INTRODUCTORY SECTION

December 31, 2011

To the Honorable Chairman,
Members of the Board of Commissioners, and
Citizens of Columbia County, Georgia:

The Comprehensive Annual Financial Report (CAFR) of Columbia County, Georgia, (the County) for the year ended June 30, 2011, was prepared by the Columbia County Financial Services Division and is hereby submitted. This CAFR is being formally submitted as required by the Official Code of Georgia Annotated, Section 36-81-7 and Rule 15c2-12 of the Securities Exchange Act of 1934. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a reasonable understanding of the County's financial affairs have been included.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control process is designed to provide reasonable, but not absolute, assurance that this objective is met.

Mauldin & Jenkins, LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the County's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Columbia County's MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

Columbia County, established in 1790 and named in honor of Christopher Columbus, is located in the Central Savannah River Area of Georgia approximately 135 miles east of Atlanta and five miles northwest of Augusta/Richmond County. The 290 square mile county is bounded on the north by Thurmond Lake and the Savannah River (separating Columbia County from Lincoln County, Georgia, and McCormick and Edgefield Counties, South Carolina), on the south and east by Augusta/Richmond County, and on the west by McDuffie County.

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A five-member Board of Commission governs Columbia County. The Board is comprised of one chairman, elected county wide, and four commissioners, each elected from a separate commission district serving four year staggered terms. A County Administrator, who is appointed by and responsible to the Board, directs the daily operation of the County. Services provided to the approximately 124,000 residents include: public safety (Sheriff's Office, detention center, E911, fire), emergency services, community services, public works, planning and development, and other general governmental services. The County also provides water, sewer, and storm water services to the public.

FINANCIAL REPORTING ENTITY

The financial reporting entity includes all activities and functions of the primary government (i.e., Columbia County, Georgia) as well as all related component units, if any. "Financial Accountability" is the benchmark used to determine which legally separate entities represent component units of the primary government. Blended component units, although legally separate entities, are, in substance, an integral part of the primary government's operations and, therefore, are included as part of the primary government.

The Development Authority of Columbia County and the Columbia County Board of Health are reported as discretely presented component units in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions. The Development Authority serves to promote, pursue, and implement economic development in the County. The Board of Health serves to operate the public health department of the County.

LOCAL ECONOMY

Columbia County has remained a leader in the State during the last several years of economic instability throughout the country. Our unemployment rate of 7.6% is well below our benchmark counties, the state, and the nation.

Columbia County has a thriving local economy. This is evident in the 3.47% growth of sales tax collections for the 2011 calendar year. After the County's first time ever decline in collections in 2009, there was great improvement in 2010 and it is continuing this year. The Special Purpose Local Options Sales Tax (SPLOST) drives our capital projects programs and allows for a stable community.

For the 13th consecutive year, the County received the *Certificate of Achievement for Excellence in Financial Reporting*. We also received the *Distinguished Budget Presentation Award* for the second time. Both of these awards are given by the Government Finance Officers Association.

Blend our fiscally responsible government, excellent schools, mild weather, and premier quality of life and you can see why our population has grown 38.9% over the last ten years. Even with the severe downturn in the nation's economy, we continue to issue building permits for homes at an increasing rate.

Recognitions:

- Over the past few years, MONEY Magazine has recognized the County in the following categories: *Best Place to Live in the U.S.A.* (#32 in 2005 and #76 in 2007), *Best Place for Job Growth* (#19 in 2008), *Best Place for Affordable Homes in the U.S.A.* (#9 in 2008), and *Best Small Towns in the U.S.A (#63 in 2009).*

- In August 2009, the *Family Circle* magazine named Evans, GA *One of the 10 Best Towns for Families.*
- In 2010, the Southeastern Tourism Society named the *Oliver and Hardy Festival* one of the *Top 20 Festivals to Attend*, and Columbia County placed 7th in the 2010 Digital Counties Survey for populations under 150,000.

In the November 2008 elections, the citizens passed our 2011-2016 SPLOST referendum that included approximately $39 million in General Obligation (GO) bond projects. These projects join completed projects or others currently being funded from the 2006-2010 SPLOST and 2007 GO bond for infrastructure. Columbia County funds almost all capital projects through these funding sources. With the current economic down-swing, we are finding that we are completing construction projects at below expected costs due to very competitive bidding.

