

COUNTY OF OTTAWA

WEST OLIVE, MICHIGAN

SINGLE AUDIT REPORTS

FOR THE YEAR ENDED DECEMBER 31, 2007



Vredeveld Haefner LLC

COUNTY OF OTTAWA SINGLE AUDIT REPORTS

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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

June 11, 2008

County of Ottawa
Board of County Commissioners
West Olive, 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, 2007, which collectively comprise the County of Ottawa's basic financial statements and have issued our report thereon dated June 11, 2008. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Mental Health Special Revenue fund as described in our report on the County of Ottawa's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. This report also does not include the results of our audits of the Ottawa County Road Commission, the Ottawa County Public Utilities System, the Ottawa County, Michigan Insurance Authority, the Ottawa County Central Dispatch Authority, or the Ottawa County Office of the Drain Commissioner component units which are reported on separately.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Ottawa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Ottawa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Ottawa's internal control over financial reporting.

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 combination of control deficiencies, that adversely affects the County of Ottawa'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 County of Ottawa's financial statements that is more than inconsequential will not be prevented or detected by the County of Ottawa's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Ottawa'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 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 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, the Board of County Commissioners, and 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.

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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**

June 11, 2008

County of Ottawa
Board of County Commissioners
West Olive, Michigan

Compliance

We have audited the compliance of the County of Ottawa 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, 2007. The County of Ottawa'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's management. Our responsibility is to express an opinion on the County of Ottawa's compliance based on our audit.

The County of Ottawa, Michigan's basic financial statements include the operations of the Ottawa County Road Commission and the Ottawa County Public Utilities System Component Units which received \$6,004,379 and \$1,313,568, respectively, in federal awards that are not included in the schedule for the year ended December 31, 2007. Our audit, described below, did not include the operations of the Ottawa County Road Commission and the Ottawa County Public Utilities System Component Units because their federal awards are audited separately as more fully described in the Notes to Schedule of Expenditures of Federal Awards.

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'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's compliance with those requirements.

In our opinion, the County of Ottawa, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the County of Ottawa is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Ottawa'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Ottawa's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program 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 combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 as of and for the year ended December 31, 2007, and have issued our report thereon dated June 11, 2008. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Ottawa'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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of County Commissioners, and 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.

Vredeveld Haefner LLC

COUNTY OF OTTAWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal/pass-through Grantor Program Title	CFDA Number	Expenditures
<u>U.S. Department of Agriculture:</u>		
Direct Programs:		
Conservation Reserve Program	10.069	\$ 15,180
Passed through Michigan Department of Education:		
Emergency Food Assistance Program - TEFAP	10.568	17,843
Emergency Food Assistance Program - Commodities	10.569	35,855
Commodity Supplemental Food Program	10.565	24,993
Commodity Supplemental Food Program - Commodities	10.565	93,636
National School Lunch Cluster:		
Commodities	10.550	7,282
School Breakfast Program	10.553	16,528
National School Lunch Program	10.555	29,698
Total passed through Michigan Department of Educatio		<u>225,835</u>
Passed through Michigan Department of Labor and Economic Growth		
Food Assistance Type A--Program Operations	10.561	34,153
Food Assistance Type B--Supportive Service	10.561	50
Total passed through Michigan Department of Labor and Economic Grow		<u>34,203</u>
Total U.S. Department of Agriculture		<u>275,218</u>
<u>U.S. Department of Commerce</u>		
Passed through Michigan Department of Environmental Quality:		
Great Lakes Coastal Restoration Gran	11.419	<u>3,180</u>
<u>U.S. Department of Housing and Urban Developmen:</u>		
Passed through Michigan State Housing Development Authority:		
Community Development Block Grant	14.228	107,807
HOME Funds - Homebuyer Purchase Rehabilitation (HPR)	14.239	73,686
Section 8 & FSS (Family Self Sufficiency)	14.871	10,425
Section 8 Housing Choice Voucher:	14.871	93,826
Total passed through Michigan State Housing Development Authori		<u>285,744</u>
Passed through Michigan Department of Community Health:		
HUD Housing Assistance	14.235	75,291
HUD Housing Assistance	14.235	2,985
HUD Housing Assistance	14.235	202,959
Total passed through Michigan Department of Community Heal		<u>281,235</u>
Passed through Center for Women in Transition:		
Homeless Management Information Syster	14.231	6,427
Total U.S. Department of Housing and Urban Developmen		<u>573,406</u>

