

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Irving	County Barry
Fiscal Year End March 31, 2007	Opinion Date May 18, 2007	Date Audit Report Submitted to State June 19, 2007	

We affirm that:

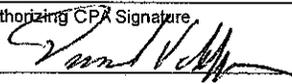
We are certified public accountants licensed to practice in Michigan.

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

- | | | |
|-----|----|--|
| YES | NO | Check each applicable box below. (See instructions for further detail.) |
|-----|----|--|
1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. The local unit has adopted a budget for all required funds.
 5. A public hearing on the budget was held in accordance with State statute.
 6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. The local unit only holds deposits/investments that comply with statutory requirements.
 9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 11. The local unit is free of repeated comments from previous years.
 12. The audit opinion is UNQUALIFIED.
 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. The board or council approves all invoices prior to payment as required by charter or statute.
 15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	Not considered necessary
Other (Describe)	<input checked="" type="checkbox"/>	Internal control communication
Certified Public Accountant (Firm Name) Siegfried Crandall, PC	Telephone Number 269-381-4970	
Street Address 246 East Kilgore Road	City Kalamazoo	State MI
		Zip 49002
Authorizing CPA Signature 	Printed Name Daniel Veldhuizen, CPA	License Number 1101020724

Township of Irving
Barry County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2007

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Irving, Michigan**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Irving, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 each major fund of the Township of Irving, Michigan, as of March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 13 and 14, 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 Township of Irving, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

May 18, 2007

BASIC FINANCIAL STATEMENTS

Township of Irving
STATEMENT OF NET ASSETS
 March 31, 2007

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 666,436
Receivables	43,643
Prepaid expenses	<u>6,254</u>
Total current assets	<u>716,333</u>
Noncurrent assets:	
Capital assets not being depreciated	83,191
Capital assets, net of accumulated depreciation	<u>188,143</u>
Total noncurrent assets	<u>271,334</u>
Total assets	<u>987,667</u>
LIABILITIES	
Accrued payroll	<u>5,446</u>
NET ASSETS	
Invested in capital assets	271,334
Restricted for:	
Public safety	63,217
Public works	466
Unrestricted	<u>647,204</u>
Total net assets	<u>\$ 982,221</u>

See notes to financial statements

Township of Irving
STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Program revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>	
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>		<u>Capital grants and contributions</u>
Functions/Programs					
Governmental activities:					
Legislative	\$ 5,383	\$ -	\$ -	\$ -	\$ (5,383)
General government	113,889	33,866	-	12,934	(67,089)
Public safety	111,845	-	-	-	(111,845)
Public works	46,207	-	3,420	-	(42,787)
	<u>\$ 277,324</u>	<u>\$ 33,866</u>	<u>\$ 3,420</u>	<u>\$ 12,934</u>	<u>(227,104)</u>
Total governmental activities					
General revenues:					
Property taxes					191,264
State shared revenue					155,719
Interest income					15,644
Other					188
					<u>362,815</u>
Total general revenues					
					135,711
Change in net assets					
					<u>846,510</u>
Net assets - beginning					
					<u>\$ 982,221</u>
Net assets - ending					

See notes to financial statements

Township of Irving
BALANCE SHEET - governmental funds
 March 31, 2007

	<u>Major funds</u>		<u>Totals</u>
	<u>General</u>	<u>Fire</u>	
ASSETS			
Cash	\$ 618,967	\$ 47,469	\$ 666,436
Receivables	34,149	9,494	43,643
Prepaid expenses	<u>-</u>	<u>6,254</u>	<u>6,254</u>
Total assets	<u>\$ 653,116</u>	<u>\$ 63,217</u>	<u>\$ 716,333</u>
LIABILITIES AND FUND BALANCES			
Liabilities - accrued payroll	<u>\$ 5,446</u>	<u>\$ -</u>	<u>\$ 5,446</u>
Fund balances:			
Reserved for right-of-way expenditures	466	-	466
Unreserved:			
Designated for cemetery expenditures	10,893	-	10,893
Undesignated	<u>636,311</u>	<u>63,217</u>	<u>699,528</u>
Total fund balances	<u>647,670</u>	<u>63,217</u>	<u>710,887</u>
Total liabilities and fund balances	<u>\$ 653,116</u>	<u>\$ 63,217</u>	<u>\$ 716,333</u>
Total fund balances - total governmental funds			\$ 710,887
Amounts reported for <i>governmental activities</i> in the statement of net assets (page 4) are different because:			
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.			
			<u>271,334</u>
Net assets of <i>governmental activities</i>			<u>\$ 982,221</u>

