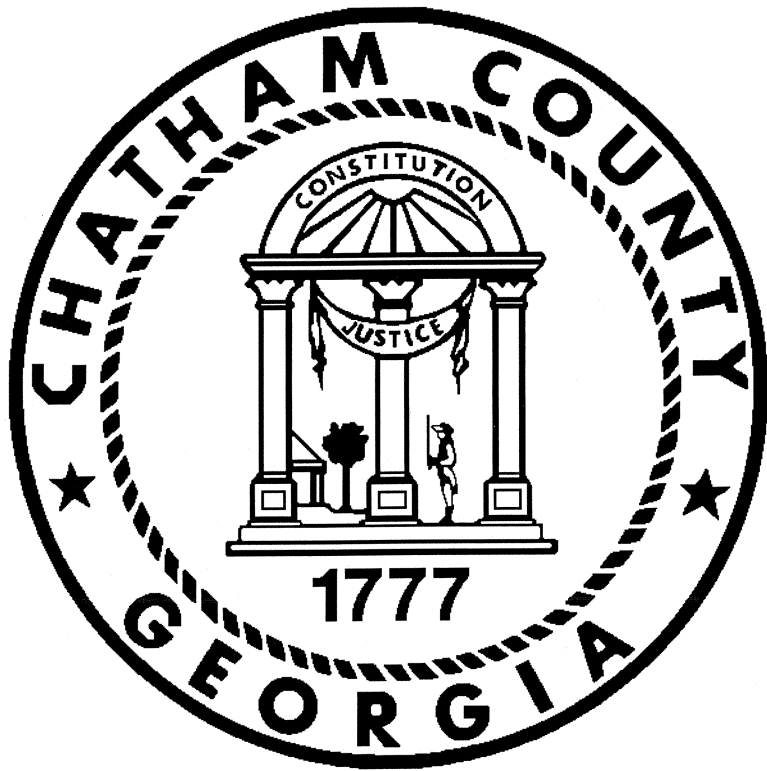


**LETTER OF TRANSMITTAL**

**LIST OF PRINCIPAL OFFICIALS**

**ORGANIZATIONAL CHART**

**GFOA CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING**



# COMMISSIONERS OF CHATHAM COUNTY

CHATHAM COUNTY COURTHOUSE  
124 BULL STREET  
P. O. BOX 8161  
SAVANNAH, GEORGIA 31412

<http://www.chathamcounty.org>

(912) 652-7869 VOICE  
(912) 652-7874 FAX



PETE LIAKAKIS  
Chairman

PRISCILLA D. THOMAS  
District 8  
Vice Chairman

DEAN KICKLIGHTER  
District 7  
Chairman Pro Tem

HELEN L. STONE  
District 1

JAMES J. HOLMES  
District 2

PATRICK SHAY  
District 3

PATRICK K. FARRELL  
District 4

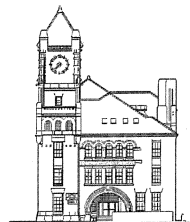
HARRIS ODELL, JR.  
District 5

DAVID M. GELLATLY  
District 6

R. E. ABOLT  
County Manager

R. JONATHAN HART  
County Attorney

SYBIL E. TILLMAN  
County Clerk



November 23, 2009

The Chairman and Members  
Board of County Commissioners  
Chatham County, Georgia

The Comprehensive Annual Financial Report of Chatham County, Georgia (County) for the year ended June 30, 2009, is hereby submitted to meet the requirements of local ordinances and state statutes. Those requirements state that the County must annually issue a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by an independent firm of certified public accountants.

Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including disclosures, rests with management. Management hereby asserts that, to the best of its knowledge and belief, the financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's activities have been included.

The firm Karp, Ronning & Tindol, CPA, was selected by the Board of County Commissioners to provide independent audit services. The auditor's report on the basic financial statements is included in the Financial Section of this report and expresses an unqualified opinion. In addition to the audit of the financial records, the County is required to undergo an annual single audit in conformity with the provisions of the federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. The auditor's report on internal controls and compliance with applicable laws and regulations, including the schedule of findings and questioned costs, are found in the Single Audit Report, which is published separately from the CAFR document. The Single Audit Report can be obtained from the County's Finance Department.