Building. New home construction in the County is continuing with single family homes averaging $170,000. Area homebuilders continue to make application for subdivision plats and building permits. The number of permits for new single-family home construction was 652 in 2009 and 742 in 2010. Permit numbers have increased greatly in 2011 to 1031. Permits for commercial projects have declined in both 2009 (i.e., 54) and 2010 (i.e., 21), but have increased slightly in 2011 (i.e., 25).

Population. Columbia County's population grew from 89,288 in 2000 to 124,053 in 2010, an increase of 38.9%. Augusta is now the workplace of Columbia County. The County is establishing an ever greater economic base and has become a popular destination for retirees. Our golf course/residential communities are flourishing by offering a variety of housing types and amenities. The County's continued annual growth rate and high quality of life are bringing in citizens from all walks of life and from all areas of the world – a welcome diversity.

Development. Retail and commercial entities are opening up, and sales tax figures illustrate that Columbia County citizens are spending more of their effective buying income in the County. The County has strived to provide needed infrastructure for proposed projects and works well with the building community.

The activity level for retail and commercial development is ongoing with much growth along the major transportation thoroughfares of Washington Road, Belair Road, Interstate 20 intersections, and Fury's Ferry Road. Several small shopping centers have been built recently at Evans-to-Locks and Fury's Ferry Roads, Riverwood off William Few Parkway, and Columbia and Hereford Farm Roads, and an expanded choice of shops and restaurants is now available.

A large 650+ acre retail/industrial/governmental center adjacent to I-20 called *The Gateway* is under development. A Wal-Mart anchors the initial retail development on 55 acres, and several additional stores and restaurants opened this year. The County has acquired 50 acres with an option for 100 more in the Gateway for County facilities and parks. Funding in the current SPLOST is being used to improve this site by the expansion of the entrance road to the Gateway property.

MAJOR INITIATIVES

Columbia County Community Broadband Utility (C^3BU). On March 2, 2010, Columbia County received a federal stimulus grant to fund 75 percent of an $18 million county-wide "middle mile" broadband project. The County is providing the needed matching funds through its 2006-2010 SPLOST. Construction of seven communication towers and the burying of more than 200 miles of fiber optic cable are well underway. The County will provide fiber to all County buildings and schools and has begun leasing space on the towers to service providers who, in turn, will provide the link from the County's infrastructure to homes and businesses. It is anticipated that operations of the C^3BU will be self-sufficient through the collection of user fees. The construction of this project will be completed in 2013.

Bond Rating Upgrade. One of our major accomplishments in fiscal year 2011 was presenting our credentials to the bond rating agencies Standards & Poor's (S&P), Moody's, and Fitch. This was done in anticipation of selling bonds for improvements to the water system and refinancing existing water bonds at a lower interest rate. The County sold revenue bonds totaling $34.785 million to finance new capital water improvements and refinanced $25.945 million of existing revenue bonds. The total savings for the new projects and the refunding are approximately $4.4 million for water customers based on our improved bond rating which reduced interest rate expenses.

Fitch raised the County's GO bond rating to AAA. This is a reflection of years of fiscal responsibility, and we are one of only four Georgia counties (i.e., Cobb, Forsyth, and Gwinnett) to have a AAA GO bond rating. This national recognition of our credit worthiness is even more impressive in this time of economic downturn.

Recreation/Parks. The Evans Towne Center Park opened October 22, 2011 with a family day and free concert for the community. This 8.68 acre park is across the street from the Government and Judicial Centers in the heart of the population center and has become the venue for many community events and passive recreation activities. It features the Lady Antebellum Pavilion and the Josh Kelley stage which was dedicated on October 28, 2011 with a homecoming concert featuring the award winning country music group Lady Antebellum. Other features of the park include a large playground, several picnic areas, a concession stand and dog park.

The new Blanchard Woods Park offers five soccer fields and a cross-country track as well as other amenities. The County was selected to host the 2012 and 2013 NCAA Division II Men's and Women's Soccer Tournament at Blanchard Woods Park and the finals will be televised.

Wildwood Park hosts 42 major fishing tournaments annually and is also the home of the PDGA International Disc Golf Center that brings in several large tournaments a year.

Reed Creek Park Interpretive Center provides an educational venue for the area and is increasing in size as greenspace is being acquired. Educational classes for all ages are available year-round.

