

NOTES TO FINANCIAL STATEMENTS

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 1 - Summary of significant accounting policies

Introduction

The financial statements of Columbia County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (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 County has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards. These standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

As permitted by accounting principles generally accepted in the United States of America, the County has elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its government-wide and proprietary operations. The more significant of the County's accounting policies are described below.

Reporting entity

Columbia County, Georgia, 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. The County operates under an elected Commission form of government.

The County is governed by a board of five elected County Commissioners (the "Board"). As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of the operational or financial relationships with the County.

Based upon the application of the GASB Statement No. 14, *The Financial Reporting Entity*, criteria, the following funds are included in the reporting entity.

Blended component unit:

Columbia County Solid Waste Management Authority – The Columbia County Solid Waste Management Authority (SWMA) is governed by an eight member Board of Directors, of which at least three members must be elected officials. Each member of the SWMA is appointed by the Board. Although it is legally separate from the County, the SWMA is reported as if it were part of the primary government because its sole purpose is to perform development, leasing, and long-term planning of a solid waste facility (landfill), for the County. The SWMA, which is reported in the Solid Waste Management Fund, an Enterprise Fund, entered into an intergovernmental agreement with the County to subsidize its operations through the General Fund.

Discretely presented component units:

Development Authority of Columbia County – The component unit column in the government-wide financial statements includes the financial data of the Development Authority of Columbia County. It is reported in a separate column to emphasize that it is legally separate from the County. The Development Authority is governed by a nine member Board of Directors appointed by the Board of Commissioners. The Development Authority serves to promote, pursue and implement economic development in the County. The Development Authority entered into an intergovernmental agreement with the County to subsidize its operations through the General Fund.

Columbia County Board of Health – The component unit column in the government-wide financial statements includes the financial data of the Columbia County Board of Health. It is reported in a separate column to emphasize that it is legally separate from the County. The Board of Health is comprised of seven members, four of which are appointed by the Board of Commissioners. The operations of the Board of Health are subsidized through the County's General Fund.

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Note 1 - Summary of significant accounting policies (Continued)

Bartram Trail CDC, Inc. – The component unit column in the government-wide financial statements includes the financial statements of Bartram Trail CDC, Inc. It is reported in a separate column to emphasize that it is legally separate from the County. Columbia County is the sole member of this community development corporation (CDC), which is governed by a five member Board of Directors appointed by the Board of Commissioners. The purpose of Bartram Trail CDC, Inc. is to develop, finance, construct, acquire, and operate a public golf course, clubhouse and related facilities in Columbia County; to finance costs of the project by issuing bonds, notes or other obligations; to convey title, possession and use of the project to Columbia County upon discharge of the debt; and to operate exclusively for charitable and educational purposes.

Columbia County Convention & Visitors Bureau – The component unit column in the government-wide financial statements includes the financial data of the Columbia County Convention & Visitors Bureau (CCCVB). It is reported in a separate column to emphasize that it is legally separate from the County. The Board of Commissioners appoints the voting majority of the board members of the CCCVB. The CCCVB provides convention and tourist promotion services for the benefit of the County, local businesses, and neighboring counties. The operations of the Convention & Visitors Bureau are subsidized through the County's Hotel/Motel Fund.

Complete financial statements of each of the blended and discretely presented component units may be obtained at the County's administrative office. The address is as follows:

Columbia County, Georgia
General Administrative Offices
630 Ronald Reagan Drive
Evans, Georgia 30809

Certain County elected officials collect and disburse taxes, fees, fines, etc. Separate records of accountability are maintained for such transactions, which are recorded as agency funds of the County. Receipts transferred from these funds to the County's General Fund, Debt Service Fund and Special Revenue Funds are included as revenues in these funds. Operating costs for these officials are included as expenditures in the General Fund. These elected officials are as follows:

Tax Commissioner
Probate Court Judge
Magistrate Court Judge
Clerk of Superior Court
Sheriff

Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 1 - Summary of significant accounting policies (Continued)

Fund financial statements: The fund financial statements provide information about the County's funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, local option sales taxes, and various other taxes and licenses. The primary expenditures are for general government, the judicial system, public safety, and street maintenance and improvements.

Special Local Option Sales Tax Fund 2006-2010 - to account for the property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 2006 through 2010.

2006 Capital Improvements Projects Fund - to account for the property acquisition and construction of projects to be funded with proceeds received from the issuance of the 2007B Various Purpose General Obligation Bonds.

The County reports the following nonmajor governmental funds:

Building Standards Fund - to account for building permits and inspection fees.

Federal Asset Sharing Fund - to account for assets seized or confiscated by federal courts.

State Condemnation Fund - to account for assets seized or confiscated by state courts.

Street Lights Fund - to account for the street light assessments used for maintenance of street lights in certain subdivisions.

Recreation Advisory Board Fund - to account for various projects sponsored by the Recreation Advisory Board to raise funds for recreation equipment.

911 Fund - to account for the 911 fees assessed on landline and cellular telephones used for the maintenance and operations of the 911 service.

Jail Fund - to account for fines charged by the County to be used for jail improvements.

Drug Abuse Treatment Fund - to account for fines charged by the County to be used for drug abuse treatment and prevention.

Supplemental Juvenile Services Fund - to account for fines charged to juvenile offenders to be used for juvenile services.

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Note 1 - Summary of significant accounting policies (Continued)

Community Center Operations Fund - to account for the activities of the Columbia County community centers.

Lodging Tax Fund - to account for hotel/motel tax collections, pursuant to OCGA 48-13-50 et seq.

Multiple Grant Fund - to account for all grants not meeting the 2% materiality test (projected expenditures do not exceed 2% of the General Fund's budgeted total operating expenditures), and not used to finance General Fund operations.

Library Board Fund - to account for the activity of the Columbia County Library Board.

Clean and Beautiful Memorial Fund - to account for funds used for beautification projects on County property.

Fire Services Fund - to account for taxes collected in special service districts within the unincorporated area for the purpose of providing fire services.

Sheriff's Gift/Donations Fund - to account for funds donated to the Sheriff's office from external persons or entities.

Insurance Premium Tax Fund - to account for services funded by insurance premium taxes, pursuant to OCGA 33-8-8.3 et seq.

Community Events Fund - to account for special events funded by sponsor fees and ticket sales.

Georgia Superior Court Clerks' Cooperative Authority Fund - to account for funds mandated to be used to administer a statewide index for real estate and personal property records, pursuant to OCGA 15-6-94.

Special Local Option Sales Tax Fund 1996-2000 - to account for the property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 1996 through 2000.

Capital Road/Drainage Projects Fund - to account for grant-funded special projects. This fund was closed during the fiscal year.

Windmill Sewer Project Fund - to account for the extension of sewer lines to Windmill Plantation subdivision. This fund was closed during the fiscal year.

Special Local Option Sales Tax Fund 2001-2005 - to account for the property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 2001 through 2005.

2004 General Obligation Bond Fund - to account for the property acquisition and construction of projects funded with proceeds received from the issuance of the 2004 General Obligation Bonds.

Debt Service Fund - 2007 General Obligation Bond - to account for property tax funds designated to be used for principal and interest payments on governmental fund debt, specifically the 2007 General Obligation Bonds.

Debt Service Fund - 2004 General Obligation Bond - to account for special purpose local option sales tax funds designated to be used for principal and interest payments on governmental fund debt, specifically the 2004 General Obligation Bonds.

The County reports the following major enterprise funds:

Water and Sewerage Fund - to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 1 - Summary of significant accounting policies (Continued)

Solid Waste Authority Fund - to account for debt service, construction and property of the landfill.

Storm Water Utility Fund - to account for the cost of providing storm water management services and maintaining and improving the County's storm water infrastructure.

The County reports the following nonmajor enterprise funds:

Solid Waste Management Fund - to account for the cost of operating and maintaining the landfill facility.

Additionally, the County reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for the operations that provide services to other departments or agencies of the government on a cost-reimbursement basis. The County has three internal service funds:

Employee Medical Fund - to account for employer and employee contributions to the County's medical plan.

Risk Management Fund - to account for the County's risk management program.

Customer Service/Information Center Fund - to account for operations of the County's customer service/information center.

Employees' Retirement Pension Trust Fund - This fund accounts for the employer's contributions to the retirement program, together with interest and dividend income which are used to fund the program.

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds:

Clerk of Superior Court - to account for the receipt and disbursement of court ordered fines and fees made on behalf of third parties.

Probate Court - to account for the receipt and disbursement of funds held on behalf of others and fees for services provided under State law.

Magistrate Court - to account for the receipt and disbursement of bonds and court ordered fines and fees made on behalf of third parties.

Sheriff's Office - to account for the receipt and disbursement of fees and services provided under State law.

