Michigan Department of Treasury
496 (02/06)

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	Local Unit Name	County
☐County ☐City ☐Twp ☐Village ☒Other	West Michigan Enforcement Team	Ottawa

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
9/30/07	3/11/08	3/22/08

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	☒	
The letter of Comments and Recommendations	☐	none noted
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number		
Vredeveld Haefner LLC	616-446-7474		
Street Address	**City**	**State**	**Zip**
4001 Granada Ct.	Grand Rapids	MI	49534
Authorizing CPA Signature	**Printed Name**	**License Number**	
	Douglas J. Vredeveld	21289	

WEST MICHIGAN ENFORCEMENT TEAM

West Olive, Michigan

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2007

WEST MICHIGAN ENFORCEMENT TEAM

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INDEPENDENT AUDITORS' REPORT

March 11, 2008

Board Members
West Michigan Enforcement Team
West Olive, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the West Michigan Enforcement Team (WEMET), West Olive, Michigan, as of and for the year ended September 30, 2007, which collectively comprise the WEMET's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the WEMET. 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 WEMET as of September 30, 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 WEMET has not presented Management's Discussion and Analysis which the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Vredeveld Haefner LLC

Specializing in services to governmental and nonprofit entities

BASIC FINANCIAL STATEMENTS

WEST MICHIGAN ENFORCEMENT TEAM

STATEMENT OF NET ASSETS AND GOVERMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2007

	General Fund	Adjustments	Statement of Net Assets
Assets			
Cash on hand	$ 42,000	$ -	$ 42,000
Cash and pooled investments	56,827	-	56,827
Cash held for pending forfeitures	234,863	-	234,863
Prepaid items	3,643	-	3,643
Due from other governments	133,868	-	133,868
Capital assets, net of accumulated depreciation	-	9,272	9,272
Total assets	$ 471,201	9,272	480,473
Liabilities			
Accounts payable	$ 18,689	-	18,689
Due to other governments	175,118	-	175,118
Undistributed forfeitures	234,863	-	234,863
Total liabilities	428,670	-	428,670
Fund balance			
Reserved			
Prepaid insurance	3,643	(3,643)	-
Unreserved			
Undesignated	38,888	(38,888)	-
Total fund balance	42,531	(42,531)	-
Total liabilities and fund balance	$ 471,201		
Net Assets			
Invested in capital assets, net of related debt		9,272	9,272
Unrestricted		42,531	42,531
Total net assets		$ 51,803	$ 51,803

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

WEST MICHIGAN ENFORCEMENT TEAM

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

SEPTEMBER 30, 2007

Fund balance - total governmental funds	$	42,531
Amounts reported for *governmental activities* 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)		9,272
Net assets of governmental activities	$	51,803

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

WEST MICHIGAN ENFORCEMENT TEAM

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

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Public safety	$ 848,321	$ 14,613	$ 862,934
Total expenditures/expenses	848,321	14,613	862,934
Program revenues			
Charges for services	203,360	-	203,360
Operating grants and contributions	449,592	-	449,592
Total program revenue	652,952	-	652,952
Net program expense			(209,982)
General revenue			
Interest earned	7,146	-	7,146
Change in fund balance/net assets	(188,223)	(14,613)	(202,836)
Fund balances/net assets, beginning of year	230,754	23,885	254,639
Fund balances/net assets, end of year	$ 42,531	$ 9,272	$ 51,803

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

WEST MICHIGAN ENFORCEMENT TEAM

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

FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net changes in fund balance - governmental funds	$ (188,223)
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.	
Deduct - depreciation expense	(14,613)
Change in net assets of governmental activities	$ (202,836)

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

WEST MICHIGAN ENFORCEMENT TEAM

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

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budget Amounts		Actual	Variance Positive
	Original	Final	Amount	(Negative)
Revenues				
Intergovernmental revenue				
Federal	$ 60,000	$ 60,000	$ 120,136	$ 60,136
State	10,000	324,750	324,750	-
Local	7,000	7,000	4,706	(2,294)
Interest earned	20,000	6,000	7,146	1,146
Forfeitures and other revenues	250,000	205,000	203,360	(1,640)
Total revenue	347,000	602,750	660,098	57,348
Expenditures				
Public Safety				
Supplies	33,000	33,000	22,007	10,993
Other services and charges	483,714	787,484	826,314	(38,830)
Total expenditures	516,714	820,484	848,321	(27,837)
Net changes in fund balance	(169,714)	(217,734)	(188,223)	29,511
Fund balance, beginning of year	230,754	230,754	230,754	-
Fund balance, end of year	$ 61,040	$ 13,020	$ 42,531	$ 29,511

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the West Michigan Enforcement Team (WEMET) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies.

