



## DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 4-114

Atlanta, Georgia 30334-8400

**GREG S. GRIFFIN**  
STATE AUDITOR

### MEMORANDUM

TO: All Agency Heads

FROM: Greg S. Griffin, State Auditor *GG*

DATE: September 30, 2015

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 September 11, 2015). 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](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 Christina Anderson or 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 [anderson@audits.ga.gov](mailto:anderson@audits.ga.gov) or [neubertj@audits.ga.gov](mailto: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 December 15, 2015.

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](mailto:anderson@audits.ga.gov) or by telephone at (404) 463-6495 or Jackie Neubert by e-mail at [neubertj@audits.ga.gov](mailto: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 ---							
Name	Type	2010	2011	2012	2013	2014	
Washington County Memorial Hospital	Authority	3		3		3	
Andersonville	City		1B	1A	1A		
Aragon	City	1A	1A	1A	1A		
Avalon	City						1A
Bishop	City						1A
Braswell	City	1A	1A	1A	1A		1A
Buena Vista	City				1B		1B
Byromville	City	1A	1A	1A	1A		
Cecil	City						1A
Collins	City						1A
Cuthbert	City						2
Damascus	City			1A	1A		1A
DeSoto	City	1A	1A	1A	1A		1A
DuPont	City		1A				
Enigma	City	1A, 2	1A, 2	1A, 2	1A,2		1A,2
Eton	City						1A
Flemington	City						1B
Flovilla	City						1A
Franklin	City			1B	1B		
Funston	City						1A
Gillsville	City				1A		
Grantville	City						1A
Grovetown	City						1A
Keysville	City				1A		1A
Lenox	City						1A
Lovejoy	City						1A
Lumber City	City						1B
Lumpkin	City			1A	1A		1A
Maxeys	City						1A
Monticello	City						1A
Morganton	City	1A	1A	1A	1A		1A
Mount Zion	City				1B		
Newton	City				1A		1A
Oak Park	City				1B		1A
Oglethorpe	City						1A
Oliver	City						1A
Payne City	City						1A
Pearson	City						1A
Pelham	City	3		3			1A, 3
Pendergrass	City						1A
Pinehurst	City						1B
Pineview	City						1A
Plainville	City			1B	1B		1A
Ranger	City	1A, 2	1A, 2	1A, 2	1A, 2		1A, 2
Rest Haven	City						1A
Rocky Ford	City	1A	1A	1A	1A		1A
Roopville	City						1A
Santa Claus	City				1B		1A

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--- Government ---							
	Name	Type	2010	2011	2012	2013	2014
	Screven	City					1A
	Shellman	City					1A
	Smithville	City					1A
	Stillmore	City				1A	1A
	Stockbridge	City				1A	1A
	Sugar Hill	City					1A
	Sumner	City			1A	1A	1A
	Talbotton	City					1A
	Tunnel Hill	City					1A
	Twin City	City		1A	1A	1A	1A
	Unadilla	City					1A
	Varnell	City					1A
	Vidette	City					1A
	Waco	City			1B		1B
	Wadley	City					1A
	Walnut Grove	City					1A
	Waycross	City					1B
	Willacoochee	City					1A
	Woodland	City				1A	1A
	Yatesville	City	1B	1B	1A	1A	
	Cusseta-Chattahoochee County	Consolidated					1B
	Bleckley	County					1A
	Chattooga	County					1A
	Clay	County					1B
	Colquitt	County					1A
	Franklin	County					1A
	Marion	County					1A
	Murray	County					1A
	Wilkes	County					1B

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](mailto: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