

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Ottawa County Central Dispatch Authority	County Ottawa
Fiscal Year End 12/31/07	Opinion Date 3/5/08	Date Audit Report Submitted to State 3/28/08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

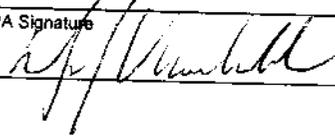
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Vredeveld Haefner LLC	Telephone Number 616-446-7474		
Street Address 4001 Granada Ct. NW	City Grand Rapids	State MI	Zip 49534
Authorizing CPA Signature 	Printed Name Douglas J. Vredeveld		License Number 21289

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY

Ottawa County, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007



Vredeveld Haefner LLC

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY

TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditors' Report	1
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide and Fund Financial Statements	
Statement of Net Assets and Governmental Funds Balance Sheet	10
Reconciliation of Fund Balance on the Balance Sheet for the Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	11
Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	14
Notes to Financial Statements	15-22



Vredeveld Haefner LLC

CPA's and Consultants
4001 Granada Ct.
Grand Rapids, MI 49534
FAX (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474

Peter S. Haefner, CPA
(616) 460-9388

INDEPENDENT AUDITORS' REPORT

March 5, 2008

Board Members
Ottawa County Central Dispatch Authority
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ottawa County Central Dispatch Authority (the Authority), a Component Unit of Ottawa County, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund for the Ottawa County Central Dispatch Authority as of December 31, 2007, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Vredeveld Haefner LLC



Ottawa County Central Dispatch Authority

15 N. Sixth Street
Grand Haven, Michigan 49417-1494

Management’s Discussion and Analysis

As management of the Ottawa County Central Dispatch Authority (the “OCCDA”), we offer readers of the Ottawa County Central Dispatch Authority financial statements this narrative overview and analysis of the financial activities of this Component Unit of Ottawa County, Michigan, for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

1. GASB 34 financial statement presentation

This year’s financial statements and accompanying notes follow the direction of the Governmental Accounting Standards Board (GASB) from their Statement No. 34. GASB is charged with developing “generally accepted accounting principles” (GAAP) for governmental entities and is the ultimate authority on GAAP for state and local governments.

2. Major asset purchases included new facility design cost of \$64,807, computer equipment in the amount of \$58,340, and software in the amount of \$208,958.

3. Staffing

Positions Filled	January 1, 2007	December 31, 2007
Director	1	1
Deputy Director	1	1
Secretary	1	1
Records Supervisor	1	1
MSAG Records Technician	1	1
Training Supervisor	1	1
MIS Manager	1	1
Radio/Data Systems Manager	1	1
Dispatch Supervisors	5	5
Dispatchers	19	19
Call Takers	6	6
Total Full Time Staff	37	37
Permanent Part Time Dispatchers	3	3
Casual employees	1	0
Total Full Time and Part Time Staff	42	41

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the OCCDA financial statements. The OCCDA's basic financial statements comprise three components:

1. Government-wide statements
2. Fund financial statements, and
3. Notes to the financial statements.

To simplify financial reporting and improve readability, the government-wide financial statements and the fund statements have been combined to report the statement of net assets and general fund balance sheet on a single page and the statement of activities and general fund revenues, expenditures and changes in fund balance on a single page.

Note that Ottawa County's government wide financial statements are not herein presented because the OCCDA is a component unit of the County. The County presents their financial statements elsewhere.

Government-wide Statements

The *statement of net assets* presents information on all of the OCCDA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the OCCDA is improving or deteriorating.

The *statement of activities* presents information showing how the OCCDA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in past or future fiscal periods (for instance, depreciation expense associated with capital assets).

Both of the component unit financial statements distinguish the function of the OCCDA, which is principally supported by intergovernmental revenues (*governmental activities*). The governmental activities of the OCCDA include providing a centralized emergency dispatch system within Ottawa County and selected parts of Allegan and Muskegon Counties.

The government-wide financial statements include only the OCCDA itself (known as the *primary government*).

The OCCDA has no legally separate component units for which the OCCDA is financially accountable. In this report, financial information for the OCCDA is reported separately from the financial information presented for Ottawa County, which reports the OCCDA as a component unit.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The OCCDA, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activity of the OCCDA is accounted for in a governmental fund (General Fund).

Governmental funds. *Governmental funds* (General Fund) are used to account for essentially the same function reported in the government-wide financial statements. However, unlike the government-wide financial statements, general fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the general fund with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the general fund balance sheet and the general fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the general fund and *governmental activities*.

The OCCDA maintains one governmental fund (the General Fund). Information is presented in the general fund balance sheet and in the general fund statement of revenues, expenditures, and changes in fund balance for the OCCDA. The general fund is a major fund for financial reporting purposes as defined by GASB Statement 34.

The OCCDA adopts an annual appropriated budget for the general fund. A budgetary comparison statements has been provided herein to demonstrate compliance with this budget.

The OCCDA does not maintain proprietary nor fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the OCCDA's financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management discussion and analysis.

The OCCDA's Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the OCCDA, assets exceeded liabilities by \$9,856,159 at the close of the most recent fiscal year, December 31, 2007.

By far, the largest portion of net assets for the OCCDA is unrestricted and available for OCCDA activity. The bulk of the remaining portion of the OCCDA net assets reflects its investment in capital assets (primarily telecommunication, computer and office equipment), less any related debt that may be outstanding. The OCCDA uses these capital assets to provide emergency dispatch services to Ottawa, Muskegon and Allegan Counties' local government emergency services divisions and ultimately to citizens; consequently, these assets are *not* available for future spending. Although the OCCDA investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities

The overall financial position of the OCCDA remains strong. No debt is outstanding.

Because the OCCDA receives the bulk of its income in a transfer of authorized millage from Ottawa County (less Ottawa County Building Authority bond payment amounts) in April or May of each year, the OCCDA holds a strong cash position at year-end to carry operational costs through the date of the spring revenue receipt. Also, timing of the payment on past repaid annual installment purchase contracts was made to coincide with this revenue receipt timing.

Unused operating funds are placed into facilities, equipment purchase and replacement reserves by OCCDA Board action to support future building and equipment costs.

Ottawa County Central Dispatch Authority Net Assets

Governmental Activities	December 31, 2007	December 31, 2006
Current and other assets	\$8,365,033	\$7,092,205
Capital assets	1,715,272	1,817,712
Total assets	10,080,305	8,909,917
Long-term liabilities outstanding	-	-
Other liabilities	224,146	176,215
Total liabilities	224,146	176,215
Net assets:		
Invested in capital assets, net of related debt	1,715,272	1,817,712
Restricted	-	-
Unrestricted	8,140,887	6,915,990
Total net assets	\$9,856,159	\$8,733,702

Ottawa County Central Dispatch Authority Changes in Net Assets

Governmental Activities	Year Ended	
	December 31, 2007	December 31, 2006
Revenue:		
Program revenue:		
Charges for services	\$ 1,071	\$ 3,774
Operating grants and contributions	4,306,353	4,024,263
General revenue:		
Interest earned	392,986	328,873
Total revenue	4,700,410	4,356,910
Expenses:		
Public safety	3,577,953	3,642,853
Interest expense	-	4,673
Total expenses	3,577,953	3,647,526
Change in net assets	1,122,457	709,384
Net assets – beginning of year	8,733,702	8,024,318
Net assets – end of year	\$9,856,159	\$8,733,702

Financial Analysis of the OCCDA's Fund

As noted earlier, the OCCDA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the OCCDA *general fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the OCCDA's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Expenditures - Governmental Funds

The primary focus of the OCCDA is providing dispatch services for all of Ottawa County and local unit emergency services departments including certain locations within Allegan and Muskegon Counties. Actual costs are shown below:

	<u>2007</u>	<u>2006</u>
Current		
Personnel services	\$2,389,437	\$2,220,390
Supplies	44,579	51,462
Other	705,419	700,179
Debt service	-	358,742
Capital outlay	318,565	81,246
Total cost of operations	<u>\$3,458,000</u>	<u>\$3,412,019</u>

Personnel services costs increased due to changes in full and part time staff, and wage and benefit cost adjustments. Debt service on installment purchase agreements were completed in 2006.

Revenues by Source – Governmental Funds

Much of this increased funding was provided by increased distribution of millage revenue (Ottawa County contribution) which increased from \$3,418,356 in FY 2006 to \$3,642,889 in FY 2007. Interest on investments increased primarily due to the increases in interest rates and funds available for investment.

	<u>2007</u>	<u>2006</u>
Intergovernmental revenue	\$4,306,353	\$4,024,263
Interest on investments	392,986	328,873
Charges for services	1,071	3,774
Totals	<u>\$4,700,410</u>	<u>\$4,356,910</u>

These revenue resources are constrained for the operation, maintenance and capital needs of the OCCDA and may not be utilized for other purposes as defined by the resource documentation.

General Fund Budgetary Highlights

Differences between the General Fund original and final amended budgets were primarily the result of additional interest income due to market rates and additional costs associated with staffing and compensation levels.

Capital Asset and Debt Administration

Ottawa County Central Dispatch Authority Capital Assets (net of depreciation)

Governmental Activities	December 31, 2007	December 31, 2006
Construction in progress	\$ 64,807	\$ -
Furniture fixtures and equipment	6,159,896	6,035,515
Leasehold improvements	11,920	11,920
Accumulated depreciation	(4,521,351)	(4,229,723)
Total	\$1,715,272	\$1,817,712

Additional information on the OCCDA capital assets can be found in Note 3 of this report.

Long-term Debt

Ottawa County Central Dispatch Authority Outstanding Debt

There is no current outstanding debt for the OCCDA. Long-term liabilities consist of compensated absences payable exclusively. Note that Ottawa County deducts debt service costs associated with the current OCCDA system from millage revenue transferred to the OCCD. The current OCCDA system was financed by the Ottawa County Building Authority. The OCCDA has not been separately rated by any bond-rating agency.

Economic Factors and Next Year's Budgets and Rates

The next year continues the strong fiscal position of the OCCDA. Population and real estate investment growth in the OCCDA's service area (primarily in townships) are resulting in greater property valuation for increased millage based revenue. The County-wide millage is set to end after its 20th year, however OCCDA is currently looking at seeking an election to set millage rates for the future. State agreements and legislation to provide funding for OCCDA needs are being upheld and contractual agreements give all appearances that they will be met. In 2006, the OCCDA performed 2 space needs studies, and determined that the existing facility is not suitable for future operations. OCCDA administration is in the preconstruction phase of constructing of a new facility to begin in 2008 with occupancy expected in 2009. Funding for this venture is proposed from \$6,000,000 in reserves being held in OCCDA accounts, cost for the project is estimated at \$3,000,000 for the building and approximately \$3,000,000 for the technology.

Requests for Information

This financial report is designed to provide a general overview of OCCDA finances for all those with an interest in the component unit's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Timothy Smith, Director, Ottawa County Central Dispatch Authority, 15 N. Sixth St., Grand Haven MI, 49417.

BASIC FINANCIAL STATEMENTS

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

STATEMENT OF NET ASSETS AND GENERAL FUND BALANCE SHEET

DECEMBER 31, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and investments	\$ 8,094,404	\$ -	\$ 8,094,404
Due from other governments	172,484	-	172,484
Prepaid items	98,145	-	98,145
Construction in progress	-	64,807	64,807
Capital assets, net of accumulated depreciation	-	1,650,465	1,650,465
Total assets	<u>\$ 8,365,033</u>	<u>1,715,272</u>	<u>10,080,305</u>
Liabilities			
Accounts payable	\$ 142,654	-	142,654
Due to other governments	13,458	-	13,458
Compensated absences	-	68,034	68,034
Total liabilities	<u>156,112</u>	<u>68,034</u>	<u>224,146</u>
Fund balance			
Reserved			
Prepaid insurance	98,145	(98,145)	-
Unreserved designated for			
Facilities	2,500,000	(2,500,000)	-
Equipment replacement	4,913,361	(4,913,361)	-
Unreserved Undesignated	697,415	(697,415)	-
Total fund balance	<u>8,208,921</u>	<u>(8,208,921)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 8,365,033</u>		
Net Assets			
Invested in capital assets, net of related debt		1,715,272	1,715,272
Unrestricted		8,140,887	8,140,887
Total net assets		<u>\$ 9,856,159</u>	<u>\$ 9,856,159</u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS**

DECEMBER 31, 2007

Fund balances - total governmental funds	\$ 8,208,921
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets (net)	1,715,272
Certain liabilities, such as compensated absences are not payable in the current period and therefore are not reported in the funds.	
Deduct - compensated absences payable	<u>(68,034)</u>
Net assets of governmental activities	<u>\$ 9,856,159</u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 30, 2007

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Expenditures/expenses			
Public safety	\$ 3,139,435	\$ 438,518	\$ 3,577,953
Capital outlay	<u>318,565</u>	<u>(318,565)</u>	<u>-</u>
Total expenditures/expenses	<u>3,458,000</u>	<u>119,953</u>	<u>3,577,953</u>
Program revenues			
Charges for services	1,071	-	1,071
Operating grants and contributions	<u>4,306,353</u>	<u>-</u>	<u>4,306,353</u>
Total program revenue	<u>4,307,424</u>	<u>-</u>	<u>4,307,424</u>
Net program expense			<u>729,471</u>
General revenue			
Interest earned	<u>392,986</u>	<u>-</u>	<u>392,986</u>
Change in fund balance/net assets	1,242,410	(119,953)	1,122,457
Fund balances/net assets, beginning of year	<u>6,966,511</u>	<u>1,767,191</u>	<u>8,733,702</u>
Fund balances/net assets, end of year	<u>\$ 8,208,921</u>	<u>\$ 1,647,238</u>	<u>\$ 9,856,159</u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 30, 2007

Net changes in fund balances - governmental funds	\$ 1,242,410
--	---------------------

Amounts reported for *governmental activities* in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	332,105
Deduct - depreciation expense	(426,802)
Deduct - net book value of capital asset disposals	(7,743)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in compensated absences	<u>(17,513)</u>
---	-----------------

Change in net assets of governmental activities	<u>\$ 1,122,457</u>
--	----------------------------

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue	\$ 4,179,499	\$ 4,179,552	\$ 4,306,353	\$ 126,801
Interest earned	160,000	333,005	392,986	59,981
Charges for services	<u>14,500</u>	<u>40,450</u>	<u>1,071</u>	<u>(39,379)</u>
Total revenue	<u>4,353,999</u>	<u>4,553,007</u>	<u>4,700,410</u>	<u>147,403</u>
Expenditures				
Public Safety				
Personnel services	2,403,167	2,543,032	2,389,437	153,595
Supplies	58,500	58,500	44,579	13,921
Other services and charges	765,464	879,514	705,419	174,095
Capital outlay	<u>600,000</u>	<u>550,000</u>	<u>318,565</u>	<u>231,435</u>
Total expenditures	<u>3,827,131</u>	<u>4,031,046</u>	<u>3,458,000</u>	<u>573,046</u>
Net changes in fund balance	526,868	521,961	1,242,410	720,449
Fund balance, beginning of year	<u>6,966,511</u>	<u>6,966,511</u>	<u>6,966,511</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,493,379</u>	<u>\$ 7,488,472</u>	<u>\$ 8,208,921</u>	<u>\$ 720,449</u>

The accompanying notes are an integral part of these financial statements.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ottawa County Central Dispatch Authority (the Authority) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The Ottawa County Central Dispatch Authority is a discretely presented component unit of Ottawa County, Michigan that is governed by an autonomous board. The Authority was established by a cooperative intergovernmental agreement to administer the public safety dispatching system in Ottawa County (the "County").

The Dispatch system was constructed by the Ottawa County Building Authority (the "Building Authority"). On March 22, 1990, the Building Authority issued \$4,420,000 of Building Authority bonds to finance the construction of the system. The County leases the system from the Building Authority. The responsibility of the Authority is limited to operation of the system.

On August 8, 1989, Ottawa County residents voted a twenty-year millage at a maximum rate of .5 mills to fund the County's lease obligation to the Building Authority and the costs of operating the system. The millage is levied by the County and the millage less necessary bond payments to the Ottawa County Building Authority is transferred to the Authority. Start-up costs were funded by contributions from local units of government.

The criteria established by generally accepted accounting principles for determining the reporting entity includes significant operational or financial relationships with another entity. Based on the above criteria, these financial statements present all funds of the Authority. The Authority has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental activities of the primary government (the Authority). *Governmental activities* are reported in total. The Authority has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues.

A combined financial statement is provided for the general fund and the statement of net assets and the general fund and the statement of activity. The general fund is considered to be a major fund for financial reporting purposes. The Authority utilizes no proprietary or fiduciary funds.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

The Authority reports the following major governmental fund:

The *General Fund* is the government's only operating fund. It accounts for all financial resources of the general government.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resource as they are needed.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The general fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include compensated absences and principal and interest on long-term debt which are recognized when due.

The general fund is accounted for on a spending or "flow of current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available, spendable resources".

The general fund operating statement present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, it is said to present a summary of sources and uses of "available, spendable resources" during a period.

Budgets and Budgetary Accounting

The Authority's procedures for establishing budgetary data are as follows:

- The Executive submits a proposed budget for the upcoming year to the Authority's Board.
- The budget is reviewed by the Authority's Board and a public hearing is held. Prior to the beginning of the year, the budget is adopted by the Authority's Board.
- The budget for the General Fund is adopted following the modified accrual basis of accounting (a basis consistent with generally accepted accounting principles).
- Budget amounts shown in the financial statements consist of those amounts contained in the original and amended budget.
- The Authority adopts a budget for the general fund at the line item level of detail by means of an appropriations act.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

Cash and Investments

Cash and investments consist of the balance of cash, check and savings accounts, and pooled investment accounts. Michigan law authorizes the Authority to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Due from other governments

Due from other governments consist primarily of the balance of telephone surcharge revenue from the State of Michigan and Allegan County and millage transfers from Ottawa County. These balances are reported net of estimated uncollectible balances (estimated uncollectible balances were zero at year end).

Capital Assets

Capital assets, which include leasehold improvements, furniture, fixtures and equipment, and construction in progress are reported in the governmental activities column in the government-wide financial statements.

Capital assets are recorded as capital expenditures at the time of purchase in the fund financial statements and are subsequently capitalized on the government-wide statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

Depreciation on capital assets, is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	50
Furniture, fixtures and equipment	3-15

Due to other governments

Due to other governments consists primarily of the balance of operating costs reimbursable to other governments.

Compensated Absences

Under the Authority's personnel policy and employment agreements, individual employees have a vested right to receive payments for unused vacation leave under formulas and conditions specified in the policy and agreements. Accumulated leave of the general fund is recorded on the statement of net assets and not on the general fund balance sheet because it is not expected to be liquidated with expendable available financial resources. Changes in compensated absences during the year were as follows:

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2007</u>
Compensated absences	\$50,521	\$17,513	\$ -	\$68,034

Fund Equity/Net assets

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent amounts set aside by the Board for tentative plans for future use.

2. CASH AND INVESTMENTS

The Authority reported cash and investments of \$8,094,404 at year end. The balance consisted of the following:

Deposits	\$4,887,839
Pooled investments	3,206,305
Petty cash	260
Total	\$8,094,404

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

Deposits

The deposits are in one financial institution located in Michigan. State policy limits the Authority's investing options to financial institutions located in Michigan. All accounts are in the name of the Authority. They are recorded in Authority records at fair value. Interest is recorded when earned.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. State law does not require, and the Authority does not have, a policy for deposit custodial credit risk. As of year-end, \$4,792,277 of the Authority's bank balance of \$4,892,277 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Investments

The Authority chooses to disclose its investments by specifically identifying each. As of year-end, the Authority had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Source</u>
MBIA Pooled Investment	N/A	\$3,206,305	AAA/VI+	Fitch

Investment risk

Interest Rate Risk. State law and Authority policy limit the allowable investments and the maturities of some of the allowable investments as identified in Note 1, the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity date for each investment is identified above for investments held at year-end.

Credit Risk. State law limits investments to specific securities as identified in Note 1 of the summary of significant accounting policies. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year end.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Authority does not have a policy for investment custodial credit risk. Of the above pooled investments the Authority's custodial credit risk exposure cannot be determined because the pool funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1, the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2007</u>
Governmental Activities				
Capital assets, not being depreciated				
Construction in Progress	\$ -	\$ 64,807	\$ -	\$ 64,807
Total capital assets, not being depreciated	-	64,807	-	64,807
Capital assets, being depreciated				
Lease	11,920	-	-	11,920
Furniture, fixtures and equipment	6,035,515	267,298	142,917	6,159,896
Accumulated depreciation	4,229,723	426,802	135,174	4,521,351
Net capital assets, being depreciated	1,817,712	(159,504)	7,743	1,650,465
Governmental Activities capital assets, net	\$1,817,712	\$ (94,697)	\$ 7,743	\$1,715,272

Depreciation expense of \$426,802 was charged to the public works function.

4. RELATED PARTY TRANSACTIONS

During the current year Ottawa County provided operating grants of \$3,642,889 from a special millage for central dispatch services. At year end grants receivable from Ottawa County were \$31,581. During the year Allegan County provided operating grants of \$231,600 for services provided to City of Holland residents residing in Allegan County. At year end receivables from Allegan County were \$57,900. These amounts are included in due from other governments on the statement of net assets and general fund balance sheet.

5. PENSION PLANS

Defined Benefit Pension Plan

Plan Description — The Ottawa County Central Dispatch Authority's (the Authority) defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Employees hired before January 1, 2000 who work 30 or more hours per week are eligible to participate in the plan. The Authority participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report maybe obtained by writing to the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

Funding Policy — The Authority is required to contribute at a predetermined rate because the plans are closed. The predetermined contributions vary based on employment division. Employees currently do not contribute to the plan. The contribution requirements of the Authority are established and maybe amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Authority, depending on the MERS contribution program adopted by the Authority.

Annual Pension Cost — For the year ended December 31, 2007, the Authority's annual pension expense of \$52,968 for MERS was equal to the Authority's actual and required contribution. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year, compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The Authority's unfunded actuarial accrued liability, is being amortized over a period of 30 years. The remaining amortization period at December 31, 2006, the date of the latest actuarial valuation, was 30 years.

Three-Year Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/05	\$59,306	100%	\$ -
12/31/06	57,986	100%	-
12/31/07	52,968	100%	-

Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>Total</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/04	\$1,165,248	\$1,285,826	\$120,578	91%	\$625,571	19%
12/31/05	1,312,860	1,369,486	56,626	96%	538,217	11%
12/31/06	1,451,371	1,517,960	66,589	96%	443,927	15%

Defined Contribution Plan

The Authority's defined contribution pension plans provide pension benefits for employees hired after January 1, 2000 who work 30 or more hours per week and those hired before January 1, 2000 electing participation in the defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employer and plan member contributions are recognized in the period that the contributions are due. Plan investments are excluded from this report as the fiduciary responsibility for this plan rests with MERS and the ICMA.

OTTAWA COUNTY CENTRAL DISPATCH AUTHORITY
(a Component Unit of Ottawa County)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

Participation in the defined contribution plan is mandatory for all eligible employees. The Authority contributes 2% of each participant's base salary to the plan. Employees are required to contribute a minimum of 2% of base pay to the plan. The Authority also matches employee contributions up to a total Authority contribution of 5%. Participating employees are immediately 100% vested in the member's accumulated balance. The plan provisions and contribution amounts were established by the Authority Board and may be amended by the Authority Board. The plan is administered by MERS. The Authority and member contributions were \$51,913 and \$51,913, respectively, for the current year.

Section 457 Deferred Compensation Plan

The section 457 plan is available to all non-union employees upon completion of their probationary period. Eligible employees are not required to contribute to the plan. Employee contributions are matched 20% by the Authority. Participating employees are immediately 100% vested in the member's accumulated balance. The plan provisions and contribution amounts were established by the Authority Board and may be amended by the Authority Board. The plan is administered by ICMA. The Authority and member contributions were \$6,606 and \$35,885, respectively, for the current year.

6. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carried commercial insurance to cover risks of losses. The Authority has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

7. COMMITMENTS

At year end the Authority had outstanding commitments of approximately \$100,000 for building design costs.

8. RESTATEMENT

Beginning fund balance for the general fund and for governmental activities in the statement of net assets have been reduced by \$73,092 to reflect accrued payroll costs as of December 31, 2006.



Vredeveld Haefner LLC

CPA's and Consultants
4001 Granada Ct.
Grand Rapids, MI 49534
FAX (616) 828-0307

Douglas J. Vredeveld, CPA
(616) 446-7474

Peter S. Haefner, CPA
(616) 460-9388

March 5, 2008

Members of the Board
Ottawa County Central Dispatch Authority
Grand Haven, Michigan

In planning and performing our audit of the financial statements of the Ottawa County Central Dispatch Authority (the Authority), as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal control. We believe the following deficiency constitutes a material weakness.

New auditing standards emphasize that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to the financial statements in conformity with U.S. generally accepted accounting principles and that the auditor cannot be a part of those internal controls.

We noted that the Authority was not recording entries necessary to prepare fund basis financial statements on the modified accrual basis of accounting or to prepare entity-wide financial statements on the accrual basis of accounting.

This communication is intended solely for the information and use of the Authority Board and management of the Authority, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Vredeveld Haefner LLC