

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 checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name TOWNSHIP OF BOHEMIA	County ONTONAGON
Fiscal Year End 03/31/2007	Opinion Date 11/27/2007	Date Audit Report Submitted to State 11/28/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

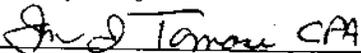
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

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 type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) JON J. TOMASI, CPA		Telephone Number (906)575-3206		
Street Address 208 BIRCH STREET		City BERGLAND	State MI	Zip 49910
Authorizing CPA Signature 		Printed Name JON. J TOMASI		License Number

TOWNSHIP OF BOHEMIA-MASS CITY, MICHIGAN
ONTONAGON COUNTY
FINANCIAL REPORT
WITH SUPPLEMENTAL INFORMATION
PREPARED IN ACCORDANCE WITH GASB 34

March 31, 2007

TABLE OF CONTENTS

Audited Financial Statements

Independent Auditor's Report.....	Page 3
Management's Discussion and Analysis (Unaudited).....	5
Statement of Net Assets.....	10
Statement of Activities.....	11
Governmental Funds-Balance Sheet.....	12
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets.....	13
Governmental Funds-Statement of Revenues, Expenditures and Changes in Fund Balance.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
Fiduciary Funds-Statement of Fiduciary Net Assets....	16
Notes to Financial Statements.....	17

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

General Fund-Budgetary Comparison Schedule.....	26
---	----

OTHER SUPPLEMENTAL INFORMATION

Major Governmental Funds-General Fund-Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual	28
Summary of 2006 Tax Levy	32
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit Of Financial Statements Performed in Accordance with Governmental Auditing Standards	33

Jon J. Tomasi
Certified Public Accountant
208 Birch Street
Bergland, Michigan 49910

INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board
Bohemia Township
Mass City, Michigan 49948

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bohemia as of and for the year ended March 31, 2007 which collectively comprise the Township's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Bohemia as of March 31, 2007, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

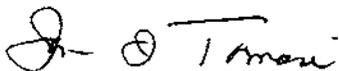
In accordance with *Government Auditing Standards*, I have also issued my report dated November 27, 2007, on my consideration of the Township of Bohemia's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the

results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

As described in Note 1, the township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis- for State and Local Governments*. As of March 31, 2007.

The administration's discussion and analysis and budgetary comparison information (identified in the Table of Contents) are not a required part of the basic financial statements, but are supplementary information required by *Government Accounting Standards Board* and by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Bohemia's basic financial statements. The accompanying Other Financial Information is presented for purposes of additional analysis and is not 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 my opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.



Certified Public Accountant
Bergland, Michigan
November 27, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BOHEMIA

Year ended March 31, 2007

Management's Discussion and Analysis

This section of the Township of Bohemia's annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2007. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending March 31, 2007.

Government-wide Financial Statements

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual basis of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities. All current year revenues and expenses are reported in the statement of activities. These are new statements that have not been required or provided in past years but are now required based on government auditing and accounting standards. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded mostly by State revenue sharing, property taxes and charges for services.

The statement of net assets, as stated previously, shows the Township's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficit of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the Township generally is. This shows if the Township will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net assets on a revenue less expenditure basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets available to fund future needs of the Township. Any deficiency of revenues over expenditures results in a deficit for the year that in turn reduces the net assets (or increases a deficit) of the Township.

Fund Financial Statements

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BOHEMIA

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental 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. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund.

The Township adopts an annual budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund and is included in the "Required Supplementary Information" section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

Notes to Financial Statements

Notes to the financial statements are included in the financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BOHEMIA

Government-wide Financial Statements - Condensed Financial Information

Statement of Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
ASSETS		
Current Assets:		
Cash and other assets	\$ 38,948	\$37,188
Capital Assets, net	<u>15,860</u>	<u>17,194</u>
Total Assets	\$ 54,808	\$54,382
LIABILITIES		
Current Liabilities	622	
Non-Current Liabilities		
Total Liabilities	<u>\$ 622</u>	—
NET ASSETS		
Investment in capital assets		
Net of related debt	15,860	17,194
Restricted	19,478	10,776
Unrestricted	<u>18,848</u>	<u>26,412</u>
Total Net Assets	\$54,186	\$54,382

For governmental activities, net assets decreased by \$196 during the fiscal year.

