways and Streets	991,100	991,100	1,342,119	(351,019)
Health and Welfare				
Senior Center	197,460	197,460	193,665	3,795
Foster Care Services	61,010	61,010	26,815	34,195
Health Department	103,431	103,431	107,355	(3,924)
Culture and Recreation				
Recreation Department	215,740	215,740	233,416	(17,676)
Library Board	30,000	30,000	30,000	0
Housing and Development				
County Agent	69,429	69,429	45,613	23,816
Forestry Service	3,109	3,109	7,772	(4,663)
Planning and Zoning	10,400	10,400	14,619	(4,219)
Airport Authority	3,500	3,500	2,880	620
Debt service	0	0	1,010	(1,010)
Total expenditures	10,600,003	10,658,766	11,201,490	(542,724)

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

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2011

	<u>Budget</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Excess (deficiency) of revenues over expenditures	\$ 991,860	\$ 933,097	\$ 167,745	\$ (765,352)
Other financing sources (uses)				
Transfers in	0	0	25,827	25,827
Transfers out	(788,603)	(729,840)	(664,739)	65,101
Sale of capital assets	10,000	10,000	0	(10,000)
Contingency	(213,257)	(213,257)	0	213,257
Total other financing sources (uses)	(991,860)	(933,097)	(638,912)	294,185
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	(471,167)	(471,167)
Fund balances, July 1	0	0	4,741,564	4,741,564
Fund balances, June 30	\$ 0	\$ 0	\$ 4,270,397	\$ 4,270,397

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 651,986	\$ 117,316	\$ 769,302
Restricted assets			
Certificates of deposit	1,880,873	0	1,880,873
Interest	5,577	0	5,577
Receivables			
Accounts (net)	99,268	0	99,268
Notes	0	16,882	16,882
Inventory	465,483	0	465,483
Due from other funds	122	0	122
Total current assets	<u>3,103,309</u>	<u>134,198</u>	<u>3,237,507</u>
Noncurrent assets			
Notes receivable	0	46,445	46,445
Capital assets			
Non-depreciable	710,233	378,976	1,089,209
Depreciable (net)	16,658,571	1,360,492	18,019,063
Debt issue costs (net)	82,808	0	82,808
Total noncurrent assets	<u>17,451,612</u>	<u>1,785,913</u>	<u>19,237,525</u>
Total assets	<u>20,554,921</u>	<u>1,920,111</u>	<u>22,475,032</u>
LIABILITIES			
Current liabilities			
Payables			
Accounts	64,455	0	64,455
Retainages	18,093	0	18,093
Interest	42,528	0	42,528
Accrued salaries	3,624	583	4,207
Compensated absences	8,052	129	8,181
Notes payable	129,326	0	129,326
Bonds payable	240,000	0	240,000
Due to other funds	1,085,719	0	1,085,719
Total current liabilities	<u>1,591,797</u>	<u>712</u>	<u>1,592,509</u>
Noncurrent liabilities			
Notes payable	1,390,259	0	1,390,259
Bonds payable	3,305,000	0	3,305,000
Post-closure care costs	0	1,199,472	1,199,472
Total noncurrent liabilities	<u>4,695,259</u>	<u>1,199,472</u>	<u>5,894,731</u>
Total liabilities	<u>6,287,056</u>	<u>1,200,184</u>	<u>7,487,240</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,123,288	1,739,468	15,862,756
Restricted for capital outlay	67,381	0	67,381
Unrestricted	77,196	(1,019,541)	(942,345)
Total net assets	<u>\$ 14,267,865</u>	<u>\$ 719,927</u>	<u>\$ 14,987,792</u>

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2011

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 973,381	\$ 69,243	\$ 1,042,624
Miscellaneous revenue	327	0	327
Total operating revenues	973,708	69,243	1,042,951
OPERATING EXPENSES			
Costs of sales and services	405,114	43,829	448,943
Personal services	84,279	28,294	112,573
Depreciation	413,077	57,015	470,092
Other	14,681	301	14,982
Total operating expenses	917,151	129,439	1,046,590
Operating income (loss)	56,557	(60,196)	(3,639)
Non-operating revenues (expenses)			
Interest revenue	23,675	1,765	25,440
Payments to others	0	(5,760)	(5,760)
Interest expense	(133,261)	0	(133,261)
Amortization	(7,048)	0	(7,048)
Total non-operating revenues (expenses)	(116,634)	(3,995)	(120,629)
Income (loss) before transfers	(60,077)	(64,191)	(124,268)
Transfers in (out)			
Transfers in	249,371	15,678	265,049
Change in net assets	189,294	(48,513)	140,781
Net assets, July 1	14,078,571	768,440	14,847,011
Net assets, June 30	\$ 14,267,865	\$ 719,927	\$ 14,987,792

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, 2011

	Business-Type Activities		
	Water and Sewer	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 964,539	\$ 74,281	\$ 1,038,820
Payments to suppliers	(407,881)	(44,225)	(452,106)
Payments to employees	(83,867)	(28,877)	(112,744)
Other receipts	327	0	327
Other payments	(14,681)	(301)	(14,982)
Net cash provided (used) by operating activities	458,437	878	459,315
Cash flows from non-capital financing activities:			
Receipts from other funds	292,299	0	292,299
Payments to other funds	0	(107,294)	(107,294)
Payments for post-closure costs of landfill	0	(13,630)	(13,630)
Payments to other agencies	0	(5,760)	(5,760)
Net cash provided (used) by non-capital financing activities	292,299	(126,684)	165,615
Cash flows from capital and related financing activities:			
Interest paid	(136,081)	0	(136,081)
Acquisition of capital assets	(406,457)	0	(406,457)
Principal payment - bonds payable	(235,000)	0	(235,000)
Principal payment - notes payable	(129,326)	0	(129,326)
Net cash provided (used) by capital and related financing activities	(906,864)	0	(906,864)
Cash flows from investing activities:			
Interest received	22,078	1,765	23,843
Proceeds from sale of investments	2,115,699	0	2,115,699
Purchase of investments	(1,880,873)	0	(1,880,873)
Net cash provided (used) by investing activities	256,904	1,765	258,669
Net increase (decrease) in cash and cash equivalents	100,776	(124,041)	(23,265)
Cash and cash equivalents, July 1	551,210	241,357	792,567
Cash and cash equivalents, June 30	\$ 651,986	\$ 117,316	\$ 769,302
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 56,557	\$ (60,196)	\$ (3,639)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	413,077	57,015	470,092
(Increase) decrease in accounts receivable	(8,842)	0	(8,842)
(Increase) decrease in inventory	(2,767)	0	(2,767)
(Increase) decrease in notes receivable	0	5,038	5,038
Increase (decrease) in accounts payable	0	(396)	(396)
Increase (decrease) in accrued liabilities	412	(583)	(171)
Total adjustments	401,880	61,074	462,954
Net cash provided (used) by operating activities	\$ 458,437	\$ 878	\$ 459,315
Noncash investing, capital, and financing activities:			
Acquisition of capital assets through accounts payable totaled \$82,548 for the fiscal year ended June 30, 2011.			
Capitalized inventory totaled \$438,497 for the fiscal year ended June 30, 2011.			

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

FRANKLIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 705,526
Accounts receivable, net	<u>677,085</u>
Total assets	<u>1,382,611</u>
LIABILITIES	
Due to other agencies	<u><u>\$ 1,382,611</u></u>

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

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2011

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 43,167	\$ 45,743	\$ 230,434	\$ 319,344
Certificates of deposit	0	154,289	0	154,289
Receivables (net)				
Accounts	0	26,656	46,996	73,652
Taxes	0	2,974	0	2,974
Interest	0	987	0	987
Other assets	0	69,183	0	69,183
Total current assets	43,167	299,832	277,430	620,429
Noncurrent assets				
Capital assets				
Non-depreciable	113,750	3,507,321	0	3,621,071
Depreciable (net)	2,399,459	400,645	0	2,800,104
Total noncurrent assets	2,513,209	3,907,966	0	6,421,175
Total assets	2,556,376	4,207,798	277,430	7,041,604
LIABILITIES				
Current liabilities				
Payables				
Accounts	0	0	10,596	10,596
Interest	0	2,590	0	2,590
Escrow deposit	0	50,000	0	50,000
Accrued salaries and expenses	0	1,782	0	1,782
Compensated absences	13,010	1,558	20,000	34,568
Notes payable	0	1,616,264	0	1,616,264
Total current liabilities	13,010	1,672,194	30,596	1,715,800
Noncurrent liabilities				
Compensated absences	0	0	9,064	9,064
Total liabilities	13,010	1,672,194	39,660	1,724,864
NET ASSETS				
Invested in capital assets, net of related debt	2,513,209	2,291,702	0	4,804,911
Unrestricted	30,157	243,902	237,770	511,829
Total net assets	\$ 2,543,366	\$ 2,535,604	\$ 237,770	\$ 5,316,740

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, 2011

	Franklin County Recreation Department	Franklin County Industrial Building Authority	Franklin County Health Department	Totals
Expenses				
Health and Welfare	\$ 0	\$ 0	\$ 506,969	\$ 506,969
Culture and Recreation	476,028	0	0	476,028
Housing and Development	0	273,734	0	273,734
Total expenses	476,028	273,734	506,969	1,256,731
Program revenues				
Charges for services	118,644	62,107	240,693	421,444
Operating grants and contributions	434	0	193,522	193,956
Capital grants and contributions	46,162	0	0	46,162
Total program revenues	165,240	62,107	434,215	661,562
Net (expense) revenue	(310,788)	(211,627)	(72,754)	(595,169)
General revenues				
Property taxes	0	164,244	0	164,244
Interest	34	1,443	0	1,477
Payments from Franklin County	233,414	0	101,431	334,845
Miscellaneous	3,001	102	0	3,103
Total general revenues	236,449	165,789	101,431	503,669
Change in net assets	(74,339)	(45,838)	28,677	(91,500)
Net assets, July 1	2,617,705	2,581,442	209,093	5,408,240
Net assets, June 30	\$ 2,543,366	\$ 2,535,604	\$ 237,770	\$ 5,316,740

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

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

1. Description of Government Unit

Franklin County, Georgia (the County) is located in the Northeastern area of Georgia about 80 miles northeast of Atlanta and about 60 miles southwest of Greenville, South Carolina, along Interstate 85.

The County provides a full range of governmental services, including public safety, health and welfare services, recreational programs and economic development as well as water and sewer service and solid waste services.

The government is governed by an elected Chairman and four Commissioners.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of Franklin County, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the County are discussed below.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Franklin County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of its operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Blended Component Units – Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

Solid Waste Management Authority – On October 23, 1995, Franklin County created the Solid Waste Management Authority of Franklin County, Georgia, under the provisions of the Official Code of Georgia Annotated Section 12-8-50. The Authority consists of five directors who are appointed by the Franklin County Board of Commissioners. The Authority is blended with the Solid Waste Enterprise Fund since all services benefit Franklin County. Separate financial statements are not issued for the Authority.

Water and Sewer Authority – On April 1, 1980, Franklin County created the Water and Sewer Authority of Franklin County, Georgia, under the provisions of 1980 Georgia Law page 4388. The Authority consists of nine directors, five are each Mayor of the five municipalities in the County and the remaining four are appointed by the Franklin County Board of Commissioners. The Authority is blended with the Water Enterprise Fund since all services benefit Franklin County. Separate financial statements are not issued for the Authority.

