FREEDOM TOWNSHIP
Washtenaw County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended
March 31, 2008

FREEDOM TOWNSHIP
For the Year Ended March 31, 2008

Table of Contents

INTRODUCTORY SECTION

Table of Contents

FINANCIAL SECTION — Page

Independent Auditor's Report 1-2

Management's Discussion and Analysis 3-7

Basic Financial Statements:

Government Wide Financial Statements:

Statement of Net Assets 8

Statement of Activities 9

Fund Financial Statements:

Balance Sheet – Governmental Funds 10

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds 11

Fiduciary Funds – Statement of Assets and Liabilities 12

Notes to Financial Statements 13-21

Required Supplementary Information:

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund 22-23

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Public Improvement Fund 24

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Independent Auditor's Report

August 1, 2008

To the Board of Trustees
Freedom Township
Freedom, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Freedom Township, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Freedom Township's 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, each major fund, and the aggregate remaining fund information for Freedom Township, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Freedom Township
August 1, 2008

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

The required supplemental information, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. The required supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,

Post, Smythe, Lutz + Ziel of Plymouth

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants

Management's Discussion and Analysis

As management of Freedom Township, we offer readers of Freedom Township's financial statements this narrative overview and analysis of the financial activities of Freedom Township for the fiscal year ended March 31, 2008.

Financial Highlights

- The assets of Freedom Township exceeded its liabilities at the close of the most recent fiscal year by $157,274 (*net assets*). Of this amount $118,474 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- The Township's General Fund ended the year with fund balance of $92,856.

- Expenditures for governmental funds exceeded revenues by $55,335.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Freedom Township's basic financial statements. Freedom Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Freedom Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Freedom Township's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Freedom Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year.

The government-wide financial statements can be found on pages 8-9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Freedom Township, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of Freedom Township are divided into two categories: governmental and fiduciary.

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. Such information may be useful in evaluating a government'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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Freedom Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General and Public Improvement Funds, which are considered to be "Major" Funds.

A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the annual appropriated budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Freedom Township's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-21.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Freedom Township, assets exceeded liabilities by $157,274, at the close of the most recent fiscal year.

	Governmental	
	2008	2007 (Restated)
Current and Other Assets	$ 166,857	$ 201,490
Capital Assets	38,800	40,400
Total Assets	205,657	241,890
Long-term Liabilities	-	-
Other Liabilities	48,383	27,681
Total Liabilities	48,383	27,681
Net Assets:		
Invested in Capital Assets		
net of related debt	38,800	40,400
Restricted	-	-
Unrestricted	118,474	173,809
Total Net Assets	$ 157,274	$ 214,209

A portion of Freedom Township's net assets (24 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment); less any related debt used to acquire those assets that is still outstanding. Freedom Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Freedom Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portion of *unrestricted net assets* ($118,474) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Freedom Township is able to report positive balances in all three categories of net assets.

The government's net assets decreased by $56,935 during the current fiscal year, as shown in the table below:

	Governmental	
	2008	2007 (Restated)
Program Revenues:		
Charges for Services	$ 48,317	$ 55,473
Operating Grants & Contributions	3,583	3,605
General Revenues:		
Property Taxes	89,639	87,422
State Shared Revenues	107,467	106,577
Unrestricted Investment Earnings	2,881	5,781
Total Revenues	251,887	258,858
Program Expenses		
General Government	172,071	123,670
Public Safety	104,222	93,069
Public Works	25,704	26,691
Other	6,825	6,859
Total Expenses	308,822	250,289
Change in Net Assets	$ (56,935)	$ 8,569

The decrease is mostly the result of non reoccurring legal and professional expenses related to "extraction ordinance" which will regulate gravel pit operators in the Township. For other expenses, increases closely paralleled inflation and growth in demand for services.

Financial Analysis of the Government's Funds

As noted earlier, Freedom Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Freedom Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Freedom 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 fiscal year.

The general fund is the chief operating fund of the Township. At the end of the current year, unreserved fund balance and total fund balance was $92,856. The Township's general fund decreased by $55,335 due primarily to the expenditures made for legal and professional expenses related to "extraction ordinance" which will regulate gravel pit operators in the Township.

