

COUNTY OF OTTAWA
GRAND HAVEN, MICHIGAN
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

**COUNTY OF OTTAWA
SINGLE AUDIT REPORT**

TABLE OF CONTENTS

	<u>PAGE</u>
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 <i>Government Auditing Standards</i>	1-2
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	3-4
Schedule of Expenditures of Federal Awards	5-8
Notes to Schedule of Expenditures of Federal Awards	9-10
Schedule of Findings and Questioned Costs	11-12



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

**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 6, 2007

Board of Commissioners
County of Ottawa
Grand Haven, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the **County of Ottawa, Michigan**, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 6, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Ottawa, Michigan's internal control over financial reporting 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, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Ottawa, Michigan'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 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 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 entity's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control 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, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

A handwritten signature in cursive script that reads "Lehmann Johnson".



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

**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 6, 2007

Board of Commissioners
County of Ottawa
Grand Haven, Michigan

Compliance

We have audited the compliance of the **County of Ottawa, Michigan** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The County of Ottawa, 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 County of Ottawa, Michigan's management. Our responsibility is to express an opinion on the County of Ottawa, Michigan's compliance based on our audit.

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

As described in item 2006-1 in the accompanying schedule of findings and questioned costs, the County of Ottawa, Michigan did not comply with requirements regarding cash management that is applicable to its Trade Adjustment Assistance program. Compliance with such requirement is necessary, in our opinion, for the County of Ottawa, Michigan to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Ottawa, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the County of Ottawa, Michigan 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, Michigan's internal control over compliance with the 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, Michigan's internal control over compliance.

Our consideration of internal control over compliance 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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

The County of Ottawa, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Ottawa, Michigan's response and, accordingly, we express no opinion on it.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2006-1 to be a significant deficiency.

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. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County of Ottawa, Michigan as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 6, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County of Ottawa, 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 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 financial statements taken as a whole.

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



COUNTY OF OTTAWA, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal/Pass-through Grantor Program Title	CFDA Number	Expenditures
<u>U.S. Department of Agriculture</u>		
Direct programs:		
Conservation Reserve Program	10.069	\$ 15,120
Passed through Michigan Department of Education:		
Emergency Food Assistance Program - TEFAP	10.568	19,042
Emergency Food Assistance Program - Commodities	10.569	40,526
Commodity Supplemental Food Program - Commodities	10.565	137,724
Commodities	10.550	8,676
National School Lunch Cluster:		
School Breakfast Program	10.553	16,932
National School Lunch Program	10.555	31,213
Total passed through Michigan Department of Education		254,113
Passed through Michigan Department of Labor and Economic Growth:		
Food Stamp Program Operations Allocation	10.561	46,470
Passed through Michigan Department of Agriculture:		
Gypsy Moth Suppression	10.664	11,622
Total U.S. Department of Agriculture		327,325
<u>U.S. Department of Commerce</u>		
Passed through Michigan Department of Environmental Quality:		
Great Lakes Coastal Restoration Grant	11.419	15,070
<u>U.S. Department of Housing and Urban Development:</u>		
Passed through Michigan State Housing Development Authority:		
Community Development Block Grant - HOME funds	14.239	38,992
Section 8 and Family Self Sufficient	14.871	2,227
Section 8 Housing Choice Vouchers	14.871	79,392
Total passed through Michigan State Housing Development Authority		120,611
Passed through Michigan Department of Community Health:		
HUD Housing Assistance	14.235	298,210
Total U.S. Department of Housing and Urban Development		418,821
<u>U.S. Department of Justice</u>		
Direct programs:		
Bulletproof Vest Partnership	16.607	6,908
Byrne Memorial Formula Grant	16.738	32,092
Total Direct U.S. Department of Justice		39,000
Passed through Michigan Department of Human Services:		
Juvenile Accountability Incentive Block Grant - 2005	16.523	16,824
Building Restorative Communities	16.540	90,000
Total Passed through Michigan Department of Human Services		106,824
Passed through Ottawa Area Intermediate School District:		
Building Restorative Communities	16.540	10,000
Passed through Michigan Department of State Police:		
Youth Alcohol Enforcement Grant	16.727	16,325
Passed through Michigan Department of Community Health:		
Fiscal year 2004 Byrne Formula Grant Program	16.738	32,093
Total U.S. Department of Justice		204,242

Continued...

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2006

Federal/Pass-through Grantor Program Title	CFDA Number	Expenditures
<u>U.S. Department of Labor</u>		
Passed through Michigan Department of Labor and Economic Growth:		
Employment Service - Wagner Peyser	17.207	\$ 450,286
Re-employment Services Initiative	17.207	23,384
Work First - Reed Act	17.225	53,273
Type A Trade	17.245	368,543
Employment Alliance	17.257	288,316
WIA Cluster:		
WIA - Incumbent Worker	17.258	18,132
WIA - Incumbent Worker	17.259	20,053
WIA - Incumbent Worker	17.260	29,930
WIA - Displaced Homemaker	17.258	12,433
WIA - Displaced Homemaker	17.259	13,593
WIA - Displaced Homemaker	17.260	18,615
WIA - Capacity Funds	17.258	6,684
WIA - Capacity Funds	17.259	7,308
WIA - Capacity Funds	17.260	10,008
WIA - Reed Act (One Stop Operation)	17.258	21,137
WIA - Reed Act (One Stop Operation)	17.259	23,377
WIA - Reed Act (One Stop Operation)	17.260	34,890
WIA - Youth	17.258	3,868
WIA - Youth	17.259	605,759
WIA - Youth	17.260	5,792
WIA - Youth - Career Cruising Club	17.258	2,366
WIA - Youth - Career Cruising Club	17.259	2,587
WIA - Youth - Career Cruising Club	17.260	3,543
WIA - Local Administration	17.258	38,468
WIA - Local Administration	17.259	57,609
WIA - Local Administration	17.260	64,075
WIA - Adult	17.258	419,345
WIA - Adult	17.259	2,238
WIA - Adult	17.260	3,466
WIA - Dislocated Workers Grant	17.260	672,029
Total U.S. Department of Labor		<u>3,281,107</u>
<u>U.S. Department of Transportation</u>		
Passed through Michigan Department of State Police:		
Drive Michigan Safely	20.600	23,380
Hazardous Materials Emergency Preparedness	20.703	364
Passed through Michigan Department of Transportation:		
Highway Planning and Construction	20.205	268,253
Total U.S. Department of Transportation		<u>291,997</u>
<u>U.S. Environmental Protection Agency</u>		
Passed through Michigan Department of Environmental Quality:		
Noncommunity Operator Certification Grant	66.471	8,400
Great Lakes Beach Monitoring	66.472	9,552
Noncommunity Arsenic Rule Implementation Grant	66.468	1,926
Total U.S. Environmental Protection Agency		<u>19,878</u>
<u>U.S. Department of Energy</u>		
Passed through Michigan Family Independence Agency:		
Weatherization Assistance for Low-Income Persons	81.042	220,093

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COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2006

Federal/Pass-through Grantor Program Title	CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Passed through Michigan Department of Community Health:		
Family Planning	93.217	\$ 195,069
Immunization Action Plan (IAP)	93.268	116,845
Immunization - AFIX	93.268	750
Immunization Nurse Education	93.268	1,500
Childhood Immunization Program - Vaccines	93.268	669,743
VFC Provider Site Visits	93.268	3,000
Bioterrorism - Pandemic Flu	93.283	46,256
Bioterrorism - Focus A	93.283	239,675
Children's Special Health Care Services - Case Management Services	93.778	28,305
Children's Special Health Care Services - Care Coordination	93.778	49,352
2004/2005 Title XIX Federal Financial Participation	93.778	2,758
2005/2006 Title XIX Federal Financial Participation	93.778	10,949
Preadmission Screenings and Annual Resident Reviews	93.778	151,714
AIDS/HIV Prevention	93.940	4,130
Respite	93.958	5,656
Clubhouse ICCD Three-Week Training	93.958	6,720
LCC Grant	93.959	43,163
SIDS	93.994	170
Oral Health	93.994	39,774
Case Management Services (CSHCS)	93.994	31,193
Maternal and Child Health	93.994	123,394
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Total passed through Michigan Department of Community Health		1,770,116
Passed through Council of Michigan Foundations:		
Individual Development Accounts Partnership	93.558	340
Passed through Michigan Department of Career Development:		
Work First	93.558	592,822
Passed through Michigan Department of Human Services:		
Temporary Assistance for Needy Families	93.558	33,091
Temporary Assistance for Needy Families - EITC - Strong Marriages	93.558	16,842
Community Services Block Grant, Discretionary Funding	93.558	15,204
Friend of the Court Incentive Payment	93.563	276,747
Prosecuting Attorney Child Support Enforcement	93.563	103,360
Friend of the Court Child Support Enforcement	93.563	1,447,769
Child Support Enforcement Program - Medical	93.563	38,192
Low Income Home Energy Assistance	93.568	94,823
Community Services Block Grant, Discretionary Funding - Tax Preparation Assistance	93.569	10,185
Community Services Block Grant	93.569	216,189
Community Services Block Grant, Migrant Services	93.569	12,977
Community Services Block Grant, Community Gardens	93.571	13,763
Prosecuting Attorney Child Protection Investigations - Legal Services	93.658	7,021
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Total passed through Michigan Department of Human Services		2,286,163
Total U.S. Department of Health and Human Services		<hr/> 4,649,441 <hr/>

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COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FOR THE YEAR ENDED DECEMBER 31, 2006

Federal/Pass-through Grantor Program Title	CFDA Number	Expenditures
<u>U.S. Department of Homeland Security</u>		
Direct program:		
Cooperating Technical Partners	97.045	\$ 120,444
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	27,500
Passed through Michigan Department of State Police:		
State Homeland Security Grant Program - 2004	97.004	21,995
Emergency Management Performance Grant	97.042	39,377
Homeland Security Grant Program	97.067	295,376
Total passed through Michigan Department of State Police		356,748
Total U.S. Department of Homeland Security		524,692
<u>Executive Office of the President</u>		
Passed through Michigan Department of State Police:		
High Intensity Drug Trafficking Areas (HIDTA) - Sheriff	--:--	25,854
Total Expenditures of Federal Awards		\$ 9,978,520

COUNTY OF OTTAWA, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2006

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County of Ottawa, Michigan 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	\$ 46,470
Employment Service – Wagner/Peyser	17.207	391,694
Unemployment Insurance	17.225	53,273
Type A Trade	17.245	368,542
Employment Alliance	17.257	424,663
Workforce Investment Act – Adult	17.258	308,735
Workforce Investment Act – Youth	17.259	619,270
Workforce Investment Act – Dislocated Worker	17.260	595,964
Temporary Assistance for Needy Families	93.558	542,821
Total		<u>\$ 3,351,432</u>

COUNTY OF OTTAWA, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2006

Note 3. Ottawa County Road Commission (Component Unit)

The Michigan Department of Transportation (MDOT) acts as the agent of the Federal Highway Administration (FHWA) in the administration of federal funds provided to the Ottawa County Road Commission for the improvement of road systems in Ottawa County. These funds, totaling \$2,547,381 for the year ended September 30, 2006, cover projects under the certification of acceptance procedures or the secondary road plan procedures approved by FHWA. Although these funds are provided for the improvement of road systems in Ottawa County, MDOT, as the agency of FHWA, is responsible for controlling the receipts and disbursements related to the funds. In this capacity, MDOT also awards construction contracts and in some instances, contracts for other services. Ottawa County receives interim and final accounting of projects receipts and disbursements from MDOT. Since all project administration is performed by the Michigan Department of Transportation, the above amounts are not included in the County's schedule of expenditures of federal awards.

Note 4. Accounting Period

Certain funds of the County utilize the fiscal years ended March 31, 2006, June 30, 2006, September 30, 2006, and December 31, 2006. Programs that fall under different fiscal years are reported on the Schedule of Expenditures of Federal Awards based on the fund's fiscal year end.

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2006

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: *Unqualified*

Internal controls over financial reporting:
Material weakness(es) identified? _____ yes x no
Significant deficiency(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
Significant deficiency(s) identified not
considered to be material weaknesses? x yes _____ none reported

Type of auditors’ report issued on compliance
for major programs: *Qualified*

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section 510(a)? x yes _____ no

Identification of Major Programs

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
17.245	Type A Trade
93.268	Immunizations Grants
93.563	Title IV-D Cooperative Reimbursement Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? x Yes _____ No

COUNTY OF OTTAWA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2006-1 – CFDA # 17.245 – Department of Labor – Type A Trade – Cash Management

Criteria:	OMB Circular A-102, Paragraph 2(a) requires that recipients of federal awards minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient's need for the funds. When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the federal government.
Condition:	The County requested and received funds through the Type A Trade grant that at times during 2006 exceeded the actual expenditures to date related to that program.
Cause:	This condition appears to represent a failure in the operation of the County's stated internal control policy, which requires compliance with OMB Circular A-102.
Effect:	During the year, the County was, at times, in receipt of excess cash of up to \$45,687. Eligible expenditures were eventually incurred, and the County had no excess cash on hand at year end.
Recommendation:	The County should uniformly enforce its existing policy to not draw down funds in excess of actual expenditures at any point in time for grants that are on a reimbursement basis.
View of responsible officials/ Corrective action:	The County has reviewed its existing policy and directed the appropriate staff to ensure compliance with the policy directive to draw down grant funds based on general ledger expenditures when funded on a reimbursement basis.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None noted.