Reporting Entity

The WEMET is a joint venture with participants from Ottawa, Muskegon, and Allegan counties and the Michigan Department of State Police. This legally separate entity was formed in 2002 under the Urban Cooperation Act of 1967 and is governed by a board made up of member-designated representatives.

The purpose of the WEMET is to establish a cooperative law enforcement force assembled for the purpose of enforcing narcotics and other controlled substances laws.

The accompanying financial statements present the WEMET (the primary government). The criteria established by generally accepted accounting principals for determining the reporting entity includes significant operational or financial relationships with another entity. Based on the above criteria the WEMET has no component units.

The WEMET general fund is used to account for all financial activity of the WEMET. Primary revenue sources include forfeitures, grants, and local contributions. These sources provide funding for goods and services which include supply and equipment purchases, equipment, office, and vehicle rents and contractual services including payments for contract labor. The WEMET has no direct employees. The WEMET is economically dependent on participant contributions and forfeitures which participants have agreed to provide to the WEMET.

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 WEMET). *Governmental activities* are reported in total. The WEMET 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 WEMET utilizes no proprietary or fiduciary funds.

The WEMET reports the following major governmental funds:

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 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 presents 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 WEMET's procedures for establishing budgetary data are as follows:

- The Executive submits a proposed budget for the upcoming year to the WEMET's Board.
- The budget is reviewed by the WEMET's Board and a public hearing is held. Prior to the beginning of the year, the budget is adopted by the WEMET'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 WEMET adopts a budget for the general fund at the line item level of detail by means of an appropriations act.

Cash and Investments

Cash and investments consist of the balance of cash, checking, and savings accounts, and pooled investment accounts. Michigan law authorizes the WEMET 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 lease one standard rating service.

f. Mutual funds registered under the Investment Company Act of 1940 with the WEMET 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.

Cash and Pooled investments

Cash and pooled investments consists of amounts held by Ottawa County for the benefit of the WEMET.

Due from other governments

Due from other governments consists primarily of the balance grants receivable from State, federal, and local governments. These balances are reported net of estimated uncollectible balances (estimated uncollectible balances were zero at year end).

Prepaid items

Prepaid items consists of the balance of past payments which benefit future period operations.

Capital Assets

Capital assets, which includes equipment, is 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 financial 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.

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

	Years
Equipment	5

Due to Other Governments

The balance of due to other governments primarily represents balance payables to participants for rent, services, vehicles and labor costs.

Undistributed Forfeitures

The balance of undistributed forfeitures represents the balance of forfeited funds awaiting adjudication and expiration of the appeal period.

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. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

Michigan law, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the WEMET's actual expenditures and budgeted expenditures for the budgeted funds have been shown on an activity level within a function. The approved budgets of the WEMET for these budgeted funds were adopted at the line item level.

During the year ended September 30, 2007, the WEMET incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	Final Budget	Actual	Variance
General fund			
Public Safety			
Other services and charges	$787,484	$826,314	$(38,830)

3. CASH AND INVESTMENTS

The cash and investments balances at year end are as follows:

Cash on hand	$ 42,000
Cash and pooled investments – held by Ottawa County	56,827
Cash held for pending forfeitures	234,863
Total	**$333,690**

Deposits

The above cash and pooled investments are held by Ottawa County (the fiscal agent of the WEMET). Specific deposit and investment accounts are not held in the name of the WEMET. The amount of federal deposit insurance and other deposit and investment risks can be determined for Ottawa County as a whole, but cannot be separately identified for the WEMET.

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance October 1, 2006	Additions	Deletions	Balance September 30, 2007
Governmental Activities				
Equipment	$54,953	$ -	$ 9,874	$45,079
Accumulated depreciation	31,068	14,613	9,874	35,807
Governmental Activities capital assets, net	**$23,885**	**$(14,613)**	**$ -**	**$ 9,272**

5. LEASES

The WEMET is committed under various lease agreement for building and office space. These leases are considered to be operating leases for accounting purposes. Lease expenditures for the current year were $85,273. Future minimum lease payments for these leases are $30,000 in 2008 and $15,000 in 2009.

6. RISK MANAGEMENT

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