See notes to financial statements

Township of Irving
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - governmental funds
Year ended March 31, 2007

	Major funds		Totals
	General	Fire	
REVENUES			
Property taxes	\$ 102,136	\$ 119,382	\$ 221,518
State grants	159,139	-	159,139
Charges for services	3,612	-	3,612
Interest	15,278	366	15,644
Other	160	28	188
	<u>280,325</u>	<u>119,776</u>	<u>400,101</u>
Total revenues			
EXPENDITURES			
Legislative	5,383	-	5,383
General government	117,559	-	117,559
Public safety	-	100,976	100,976
Public works	44,992	-	44,992
Capital outlay	9,050	-	9,050
	<u>176,984</u>	<u>100,976</u>	<u>277,960</u>
Total expenditures			
NET CHANGES IN FUND BALANCES	103,341	18,800	122,141
FUND BALANCES - BEGINNING	<u>544,329</u>	<u>44,417</u>	<u>588,746</u>
FUND BALANCES - ENDING	<u>\$ 647,670</u>	<u>\$ 63,217</u>	<u>\$ 710,887</u>

Net change in fund balances - total governmental funds \$ 122,141

Amounts reported for *governmental activities* in the statement of activities (page 5) are different because:

Capital assets:

Assets acquired	25,654
Provision for depreciation	<u>(12,084)</u>

Change in net assets of *governmental activities* \$ 135,711

Township of Irving
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Irving, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) *Reporting entity.*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township 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 activities) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) *Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting. 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 revenues 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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be 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.

State grants, licenses and permits, charges for services, 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. All other revenue items are considered to be measurable only when cash is received by the Township.

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety function. Revenues are primarily derived from property taxes.

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

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

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

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash is 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.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the fund financial statements and the government-wide financial statements.

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared road costs and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 (\$10,000 for infrastructure assets) 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. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

iv) *Capital assets* (continued) - Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Shared road costs	20 years

v) *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.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

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. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township experienced no significant budget variances during the fiscal year.

NOTE 3 - CASH:

Deposits with financial institutions:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of March 31, 2007, \$483,126 of the Township's bank balances of \$694,486 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Inter-governmental</u>	<u>Total</u>
General	\$ 7,557	\$ 26,592	\$ 34,149
Fire	<u>9,494</u>	<u>-</u>	<u>9,494</u>
Totals	<u>\$ 17,051</u>	<u>\$ 26,592</u>	<u>\$ 43,643</u>

All receivables are current and are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 75,191	\$ 8,000	\$ -	\$ 83,191
Capital assets being depreciated:				
Buildings and improvements	184,388	4,720	-	189,108
Equipment	31,013	12,934	-	43,947
Shared road costs	<u>24,300</u>	<u>-</u>	<u>-</u>	<u>24,300</u>
Subtotal	<u>239,701</u>	<u>17,654</u>	<u>-</u>	<u>257,355</u>
Less accumulated depreciation for:				
Buildings and improvements	(36,899)	(5,503)	-	(42,402)
Equipment	(17,799)	(5,366)	-	(23,165)
Shared road costs	<u>(2,430)</u>	<u>(1,215)</u>	<u>-</u>	<u>(3,645)</u>
Subtotal	<u>(57,128)</u>	<u>(12,084)</u>	<u>-</u>	<u>(69,212)</u>
Total capital assets being depreciated, net	<u>182,573</u>	<u>5,570</u>	<u>-</u>	<u>188,143</u>
Governmental activities capital assets, net	<u>\$ 257,764</u>	<u>\$ 13,570</u>	<u>\$ -</u>	<u>\$ 271,334</u>

