RECEIVED
DEPT. OF TREASURY
JAN 27 2005
LOCAL AUDIT & FINANCE DIV.

CITY OF HOLLAND, MICHIGAN

70-2040

FEDERAL AWARDS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2004

REHMANN ROBSON

Certified Public Accountants

CITY OF HOLLAND, MICHIGAN
SINGLE AUDIT REPORT

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	2-3
Schedule of Expenditures of Federal Awards	4-5
Schedule of Findings and Questioned Costs	6-7

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

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

October 29, 2004

The Honorable Mayor and City Council
City of Holland, 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 City of Holland, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the City of Holland, Michigan's basic financial statements and have issued our report thereon dated October 29, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Holland, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Holland, 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 assurance 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 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 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.

This report is intended solely for the information and use of City Council, management, others within the organization, 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 Robson

2330 East Paris Avenue SE • P.O. Box 6547 • Grand Rapids, MI 49516-6547 • 616.975.4100 • Fax 616.975.4400 • www.rehmann.com

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

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

October 29, 2004

The Honorable Mayor and City Council
City of Holland, Michigan

Compliance

We have audited the compliance of the City of Holland, 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 the City's major federal programs for the year ended June 30, 2004. The City of Holland, Michigan's major federal programs are identified in the summary of auditors' 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 City of Holland, Michigan's management. Our responsibility is to express an opinion on the City of Holland, 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 City of Holland, 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 City of Holland, Michigan's compliance with those requirements.

In our opinion, the City of Holland, 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 June 30, 2004.

2330 East Paris Avenue SE • P.O. Box 6547 • Grand Rapids, MI 49516-6547 • 616.975.4100 • Fax 616.975.4400 • www.rehmann.com

Internal Control Over Compliance

The management of the City of Holland, 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 City of Holland, 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 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 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 City of Holland, Michigan as of and for the year ended June 30, 2004, and have issued our report thereon dated October 29, 2004. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Holland, Michigan's basic financial statements. 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 City Council, management, others within the organization, 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

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

Federal Agency/Pass-Through Program Title	CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Federal Expenditures
U.S. Department of Justice				
Law Enforcement Block Grant V	16.726	2001-LB-BX-3767	$ 35,469	$ 16,324
Law Enforcement Block Grant VII	16.726	2002-LB-BX-0475	31,285	18,425
Law Enforcement Block Grant	16.726	2003-LB-BX-0675	22,457	-
Bulletproof vest grant	16.607	n/a	7,798	7,800
Total direct funding				**42,549**
Passed through the Michigan Department of State Police Office of Highway Safety Planning:				
Party Patrol (10/1/02-08/30/04)	16.727	JJ-03-01	17,918	**7,749**
Passed through the Michigan Department of Management and Budget, Office of Criminal Justice:				
ADAA/WEMET XVII Grant (10/03 - 9/04)	16.579	70834-503B	104,085	67,334
ADAA/WEMET XVI Grant (10/02 - 9/03)	16.579	70834-4K02	103,309	15,431
HIDTA Grant	16.579	n/a	45,000	3,760
Total Michigan Department of Management and Budget				**86,525**
Total U.S. Department of Justice				**136,823**
U.S. Department of Housing and Urban Development				
Community Development Block Grants:				
Entitlement XX	14.218	B-03-MC-26-0036	415,095	278,527
Entitlement XIX	14.218	B-02-MC-26-0036	474,479	159,482
Entitlement XVIII	14.218	B-01-MC-26-0036	455,427	4,889
Entitlement XVI	14.218	B-99-MC-26-0036	417,094	-
Total direct funding				**442,898**
Passed through Allegan County Community Development Block Grant				
MEDC Uniform Color Grant	14.219	MSC-200052-EDIG	600,350	**38,484**
Passed through the Michigan State Housing Development Authority Community Development Block Grants:				
Rental Rehab/Homebuyer	14.239	M-2000-300-NPP	333,300	118,622
Rental Rehab/Homebuyer	14.239	M-2000-300-NPP	507,700	9,920
Total Michigan State Housing Development Authority				**128,542**
Total U.S. Department of Housing and Urban Development				**609,924**
U.S. Department of Transportation				
Passed through Michigan Department of Transportation				
Section 5307 current year (operating & planning)	20.509		708,000	708,000
Section 5307 current year (capital grant)	20.509		185,600	31,625
Section 5307 prior year (capital grant)	20.509		789,478	64,424
Total Michigan Department of Transportation				**804,049**
Passed through the Michigan Department of State Police Office of Highway Safety Planning:				
Drive Michigan Safely (10/1/02-9/30/03)	20.600	OP-03-05	22,215	2,118
Drive Michigan Safely 10/1/03-09/30/04)	20.600	PT-04-02	51,401	27,982
Total Michigan Department of State Police				**30,100**
Total U.S. Department of Transportation				**834,149**

(continued)

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

Federal Agency/Pass-Through Program Title	CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Federal Expenditures
U.S. Department of Agriculture				
Passed through the Michigan Department of Public Health:				
Project Fresh Agreement	10.572	MM#4454	$ 6,690	**$ 6,690**
Institute of Museum and Library Services				
IMLS Grant (12/03/03-12/31/06)	45.301	ML-02-03-0549-03	74,739	**11,724**
Federal Emergency Management Agency				
Firefighters grant	83.554	EMW-2002-FG-06838	26,183	3,166
Fire Act Grant-Smoke Detectors	83.554	EMW-2003-FG-09726	49,680	3,939
Total Federal Emergency Management Agency				**7,105**
Total Expenditures of Federal Awards				**$ 1,606,415**

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards utilizes the same basis of accounting as the fund-basis financial statements. 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.*

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 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
14.218	Entitlement cluster
20.509	Transportation Program

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

CITY OF HOLLAND, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2004

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None