Tax Commissioner - to account for tax billings, collections, and remittances held by the Tax Commissioner on behalf of other governmental agencies.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements - The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus, except for agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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Notes to Financial Statements - Continued
June 30, 2007

Note 1 - Summary of significant accounting policies (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 nonoperating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual are property taxes, licenses, interest revenues and charges for services. State-shared revenues collected and held by the state at year-end on behalf of the County also are recognized as revenue. Fines, fees and permits are not susceptible to accrual because generally they are not measurable until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. 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, both restricted and unrestricted net assets are available to finance the program. The County's policy is to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

Cash and cash equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, deposits with insignificant early withdrawal penalties, and short-term investments with an original maturity of three months or less.

The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Nonparticipating interest-earning investment contracts (investments whose value is not affected by interest rate or other market changes), including savings accounts, certificates of deposit, repurchase agreements, money market investments (short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations) and participating interest-bearing investment contracts, that have a remaining maturity at purchase of one year or less are reported at cost or amortized cost assuming their fair value has not been impacted by changes in the credit worthiness of the issuer or similar factors. All other investments are reported at fair value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

Investments

Investments are reported at fair value, which is determined as follows: short-term investments are reported at cost, which approximates fair value; securities traded on national exchanges are valued at current prices or current prices of similar securities; securities for which an established market does not exist are reported at estimated fair value using selling prices for similar investments for which there is an active market. There are no investments reported at amortized cost.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 1 - Summary of significant accounting policies (Continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Allowance for bad debt

The allowance for bad debt covers amounts owed from individuals, companies and other entities which have purchased services from County owned entities or which have been provided services from the County. The allowance was determined by analysis of the year-end receivable balances for those accounts which the County believes will not be collected based on past history.

Interfund receivables/payables and internal balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and as "internal balances" on the statement of net assets in the government-wide financial statements.

Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted assets

Proceeds from debt and funds set aside for payment of Enterprise Fund revenue bonds are classified as restricted assets since their use is limited by applicable bond indebtedness. Other cash funds available for use for specific purposes are classified as restricted.

Capital assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. This minimum capitalization cost is applicable for all categories of capital assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002, consist of the streets network that was acquired or that received substantial improvements subsequent to July 1, 1980. The streets network is reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed as incurred.

Depreciation is computed using the straight-line method. A summary of the estimated useful lives is as follows:

Vehicles	3 to 8 years
Furniture and fixtures	3 to 8 years
Machinery and equipment	5 to 10 years
Utility plant and distribution systems	10 to 50 years
Storm water systems	10 to 50 years
Land improvements	10 to 50 years
Buildings and improvements	10 to 50 years
Donated subdivisions	25 to 75 years
Infrastructure	25 to 75 years

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 1 - Summary of significant accounting policies (Continued)

Construction cost - capitalization

In the proprietary funds, construction costs include costs incurred in the construction of assets, engineering fees and capitalized net interest costs as defined in FASB Statement No. 34, *Capitalization of Interest Cost* and FASB Statement No. 62, *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, for specified projects. Capitalized interest totaling approximately \$17,403 was recorded for the year ended June 30, 2007.

Compensated absences

The County's policy is to permit employees to accumulate earned but unused leave benefits. The County's government-wide and proprietary funds include an accrual for the estimated compensation costs attributable to employee earned but unused leave benefits.

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 that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures during the period the costs are incurred. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net assets/fund balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

The equity section of the governmental fund financial statement balance sheet is comprised of these major fund balance elements: reserved, unreserved/designated and unreserved/undesignated. Reserves represent the portion of fund balance that is 1) not available for appropriation or expenditure and/or 2) is segregated legally for a specific future use. To indicate tentative future plans for current resources, a portion of unreserved fund balance is shown as designated. All other current resources are shown as unreserved, undesignated on the balance sheet.

Use of estimates

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

Note 2 - Stewardship, compliance, and accountability

Budgetary information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund, special revenue funds, and debt service funds. The County adopts a project length budget for each capital project fund.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 2 - Stewardship, compliance, and accountability (Continued)

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Director of Financial Services begins receiving various departmental and agency budget requests for the fiscal year commencing July 1.
2. The County Administrator, Director of Financial Services, Board of Commissioners and other administrative personnel review in detail the budget requests with the departments and agencies.
3. Along with the budget review, public hearings are conducted to obtain citizen comments.
4. The proposed operating budgets are formally adopted by the Board in June for the fiscal year commencing July 1.
5. The legal level of budgetary control is the department level.
6. All appropriations lapse at year-end.
7. The operating budgets originally adopted may be amended throughout the year as presented below:
 - a. Transfers within departments, except salary line items, \$5,000 or less may be authorized by the Finance Director.
 - b. Transfers within departments, except salary line items, in excess of \$5,000 may be authorized by the County Administrator.
 - c. Transfers between departments or funds shall be by authority of the Board.
 - d. Increase or decrease in the total fund appropriation shall be by authority of the Board.
 - e. Increase or decrease in salary appropriation within any department shall be by authority of the Board.
 - f. Appropriation of fund balances in excess of established reserve requirements shall be by authority of the Board.
 - g. Items c - f above must be reviewed by the Management and Financial Services Committee.

Excess of expenditures over appropriations in individual departments

During the year, County expenditures did not exceed the total budget authorization.

Deficit fund balances or net assets

The following funds had deficits at June 30, 2007:

Special Revenue Funds

Street Lights Fund – The fund deficit of \$507 is due primarily to an increase in the number of subdivisions developed within the County. The deficit will be funded by future street light assessments.

Community Center Operations Fund - The fund deficit of \$823,369 is due primarily to maintenance costs of the facility not supported through rental fees. The deficit will be funded by future rental fees as utilization of the Center increases and transfers from the General Fund. Management has approved transfers from the General Fund to be completed over a 3 year period as well as changes in operating practices to eliminate this deficit.

Internal Service Funds

Employee Medical Fund - The fund deficit of \$479,509 is due primarily to the increase in health care costs over the past several years. The County has implemented incremental contribution rate increases to keep in line with market changes and a wellness program to manage future health care costs. The deficit will be funded by future contributions and transfers from the General Fund.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
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Note 3 - Deposits and investments

Deposits: Deposits and investments as of June 30, 2007, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents – unrestricted	\$ 54,637,384
Investments – unrestricted	20,837,704
Cash and cash equivalents – restricted	58,896,154
Investments – restricted	30,074,233
Fiduciary funds:	
Cash and cash equivalents – unrestricted	6,404,189
Investments – unrestricted	<u>15,074,836</u>
	<u>\$185,924,500</u>

Component units – Deposits consisted of cash deposits with financial institutions, cash on hand, and deposits with brokerage houses. The amounts are classified in the accompanying balance sheet as follows:

Cash and cash equivalents – unrestricted – Development Authority	\$ 1,481,571
Cash and cash equivalents – unrestricted – Board of Health	24,474
Cash and cash equivalents – restricted – Board of Health	238,981
Cash and cash equivalents – unrestricted – Bartram Trail	54,029
Cash and cash equivalents – restricted – Bartram Trail	<u>727,754</u>
	<u>\$ 2,526,809</u>

Investments: As of June 30, 2007, the County had the following investments and maturities.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Treasury	2/15/2008-7/31/2008	\$ 1,000,650
<u>U.S. Government Agencies</u>		
Federal National Mortgage Assn	6/15/2008	299,814
Federal Home Loan Bank	9/14/2007-2/26/2010	3,574,385
Federal Home Loan Mortgage	8/17/2007-1/16/2009	1,147,257
<u>Bond Mutual Funds</u>		
PIMCO Total Return	5.26 years average	560,581
American Funds Hi Income	5.4 years average	<u>225,555</u>
Total Investments for note		6,808,242
Other Mutual Funds		14,288,699
Certificates of Deposit		<u>44,889,832</u>
Total Investments from Balance Sheet		<u>\$ 65,986,773</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 3 - Deposits and investments (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. Statutes authorize the County to invest in obligations of the State of Georgia, other states, or the United States Government; obligations fully insured or guaranteed by the United States Government or an agency or corporation of the United States Government; and/or repurchase agreements and certificates of deposit which are secured by direct obligations of Georgia or the United States Government. The County has no investment policy that would further limit its investment choices. The County's investments in US Agencies (Federal National Mortgage Association, Federal Home Loan Bank and Federal Home Loan Mortgage) are rated AAA by Standard & Poor's and AAA by Moody's Investors Service. The Pension Trust Fund had investments in the bond mutual funds PIMCO Total Return Fund and American Funds High Income, which had average credit ratings of AAA and B, respectively.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County had no policy on custodial credit risk.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in Federal Home Loan Bank (5%).

Note 4 - Receivables

Property taxes are an enforceable lien on property owned as of January 1. The tax rate is normally set by the end of August, and property taxes may be paid after receipt of the tax bill. Taxes are delinquent sixty-one days after mailing by the Tax Commissioner. Property tax revenues are recognized when they become measurable and available. Available revenues include those property tax receivables expected to be collected within sixty days.

Vehicles become subject to property tax on January 1 following the year of purchase. The tax is due on the registered owner's date of birth. Tax is determined based on the assessed value of the vehicle as of January 1.

