RECEIVED
DEPT. OF TREASURY
SEP 30 2004
LOCAL AUDIT & FINANCE DIV.

Boston Township

Ionia County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended March 31, 2004

34-1020

Michigan Dept. of Treasury Local Audit & Finance Division
496 (3-98), Formerly L-314

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type	Local Government Name	County
☐ city ☒ Township ☐ Village ☐ Other	Boston Township	Ionia

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
March 31, 2004	September 2, 2004	September 29, 2004

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

RECEIVED
DEPT. OF TREASURY
SEP 30 2004
LOCAL AUDIT & FINANCE DIV.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	☒	☐	☐
Reports on individual federal financial assistance programs (program audits).	☐	☐	☒
Single Audit Reports (ASLGU).	☐	☐	☒

Certified Public Accountant (Firm Name)	Douglas Wohlberg CPA			
Street Address	PO Box 1013	City Byron Center	State MI	ZIP 49315
Accountant Signature	Douglas Wohlberg			

Boston Township
Ionia County, Michigan
Contents
March 31, 2004

Independent Auditor's Report	1
Management's Discussion and Analysis	3 - 5
BASIC FINANCIAL STATEMENTS	
Government Wide Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet	11
Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets	12
Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Fiduciary Fund	
Statement of Net Assets	15
Notes to Basic Financial Statements	19 - 25
Major Fund Statements	
General Fund	
Balance Sheet	28
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual	29 - 30
Public Improvement Revolving Special Revenue Fund	
Balance Sheet	31
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual	32
Nonmajor Governmental Fund Statements	
Combining Balance Sheet	34
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual	35
Paradise Park Debt Service Fund	
Balance Sheet	36
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual	37
Breezy Point Debt Service Fund	
Balance Sheet	38
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual	39
Long-term Debt Schedules	
Paradise Park Special Assessment Debt	42
Breezy Point Special Assessment Debt	43

Boston Township
Ionia County, Michigan
Contents
March 31, 2004

Independent Auditor's Report 1
Management's Discussion and Analysis 3 - 5

BASIC FINANCIAL STATEMENTS
Government Wide Financial Statements
Statement of Net Assets 9
Statement of Activities 10

Fund Financial Statements
Governmental Funds
Balance Sheet 11
Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets 12
Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance 13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 14

Fiduciary Fund
Statement of Net Assets 15

Notes to Basic Financial Statements 19 - 25

Major Fund Statements
General Fund
Balance Sheet 28
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual 29 - 30

Public Improvement Revolving Special Revenue Fund
Balance Sheet 31
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual 32

Nonmajor Governmental Fund Statements
Combining Balance Sheet 34
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual 35

Paradise Park Debt Service Fund
Balance Sheet 36
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual 37
Breezy Point Debt Service Fund
Balance Sheet 38
Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual 39

Long-term Debt Schedules
Paradise Park Special Assessment Debt 42
Breezy Point Special Assessment Debt 43

DOUGLAS WOHLBERG

Certified Public Accountant

To the Township Board
Boston Township
Ionia County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information of Boston Township as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Boston Township management. 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 and the aggregate remaining fund information of Boston Township as of March 31, 2004, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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's Discussion and Analysis—for State and Local Governments*, as of March 31, 2004.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Boston Township basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Douglas Wohlberg

Byron Center, Michigan
September 3, 2004

Boston Township

MANAGEMENT'S DISCUSSION AND ANALYSIS
as of March 31, 2004

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets decreased 2% from a year ago, decreasing from $898,139 to $879,041. This results from minimizing expenditures in the General Fund.

In a condensed format, the table below shows the net assets as of the March 31, 2004:

		Governmental Activities
Current assets	$	874,880
Noncurrent assets		94,567
Total assets		969,447
Long-term debt outstanding		89,101
Other liabilities		1,305
Total liabilities		90,406
Net assets		
Invested in capital assets - net of debt		94,567
Restricted		476,414
Unrestricted		308,060
Total net assets	$	879,041

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, increased by $41,502 for the governmental activities. This represents an increase approximately 1%. The current level of unrestricted net assets for our governmental activities stands at $308,060, or about 66% of expenditures. This is within the targeted range set by the Township Board during its last budget process.

