



DEPARTMENT OF AUDITS AND ACCOUNTS

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GREG S. GRIFFIN
STATE AUDITOR

MEMORANDUM

TO: All Agency Heads GSG

FROM: Greg S. Griffin, State Auditor

DATE: November 9, 2016

RE: Local Government Eligibility for State Grants

Enclosed please find a listing of local governments that are not in compliance with audit report/grant certification form submission requirements, including information on the specific nature of the noncompliance noted on the date the listing was prepared (as of November 7, 2016). Noncompliance with these requirements could impact a local government's eligibility for state grant transmittals or could require return to the state of previously awarded grant funds. To facilitate access to this information by your staff, this memo and the enclosed listing of noncompliant local governments will be available on the Department of Audits and Accounts web page. The direct web address to access this information is:

http://www.audits.ga.gov/NALGAD/Local_Government_Audits.html

In addition, if members of your staff would like to be added to our email list to receive future updates to this listing, please send your request to Jackie Neubert whose contact information appears at the end of this memo.

The following Code sections affect a local government's eligibility for state grant funds based upon submission of documents to the State Auditor for review:

O.C.G.A. §36-81-7 requires that local governments forward a copy of their annual audit report to the State Auditor for review. This code section also requires local governments to correct deficiencies noted during this review. Subparagraph (d)(5) of this code section specifies that "no state agency shall make or transmit any state grant funds to any local government which has failed to provide all the audits required by law within the preceding five years".

O.C.G.A. §36-81-8.1 requires that local government recipients of grants from the Governor's emergency fund or from a special project appropriation annually submit a grant certification form to the State Auditor. Except under certain limited circumstances, certification is required by the local government and the local government auditor that the grant funds were used solely for the express purpose or purposes for which the grant was made. Paragraph (e) specifies that "the failure to comply with the requirements of this code section shall result in a forfeiture of a state grant and the return to the state of any such grant funds which have been received by the local government". An additional provision states that "a grant recipient ... shall be ineligible to receive funds from the Governor's emergency fund or from a special project appropriation until all unallowed expenditures are returned to the state...".

O.C.G.A. §47-1-5 requires local governments that have established defined benefit retirement plans to report on the financial condition of their plan in even numbered years. For those governments not in compliance, the Department of Audits and Accounts is required to "notify the state treasurer; and it shall be the duty of the state treasurer to withhold any state funds payable to the applicable political subdivision or local board of education until the actuarial investigation and financial report are submitted to the state auditor." The same requirement applies to governments whose actuary opines that the government has not met the minimum funding standards for their defined benefit plan as required by Article 2 of O.C.G.A §47-20. Noncompliant governments have been added to the listing to ensure that agency officials are aware of the requirement to withhold state funds payable to these local governments.

Please note that O.C.G.A. §36-81-7 refers to "any **state** grant funds" (emphasis added). This provision to suspend state grants does not apply to grants made or transmitted by state agencies to local governments that are not considered state grants. For example, federal grant awards that state agencies pass through to local governments should not be withheld from noncompliant governments, even if the grant has state matching requirements.

It is important to note that, for purposes of O.C.G.A. §36-81-7, a local government is defined as "a municipality, county, consolidated city-county government, or other political subdivision of the state." Although not included on the attached listing, the Department of Audits and Accounts maintains information regarding the compliance status of other political subdivisions; if your agency is considering the award of a grant or transmittal of state grant funds to such an entity, we will provide compliance status information upon request.

If your agency is considering the award of a grant or transmittal of state grant funds to a local government, an agency official should confirm whether the local government is in compliance with the applicable code section(s) identified above. The attached listing was accurate as of the date it was prepared; however, it is important to note that local government compliance with these code sections is subject to change. Therefore, we would encourage you to request updated information on the status of local government compliance by submitting an e-mail request for information to our office. Our staff will research the compliance status of the potential local government grantees specified in the e-mail and notify you of the results. Please send the e-mail to neubertj@audits.ga.gov to request information on compliance status and include the names of particular governments. The next listing is due to be released on January 31, 2017.