(continued)

COUNTY OF OTTAWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal/pass-through Grantor Program Title	CFDA Number	Expenditures
<u>U.S. Department of Justice:</u>		
Direct Programs:		
Byrne Memorial Formula Grant - 2005-DJ-BX-0528	16.738	\$ 18,680
State Criminal Alien Apprehension Program	16.606	<u>137,746</u>
Total Direct U.S. Department of Justice		<u>156,426</u>
Passed through Michigan Family Independence Agency:		
Building Restorative Communities	16.540	<u>60,000</u>
Passed through Ottawa Area Intermediate School District:		
Building Restorative Communities	16.540	3,000
Juvenile Accountability Incentive Block Grant	16.523	<u>13,044</u>
Total passed through Ottawa Area Intermediate School District		<u>16,044</u>
Passed through Michigan Department of State Police:		
Youth Alcohol Enforcement Grant	16.727	20,465
Domestic Cannabis Suppression Program	16.*	<u>235</u>
Total passed through Michigan Department of State Police		<u>20,700</u>
Total U.S. Department of Justice		<u>253,170</u>
<u>U.S. Department of Labor:</u>		
Passed through Michigan Department of Labor and Economic Growth:		
Employment Service - Wagner Peysen	17.207	368,164
Type A Trade	17.245	480,109
Type C Trade	17.245	26,510
Work First Reed Act	17.225	1,116
WIA - Statewide Activities-Capacity Building - Worker Incentive	17.266	9,404
Workforce Investment Act (WIA) Cluster:		
WIA - Local Administration	17.258	44,294
WIA - Local Administration	17.259	68,471
WIA - Local Administration	17.260	77,366
WIA - Statewide Activities	17.258	1,033
WIA - Statewide Activities	17.259	1,133
WIA - Statewide Activities	17.260	1,782
WIA - Reed Act (One Stop Operation)	17.258	27,174
WIA - Reed Act (One Stop Operation)	17.259	29,679
WIA - Reed Act (One Stop Operation)	17.260	47,814
WIA - DW Rapid Response Scholarship	17.260	33,175
WIA - Statewide Activities-Incumbent Worker	17.258	4,334
WIA - Statewide Activities-Incumbent Worker	17.259	4,707
WIA - Statewide Activities-Incumbent Worker	17.260	88,080
WIA - Rapid Response 21st Century	17.260	57,261
WIA - Statewide Activities-Displaced Homemaker	17.258	11,485
WIA - Statewide Activities-Displaced Homemaker	17.259	12,473
WIA - Statewide Activities-Displaced Homemaker	17.260	20,765
WIA - Statewide Activities-Capacity Building E	17.258	18,489
WIA - Statewide Activities-Capacity Building E	17.259	20,081
WIA - Statewide Activities-Capacity Building E	17.260	33,430
WIA - Youth	17.259	663,423

(continued)