Results of Operations

The following represents the changes in net assets for governmental activities for the year ended March 31, 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BOHEMIA

	<u>March 31, 2007</u>	<u>March 31, 2006</u>
Revenue:		
Program Revenue:	\$10,466	\$1,662
Charges for services	775	588
General Revenue:		
Property taxes	30,831	25,076
Other Income	2,352	13,706
Unrestricted Grants	<u>6,156</u>	<u>6,616</u>
Total Revenue	50,580	47,648
Expenses:		
General Government	45,522	34,124
Public Safety	4,663	3,960
Public Works	591	3,126
Other		
Total Expenses	<u>50,776</u>	<u>41,210</u>
Increase (Decrease) in Net Assets	(196)	6,438
Net Assets Beginning of Year	<u>54,382</u>	<u>47,944</u>
Net Assets, End of Year	\$54,186	\$ 54,382

Governmental Activities

Property taxes and other tax revenues comprise \$30,831 or approximately 60 percent of total governmental revenues. The township also collected \$775 for services provided. And, at year end the Township reported \$6,156 in grants not restricted for specific purposes. This amount was due to revenue sharing from State of Michigan and comprises 12% of total governmental revenues.

The Township expended \$50,776 on governmental programs and services. Some of the largest expense categories were for general government where \$45,522 or 90% of total governmental expenditures reported. Public Safety expenditures amounted to 9% of the total governmental expenditures.

Financial Analysis of Governmental Funds

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirement.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BOHEMIA

Governmental Funds

The focus of the Township's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The Township's governmental fund reported an ending fund balance of \$37,188. The Township increased its fund balance by \$1,138 (3%) during the year.

On the budgetary basis of accounting, the Township ended the year with revenue 27% less than the original budget and 31% less than the final amended budget and expenditures 41% less than the original budget and 41% less than the final amended budget. The largest expenditure variance was in the area of General Government where expenditures were 24% less than original budget and final amended budget. The other significant expenditure variance was in the area of capital outlay where actual expenditures were 100% less than original budget.

Capital Assets and Debt Administration

The Township's investment in capital assets, net of accumulated depreciation for its governmental activities as of March 31, 2007 was \$15,860.

Other Economic Factors and Next Years Budget

Economic Factors

Currently, the State of Michigan is experiencing a severe budgetary crisis. As such, it is anticipated that future state budget cuts will likely translate into strategic reductions of Township expenses to maintain a sound budget. Despite the poor outlook of the state's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families and maintain a safe and clean community in which to live.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor
Township of Bohemia
572 Rousseau Road
Mass City, MI 49948

TOWNSHIP OF BOHEMIA

STATEMENT OF NET ASSETS
For the year ended March 31, 2007

	Primary Government Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	\$33,459	\$33,459
Receivables (Net)	4,045	4,045
Other Assets	1,444	1,444
TOTAL CURRENT ASSETS	38,948	38,948
NON-CURRENT ASSETS		
Capital Assets--Net	15,860	15,860
TOTAL NON-CURRENT ASSETS	15,860	15,860
TOTAL ASSETS	54,808	54,808
LIABILITIES		
Accounts Payable	622	622
TOTAL CURRENT LIABILITIES	622	622
NET ASSETS		
Invested in Capital Assets--Net of Related Debt	15,860	15,860
Restricted-Road Maintenance	19,478	19,478
Unrestricted	18,848	18,848
TOTAL NET ASSETS	\$54,186	\$54,186

The notes to financial statements are an integral part of these statements

TOWNSHIP OF BOHEMIA
STATEMENT OF ACTIVITIES
For the year ended March 31, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Primary Government						
General Government	\$45,522	\$775	\$10,081		(\$34,666)	(\$34,666)
Public Safety	4,663		385		(4,278)	(4,278)
Public Works	591				(591)	(591)
Other						
Total Governmental Activities	50,776	775	10,466		(39,535)	(39,535)
Total Primary Government	50,776	775	10,466		(39,535)	(39,535)
General Revenues						
Property Taxes					30,831	30,831
State-Shared Revenues					5,285	5,285
Other					2,352	2,352
Right of Way Funds					871	871
Total General Revenues					39,339	39,339
Change in Net Assets					(196)	(196)
Net Assets--Beginning					54,382	54,382
Net Assets--Ending					\$54,186	\$54,186

The notes to Financial Statements are an integral part of this statement

TOWNSHIP OF BOHEMIA
GOVERNMENTAL FUNDS
BALANCE SHEET
March 31, 2007

	GOVERNMENTAL General Fund	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and Equivalents	\$33,459	\$33,459
Delinquent Taxes Rec.	1,497	1,497
Accounts Receivable	2,532	2,532
Due from Other Funds	16	16
Prepaid Expense	1,444	1,444
TOTAL ASSETS	\$38,948	\$38,948
LIABILITIES & FUND EQUITY		
Accounts Payable	622	622
Deferred Revenue		
Total Liabilities	622	622
Fund Equity		
Reserved for Road		
Maintenance	19,478	19,478
Unreserved	18,848	18,848
Total Fund Equity	38,326	38,326
TOTAL LIABILITIES AND FUND EQUITY	\$38,948	\$38,948

See Notes to Financial Statements.

TOWNSHIP OF BOHEMIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

Total Fund Balances for Governmental Funds \$38,326

*Amounts reported for governmental activities in this 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 15,860

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$54,186

The notes to the Financial Statements are an integral part of this report

TOWNSHIP OF BOHEMIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year ended March 31, 2007

	General Fund	Totals Governmental Funds
REVENUES		
Taxes	\$30,831	\$30,831
State Grants	6,541	6,541
Federal Grants		
Other	13,208	13,208
TOTAL REVENUES	50,580	50,580
EXPENDITURES		
General Government	44,188	44,188
Public Safety	4,663	4,663
Public Works	591	591
Capital outlay		
Other		
TOTAL EXPENDITURES	49,442	49,442
EXCESS OF REVENUE (EXPENDITURES)	1,138	1,138
FUND BALANCE APRIL 1, 2006	37,188	37,188
FUND BALANCE MARCH 31, 2007	38,326	38,326

The notes to Financial Statements are an integral part of this statement

TOWNSHIP OF BOHEMIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
For the Fiscal Year Ended March 31, 2007

Net Change in Fund Balance-Total Governmental Funds \$1,138

*Amounts reported for governmental activities in this statement
of net assets are different because:*

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of these assets is allocated over
their estimated useful lives as depreciation expense. This is the amount by
which capital outlays exceed depreciation in the current period.

	Capital Outlays	
	Depreciation Expense	(1,334)
		<u>(1,334)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>(\$196)</u></u>

The notes to the Financial Statements are an integral part of this report

TOWNSHIP OF BOHEMIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
March 31, 2007

ASSETS	
Cash and Cash Equivalents	16

TOTAL ASSETS	\$16
LIABILITIES	
	.
Due to Other Funds	16

Total Liabilities	\$16

The notes to the financial statements are an integral part of these statements

TOWNSHIP OF BOHEMIA

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

(A) Reporting Entity

The Township of Bohemia operates with an elected Board of Trustees. The governing board is composed of five elected members, which include the supervisor, treasurer, and clerk. The Township provides its residents services in many areas including public safety, highways and streets, planning, zoning and general administrative services. The accompanying financial statements present the government and its component units for which the government is considered to be financially accountable.

(B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable-Property Taxes

The Township of Bohemia's property tax is levied on each December 1st on the taxable value of property (as defined by state statutes) located in the Local Governmental Unity as of the preceding December 31st .

The 2006 taxable valuation of the Local Governmental Unit totaled \$4,662,675 on which ad valorem taxes levied consisted of 3.8817 mills for the Local Governmental Unit operating purposes. The amounts are recognized in the General Fund.

The government reports one major Governmental Fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Private sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

(D) Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets-The township has restricted millage amounts levied for the purpose of roads and funds restricted from roads that have not yet been spent but are shown as restricted for roads.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	25 years
Vehicles	8 years
Office Equipment	5 years
Computer Equipment	5 years

Compensated Absences (Vacation and Sick Leave) The township has no employee who earns any vacation or sick leave so there is no liability in this area.

Long-Term Obligations-In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or statement of net assets.

Fund Equity-In the fund financial statements, government funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgeting Information-Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end.

The Supervisor, with the help of the Clerk and the Treasurer, prepares the proposed budget for presentation to the Township Board during March for the fiscal year beginning on April 1.

Budget hearings are scheduled in March to obtain taxpayer comments. The Budget is adopted by the Township Board prior to April 1.

The general fund revenues and expenditures are accounted for in accordance with the adopted budget.

Excess of Expenditures Over Appropriation in Budgeted Fund

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township of these budgetary funds were adopted to the activity level.

The Township has not complied with all the provisions of P.A. 621 of 1978. The act provides that the budget must be amended whenever actual revenues are less than budgeted amounts or expenditures exceed budgeted amounts at the level of the adopted budget. Budget variances of this nature are shown in the body of the financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiles Laws, Section 129.91, authorized the township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations which have an office in Michigan; bonds, securities and other direct obligations of the United States, or Federal Agency obligation repurchase Agreements; Bankers acceptance of United States banks; Commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchases; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The deposits of the township are in one financial institution and are invested in accordance with statutory authority. The investment policy adopted by the board is in accordance with Act 196, PA 1997 and authorizes all legal investments. The Local Government Unit's deposits and investment policy are in accordance with statutory authority.

NOTES TO FINANCIAL STATEMENTS (Continued)

At year-end the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$33,459	\$16	\$33,475
Investments Restricted Assets			
Total	<u>\$33,459</u>	<u>\$16</u>	<u>\$33,475</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking and Savings)	\$32,475
Investments in Securities	
Petty Cash and Cash on Hand	<u>1,000</u>
Total	<u>\$33,475</u>

The bank balance of the primary Government's deposits is \$33,475 of which \$33,475 is covered by federal deposit insurance.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the government's individual major and fiduciary fund including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Taxes Receivable	\$1,497		\$1,497
Accounts Receivable	2,532		2,532
Less: Allowance for Uncollectibles			
Net Receivables	<u>\$4,029</u>	<u> </u>	<u>\$4,029</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS

Capital Asset activity of the primary government for the current year was as follows:

Governmental Activities	Beginning			Ending
Capital Assets Not Being Depreciated	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Land	\$ 700			\$ 700
Capital Assets Being Depreciated				
Buildings	35,615			35,615
Improvements Other Than Buildings				
Machinery & Equipment				
Subtotal	<u>\$35,615</u>			<u>\$35,615</u>
Less Accumulated Depreciation for				
Buildings	\$19,121	\$1,334		\$20,455
Improvements Other Than Buildings				
Machinery & Equipment				
Subtotal	<u>19,121</u>	<u>1,334</u>		<u>20,455</u>
Net Capital Assets	<u>16,494</u>	<u>1,334</u>		<u>15,160</u>
Being Depreciated				
Governmental Activities Capital				
Total Capital Assets-Net of				
Depreciation	<u>\$17,194</u>			<u>\$15,860</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$1,334
Public Safety	
Public Works	_____
Total Governmental Activities	<u>\$1,334</u>

NOTE 6 - RISK MANAGEMENT

The Township is exposed to various risks of losses related to property loss, torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies. The Township has comprehensive general liability coverage of \$1,000,000 per occurrence and a \$3,000,000 aggregate limit, with a \$500 deductible amount.

All risk management activities are accounted for in the General Fund of the Township. Expenditures and Claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2007 will not materially affect the financial condition of the Township. Therefore, the General fund contains no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 7 - PENSION PLAN

The Township does not cover any employee under a pension plan nor are any employees eligible for post employment benefits other than pensions.

NOTE 8 - INSURANCE CLAIM

The Township's property assessment records were destroyed in a fire in January of 2006. The Township incurred direct expenses of \$12,278 to reconstruct the assessment records. The Township received insurance reimbursement of \$13,029 for the records reconstruction. The revenue and expense of this event are reflected in the Township financial statements for the year 2005-06 and 2006-07.

REQUIRED
SUPPLEMENTAL
FINANCIAL
INFORMATION

TOWNSHIP OF BOHEMIA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year ended March 31, 2007

	Original Budget	Final Amended Budget	Actual
REVENUES			
Taxes	\$32,539	\$38,356	\$30,831
State grants	6,624	6,674	6,541
Other	30,392	28,247	13,208
TOTAL REVENUES	69,555	73,277	50,580
EXPENDITURES			
General government	66,798	66,798	44,188
Public safety	5,369	5,369	4,663
Public works	800	800	591
Capital outlay	11,000	11,000	
TOTAL EXPENDITURES	83,967	83,967	49,442
EXCESS OF REVENUES (EXPENDITURES)	(14,412)	(10,690)	1,138
FUND BALANCE APRIL 1, 2006	\$37,188	\$37,188	\$37,188
FUND BALANCE MARCH 31, 2007	\$22,776	\$26,498	\$38,326

OTHER
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF BOHEMIA
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
 Year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current Property Taxes	\$17,991	\$18,076	\$85
Penalties and Interest			
Delinquent Taxes			
Payments in Lieu of Taxes	17,965	10,249	(7,716)
Administration Fee	2,400	2,506	106
TOTAL TAXES	38,356	30,831	(7,525)
STATE GRANTS	6,674	6,541	(133)
OTHER			
Cemetery Donations		775	775
Miscellaneous	28,247	12,433	(15,814)
Sale of Property			
TOTAL OTHER	28,247	13,208	(15,039)
TOTAL REVENUES	\$73,277	\$50,580	(\$22,697)

TOWNSHIP OF BOHEMIA
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 Year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Township Board			
Salaries and Benefits	1,938	1,935	3
Travel	500	465	35
Insurance	750	750	
Supplies			
Dues	210	211	(1)
Miscellaneous	1,000	343	657
	4,398	3,704	694
Supervisor			
Salary and Benefits	4,844	4,844	
Office Supplies	500	282	218
Contracted Services	3,050	1,440	1,610
Communications	250	40	210
Transportation	850	603	247
Miscellaneous	1,600	75	1,525
	11,094	7,284	3,810
Elections			
Salaries and Benefits	1,780	1,757	23
Transportation	600	350	250
Printing and Publication	250	47	203
Supplies	1,250	725	525
	3,880	2,879	1,001
Attorney-Contracted Services			
Clerk			
Salaries and Benefits	3,875	3,875	
Office Supplies	300	71	229
Communications			
Transportation	900	813	87
Miscellaneous	1,625	26	1,599
	6,700	4,785	1,915
TOTALS FORWARDED	\$26,072	\$18,652	\$7,420

TOWNSHIP OF BOHEMIA
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 Year ended March 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$26,072	\$18,652	\$7,420
Board of Review			
Salaries and Benefits	1,507	1,507	
Office Supplies			
Transportation	700	512	188
Printing and Publishing	450	163	287
Miscellaneous		307	(307)
	2,657	2,489	168
Treasurer			
Salary and Benefits	5,006	5,194	(188)
Office Supplies	1,400	1,010	390
Communications			
Transportation	500	406	94
Miscellaneous	1,280		1,280
	8,186	6,610	1,576
Township Hall and Grounds			
Salaries and Benefits	1,077	714	363
Insurance	2,000	1,894	106
Public Utilities	1,000	1,306	(306)
Repairs and Maintenance	2,500	497	2,003
Miscellaneous		673	(673)
	6,577	5,084	1,493
Cemetery			
Salaries and Benefits		218	(218)
Supplies		134	(134)
		352	(352)
Unallocated - Records Reconstruction			
Wages and Benefits	8,000	5,892	2,108
Supplies	6,000	4,671	1,329
Travel	1,000	438	562
Miscellaneous	8,306		8,306
	23,306	11,001	12,305
TOTAL GENERAL GOVERNMENT	\$66,798	\$44,188	\$22,610

TOWNSHIP OF BOHEMIA
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 Year ended March 31, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY			
Liquor Enforcement			
Wages and Benefits	969	969	
Transportation			
	969	969	
Fire Protection	4,400	3,694	706
TOTAL PUBLIC SAFETY	5,369	4,663	706
PUBLIC WORKS			
Street Lighting-Public Utilities	800	591	209
TOTAL PUBLIC WORKS	800	591	209
CAPITAL OUTLAY	11,000		11,000
TOTAL EXPENDITURES	\$83,967	\$49,442	\$34,525

SUMMARY OF 2006 TAX LEVY
TOWNSHIP OF BOHEMIA
YEAR ENDED MARCH 31, 2007

Taxes Levied	\$18,661
Uncollected at March 31, 2007	<u>1,898</u>
Net Tax Collections	\$16,763
Taxable Value-Ad Valorem	
Homestead	\$926,341
Non-Homestead	\$3,644,912
Tax Rate per \$1,000 taxable valuation	3.882

Jon J. Tomasi
Certified Public Accountant
208 Birch Street
Bergland, Michigan 49910

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.

Supervisor and Members of the Board
Township of Bohemia
Mass City, Michigan

I 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 Township of Bohemia as of and for the year ended March 31, 2007, which collectively comprise the Township of Bohemia's basic financial statements and have issued my report thereon dated November 27, 2007. I conducted my 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 my audit, I considered the Township of Bohemia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Bohemia's control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Township of Bohemia'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 Township of Bohemia'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 Township of Bohemia's financial statements that is more than inconsequential will not be prevented or detected by the Township of Bohemia'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 Township of Bohemia's

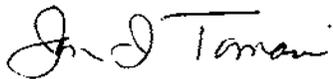
internal control.

My 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 that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Bohemia's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Township Board and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant
Bergland, Michigan
November 27, 2007