If you have any questions regarding the provisions of the above referenced code sections or local government eligibility for state grants, please contact Jackie Neubert by e-mail at neubertj@audits.ga.gov or by telephone at (404) 651-8938.

GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS

Nonprofit and Local Government Audits Division

Listing of Noncompliant Local Governments

--- Government ---

FYE	Name	Type	2011	2012	2013	2014	2015	2016
12/31	Washington County Memorial Hospital	Authority		3		3		
06/30	Andersonville	City	1B	1A	1A		1A	
06/30	Aragon	City	1A	1A	1A		1A	
06/30	Baldwin	City					1A	
12/31	Bluffton	City					1A	
6/30	Braselton	City					1A	
06/30	Braswell	City	1A	1A	1A	1A	1A	
6/30	Buchanan	City					1B	
12/31	Byromville	City	1A	1A	1A			
12/31	Culloden	City				1A	1A	
12/31	DuPont	City	1A					
12/31	Enigma	City	1A	1A	1A	1A	1A	
12/31	Eton	City					1A	
12/31	Flowilla	City					1A	
12/31	Funston	City					1A	
06/30	Gillsville	City			1A		1A	
09/30	Greensboro	City					1A	
12/31	Grovetown	City					1A	
12/31	Jonesboro	City					1A	
12/31	Keysville	City			1A	1A	1A	
12/31	Lenox	City					1A	
07/31	Lumpkin	City			1A	1A	1A	
06/30	Luthersville	City					1A	
9/30	Montezuma	City					1A	
12/31	Newton	City			1A	1A	1A	
12/31	Oak Park	City					1A	
6/30	Odum	City					1B	
12/31	Oglethorpe	City				1A	1A	
12/31	Oliver	City					1A	
12/31	Pearson	City					1A	
12/31	Pendergrass	City					1A	
06/30	Pinehurst	City				1B		
12/31	Pineview	City					1A	
12/31	Plainville	City		1B	1B	1A	1A	
12/31	Ranger	City	1A	1A	1A	1A	1A	
12/31	Rebecca	City					1A	
12/31	Rest Haven	City					1A	
12/31	Roopville	City				1A	1A	
12/31	Santa Claus	City				1A	1A	
06/30	Screven	City				1A	1A	
06/30	Statham	City					1A	
12/31	Stillmore	City			1A	1A	1A	
12/31	Sumner	City				1A	1A	
9/30	Tignall	City					1A	
12/31	Twin City	City		1A	1A	1A	1A	
12/31	Uvalda	City				1A	1A	
06/30	Vidette	City					1A	

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<u>FYE</u>	<u>Name</u>	<u>Type</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
02/28	Waco	City					1B	1A
12/31	Wadley	City					1A	
6/30	Waverly Hall	City					1A	
12/31	Woodland	City				1A	1A	
12/31	Yatesville	City	1B	1A	1A	1B	1A	
6/30	Harris	County					1A	
12/31	Johnson	County					1A	
12/31	Randolph	County					1A	

Note 1: This information is accurate as of the date it was prepared. State agency officials are strongly encouraged to contact Department of Audits and Accounts to confirm eligibility for potential local government grantees prior to award of contract and transmittal of state grant funds. Eligibility may be confirmed by sending an e-mail to neubertj@audits.ga.gov and including name(s) of local government grantees. The inclusion or exclusion of a particular government on the above list does not constitute proof of eligibility status under O.C.G.A. §36-81-7.

Note 2: The FYE column indicates the month and date of the year end for each listed government.

KEY:

1. Noncompliant with O.C.G.A. §36-81-7 (A: Report not received; B: Uncorrected report deficiencies)
2. Noncompliant with O.C.G.A. §36-81-8.1
3. Reported to Office of the State Treasurer as noncompliant with O.C.G.A. §47-1-5 or Article 2 of §47-20