Public Safety. Funds from the 2006-2010 SPLOST, 2007 GO Bond, and 2011-2016 SPLOST have been dedicated to building and equipping fire stations throughout the County. The new fire training facility, additional stations, and additional equipment have enabled the Martinez-Columbia Fire Rescue to provide excellent service in all areas of the County. This has lowered the County's ISO rating and greatly lowered the homeowner insurance rates in the rural areas of the County.

The County's highly-accredited Sheriff's Office has been most effective in providing a peaceful and safe environment for our citizens. The Sheriff is also responsible for the Detention Center. A new dormitory for the Detention Center funded by the 2009 GO bond to be repaid by the 2011-2016 SPLOST was completed in December 2010.

1% Special Purpose Local Option Sales Tax (SPLOST) – 2011-2016. In these times of great financial upheaval, it was most remarkable that Columbia County citizens passed a future SPLOST in 2008. As part of this renewal, a $39 million General Obligation bond was also passed to begin funding and construction of urgently needed projects. One of the objectives of passing the future SPLOST two years early was to ensure that sufficient time and planning was given to each project, so they would be ready when funding became available. The following projects have been completed with these funds: State Patrol Post; water lines on Freeman Harris, Swint, and Winfield/Mistletoe Roads; three fire stations; three fire pumpers; the new Animal Services facility; the new Health Department facility, which combined three previous facilities into one.

Transportation. Transportation is a top priority, and the Georgia DOT is working closely with the County to ensure safety and adequate roadways. The biggest project in our 2011-2016 SPLOST is a $39.3 million Washington Road widening project that the County is constructing because GA DOT does not have the funding. The intersection improvement at Fury's Ferry Road and Hardy-McManus Road is under construction, as well as the paving of County dirt roads. The new camera system on stoplights on the main traffic arteries is greatly improving the flow of traffic throughout the County.

LONG-TERM FINANCIAL PLANNING

The annual budget for Columbia County, GA, for FY 2012 provides funding to maintain current levels of service, with a proposed decrease in the millage rate of 0.25 mills, while reducing operating costs and capital outlay where possible. The annual budget for all funds totals $174,393,542, reflecting an increase from the fiscal year 2011 adopted budget of $8,594,620, or 5.18%. This increase is primarily due to (1) the first required principal payment on the 2009 general obligation bond of $5,310,000 and (2) continued construction of the broadband utility.

The General Fund budget increased $1,002,129 from the fiscal year 2011 adopted budget, or 1.85%, primarily due to an increase in operating costs of $833,022, or 4.75%. The Water and Sewerage Fund and Storm Water Utility Fund budgets increased by $2,625,000 and $189,749, respectively, or 10.73% and 7.44%. These increases were due to additional customers, the increased cost of water production, and the purchase of capital equipment.

The increase in General Fund expenditures consists of an increase in personnel costs of 1.93%, an increase in new personnel hires and promotions of 100.00%, an increase in operating expenditures of 4.75%, and a decrease in capital requests of 20.39%.

Growth in the property tax digest is projected to be flat. Therefore, the budget was prepared and balanced using a 0.0% increase in property tax revenues due to the economic uncertainty and ongoing changes in state legislation. Any actual growth in the property tax revenues will be added to the contingency fund.

Uncertainty still surrounds Local Option Sales Tax revenues. Although we experienced an annualized increase of 14.38% for calendar year 2010, the annualized increase for calendar year 2011 was only 1.85% as of June 2011. Therefore, the budget was prepared and balanced using a 5% increase in sales tax revenues.

The County established a Management Review Team to analyze all position vacancies to determine if replacement is necessary. The County will continue utilizing this tool in the future to examine position vacancies and organizational restructurings. Budgeted savings attributable to position vacancies and organizational restructurings for fiscal year 2011 were $258,000. Actual savings as of June 30, 2011, were $601,937. Staff has utilized such management tools as division restructuring, function reassignment, attrition, and elimination of positions to achieve savings. Budgeted savings for fiscal year 2012 are $235,000.

On June 16, 2009, the BOC approved extending the Flexible Work Schedule program for future years. The purpose of the program is to reduce energy and fuel costs, increase customer service, and improve employee morale. Because different employees are off on different days, equipment and vehicle sharing has been implemented thus allowing us to decrease the size of the fleet. Unplanned absences and requests for personal time off have greatly diminished. This program is still in effect for fiscal year 2012 and will be evaluated annually for continuation.