Township of Irving
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

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

Governmental activities:	
General government	\$ 10,869
Public works	<u>1,215</u>
 Total	 <u>\$ 12,084</u>

NOTE 6 - JOINT VENTURE:

The Township, together with the Townships of Baltimore, Rutland, Carlton, and Hastings, has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967, known as the BIRCH Fire Department (the Department). Membership does not convey an economic interest. The organization agreement provides that the Department's activities are financed as follows:

Each Township shall pay an amount equal to an agreed millage rate, which shall be identical for all townships. Once the millage has been determined, the amount of money representing the millage in each township can be raised by any means available to each township and does not have to be spread upon the tax roll as an assessment.

The Township contributed \$26,755 to the Department during the fiscal year ended March 31, 2007.

NOTE 7 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Irving
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 87,148	\$ 87,148	\$ 102,136	\$ 14,988
State grants	113,000	113,000	159,139	46,139
Charges for services	-	-	3,612	3,612
Interest	6,000	6,000	15,278	9,278
Other	-	-	160	160
Total revenues	<u>206,148</u>	<u>206,148</u>	<u>280,325</u>	<u>74,177</u>
EXPENDITURES				
Legislative	<u>5,385</u>	<u>5,385</u>	<u>5,383</u>	<u>2</u>
General government:				
Supervisor	13,999	13,999	14,093	(94)
Elections	8,000	8,000	6,370	1,630
Assessor	22,000	19,000	18,079	921
Clerk	14,750	14,750	14,784	(34)
Board of Review	1,280	1,280	2,413	(1,133)
Treasurer	17,000	17,000	16,686	314
Hall and grounds	8,000	13,672	11,247	2,425
Cemetery	11,000	11,180	9,912	1,268
Other	<u>14,240</u>	<u>24,805</u>	<u>23,975</u>	<u>830</u>
Total general government	<u>110,269</u>	<u>123,686</u>	<u>117,559</u>	<u>6,127</u>
Public works:				
Road improvements and maintenance	61,500	51,632	43,811	7,821
Street lighting	<u>1,200</u>	<u>1,200</u>	<u>1,181</u>	<u>19</u>
Total public works	<u>62,700</u>	<u>52,832</u>	<u>44,992</u>	<u>7,840</u>
Capital outlay	<u>2,000</u>	<u>9,050</u>	<u>9,050</u>	<u>-</u>
Total expenditures	<u>180,354</u>	<u>190,953</u>	<u>176,984</u>	<u>13,969</u>
NET CHANGES IN FUND BALANCES	25,794	15,195	103,341	88,146
FUND BALANCES - BEGINNING	<u>544,329</u>	<u>544,329</u>	<u>544,329</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 570,123</u>	<u>\$ 559,524</u>	<u>\$ 647,670</u>	<u>\$ 88,146</u>

Township of Irving
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 89,817	\$ 89,817	\$ 119,382	\$ 29,565
Interest	40	40	366	326
Other	-	-	28	28
	<u>89,857</u>	<u>89,857</u>	<u>119,776</u>	<u>29,919</u>
Total revenues	89,857	89,857	119,776	29,919
EXPENDITURES				
Public safety	<u>105,765</u>	<u>105,765</u>	<u>100,976</u>	<u>4,789</u>
NET CHANGES IN FUND BALANCES	(15,908)	(15,908)	18,800	34,708
FUND BALANCES - BEGINNING	<u>44,417</u>	<u>44,417</u>	<u>44,417</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 28,509</u>	<u>\$ 28,509</u>	<u>\$ 63,217</u>	<u>\$ 34,708</u>

**Members of the Township Board
Township of Irving, Michigan**

In planning and performing our audit of the financial statements of the Township of Irving as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Irving's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in 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 to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Irving 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.

Siegfried Crandall P.C.

May 18, 2007