The following table shows the changes of the net assets as of March 31, 2004:

Program revenues		
Charges for services	$	26,675
General Revenue		
Property tax		102,250
State shared revenue		247,942
Investment income		33,599
Franchise fees		5,560
Special assessments		28,178
Total Revenues		444,204
Program expenses		
General government		206,942
Public safety		75,725
Public works		161,741
Health and welfare		10,414
Community and economic development		2,937
Interest on long-term debt		5,543
Total expenses		463,302
Change in net assets	$	(19,098)

Governmental Activities

There was no significant change in governmental activities from the previous year.

The Township's Funds

Our analysis of the Township's major fund begins on page 11, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds in 2004 were the General Fund and the Improvement Revolving Special Revenue Fund.

Capital Asset and Debt Administration

At the end of 2004, the Township had $94,567, net of accumulated depreciation, invested in land, building and equipment.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2005 remains little changed from 2004 because the Township has little long-term debt and expects to make no significant additions to its capital assets.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township's Supervisor at the Boston Township Hall, 30 North Center Street, Saranac, Michigan, 48881. The Township's phone number is (616) 642-6636.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Boston Township
Ionia County, Michigan
Statement of Net Assets
For the year ended March 31, 2004

		Governmental activities
GOVERNMENTAL ASSETS		
Cash and cash equivalents	$	832,175
Receivables (net)		42,705
Capital assets - net		94,567
TOTAL ASSETS	$	969,447
GOVERNMENTAL LIABILITIES		
Accrued and other liabilities	$	1,305
Due within one year		16,092
Due in more than one year		73,009
TOTAL LIABILITIES		90,406
GOVERNMENTAL NET ASSETS		
Debt service		30,596
Capital projects		445,818
Invested in capital assets		94,567
Unrestricted		308,060
TOTAL NET ASSETS		879,041
TOTAL LIABILITIES AND NET ASSETS	$	969,447

The Notes to the Financial Statements are an integral part of this statement.

Boston Township
Ionia County, Michigan
Statement of Activities
For the year ended March 31, 2004

Functions/Programs	Expenses	Charges for services	Governmental activities
PRIMARY GOVERNMENT EXPENSES			
General government	$ 206,942	$ 26,675	$ (180,267)
Public safety	75,725	-	(75,725)
Public works	161,741	-	(161,741)
Health and welfare	10,414	-	(10,414)
Community and economic development	2,937	-	(2,937)
Interest on long-term debt	5,543	-	(5,543)
Total Governmental activities	463,302	26,675	(436,627)
General Revenues			
Property taxes			102,250
State-shared revenue			247,942
Unrestricted investment income			33,599
Franchise fees			5,560
Special assessments			28,178
Total general revenues - special items and transfers			417,529
Change in net assets			(19,098)
Net assets at beginning of year			898,139
Net assets at end of year			$ 879,041

The Notes to the Financial Statements are an integral part of this statement.

Boston Township
Ionia County, Michigan
Governmental Funds
Balance Sheet
March 31, 2004

	General Fund	Nonmajor Funds	Total
ASSETS			
Cash	$ 374,696	$ 11,661	$ 832,175
Taxes receivable	8,291	-	8,291
Accounts receivable	15,479	-	15,479
Special assessments receivable	-	18,935	18,935
TOTAL ASSETS	$ 398,466	$ 30,596	$ 874,880
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Payroll deductions payable	$ 1,305	$ -	$ 1,305
FUND BALANCES			
Reserved for			
Capital projects	-	-	445,818
Debt service	-	30,596	30,596
Undesignated	397,161	-	397,161
TOTAL FUND BALANCES	397,161	30,596	873,575
TOTAL LIABILITIES AND FUND BALANCES	$ 398,466	$ 30,596	$ 874,880

The Notes to the Financial Statements are an integral part of this statement.

Boston Township

Ionia County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended March 31, 2004

Total fund balances - total governmental funds	$	873,575
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. These assets consist of:		
Capital assets at cost		150,257
Accumulated depreciation		(55,690)
Net capital assets		94,567
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at March 31, 2004 were:		
Paradise Park Construction debt		(69,200)
Breezy Point Construction debt		(19,901)
Net assets of governmental activities	$	879,041

The Notes to the Financial Statements are an integral part of this statement.