The Public Improvement Fund had a total fund balance of $25,618.

General Fund Budgetary Highlights

There were minor differences between beginning and final budgets in the General Fund.

Capital Asset and Debt Administration

There were no significant capital events during the year, and the Township has no long term debt.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate is still high in the State of Michigan and the State's budgetary difficulties may mean reductions in state shared revenues. Freedom Township's millage rate was reduced again by the Headlee Amendment rollback for operating purposes. These factors were considered in preparing Freedom Township's budget for the 2008-2009 fiscal years.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

FREEDOM TOWNSHIP
Statement of Net Assets
March 31, 2008

		Governmental Activities
ASSETS		
Cash and Cash Equivalents	$	160,347
Delinquent Taxes Receivable		6,510
Capital Assets (Net of Accumulated Depreciation)		38,800
Total Assets		205,657
LIABILITIES		
Deposits		3,083
Accounts Payable		20,928
Due to Other Governmental Units		19,814
Accrued Liabilities		4,558
Total Liabilities		48,383
NET ASSETS		
Invested in Capital Assets, net of related debt		38,800
Unrestricted		118,474
	$	157,274

The notes to the financial statements are an integral part of this statement.

FREEDOM TOWNSHIP
Statement of Activities
For the Year Ended March 31, 2008

Functions/Programs	Expenses	Program Cash Revenues: Charges for Services	Program Cash Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:				
General Government	$ 172,071	$ 39,117	$ -	$ (132,954)
Public Safety	104,222	9,200	3,583	(91,439)
Public Works	25,704	-	-	(25,704)
Other Functions	6,825	-	-	(6,825)
Total Governmental Activities	$ 308,822	$ 48,317	$ 3,583	(256,922)

General Receipts:	
Property Taxes	89,639
State Shared Revenue	107,467
Unrestricted Investment Earnings	2,881
Total General Receipts	199,987
Change in Net Assets	(56,935)
Net Assets - Beginning (Restated)	214,209
Net Assets - Ending	$ 157,274

The notes to the financial statements are an integral part of this statment.

FREEDOM TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2008

	General	Public Improvement Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 139,187	$ 21,160	$ 160,347
Delinquent Taxes Receivable	6,510	-	6,510
Due from Other Funds	-	4,458	4,458
Total Assets	$ 145,697	$ 25,618	$ 171,315
LIABILITIES AND FUND BALANCE			
Liabilities:			
Deposits	$ 3,083	$ -	$ 3,083
Accounts Payable	20,928		20,928
Due to Other Governmental Units	19,814	-	19,814
Due to Other Funds	4,458	-	4,458
Accrued Liabilities	4,558	-	4,558
Total Liabilities	52,841	-	52,841
Fund Balance:			
Unreserved for:			
General Fund	92,856	-	92,856
Special Revenue Fund	-	25,618	25,618
Total Fund Balance	92,856	25,618	118,474
Total Liabilities and Fund Balance	$ 145,697	$ 25,618	

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.	38,800
Net Assets of Governmental Activities	$ 157,274

The notes to the financial statements are an integral part of this statement.

FREEDOM TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended March 31, 2008

	General	Public Improvement Fund	Total Governmental Funds
Revenues:			
Current Property Taxes	$ 89,639	$ -	$ 89,639
Property Tax Administrative Fee	31,658	-	31,658
Permits and Fees	2,750	-	2,750
Intergovernmental - State	111,050	-	111,050
Reimbursements - Fire Runs	9,200	-	9,200
Rent	2,720	-	2,720
Interest	2,881	-	2,881
Other	1,989	-	1,989
Total Revenues	251,887	-	251,887
Expenditures:			
General Government	170,471	-	170,471
Public Safety	104,222	-	104,222
Public Works	25,704	-	25,704
Other Functions	6,825	-	6,825
Total Expenditures	307,222	-	307,222
Excess (Deficiency) of Revenues Over Expenditures	(55,335)	-	(55,335)
Fund Balance, Beginning of Year (Restated)	148,191	25,618	173,809
Fund Balance, End of Year	$ 92,856	$ 25,618	$ 118,474

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (55,335)
Governmental funds report capital outlays as expenditures, however in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital capital outlay in the current period.	(1,600)
	$ (56,935)

The notes to the financial statements are an integral part of this statement.

