COUNTY OF OTTAWA

GRAND HAVEN, MICHIGAN

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

COUNTY OF OTTAWA
SINGLE AUDIT REPORT

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REHMANN ROBSON
Certified Public Accountants
A member of THE REHMANN GROUP
An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 13, 2005

Board of Commissioners
County of Ottawa
Grand Haven, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Ottawa, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Ottawa, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Ottawa, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management and County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Robson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 13, 2005

Board of Commissioners
County of Ottawa
Grand Haven, Michigan

Compliance

We have audited the compliance of the County of Ottawa, Michigan, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The County of Ottawa, Michigan's, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Ottawa, Michigan's, management. Our responsibility is to express an opinion on the County of Ottawa, Michigan's, compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Ottawa, Michigan's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Ottawa, Michigan's compliance with those requirements.

In our opinion, the County of Ottawa, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

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Internal Control Over Compliance

The management of the County of Ottawa, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Ottawa, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Ottawa, Michigan as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 13, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, and the County Commissioners, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Lohan

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2004

	Federal CFDA Number	Expenditures
U.S. Department of Agriculture:		
Conservation Reserve Program	10.069	$ 110,175
Passed through Michigan Department of Education:		
Emergency Food Assistance Program - TEFAP	10.568	18,020
Emergency Food Assistance Program - Commodities	10.569	61,083
Commodity Supplemental Food Program - Commodities	10.565	134,918
National School Lunch Program:		
Commodities	10.550	7,712
School Breakfast Program	10.553	31,489
National School Lunch Program	10.555	16,831
Total Passed through Michigan Department of Education		270,053
Passed through Michigan Department of Career Development:		
Food Stamp Program Operations Allocation	10.561	53,104
Passed through Michigan Department of Agriculture:		
Gypsy Moth Supression	10.664	8,196
Total U.S. Department of Agriculture		**441,528**
U.S. Department of Energy:		
Passed through Michigan Family Independence Agency:		
Weatherization Assistance for Low-Income Persons	81.042	**181,033**
U.S. Department of Health and Human Services:		
Passed through Michigan Department of Community Health:		
Family Planning	93.217	176,675
Immunization Action Plan (IAP)	93.268	117,592
Childhood Immunization Program - Vaccines	93.268	560,421
VFC Site Visits and Nurse Training	93.268	3,500
CDC Investigation and Technical Assistance - Smallpox	93.283	2,000
CDC Investigation and Technical Assistance - West Nile	93.283	5,000
Bioterrorism - Supplemental - Epidemiology	93.283	312,871
Children's Special Health Care Serv - Case Management Serv.	93.778	6,108
Children's Special Health Care Serv - Care Coordination	93.778	8,161
Preadmission Screenings and Annual Resident Reviews	93.778	28,161
Preadmission Screenings and Annual Resident Reviews	93.778	258,021
MI/SA Services	93.958	17,720
SIDS	93.994	340
Family Planning	93.994	59,618
Pregnancy Prevention	93.994	106,646
Oral Health	93.994	39,731
Case Mangement Serv. (CSHCS)	93.994	14,937
Maternal and Child Health	93.994	84,121
Total Passed through Michigan Department of Community Health		1,801,623
Passed through Council of Michigan Foundations:		
Individual Development Accounts Partnership	93.558	11,806
Passed through Michigan Department of Career Development:		
Work First	93.558	235,138

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2004

	Federal CFDA Number	Expenditures
Passed through Michigan Family Independence Agency:		
Friend of the Court Incentive Payment	93.558	$ 634,140
Temporary Assistance for Needy Families	93.558	33,112
Low Income Home Energy Assistance	93.568	35,253
Weatherization Assistance for Low-Income Persons	93.568	49,821
Prosecuting Attorney Child Support Enforcement	93.563	85,466
Friend of the Court Child Support Enforcement	93.563	1,182,583
Child Support Enforcement Program - Medical	93.563	51,506
Total Passed through Michigan Family Independence Agency		2,071,881
Total U.S. Department of Health and Human Services		**4,120,448**
U.S. Department of Labor:		
Passed through Michigan Department of Career Development:		
WIA - Incumbent Worker Incentive Grant - Fund Type A	17.267	1,680
Reed Act Accessibility Grant Plan	--.---	9,674
Employment Service - Wagner Peyser	17.207	481,400
WIA - Incumbent Worker	--.---	88,147
WIA - Prefeasability Study	--.---	24,900
WIA - Displaced Homworker	--.---	69,404
WIA - Capacity Funds	--.---	24,000
Work First - Reed Act	--.---	432,760
Service Center Operations - Reed Act Program	--.---	211,250
TAA/NAFTA	17.245	245,385
Welfare to Work	17.253	16,049
Workforce Investment Act - Youth	17.259	311,243
Workforce Investment Act - Local Administration	17.258	71,704
Workforce Investment Act - Adult	17.258	253,503
WIA - National Emergency Grant	17.260	106,850
WIA - Dislocated Workers Grant	17.260	532,116
Total Passed through Michigan Department of Career Development		2,880,065
Total U.S. Department of Labor		**2,880,065**
U.S. Department of Justice:		
Local Law Enforcement Block Grant	16.592	43,965
State Criminal Alien Assistance Program	16.606	63,786
COPS Universal - Tallmadge/Wright/Chester/ Polkton	16.710	2,500
COPS Universal - Allendale Township and Schools	16.710	8,020
Total Direct U.S. Department of Justice		118,271