Boston Township
Ionia County, Michigan
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
For the year ended March 31, 2004

	General Fund	Public Improvement Revolving Fund	Nonmajor Funds	Total
REVENUE				
Taxes	$ 102,250	$ -	$ -	$ 102,250
Licenses and permits	2,250	-	-	2,250
State grants	247,942	-	-	247,942
Charges for services	20,518	-	-	20,518
Fines and forfeits	7,468	-	-	7,468
Interest and rents	17,862	17,697	39	35,598
Special assessments	-	-	28,178	28,178
TOTAL REVENUE	398,290	17,697	28,217	444,204
EXPENDITURES				
General government	190,322	-	-	190,322
Public safety	75,725	-	-	75,725
Public works	161,741	-	-	161,741
Health and welfare	10,414	-	-	10,414
Community and economic development	2,937	-	-	2,937
Other governmental functions	13,835	-	-	13,835
Debt service	-	-	20,725	20,725
TOTAL EXPENDITURES	454,974	-	20,725	475,699
NET CHANGE IN FUND BALANCES	(56,684)	17,697	7,492	(31,495)
FUND BALANCES, BEGINNING OF YEAR	453,845	428,121	23,104	905,070
FUND BALANCES, END OF YEAR	$ 397,161	$ 445,818	$ 30,596	$ 873,575

The Notes to the Financial Statements are an integral part of this statement.

Boston Township

Ionia County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended March 31, 2004

Net change in fund balances - total governmental funds	$	(31,495)
Amounts reported for governmental activities in the statement of activities are different because:		
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		15,182
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Depreciation		(2,785)
Change in net assets of government activities	$	(19,098)

The Notes to the Financial Statements are an integral part of this statement.

Boston Township
Ionia County, Michigan
Fiduciary Fund
Statement of Net Assets
For the year ended March 31, 2004

	Agency Fund Type	
ASSETS		
Cash and cash equivalents	$	87,124
LIABILITIES		
Undistributed taxes	$	27,124
NET ASSETS		
Held in trust for Cemetery maintenance	$	62,000

The Notes to the Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Boston Township 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 Boston Township:

A. Reporting Entity

Boston Township is governed by an elected seven-member Board. The Township has no component units, entities 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.

This reporting model provides for separate financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Boston Township has no proprietary funds. The Township has one fiduciary fund, the Tax Agency Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 proprietary fund and 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.

Boston Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Boston Township as of the preceding December 31st.

Although Boston Township's 2003 ad valorem tax is levied and collectible on December 1, 2003, it is Boston Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2003 taxable valuation of Boston Township totaled $116,196,430, on which ad valorem taxes levied consisted of the following:

	Mills levied	Raising
Operating	0.8057	$ 93,619

The government reports the following major governmental funds:

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

The Public Improvement Revolving Special Revenue Fund accumulates non-tax revenue set aside for statutory public improvements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the government reports the following fund types:

Debt Service Funds

The Paradise Park Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a private road..

The Breezy Point Debt Service Fund accounts for special assessments collected to pay long-term debt related to construction of a private road..

Trust and Agency Funds

The Trust and Agency Fund accounts for property tax collected on behalf of the Township and other units.

The Cemetery Trust Fund accounts for money set aside to provide for maintenance of the Township's Cemeteries.

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. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

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." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

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.

Capital Assets--Capital assets, which include property, plant and equipment, 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 $1,000 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 years

Fund Equity--In the fund financial statements, governmental 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

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

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before March 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before March 31, the budget is adopted by resolution.

Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before March 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the General Fund, Special Revenue Fund and Debt Service Funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund, Special Revenue Fund and Debt Service Funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Excess of Expenditures Over Appropriations in Budgeted Funds--During the year, Boston Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

	Budget appropriation	Actual expenditure
General Fund		
Attorney	$ 20,000	$ 40,377
Ambulance	9,000	10,414
Other	11,800	13,835

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Boston Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Boston Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

Boston Township's deposits and investment policy are in accordance with statutory authority.

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

	Governmental activities	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	$ 832,175	$ 87,124	$ 919,299

The bank balance of the Township's deposits is $962,210, of which $177,034 is covered by federal depository insurance and $785,176 is uninsured and uncollateralized.