FREEDOM TOWNSHIP
Fiduciary Funds
Statement of Assets and Liabilities
March 31, 2008

		Agency Funds
ASSETS		
Cash	$	221,892
LIABILITIES		
Due to Other Governmental Units	$	207,476
Other Liabilities		14,416
Total Liabilities	$	221,892

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Freedom Township is an unincorporated local unit of government (general law township) governed by the elected Board of Trustees. The Township provides the following services provided by law: General Government, Public Safety (Fire Protection), Planning and Zoning activities.

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity," the financial statements of Freedom Township contain all of the Township funds and authorities for which the Township is financially accountable and the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. Financial accountability exists if the Township appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Township, or if an organization is fiscally dependant on the Township. Based on the foregoing criteria, no other organizations are included or excluded from the Township's Annual Report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the 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 are supported by taxes and intergovernmental revenues.

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 form 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 revenues.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements – Continued

Separate financial statements are provided for the governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The major individual governmental funds are reported as a separate column 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. Revenues are 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 revenues 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township 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, except those required to be accounted for in another fund.

The Public Improvement Fund is a special revenue fund used to account for surplus non tax revenues transferred from the General Fund to be used for capital and public improvements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Fiduciary Funds
Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund type:

> The Agency Funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Restricted Resources
When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the Township are recorded at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All other accounts receivables consist of delinquent real property taxes due from Washtenaw County; all of which are considered 100% collectable.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. 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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

3. Capital Assets – Continued

donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	15-30
Equipment	4-10
Infrastructure	30

4. Long-term Obligations

The Township has no long term debt obligations.

5. 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 a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The difference is ($1,600), which consists of depreciation expense.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

a. Budgets must be adopted for the General and Special Revenue Funds.

b. Budgets must be balanced.

c. Budgets must be amended as necessary.

d. Public hearings must be held prior to adoption.

e. Expenditures cannot exceed budget appropriations.

f. Expenditures must be authorized by a budget appropriation prior to being incurred.

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

1. A public hearing and adoption of the budget is required prior to commencement of the fiscal year.

2. On or before March 31, the tax rate is set and the budget is legally enacted through passage of a budget resolution (general appropriation act).

3. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on the cash receipts and disbursements method of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The General Fund budget is adopted at the activity level and the budgets for the Special Revenue Funds are adopted at the activity level.

4. Budget appropriations lapse at year end.

5. The Township Board may authorize supplemental appropriations (budget amendments) during the year. During fiscal year 2008 budget amendments were made.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balances

The Township has no funds with deficit balances.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budget for the General Fund is adopted at the activity level and the budgets for the Special Revenue Funds are adopted at the activity level. Expenditures in excess of budget appropriations are as follows:

	Final Budget	Actual	Excess Expenditures Over Appropriations
General Fund:			
General Government	$130,995	$170,471	$ 39,476
Public Safety	92,940	104,222	11,282
Public Works	25,510	25,704	194

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades. Deposits (cash and certificates of deposit) are carried at cost which approximates market value.

Custodial Credit Risk. In the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of March 31, 2008, the Township's book balance of its deposits was $382,239. The bank balance was $383,565 which was exposed to custodial credit risk, as follows:

	Bank Balance
Insured by F.D.I.C.	$ 121,160
Uninsured and Uncollateralized	262,405
Total	$ 383,565

A reconciliation of cash to the accompanying financial statements follows:

Cash and Cash Equivalents per:	
Statement of Net Assets	$ 160,347
Fiduciary Statement of Net Assets	221,892
Total	$ 382,239

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

Cash-Demand Deposit Accounts	$ 362,405
Cash-Savings	21,160

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. The Township does not have more than 5% of its total investments in any single issuer.

