Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

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

Local Unit of Government Type	Local Unit Name	County
☐County ☐City ☐Twp ☒Village ☐Other	Village of Clarksville	Ionia County

Fiscal Year End	Opinion Date	Date Audit Report Submitted to State
February 28, 2006	May 23, 2006	August 30, 2006

We affirm that:

We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	☒	
The letter of Comments and Recommendations	☒	
Other (Describe)	☐	

Certified Public Accountant (Firm Name)	Telephone Number
Willis & Jurasek, P.C.	(517) 788-8660

Street Address	City	State	Zip
2545 Spring Arbor Road, Suite 200	Jackson	MI	49203

Authorizing CPA Signature	Printed Name	License Number
F. Roger Mack	F. Roger Mack	110102342

Village of Clarksville

County of Ionia, Michigan

Financial Statements
And Independent Auditors' Report

Year Ended February 28, 2006

Table of Contents

Page

Independent Auditors' Report 1

Government-Wide Financial Statements:
- Statement of Net Assets 2
- Statement of Activities 3

Fund Financial Statements:
- Balance Sheet - Governmental Funds 4
- Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets 5
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 6
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 7

Notes to Financial Statements ..... 8 – 14

Required Supplemental Information:
- Statement of Revenues, Expenditures and Changes in Fund Balances Budget to Actual – General Fund and Major Special Revenue Funds 15

Other Supplemental Information:
- General Fund:
  - Comparative Balance Sheets 16
  - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual 17
- Major Street Fund:
  - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual 18
- Local Street Fund:
  - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual 19
- Schedule of Indebtedness 20

Independent Auditors' Report

Village Council
Village of Clarksville
Clarksville, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Village of Clarksville as of and for the year ended February 28, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Village of Clarksville as of February 28, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Village of Clarksville has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on page 15 is not a required part of the financial statements but is 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clarksville's basic financial statements. The individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Clarksville. Such 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 financial statements taken as a whole.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

May 23, 2006

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Village of Clarksville
Statement of Net Assets
February 28, 2006

	Governmental Activities
Assets:	
Cash and investments	$ 264,723
Receivables:	
Taxes	6,030
Due from other governmental units	11,307
Capital assets less accumulated depreciation of $26,859	85,214
Total assets	367,274
Liabilities:	
Accounts payable	11,201
Accrued payroll	8,244
Accrued interest	2,014
Long-term liabilities:	
Bonds payable, due within one year	12,164
Bonds payable, due in more than one year	68,378
Total liabilities	102,001
Net Assets:	
Investment in capital assets - net of related debt	2,658
Unrestricted	262,615
Total net assets	$ 265,273

See Notes to Financial Statements.

Village of Clarksville
Statement of Activities
Year Ended February 28, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants/ Contributions	Governmental Activities: Net (Expense) Revenue and Change in Net Assets
Primary Government				
Governmental activities:				
Legislative	$ 10,988	$ -	$ -	$ (10,988)
General government	42,718	55	-	(42,663)
Public works	36,942	-	32,064	(4,878)
Interest on long-term debt	3,460	-	-	(3,460)
Total governmental activities	$ 94,108	$ 55	$ 32,064	(61,989)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	52,760
State aid not restricted to specific purposes	33,750
Interest and investment earnings	7,862
Other	2,564
Total general revenues	96,936
Change in Net Assets	34,947
Net Assets - Beginning of Year	230,326
Net Assets - End of Year	$ 265,273

See Notes to Financial Statements.

Village of Clarksville
Balance Sheet
Governmental Funds
February 28, 2006

	General Fund	Major Street Fund	Local Street Fund	Total
Assets				
Cash	$ 234,171	$ 15,677	$ 14,875	$ 264,723
Receivables:				
Taxes receivable	6,030	-	-	6,030
Due from other governmental units	5,482	4,578	1,247	11,307
Total assets	$ 245,683	$ 20,255	$ 16,122	$ 282,060
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 9,261	$ 1,385	$ 555	$ 11,201
Salaries payable	8,244	-	-	8,244
Total liabilities	17,505	1,385	555	19,445
Fund Balances:				
Unreserved;undesignated	228,178	18,870	15,567	262,615
Total fund balances	228,178	18,870	15,567	262,615
Total liabilities and fund balances	$ 245,683	$ 20,255	$ 16,122	$ 282,060

See Notes to Financial Statements.

Village of Clarksville

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

February 28, 2006

Total Fund Balances - Governmental Funds		$ 262,615
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 are not reported in the funds.		
The cost of the capital assets is	$ 112,073	
Accumulated depreciation is	(26,859)	
		85,214
Long-term liabilities not due and payable in the current period and not reported in the funds:		
Notes payable		(80,542)
Accrued interest		(2,014)
Total Net Assets - Governmental Activities		$ 265,273

See Notes to Financial Statements.

Village of Clarksville

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended February 28, 2006

	General Fund	Major Street Fund	Local Street Fund	Total
Revenues:				
Taxes	$ 52,760	$ -	$ -	$ 52,760
Licenses and permits	55	-	-	55
Intergovernmental	33,750	25,378	6,686	65,814
Interest	7,673	103	86	7,862
Other	2,564	-	-	2,564
Total revenues	96,802	25,481	6,772	129,055
Expenditures:				
Legislative	10,988	-	-	10,988
General government	39,638	-	-	39,638
Public works	21,295	13,370	2,277	36,942
Debt service:				
Principal and interest payments	-	15,386	-	15,386
Total expenditures	71,921	28,756	2,277	102,954
Changes in Fund Balances	24,881	(3,275)	4,495	26,101
Fund Balances - Beginning of Year	203,297	22,145	11,072	236,514
Fund Balances - End of Year	$ 228,178	$ 18,870	$ 15,567	$ 262,615

See Notes to Financial Statements.