Property taxes are recorded as receivables when levied. Property taxes receivable, reduced by an allowance for doubtful accounts and amounts collected within sixty days of the statement date (the amount "available"), is recorded as deferred revenue until collected. Such revenue is deferred because the amount is measurable, although not available.

Property taxes were levied on August 14, 2006. Tax bills were mailed on August 14, 2006, and were due upon receipt. Property taxes were delinquent if not paid by November 15, 2006.

The receivable amounts on the accompanying statements are net of an allowance for doubtful accounts. The allowances are as follows:

<u>Receivable</u>	<u>Fund</u>	<u>Amount</u>
Taxes	General Fund	\$ 15,000
Accounts	Solid Waste Management Fund	52,215

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 5 - Interfund balances and activities

Due From/To Other Funds

The composition of interfund balances as of June 30, 2007, is as follows:

Payable Fund	Receivable Fund						Total
	General	Water and Sewerage	Storm Water Utility	Solid Waste Management, nonmajor	Nonmajor Governmental	Internal Service	
General	\$ -	\$ -	\$ -	\$ -	\$ 4,290,825	\$ 21,493	\$ 4,312,318
SPLOST 2006-2010	9,610	-	-	-	2,650,272	-	2,659,882
2006 Capital Improvements Projects	18,751	-	-	-	-	-	18,751
Water and Sewerage	1,254,913	-	242,217	-	-	-	1,497,130
Storm Water Utility	287,899	-	-	-	-	-	287,899
Solid Waste Authority	62,197	-	-	495,200	-	-	557,397
Solid Waste Management, nonmajor	494,295	417	-	-	-	-	494,712
Nonmajor Governmental	1,432,518	-	-	-	295	-	1,432,813
Employee Medical Internal Service	1,021,594	-	-	-	-	-	1,021,594
	\$ 4,581,777	\$ 417	\$ 242,217	\$ 495,200	\$ 6,941,392	\$ 21,493	\$ 12,282,496

The County uses Due-To / Due-From accounts to account for loans between funds for cash management purposes.

Transfers To/From Other Funds

Transfers in (out) for the year ended June 30, 2007, is summarized below:

Transfers out:	Transfers in:				Total
	General	SPLOST 2006-2010	2006 Capital Improvements Projects	Nonmajor Governmental	
General	\$ -	\$ -	\$ -	\$ 451,307	\$ 451,307
SPLOST 2006-2010	-	-	-	7,276,590	7,276,590
Nonmajor Governmental	233,678	677,828	1,710,114	965,953	3,587,573
Total transfers	\$ 233,678	\$ 677,828	\$ 1,710,114	\$ 8,693,850	\$ 11,315,470

Transfers between funds were primarily to support the operations of the funds and to account for the total cost of capital projects with multiple funding sources.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 6 – Capital assets

A summary of changes in the capital assets is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 13,120,011	\$ -	\$ -	\$ 13,120,011
Infrastructure - Right of way land	19,566,911	160,022	-	19,726,933
Construction in progress	24,798,089	12,905,347	(2,862,156)	34,841,280
Total capital assets not being depreciated	<u>57,485,011</u>	<u>13,065,369</u>	<u>(2,862,156)</u>	<u>67,688,224</u>
Capital assets being depreciated:				
Buildings	72,819,817	314,600	-	73,134,417
Improvements other than buildings	7,029,019	1,934,223	-	8,963,242
Infrastructure	165,713,488	13,147,232	-	178,860,720
Vehicles, machinery and equipment	17,702,191	2,419,378	(829,565)	19,292,004
Total capital assets being depreciated	<u>263,264,515</u>	<u>17,815,433</u>	<u>(829,565)</u>	<u>280,250,383</u>
Less accumulated depreciation for:				
Buildings	(30,677,903)	(2,486,223)	-	(33,164,126)
Improvements other than buildings	(383,930)	(212,972)	-	(596,902)
Infrastructure	(130,749,152)	(4,467,541)	-	(135,216,693)
Vehicles, machinery and equipment	(11,866,119)	(2,485,755)	806,096	(13,545,778)
Total accumulated depreciation	<u>(173,677,104)</u>	<u>(9,652,491)</u>	<u>806,096</u>	<u>(182,523,499)</u>
Total capital assets being depreciated, net	<u>89,587,411</u>	<u>8,162,942</u>	<u>(23,469)</u>	<u>97,726,884</u>
Governmental activities capital assets, net	<u>\$ 147,072,422</u>	<u>\$ 21,228,311</u>	<u>\$ (2,885,625)</u>	<u>\$ 165,415,108</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 388,780
Judicial	660,466
Public safety	3,015,085
Public works	4,992,303
Recreation and parks	346,210
Housing and development	56,861
Health and welfare	192,786
	<u>\$ 9,652,491</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 6 – Capital assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
<i>Water and Sewerage Fund</i>				
Capital assets not being depreciated:				
Land	\$ 472,141	\$ -	\$ -	\$ 472,141
Construction in progress	28,744,736	2,845,669	(23,716,392)	7,874,013
Total capital assets not being depreciated	<u>29,216,877</u>	<u>2,845,669</u>	<u>(23,716,392)</u>	<u>8,346,154</u>
Capital assets being depreciated:				
Land Improvements	15,345	-	-	15,345
Buildings	1,499,805	-	-	1,499,805
Utility plant and distribution systems	97,810,750	23,716,392	-	121,527,142
Donated subdivisions	61,939,506	6,765,505	-	68,705,011
Machinery and equipment	3,305,157	311,362	-	3,616,519
Furniture	19,124	-	-	19,124
Vehicles	2,177,925	209,378	(28,192)	2,359,111
Total capital assets being depreciated	<u>166,767,612</u>	<u>31,002,637</u>	<u>(28,192)</u>	<u>197,742,057</u>
Less accumulated depreciation for:				
Land Improvements	(921)	(614)	-	(1,535)
Buildings	(525,880)	(46,564)	-	(572,444)
Utility plant and distribution systems	(31,741,835)	(2,729,025)	-	(34,470,860)
Donated subdivisions	(19,933,692)	(1,576,811)	-	(21,510,503)
Machinery and equipment	(2,580,302)	(359,090)	-	(2,939,392)
Furniture	(15,702)	(1,368)	-	(17,070)
Vehicles	(1,510,588)	(318,379)	28,192	(1,800,775)
Total accumulated depreciation	<u>(56,308,920)</u>	<u>(5,031,851)</u>	<u>28,192</u>	<u>(61,312,579)</u>
Total capital assets being depreciated, net	<u>110,458,692</u>	<u>25,970,786</u>	<u>-</u>	<u>136,429,478</u>
Water and Sewerage Fund capital assets, net	<u>\$ 139,675,569</u>	<u>\$ 28,816,455</u>	<u>\$ (23,716,392)</u>	<u>\$ 144,775,632</u>
<i>Solid Waste Authority Fund</i>				
Capital assets not being depreciated:				
Land	\$ 552,894	\$ -	\$ -	\$ 552,894
Capital assets being depreciated:				
Land improvements	96,101	-	-	96,101
Buildings	34,830	-	-	34,830
Improvements other than buildings	6,350,218	-	-	6,350,218
Machinery and equipment	371,593	-	(172,668)	198,925
Total capital assets being depreciated	<u>6,852,742</u>	<u>-</u>	<u>(172,668)</u>	<u>6,680,074</u>
Less accumulated depreciation for:				
Land improvements	(96,101)	-	-	(96,101)
Buildings	(34,830)	-	-	(34,830)
Improvements other than buildings	(6,350,218)	-	-	(6,350,218)
Machinery and equipment	(371,593)	-	172,668	(198,925)
Total accumulated depreciation	<u>(6,852,742)</u>	<u>-</u>	<u>172,668</u>	<u>(6,680,074)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Solid Waste Authority Fund capital assets, net	<u>\$ 552,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 552,894</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 6 – Capital assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities - continued:				
<i>Solid Waste Management Fund, nonmajor</i>				
Capital assets being depreciated:				
Machinery and equipment	\$ 287,847	\$ -	\$ -	\$ 287,847
Vehicles	544,460	-	-	544,460
Total capital assets being depreciated	<u>832,307</u>	<u>-</u>	<u>-</u>	<u>832,307</u>
Less accumulated depreciation for:				
Machinery and equipment	(201,493)	(57,570)	-	(259,063)
Vehicles	(544,460)	-	-	(544,460)
Total accumulated depreciation	<u>(745,953)</u>	<u>(57,570)</u>	<u>-</u>	<u>(803,523)</u>
Total capital assets being depreciated, net	<u>86,354</u>	<u>(57,570)</u>	<u>-</u>	<u>28,784</u>
Solid Waste Management Fund capital assets, net	<u>\$ 86,354</u>	<u>\$ (57,570)</u>	<u>\$ -</u>	<u>\$ 28,784</u>
 <i>Storm Water Utility Fund</i>				
Capital assets not being depreciated:				
Land	\$ 445,645	\$ -	\$ -	\$ 445,645
Capital assets being depreciated:				
Land improvements	847,568	-	-	847,568
Machinery and equipment	364,682	85,921	-	450,603
Furniture and fixtures	8,449	-	-	8,449
Storm water systems	<u>16,652,789</u>	<u>5,712,289</u>	<u>-</u>	<u>22,365,078</u>
Total capital assets being depreciated	<u>17,873,488</u>	<u>5,798,210</u>	<u>-</u>	<u>23,671,698</u>
Less accumulated depreciation for:				
Land improvements	(24,400)	(42,378)	-	(66,778)
Machinery and equipment	(250,784)	(53,774)	-	(304,558)
Furniture and fixtures	(8,449)	-	-	(8,449)
Storm water systems	<u>(5,713,844)</u>	<u>(987,855)</u>	<u>-</u>	<u>(6,701,699)</u>
Total accumulated depreciation	<u>(5,997,477)</u>	<u>(1,084,007)</u>	<u>-</u>	<u>(7,081,484)</u>
Total capital assets being depreciated, net	<u>11,876,011</u>	<u>4,714,203</u>	<u>-</u>	<u>16,590,214</u>
Storm Water Utility Fund capital assets, net	<u>\$ 12,321,656</u>	<u>\$ 4,714,203</u>	<u>\$ -</u>	<u>\$ 17,035,859</u>
 Business-type activities capital assets, net	 <u>\$ 152,636,473</u>	 <u>\$ 33,473,088</u>	 <u>\$ (23,716,392)</u>	 <u>\$ 162,393,169</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 6 – Capital assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Discretely presented component units:				
<i>Development Authority</i>				
Capital assets not being depreciated:				
Land	\$ 492,114	\$ -	\$ (380,073)	\$ 112,041
Construction in progress	28,600	-	-	28,600
Total capital assets not being depreciated	<u>520,714</u>	<u>-</u>	<u>(380,073)</u>	<u>140,641</u>
Capital assets being depreciated:				
Buildings	849,204	-	(849,204)	-
Land improvements	-	-	-	-
Total capital assets being depreciated	<u>849,204</u>	<u>-</u>	<u>(849,204)</u>	<u>-</u>
Less accumulated depreciation for:				
Buildings	(5,661)	(16,984)	22,645	-
Land improvements	-	-	-	-
Total accumulated depreciation	<u>(5,661)</u>	<u>(16,984)</u>	<u>22,645</u>	<u>-</u>
Total capital assets being depreciated, net	<u>843,543</u>	<u>(16,984)</u>	<u>(826,559)</u>	<u>-</u>
Development Authority capital assets, net	<u>\$ 1,364,257</u>	<u>\$ (16,984)</u>	<u>\$ (1,206,632)</u>	<u>\$ 140,641</u>
<i>Board of Health</i>				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Machinery and equipment	258,743	-	-	258,743
Total capital assets being depreciated	<u>258,743</u>	<u>-</u>	<u>-</u>	<u>258,743</u>
Less accumulated depreciation for:				
Machinery and equipment	(258,743)	-	-	(258,743)
Total accumulated depreciation	<u>(258,743)</u>	<u>-</u>	<u>-</u>	<u>(258,743)</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Board of Health capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Bartram Trail CDC</i>				
Capital assets not being depreciated:				
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Capital assets being depreciated:				
Buildings	156,370	-	-	156,370
Equipment	43,313	-	-	43,313
Furniture and Fixtures	19,957	-	-	19,957
Land Improvements	6,333,055	-	-	6,333,055
Total capital assets being depreciated	<u>6,552,695</u>	<u>-</u>	<u>-</u>	<u>6,552,695</u>
Less accumulated depreciation for:				
Buildings	(3,258)	(3,907)	-	(7,165)
Equipment	(4,432)	(8,535)	-	(12,967)
Furniture and Fixtures	(1,744)	-	-	(1,744)
Land Improvements	(235,239)	(316,653)	-	(551,892)
Total accumulated depreciation	<u>(244,673)</u>	<u>(329,095)</u>	<u>-</u>	<u>(573,768)</u>
Total capital assets being depreciated, net	<u>6,308,022</u>	<u>(329,095)</u>	<u>-</u>	<u>5,978,927</u>
Bartram Trail CDC capital assets, net	<u>\$ 7,808,022</u>	<u>\$ (329,095)</u>	<u>\$ -</u>	<u>\$ 7,478,927</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 - Long-term and short-term obligations