B. Capital Assets

Capital asset activity for the year ended March 31, 2008 were as follows:

Governmental Activities:	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital Assets, not depreciated:				
Land	$ 20,000	$ -	$ -	$ 20,000
Capital Assets, being depreciated:				
Building and Improvements	80,000	-	-	80,000
	80,000	-	-	80,000
Less: Accumulated Depreciation:				
Building and Improvements	(59,600)	(1,600)	-	(61,200)
	(59,600)	(1,600)	-	(61,200)
Governmental Activities Capital Assets, net	$ 40,400	$ (1,600)	$ -	$ 38,800

Depreciated expense was charged to functions of the Township as follows:

General Government	$ 1,600
	$ 1,600

IV. DETAILED NOTES ON ALL FUNDS – Continued

C. Interfund Receivables and Payables

The composition of interfund balances as of March 31, 2008, is as follows:

Receivable Fund	Payable Fund	Amount
Public Improvement	General Fund	$ 4,458

Amounts represent temporary uncleared balances.

D. Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on December 1 of the following year. The Township bills and collects its own property taxes and also taxes for the County and various school districts which are accounted for in the Tax Collection Agency Fund.

The Township is permitted by State law to levy taxes up to $.9976 per $1,000 of equalized valuation for general government services. The following is a summary of the tax rates levied on the 2007 tax roll and the source of authorization:

		Per $1,000 of State Equalized Value			
Purpose	Authorization	Authorized Rate (Pre Rollback)*	Authorized Rate (Post Rollback)*	Rate Levied	Tax Margin
Operating	Charter	1.1600	0.9976	0.9976	-

*Rollback refers to required reduction in millage rates to comply with provisions of state law (211.34d).

V. OTHER INFORMATION

A. Risk Management

Freedom Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

B. Contingencies

During the fiscal year, the Township settled a property tax dispute related to personal property taxes. The settlement (approximately $4,000) has been accrued as a liability in these financial statements.

V. OTHER INFORMATION – Continued

C. Change in Accounting Method

As required by the Michigan Department of Treasury, the Township changed its accounting method to modified accrual for governmental fund reporting, and from cash method to accrual for "entity wide statements" required by GASB statement number 34.

These changes were applied retrospectively and prior reported results restated:

	Modified Accrual Governmental Funds	Accrual Governmental Activities
Equity as Reported March 31, 2007:		
Fund Balance	$ 178,876	
Net Assets		$ 178,876
Restated for:		
Accounts Payable	(10,442)	(10,442)
Accounts Receivable	5,375	5,375
Fixed Assets	-	40,400
	$ 173,809	$ 214,209

REQUIRED SUPPLEMENTARY INFORMATION

FREEDOM TOWNSHIP
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
Revenues:				
Current Property Taxes	$ 88,030	$ 93,400	$ 89,639	$ (3,761)
Property Tax Administrative Fee	29,000	29,000	31,658	2,658
Permits and Fees	700	2,380	2,750	370
Intergovernmental - State	110,500	110,500	111,050	550
Reimbursements - Fire Runs	6,000	8,700	9,200	500
Rent	2,000	2,420	2,720	300
Interest	3,000	9,850	2,881	(6,969)
Other	1,200	1,200	1,989	789
Total Revenues	240,430	257,450	251,887	(5,563)
Expenditures:				
General Government:				
Trustees Salary	3,500	2,625	2,625	-
Supervisor Salary	17,000	17,000	17,000	-
Clerk Salary	15,500	15,500	15,500	-
Deputy Clerk Salary	200	40	40	-
Treasurer Salary	15,500	15,500	15,500	-
Deputy Treasurer Salary	200	100	100	-
Assessor	12,000	12,000	12,000	-
Elections	3,500	2,300	2,213	87
Dues and Memberships	3,100	3,100	3,039	61
Legal	15,000	26,100	65,879	(39,779)
Audit	5,000	4,925	4,880	45
Office Supplies	6,000	5,630	5,638	(8)
Printing/Newsletter	1,000	3,700	3,671	29
Board of Review	800	420	420	-
Town Hall	24,900	21,500	21,442	58
Cemetery Maintenance	375	555	524	31
Total General Government	123,575	130,995	170,471	(39,476)
Public Safety:				
Building Code Administration	3,700	3,700	3,700	-
Zoning	4,700	4,000	4,010	(10)
Planning	24,150	32,370	43,656	(11,286)
Fire Protection	51,000	52,870	52,856	14
Total Public Safety	83,550	92,940	104,222	(11,282)
Public Works:				
Road and Drain Maintenance	26,500	25,510	25,704	(194)

(continued)

The notes to the financial statements are an integral part of this statement.