The internal audit function is the responsibility of the Internal Audit Department. Internal audit is an independent appraisal function that examines and evaluates the activities of the County's various departments, agencies, and officials. The Internal Audit Director reports to the County Manager.

In addition to independent review, the County is in year two of a three year project whereby departmental internal controls are documented and risk matrices developed for each control area.



The documentation from this project is useful to both external and internal auditors in their review of county controls and processes. Management is also able to review the risk matrices to evaluate where controls may need improvement.

The Management's Discussion and Analysis is designed to be an objective and easily readable analysis of the County's financial activities on both a short-term and long-term basis. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the Independent Auditors' Report.

### ***Profile of the Government***

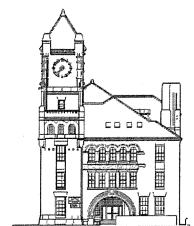
The County, incorporated in 1777, is located in the southeastern part of the state and has a land area of 455 square miles with a population of 253,631. The County is empowered to levy a property tax on both real and personal property located within its boundaries.

The County has operated under the county-manager form of government since 1985. Policy making and legislative authority are vested in the governing Board of Commissioners consisting of a Chairman and eight Commissioners. The Board's responsibilities include passing ordinances, adopting an annual budget, appointing committees, and hiring the County Manager and the County Attorney. The County Manager is responsible for carrying out the policies and ordinances of the governing county commission, for overseeing the day-to-day operations of the County, and for appointing the heads of the County's departments. The Chairman and County Commissioners are elected for a four-year term with the current term expiring on December 31, 2012.

The County provides a full range of services including public safety, health and social services, judicial functions, planning and zoning, parking, sanitation services, recreational activities, cultural events, general administrative services, and the construction and maintenance of highways, streets and infrastructure. Public transportation services are provided by one of the County's component units, Chatham Area Transit. Information on all of the County's component units can be found in Note I A. of the Notes to the Basic Financial Statements.

The County's financial reporting entity incorporates the activities of three component units. The County is considered a primary government. The financial activities of the Chatham Area Transit Authority (CAT) are included as an enterprise fund in the County's financial statements as a part of the primary government. Financial activities of the Chatham County Board of Health and the Live Oak Library System are reported separately from the primary government on the Statement of Net Assets and the Statement of Activities.

The County maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the





County Commission and to provide appropriate disclosures to the general public. Activities of the General Fund, special revenue funds and debt service fund are included in the annual appropriated budget. Project-length budgets are prepared for the capital project funds. The level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is the department level within each fund. The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Although encumbrances lapse at year end, outstanding encumbrances are re-appropriated as part of the following year's budget.

### ***Local Economic Condition and Outlook***

The region has a varied manufacturing and industrial base which adds to the area's relative economic stability. Major industries with headquarters or divisions located within the County's boundaries or in close proximity include aircraft manufacturing, construction equipment manufacturing, paper products, chemical manufacturers, sugar, and dental equipment.

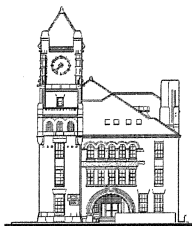
The Port of Savannah is a catalyst for the area's economic growth. The port is the farthest inland port on the East Coast and is the nation's fourth busiest container port. Although the port has a number of private businesses with docking facilities, the Georgia Ports Authority has the largest wharfing facilities for cargo handling. More than 2.4 million TEUs (twenty foot equivalent unit containers) were processed at the GPA's Garden City terminal in fiscal 2009. Through June 2009, the Port's year-to-year TEU trade was down 10.5% from the prior year; however, total containerized trade to the U.S. was down 30% over the same period. Infrastructure improvements at the port continued to enhance its capability.

The majority of the area's employment is in the service sector. The County's central business district enjoys stable growth with a variety of stores, specialty shops, hotels and commercial businesses. The combination of convention facilities, a vital historic district and over 14,000 hotel/motel rooms have produced a steady tourism and convention trade for the area. The Savannah Area Convention and Visitors Bureau estimated 6.3 million overnight visitor stays during 2008.