A. General obligation bonds

General Obligation Bonds Series 1998 – serviced by property taxes dedicated for debt service

On October 1, 1998, the County issued the \$28,715,000 Columbia County, Georgia, General Obligation Bonds Series 1998. In connection with the issuance of the Series 2007A General Obligation Refunding Bonds, the County advance refunded the entire outstanding balance of the Series 1998 General Obligation Bonds in the amount of \$25,740,000.

The Series 1998 Bonds were issued to (a) finance the costs of acquiring, constructing and equipping a new courthouse annex and renovating the existing courthouse, (b) finance the costs of improving the existing County detention center and (c) pay certain costs of issuing the Series 1998 Bonds.

General Obligation Bonds Series 2004 – serviced by special purpose local option sales taxes

On November 4, 2004, the County issued the \$22,750,000 Columbia County, Georgia, General Obligation Sales Tax Bonds Series 2004.

The Series 2004 Bonds were issued to (a) finance County, public safety, and recreation facilities, (b) pay capitalized interest and (c) pay expenses incident to the issuance of the Bonds. The face amount of \$21,432,395 was recorded in the 2004 General Obligation Bond Fund, a capital projects fund, to account for the proceeds to be used for capital expenditures. The face amount of \$1,317,605 was recorded in the 2004 General Obligation Bond Debt Service Fund to account for the capitalized interest proceeds to be used for future interest payments.

Interest on the General Obligation Sales Tax Bonds, Series 2004 is to be paid semi-annually on January 1 and July 1 of each year and principal is paid January 1 of each year as follows:

Governmental activities				
General Obligation Sales Tax Bonds, Series 2004				
June 30,	Principal	Interest	Total	Coupon Rate
2008	\$ 4,425,000	\$ 921,250	\$ 5,346,250	5.00
2009	4,535,000	700,000	5,235,000	5.00
2010	4,660,000	473,250	5,133,250	5.00
2011	4,805,000	240,250	5,045,250	5.00
	<u>\$ 18,425,000</u>	<u>\$ 2,334,750</u>	<u>\$ 20,759,750</u>	

General Obligation Refunding Bonds, Series 2007A – serviced by property taxes dedicated for debt service

On February 14, 2007, in connection with the refunding of the General Obligation Bonds Series 1998, the County issued \$26,750,000 in general obligation refunding bonds with interest rates ranging between 3.75% and 4.5%. The Series 2007A bonds were issued to advance refund \$25,740,000 of the outstanding Series 1998 General Obligation Bonds with interest rates ranging between 4.15% and 5.625%. The County used the net proceeds to purchase U.S. government securities, which were deposited in an escrow fund to provide for all future debt service on the 1998 Series Bonds. As a result, the 1998 Series Bonds are considered defeased, and the County has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$25,740,000 at June 30, 2007.

The advance refunding reduced total debt service payments over the next 17 years by approximately \$2 million. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1.4 million.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 – Long-term and short-term obligations (continued)

Interest on the General Obligation Refunding Bonds, Series 2007A is to be paid semi-annually on January 1 and July 1 of each year and principal is paid January 1 of each year as follows:

Governmental activities				
General Obligation Refunding Bonds, Series 2007A				
June 30,	Principal	Interest	Total	Coupon Rate
2008	\$ 985,000	\$ 957,676	\$ 1,942,676	3.75
2009	950,000	1,050,644	2,000,644	3.75
2010	1,040,000	1,015,019	2,055,019	4.00
2011	1,120,000	973,419	2,093,419	3.75
2012	1,205,000	931,419	2,136,419	4.25
2013 - 2017	9,010,000	3,767,424	12,777,424	3.75 - 4.50
2018 - 2022	7,840,000	2,191,231	10,031,231	4.00 - 4.25
2023 - 2024	4,600,000	295,800	4,895,800	4.25
	<u>\$ 26,750,000</u>	<u>\$ 11,182,632</u>	<u>\$ 37,932,632</u>	

Various Purpose General Obligation Bonds, Series 2007B – serviced by property taxes dedicated for debt service

On February 14, 2007, the County issued \$41,905,000 in various purpose general obligation bonds with interest rates ranging between 4.0% and 5.0%. The Series 2007B Bonds were issued for the purpose of financing the costs of planning, acquiring, constructing and equipping (a) certain water, sewerage and stormwater facilities and infrastructure (the “Water Project”); (b) certain streets, roads, bridges and sidewalks (the “Transportation Project”); (c) certain park and recreational facilities (the “Recreation Project”); (d) certain public safety buildings and the acquisition of public safety equipment (the “Public Safety Project”); and (e) paying capitalized interest and costs of issuance of the Bonds.

Interest on the Various Purpose General Obligation Bonds, Series 2007B is to be paid semi-annually on January 1 and July 1 of each year and principal is paid January 1 of each year as follows:

Governmental activities				
Various Purpose General Obligation Bonds, Series 2007B				
June 30,	Principal	Interest	Total	Coupon Rate
2008	\$ 1,490,000	\$ 1,650,133	\$ 3,140,133	4.00
2009	1,955,000	1,814,369	3,769,369	4.00
2010	2,220,000	1,736,169	3,956,169	4.25
2011	2,515,000	1,641,819	4,156,819	4.00
2012	2,820,000	1,541,219	4,361,219	4.50
2013 - 2017	30,905,000	5,539,800	36,444,800	4.00 - 5.00
2018 - 2019	-	-	-	5.00
	<u>\$ 41,905,000</u>	<u>\$ 13,923,509</u>	<u>\$ 55,828,509</u>	

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 – Long-term and short-term obligations (continued)

B. Revenue Bonds – serviced by the Water and Sewerage Fund (the “System”)

The Water and Sewerage Revenue Bond Ordinances provide that certain funds be established and maintained while the bonds are outstanding. The funds required and the purpose of each, are as follows:

1. Revenue Fund - To receive all revenue of the water and sewer operation, and fund the other required funds.
2. Sinking Funds - To provide a means for payment of principal and interest.
3. Renewal and Extension Fund - To make replacements, additions, extensions and improvements to the system, and to pay principal and interest on bonds and any obligations payable from the sinking fund.
4. Operation, Maintenance and Repair Fund - To pay reasonable and necessary costs of operating, maintaining and repairing the system.
5. Arbitrage Rebate Fund - To assure compliance with the provisions of the Internal Revenue Code.

The ordinance specifies the minimum levels of funding required to be maintained in the sinking funds and the Renewal and Extension fund. Each bond is secured by a first lien on and pledge of the net revenues of the System. The following is a schedule of the outstanding revenue bonds in the System:

Series 1996A

In connection with the refunding of the 1991A Water and Sewerage Revenue Bonds, the System issued Series 1996A Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$6,970,000.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

Series 2000

On March 1, 2000, the System issued \$25,000,000 Water & Sewerage Revenue Bonds Series 2000. In connection with the refunding Series 2001A, the System partially refunded Series 2000 in the amount of \$8,510,000.

The Series 2000 Bonds were issued to provide funds, together with other funds of the County available therefore, to (a) finance, in whole or in part, the cost of adding to, improving, extending and equipping the Water and Sewerage System of said County, and (b) pay certain expenses necessary to accomplish the foregoing.

The Series 2000 Bonds are secured by a first lien on and pledge of the net revenues of the Water and Sewerage System. Payment of the principal and interest on the Series 2000 Bonds is insured by a municipal bond insurance policy which was issued by Financial Guaranty Insurance Company simultaneously with the delivery of the Series 2000 Bonds.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

Series 2001

In connection with the refunding of the 1992 Water and Sewerage Revenue Bonds, the System issued Series 2001 Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$12,155,000.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

Series 2001A

In connection with the refunding of the 1996 Water and Sewerage Revenue Bonds and 2000 Water and Sewerage Revenue Bonds, the System issued Series 2001A Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$21,020,000.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 – Long-term and short-term obligations (continued)

Series 2004

In connection with the refunding of the 1993 Water & Sewerage Refunding Revenue Bonds, the System issued Series 2004 Water and Sewerage Revenue Bonds in the aggregate principal amount of \$28,940,000.

\$25,785,000 of the Series 2004 Bonds were issued for the purpose of (a) paying the costs of the acquisition, construction and equipping of improvements to the Water and Sewerage System of said County, (b) paying the premium for a municipal bond insurance policy and the premium for a municipal bond debt service reserve insurance policy and (c) paying the costs of issuing the Series 2004 Bonds. \$3,155,000 of the Series 2004 Bonds were issued for the purpose of refunding the Water and Sewerage Revenue Bonds, Series 1993 maturing on December 1, 2008.

The Series 2004 Bonds are secured by a pledge of and lien on the net revenues of the Water and Sewerage System. Payment of the principal and interest on the Series 2004 Bonds is insured by a municipal bond insurance policy which was issued by Financial Security Assurance Inc. simultaneously with the delivery of the Series 2004 Bonds.

Interest is to be paid semi-annually on June 1 and December 1 of each year and principal is to be paid annually on June 1 of each year.

C. Summary of Revenue Bonds outstanding

A summary of revenue bond indebtedness as of June 30, 2007, is as follows:

Water and Sewerage Refunding Revenue Bonds, Series 1996A	\$	3,445,000
Water and Sewerage Unrefunded Revenue Bonds, Series 2000		14,715,000
Water and Sewerage Refunding Revenue Bonds, Series 2001		7,960,000
Water and Sewerage Refunding Revenue Bonds, Series 2001A		20,100,000
Water and Sewerage Revenue Bonds, Series 2004		<u>27,040,000</u>
Total Outstanding Revenue Debt		<u>73,260,000</u>
Bond issue premiums		1,236,634
Bond issue discounts		(60,952)
Deferred loss on refunding		<u>(2,126,996)</u>
	\$	<u>72,308,686</u>

The annual requirements of principal and interest to amortize each of the County's outstanding revenue debt as of June 30, 2007, are as follows:

June 30,	Business-type Activities			Coupon Rate
	Revenue Bond Debt			
	Principal	Interest	Total	
	Water and Sewerage Refunding Revenue Bonds, Series 1996A			
2008	\$ 880,000	\$ 183,345	\$ 1,063,345	5.20
2009	925,000	137,585	1,062,585	5.30
2010	970,000	88,560	1,058,560	5.40
2011	670,000	36,180	706,180	5.40
	\$ 3,445,000	\$ 445,670	\$ 3,890,670	

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 - Long-term and short-term obligations (continued)

June 30,	Business-type Activities, continued			Coupon Rate
	Revenue Bond Debt			
	Principal	Interest	Total	
<u>Water and Sewerage Unrefunded Revenue Bonds, Series 2000</u>				
2008	\$ 500,000	\$ 818,305	\$ 1,318,305	5.02
2009	550,000	793,205	1,343,205	5.07
2010	600,000	765,320	1,365,320	5.12
2011	-	734,600	734,600	5.12
2012	-	734,600	734,600	5.12
2013-2017	-	3,673,000	3,673,000	5.12
2018-2022	6,805,000	3,098,850	9,903,850	5.12
2023-2025	6,260,000	702,075	6,962,075	5.12
	\$ 14,715,000	\$ 11,319,955	\$ 26,034,955	
<u>Water and Sewerage Refunding Revenue Bonds, Series 2001</u>				
2008	\$ 795,000	\$ 330,773	\$ 1,125,773	3.80
2009	1,580,000	300,562	1,880,562	4.00
2010	2,035,000	237,363	2,272,363	4.25
2011	2,125,000	150,875	2,275,875	4.25
2012	1,425,000	60,562	1,485,562	4.25
	\$ 7,960,000	\$ 1,080,135	\$ 9,040,135	
<u>Water and Sewerage Refunding Revenue Bonds, Series 2001A</u>				
2008	\$ 195,000	\$ 874,930	\$ 1,069,930	3.60
2009	205,000	867,910	1,072,910	3.70
2010	175,000	860,325	1,035,325	3.80
2011	880,000	853,675	1,733,675	4.00
2012	2,775,000	818,475	3,593,475	4.50
2013-2017	14,400,000	1,847,900	16,247,900	4.20 - 4.60
2018	1,470,000	69,090	1,539,090	4.70
	\$ 20,100,000	\$ 6,192,305	\$ 26,292,305	

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 - Long-term and short-term obligations (continued)

June 30,	<u>Business-type Activities, continued</u>			Coupon Rate
	<u>Revenue Bond Debt</u>			
	Principal	Interest	Total	
<u>Water and Sewerage Revenue Bonds, Series 2004</u>				
2008	\$ 1,000,000	\$ 1,256,112	\$ 2,256,112	2.50
2009	255,000	1,231,112	1,486,112	2.50
2010	-	1,224,738	1,224,738	--
2011	-	1,224,738	1,224,738	--
2012	-	1,224,738	1,224,738	--
2013-2017	4,665,000	6,018,656	10,683,656	3.50 - 4.50
2018-2022	12,300,000	4,026,031	16,326,031	5.00
2023-2025	8,820,000	876,500	9,696,500	5.00
	<u>\$ 27,040,000</u>	<u>\$ 17,082,625</u>	<u>\$ 44,122,625</u>	

D. Notes Payable

The Water and Sewerage System has entered into agreements with the Georgia Environmental Facilities Authority (GEFA) whereby the System receives a loan for each agreement to assist in various pre-approved construction projects. Notes payable to the Georgia Environmental Facilities Authority are as follows:

The \$226,569 note payable to GEFA, with quarterly payments of \$4,728, including principal and interest at 6.8%.	\$ 82,910
The \$707,006 note payable to GEFA, with quarterly payments of \$15,235, including principal and interest at 6.0%.	72,863
The \$646,607 note payable to GEFA, with quarterly payments of \$13,158, including principal and interest at 5.3%.	99,256
The \$1,000,000 note payable to GEFA, with quarterly payments of \$21,985, including principal and interest at 6.25%.	326,007
The \$1,569,027 note payable to GEFA, under the State of Georgia Revolving Loan Fund Program with quarterly payments of \$23,845, including principal and interest at 2.0%.	495,587
	<u>\$ 1,076,623</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 - Long-term and short-term obligations (continued)

The annual requirements of principal and interest to amortize each of the County's outstanding notes payable as of June 30, 2007, are as follows:

Year ending June 30,	Notes Payable		
	Principal	Interest	Total
2008	\$ 275,064	\$ 40,737	\$ 315,801
2009	241,944	28,153	270,097
2010	183,494	18,735	202,229
2011	191,397	10,833	202,230
2012	132,741	3,534	136,275
2013	51,983	434	52,417
	<u>\$ 1,076,623</u>	<u>\$ 102,426</u>	<u>\$ 1,179,049</u>

E. Refunding and Advance Refunding

In 1996, the Water and Sewerage System advance refunded the Series 1991A, Water and Sewerage Revenue Bonds with the \$6,970,000 Series 1996A, Water and Sewerage Refunding Revenue Bonds. The System issued bonds to provide resources to purchase direct obligations of the United States of America which were placed in an irrevocable escrow account with an escrow agent to defease the maturities.

The escrow obligations, together with the earnings thereon, were sufficient to pay the redemption price of the bonds on June 1, 2001. As a result, the refunded bonds are no longer a liability of the System and have no outstanding principal at June 30, 2007.

On September 26, 2001, the County issued Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$12,155,000, with interest rates ranging from 3% - 4.25%, to refund \$11,850,000 of outstanding 1992 Water and Sewerage Revenue Bonds with interest rates ranging from 5.7% to 6.25%. The net proceeds of \$12,022,027 (after payment of \$190,901 of underwriting fees and other issuance costs) plus an additional \$430,053 of the 1992 Series sinking fund monies were used to repay the 1992 Water and Sewerage Revenue Bonds.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$955,029. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012 using the straight-line method, which is not significantly different from the effective-interest method. The County completed the refunding to reduce its total debt service payments over the next 11 years by approximately \$1.3 million and to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$1.4 million.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 - Long-term and short-term obligations (continued)

On October 17, 2001, the County issued Water and Sewerage Refunding Revenue Bonds in the aggregate principal amount of \$21,020,000 with interest rates ranging from 3% to 4.7%, to advance refund a portion (\$10,395,000) of outstanding 1996 Water and Sewerage Revenue Bonds with interest rates ranging from 5.15% to 5.7%, and to advance refund a portion (\$8,510,000) of outstanding 2000 Water and Sewerage Revenue Bonds with interest rates ranging from 5% to 6.25%. The net proceeds of \$20,629,262 (after payment of \$307,173 of underwriting fees and other issuance costs) plus an additional \$366,112 of the debt service fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the refunded portions' debt service payments on the 1996 Series bonds and the 2000 Series bonds. As a result, the refunded portions of the 1996 Series bonds and the 2000 Series bonds are considered to be defeased and the liability for those bonds have been reduced by the refunded portions.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,512,970. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2018 using the straight-line method, which is not significantly different from the effective-interest method. The advance refunding increased the County's total debt service payments over the next 24 years by approximately \$775,000 and resulted in an economic loss (difference between present values of the old and new debt service payments) of approximately \$2.5 million guaranteed under an insurance policy issued with the delivery of the Series 1994 Bonds by Municipal Bond Investors Assurance Corporation.

On November 1, 2004, included in the Series 2004 Water and Sewerage Revenue Bonds, the County issued Water and Sewerage Revenue Bonds in the aggregate principal amount of \$3,155,000 with an interest rate of 2.5% to refund \$3,125,000 of outstanding 1993 Water and Sewerage Refunding Revenue Bonds with an interest rate of 5.55%. The net proceeds associated with the refunding bonds of \$3,139,453 (after payment of \$15,547 of underwriting fees and other issuance costs) plus an additional \$72,266 of the debt service fund monies were used to purchase U.S. government securities. Those securities were deposited in an escrow fund with an escrow agent to provide sufficient money to pay when due the debt service on the Series 1993 refunded bonds and to call the Series 1993 refunded bonds on December 1, 2004. The unrefunded portion of the Series 1993 bonds in the principal amount of \$830,000 matured on December 1, 2004. As a result, the Series 1993 bonds are no longer a liability of the System and have no outstanding principal at June 30, 2007.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$86,308. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2007 using the straight-line method, which is not significantly different from the effective-interest method. The County completed the refunding to reduce its total debt service payments over the next 5 years by approximately \$233,156 and to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately \$277,133.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 - Long-term and short-term obligations (continued)

F. Changes in long-term liabilities

The following is a summary of long-term debt transactions for the year ended June 30, 2007:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Governmental activities:					
Bonds payable:					
General Obligation Bonds:					
Series 1998	\$ 26,395,000	\$ -	\$ (26,395,000)	\$ -	\$ -
Series 2004	22,750,000	-	(4,325,000)	18,425,000	4,425,000
Series 2007A	-	26,750,000	-	26,750,000	985,000
Series 2007B	-	41,905,000	-	41,905,000	1,490,000
Deferred amounts:					
For bond issuance premiums	1,540,319	(467,611)	1,947,523	3,020,231	-
Total bonds payable	50,685,319	68,187,389	(28,772,477)	90,100,231	6,900,000
Other liabilities:					
Compensated absences	2,383,307	2,241,621	(1,862,106)	2,762,822	1,600,000
Governmental activities long-term liabilities	\$ 53,068,626	\$ 70,429,010	\$ (30,634,583)	\$ 92,863,053	\$ 8,500,000
Business-type activities:					
Revenue debt:					
Water and Sewerage Refunding Bonds:					
Series 1996A	\$ 4,285,000	\$ -	\$ (840,000)	\$ 3,445,000	\$ 880,000
Series 2000	15,165,000	-	(450,000)	14,715,000	500,000
Series 2001	8,760,000	-	(800,000)	7,960,000	795,000
Series 2001A	20,295,000	-	(195,000)	20,100,000	195,000
Series 2004	27,960,000	-	(920,000)	27,040,000	1,000,000
Deferred amounts:					
For bond issuance premiums	1,308,564	(71,930)	-	1,236,634	-
For bond issuance discounts	(66,905)	-	5,953	(60,952)	-
For deferred loss on refunding	(2,472,266)	-	345,270	(2,126,996)	-
Total revenue debt	75,234,393	(71,930)	(2,853,777)	72,308,686	3,370,000
Other liabilities:					
Water and Sewerage Notes Payable to GEFA	1,339,116	-	(262,493)	1,076,623	275,064
Compensated absences	523,369	401,008	(334,641)	589,736	589,736
Liability for landfill closure and postclosure care costs	11,326,678	522,711	(62,196)	11,787,193	-
Total other liabilities	13,189,163	923,719	(659,330)	13,453,552	864,800
Business-type activities long-term liabilities	\$ 88,423,556	\$ 851,789	\$ (3,513,107)	\$ 85,762,238	\$ 4,234,800

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 - Long-term and short-term obligations (continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$13,097 of internal service funds compensated absences is included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

G. Discretely presented component units

Development Authority Taxable Revenue Bonds, Series 1993

During 1986, the Development Authority of Columbia County issued \$1,120,000 Industrial Development Revenue Bonds, Series 1986. During 1992, the Development Authority obtained a loan with a bank which it used to pay off the Series 1986 Bonds. During 1993, the Development Authority issued \$7,515,000 Development Authority of Columbia County, Georgia, Industrial Park Taxable Revenue Bonds, Series 1993. A portion of the proceeds in the amount of \$705,171 was used to pay off the bank loan mentioned above. The remaining proceeds were used for various improvements to the existing industrial park sites. The improvements included the provision of water, sewerage, drainage and similar facilities and transportation, power and communication facilities which are incidental to the use of such land as industrial parks, except with respect to such facilities, does not include the provision of structures or buildings. The Development Authority has the right to acquire up to 100 acres of additional land contiguous to the 284 acres fronting on Lewiston and Wrightsboro Roads, and to develop such additional land as part of that industrial site.

The Series 1993 Bonds are limited, special obligations of the Authority and are secured by a letter of credit issued by SunTrust, Atlanta, Georgia, and from payments received under an Intergovernmental Agreement for the development and marketing of an industrial park between the Development Authority and Columbia County.

Interest on the Series 1993 Bonds is to be paid monthly. The interest rate is adjusted weekly in connection with the bond market fluctuations, which was 5.37% at June 30, 2007. Principal is due on March 1 of each year. At June 30, 2007, the outstanding balance of this Revenue Bond amounted to \$2,030,000.