Included within the 2011/2016 Capital Improvements Plan was the use of $20.2 million of SPLOST to reduce existing general obligation debt used to fund the Justice Center and Detention Center. Based on the 2011 digest and because 0.366 mills was reallocated from Debt Service to Fire Services in order to balance that fund, and because a 0.25 mill rollback was also approved, approximately $3.8 million will be needed from other sources to make FY 2012 bond payments. The two other sources available for debt service are the General Fund Fund Balance (GFFB) and 2011/2016 SPLOST proceeds.

Staff currently proposes the following strategy:

1. Use GFFB in excess of the operating reserve and BOC designations to fund the remaining debt service needs for FY 2012 and defer the use of SPLOST funds to FY 2013.
2. Use available 2011/2016 SPLOST funds and available GFFB for FY 2013 – 2017.
3. Include the remaining payoff of the 2007 GO Bond within the next SPLOST program.

RELEVANT FINANCIAL POLICIES

The accumulation of reserves protects the County from uncontrollable increases in expenditures, extraordinary losses, unforeseen reductions in revenues, or a combination of these items. It also allows for prudent replacement and financing of capital construction and replacement projects.

The following criteria shall be used in determining the total amount of fund balance to maintain, unless otherwise specified by legal or contractual requirements.

Category	Days of Operation	Description
Min Operating Reserve	100	Use funds for unforeseen contingencies
BOC Designations	101-180	May use funds for one-time expenses such as capital acquisition, catastrophic events, one-time transfers to other funds, economic incentives, debt reduction, or millage rate reduction to mitigate unforeseen risks and ensure financial stability
Debt/Tax Reduction	181+	Must use funds to reduce debt or designate for future debt service, or to prevent future tax increases or to permit millage rate reduction

During FY 2011, the County purchased property known as the "Marshall Square Property" for $6.25 million. This property is being held for resale or development. Funds were reclassified from unassigned fund balance to nonspendable fund balance. Funds from the sale or development of this property will be used to replenish unassigned fund balance.

At the Management and Financial Services Committee meeting held on July 12, 2011, staff recommended that the BOC evaluate a proposal to reduce the millage rate for debt service by 0.25 mills due to the strength of our fund balance. At the BOC meeting held on July 19, 2011, the BOC approved this proposal. This requires an adjustment to the property tax revenues of -$1,040,487. This revenue reduction will be offset by the use of General Fund fund balance.

As part of the millage rate proposal, staff recommended transferring 0.366 mills from the debt service millage rate to the fire services millage rate to cover the increased cost of providing fire services. This revenue reduction for debt service, along with the increase in debt service requirements for fiscal year 2012, will be offset by the use of General Fund fund balance in the amount of $2,735,237. Due to the strength of our fund balance, the increased cost of fire services and the increase in debt service requirements can be covered without an increase in the overall millage rate.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Columbia County, Georgia, for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the thirteenth consecutive year that the County achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the support and cooperation of elected officials, County administration, other County departments, external auditors, and the efficient, dedicated efforts of the entire staff of the Finance Department. Credit must be given to the County Administrator and the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Columbia County's finances.