COUNTY OF OTTAWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal/pass-through Grantor Program Title	CFDA Number	Expenditures
WIA - Statewide Activities	17.258	\$ 3,549
WIA - Statewide Activities	17.259	3,854
WIA - Statewide Activities	17.260	6,416
WIA - Adult	17.258	470,335
WIA - Statewide Activities	17.258	4,968
WIA - Statewide Activities	17.259	5,494
WIA - Statewide Activities	17.260	8,200
WIA - Dislocated Workers Grant	17.260	<u>723,189</u>
Total U.S. Department of Labor		<u>3,377,757</u>
 <u>U.S. Department of Transportation:</u>		
Passed through Michigan Department of State Police:		
Drive Michigan Safely	20.600	21,869
Hazardous Materials Emergency Preparednes	20.703	<u>945</u>
Total U.S. Department of Transportator		<u>22,814</u>
 <u>U.S. Environmental Protection Agency</u>		
Passed through Michigan Department of Environmental Quality:		
Upper Macatawa: Geerling Easement Project	66.460	20,000
SOM - Great Lakes	66.472	8,788
Noncommunity - Operator Certification Gran	66.471	<u>8,200</u>
Total U.S. Environmental Protection Agenc:		<u>36,988</u>
 <u>U.S. Department of Energy:</u>		
Passed through Michigan Family Independence Agency:		
Weatherization Assistance for Low-Income Person	81.042	<u>214,191</u>
 <u>U.S. Department of Health and Human Service:</u>		
Passed through Michigan Department of Community Health:		
SOM - Family Planning	93.217	121,752
SOM - Family Planning	93.217	82,195
SOM - Dental Grant	93.236	46,007
Childhood Immunization Program - Vaccines	93.268	1,219,865
SOM - Immunization IAP	93.268	20,721
SOM - Immunization IAP	93.268	8,880
SOM - Immunization IAP	93.268	75,482
SOM - Immunization IAP	93.268	13,320
Immunization - AFIX	93.268	700
Immunization - Nurse Education	93.268	2,850
VFC Provider Site Visits	93.268	3,400
Bioterrorism - Pan Flu	93.283	103,061
Bioterrorism - Focus A	93.283	188,125
Bioterrorism - Focus A	93.283	13,125
MH Block Grant - Drop In Center	93.958	61,826

(continued)

COUNTY OF OTTAWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal/pass-through Grantor Program Title	CFDA Number	Expenditures
Preadmission Screenings and Annual Resident Reviews	93.778	\$ 38,346
Preadmission Screenings and Annual Resident Reviews	93.778	70,832
SOM - Case Management Serv. (CSHCS)	93.778	27,963
Care Coordination	93.778	59,108
SOM - AIDS/HIV Prev.	93.940	2,000
SOM - AIDS/HIV Prev. 2005/06 add'l payment	93.940	8,364
SOM - Case Management Serv. (CSHCS)	93.994	29,310
SOM - Family Planning	93.994	41,310
SOM - Oral Health	93.994	41,148
SOM - Maternal & Child Health Program	93.994	83,395
LCC Grant	93.959	33,443
LCC Grant	93.959	15,864
2006/2007 Title XIX Federal Financial Participatic	93.778	19,836
Total passed through Michigan Department of Community Health		<u>2,432,228</u>
Passed through Council of Michigan Foundations		
Individual Development Accounts Partnership	93.558	915
Passed through Michigan Department of Labor and Economic Growth		
Work First - Type A	93.558	480,495
Work First - Type C	93.558	50,000
Total passed through Michigan Department of Labor and Economic Growth		<u>530,495</u>
Passed through Michigan Department of Human Services:		
Friend of the Court Incentive Payment	93.563	401,091
Temporary Assistance for Needy Families	93.558	33,112
Low Income Home Energy Assistance	93.568	39,882
Community Services Block Grant, Community Gardens	93.571	7,818
Community Services Block Grant	93.569	284,402
Community Services Block Grant, Migrant Services	93.569	16,723
Community Services Block Grant, Disc Funding-Tax Prep Assntnce	93.569	9,956
Prosecuting Attorney Child Protection Investigations - Legal Services	93.658	5,640
Prosecuting Attorney Child Support Enforcement	93.563	108,804
Friend of the Court Child Support Enforcement	93.563	1,559,577
Child Support Enforcement Program - Medicæ	93.563	40,757
Total passed through Michigan Department of Human Service		<u>2,507,762</u>
Total U.S. Department of Health and Human Service:		<u>5,471,400</u>
<u>U.S. Department of Homeland Security</u>		
Passed through United Way of America		
Emergency Food and Shelter National Board Program	97.024	20,000
Passed through Michigan Department of Natural Resources		
Boating Safety Financial Assistance	97.012	14,805
Passed through Michigan Department of State Police		
Emergency Management Performance Grant	97.042	31,667
Homeland Security Grant Program	97.067	793,501
Total passed through Michigan Department of State Police		<u>825,168</u>

