



**CHATHAM COUNTY, GEORGIA**

**THE REPORTING ENTITY**

**OPERATING POLICIES/GUIDELINES AND LEGAL REQUIREMENTS FOR  
BUDGETING, ACCOUNTING, FINANCIAL REPORTING AND ANNUAL AUDIT  
FY 2008 / 2009**

### **THE REPORTING ENTITY:**

Chatham County (the County) is a political subdivision of the State of Georgia. The County is governed by a nine member Board of County Commissioners. Eight members represent a geographical district within the County while the Chairman represents the County at large. There are additional officers elected countywide. State law pertaining to county government provides for the independent election of these county officials. The officials are all part of the County's legal entity. These elected officials are the Sheriff, Tax Commissioner, State Court Judges, Magistrate Court Judge, Probate Court Judge and Superior Court Clerk. The offices of the independently elected officials are not separate from the County and therefore are reported as part of the primary government.

The state constitution and state law pertaining to county government provides for the independent election of the Superior Court Judges and the District Attorney, which are elected court functions. The cost of operations of the Superior Court Judges and the District Attorney Offices is shared with the State of Georgia. Only that portion of the cost for which Chatham County is responsible is reported in the County's budget. As required by generally accepted accounting principles, the budget represents Chatham County (the primary government) and all funds are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

On January 31, 2005, the County entered into an intergovernmental agreement with the Georgia Circuit Public Defender Office of the Eastern Judicial Circuit to provide for criminal indigent defense. The County funds twenty two of the Public Defender's employees and its operating expenditures. It also supplements the salaries of the Chief Public Defender and four Level IV Public Defenders. Only that portion of the cost for which Chatham County is responsible is reported in the County's budget.

The County has implemented the Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity." Statement 14 applies at all levels to all state and local governments. The Statement applies to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments. It applies to the separately issued financial statements of governmental component units. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government. However, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

The foundation of a primary government is a separately elected governing body - one that is elected by the citizens in a general popular election. Chatham County is a primary government and meets all of the required following criteria:

- (a) it has a separately elected governing body.
- (b) it is legally separate.
- (c) it is fiscally independent of other state and local governments.

Chatham County (the primary government) consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and officers that are not legally separate of the primary government, for financial reporting purposes, are part of the primary government and are included in the financial statements of the County.

Chatham County government is organized on a County Manager government structure. In the County Manager form of government, the Board of Commissioners performs the legislative function. It appoints a manager who, in turn, selects appropriate department heads and directs their activities.

The Chatham County Health Department, Live Oaks Public Libraries, and the Chatham Area Transit Authority are component units of Chatham County. The budget document provides information on the funding received from Chatham County. Further details can be found in the respective units' financial reports.

**BUDGETS AND AUDITS - LEGAL REQUIREMENTS:**

Georgia Law Title 36, Chapter 81 Budgets and Audits - Article 1 - Local Government Budgets and Audits provides for the legal framework and legal compliance for budget adoption, budget amendment and audits. The intent of these code sections is to provide minimum budget and auditing requirements for local governments so as to provide local taxpayers with an opportunity to gain information concerning the purpose for which local revenues are proposed to be spent and are actually spent and to assist local governments in generally improving local financial management practices, while maintaining, preserving, and encouraging the principle of home rule over local matters. It is also the intent to provide a mechanism through which appropriate information may be collected to assist state and local policy makers in carrying out their lawful responsibilities.

**O.C.G.A. 36-81-3 - Establishment of fiscal year; requirement of annual balanced budget; adoption of budget ordinances or resolutions generally; budget amendments.**

- (a) The governing authority shall establish by ordinance, local law, or appropriate resolution a fiscal year for the operations of the local government.
- (b) (1) Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. The annual balanced budget shall be adopted by ordinance or resolution and administered in accordance with this article.
- (b) (2) Each unit of local government shall adopt and operate under a project-length balanced budget for each capital projects fund in use by the government. The project-length balanced budget shall be adopted by ordinance or resolution in the year that the project initially begins and shall be administered in accordance with this article. The project-length balanced budget shall appropriate total expenditures for the duration of the capital project.
- (b) (3) A budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.
- (b) (4) Nothing contained in this Code section shall preclude a local government from adopting a budget for any funds used by the local government other than those specifically identified in paragraphs (1) and (2) of this subsection, including enterprise funds, internal service funds, and fiduciary funds.
- (c) For each fiscal year beginning on or after January 1, 1982, each unit of local government shall adopt and utilize a budget ordinance or resolution as provided in this article.
- (d) Nothing contained in this Code section shall preclude a local government from amending its budget so as to adapt to changing governmental needs during the budget period. Amendments shall be made as follows, unless otherwise provided by charter or local law:
  - (d) (1) Any increase in appropriation at the legal level of control of the local government, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the governing authority. Such amendment shall be adopted by ordinance or resolution;

- (d) (2) Transfers of appropriations within any fund below the local government's legal level of control shall require only the approval of the budget officer; and
- (d) (3) The governing authority of a local government may amend the legal level of control to establish a more detailed level of budgetary control at any time during the budget period. Said amendment shall be adopted by ordinance or resolution.
- (e) The Department of Community Affairs, in cooperation with the Association of County Commissioners of Georgia and the Georgia Municipal Association, shall develop local government uniform charts of accounts. The uniform charts of accounts, including any subsequent revisions thereto, shall require approval of the state auditor prior to final adoption by the Department of Community Affairs. All units of local government shall adopt and use such initial uniform charts of accounts within 18 months following adoption of the uniform charts of accounts by the Department of Community Affairs. The department shall adopt the initial local government uniform charts of accounts no later than December 31, 1998. The department shall be authorized to grant a waiver delaying adoption of the initial uniform charts of accounts for a period of time not to exceed two years upon a clear demonstration that conversion of the accounting system of the requesting local government, within the time period specified in this subsection, would be unduly burdensome.
- (f) The department's implementation of subsection (e) of this Code section shall be subject to Chapter 13 of Title 50, the "Georgia Administrative Procedure Act."

**O.C.G.A. 36-81-6. Adoption of budget ordinance or resolution; form of budget.**

- (a) On a date after the conclusion of the hearing required in subsection (f) of Code Section 36-81-5, the governing authority shall adopt a budget ordinance or resolution making appropriations in such sums as the governing authority may deem sufficient, whether greater or less than the sums presented in the proposed budget. The budget ordinance or resolution shall be adopted at a public meeting which shall be advertised in accordance with the procedures set forth in subsection (e) of Code Section 36-81-5 at least one week prior to the meeting.
- (b) The budget may be prepared in any form that the governing authority deems most efficient in enabling it to make the fiscal policy decisions embodied in the budget, but such budget shall be subject to the provisions of this article.

**O.C.G.A. 36-81-7- Requirement of audits; conduct of audits; contents of audit reports; forwarding of audits to state auditor; availability of copies of audits for public inspection.**

(a) (1) Beginning with the local government fiscal year which ends between July 1, 1994, and June 30, 1995, the governing authority of each unit of local government having a population in excess of 1,500 persons according to the latest estimate of population by the United States Bureau of the Census or its successor agency or expenditures of \$300,000 or more shall provide for and cause to be made an annual audit of the financial affairs and transactions of all funds and activities of the local government for each fiscal year of the local government.

(a) (2) The governing authority of each local unit of government not included in paragraph (1) of this subsection shall provide for and cause to be made the audit required pursuant to paragraph (1) of this subsection not less often than once every two fiscal years. Audits performed pursuant to this paragraph shall be for both fiscal years.