Public Building Authority - On April 29, 1997, Franklin County created the Public Building Authority of Franklin County, Georgia, under the provisions of 1997 Georgia Law act 229 (H.B. 904). The Authority consists of five directors, which are appointed by the Franklin County Board of Commissioners. The Authority is blended with the General Fund since all services benefit Franklin County. Separate financial statements are not issued for the Authority.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Discretely Presented Component Units – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

Franklin County Recreation Department – The Franklin County Recreation Board was established as a legally separate entity in August 1993 and operates pursuant to the Official Code of Georgia Annotated Section 36-64-1. The Board consists of seven members approved by the Board of Commissioners. The Recreation Board provides leisure services to the citizens of Franklin County and the citizens of Municipalities within the County. The Board undertakes special projects and assignments for County management. In many respects it functions similar to a County department through regular participation in department director meetings, budget approval, accounting, payroll, etc. Individual financial statements are presented as part of the County's Annual Report in the section labeled "Component Unit". (See Exhibit I). Individual financial statements may be obtained by contacting the Franklin County Recreation Department, PO Box 311, Carnesville, Georgia 30521.

Franklin County Industrial Building Authority – The Franklin County Industrial Building Authority was established as a legally separate entity and operates pursuant to the Official Code of Georgia Annotated Section 36-62-4. The Board consists of seven members. Two members are appointed by the Board of Commissioners. The remaining five members are the mayors of the five cities located in Franklin County. The Industrial Building Authority facilitates economic development in the County. Individual financial statements are presented as part of the County's Annual Report in the section labeled "Component Unit". (See Exhibit I). Individual financial statements may be obtained by contacting the Franklin County Industrial Building Authority, PO Box 151, Carnesville, Georgia 30521.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Franklin County Health Department – The Franklin County Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Franklin County Health Department and is responsible for the overall coordination of the local health activities. Franklin County appoints members to the Franklin County Health Department Board. The Franklin County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operated under the supervision of the local Board of Health. A copy of the Franklin County Health Department financial statements can be obtained from the Franklin County Health Department, P.O. Box 546, Carnesville, Georgia 30521. This component unit has not been included as part of the notes to the financial statements.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the County. Fiduciary activities of the County are not included in these statements.

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

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

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

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The County considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

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

The County reports the following major governmental funds:

General Fund – The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

2004 Special Purpose Local Option Sales Tax Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes passed by the 2004 referendum.

The County reports the following major proprietary funds:

Water and Sewer Enterprise Fund – This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in Franklin County.

Solid Waste Enterprise Fund – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's solid waste transfer station.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds - Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

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

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the County or for others.

Component Units

The Franklin County Recreation Department, the Franklin County Industrial Building Authority, and the Franklin County Health Department are accounted for using a current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they both become measurable and available).

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Budgets and Budgetary Accounting

The Board of Commissioners adopts an annual budget for all governmental fund types, prior to June 30, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting.

Each year in April, each department submits a proposed budget to the Board of Commissioners for their review. Each department will have scheduled meetings with the Board of Commissioners to review the proposed budget and to ratify any adjustments to the budget. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Franklin County. These hearings are publicized in the local newspaper at least one week before the first hearing, and the budget document is made available for public inspection during this week.

The final proposed budget is presented at a Board of Commissioners meeting for final passage prior to June 30.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control, which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end.

The County does not use the encumbrance system of accounting.

F. Cash and Investments

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

G. Intergovernmental Receivables

Receivables from other governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

H. Inventories

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are among the largest asset classes of the County. Prior to July 1, 2006, neither their historical costs, nor related depreciation, had been reported in the financial statements. The County implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007. The County elected to report general infrastructure assets placed into service prior to July 1, 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Land	N/A	\$ 1
Land Improvements	15	\$ 5,000
Buildings	40	\$ 5,000
Machinery and Equipment	5-10	\$ 5,000
Furniture and Fixtures	5	\$ 5,000
Vehicles	5-10	\$ 5,000
Computer Hardware and Software	3-5	\$ 5,000
Infrastructure	15-50	\$20,000 - \$100,000

The costs of normal maintenance and repairs that do not add value or materiality extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

K. Fund Balances – Governmental Funds

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

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2011, by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

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

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

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

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

K. Fund Balances – Governmental Funds, continued

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

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

L. Compensation for Future Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and compensation benefits. These will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

2. Summary of Significant Accounting Policies (continued)

M. Long-Term Obligations, continued

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

N. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

O. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances, which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

P. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of the changes in the County's financial position and operations. Certain 2010 amounts have been reclassified to conform with the 2011 presentation.

3. Deposit and Investment Risk

Custodial Credit Risk - Deposits

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

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

3. Deposit and Investment Risk (continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

The County has no investments denominated in a foreign currency.

As of June 30, 2011, the County's investments included a US Treasuries obligation fund with a fair value of \$4,100,035; the average maturity of the fund at June 30, 2011, was less than 30 days.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

4. Accounts Receivable

Net accounts receivable at June 30, 2011, consist of the following:

Primary Government:

Major Funds

General Fund	\$ 276,526	
Less: Allowance for Uncollectibles	<u>(93,521)</u>	\$ 183,005

Enterprise Funds		
Water and Sewer	120,216	
Less: Allowance for Uncollectibles	<u>(20,948)</u>	99,268

Nonmajor Funds

Emergency 911 Special Revenue Fund		<u>56,850</u>
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Total primary government		<u><u>\$ 339,123</u></u>
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Component Units

Franklin County Industrial Building Authority	\$ 26,656	
Franklin County Health Department	<u>46,996</u>	<u><u>\$ 73,652</u></u>

Fiduciary Funds

Agency Funds		
Magistrate Court	\$ 72,614	
Less: Allowance for Uncollectibles	(7,098)	
Probate Court	540,112	
Less: Allowance for Uncollectables	(2,910)	
Clerk of Superior Court	81,852	
Less: Allowance for Uncollectibles	<u>(7,485)</u>	<u><u>\$ 677,085</u></u>

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2011, consist of the following:

Major Funds

General Fund

Franklin County Board of Education	\$ 12,559	
Franklin County Industrial Building Authority	11,080	
Northern Judicial Circuit Public Defender's Office	<u>1,398</u>	\$ 25,037

Nonmajor Funds

Special Revenue Funds

MANS Unit

Georgia Criminal Justice Coordinating Council	14,624	
Probation Services		
Northern Judicial Circuit	<u>58,226</u>	<u>72,850</u>

Total primary government		<u><u>\$ 97,887</u></u>
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6. Taxes Receivable

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2011, based upon the assessments of January 1, 2010, were levied on July 16, 2010, billed on August 17, 2010, and due on November 15, 2010. Tax liens may be issued 90 days after the due date.

Taxes receivable as of June 30, 2011, consist of property taxes for seven years as follows:

Year of Levy	Franklin County	Franklin County Industrial Building Authority
2010	\$ 134,195	\$ 3,989
2009	17,239	590
2008	10,972	185
2007	7,514	0
2006	5,965	0
2005	5,555	0
2004	<u>5,631</u>	<u>0</u>
	187,071	4,764
Less allowance for uncollectible	<u>(73,736)</u>	<u>(1,790)</u>
Total	<u><u>\$ 113,335</u></u>	<u><u>\$ 2,974</u></u>

Other Taxes

\$548,319 of sales taxes are also included in taxes receivable.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2011, is as follows:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer	\$ 1,085,719
	Nonmajor Governmental	685,026
Water and Sewer	Nonmajor Governmental	122
Nonmajor Governmental	2004 SPLOST	<u>1,022,840</u>
Subtotal		<u><u>\$ 2,793,707</u></u>

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

A summary of interfund transfers as of June 30, 2011, is as follows:

Transfer Out Fund	Transfer In Fund	Amount
General	Water and Sewer	\$ 249,371
	Solid Waste	15,678
	Nonmajor Governmental	399,690
Nonmajor Governmental	General	25,827
2004 SPLOST	Debt Service	<u>3,219,010</u>
		<u><u>\$ 3,909,576</u></u>

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

8. Notes Receivable

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 16,882	\$ 3,886	\$ 20,768
2013	13,458	2,118	15,576
2014	14,182	1,394	15,576
2015	14,945	631	15,576
2016	3,860	33	3,893
Totals	\$ 63,327	\$ 8,062	\$ 71,389

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets

Capital asset activity for the primary government for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Increases	Decreases	Balance 6/30/2011
Governmental Activities				
Nondepreciable assets				
Land	\$ 4,854,587	\$ 0	\$ 0	\$ 4,854,587
Depreciable assets				
Infrastructure	41,577,682	245,568	0	41,823,250
Buildings	6,798,398	0	0	6,798,398
Machinery and equipment	2,344,764	6,977	0	2,351,741
Vehicles	4,803,051	249,022	0	5,052,073
Total depreciable assets	55,523,895	501,567	0	56,025,462
Accumulated Depreciation				
Infrastructure	(15,227,423)	(836,465)	0	(16,063,888)
Buildings	(2,241,615)	(169,948)	0	(2,411,563)
Machinery and equipment	(1,583,923)	(257,526)	0	(1,841,449)
Vehicles	(3,887,095)	(363,767)	0	(4,250,862)
Total accumulated depreciation	(22,940,056)	(1,627,706)	0	(24,567,762)
Total depreciable assets, net	32,583,839	(1,126,139)	0	31,457,700
Governmental Activities capital assets, net	<u>\$ 37,438,426</u>	<u>\$ (1,126,139)</u>	<u>\$ 0</u>	<u>\$ 36,312,287</u>
Business-type Activities				
Nondepreciable assets				
Land	\$ 399,323	\$ 0	\$ 0	\$ 399,323
Construction in progress	151,998	689,886	(151,998)	689,886
Total non-depreciable assets	551,321	689,886	(151,998)	1,089,209
Depreciable assets				
Land improvements	29,382	0	0	29,382
Distribution system	19,375,809	389,613	0	19,765,422
Buildings	1,875,731	0	0	1,875,731
Machinery and equipment	441,875	0	0	441,875
Vehicles	268,909	0	0	268,909
Total depreciable assets	21,991,706	389,613	0	22,381,319
Accumulated Depreciation				
Land improvements	(15,016)	(1,959)		(16,975)
Distribution system	(2,771,360)	(390,671)		(3,162,031)
Buildings	(477,780)	(48,406)	0	(526,186)
Machinery and equipment	(359,830)	(28,325)		(388,155)
Vehicles	(268,178)	(731)		(268,909)
Total accumulated depreciation	(3,892,164)	(470,092)	0	(4,362,256)
Total depreciable assets, net	18,099,542	(80,479)	0	18,019,063
Business-type Activities capital assets, net	<u>\$ 18,650,863</u>	<u>\$ 609,407</u>	<u>\$ (151,998)</u>	<u>\$ 19,108,272</u>

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets (continued)

Capital asset activity for the Recreation Department and Industrial Building Authority Component Units for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Increases	Decreases	Balance 6/30/2011
Recreation Department Component Unit				
Nondepreciable assets				
Land	\$ 113,750	\$ 0	\$ 0	\$ 113,750
Construction in progress	0	0	0	0
Total non-depreciable assets	113,750	0	0	113,750
Depreciable assets				
Land improvements	938,240	16,967	0	955,207
Buildings	2,047,055	0	0	2,047,055
Machinery and equipment	65,824	35,995	0	101,819
Vehicles	21,283	0	0	21,283
Total depreciable assets	3,072,402	52,962	0	3,125,364
Accumulated Depreciation				
Land improvements	(384,235)	(62,776)	0	(447,011)
Buildings	(162,866)	(51,176)	0	(214,042)
Machinery and equipment	(46,683)	(6,819)	0	(53,502)
Vehicles	(8,293)	(3,057)	0	(11,350)
Total accumulated depreciation	(602,077)	(123,828)	0	(725,905)
Total depreciable assets, net	2,470,325	(70,866)	0	2,399,459
Recreation Department Component Unit capital assets, net	\$ 2,584,075	\$ (70,866)	\$ 0	\$ 2,513,209
Industrial Building Authority Component Unit				
Nondepreciable assets				
Land	\$ 3,507,321	\$ 0	\$ 0	\$ 3,507,321
Depreciable assets				
Buildings	362,194	0	0	362,194
Land improvements	50,125	0	0	50,125
Total depreciable assets	412,319	0	0	412,319
Accumulated Depreciation				
Land improvements	(8,332)	(3,342)	0	(11,674)
Total accumulated depreciation	(8,332)	(3,342)	0	(11,674)
Total depreciable assets, net	403,987	(3,342)	0	400,645
Industrial Building Authority Component Unit capital assets, net	\$ 3,911,308	\$ (3,342)	\$ 0	\$ 3,907,966

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 73,274
Judicial	1,633
Public Safety	536,523
Public Works	985,187
Health and Welfare	27,312
Housing and Development	<u>3,777</u>

Total depreciation expense for governmental activities	<u><u>\$ 1,627,706</u></u>
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Business-type activities

Water and Sewer	413,077
Solid Waste	<u>57,015</u>

Total depreciation expense for business-type activities	<u><u>\$ 470,092</u></u>
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Recreation Department Component Unit	<u><u>\$ 123,828</u></u>
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Industrial Building Authority Component Unit	<u><u>\$ 3,342</u></u>
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10. Other Liabilities

At June 30, 2011, the County had \$207,062 in excess property taxes received from the sale of properties with delinquent taxes due. This excess amount received over taxes and fees is legally due to the owner of the sold property and is held as a liability until all efforts to contact the property owner have been exhausted.