NOTE 4 - RECEIVABLES

Receivables as of year-end for the Township's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Paradise Park Debt Service Fund	Breezy Point Debt Service Fund	Total
Taxes receivable	$ 8,291	$ -	$ -	$ 8,291
Accounts	15,479	-	-	15,479
Special Assessments	-	14,407	4,528	18,935
Net Receivables	$ 23,770	$ 14,407	$ 4,528	$ 42,705

NOTE 5 - CAPITAL ASSETS

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

Governmental Activities	Balance April 1, 2003	Additions	Disposals	Balance March 31, 2004
Assets not being depreciated	$ 38,877	$	$	$ 38,877
Capital assets being depreciated:				
Buildings	111,380			111,380
Subtotal	111,380			111,380
Accumulated depreciation:				
Buildings	52,905	2,785		55,690
Subtotal	52,905	2,785		55,690
Net capital assets being depreciated	58,475	(2,785)		55,690
Net capital assets	$ 97,352	$ (2,785)	$	$ 94,567

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

Governmental activities:	
General government	$ 2,785

NOTE 6 - LONG-TERM DEBT

The Township issues long-term special assessment debt to provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. Long-term debt activity can be summarized as follows:

	Balance April 1, 2003	Additions	Reductions	Balance March 31, 2004
Paradise Park Special Assessment Debt	$ 80,615	$	$ 11,415	$ 69,200
Breezy Point Special Assessment Debt	23,668		3,767	19,901
	$ 104,283	$	$ 15,182	$ 89,101

Annual debt service requirements to maturity for the above obligations are as follows:

Year ended March 31,	Principal	Interest	Total
2005	$ 16,092	$ 4,633	$ 20,725
2006	16,929	3,796	20,725
2007	17,809	2,916	20,725
2008	18,735	1,990	20,725
2009	17,473	1,017	18,490
2010	2,063	108	2,171
Totals	$ 89,101	$ 14,460	$ 103,561

NOTE 7 - RISK MANAGEMENT

Boston Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Boston Township has purchased commercial insurance for claims and participates in the for claims relating to . Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

The Township has no post-retirement benefit plans at this time.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

Boston Township provides pension benefits to certain employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Boston Township contributes 15 percent of all Township Board members toward the purchase of individual annuities to provide retirement benefits, plus a contribution for Board members eligible for a past services retirement benefit. Contributions to the plan for the current year totaled $9,112 based on a covered payroll of $58,916. Total Township payroll was $58,916. Retirement benefits are limited to the amount of annuities purchased on behalf of each employee.

Boston Township

Ionia County, Michigan

General fund

Balance Sheet

March 31, 2004

		2004		2003
ASSETS				
Cash	$	374,696	$	445,262
Taxes receivable		8,291		9,065
Accounts receivable		15,479		571
TOTAL ASSETS	$	398,466	$	454,898
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Payroll deductions payable	$	1,305	$	1,051
TOTAL LIABILITIES		1,305		1,051
FUND BALANCES				
Unreserved, undesignated		397,161		453,845
TOTAL LIABILITIES AND FUND BALANCES	$	398,466	$	454,896

Boston Township

Ionia County, Michigan

General fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	Actual	Variance with final budget	2003
REVENUE					
Current real property taxes	$ 95,000	$ 95,000	$ 102,250	$ 7,250	$ 91,214
Business licenses and permits	75	75	-	(75)	75
Non-business licenses and permits	2,500	2,500	2,250	(250)	2,250
State revenue sharing	290,000	290,000	246,602	(43,398)	267,751
Other state grants	-	-	1,340	1,340	-
Fees	5,750	5,750	5,735	(15)	5,636
Services rendered	10,080	10,080	10,583	503	8,447
Sales	7,000	7,000	4,200	(2,800)	6,650
Fines and forfeitures	3,000	3,000	7,468	4,468	3,947
Interest and dividends	22,200	22,200	15,862	(6,338)	22,747
Rent	2,000	2,000	2,000	-	2,430
TOTAL REVENUE	437,605	437,605	398,290	(39,315)	411,147
EXPENDITURES					
General government					
Township board	6,100	6,100	5,938	162	5,909
Supervisor	18,000	18,000	17,616	384	14,942
Clerk	15,800	15,800	14,450	1,350	14,450
Audit	3,100	3,100	3,100	-	3,000
Board of review	630	630	480	150	420
Treasurer	24,500	24,500	23,580	920	17,126
Assessor	27,805	27,805	27,505	300	26,439
Elections	2,720	2,720	337	2,383	5,591
Building and grounds	22,700	22,700	18,301	4,399	12,441
Attorney	20,000	20,000	40,377	(20,377)	24,230
Cemetery	38,950	38,950	38,638	312	31,638
Total General government	180,305	180,305	190,322	(10,017)	156,186
Public safety					
Police	53,600	53,600	52,633	967	52,100
Fire department	28,000	28,000	23,092	4,908	30,848
Total Public safety	81,600	81,600	75,725	5,875	82,948