FREEDOM TOWNSHIP
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
Expenditures: (Continued)				
Other Functions:				
Workers Compensation	$ 1,300	$ 1,500	$ 1,465	$ 35
Payroll Taxes	5,500	5,500	5,360	140
Total Other Functions	6,800	7,000	6,825	175
Total Expenditures	240,425	256,445	307,222	(50,777)
Excess (Deficiency) of Revenues Over Expenditures	$ 5	$ 1,005	(55,335)	$ (56,340)
Fund Balance, Beginning of Year (Restated)			148,191	
Fund Balance, End of Year			$ 92,856	

The notes to the financial statements are an integral part of this statement.

FREEDOM TOWNSHIP
Public Improvement Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2008

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance-Favorable (Unfavorable)
Revenues-Interest	$ -	$ -	$	$ -
Expenditures-Capital Outlay	-	-	-	-
Net Change in Fund Balance	$ -	$ -	-	$ -
Fund Balance, Beginning of Year			25,618	
Fund Balance, End of Year			$ 25,618	

The notes to the financial statements are an integral part of this statement.

POST, SMYTHE, LUTZ and ZIEL
of Plymouth LLP
Certified Public Accountants

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Susan H. Bertram, C.P.A.

BLOOMFIELD HILLS

3707 WEST MAPLE ROAD
SUITE 101
BLOOMFIELD HILLS, MI 48301-3212

August 1, 2008

Board of Trustees
Freedom Township
4383 Lima Center Road
Ann Arbor, MI 48103

In planning and performing our audit of Freedom Township for the year ended March 31, 2008, we have considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions in these areas. This letter does not affect our report dated August 1, 2008 on the financial statements of Freedom Township.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies or assist in their implementation.

Respectfully,

Post, Smythe, Lutz + Ziel of Plymouth

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants

Property Tax Collection Fund

The property tax settlement process shows continued improvement, however, to build on the progress made, we recommend the following:

- Improve Internal Control – Currently, the Treasurer makes all bank deposits, signs all checks (single signature), reconciles the bank, and initiates disbursements without the involvement of any other employee. We suggest that you consider adding a "lock box" for deposits (where mail deposits are directed to your bank through a P.O. Box), add the clerk as a counter signer to disbursements, and use the clerk or a bookkeeper to perform monthly bank reconciliations.

- Interest earned on property tax collection accounts – P.A. 169 of 1988 requires townships to share investment income earned in the property tax fund with other taxing authorities. We recommend that the interest earned in the property tax fund be shared with the other taxing agencies as required by law.

Cash Receipts

We suggest that all cash receipts be sent directly to the Treasurer for deposit. This could be accomplished with a P.O. Box to be used for cash receipts. The Treasurer would then make the deposits, provide pre-numbered receipt copies to the Clerk, and copies of the checks to the fire run billing clerk for accounts receivable postings. Currently the deposits for fire runs go directly to the billing clerk, which doesn't provide adequate segregation of duties. Other general Township receipts are primarily sent to the Clerk through the mail. The Township should also consider a "lock box" system for its general cash receipts.

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September 4, 2008

Board of Trustees
Freedom Township
Manchester, Michigan

In planning and performing our audit of the financial statements of Freedom Township as of and for the year ended March 31, 2008, in accordance with U.S. generally accepted auditing standards, we considered Freedom Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

The Township does not have procedures in place nor an employee with sufficient skills to prepare financial statements and record transactions in accordance with U.S. Generally Accepted Accounting Principles. In addition, there are insufficient internal controls over the collection and remittance of current and delinquent property taxes.

This communication is intended solely for the information and use of management, the Board of Trustees of the Freedom Township, and the State of Michigan Department of Treasury, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Post, Smythe, Lutz + Ziel of Plymouth

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants