

INTRODUCTORY SECTION



December 31, 2006

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

The Comprehensive Annual Financial Report (CAFR) of Columbia County, Georgia, for the year ended June 30, 2006, was prepared by the Columbia County Financial Services Division and is hereby submitted. This CAFR is being formally submitted as required by the Official Code of Georgia Annotated, Section 36-81-7 and Rule 15c2-12 of the Securities Exchange Act of 1934. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the County as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a reasonable understanding of the County's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in the following four sections:

- The introductory section includes this transmittal letter, a list of principal officials, the County's organization chart, and a copy of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2005.
- The financial section includes the independent auditor's report on the financial statements, management's discussion and analysis, the basic audited financial statements with notes, and combining fund statements.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis, and information required by the Securities and Exchange Commission under Rule 15c2-12 of the Securities Exchange Act relating to municipal bond disclosure.
- The single audit section includes schedules of expenditures of federal and state awards and the independent auditor's reports relating to these schedules.

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

PROFILE OF THE GOVERNMENT

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

A five-member Board of Commission governs Columbia County. The Board is comprised of one chairman, elected county wide, and four commissioners, each elected from a separate commission district serving four year staggered terms. A County Administrator, who is appointed by and responsible to the Board, directs the daily operation of the County. Services provided to the approximately 100,000 residents include: public safety (Sheriff's Office, detention center, E911, fire), emergency services, community services, public works, planning and development, and other general governmental services. The County also provides water, sewer, and storm water services to the public.

FINANCIAL REPORTING ENTITY

The financial reporting entity includes all activities and functions of the primary government (i.e., Columbia County, Georgia) as well as all related component units, if any. "Financial Accountability" is the benchmark used to determine which legally separate entities represent component units of the primary government. Blended component units, although legally separate entities, are, in substance, an integral part of the primary government's operations and, therefore, are included as part of the primary government. Accordingly, the Columbia County Solid Waste Management Authority is reported as an Enterprise Fund of the primary government because its sole purpose is to perform development, leasing, and long-term planning of a solid waste facility for the County.

The Development Authority of Columbia County, the Columbia County Board of Health, the Columbia County Convention and Visitors Bureau (CCCVB), and Bartram Trail, CDC, Inc. are reported as discretely presented component units in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions. The Development Authority serves to promote, pursue, and implement economic development in the County. The Board of Health serves to operate the public health department of the County. The CCCVB provides convention and tourist promotion services for the benefit of the County. Bartram Trail, CDC, Inc. is a community development corporation created to develop,

construct, and operate a public golf course in Columbia County.

ECONOMIC CONDITION AND OUTLOOK

Because of the high quality of living in Columbia County, growth – residential and retail – has been escalating. Great stress is placed on greenspace, tree protection, stormwater management, transportation, and utility needs. Developers are required to meet strict standards that have relieved the County from instituting impact fees. Our outstanding school system is averaging a new school each year to keep up with the growth. It was a bit humorous last year when MONEY magazine selected Evans, Georgia, as one of the *Best Places to Live in the Nation in 2005* when, in fact, Evans is simply a zip code and not a city. But it illustrated that Columbia County's median household yearly income was much higher and our cost of housing, air pollution, and crime rates were much lower than the average for the 100 top locations intensely studied by the magazine.

We are becoming a popular destination for retirees and our two new golf course/residential communities are flourishing by offering a variety of housing types. New home construction in the County is continuing with single family homes beginning at \$180,000. Area homebuilders continue to make application for subdivision plats and building permits in large numbers. These plats include single family, and townhouse developments. Permits for new construction increased from 10,586 in 2005 to 11,927 in 2006.

Not surprisingly, we are experiencing some growing pains as retail and commercial follow the rooftops. But the County has strived to anticipate these needs, and the needed infrastructure for proposed projects is available with more being planned. Transportation needs are a priority, and the Georgia DOT is working closely with the County to ensure safety and adequate roadways.

The activity level for retail and commercial development is ongoing with much growth along the major transportation thoroughfares of Washington Road, Belair Road, Interstate 20 intersections, and Furrys Ferry Road. Several large shopping centers have been opened recently, and our sales tax collection is responding very favorably. Plans for the 50-acre Marshall Square include retail and professional, a hotel and convention center, and residential housing across from the Evans Government and Justice Centers in the heart of the Evans Town Center. Another retail center will be located on the former Evans Middle School site. These centers represent 1.5 million square feet of retail space that will be available over the next few years. It is obvious that the retail market is following the population flow into the County and is attracted to the County's demographics. Business licenses have remained steady with 3,760 in 2005 and 3,827 in 2006.

A significant medical corridor is developing on Belair Road. The area's largest OB/GYN practice will be moving from downtown Augusta to Evans, across the street from the University Hospital medical facility. It will include a wellness center, clothing stores, and restaurants. This area's medical personnel enjoy working close to their patients and their own homes. The area hospitals have also invested in the community by providing two free outdoor concerts by the Augusta Symphony and the Augusta Opera, which thousands attended as well as supporting many community activities.

The County's newest public/private partnership industrial park, Horizon North, has two tenants who are suppliers for John Deere located in the nearby Horizon South Industrial Park. The County's Development Authority will soon be building a spec building in this industrial park. Public/ private partnerships have been most successful, and the concept is being encouraged throughout the County. The Horizon South Industrial Park, which had almost reached full capacity, has obtained additional property, and the State has promised funding for a satellite campus of Augusta Tech.

Clarks Hill Partnership of Georgia was established to encourage economic opportunities and growth around the beautiful Lake Thurmond. This dynamic partnership is composed of Columbia, Lincoln, McDuffie, Washington, and Wilkes Counties and will open opportunities for grants and increased tourism. Immediate projects include the expansion of the McDuffie Airport and the Regional Business Retention and Expansion Program as well as tourism.

All efforts are focused on better customer service and cost-efficiency as we start to view ourselves from a business perspective. The County's continued growth and high quality of life are bringing in citizens from all walks of life and from all areas of the world – a welcome diversity. The Board of Commission is dedicated to providing a streamlined and fiscally responsible government as we anticipate a robust future.

MAJOR CURRENT YEAR INITIATIVES

Emergency Services. As of January 1, 2006, fire services are provided in the unincorporated area by one fire department utilizing fully-staffed stations with 24/7 coverage. A small area of the County has service provided on a "pay-per-call" basis by a city fire department. The public has been very supportive of this endeavor as SPLOST has paid for three new stations and much-needed equipment. The County also built and relocated the Emergency Operations Center to a new, state-of-the-art facility meeting Georgia Emergency Management Agency standards.

Recreation/Parks. The County hosted its second CITGO/BASSMaster tournament at Wildwood Park which continues to be a continuing success for both the County and ESPN. Wildwood Park is now the destination for fishing tournaments every weekend for many months and has increased the use of this 975-acre park overall. The building for the National Disc Golf Association at Wildwood Park is nearing completion, and the County's first national-level archery tournament was held there this spring. The Blanchard Woods Park is under development and much-needed soccer fields will be finished in 2007.

1% Special Purpose Local Option Sales Tax (SPLOST) – 2000-2005. The "star" project of the previous SPLOST was the County's new public library and 295-seat performing arts center which opened in April. This facility along with the 700-seat amphitheatre and lighted walking track is the site for many community activities and is really the "heart" of the community. The remaining funding from this SPLOST is allocated for transportation projects. The Georgia DOT has been cooperative in recognizing our rapid growth and its impact on the County's major transportation corridors. DOT funding must be combined with SPLOST funds to accomplish needed improvements. The DOT finished widening Fury Ferry's Road which greatly alleviates traffic

congestion on other main traffic arteries.

Growth Management Plan. The State of Georgia requires its counties to write a revised Growth Management Plan every ten years, and Columbia County was the first county in the State to have an approved Growth Management Plan in 1991. Because of the rapid growth in Columbia County, a new plan is currently being prepared after only five years. The updating of this plan involves a citizen committee, public meetings, and a great deal of research and decision-making on the zoning of the county. Zoning determines where all types of growth will go as well as where greenspace and recreational facilities will be located. These decisions will have a profound impact on the future quality of life in the County. A final report from this committee was adopted in early 2006.

CVB. Columbia County established its own Convention and Visitors Bureau and hired a director to promote and market the County as a tourism destination. We attract many fishing, archery, and disc golf tournaments at Wildwood Park and golfing throughout the County, and we hope to build on this successful base of family-based activities such as regional soccer tournaments.

MAJOR FUTURE INITIATIVES

Capital Improvements Plan/Bond Referendum. The fact that the citizens of Columbia County approved four bond referendums for 42 capital improvement projects totaling over \$43 million in the November 2006 general election is an indicator that they trust the County's government to do what they promise to do. This confidence is well founded. The following is the final vote tally on the referendum:

	YES	NO
Question 1 - Water	58.49%	41.51%
Question 2 - Transportation	66.94%	33.06%
Question 3 - Recreation	56.76%	43.24%
Question 4 - Public Safety	63.40%	36.60%

Most of the water, transportation, recreation, and public safety capital improvement projects included in the approved capital improvements plan are far-reaching in scope. Planning has been done on some of the projects, but thorough plans need to be made for each of the 42 projects and a time line for each category needs to be established. Updates in County publications need to keep the public aware of the progress of all Bond projects.

1% Special Purpose Local Option Sales Tax (SPLOST) – 2006-2010. The 2006-2010 SPLOST began this year, and bonds were acquired to fund needed projects for new fire stations and equipment, an emergency operations center, improvements to three recreational parks, and renovations and improvements to several County buildings. Sales tax collections are above estimated amounts, so it is anticipated that some Tier III projects can be accomplished.

Code Review and Update. All County development and building codes will be reviewed and updated to reflect the growing needs of the County and the desire of the community to be environmentally astute and conservative.

Enterprise Resource Planning (ERP). The impact of the new ERP system will be felt by all. Intensive planning began in 2006 and actual implementation will begin in 2007 with the Finance Division. This will change how the County “does business,” and all departments will become more streamlined and cost-efficient as implementation progresses. ERP will provide upgraded computer equipment and software to meet these goals. The Court system will also be incorporated into the ERP because funding was approved in the bond referendum passed in November 2006.

INTERNAL CONTROLS

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control process is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As part of the County's annual single audit, required in conformity with provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, tests are made to determine the adequacy of the internal control structure including that portion relating to federal financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. The single audit for the year ended June 30, 2006, disclosed no material internal control weaknesses or material violations of laws and regulations.

BUDGETARY CONTROLS

The County is required to adopt a balanced budget each year and maintain budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Commissioners. Activities of the General Fund, Special Revenue Funds, and Debt Service Fund are included in the annual appropriated budget. Project-length plans are adopted for the Capital Projects Funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed appropriations) is the departmental level within each fund. The Finance Director may authorize transfers of appropriations within departments (except salary line items) that are < \$5,000. The County Administrator may authorize transfers of appropriations within departments (except salary line items) that are \$5,000 or more. Transfers of appropriations from one department to another or from one fund to another require approval of the Board of Commissioners.

The County maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances

generally are re-appropriated as part of the following year's budget. A detailed explanation of the County's budget procedures can be found in the notes to the financial statements.

DEBT ADMINISTRATION

Columbia County continues to maintain strong bond ratings with the major credit rating services. In September 2004, the County prepared comprehensive presentations for Fitch IBCA, Standard & Poor's, and Moody's Investors Service rating agencies in an effort to upgrade the current uninsured ratings applied to the County's general obligation bonds and water and sewerage revenue bonds. Noting increased financial flexibility due to strong reserves, the County's strong tax base growth and its consistently strong financial operations, the County received notification from Fitch IBCA and Standard & Poor's that the County's general obligation bonds ratings were upgraded from AA- to AA. Moody's maintained the rating of Aa3 on the general obligation bond issues. Standard & Poor's upgraded its rating on the water and sewerage bonds from A to AA-, while Fitch and Moody's maintained their ratings of AA- and Aa3, respectively. The County will continue to follow prudent fiscal policies and practices in order to maintain its strong credit rating.

CASH MANAGEMENT

While any investment instrument or decision carries certain elements of risk, numerous safeguards are available to minimize the risk while generating a market rate of return. Columbia County seeks to obtain market rates of return on its investments consistent with constraints imposed by its safety objectives, cash flow considerations, and Georgia state laws. Safety of principal is the foremost objective. Each investment transaction shall first seek to ensure that capital losses are avoided, whether they are from defaults or erosion of market value.

Idle funds are invested primarily in obligations of the State of Georgia and other states; obligations issued, fully insured, or guaranteed by the United States; collateralized certificates of deposit; and repurchase agreements. The County strives to maximize investment income while minimizing risk and maintaining liquidity sufficient to cover cash operating requirements. The County utilizes various forms of investment instruments to avoid incurring unreasonable risks inherent in the lack of diversification in specific instruments, individual financial institutions, or maturities. Investment maturities are scheduled to coincide with projected cash flow needs, taking into account large routine scheduled expenditures, as well as considering unanticipated revenues and expenditures.

Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

RISK MANAGEMENT

The purpose of the Columbia County risk management program is to minimize the financial burden incurred by the County as a result of work-related injuries, loss of County property, and damages which may be incurred by third parties. The County has elected to utilize coverages provided by the Association County Commissioners of Georgia Interlocal Risk Management Agency (ACCG-IRMA) and the Association County Commissioners of Georgia Group Self-Insured Workers' Compensation Fund (ACCG-GSIWCF). The County continues to maintain self-insured retention levels of \$50,000 per occurrence and \$200,000 per occurrence in the ACCG-IRMA and ACCG-GSIWCF programs, respectively. An Internal Service Fund is used to account for costs associated with risk management, with the exception of workers' compensation, which continues to be accounted for within the General Fund. Reserves are being accumulated in both funds to meet potential losses. As reserves increase, retention levels may be increased, reducing the annual cost of coverage.

Management remains committed to a safe working environment. Employee education and training enhance and supplement ongoing efforts to maintain a safe and healthy environment for all County employees. Training classes, such as CPR and first aid, defensive driving, self defense, workplace violence, and office ergonomics, are made available for all County employees.

INDEPENDENT AUDIT

The Code of Ordinances of Columbia County and the Official Code of Georgia require an annual independent audit of the County's financial records by a certified public accounting firm. The accounting firm of Baird & Company CPAs, LLC, was selected by the Management and Financial Services Committee and approved by the Board of Commissioners in April 2004 as independent auditor for fiscal year ended June 30, 2004, with an option to renew the contract for three additional one year periods. This option was exercised for fiscal year ended June 30, 2006. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations are included in the single audit section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Columbia County, Georgia, for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the eighth consecutive year that the County achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized

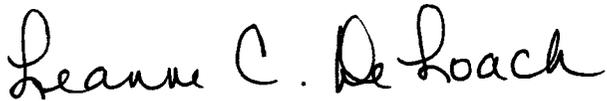
comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully submitted,

A handwritten signature in black ink that reads "Leanne C. DeLoach". The signature is written in a cursive style with a large initial "L" and "D".

Leanne C. DeLoach, CPA
Director of Financial Services

COLUMBIA COUNTY, GEORGIA
PRINCIPAL OFFICIALS
June 30, 2006

ELECTED OFFICIALS

BOARD OF COMMISSIONERS

Ron C. Cross, Chairman
Stephen W. Brown, Jr., Vice Chairman, District 1

District 2	Thomas W. Mercer, Jr.
District 3	Diane H. Ford
District 4	Lee Anderson

CONSTITUTIONAL OFFICERS

Tax Commissioner	Kay Allen
Clerk of Court	Cindy Mason
Magistrate Court Judge	Wade Padgett
Probate Court Judge	Pat Hardaway
Sheriff	Clay Whittle
Coroner	Vernon Collins

APPOINTED OFFICIALS

County Administrator	Steve Szablewski
Director of Financial Services	Leanne C. DeLoach
Director of Engineering and Environmental Services	Miguel Valentin
Director of Building and Commercial Services	Richard Harmon
Director of Community and Leisure Services	Barry Smith
Director of Planning and Development Services	Jeff Browning
Director of Water and Sewerage Services	William C. Clayton
Director of Construction and Maintenance Services	Scott Herring
Director of Emergency Services	Pamela P. Tucker
Director of Management Services	Todd Glover
County Clerk	Phebe J. Dent
County Attorney	Douglas D. Batchelor, Jr.

Columbia County, Georgia

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2006



**Prepared by:
Financial Services
Leanne C. DeLoach, CPA
Director of Financial Services**

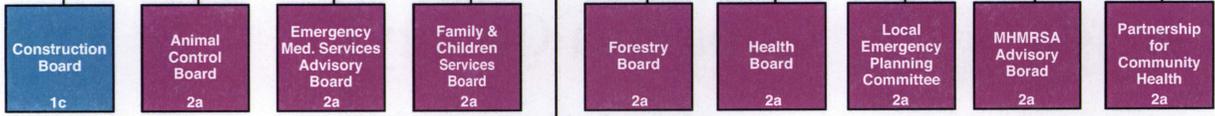
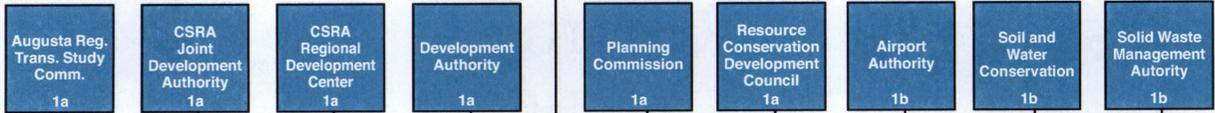
A

Columbia County Electorate

B



C



D



E

County Administrator 3



F



G



A. Citizens of Columbia County
 B. Elected and Constitutional Officials

C. State supported services and organizations
 D. County Boards and Authorities
 E. County Administrator and direct reports

F. Committees that report to the Board of Commissioners
 G. County Divisions

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Columbia County
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director