Boston Township

Ionia County, Michigan

General fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	Actual	Variance with final budget	2003
Public works					
Drains	$ 500	$ 500	$ 490	$ 10	$ 496
Street lighting	240	240	216	24	216
Highways, streets and bridges	200,000	200,000	161,035	38,965	137,814
Total Public works	200,740	200,740	161,741	38,999	138,526
Health and welfare					
Ambulance	9,000	9,000	10,414	(1,414)	9,209
Community and economic development					
Economic development	3,100	3,100	2,937	163	5,874
Other governmental functions					
Insurance	3,000	3,000	3,764	(764)	2,503
Retirement	7,800	7,800	9,112	(1,312)	7,791
Social security	1,000	1,000	959	41	807
Total Other governmental functions	11,800	11,800	13,835	(2,035)	11,101
TOTAL EXPENDITURES	486,545	486,545	454,974	31,571	403,844
NET CHANGE IN FUND BALANCES	(48,940)	(48,940)	(56,684)	(70,886)	7,303
Fund balance at beginning of year	453,845	453,845	453,845	-	446,542
Fund balance at end of year	$ 404,905	$ 404,905	$ 397,161	$ (70,886)	$ 453,845

Boston Township

Ionia County, Michigan

Public Improvement Revolving Special Revenue Fund.

Balance Sheet

March 31, 2004

	2004	2003
ASSETS		
Cash	$ 445,818	$ 428,121
LIABILITIES AND FUND EQUITY		
FUND BALANCES		
Reserved for capital projects	$ 445,818	428,121

Boston Township

Ionia County, Michigan

Public Improvement Revolving Special Revenue Fund.

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2004 with comparative actual amounts for 2003

	Original budget	Original and final budget	Actual	Variance with final budget	2003
REVENUE					
Interest and dividends	$ 30,000	$ 30,000	$ 17,697	$ (12,303)	$ 34,628
NET CHANGE IN FUND BALANCES	30,000	30,000	17,697	(12,303)	34,628
Fund balance beginning of year	428,121	428,121	428,121	-	393,493
Fund balance end of year	$ 458,121	$ 458,121	$ 445,818	$ (12,303)	$ 428,121

NONMAJOR GOVERNMENTAL FUND STATEMENTS

Boston Township
Ionia County, Michigan
Nonmajor Funds
Combining Balance Sheet
March 31, 2004

	Debt Service Funds		
	Paradise Park Debt Service Fund	Breezy Point Debt Service Fund	Total
ASSETS			
Cash	$ 8,329	$ 3,332	$ 11,661
Special assessments receivable	14,407	4,528	18,935
TOTAL ASSETS	$ 22,736	$ 7,860	$ 30,596
LIABILITIES AND FUND BALANCES			
FUND BALANCES			
Reserved for			
Debt service	$ 22,736	$ 7,860	$ 30,596

Boston Township

Ionia County, Michigan

Nonmajor Funds

Combining Statement of Revenue, Expenditures and Changes in Fund Balances

March 31, 2004

	Debt Service Funds		
	Paradise Park Debt Service Fund	Breezy Point Debt Service Fund	Total
REVENUE			
Special assessments	$ 21,432	$ 6,746	$ 28,178
Interest and dividends	26	13	39
TOTAL REVENUE	21,458	6,759	28,217
EXPENDITURES			
Debt service			
Principal	11,415	3,767	15,182
Interest	4,285	1,258	5,543
TOTAL EXPENDITURES	15,700	5,025	20,725
NET CHANGE IN FUND BALANCES	5,758	1,734	7,492
FUND BALANCES, BEGINNING OF YEAR	16,978	6,126	23,104
FUND BALANCES, END OF YEAR	$ 22,736	$ 7,860	$ 30,596

Boston Township

Ionia County, Michigan

Paradise Park Debt Service Fund

Balance Sheet

March 31, 2004

	2004	2003
ASSETS		
Cash	$ 8,329	$ 14,472
Taxes receivable	14,407	2,506
TOTAL ASSETS	$ 22,736	$ 16,978
LIABILITIES AND FUND EQUITY		
FUND BALANCES		
Reserved for debt service	$ 22,736	$ 16,978

Boston Township

Ionia County, Michigan

Paradise Park Debt Service Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2004 with comparative actual amounts for 2003