Respectfully submitted,

Leanne C Reece

Leanne C. Reece, CPA
Director of Financial Services

COLUMBIA COUNTY, GEORGIA
PRINCIPAL OFFICIALS
June 30, 2011

ELECTED OFFICIALS

BOARD OF COMMISSIONERS

Ron C. Cross, Chairman
Ronald L. Thigpen, Vice Chairman, District 1

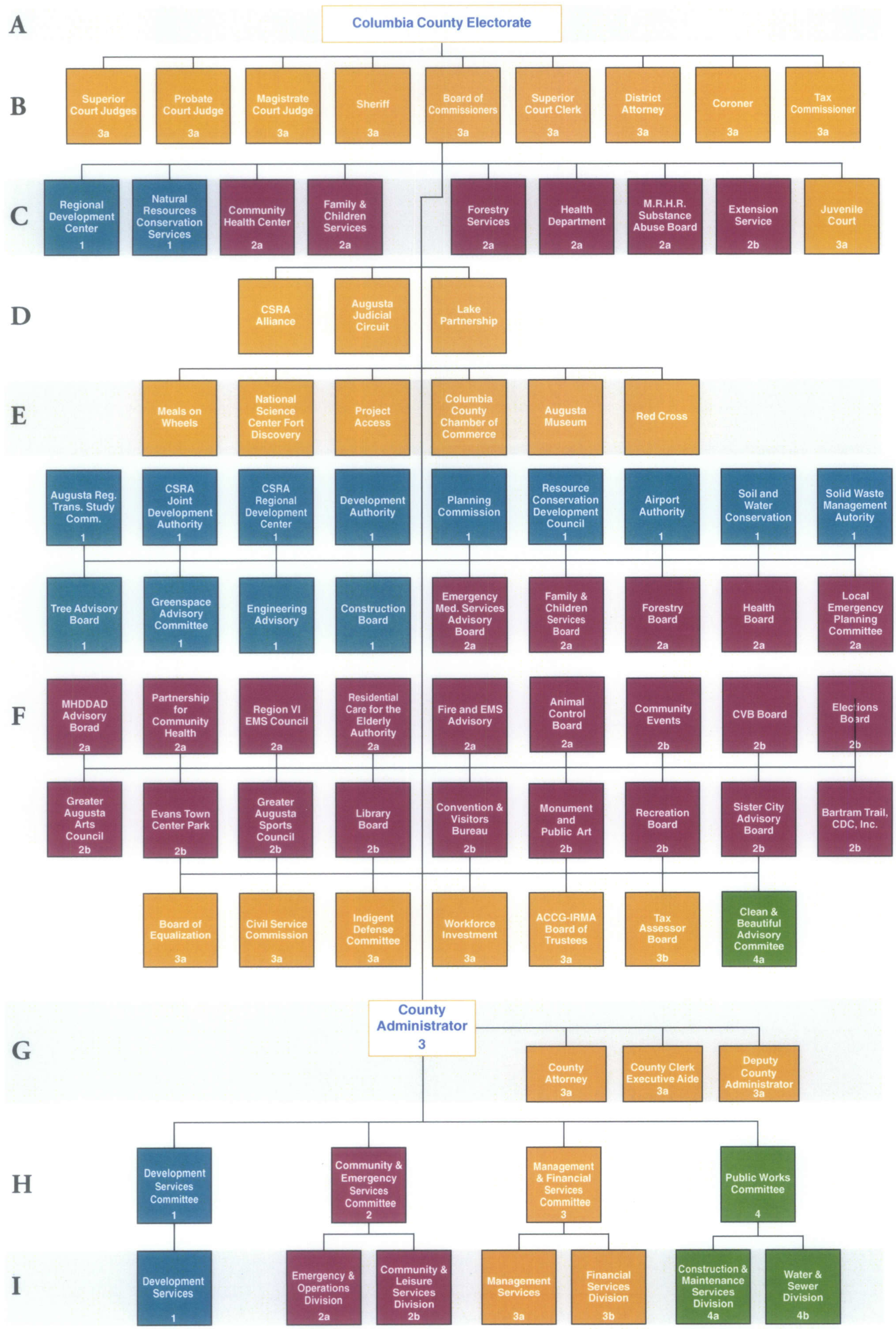
District 2	James E. Allen, III
District 3	J. Charles Allen, Jr.
District 4	William D. Morris

CONSTITUTIONAL OFFICERS

Tax Commissioner	Kay Allen
Clerk of Court	Cindy Mason
Magistrate Court Judge	Bobby Christine
Probate Court Judge	Alice Padgett
Sheriff	Clay Whittle
Coroner	Vernon Collins

APPOINTED OFFICIALS

County Administrator	Scott Johnson
Deputy County Administrator	Vacant
Director of Financial Services	Leanne C. Reece
Director of Development Services	Richard Harmon
Director of Community and Leisure Services	Barry Smith
Director of Water and Sewerage Services	William C. Clayton
Director of Construction and Maintenance Services	Matt Schlachter
Director of Emergency and Operation Services	Pamela P. Tucker
County Clerk	Erin Hall
County Attorney	Douglas D. Batchelor, Jr.



A. Citizens of Columbia County
B. Elected and Consitutional Officials
C. State supported services and organizations
D. Regional Partnerships
E. Local Partnerships
F. County Boards and Authorities
G. County Administrator and direct reports
H. Committees that report to the Board of Commision
I. County Divisions

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Columbia County Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director