The annual requirements of principal and interest to amortize the Development Authority's outstanding revenue debt as of June 30, 2007, are as follows:

Development Authority			
Taxable Revenue Bonds,			
Series 1993			
June 30,	Principal	Interest	Total
2008	\$ 715,000	\$ 38,395	\$ 753,395
2009	770,000	41,349	811,349
2010	545,000	29,267	574,267
	\$ 2,030,000	\$ 109,011	\$ 2,139,011

Development Authority Notes Payable

On May 24, 2006, the Development Authority of Columbia County obtained a promissory note from Jefferson Energy Cooperative through the US Department of Agriculture Rural Economic Development Loan and Grant Program in the amount of \$450,000. The proceeds from this loan, combined with a \$140,000 local assistance grant, were used to finance the Development Authority's obligations under a contract to participate in the construction of a building suitable for use as a manufacturing facility containing approximately 50,000 square feet. The interest free loan is secured by a letter of credit in the amount of \$450,000 issued to Jefferson Energy Cooperative by Georgia Bank and Trust of Augusta on behalf of the Development Authority. The loan is further secured with payments received under an Intergovernmental Agreement for industrial development between the Development Authority and Columbia County.

The Development Authority is required to make monthly installments of \$4,687.50 on the last day of the month beginning June 24, 2008, and continuing on the last day of each month of each year thereafter until the principal sum of \$450,000, without interest, has

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

been paid in full on or before the final maturity date, which is ten years after execution of the promissory note. The Development Authority has the option to prepay the obligation in whole or in part at any time without penalty.

Note 7 – Long-term and short-term obligations (continued)

Bartram Trail CDC, Inc., Certificates of Participation, Series 2003

During the year ended June 30, 2004, Bartram Trail CDC, Inc. issued \$8,800,000 Certificates of Participation, Series 2003, for the purpose of constructing a golf course facility. The certificates have a stated maturity of July 1, 2032, and are subject to mandatory sinking fund redemption, in order of maturity, in part by lot on July 1, beginning July 1, 2006, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

Interest on the Series 2003 COP is to be paid semi-annually on July 1 and January 1 of each year, beginning after January 1, 2004. For a portion of the certificates (“promissory note one”), in the amount of \$7,920,000, the interest rate is 5.5% through June 30, 2010, and then will be adjusted periodically to the five-year United States Treasury Note Rate plus 1.75%, but in no event shall the interest rate exceed 12% per annum. At June 30, 2007, the outstanding balance of promissory note one was \$7,857,000. For the remaining portion of the certificates (“promissory note two”), of which the outstanding balance was \$874,000 at June 30, 2007, the interest rate is fixed at 10%. For promissory note one and note two, principal is due on July 1 of each year.

<u>Bartram Trail CDC, Inc.</u>			
Certificates of Participation			
Series 2003			
Year ending	Principal	Interest	Total
June 30,			
2008	\$ 119,000	\$ 516,015	\$ 635,015
2009	147,000	508,138	655,138
2010	161,000	498,992	659,992
2011	177,000	488,955	665,955
2012	184,000	478,218	662,218
2013-2017	1,121,000	2,204,520	3,325,520
2018-2022	1,499,000	1,818,183	3,317,183
2023-2027	1,994,000	1,302,032	3,296,032
2028-2032	2,685,000	612,220	3,297,220
2033	644,000	19,195	663,195
	<u>\$ 8,731,000</u>	<u>\$ 8,446,468</u>	<u>\$ 17,177,468</u>

Bartram Trail CDC, Inc., Subordinated Promissory Note

During the year ended June 30, 2004, Eucler Creek Investors, Inc. issued to Bartram Trail CDC, Inc. a promissory note in the principal amount of \$1,500,000 for the purchase of approximately 200 acres of land, on which a golf course facility shall be constructed. This note is subordinate to the \$8,800,000 Certificates of Participation, Series 2003. Until all amounts due under the Certificates of Participation agreement have been paid in full, no payment shall be required on this note, although the note may be prepaid in whole or in part at any time without penalty. The principal balance outstanding shall bear interest at the fixed rate of 4% per annum. A total of 36 monthly payments will be made commencing 30 days after the final payment is made on the Certificates of Participation, with the final payment being due on or before July 30, 2035. The payment amount for the first 35 payments shall be equal to the sum of 1/120th of the outstanding principal balance due and 1/120th of any accrued and unpaid interest as of the commencement date. The final payment will be a balloon payment consisting of the remaining outstanding principal and interest due.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 7 – Long-term and short-term obligations (continued)

The following is a summary of long-term debt transactions for the discretely presented component units for the year ended June 30, 2007:

	Beginning Balances	Additions	Reductions	Ending Balances	Current Portion
Development Authority					
Revenue debt:					
Taxable Revenue Bonds, Series 1993	\$ 2,695,000	\$ -	\$ (665,000)	\$ 2,030,000	\$ 715,000
Total revenue debt	<u>\$ 2,695,000</u>	<u>\$ -</u>	<u>\$ (665,000)</u>	<u>\$ 2,030,000</u>	<u>\$ 715,000</u>
Note payable to Jefferson Energy Cooperative	-	450,000	-	450,000	-
Development Authority long-term liabilities	<u>\$ 2,695,000</u>	<u>\$ 450,000</u>	<u>\$ (665,000)</u>	<u>\$ 2,480,000</u>	<u>\$ 715,000</u>
Board of Health					
Other liabilities:					
Compensated absences	\$ 86,187	\$ 5,088	\$ -	\$ 91,275	\$ 91,275
Total other liabilities	<u>86,187</u>	<u>5,088</u>	<u>-</u>	<u>91,275</u>	<u>91,275</u>
Board of Health long-term liabilities	<u>\$ 86,187</u>	<u>\$ 5,088</u>	<u>\$ -</u>	<u>\$ 91,275</u>	<u>\$ 91,275</u>
Bartram Trail CDC					
Revenue debt:					
Series 2003 Certificates of Participation	\$ 8,800,000	\$ -	\$ (69,000)	\$ 8,731,000	\$ 119,000
Less: Bond issue discount	(89,100)	-	3,300	(85,800)	-
Total revenue debt	<u>8,710,900</u>	<u>-</u>	<u>(65,700)</u>	<u>8,645,200</u>	<u>119,000</u>
Note payable to Euchee Creek investors	1,500,000	-	-	1,500,000	-
Bartram Trail CDC long-term liabilities	<u>\$ 10,210,900</u>	<u>\$ -</u>	<u>\$ (65,700)</u>	<u>\$ 10,145,200</u>	<u>\$ 119,000</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 8 – Deferred/unearned revenues

The balance of deferred revenues in the fund financial statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year-end are composed of the following elements:

	Deferred Revenue	Unearned Revenue
Taxes receivable net of allowance, unavailable - General Fund	\$ 308,309	\$ -
Taxes receivable net of allowance, unavailable - Special Revenue Fund	46,128	-
Taxes receivable net of allowance, unavailable - Debt Service Fund	17,908	-
Rental income received in advance of being earned - General Fund	-	476
Rental income received in advance of being earned - Special Revenue Fund	-	140,811
	<u>\$ 372,345</u>	<u>\$ 141,287</u>

Note 9 - Landfill closure and postclosure care cost

State and Federal laws and regulations require that the County place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County is required to report a portion of these costs as operating expense in each period based on landfill capacity used as of each balance sheet date. After the initial calculation of the current closure and postclosure care costs, these costs are required to be adjusted annually for the effects of inflation or deflation, technology, or applicable laws or regulations.

Closed unlined cell

The estimated liability for landfill closure and postclosure care costs of the closed unlined cell is \$1,511,681 which is based on 100% usage (filled) of the cell. The County no longer accepts waste at the cell location.

The County expects that future costs will be paid from earnings in the Solid Waste Management Fund.

D cell

The estimated liability for landfill closure and postclosure care costs of the D cell is \$10,275,512 as of June 30, 2007, which is based on 100% usage (filled) of the D cell. The D cell stopped accepting waste on July 1, 2006, and the closure process has begun. Adequate funding is available in the Solid Waste Authority Fund to support closure and post-closure operations.

Note 10 – Conduit debt obligations

From time to time, the Development Authority of Columbia County has issued tax exempt industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Development Authority, the County, the State, nor 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, 2007, there were five series of Development Authority tax exempt industrial revenue bonds outstanding, with an aggregate principal amount of \$52,315,000.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 11 - Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government is a member of a public entity risk pool. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. As of June 30, 2007, the County had recorded no liability for claims.

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 (ACCG-IRMA) and the ACCG Group Self-Insurance Workers Compensation Fund (ACCG-GSIWCF), 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 agent 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 agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against 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.

As a participant in the ACCG-GSIWCF, which also provides claims administration and loss control services, the County has a \$200,000 loss retention. This program is accounted for in the General Fund. Premiums are paid into the General Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the General Fund.

Changes in the balances of worker's compensation claims during fiscal years 2007 and 2006 are as follows:

	2007	2006
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims	238,335	179,668
Claim payments	(238,335)	(179,668)
Unpaid claims, end of year	\$ -	\$ -

During 1994, Columbia County entered into an agreement with the ACCG-IRMA to provide coverage for property, automobile, general liability, law enforcement liability, public officials liability, crime and boiler and machinery exposures. The County has a loss retention of \$50,000 per occurrence. The County separately budgets funds for claims for which no governmental immunity exists, and other claims which the County deems appropriate for payment. This program is accounted for in the Risk Management Fund, an Internal Service Fund.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 11 - Risk management (continued)

Changes in the balances of property and liability claims during fiscal years 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of fiscal year	\$ 457	\$ 18,183
Incurred claims	187,741	222,174
Claim payments	<u>(181,774)</u>	<u>(239,900)</u>
Unpaid claims, end of year	<u>\$ 6,424</u>	<u>\$ 457</u>

The County made no reduction in its insurance coverage during the year ended June 30, 2007. During the past three years claims have not exceeded insurance coverage. The County believes that the insurance coverage is adequate.

The County accounts for the financial operations of a self-insured employee group health program in an Internal Service Fund. Specific stop loss coverage in the amount of \$50,000 per covered individual is maintained to reduce the exposure from catastrophic claims. A third party administrator is employed to process claims for the program. Claims "incurred but not reported" are accounted for as accrued expenses in the Internal Service Fund in accordance with FASB Statement No. 5.

Changes in the balances of medical claims during the fiscal years 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of fiscal year	\$ 256,322	\$ 295,557
Incurred claims	3,908,042	3,241,046
Claim payments	<u>(3,898,283)</u>	<u>(3,280,281)</u>
Unpaid claims, end of year	<u>\$ 266,081</u>	<u>\$ 256,322</u>

Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's management and counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 12 - Pension plans

Defined Contribution Plan

The County and its qualified employees participate in the Columbia County Money Purchase Retirement Plan, in accordance with Section 401(a) of the Internal Revenue Code. On November 21, 2006, the County adopted the administrative services agreement with the International City/County Management Association Retirement Corporation (ICMA-RC), the Plan Administrator, and repealed the previously existing administrative services agreements with GEBCorp. The ICMA-RC is to act as the public plan sponsor for employees participating in the 401(a) retirement plan of the County with the responsibility to obtain investment alternatives and services for employees participating in the plan. ICMA-RC provides at least 15 investment options covering a variety of asset classes ranging from aggressive growth equity mutual funds to bond mutual funds to stable value and money market funds. Although this plan includes employer contributions only, employees determine into which funds the contributions are invested. Contributions can be invested in one or all of the funds.

Compensation as defined by the plan and trust document is all of each participant's W-2 earnings which are actually paid to the employee (working at least 1,000 hours per year) during the plan year by Columbia County for services rendered to the Employer, plus any contributions made pursuant to a salary reduction agreement which are not includible in the gross income of the Participant under section 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 406(b), 414(h)(2) or 457(b) of the Internal Revenue Code. Plan provisions and contribution requirements are established and may be amended by the Columbia County Board of Commissioners.

The maximum contribution by the County to an employee's retirement account is 8%, which consists of (a) a base amount equal to 4% of the annual salary of an employee plus (b) a matching contribution equal to one half the amount an employee voluntarily contributes into the deferred compensation plan, up to a maximum of 4% of the employee's annual salary. The vesting schedule for the employer portion of the contribution is as follows:

Year 1	0%
Year 2	25%
Year 3	50%
Year 4	75%
Year 5	100%

The payroll for all employees for the year ended June 30, 2007, amounted to \$30,111,765. All regular employees who work more than 1,000 hours during the calendar year are eligible to participate by receiving contributions from the County into the plan. At June 30, 2007, 98% or 869 of the County's 882 employees were eligible to receive employer contributions into the plan. The payroll for eligible employees amounted to \$30,075,792 for the year ended June 30, 2007. During the year ended June 30, 2007, the County contributed \$2,040,094 to the defined contribution plan, or approximately 7% of the covered payroll. The defined contribution plan assets at June 30, 2007, are as follows (reported at fair value for financial reporting purposes):

Money Funds	\$ 3,805,379
Mutual Funds	<u>15,074,836</u>
 Total assets	 \$ <u>18,880,215</u>

Deferred Compensation Plan

The County has adopted a deferred compensation plan, the Columbia County Deferred Compensation Plan, in accordance with Section 457 of the Internal Revenue Code. The plan allows any employee participant to defer gross compensation in an amount not to exceed \$15,500 per year. Any employee participant who reaches age 50 before the end of the calendar year is eligible to contribute an additional amount not to exceed \$5,000 per year. All administration costs of the plan are deducted from the participants' accounts. Benefit payments are payable upon termination of employment, unforeseeable emergency, retirement or death. The Custodial Account Agreement requires the County set aside assets and income from the plan in trust for the exclusive benefit of the participants and their beneficiaries. The County is in compliance with the agreement.

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 12 - Pension plans (continued)

The County believes that it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

Investments are managed by the Plan Administrator, the International City/County Management Association Retirement Corporation (ICMA-RC). ICMA-RC provides at least 15 investment options covering a variety of asset classes ranging from aggressive growth equity mutual funds to bond mutual funds to stable value and money market funds. Employees can invest in one or all of the funds.

At June 30, 2007, 85% or 748 of the County's 882 employees were participants in the deferred compensation plan.

The employees of the County contributed \$2,098,266 to the deferred compensation plan during the year ended June 30, 2007. No other contributions are made into this plan.

The County has amended its plan to comply with the requirements of subsection (g) of Internal Revenue Code Section 457 and it has adopted GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. All assets and income of the plan described in subsection (b)(6) are held in trust for the exclusive benefit of the participants and their beneficiaries.

Note 13 - Post employment benefits

On January 18, 2005, the Board amended the Columbia County Employee Medical Plan Trust Agreement to offer continuation of health insurance to all employees with fifteen or more years of service after separation from County employment. The agreement states that these employees shall be entitled after leaving employment to continue to participate in and be covered by the health insurance plan by the County for county employees, provided that such employee must have served at least 15 years of employment, and provided, further, that such employee pays the total costs of such participation including both the employee and employer contributions associated with such participation. Because the participants are required to pay 100% of the cost of coverage, the County currently has no liability associated with other post employment benefits. As of June 30, 2007, 5 former employees are receiving continuation of benefits under this plan and the County has 117 active employees with 15 or more years of service that are potentially eligible upon separation of employment.

Note 14 - Construction commitments

The County has active construction projects as of June 30, 2007. The projects include construction of water facilities, new fire stations, County office expansions, road improvements, and recreational facilities. At year end the County's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Blanchard Plant Expansion Phase II and Modification	\$ 7,296,437	\$ 3,053,163
Sewer Systems and Improvements	783,475	1,131,190
Supervisory Control and Data Acquisition Improvements	-	597,000
Booster Station Improvements	-	554,865
Chamblin Maintenance Grading	231,604	406,049
Stormwater Master Plan and Pond Improvements	130,000	3,440,258
Evans Government Center Improvements	1,374,846	1,447,555
Blanchard Woods Park	4,337,895	1,308,561
Winfield Fire Station Renovations	-	95,485
Road improvement construction	2,083,651	401,732
Road paving construction	2,568,206	2,038,871
Total	<u>\$ 18,806,114</u>	<u>\$ 14,474,729</u>

COLUMBIA COUNTY, GEORGIA
Notes to Financial Statements - Continued
June 30, 2007

Note 15 - Lodging tax

Columbia County has levied a 5% lodging tax pursuant to Official Code of Georgia Annotated (O.C.G.A.) 48-13-51. The County entered into a contract with the Columbia County Convention and Visitors Bureau (CCCVB) to be the principal provider of convention and tourist promotion services as of January 1, 2006. Prior to that date, the County contracted with the Augusta Metropolitan CVB for convention and tourist promotion services. The CCCVB is a discretely presented component unit of the County. Therefore, the audited financial statements of the CCCVB are included in the County's annual financial report. The receipts and disbursements of the 5% lodging tax are accounted for in a nonmajor special revenue fund, the Lodging Tax Fund, within the primary government. A summary of the transactions for the year ended June 30, 2007, follows:

Lodging tax receipts	\$	528,467
Other		29,165
Total revenues	\$	<u>557,632</u>
Paid to CCCVB (40%)	\$	211,387
Other		197,818
Total disbursements	\$	<u>409,205</u>

Note 16 - Joint venture

Under Georgia law, the County, in conjunction with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2007, the County paid \$61,039 in such dues. Membership in the RDC is required by the O.C.G.A. Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RDC. Separate financial statements may be obtained from:

Central Savannah River Area
Regional Development Center
Augusta, Georgia 30903

Note 17 - Significant contingencies

Federal and State assisted programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Claims and judgments

The County is a defendant in various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the County.

Arbitrage

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. Although the actual amount to be paid is not presently determinable, the County believes that arbitrage payables are not significant.