	Original budget	Original and final budget	Actual	Variance with final budget	2003
REVENUE					
Special assessments	$ 16,000	$ 16,000	$ 21,432	$ 5,432	$ 17,748
Interest and dividends	75	75	26	(49)	37
TOTAL REVENUE	16,075	16,075	21,458	5,383	17,785
EXPENDITURES					
Debt service	-	-	-	-	-
Principal	10,770	10,770	11,415	(645)	13,274
Interest	5,305	5,305	4,285	1,020	4,801
TOTAL EXPENDITURES	16,075	16,075	15,700	375	18,075
NET CHANGE IN FUND BALANCES	-	-	5,758	5,008	(290)
Fund balance beginning of year	16,978	16,978	16,978	-	17,268
Fund balance end of year	$ 16,978	$ 16,978	$ 22,736	$ 5,008	$ 16,978

Boston Township

Ionia County, Michigan

Breezy Point Debt Service Fund

Balance Sheet

March 31, 2004

	2004	2003
ASSETS		
Cash	$ 3,332	$ 5,120
Taxes receivable	4,528	1,006
TOTAL ASSETS	$ 7,860	$ 6,126
LIABILITIES AND FUND EQUITY		
FUND BALANCES		
Reserved for debt service	$ 7,860	$ 6,126

Boston Township

Ionia County, Michigan

Breezy Point Debt Service Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended March 31, 2004 with comparative actual amounts for 2003

	Original budget	Original and final budget	Actual	Variance with final budget	2003
REVENUE					
Special assessments	$ 5,000	$ 5,000	$ 6,746	$ 1,746	$ 5,534
Interest and dividends	25	25	13	(12)	18
TOTAL REVENUE	5,025	5,025	6,759	1,734	5,552
EXPENDITURES					
Debt service	-	-	-	-	-
Principal	3,367	3,367	3,767	(400)	3,629
Interest	1,658	1,658	1,258	400	1,396
TOTAL EXPENDITURES	5,025	5,025	5,025	-	5,025
NET CHANGE IN FUND BALANCES	-	-	1,734	1,734	527
Fund balance beginning of year	6,126	6,126	6,126	-	5,599
Fund balance end of year	$ 6,126	$ 6,126	$ 7,860	$ 1,734	$ 6,126

Boston Township

Boston Township

Schedule of Bonded Debt

Paradise Park Special Assessment Debt

March 31, 2004

Year ended	Interest Rate	Principal	Interest	Total
2005	5.200%	$ 12,102	$ 3,598	$ 15,700
2006	5.200%	12,731	2,969	15,700
2007	5.200%	13,393	2,307	15,700
2008	5.200%	14,089	1,611	15,700
2009	5.200%	14,822	878	15,700
2010	5.200%	2,063	108	2,171
Totals		$ 69,200	$ 11,471	$ 80,671

Boston Township

Boston Township

Schedule of Bonded Debt

Breezy Point Special Assessment Debt

March 31, 2004

Year ended	Interest Rate	Principal	Interest	Total
2005	5.200%	$ 3,990	$ 1,035	$ 5,025
2006	5.200%	4,198	827	5,025
2007	5.200%	4,416	609	5,025
2008	5.200%	4,646	379	5,025
2009	5.200%	2,651	139	2,790
Totals		$ 19,901	$ 2,989	$ 22,890

AUDITORS' REPORTS

DOUGLAS WOHLBERG

Certified Public Accountant

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Township Board
Boston Township
Ionia County, Michigan

We have audited the general purpose financial statements of Boston Township, Ionia County, Michigan for the year ended March 31, 2004, and have issued our report thereon dated September 3, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated September 3, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Boston Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Boston Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Boston Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2004. We noted no transactions entered into by Boston Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

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

Douglas Wohlberg

Douglas Wohlberg CPA
Byron Center, Michigan
September 3, 2004

MANAGEMENT COMMENTS LETTER

To the Township Board
Boston Township
Ionia County, Michigan

In planning and performing our audit of the financial statements of Boston Township for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Boston Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Township Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the March 31, 2004 financial statements, and this report does not affect our report on those financial statements dated September 3, 2004. We have not considered the internal control since the date of our report.

Douglas Wohlberg

Douglas Wohlberg CPA
Byron Center, Michigan
September 3, 2004

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Township Board
Boston Township
Ionia County, Michigan

We have audited the general purpose financial statements of Boston Township, Ionia County, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated September 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Boston Township's general purpose financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boston Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Douglas Wohlberg

Douglas Wohlberg CPA
Byron Center, Michigan
September 3, 2004