(continued)

COUNTY OF OTTAWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal/pass-through Grantor Program Title	CFDA Number	Expenditures
Passed through West Michigan Shoreline Regional Development Commission, Region 6 HLSRGB		
2006 Homeland Security Grant	97.067	\$ 59,033
2007 Homeland Security Grant - Board Expense	97.067	<u>7,768</u>
Total passed through West Michigan Shoreline Regional Development Commission, Region 6 HLSRGB		<u>66,801</u>
Total U.S. Department of Homeland Security		<u>926,774</u>
<u>Executive Office of the President</u>		
Passed through Michigan Department of State Police		
High Intensity Drug Trafficking Areas (HIDTA) - Sheriff	-	<u>19,689</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 11,174,587</u>

COUNTY OF OTTAWA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2007

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 the financial statements.

2. COMPONENT UNITS

Ottawa County Road Commission - 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, which total \$6,004,379 for the year ended September 30, 2007, cover projects under the certification of acceptance procedures or the secondary road plan procedures approved by the 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 these funds. In this capacity, MDOT also awards construction and in some instances, contracts for other services. Ottawa County receives interim and final accounting of receipts and disbursements for these projects from MDOT. Since all project administration is performed by MDOT, the above amount is not included in the County's schedule of expenditures of federal awards.

Ottawa County Public Utilities System - The Ottawa County Public Utilities System received federal funding totaling \$1,313,568 through a drinking water revolving fund loan. These funds were audited in a separate single audit of the Ottawa County Public Utilities System and are not included in the accompanying schedule of expenditures of federal awards.

3. SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Food Stamp Program Operations Allocation	10.561	\$ 32,629
Temporary Assistance for Needy Families - Workfirst	93.558	307,812
Workfirst - Reed Act	17.225	945
Wagner/Peysner	17.207	270,361
TAA Trade	17.245	504,693
Workforce Investment Act - Adult	17.258	342,240
Workforce Investment Act - Youth	17.259	504,495
Workforce Investment Act - Dislocated Worker	17.260	577,370
Workforce Investment Act - Rapid Response	17.260	30,421
Total		<u>\$2,570,966</u>

COUNTY OF OTTAWA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2007

4. ACCOUNTING PERIOD

Certain funds of the County utilize the fiscal years ended March 31, 2007, June 30, 2007, September 30, 2007, and December 31, 2007. Programs that fall under different fiscal years are reported on the schedule expenditures of federal awards based on the funds fiscal year end.

COUNTY OF OTTAWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unqualified on basic financial statements	
Internal controls over financial reporting		
Material weaknesses identified?	<u> </u> yes	<u> X </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major programs		
Material weaknesses identified?	<u> </u> yes	<u> X </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Type of auditors' 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)?	<u> </u> yes	<u> X </u> no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.565	Commodity Supplemental Food Program
93.558	Temporary Assistance for Needy Families
93.569	Community Services Block Grant
17.207	Wagner/Peyser Employment Services
17.245	TAA Trade Type A and Type C
17.258, 17.259, 17.260	Workforce Investment Act Cluster
81.042	Weatherization

Dollar threshold used to distinguish between Type A and B programs?	<u> \$335,238 </u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

Finding 2006-1 - Finding was properly resolved during the year ended December 31, 2007.