11. Short-term Debt

In March 2011, the County entered into a lending agreement with the United States Department of Agriculture for the purchase of an ambulance, in the amount of \$127,500. On June 1, 2011, the County repaid the note plus \$1,010 in interest at a rate of 4.375%.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

11. Short-term Debt (continued)

Short-term debt activity for the year ended June 30, 2011, is as follows:

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
Governmental activities				
Notes payable	\$ 0	\$ 127,500	\$ 127,500	\$ 0

12. Long-Term Debt

Long - Term Debt

The County enters into promissory notes with the Georgia Environmental Facilities Authority and the United States Department of Agriculture for the financing of water and sewer construction projects. The County pledges the full faith credit and taxing powers of the County in this financing arrangement.

General Obligation Bonds

General obligation bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2011:

\$17,000,000 2005 Franklin County General Obligation Sales Tax series bonds due in an annual installment of \$4,000,000 on August 1, 2011; interest at 5.00% (\$4,000,000 outstanding), for various equipment purchase and capital projects of Franklin County and the five municipalities located in the County; revenues of the 2004 special purpose local option sales tax referendum have been obligated for debt service.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,000,000	\$ 100,000	\$ 4,100,000

\$4,964,942 is available in the Debt Service Fund to service the general obligation bonds.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

12. Long-Term Debt (continued)

Revenue Bonds

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

\$4,190,000 2008 Franklin County Water and Sewerage Authority series revenue bonds due in annual installments of \$240,000 to \$355,000 through March 1, 2023; interest at 3.599% (\$3,545,000 outstanding), for expansion of the County's water and sewerage system and retirement of promissory notes with the United States Department of Agriculture.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 240,000	\$ 127,585	\$ 367,585
2013	250,000	118,947	368,947
2014	260,000	109,949	369,949
2015	270,000	100,592	370,592
2016	280,000	90,875	370,875
2017-2021	1,545,000	296,738	1,841,738
2022-2023	700,000	37,969	737,969
Totals	<u>\$ 3,545,000</u>	<u>\$ 882,655</u>	<u>\$ 4,427,655</u>

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, 2011, the balance of this note is \$1,519,585. Quarterly installments of \$32,332 principal are due through March 1, 2023; interest at 0%.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

12. Long-Term Debt (continued)

Notes Payable, continued

Business-type Activities (continued)

Annual debt service requirements for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 129,326	\$ 0	\$ 129,326
2013	129,326	0	129,326
2014	129,326	0	129,326
2015	129,326	0	129,326
2016	129,326	0	129,326
2017-2021	646,630	0	646,630
2022-2023	226,325	0	226,325
Totals	\$ 1,519,585	\$ 0	\$ 1,519,585

Industrial Building Authority Component Unit

The Authority has entered into a lending agreement with Northeast Georgia Bank to refinance the purchase of real property in the original amount of \$187,936. At June 30, 2011, the balance of this note is \$187,936. Unpaid principal and interest are due on October 17, 2011; interest at 4.5%.

The Authority has entered into a lending agreement with Northeast Georgia Bank to refinance the purchase of real property in the original amount of \$444,416. At June 30, 2011, the balance of this note is \$444,416. Unpaid principal and interest are due on October 17, 2011; interest at 4.5%.

The Authority has entered into a lending agreement with Northeast Georgia Bank to refinance the purchase of real property in the original amount of \$983,912. At June 30, 2011, the balance of this note is \$983,912. Unpaid principal and interest are due on October 17, 2011; interest at 4.5%.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

12. Long-Term Debt (continued)

Notes Payable, continued

Industrial Building Authority Component Unit (continued)

Annual debt service requirements for notes payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
<u>2012</u>	<u>\$ 1,616,264</u>	<u>\$ 21,213</u>	<u>\$ 1,637,477</u>

The following is a summary of changes in long-term debt of the County for the year ended June 30, 2011:

	Balance 6/30/2010	Additions	Deductions	Balance 6/30/2011	Due Within One Year
Governmental activities					
General obligation bonds	\$ 7,500,000	\$ 0	\$ 3,500,000	\$ 4,000,000	\$ 4,000,000
Unamortized bond premium	161,095	0	148,704	12,391	12,391
Compensated absences	424,398	438,779	424,398	438,779	438,779
Total Governmental activities	<u>\$ 8,085,493</u>	<u>\$ 438,779</u>	<u>\$ 4,073,102</u>	<u>\$ 4,451,170</u>	<u>\$ 4,451,170</u>
Business-type activities					
Notes payable	\$ 1,648,911	\$ 0	\$ 129,326	\$ 1,519,585	\$ 129,326
Bonds payable	3,780,000	0	235,000	3,545,000	240,000
Post-closure care costs	1,213,102	0	13,630	1,199,472	0
Compensated absences	8,955	8,181	8,955	8,181	8,181
Total business-type activities	<u>\$ 6,650,968</u>	<u>\$ 8,181</u>	<u>\$ 386,911</u>	<u>\$ 6,272,238</u>	<u>\$ 377,507</u>
Recreation Department Component Unit					
Compensated absences	<u>\$ 13,505</u>	<u>\$ 13,010</u>	<u>\$ 13,505</u>	<u>\$ 13,010</u>	<u>\$ 13,010</u>
Industrial Building Authority Component Unit					
Notes payable	\$ 1,650,951	\$ 1,651,287	\$ 1,685,974	\$ 1,616,264	\$ 1,616,264
Compensated absences	2,033	1,558	2,033	1,558	1,558
Total Industrial Building Authority Component Unit	<u>\$ 1,652,984</u>	<u>\$ 1,652,845</u>	<u>\$ 1,688,007</u>	<u>\$ 1,617,822</u>	<u>\$ 1,617,822</u>

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

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

13. Conduit Debt

On December 15, 2010, the Franklin County Industrial Building Authority issued the Series 2010 Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of a medical facility deemed to be in the public interest. The Authority has acquired the property financed and leased it back to the private-sector entity under a lease agreement with payments sufficient to pay principal and interest on the bonds; upon repayment of the bonds, ownership of the acquired facilities will transfer to the private-sector entity. Neither the Authority nor the State of Georgia, or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2011, the principal amount payable is \$39,000,000; the original issue amount totaled \$39,000,000.

14. Landfill Post-Closure Care Costs

The County closed its solid waste landfill in 2002. State and federal laws and regulations require the County to perform certain maintenance and monitoring operations at the landfill site for 30 years after official closure. The estimated cost of all post closure care activities is \$1,199,472 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.

15. Deficit Equity Balances

Governmental Activities

At June 30, 2011, the 2004 SPLOST Capital Projects Fund has a deficit fund balance of \$1,022,840. This is due to the payment for services in anticipation of future revenues. The County plans to liquidate this deficit fund balance through future revenue recognition.

Business-type Activities

At June 30, 2011, the Solid Waste Enterprise Fund has negative unrestricted net assets of \$1,019,541. This is due to the estimated cost of post closure care activities. The County plans to liquidate the negative unrestricted net assets through payment of post closure care costs.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

16. Pension Plan

Plan Description and Contribution Information

Franklin County contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County elected to participate in the Plan as of the result of Board of Commissioner vote and a contract between the County and the ACCG. The county has been participating in the Plan since January 1, 1994.

The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments. The ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

All full-time County employees hired before March 7, 2011, are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 3 years of plan participation. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 2% of average annual compensation for each year of service payable as a life annuity. Compensation is averaged over a five-year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

Current Membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	31
Terminated vested participants entitled to but not yet receiving benefits	74
Active participants	<u>121</u>
Total number of participants	<u><u>226</u></u>

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

16. Pension Plan (continued)

Funding Policy

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, based on an actuarially determined rate. The current rate is 12.6% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2010. Significant actuarial assumptions used in the valuation include:

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

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of Franklin County's assets was determined using market value. The unfunded actuarially accrued liability is being amortized as a level dollar of projected payroll on a closed basis over a thirty-year period. The remaining amortization period at January 1, 2010, was 10 years.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

16. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The County's annual pension cost and net pension obligations for the current year ended June 30, 2011, were as follows:

Annual required contribution	\$ 580,411
Interest on net pension obligation	(58,038)
Adjustment to ARC	62,100
Annual pension cost	584,473
Contributions made	616,259
Increase (decrease) in net pension obligation	(31,786)
Net pension obligation - beginning of year	(748,882)
Net pension obligation - end of year	<u>\$ (780,668)</u>

Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented below.

Pension Cost Information

Plan Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 218,408	110%	\$ (49,004)
2006	227,873	107%	(63,823)
2007	390,281	256%	(673,542)
2008	462,421	108%	(709,809)
2009	542,963	107%	(748,882)
2010	584,473	105%	(780,668)

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

16. Pension Plan (continued)

Historical Trend Information, continued

Schedule of Funding Progress						
Plan Year Ended December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll** (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2005	\$ 1,276,929	\$ 2,204,290	\$ 927,361	57.9%	\$ 2,611,381	35.5%
2006	1,526,514	2,259,649	733,135	67.6%	2,761,559	26.5%
2007	2,558,303	3,532,826	974,523	72.4%	2,918,887	33.4%
2008	2,900,000	4,187,012	1,287,012	69.3%	3,312,499	38.9%
2009	3,477,734	4,902,948	1,425,214	70.9%	3,951,478	36.1%
2010	4,128,820	5,479,524	1,350,704	75.3%	4,617,541	29.3%

17. Deferred Compensation Plans

The County provides retirement benefits for its employees through two deferred compensation, defined contribution plans. The Plans were created under Internal Revenue Code Sections 457 and 401(a), and are administered by the Variable Annuity Life Insurance Company (VALIC) and the Government Employees Benefits Corporation (GEBCorp) of Georgia, independent third parties. Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plans. Employees may defer a maximum of 25% of their salary, up to the maximum allowed by federal law. Employees may choose to contribute to one or both of the Plans.

The County will contribute 1% for each year of service of the employee's contribution per year. There is a cap of 12% for this additional match and an overall cap of \$1,000 for County contributions. County contributions are paid into the Plans at the end of each calendar year.

Funds are vested 100% at the time of contribution. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

During the year ended June 30, 2011, the County contributed \$8,873 to the Plans, based on covered salaries of \$2,083,971. Total payroll was \$6,562,287. Plan members made voluntary contributions of \$125,468.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

17. Deferred Compensation Plans (continued)

The County has no fiduciary relationship with the Plans, and Plan assets are not available to the County or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans.

18. Hotel/Motel Lodging Tax

The County has levied a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the year ended June 30, 2011 follows:

Lodging tax receipts	\$	57
Disbursements for tourism	\$	57 100% of tax receipts

19. Joint Ventures

Franklin County participates jointly with Hart County, Georgia in the Franklin-Hart Airport. Both Franklin and Hart County have agreed to allocate funds as part of their respective budget toward the venture. The Airport is a separate entity that maintains and accumulates assets of its individual ownership. The Airport entity will apply for grants and seek other outside revenue needed to supplement the entity's budget. Franklin County contributed \$2,880 to the Airport during the year ended June 30, 2011. 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, 2011, the County paid \$17,025 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, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

19. Joint Ventures (continued)

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, 2011. Separate financial statements may be obtained from Joint Development Authority of Hart, Franklin, and Stephens Counties, Georgia, PO Box 793, Hartwell, Georgia 30643.

20. Risk Financing Activities

- ◇ Material estimates have been made by management about the historical cost of capital assets and the life of the depreciated capital assets. Management has used a conservative approach on these estimates.
- ◇ The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agent and attorneys to represent the County in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

20. Risk Financing Activities (continued)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against the members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Settled claims in the past three years have not exceeded the coverages.

21. Commitments and Contingencies

Contingencies

- ◇ The County is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The County's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

- ◇ Franklin County participates in a number of Revenue Sharing Grants. Expenditures financed by Revenue Sharing Grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

FRANKLIN COUNTY, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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

During the fiscal year ended June 30, 2011, the County incurred expenditures in the following General Fund departments and the Special Revenue Funds that were materially in excess of the amounts appropriated.

<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Commission Board	\$ 77,198	\$ 80,152	\$ (2,954)
General Building and Plant	119,376	150,804	(31,428)
General Administration	1,227,460	1,369,502	(142,042)
Elections	0	190	(190)
Probate Court	228,432	237,027	(8,595)
Emergency Management	15,453	25,267	(9,814)
Sheriff's Department	3,160,676	3,373,453	(212,777)
Highways and Streets	991,100	1,342,119	(351,019)
Health Department	103,431	107,355	(3,924)
Recreation Department	215,740	233,416	(17,676)
Forestry Service	3,109	7,772	(4,663)
Planning and Zoning	10,400	14,619	(4,219)
Drug Enforcement Fund	45,000	78,728	(33,728)
Inmate Welfare Fund	56,000	66,325	(10,325)

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

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COMBINING STATEMENTS

Nonmajor Governmental Funds

FRANKLIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue			
	Emergency 911	Drug Enforcement	Inmate Welfare	Law Library
ASSETS				
Cash and cash equivalents	\$ 437,163	\$ 21,720	\$ 13,474	\$ 99,290
Certificates of deposit	0	0	0	11,432
Receivables				
Accounts	56,850	0	0	0
Taxes	0	0	0	0
Intergovernmental	0	0	0	0
Due from other funds	0	0	0	0
Total assets	\$ 494,013	\$ 21,720	\$ 13,474	\$ 110,722
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued salaries	\$ 11,490	\$ 0	\$ 0	\$ 0
Due to other agencies	0	0	0	0
Due to other funds	455,370	0	0	0
Total liabilities	466,860	0	0	0
Fund balances				
Restricted for:				
Judicial	0	0	0	110,722
Public Safety	0	21,720	13,474	0
Capital projects	0	0	0	0
Assigned for Public Safety	27,153	0	0	0
Total fund balances	27,153	21,720	13,474	110,722
Total liabilities and fund balances	\$ 494,013	\$ 21,720	\$ 13,474	\$ 110,722

Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
MANS Unit	Public Defender	Probation Service	SPLOST	2010 SPLOST	
\$ 195,771	\$ 0	\$ 0	\$ 430,038	\$ 532,963	\$ 1,730,419
0	0	0	0	0	11,432
0	0	0	0	0	56,850
0	0	0	0	337,186	337,186
14,624	0	58,226	0	0	72,850
0	0	0	1,022,840	0	1,022,840
<u>\$ 210,395</u>	<u>\$ 0</u>	<u>\$ 58,226</u>	<u>\$ 1,452,878</u>	<u>\$ 870,149</u>	<u>\$ 3,231,577</u>
\$ 0	\$ 0	\$ 9,850	\$ 0	\$ 0	\$ 21,340
13,039	0	0	0	0	13,039
0	0	48,376	181,402	0	685,148
<u>13,039</u>	<u>0</u>	<u>58,226</u>	<u>181,402</u>	<u>0</u>	<u>719,527</u>
0	0	0	0	0	110,722
197,356	0	0	0	0	232,550
0	0	0	1,271,476	870,149	2,141,625
0	0	0	0	0	27,153
<u>197,356</u>	<u>0</u>	<u>0</u>	<u>1,271,476</u>	<u>870,149</u>	<u>2,512,050</u>
<u>\$ 210,395</u>	<u>\$ 0</u>	<u>\$ 58,226</u>	<u>\$ 1,452,878</u>	<u>\$ 870,149</u>	<u>\$ 3,231,577</u>

FRANKLIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2011

	Special Revenue			
	Emergency 911	Drug Enforcement	Inmate Welfare	Law Library
REVENUES				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	0	55,708	0	17,842
Charges for services	406,410	0	63,592	0
Intergovernmental	0	0	0	0
Interest	159	38	0	928
Other	0	0	0	81
Total revenues	406,569	55,746	63,592	18,851
EXPENDITURES				
Current				
Judicial	0	0	0	5,552
Public Safety	752,704	78,728	66,325	0
Capital outlay	0	0	0	0
Total expenditures	752,704	78,728	66,325	5,552
Excess (deficiency) of revenues over (under) expenditures	(346,135)	(22,982)	(2,733)	13,299
Other financing sources (uses)				
Transfers in	346,135	0	0	0
Transfers out	0	(1,383)	0	0
Total other financing sources (uses)	346,135	(1,383)	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(24,365)	(2,733)	13,299
Fund balances, July 1	27,153	46,085	16,207	97,423
Fund balances, June 30	\$ 27,153	\$ 21,720	\$ 13,474	\$ 110,722

Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
MANS Unit	Public Defender	Probation Service	SPLOST	2010 SPLOST	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 870,301	\$ 870,301
3,195	0	610,304	0	0	687,049
0	0	0	0	0	470,002
241,393	139,069	0	0	0	380,462
257	0	0	514	5	1,901
0	0	0	0	0	81
<u>244,845</u>	<u>139,069</u>	<u>610,304</u>	<u>514</u>	<u>870,306</u>	<u>2,409,796</u>
0	170,187	534,302	0	0	710,041
291,471	0	0	0	0	1,189,228
0	0	0	0	157	157
<u>291,471</u>	<u>170,187</u>	<u>534,302</u>	<u>0</u>	<u>157</u>	<u>1,899,426</u>
(46,626)	(31,118)	76,002	514	870,149	510,370
13,982	39,573	0	0	0	399,690
0	0	(24,444)	0	0	(25,827)
<u>13,982</u>	<u>39,573</u>	<u>(24,444)</u>	<u>0</u>	<u>0</u>	<u>373,863</u>
(32,644)	8,455	51,558	514	870,149	884,233
<u>230,000</u>	<u>(8,455)</u>	<u>(51,558)</u>	<u>1,270,962</u>	<u>0</u>	<u>1,627,817</u>
<u>\$ 197,356</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,271,476</u>	<u>\$ 870,149</u>	<u>\$ 2,512,050</u>

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GENERAL FUND

The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 356,381	\$ 804,559
Certificates of deposit	1,789,087	1,754,543
Receivables (net)		
Accounts	183,005	225,775
Intergovernmental	25,037	57,282
Taxes	324,468	336,738
Interest	8,519	15,185
Prepaid items	82,715	71,354
Due from other funds	1,770,745	1,781,949
Restricted Assets		
Cash	<u>744,918</u>	<u>681,085</u>
Total assets	<u><u>\$ 5,284,875</u></u>	<u><u>\$ 5,728,470</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 15,131	\$ 3,866
Excess taxes	207,062	170,771
Accrued salaries and expenses	718,549	714,051
Deferred revenue	<u>73,736</u>	<u>98,218</u>
Total liabilities	<u>1,014,478</u>	<u>986,906</u>
 Fund balances		
Nonspendable prepaid items	82,715	71,354
Restricted for Public Safety	744,918	681,085
Unassigned	<u>3,442,764</u>	<u>3,989,125</u>
Total fund balances	<u>4,270,397</u>	<u>4,741,564</u>
 Total liabilities and fund balances	<u><u>\$ 5,284,875</u></u>	<u><u>\$ 5,728,470</u></u>

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Taxes	\$ 8,514,974	\$ 8,573,941
Licenses and permits	9,196	6,580
Fines, fees and forfeitures	1,310,627	1,190,445
Charges for services	1,292,358	1,343,428
Intergovernmental	167,005	447,212
Interest	35,684	90,320
Other	39,391	71,176
Total revenues	<u>11,369,235</u>	<u>11,723,102</u>
EXPENDITURES		
Current		
General Government	2,777,894	2,560,308
Judicial	913,538	906,288
Public Safety	5,504,794	5,387,343
Public Works	1,342,119	1,633,568
Health and Welfare	327,835	325,842
Culture and Recreation	263,416	257,615
Housing and Development	70,884	63,156
Debt Service	1,010	0
Total expenditures	<u>11,201,490</u>	<u>11,134,120</u>
Excess (deficiency) of revenues over (under) expenditures	<u>167,745</u>	<u>588,982</u>
Other financing sources (uses)		
Transfers in (out) -		
E911 Fund	(346,135)	(362,125)
MANS Unit Fund	(13,982)	(17,741)
Drug Enforcement Fund	1,383	(7,730)
Public Defender Fund	(39,573)	(81,888)
Probation Services Fund	24,444	0
Water and Sewer Fund	(249,371)	(301,204)
Solid Waste Fund	(15,678)	(68,119)
Sales of capital assets	0	7,165
Total other financing sources (uses)	<u>(638,912)</u>	<u>(831,642)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(471,167)	(242,660)
Fund balances, July 1	<u>4,741,564</u>	<u>4,984,224</u>
Fund balances, June 30	<u><u>\$ 4,270,397</u></u>	<u><u>\$ 4,741,564</u></u>

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 5,116,111	\$ 4,958,831	\$ (157,280)	\$ 5,068,705
Motor vehicle tax	500,000	504,328	4,328	436,970
Mobile home tax	60,000	61,910	1,910	62,949
Cost, penalties, and interest	130,300	173,341	43,041	208,829
Total general property tax	5,806,411	5,698,410	(108,001)	5,777,453
Intangibles tax	50,000	63,699	13,699	59,320
Real estate transfer tax	15,000	10,965	(4,035)	10,190
Local option sales tax	2,000,000	1,943,202	(56,798)	1,930,372
Insurance premium	726,990	696,913	(30,077)	716,566
Franchise tax	70,000	78,205	8,205	59,238
Occupational tax	20,000	13,745	(6,255)	14,564
Other taxes	7,000	9,778	2,778	5,810
Hotel/motel tax	500	57	(443)	428
Total taxes	8,695,901	8,514,974	(180,927)	8,573,941
Licenses and Permits				
Building and inspection permits	6,000	4,655	(1,345)	4,234
Other permits	4,300	4,541	241	2,346
Total licenses and permits	10,300	9,196	(1,104)	6,580
Fines, fees and forfeitures	1,109,000	1,310,627	201,627	1,190,445
Charges for Services				
Emergency medical services	800,000	776,804	(23,196)	808,284
Tax collection commissions	500,000	298,366	(201,634)	327,960
Sheriff services	52,000	151,429	99,429	130,905
Prisoner board	40,000	37,713	(2,287)	44,583
Other	32,500	28,046	(4,454)	31,696
Total charges for services	1,424,500	1,292,358	(132,142)	1,343,428
Intergovernmental				
Grants and receipts	202,162	167,005	(35,157)	447,212
Interest	50,000	35,684	(14,316)	90,320
Other	100,000	39,391	(60,609)	71,176
Total revenues	<u>\$ 11,591,863</u>	<u>\$ 11,369,235</u>	<u>\$ (222,628)</u>	<u>\$ 11,723,102</u>

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Commission Board				
Personal services	\$ 72,598	\$ 73,530	\$ (932)	\$ 81,486
Supplies and materials	4,600	6,622	(2,022)	5,033
Total Commission Board	77,198	80,152	(2,954)	86,519
County Manager's Office				
Personal services	274,903	272,209	2,694	294,535
Contract services	20,100	20,942	(842)	15,968
Supplies and materials	8,550	9,736	(1,186)	9,067
Total County Manager's Office	303,553	302,887	666	319,570
General Building and Plant				
Personal services	69,051	81,541	(12,490)	79,528
Contract services	29,500	40,062	(10,562)	16,498
Supplies and materials	20,825	29,201	(8,376)	21,903
Total General Building and Plant	119,376	150,804	(31,428)	117,929
General Administration				
Personal services	753,460	875,898	(122,438)	772,299
Contract services	466,400	489,519	(23,119)	415,868
Supplies and materials	1,600	4,085	(2,485)	5,504
Payments to other agencies	6,000	0	6,000	0
Total General Administration	1,227,460	1,369,502	(142,042)	1,193,671
Tax Commissioner				
Personal services	249,475	229,581	19,894	234,108
Contract services	49,757	39,230	10,527	51,987
Supplies and materials	13,965	11,511	2,454	11,608
Capital outlay	2,000	0	2,000	0
Total Tax Commissioner	315,197	280,322	34,875	297,703
Tax Assessor				
Personal services	287,296	273,097	14,199	285,413
Contract services	71,500	40,022	31,478	20,252
Supplies and materials	14,360	19,279	(4,919)	13,256
Capital outlay	0	19,379	(19,379)	7,011
Total Tax Assessor	373,156	351,777	21,379	325,932
Registrar				
Personal services	44,515	44,169	346	84,347
Contract services	76,500	75,145	1,355	19,345
Supplies and materials	20,450	18,430	2,020	11,720
Total Registrar	141,465	137,744	3,721	115,412

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
General Government, continued				
Elections				
Contract services	\$ 0	\$ 190	\$ (190)	\$ 0
County Engineer				
Personal services	100,408	102,067	(1,659)	101,353
Contract services	2,700	2,305	395	2,019
Supplies and materials	400	144	256	200
Total County Engineer	103,508	104,516	(1,008)	103,572
Total General Government	2,660,913	2,777,894	(116,981)	2,560,308
Judicial				
Probate Court				
Personal services	210,732	209,394	1,338	213,095
Contract services	9,500	21,004	(11,504)	8,107
Supplies and materials	8,200	6,629	1,571	6,776
Total Probate Court	228,432	237,027	(8,595)	227,978
Magistrate Court				
Personal services	147,876	145,617	2,259	149,587
Contract services	13,350	10,310	3,040	10,408
Supplies and materials	10,000	5,433	4,567	5,865
Total Magistrate Court	171,226	161,360	9,866	165,860
Superior Court				
Personal services	112,146	102,783	9,363	105,165
Contract services	99,450	83,571	15,879	135,148
Supplies and materials	11,200	10,239	961	7,572
Total Superior Court	222,796	196,593	26,203	247,885
Superior Court Judge				
Contract services	7,600	3,206	4,394	5,792
Supplies and materials	6,900	9,573	(2,673)	8,563
Total Superior Court Judge	14,500	12,779	1,721	14,355
Clerk of Superior Court				
Personal services	213,051	175,788	37,263	197,527
Contract services	21,195	23,595	(2,400)	4,875
Supplies and materials	11,800	11,220	580	12,364
Total Clerk of Superior Court	246,046	210,603	35,443	214,766
District Attorney				
Contract services	39,261	36,413	2,848	35,444
Public Defender				
Payments to other agencies	58,763	58,763	0	0
Total Judicial	981,024	913,538	67,486	906,288

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Safety				
Fire Departments				
Personal services	\$ 5,500	\$ 6,095	\$ (595)	\$ 4,779
Contract services	1,200	2,877	(1,677)	3,119
Supplies and materials	1,500	7,197	(5,697)	5,275
Payments to other agencies	297,420	288,317	9,103	282,752
Total Fire Departments	<u>305,620</u>	<u>304,486</u>	<u>1,134</u>	<u>295,925</u>
Coroner Services				
Personal services	16,148	15,351	797	16,520
Contract services	13,000	10,364	2,636	10,299
Supplies and materials	2,400	191	2,209	2,284
Total Coroner Services	<u>31,548</u>	<u>25,906</u>	<u>5,642</u>	<u>29,103</u>
Emergency Medical Service				
Personal services	1,351,149	1,348,148	3,001	1,367,667
Contract services	114,150	104,309	9,841	120,351
Supplies and materials	134,750	117,758	16,992	119,326
Capital outlay	125,500	113,927	11,573	109,146
Total Emergency Medical Services	<u>1,725,549</u>	<u>1,684,142</u>	<u>41,407</u>	<u>1,716,490</u>
Emergency Management				
Personal services	11,303	11,945	(642)	11,129
Contract services	3,850	2,745	1,105	1,886
Supplies and materials	300	0	300	30
Capital outlay	0	10,577	(10,577)	31
Total Emergency Management	<u>15,453</u>	<u>25,267</u>	<u>(9,814)</u>	<u>13,045</u>
County Marshal				
Personal services	40,419	39,939	480	40,970
Contract services	4,033	2,790	1,243	3,595
Supplies and materials	3,352	3,811	(459)	4,003
Total County Marshal	<u>47,804</u>	<u>46,540</u>	<u>1,264</u>	<u>48,568</u>
Sheriff Department				
Personal services	2,316,346	2,428,142	(111,796)	2,352,287
Contract services	190,080	295,446	(105,366)	243,852
Supplies and materials	567,500	601,420	(33,920)	550,614
Capital outlay	86,750	48,445	38,305	102,459
Total Sheriff Department	<u>3,160,676</u>	<u>3,373,453</u>	<u>(212,777)</u>	<u>3,249,212</u>
Animal Shelter				
Payments to other agencies	<u>45,000</u>	<u>45,000</u>	<u>0</u>	<u>35,000</u>
Total Public Safety	<u>5,331,650</u>	<u>5,504,794</u>	<u>(173,144)</u>	<u>5,387,343</u>

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Works				
Highways and Streets				
Personal services	\$ 472,500	\$ 456,078	\$ 16,422	\$ 462,901
Contract services	57,300	59,505	(2,205)	138,717
Supplies and materials	461,300	580,968	(119,668)	768,745
Capital outlay	0	245,568	(245,568)	263,205
Total Public Works	991,100	1,342,119	(351,019)	1,633,568
Health and Welfare				
Senior Center				
Personal services	99,160	103,691	(4,531)	101,975
Contract services	8,200	9,035	(835)	14,004
Supplies and materials	90,100	80,939	9,161	74,461
Total Senior Center	197,460	193,665	3,795	190,440
Foster Care Services				
Payments to other agencies	61,010	26,815	34,195	30,385
Health Department				
Contract services	600	1,798	(1,198)	1,031
Supplies and materials	1,400	4,126	(2,726)	2,555
Payments to other agencies	101,431	101,431	0	101,431
Total Health Department	103,431	107,355	(3,924)	105,017
Total Health and Welfare	361,901	327,835	34,066	325,842
Culture and Recreation				
Recreation Department				
Payments to other agencies	215,740	233,416	(17,676)	227,615
Library Board				
Payments to other agencies	30,000	30,000	0	30,000
Total Culture and Recreation	245,740	263,416	(17,676)	257,615
Housing and Development				
County Agent				
Personal services	54,041	32,667	21,374	39,134
Contract services	11,313	11,425	(112)	13,293
Supplies and materials	1,075	1,521	(446)	679
Capital outlay	3,000	0	3,000	0
Total County Agent	69,429	45,613	23,816	53,106
Forestry Service				
Payments to other agencies	3,109	7,772	(4,663)	3,109

FRANKLIN COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Housing and Development, continued				
Planning and Zoning				
Personal services	\$ 0	\$ 0	\$ 0	\$ 508
Contract services	7,600	13,592	(5,992)	3,186
Supplies and materials	2,800	1,027	1,773	367
Total Planning and Zoning	<u>10,400</u>	<u>14,619</u>	<u>(4,219)</u>	<u>4,061</u>
Airport Authority				
Contract services	<u>3,500</u>	<u>2,880</u>	<u>620</u>	<u>2,880</u>
Total Housing and Development	<u>86,438</u>	<u>70,884</u>	<u>15,554</u>	<u>63,156</u>
Total current	10,658,766	11,200,480	(541,714)	11,134,120
Debt Service				
Public Safety				
Emergency Medical Service	<u>0</u>	<u>1,010</u>	<u>(1,010)</u>	<u>0</u>
Total expenditures	<u><u>\$ 10,658,766</u></u>	<u><u>\$ 11,201,490</u></u>	<u><u>\$ (542,724)</u></u>	<u><u>\$ 11,134,120</u></u>

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Emergency 911 Fund – This fund is used to account for the County's share of telephone fees for the operation of their 911 emergency system.

Drug Enforcement Fund – This fund is used to account for monies confiscated during drug arrests by the Sheriff's Department. These monies are held for evidence and then disbursed by court order to the appropriate agencies. This fund also includes monies paid to the County that are restricted for law enforcement against drugs.

Inmate Welfare Fund – This fund is used to account for monies legally restricted for the benefit of detainees in the County jail.

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

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

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

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

FRANKLIN COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 437,163	\$ 357,567
Accounts receivable	<u>56,850</u>	<u>29,684</u>
Total assets	<u><u>\$ 494,013</u></u>	<u><u>\$ 387,251</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 0	\$ 4,219
Accrued salaries	11,490	8,947
Due to other funds	<u>455,370</u>	<u>346,932</u>
Total liabilities	466,860	360,098
Fund balances		
Assigned for Public Safety	<u>27,153</u>	<u>27,153</u>
 Total liabilities and fund balances	<u><u>\$ 494,013</u></u>	<u><u>\$ 387,251</u></u>

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, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 373,000	\$ 406,410	\$ 33,410	\$ 362,097
Interest	0	159	159	183
Total revenues	<u>373,000</u>	<u>406,569</u>	<u>33,569</u>	<u>362,280</u>
EXPENDITURES				
Current				
Public Safety				
Personal services	534,300	544,511	(10,211)	551,284
Contractual services	178,875	168,444	10,431	141,429
Supplies and materials	12,750	29,172	(16,422)	38,082
Capital outlay	25,000	10,577	14,423	21,962
Total expenditures	<u>750,925</u>	<u>752,704</u>	<u>(1,779)</u>	<u>752,757</u>
Excess (deficiency) of revenues over (under) expenditures	(377,925)	(346,135)	31,790	(390,477)
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>377,925</u>	<u>346,135</u>	<u>(31,790)</u>	<u>362,125</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	(28,352)
Fund balances, July 1	<u>0</u>	<u>27,153</u>	<u>27,153</u>	<u>55,505</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 27,153</u></u>	<u><u>\$ 27,153</u></u>	<u><u>\$ 27,153</u></u>

FRANKLIN COUNTY, GEORGIA
DRUG ENFORCEMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	<u>\$ 21,720</u>	<u>\$ 46,085</u>
 LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Public Safety	<u>\$ 21,720</u>	<u>\$ 46,085</u>

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, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	\$ 45,000	\$ 55,708	\$ 10,708	\$ 90,006
Interest	0	38	38	43
Total revenues	45,000	55,746	10,746	90,049
EXPENDITURES				
Current				
Public Safety				
Supplies	45,000	25,634	19,366	28,152
Capital outlay	0	53,094	(53,094)	95,507
Payments to other agencies	0	0	0	11,707
Total expenditures	45,000	78,728	(33,728)	135,366
Excess (deficiency) of revenues over (under) expenditures	0	(22,982)	(22,982)	(45,317)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	(1,383)	(1,383)	7,730
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(24,365)	(24,365)	(37,587)
Fund balances, July 1	0	46,085	46,085	83,672
Fund balances, June 30	\$ 0	\$ 21,720	\$ 21,720	\$ 46,085

FRANKLIN COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	<u>\$ 13,474</u>	<u>\$ 16,207</u>
 LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Public Safety	<u>\$ 13,474</u>	<u>\$ 16,207</u>

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, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 56,000	\$ 63,592	\$ 7,592	\$ 54,160
Total revenues	<u>56,000</u>	<u>63,592</u>	<u>7,592</u>	<u>54,160</u>
EXPENDITURES				
Current				
Public Safety				
Supplies	<u>56,000</u>	<u>66,325</u>	<u>(10,325)</u>	<u>44,744</u>
Total expenditures	<u>56,000</u>	<u>66,325</u>	<u>(10,325)</u>	<u>44,744</u>
Excess (deficiency) of revenues over (under) expenditures	0	(2,733)	(2,733)	9,416
Fund balances, July 1	<u>0</u>	<u>16,207</u>	<u>16,207</u>	<u>6,791</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 13,474</u>	<u>\$ 13,474</u>	<u>\$ 16,207</u>

FRANKLIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 99,290	\$ 86,326
Certificates of deposit	<u>11,432</u>	<u>11,097</u>
Total assets	<u><u>\$ 110,722</u></u>	<u><u>\$ 97,423</u></u>
 LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for Judicial	<u><u>\$ 110,722</u></u>	<u><u>\$ 97,423</u></u>

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, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	\$ 14,100	\$ 17,842	\$ 3,742	\$ 18,892
Interest	0	928	928	1,394
Other	0	81	81	0
Total revenues	<u>14,100</u>	<u>18,851</u>	<u>4,751</u>	<u>20,286</u>
EXPENDITURES				
Current				
Judicial				
Personal services	1,680	1,680	0	1,680
Supplies and materials	9,700	3,872	5,828	6,723
Total expenditures	<u>11,380</u>	<u>5,552</u>	<u>5,828</u>	<u>8,403</u>
Excess (deficiency) of revenues over (under) expenditures	2,720	13,299	10,579	11,883
Other financing sources (uses)				
Contingency	(2,720)	0	2,720	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	13,299	13,299	11,883
Fund balances, July 1	0	97,423	97,423	85,540
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 110,722</u>	<u>\$ 110,722</u>	<u>\$ 97,423</u>

FRANKLIN COUNTY, GEORGIA
MANS UNIT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 195,771	\$ 226,967
Intergovernmental receivable	<u>14,624</u>	<u>17,296</u>
Total assets	<u><u>\$ 210,395</u></u>	<u><u>\$ 244,263</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	\$ 13,039	\$ 14,263
Fund balances		
Restricted for Public Safety	<u>197,356</u>	<u>230,000</u>
Total liabilities and fund balances	<u><u>\$ 210,395</u></u>	<u><u>\$ 244,263</u></u>

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, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	\$ 1,995	\$ 3,195	\$ 1,200	\$ 39,764
Intergovernmental	244,065	241,393	(2,672)	234,904
Interest	267	257	(10)	489
Total revenues	246,327	244,845	(1,482)	275,157
EXPENDITURES				
Current				
Public Safety				
Personal services	202,549	202,549	0	204,752
Contract services	32,000	31,822	178	32,704
Supplies and materials	57,225	57,100	125	47,810
Capital outlay	0	0	0	41,728
Total expenditures	291,774	291,471	303	326,994
Excess (deficiency) of revenues over (under) expenditures	(45,447)	(46,626)	(1,179)	(51,837)
Other financing sources (uses)				
Transfers in (out)				
General Fund	13,982	13,982	0	17,741
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(31,465)	(32,644)	(1,179)	(34,096)
Fund balances, July 1	31,465	230,000	198,535	264,096
Fund balances, June 30	\$ 0	\$ 197,356	\$ 197,356	\$ 230,000

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS	<u>\$ 0</u>	<u>\$ 0</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries	\$ 0	\$ 577
Due to other funds	<u>0</u>	<u>7,878</u>
Total liabilities	0	8,455
 Fund balances		
Unassigned	<u>0</u>	<u>(8,455)</u>
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 0</u>

FRANKLIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 271,814	\$ 139,069	\$ (132,745)	\$ 271,811
Total revenues	<u>271,814</u>	<u>139,069</u>	<u>(132,745)</u>	<u>271,811</u>
EXPENDITURES				
Current				
Judicial				
Personal services	35,100	16,440	18,660	32,498
Contract services	304,702	148,360	156,342	303,712
Supplies and materials	<u>13,900</u>	<u>5,387</u>	<u>8,513</u>	<u>14,984</u>
Total expenditures	<u>353,702</u>	<u>170,187</u>	<u>183,515</u>	<u>351,194</u>
Excess (deficiency) of revenues over (under) expenditures	(81,888)	(31,118)	50,770	(79,383)
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>81,888</u>	<u>39,573</u>	<u>(42,315)</u>	<u>81,888</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	8,455	8,455	2,505
Fund balances, July 1	<u>0</u>	<u>(8,455)</u>	<u>(8,455)</u>	<u>(10,960)</u>
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (8,455)</u>

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Intergovernmental receivable	<u>\$ 58,226</u>	<u>\$ 36,514</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries	\$ 9,850	\$ 7,977
Due to other funds	<u>48,376</u>	<u>80,095</u>
Total liabilities	58,226	88,072
 Fund balances		
Unassigned	<u>0</u>	<u>(51,558)</u>
 Total liabilities and fund balances	<u>\$ 58,226</u>	<u>\$ 36,514</u>

FRANKLIN COUNTY, GEORGIA
PROBATION SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees and forfeitures	\$ 562,200	\$ 610,304	\$ 48,104	\$ 570,788
Total revenues	<u>562,200</u>	<u>610,304</u>	<u>48,104</u>	<u>570,788</u>
EXPENDITURES				
Current				
Judicial				
Personal services	518,906	504,613	14,293	502,654
Contract services	22,000	19,348	2,652	19,055
Supplies and materials	13,000	10,341	2,659	15,204
Total expenditures	<u>553,906</u>	<u>534,302</u>	<u>19,604</u>	<u>536,913</u>
Excess (deficiency) of revenues over (under) expenditures	8,294	76,002	67,708	33,875
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>(24,444)</u>	<u>(24,444)</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	8,294	51,558	43,264	33,875
Fund balances, July 1	<u>0</u>	<u>(51,558)</u>	<u>(51,558)</u>	<u>(85,433)</u>
Fund balances, June 30	<u>\$ 8,294</u>	<u>\$ 0</u>	<u>\$ (8,294)</u>	<u>\$ (51,558)</u>

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DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general government long-term debt principal and interest from governmental resources.

**FRANKLIN COUNTY, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 527,721	\$ 0
Investments	4,100,035	2,655,276
Taxes receivable	<u>0</u>	<u>298,937</u>
Total assets	<u><u>\$ 4,627,756</u></u>	<u><u>\$ 2,954,213</u></u>
LIABILITIES AND FUND BALANCES		
Fund balances		
Restricted for debt service	<u><u>\$ 4,627,756</u></u>	<u><u>\$ 2,954,213</u></u>

FRANKLIN COUNTY, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	\$ 2,500,000	\$ 2,233,768	\$ (266,232)	\$ 3,083,492
Interest	0	365	365	98
Total revenues	2,500,000	2,234,133	(265,867)	3,083,590
EXPENDITURES				
Debt Service				
Principal	4,000,000	3,500,000	500,000	3,000,000
Interest and fiscal charges	200,000	279,600	(79,600)	417,100
Total expenditures	4,200,000	3,779,600	420,400	3,417,100
Excess (deficiency) of revenues over (under) expenditures	(1,700,000)	(1,545,467)	154,533	(333,510)
Other financing sources (uses)				
Transfers in (out)				
2004 SPLOST Fund	0	3,219,010	3,219,010	192,487
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,700,000)	1,673,543	3,373,543	(141,023)
Fund balances, July 1	1,700,000	2,954,213	1,254,213	3,095,236
Fund balances, June 30	\$ 0	\$ 4,627,756	\$ 4,627,756	\$ 2,954,213

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CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

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

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

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

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 430,038	\$ 278,674
Due from other funds	<u>1,022,840</u>	<u>1,173,690</u>
Total assets	<u><u>\$ 1,452,878</u></u>	<u><u>\$ 1,452,364</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	\$ 181,402	\$ 181,402
Fund balances		
Restricted for capital projects	<u>1,271,476</u>	<u>1,270,962</u>
Total liabilities and fund balances	<u><u>\$ 1,452,878</u></u>	<u><u>\$ 1,452,364</u></u>

FRANKLIN COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Interest	\$ 514	\$ 1,800
Total revenues	<u>514</u>	<u>1,800</u>
EXPENDITURES		
Capital outlay		
Public Safety		
Jail	0	113,503
Public Works		
Highways and Streets	0	0
Intergovernmental	<u>0</u>	<u>85,595</u>
Total expenditures	<u>0</u>	<u>199,098</u>
Excess (deficiency) of revenues over (under) expenditures	514	(197,298)
Fund balances, July 1	<u>1,270,962</u>	<u>1,468,260</u>
Fund balances, June 30	<u><u>\$ 1,271,476</u></u>	<u><u>\$ 1,270,962</u></u>

FRANKLIN COUNTY, GEORGIA
2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Investments	\$ 0	\$ 4,017,479
	<u>0</u>	<u>4,017,479</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 0	\$ 0
Due to other funds	1,022,840	1,173,690
	<u>1,022,840</u>	<u>1,173,690</u>
Total liabilities	1,022,840	1,173,690
Fund balances		
Restricted for capital projects	0	2,843,789
Unassigned	(1,022,840)	0
	<u>0</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 4,017,479</u>

FRANKLIN COUNTY, GEORGIA
2004 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Interest	\$ 49	\$ 296
Total revenues	<u>49</u>	<u>296</u>
EXPENDITURES		
Capital outlay		
Public Safety		
Fire	15,940	3,850
Public Works		
Highways and Streets	1,387	439,003
Intergovernmental	<u>630,341</u>	<u>339,641</u>
Total expenditures	<u>647,668</u>	<u>782,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(647,619)</u>	<u>(782,198)</u>
Other financing sources (uses)		
Transfers in (out)		
Debt Service Fund	(3,219,010)	(192,487)
Water and Sewer Fund	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>(3,219,010)</u>	<u>(192,487)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,866,629)	(974,685)
Fund balances, July 1	<u>2,843,789</u>	<u>3,818,474</u>
Fund balances, June 30	<u><u>\$ (1,022,840)</u></u>	<u><u>\$ 2,843,789</u></u>

FRANKLIN COUNTY, GEORGIA
2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2011

ASSETS

Cash and cash equivalents	\$ 532,963
Taxes receivable	<u>337,186</u>
Total assets	<u>\$ 870,149</u>

LIABILITIES AND FUND BALANCES

Fund balances

Restricted for capital projects	<u>\$ 870,149</u>
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FRANKLIN COUNTY, GEORGIA
2010 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2011

REVENUES

Taxes	\$ 870,301
Interest	<u>5</u>
Total revenues	<u>870,306</u>

EXPENDITURES

Capital outlay	
Public Works	
Highways and Streets	<u>157</u>
Total expenditures	<u>157</u>
Excess (deficiency) of revenues over (under) expenditures	870,149
Fund balances, July 1	<u>0</u>
Fund balances, June 30	<u><u>\$ 870,149</u></u>

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in Franklin County.

Solid Waste Fund - Used to account for activities connected with the disposal of residential and commercial solid waste at the County's solid waste transfer station.

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 651,986	\$ 551,210
Accounts receivable (net)	99,268	90,426
Inventory	465,483	901,213
Due from other funds	122	122
Total current assets	<u>1,216,859</u>	<u>1,542,971</u>
Restricted assets		
Construction Fund		
Certificates of deposit	1,880,873	2,115,699
Interest receivable	5,577	3,980
Total restricted assets	<u>1,886,450</u>	<u>2,119,679</u>
Capital assets		
Land	20,347	20,347
Water lines and towers	19,765,424	19,375,810
Buildings	5,400	5,400
Machinery and equipment	270,923	270,923
Vehicles	40,420	40,420
Construction in progress	689,886	151,998
Accumulated depreciation	<u>(3,423,596)</u>	<u>(3,010,519)</u>
Total capital assets (net of accumulated depreciation)	<u>17,368,804</u>	<u>16,854,379</u>
Other assets		
Debt issuance costs (net of accumulated amortization)	<u>82,808</u>	<u>89,856</u>
Total assets	<u>20,554,921</u>	<u>20,606,885</u>
LIABILITIES		
Current liabilities		
Payables		
Accounts	64,455	0
Retainages	18,093	0
Interest	42,528	45,348
Accrued salaries	3,624	2,971
Compensated absences	8,052	8,293
Notes payable	129,326	129,326
Bonds payable	240,000	235,000
Due to other funds	<u>1,085,719</u>	<u>1,042,791</u>
Total current liabilities	<u>1,591,797</u>	<u>1,463,729</u>
Long-term liabilities		
Notes payable	1,390,259	1,519,585
Bonds payable	<u>3,305,000</u>	<u>3,545,000</u>
Total long-term liabilities	<u>4,695,259</u>	<u>5,064,585</u>
Total liabilities	<u>6,287,056</u>	<u>6,528,314</u>

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 14,123,288	\$ 13,494,537
Restricted for capital outlay	67,381	50,610
Unrestricted	<u>77,196</u>	<u>533,424</u>
Total net assets	<u><u>\$ 14,267,865</u></u>	<u><u>\$ 14,078,571</u></u>

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for sales and services		
Water and sewer charges	\$ 973,381	\$ 894,505
Other	327	354
	<u>973,708</u>	<u>894,859</u>
Total operating revenues	<u>973,708</u>	<u>894,859</u>
OPERATING EXPENSES		
Costs of sales and services	405,114	389,812
Personal services	84,279	49,791
Depreciation	413,077	410,417
Other	14,681	18,220
	<u>917,151</u>	<u>868,240</u>
Total operating expenses	<u>917,151</u>	<u>868,240</u>
Operating income (loss)	<u>56,557</u>	<u>26,619</u>
Non-operating revenues (expenses)		
Interest revenue	23,675	43,303
Interest expense	(133,261)	(152,214)
Amortization expense	(7,048)	(7,048)
	<u>(116,634)</u>	<u>(115,959)</u>
Total non-operating revenues (expenses)	<u>(116,634)</u>	<u>(115,959)</u>
Net income (loss) before transfers	(60,077)	(89,340)
Transfers in (out)		
General Fund	249,371	301,204
	<u>249,371</u>	<u>301,204</u>
Change in net assets	189,294	211,864
Net assets, July 1	<u>14,078,571</u>	<u>13,866,707</u>
Net assets, June 30	<u><u>\$ 14,267,865</u></u>	<u><u>\$ 14,078,571</u></u>

FRANKLIN COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	\$ 964,539	\$ 902,729
Payments to suppliers	(407,881)	(283,653)
Payments to employees	(83,867)	(52,935)
Other receipts	327	354
Other payments	(14,681)	(18,220)
Net cash provided (used) by operating activities	<u>458,437</u>	<u>548,275</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	292,299	301,204
Payments to other funds	0	(17,747)
Net cash provided (used) by non-capital financing activities	<u>292,299</u>	<u>283,457</u>
Cash flows from capital and related financing activities:		
Interest paid	(136,081)	(154,913)
Acquisition of capital assets	(406,457)	(346,090)
Principal payment - bonds payable	(235,000)	(225,000)
Principal payment - notes payable	(129,326)	(129,327)
Net cash provided (used) by capital and related financing activities	<u>(906,864)</u>	<u>(855,330)</u>
Cash flows from investing activities:		
Interest received	22,078	47,103
Proceeds from sale of investments	2,115,699	2,069,069
Purchases of investments	(1,880,873)	(2,115,699)
Net cash provided (used) by investing activities	<u>256,904</u>	<u>473</u>
Net increase (decrease) in cash and cash equivalents	100,776	(23,125)
Cash and cash equivalents, July 1	<u>551,210</u>	<u>574,335</u>
Cash and cash equivalents, June 30	<u><u>\$ 651,986</u></u>	<u><u>\$ 551,210</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 56,557	\$ 26,619
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	413,077	410,417
(Increase) decrease in accounts receivable	(8,842)	8,224
(Increase) decrease in inventory	(2,767)	165,851
Increase (decrease) in accounts payable	0	(59,692)
Increase (decrease) in accrued payroll liabilities	412	(3,144)
Total adjustments	<u>401,880</u>	<u>521,656</u>
Net cash provided (used) by operating activities	<u><u>\$ 458,437</u></u>	<u><u>\$ 548,275</u></u>

Noncash investing, capital, and financing activities:

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

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

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 117,316	\$ 241,357
Notes receivable - current	<u>16,882</u>	<u>9,149</u>
Total current assets	<u>134,198</u>	<u>250,506</u>
Capital assets		
Land	378,976	378,976
Land improvements	29,382	29,382
Buildings	1,870,331	1,870,331
Machinery and equipment	170,951	170,951
Vehicles	228,489	228,489
Accumulated depreciation	<u>(938,661)</u>	<u>(881,645)</u>
Total capital assets (net of accumulated depreciation)	<u>1,739,468</u>	<u>1,796,484</u>
Other assets		
Notes receivable - noncurrent	<u>46,445</u>	<u>59,216</u>
Total assets	<u>1,920,111</u>	<u>2,106,206</u>
LIABILITIES		
Liabilities		
Accounts payable	0	396
Accrued salaries	583	633
Compensated absences	129	662
Due to other funds	<u>0</u>	<u>122,973</u>
Total current liabilities	712	124,664
Long-term liabilities		
Closure/post-closure care	<u>1,199,472</u>	<u>1,213,102</u>
Total liabilities	<u>1,200,184</u>	<u>1,337,766</u>
NET ASSETS		
Invested in capital assets	1,739,468	1,796,484
Unrestricted	<u>(1,019,541)</u>	<u>(1,028,044)</u>
Total net assets	<u>\$ 719,927</u>	<u>\$ 768,440</u>

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Charges for sales and services		
Landfill fees	\$ 69,243	\$ 114,679
Total operating revenues	<u>69,243</u>	<u>114,679</u>
OPERATING EXPENSES		
Costs of sales and services	43,829	23,112
Personal services	28,294	40,854
Depreciation	57,015	60,169
Miscellaneous expenses	301	956
Total operating expenses	<u>129,439</u>	<u>125,091</u>
Operating income (loss)	<u>(60,196)</u>	<u>(10,412)</u>
Non-operating revenues (expenses)		
Interest revenue	1,765	1,326
Payments to other agencies	(5,760)	(5,760)
Total non-operating revenues (expenses)	<u>(3,995)</u>	<u>(4,434)</u>
Net income (loss) before transfers	(64,191)	(14,846)
Transfers in (out)		
General Fund	15,678	68,119
Change in net assets	(48,513)	53,273
Net assets, July 1	<u>768,440</u>	<u>715,167</u>
Net assets, June 30	<u><u>\$ 719,927</u></u>	<u><u>\$ 768,440</u></u>

FRANKLIN COUNTY, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Receipts from customers	\$ 74,281	\$ 46,314
Payments to suppliers	(44,225)	(23,843)
Payments to employees	(28,877)	(44,798)
Other payments	(301)	(956)
	<u>878</u>	<u>(23,283)</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	0	102,957
Payments to other funds	(107,294)	0
Payments for post-closure costs of landfill	(13,630)	(27,602)
Payments to other agencies	(5,760)	(5,760)
	<u>(126,684)</u>	<u>69,595</u>
Net cash provided (used) by non-capital financing activities		
Cash flows from investing activities:		
Interest received	1,765	1,326
	<u>1,765</u>	<u>1,326</u>
Net increase (decrease) in cash and cash equivalents	(124,041)	47,638
Cash and cash equivalents, July 1	241,357	193,719
	<u>241,357</u>	<u>193,719</u>
Cash and cash equivalents, June 30	<u>\$ 117,316</u>	<u>\$ 241,357</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (60,196)	\$ (10,412)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	57,015	60,169
(Increase) decrease in notes receivable	5,038	(68,365)
Increase (decrease) in accounts payable	(396)	(731)
Increase (decrease) in accrued payroll liabilities	(583)	(3,944)
	<u>61,074</u>	<u>(12,871)</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ 878</u>	<u>\$ (23,283)</u>

AGENCY FUNDS

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

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

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

Sheriff Department - This fund accounts for deposits held for incarcerated inmates.

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
June 30, 2011
(with comparative totals for June 30, 2010)

	<u>Tax Commissioner</u>	<u>Magistrate Court</u>
ASSETS		
Cash and cash equivalents	\$ 10,562	\$ 41,400
Accounts receivable (net)	<u>0</u>	<u>65,516</u>
Total assets	<u>\$ 10,562</u>	<u>\$ 106,916</u>
LIABILITIES		
Due to other agencies	<u>\$ 10,562</u>	<u>\$ 106,916</u>

<u>Probate Court</u>	<u>Clerk of Superior Court</u>	<u>Sheriff Department</u>	<u>Totals</u>	
			<u>2011</u>	<u>2010</u>
\$ 238,059	\$ 414,435	\$ 1,070	\$ 705,526	\$ 696,235
<u>537,202</u>	<u>74,367</u>	<u>0</u>	<u>677,085</u>	<u>570,685</u>
<u>\$ 775,261</u>	<u>\$ 488,802</u>	<u>\$ 1,070</u>	<u>\$ 1,382,611</u>	<u>\$ 1,266,920</u>
<u>\$ 775,261</u>	<u>\$ 488,802</u>	<u>\$ 1,070</u>	<u>\$ 1,382,611</u>	<u>\$ 1,266,920</u>

FRANKLIN COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2011

	Balance, July 1	Additions	Deletions	Balance, June 30
TAX COMMISSIONER				
ASSETS				
Cash and cash equivalents	\$ 11,168	\$ 18,128,329	\$ 18,128,935	\$ 10,562
LIABILITIES				
Due to others	\$ 11,168	\$ 18,128,329	\$ 18,128,935	\$ 10,562
MAGISTRATE COURT				
ASSETS				
Cash and cash equivalents	\$ 39,060	\$ 276,757	\$ 274,417	\$ 41,400
Accounts receivable	67,004	9,040	10,528	65,516
Total assets	\$ 106,064	\$ 285,797	\$ 284,945	\$ 106,916
LIABILITIES				
Due to others	\$ 106,064	\$ 285,797	\$ 284,945	\$ 106,916
PROBATE COURT				
ASSETS				
Cash and cash equivalents	\$ 117,617	\$ 1,492,127	\$ 1,371,685	\$ 238,059
Accounts receivable	433,840	345,605	242,243	537,202
Total assets	\$ 551,457	\$ 1,837,732	\$ 1,613,928	\$ 775,261
LIABILITIES				
Due to others	\$ 551,457	\$ 1,837,732	\$ 1,613,928	\$ 775,261
CLERK OF SUPERIOR COURT				
ASSETS				
Cash and cash equivalents	\$ 525,268	\$ 1,374,805	\$ 1,485,638	\$ 414,435
Accounts receivable	69,841	110,823	106,297	74,367
Total assets	\$ 595,109	\$ 1,485,628	\$ 1,591,935	\$ 488,802
LIABILITIES				
Due to others	\$ 595,109	\$ 1,485,628	\$ 1,591,935	\$ 488,802
SHERIFF DEPARTMENT				
ASSETS				
Cash and cash equivalents	\$ 3,122	\$ 152,996	\$ 155,048	\$ 1,070
LIABILITIES				
Due to others	\$ 3,122	\$ 152,996	\$ 155,048	\$ 1,070
TOTALS				
ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 696,235	\$ 21,425,014	\$ 21,415,723	\$ 705,526
Accounts receivable	570,685	465,468	359,068	677,085
Total assets	\$ 1,266,920	\$ 21,890,482	\$ 21,774,791	\$ 1,382,611
LIABILITIES				
Due to others	\$ 1,266,920	\$ 21,890,482	\$ 21,774,791	\$ 1,382,611

COMPONENT UNITS

Recreation Department – This component unit is used to account for the County's operation of the recreation programs.

Industrial Building Authority – This component unit is used to account for the County's operation of economic development through recruitment and retention of industry.

FRANKLIN COUNTY, GEORGIA
RECREATION DEPARTMENT (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	<u>\$ 43,167</u>	<u>\$ 47,135</u>
 LIABILITIES AND FUND BALANCES		
Fund balances		
Assigned for Culture and Recreation	<u>\$ 43,167</u>	<u>\$ 47,135</u>

FRANKLIN COUNTY, GEORGIA
RECREATION DEPARTMENT (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for sales and services	\$ 129,500	\$ 118,644	\$ (10,856)	\$ 120,896
Intergovernmental	209,110	233,414	24,304	227,614
Interest	500	35	(465)	65
Contributions	11,800	434	(11,366)	0
Total revenues	350,910	352,527	1,617	348,575
EXPENDITURES				
Current				
Culture and recreation				
Administrative services	274,650	277,557	(2,907)	261,168
Recreational services	76,260	75,138	1,122	67,739
Capital outlay	0	6,800	(6,800)	0
Total expenditures	350,910	359,495	(8,585)	328,907
Excess (deficiency) of revenues over (under) expenditures	0	(6,968)	(6,968)	19,668
Other financing sources (uses)				
Sale of assets	0	3,000	3,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(3,968)	(3,968)	19,668
Fund balances, July 1	0	47,135	47,135	27,467
Fund balances, June 30	\$ 0	\$ 43,167	\$ 43,167	\$ 47,135

FRANKLIN COUNTY, GEORGIA
INDUSTRIAL BUILDING AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 45,743	\$ 118,053
Certificates of deposit	154,289	152,960
Receivables (net)		
Accounts	26,656	26,767
Taxes	2,974	4,715
Interest	987	874
Other assets	<u>69,183</u>	<u>27,049</u>
Total assets	<u><u>\$ 299,832</u></u>	<u><u>\$ 330,418</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accrued salaries and expenses	\$ 1,782	\$ 1,514
Deferred revenue	1,790	1,977
Escrow deposit payable	<u>50,000</u>	<u>0</u>
Total liabilities	53,572	3,491
Fund balances		
Assigned for Housing and Development	<u>246,260</u>	<u>326,927</u>
Total liabilities and fund balances	<u><u>\$ 299,832</u></u>	<u><u>\$ 330,418</u></u>

FRANKLIN COUNTY, GEORGIA
INDUSTRIAL BUILDING AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2011
(with comparative actual amounts for the fiscal year ended June 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	\$ 166,189	\$ 164,431	\$ (1,758)	\$ 168,746
Intergovernmental	0	0	0	100,840
Charges for services	62,000	62,107	107	0
Contributions	0	0	0	865
Interest	1,500	1,443	(57)	2,620
Other	0	102	102	39
Total revenues	229,689	228,083	(1,606)	273,110
EXPENDITURES				
Current				
Housing and Development				
Personal services	96,622	90,086	6,536	101,101
Contract services	25,916	23,977	1,939	32,475
Supplies and materials	2,451	3,499	(1,048)	2,660
Capital outlay	0	0	0	5,004
Payments to others	75,000	75,000	0	0
Debt service	108,857	116,188	(7,331)	76,993
Total expenditures	308,846	308,750	96	218,233
Excess (deficiency) of revenues over (under) expenditures	(79,157)	(80,667)	(1,510)	54,877
Other financing sources (uses)				
Contingencies	(200)	0	200	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(79,357)	(80,667)	(1,310)	54,877
Fund balances, July 1	79,357	326,927	247,570	272,050
Fund balances, June 30	\$ 0	\$ 246,260	\$ 246,260	\$ 326,927

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OTHER REPORTING SECTION

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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with Government Auditing Standards**

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Franklin County, Georgia, as of and for the fiscal year ended June 30, 2011, which collectively comprise Franklin County, Georgia's basic financial statements and have issued our report thereon dated December 5, 2011. We did not audit the financial statements of the Franklin County Health Department, a component unit of Franklin County, Georgia. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Franklin County Health Department, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Franklin County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Franklin County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 consider the following deficiency to be a material weakness:

Comment 11-1

Condition: While performing audit procedures on cash in the Recreation Department, we noted that the bank statements were not reconciled during the year. Also, we did not see any evidence that the Treasurer is reviewing the bank statements on a monthly basis.

Criteria: Generally accepted accounting principles require that all cash accounts be reconciled to the accounting system in a timely manner, usually monthly, and adequate segregation of duties in control over adjustments to the general ledger.

Comment 11-1, continued

Effect: Failure to reconcile all cash accounts in a timely manner may lead to management decisions based on incorrect information. Failure to maintain adequate separation of duties subjects the assets of the County to greater risk of misappropriation.

Recommendation: The bank statement should be reconciled on a monthly basis and should be reviewed by the Treasurer. The Treasurer should evidence her review by signature or initials.

Management Response: Management concurs with this finding. The Recreation Department Director will ensure that all bank accounts are reconciled monthly. The Treasurer will review all bank statements monthly, and evidence her review by signature or initials.

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 consider the following deficiency to be a significant deficiency:

Comment 11-2

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

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

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

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

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

Compliance and Other Matters

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

Comment 11-3

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

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

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

Recommendation: County management should ensure that annual operating budgets are adopted for the General Fund, all Special Revenue Funds, and the Debt Service Fund, as required by state law. Budget to actual comparisons should be periodically reviewed by County management and budgets amended as needed to ensure that the County remains in compliance with state law.

Management Response: Management concurs with this finding. The County Manager will ensure that an annual budget be adopted for the General Fund, all Special Revenue Funds, and the Debt Service Fund, and will review the budget to actual comparisons and recommend any necessary budget revisions to the Board of Commissioners. This action was implemented immediately upon receipt of the comment from our auditors.

We noted certain other matters involving the internal control over financial reporting that we have reported to management of Franklin County, Georgia, in a separate letter dated December 5, 2011.

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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
December 5, 2011

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FRANKLIN COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2011

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Periods	Current Periods	Total
SPLOST II					
Franklin County					
Recreation facilities	\$ 1,600,000	\$ 1,505,138	\$ 1,499,007	\$ 0	\$ 1,499,007
Fire equipment	1,140,800	1,073,160	1,082,900	0	1,082,900
Solid Waste improvements	1,120,000	1,053,593	969,835	0	969,835
Airport improvements	320,000	301,027	335,290	0	335,290
Construction and improvements of roads	3,824,000	3,597,268	3,662,968	0	3,662,968
Industrial development	1,120,000	1,053,593	1,154,277	0	1,154,277
Water expansion	4,400,000	4,139,115	5,850,086	0	5,850,086
Courthouse improvements	160,000	150,513	178,987	0	178,987
Jail improvements	160,000	150,513	168,169	0	168,169
City of Lavonia	590,400	555,394	555,395	0	555,395
City of Royston	665,200	625,759	625,760	0	625,760
City of Canon	299,866	282,087	281,787	0	281,787
City of Carnesville	299,867	282,087	282,087	0	282,087
City of Franklin Springs	299,867	282,087	282,086	0	282,086
Total SPLOST II	<u>\$ 16,000,000</u>	<u>\$ 15,051,334</u>	<u>\$ 16,928,634</u>	<u>\$ 0</u>	<u>\$ 16,928,634</u>
SPLOST III					
Franklin County					
Recreation facilities	\$ 1,620,000	\$ 1,620,000	\$ 1,474,941	\$ 46,162	\$ 1,521,103
Public Safety	1,400,000	1,400,000			
Emergency 911 equipment			381,467	0	381,467
Fire facilities and equipment			1,515,539	15,940	1,531,479
Airport improvements	360,000	360,000	350,108	0	350,108
Construction and improvements of roads	4,020,000	4,020,000	5,211,657	1,387	5,213,044
Industrial development	1,080,000	1,080,000	1,054,918	0	1,054,918
Water expansion	4,020,000	4,020,000	4,272,753	0	4,272,753
Courthouse improvements	180,000	180,000	460,579	0	460,579
Jail improvements	180,000	180,000	0	0	0
City of Lavonia	1,402,143	1,402,143	1,220,256	146,156	1,366,412
City of Royston	1,402,144	1,402,144	906,396	196,045	1,102,441
City of Canon	778,571	778,571	520,000	241,978	761,978
City of Carnesville	778,571	778,571	704,120	0	704,120
City of Franklin Springs	778,571	778,571	924,478	0	924,478
Total SPLOST III	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>	<u>\$ 18,997,212</u>	<u>\$ 647,668</u>	<u>\$ 19,644,880</u>

The prior years expenditures for SPLOST III for payments to the Cities of Lavonia and Royston have been restated by \$33,393 for amounts previously reported as payments to the City of Lavonia which should have been reported as payments to the City of Royston.

FRANKLIN COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2011

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Periods	Current Periods	Total
SPLOST IV					
Water, Public Safety, Industrial Development. Roads and Bridges, Airport, Public Facilities. and Recreation facilities and equipment	\$ 13,600,000	\$ 13,600,000			
Roads and Bridges			\$ 0	\$ 157	\$ 157
City of Lavonia	1,402,140	1,402,140	0	0	0
City of Royston	1,402,140	1,402,140	0	0	0
City of Canon	778,570	778,570	0	0	0
City of Carnesville	778,570	778,570	0	0	0
City of Franklin Springs	778,570	778,570	0	0	0
Total SPLOST IV	<u>\$ 18,739,990</u>	<u>\$ 18,739,990</u>	<u>\$ 0</u>	<u>\$ 157</u>	<u>\$ 157</u>

* 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.