The County is also home to Hunter Army Airfield. Fort Stewart is located nearby in Hinesville, Georgia, covering over 280,000 acres. The two military installations employ approximately 25,000 military employees and 3,942 civilian employees.

The diversity of the area's businesses has enabled it to better withstand recent recessionary forces. According to the Georgia Department of Labor, the County's June 2009 unemployment rate was 8.7 percent while the state's average rate was 10.1 percent and the national average was 9.5 percent. The County has an employed labor force of approximately 120,805.

In September 2009, Mitsubishi Power Systems announced its intent to locate a new, state-of-the-art manufacturing facility in Chatham County, ultimately creating 500 jobs with an





investment of \$325 million. The facility will be constructed on the "megasite" located in Pooler, Georgia, and will manufacture energy solutions.

Area growth is often measured by assessed property values as listed in the County's property tax digest. The County's 2009 tax digest showed some modest overall growth from 2008. While the digest recorded a decline in residential values, there was also a decrease in property tax exemptions. The reduced exemptions actually lead to an increase in the consolidated, or General Fund, digest of 1.64%. The County's unincorporated special service district had digest growth of 1.92% largely as a result of increased personal property values.

### ***Financial Planning Efforts***

The County incorporates financial planning in its decision making and budget processes. The financial policies adopted by the Board in fiscal 2004 continue to be used as a guideline for fiscal management. The County Commissioners, with assistance from staff, utilize a five year forecasting model for the two main operating funds and the enterprise funds. The model shows the impact of current year's decisions in "out" years, including the effect on fund balance, as well as the impact of millage rate / service fee changes. This model is also utilized as recurring revenues or expenditures are considered.

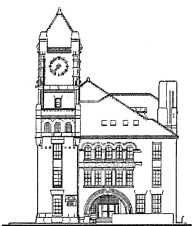
Each February the Board receives the Five-Year Capital Improvement Program workbook which outlines the County's CIP needs for the next five years. The Board holds workshops to discuss the projects, review project ratings, and discuss funding. This process enables the County to identify long-term capital needs and plan for their implementation.

In early 2006 the Board of Commissioners asked each department for their top five goals for five years. The Board then conducted budget workshops to review the goals presented, discuss the County Manager's proposed budget, and formulate Commission goals. The goals have been refined each subsequent year. The fiscal 2010 budget was adopted in June 2009.

Financial forecasting results combined with recent economic trends pushed the County into a very conservative posture at the onset of the fiscal 2010 budget process. Departments were asked to cut at least 3% off their 2009 budget levels, and were also asked to cautiously spend current resources. These actions helped the County avoid staff lay-offs and service level reductions. However, furloughs were enacted the Building Safety and Regulatory Services department due to lower activity levels for building permits and inspections.

### ***Fund Balance Policy***

The County has a fund balance retention policy equal to one month of expenditures in the General Fund M&O Fund and two months of expenditures in the unincorporated Special Service District Fund. Conservative budgeting has enabled the County to adhere to this policy. Funds in excess of stated reserve levels can be redirected to capital improvement project funding. As a result of





the policy, the County has been able to transfer budgetary savings to the Capital Projects Fund for maintenance needs, new facilities, and facility upgrades.

### ***Debt Administration***

Chatham County's financial condition is demonstrated by the Aa3 rating of its bonds by Moody's Investor Services and AA from Standard and Poor's Corporation. The county was reviewed by Moody's in August 2009 and Standard and Poor's in October 2005.

The constitutional debt limit for direct general obligation bonds is 10 percent of the assessed value of taxable property within the County. The constitutional debt limitation applies to all general obligation bonds authorized. Additional general obligation bonds may be authorized if approved by a majority of those voting in an election held for that purpose. Capital leases and contractual obligations are presented in Note III. F and G and constitute a debt, general obligation, or a pledge of the faith and credit of the County.

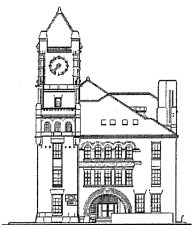
### ***Other Post-Employment Benefits***

In response to GASB Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions, during fiscal 2008 the County established a separate trust fund to account for its retiree health care and life insurance costs. In 2009 the County received approval from the Internal Revenue Service to establish a Section 115 trust. Transactions related to the pre-funding of OPEB benefits as well as pay-as-you-go claims expenses have been recorded in the OPEB Trust Fund. For fiscal 2009, the County made contributions totalling 74.7% of its Annual OPEB Cost, leaving a Net OPEB Obligation, or annual unfunded portion, of \$4.3 million. The County is reviewing various methods to further manage the liability.

### ***Awards & Acknowledgments***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the twenty-fifth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County believes that the 2009 comprehensive annual financial report continues to meet the program's requirements, and is submitting the report to the GFOA to determine its eligibility for another certificate. In addition, the County also received the GFOA's Award for Distinguished Budget presentation for its Adopted Annual Budget for the fiscal year July 1, 2008 - June 30, 2009. The County's budget document



was judged proficient in several categories including policy documentation, financial planning and organization.

The Finance Director would like to extend thanks and appreciation to all parties who have provided their support and encouragement to the Department throughout the past year. This includes the County Manager, the County Board of Commissioners, the Director of Human Resources and Services, the Internal Audit Director, and the Fixed Assets Coordinator. In addition thanks and appreciation go out to all members of the Finance Department in some way involved in the audit process. The hard work and dedication of Finance Staff is reflected each year in the final report document and in any subsequent awards received.

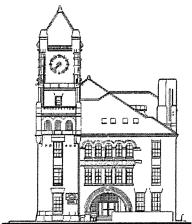
Sincerely,



R. E. Abolt  
County Manager



Linda B. Cramer  
Finance Director





**CHATHAM COUNTY, GEORGIA  
DEPARTMENT OF FINANCE**

Finance Director .....	Linda B. Cramer
Assistant Finance Director .....	Lesha Lanier
Financial Services Manager .....	Alisa Fish
Budget Officer .....	Read Dehaven
Senior Accountant. ....	Roger Deschenes
Senior Accountant. ....	Lynn Stennett
Special Projects Accountant .....	Vida Hill
Special Projects Accountant .....	Joyce Prescott
Accountant I .....	Janie Brooks
Accountant I .....	Irene Vigh
Payroll Administrator .....	Melva Sharpe
Risk Manager .....	Chuck Voelker
Administrative Assistant .....	Delores Stokes

**CHATHAM COUNTY, GEORGIA  
PURCHASING DEPARTMENT**

Fixed Asset Coordinator. ....	Syrina Mitchell
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**CHATHAM COUNTY, GEORGIA  
BOARD OF COMMISSIONERS**

**2009-2012**

<b>CHAIRMAN</b>	<b>Pete Liakakis</b>
<b>VICE-CHAIRMAN</b>	<b>Dr. Priscilla D. Thomas</b>
<b>CHAIRMAN PRO-TEM</b>	<b>Dean Kicklighter</b>
<b>DISTRICT ONE</b>	<b>Helen L. Stone</b>
<b>DISTRICT TWO</b>	<b>James J. Holmes</b>
<b>DISTRICT THREE</b>	<b>Patrick Shay</b>
<b>DISTRICT FOUR</b>	<b>Patrick K. Farrell</b>
<b>DISTRICT FIVE</b>	<b>Harris Odell, Jr.</b>
<b>DISTRICT SIX</b>	<b>David M. Gellatly</b>
<b>DISTRICT SEVEN</b>	<b>Dean Kicklighter</b>
<b>DISTRICT EIGHT</b>	<b>Dr. Priscilla D. Thomas</b>

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**Independent Auditor  
Karp, Ronning, & Tindol, P.C.  
Certified Public Accountants**

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**Russell E. Abolt  
County Manager**

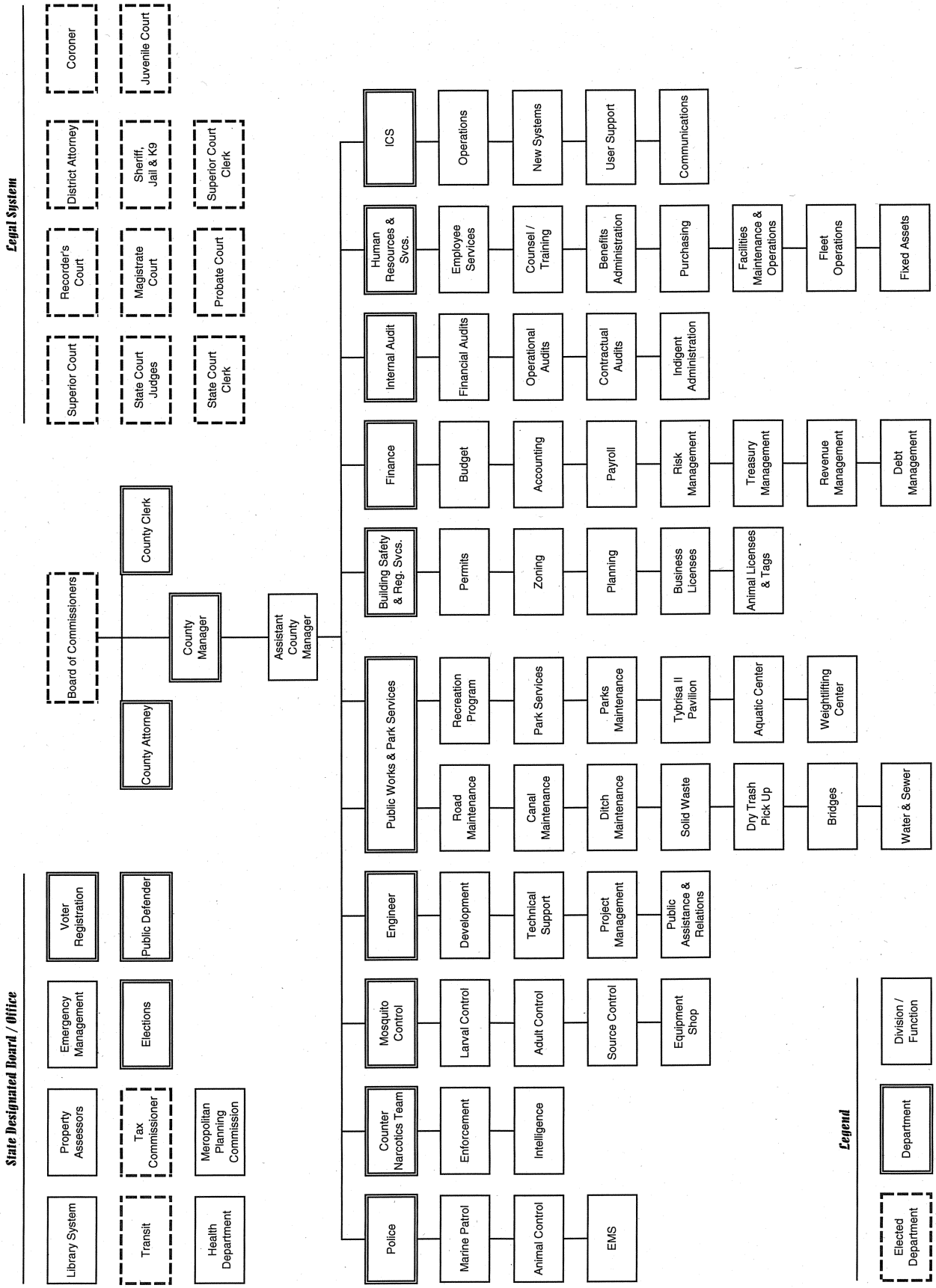
**Patrick C. Monahan  
Assistant County Manager**

**R. Jonathan Hart  
County Attorney**

**Sybil E. Tillman  
Clerk of Commission**

# CHATHAM COUNTY ORGANIZATIONAL CHART

By Department / Function



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chatham County  
Georgia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



President

Executive Director