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2004

	Federal CFDA Number	Expenditures
U.S. Department of Justice (Continued):		
Passed through Michigan Family Independence Agency:		
Building Restorative Communities	16.540	75,000
Juvenile Accountability Incentive Block Grant - 2003	16.523	23,425
Juvenile Accountability Incentive Block Grant - 2004	16.523	27,105
Total Passed through Michigan Family Independence Agency		125,530
Passed through Michigan Department of State Police:		
Help Eliminate Marijuana Planting	16.2003	650
Total U.S. Department of Justice		**244,451**
U.S. Department of Housing and Urban Development:		
Passed through City of Holland:		
CDBG Grant - 21st Entitlement Year	14.218	6,600
Passed through Michigan Economic Development Corporation		
CDBG Grant - MSC 202060-EDIG	14.228	331,350
Passed through Michigan State Housing Development Authority		
CDBG Rehabilitation Program MSC-2001-5826-HOA	14.228	50,000
Supportive Housing Program - Leasing Assistance	14.235	2,989
Section 8 Housing Choice Vouchers	14.871	37,132
Community Development Block Grant - HOME funds	14.239	120,000
Total Passed through Michigan State Housing Development Authority		210,121
Passed through Michigan Department of Community Health:		
Supportive Housing Program	14.235	110,710
Total U.S. Department of Housing and Urban Development		**658,781**

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FOR THE YEAR ENDED DECEMBER 31, 2004

	Federal CFDA Number	Expenditures
U.S. Department of Transportation:		
Passed through Michigan Department of State Police:		
Hazardous Materials Emergency Preparedness	20.703	$ 1,984
Party Patrol Grant	20.600	1,834
Drive Michigan Safely	20.600	14,071
Total Passed through Michigan Department of State Police		17,889
Total U.S. Department of Transportation		**17,889**
U.S. Environmental Protection Agency:		
Passed through Michigan Department of Environmental Quality:		
State of Michigan - Radon	66.032	900
Great Lakes Beach Monitoring	66.472	2,229
Noncommunity Water Supply Grant - Operatiors of Small Water Systems	66.471	8,600
Total Passed through Michigan Department of Environmental Quality		11,729
Total U.S. Environmental Protection Agency		**11,729**
Federal Emergency Management Agency:		
Emergecy Food and Shelter	83.523	4,400
Passed through Michigan Department of State Police		
Emergency Management Planning Grant - WMD/Anti-Terrorism Grant	83.562	28,650
Hazard Mitigation Grant Program - 1436 DR-MI	83.548	193,500
Total Passed through Michigan Department of State Police		222,150
Total Federal Emergency Management Agency		**226,550**
Executive Office of the President		
Passed through Michigan Department of State Police:		
High Intensity Drug Trafficking Areas (HIDTA) - Sheriff	--.---	10,196
Total Executive Office of the President		**10,196**
U.S. Department of Homeland Security		
Passed through Michigan Department of State Police		
State Homeland Security Grant Program - 2004	97.004	114,170
State Homeland Security Grant Program - Training	97.004	16,961
State Homeland Security Grant Program - Solution Area Planner	97.004	27,119
State Homeland Security Grant Program - Part II Training	97.004	123,503
Emergency Management Performance Grant	97.042	29,442
Total Passed through Michigan Department of State Police		311,195
Total Department of Homeland Security		**311,195**
Total Expenditures of Federal Awards		**$ 9,103,865**

COUNTY OF OTTAWA, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2004

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Ottawa, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County of Ottawa provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
WIA	17.260	$ 593,299
Building Restorative Communities	16.540	72,300
Work First	93.558	128,485
Food Stamp Program Operations Allocation	10.561	53,103
Welfare to Work	17.253	24,073
Employment Service – Wagner Peyser	17.207	373,082
TAA/NAFTA	17.245	224,947
Work First – Reed Act	--.---	346,252
Workforce Investment Act – Youth	17.259	247,721
Workforce Investment Act – Adult	17.258	177,027
Total		**$2,240,289**

Note 3. Ottawa County Road Commission (Component Unit)

The Michigan Department of Transportation (MDOT) acts as the agent of the Federal Highway Administration (FHWA) in the administration of federal funds provided to the Ottawa County Road Commission for the improvement of road systems in Ottawa County. These funds, totaling $6,120,203 for the year ended September 30, 2004, cover projects under the certification of acceptance procedures or the secondary road plan procedures approved by FHWA. Although these funds are provided for the improvement of road systems in Ottawa County, MDOT, as the agency of FHWA, is responsible for controlling the receipts and disbursements related to the funds. In this capacity, MDOT also awards construction contracts and in some instances, contracts for other services. Ottawa County receives interim and final accounting of projects receipts and disbursements from MDOT. Since all project administration is performed by the Michigan Department of Transportation, the above amounts are not included in the County's schedule of expenditures of federal awards. In addition to the funds described above, the Ottawa County Road Commission received $84,924 of additional federal financial assistance which was subject to the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Note 4. Accounting Period

Certain federal award programs have been reported utilizing fiscal years ended March 31, 2004, June 30, 2004, and September 30, 2004, and December 31, 2004.

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2004

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	*Unqualified on financial statements*			
Internal controls over financial reporting:				
Material weakness(es) identified?	_____	yes	x	no
Reportable condition(s) identified not considered to be material weaknesses?	_____	yes	x	none reported
Noncompliance material to financial statements noted?	_____	yes	x	no

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?	_____	yes	x	no
Reportable condition(s) identified not considered to be material weaknesses?	_____	yes	x	none reported
Type of auditor's report issued on compliance for major programs:	*Unqualified*			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____	yes	x	no

Identification of Major Programs

CFDA Number(s)	***Name of Federal Program or Cluster***
17.258, 17.259, 17.260	WIA Cluster
17.207	Employment Services
93.778	Medicaid Administration
14.228	Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000			
Auditee qualified as low-risk auditee?	x	yes	_____	no

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2004

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None