DEPARTMENT OF AUDITS AND ACCOUNTS
NONPROFIT AND LOCAL GOVERNMENT AUDITS

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GREG S. GRIFFIN
STATE AUDITOR

MEMORANDUM

TO: All Agency Heads

FROM: Greg S. Griffin, State Auditor

DATE: March 24, 2014

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. 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 you or members of your staff wish to receive future updates to the listing by email, please send your request to Christina Anderson, 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...".

In cooperation with the Office of the State Treasurer, the enclosed listing includes local governments that are not in compliance with O.C.G.A. §47-1-5 or Article 2 of §47-20. In even numbered years, local governments that have established defined benefit retirement plans are required to report on the financial condition of their plan. 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. 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, I 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. My 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 anderson@audits.ga.gov to request information on compliance status and include the names of particular governments.

If you have any questions regarding the provisions of the above referenced code sections or local government eligibility for state grants, please contact Christina Anderson by e-mail at anderson@audits.ga.gov or by telephone at (404) 463-6495.

GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS
Nonprofit and Local Government Audits Division
Listing of Noncompliant Local Governments

--- Government --- Name	Type	2008	2009	2010	2011	2012	2013
Adairsville	City					1A	
Andersonville	City			1B	1A	1A	1A
Aragon	City		1A	1A	1A	1A	1A
Braswell	City		1A	1A	1A	1A	1A
Byromville	City	1A	1A	1A	1A	1A	
Carlton	City					1A	
Chauncey	City						1A
Cobbtown	City				1B		
Cochran	City						1A
Cohutta	City				1A	1A	
College Park	City						1A
Colquitt	City						1A
Damascus	City				1A	1A	
Denton	City				1A	1A	
DeSoto	City		1A	1A	1A	1A	
DuPont	City	1A			1A		
Enigma	City	2	1A, 2	1A, 2	1A, 2	1A, 2	
Flovilla	City					1A	
Franklin	City					1B	
Gillsville	City						1A
Graham	City	1A, 2	1A, 2	1A, 2	1A, 2		
Grantville	City					1A	
Grovetown	City					1A	
Guyton	City						1A
Keysville	City					1A	
Leesburg	City						1A
Lincolnton	City			1B	1B, 2	1B, 2	
Lithonia	City					1A	
Lumber City	City					1B	
Lumpkin	City				1A	1A	1A
Marshallville	City					1B	1A
Moreland	City			2	2	2	
Morganton	City	1A	1A	1A	1A	1A	1A
Mount Zion	City					1A	
Mountain Park	City					1A	1A
Nahunta	City						1A
Newton	City					1A	
Oglethorpe	City					1A	
Pelham	City			3		3	1A
Pendergrass	City					1A	
Plainville	City					1B	
Port Wentworth	City						1A
Ranger	City	2	2	1A, 2	1A, 2	1A, 2	
Rayle	City	1A	1A	1A	1A	1A	1A
Register	City		1B				
Resaca	City						1A
Richland	City						1A
Rocky Ford	City	1A	1A	1A	1A	1A	1A
Sharon	City						1A
Shiloh	City					1A	
Sparks	City			1B			

Prepared March 12, 2014

GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS
Nonprofit and Local Government Audits Division
Listing of Noncompliant Local Governments

--- Government --- Name	Type	2008	2009	2010	2011	2012	2013
Stillmore	City				1A	1A	
Stockbridge	City					1A	
Sugar Hill	City					1A	
Sumner	City					1A	
Talbotton	City		1B	1A	1A	1A	
Twin City	City	1A	1A	1A	1A	1A	
Tybee Island	City					1B, 2	
Waco	City					1B	1A
Wadley	City					1A	
Whitesburg	City				1B		
Willacoochee	City				1A		
Woodland	City					1A	
Yatesville	City	1B	1A	1B	1B	1A	
Brooks	County						1A
Bulloch	County						1A
Butts	County						1A
Clinch	County						1A
Dade	County						1A
DeKalb	County					1B	
Dooly	County					1B	
Lamar	County					1B	
Marion	County					1A	
Monroe	County					1A	
Murray	County					1B	
Newton	County						1A
Polk	County						1A
Troup	County						1A
Union	County					2	

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 anderson@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.

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

Prepared March 12, 2014