Village of Clarksville

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Governmental Funds
Year Ended February 28, 2006

Net Change in Fund Balances - Total Governmental Funds		$ 26,101
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.		
Depreciation expense	$ (3,080)	
Capital outlay	-	(3,080)
Long-term debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.		
Repayment of long-term debt		11,696
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 the funds.		
Decrease in accrued interest payable on debt		230
Change in Net Assets of Governmental Activities		$ 34,947

See Notes to Financial Statements.

1. Summary of Significant Accounting Policies

Description of Village Operations

The Village of Clarksville was incorporated under the provisions of the Home Rule Village Act. The Village operates under a Council form of government and provides various services to its residents in many areas including community enrichment, and development and human services. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. Education services are provided through the local school system, which is a separate governmental entity and, therefore, is not represented in the financial statements included herein.

Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. Based on the application of the criteria, the entity does not contain component units.

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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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.

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 revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - 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. 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.

1. **Summary of Significant Accounting Policies (Continued)**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

Fund-Based Statements - 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 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, as well as expenditures related to compensated absences, 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 government.

The government reports the following major governmental funds:

General Fund – This 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.

Major Street Fund – This fund is a special revenue fund. It accounts for revenues received primarily from the State of Michigan Department of Transportation and accounts for street activity relating to the major street functions of the Village.

Local Street Fund – This fund is a special revenue fund. It accounts for revenues received primarily from the State of Michigan Department of Transportation and accounts for street activity relating to the local street functions of the Village.

1. **Summary of Significant Accounting Policies (Continued)**

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The Village reports its investments (when applicable) in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the Village intends to hold the investment until maturity. Accordingly, investments in banker acceptances and Commercial paper are recorded at amortized cost. The Village had no investments at February 28, 2006.

State statutes authorize the Village to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The government'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 government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

Receivables and Payables – All receivables are reported at their net value. They are reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

1. **Summary of Significant Accounting Policies (Continued)**

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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 value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	50
Equipment and furniture	5 - 10

Long-Term Obligations – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

Property Taxes - The government's property taxes are levied each July 1 on the taxable valuation of property located in the Village as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through August 31; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Ionia County.

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. Real and personal property in the Village for 2005 had a taxable value of approximately $5,582,000 representing 50% of estimated current market value. The government's general operating tax rate for fiscal year 2005-06 was 9.900 mills.

2. Stewardship, Compliance and Accountability

The general and special revenue funds are the governmental fund types under formal budgetary control. The Village adopts its budget in accordance with Public Act 621, the Uniform Budgeting and Accounting Act, which mandates an annual budget process and annual appropriation act to implement the budget.

1) A general and special revenue budget is presented to Village Council in February, at which time hearings on the budget are scheduled.

2) The budget, and an appropriation resolution implementing it, is then adopted in March.

3) Formal budget integration is employed as a management control device during the year for all funds.

4) Budgets presented for the general and special revenue funds were prepared on the modified cash basis of accounting. Encumbrances are not recorded at year end.

5) Expenditures may not legally exceed activity (department) totals in the general fund. All other special revenue funds cannot legally exceed their respective fund totals.

6) The Governing Board has the authority to amend all budgets at the fund level. It further has the right to amend the General Fund at the activity level if it desires. Management has no authority to amend budgets at the fund level. Management can do transfers within funds at the departmental level without governing board approval but not between departments.

8) The budgetary information presented has not been amended during the year by an official action of the Village Council.

9) All budget appropriations lapse at the end of each fund's fiscal year.

3. Cash and Cash Equivalents

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

	Governmental Activities
Cash and investments	$ 264,723

The breakdown for deposits for the Village is as follows:

Deposits (checking, savings accounts and certificates of deposit)	$ 264,723

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village has not adopted and State law does not require a policy for deposit custodial credit risk. As of year-end, $65,038 of the Village's bank balance of $265,038 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Village had no investments at year-end.

4. Receivables

Receivables of the governmental activities of the primary government at February 28, 2006, consisted of the following:

Property taxes	$ 6,030
Other governmental units (primarily the State of Michigan)	11,307
Total	$ 17,337

5. Capital Assets

Capital assets activity for the year ended February 28, 2006 was as follows:

Primary Government	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 4,000	$ -	$ -	$ 4,000
Total capital assets not being depreciated	4,000	-	-	4,000
Capital assets being depreciated:				
Buildings and improvements	98,446	-	-	98,446
Equipment and furniture	9,627	-	-	9,627
Total capital assets being depreciated	108,073	-	-	108,073
Accumulated depreciation:				
Buildings and improvements	20,660	1,691	-	22,351
Equipment and furniture	3,119	1,389	-	4,508
Total accumulated depreciation	23,779	3,080	-	26,859
Total capital assets being depreciated - net	84,294	(3,080)	-	81,214
Governmental activities capital assets - net	$ 88,294	$ (3,080)	$ -	$ 85,214

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

General government	$ 3,080

6. General Long-Term Debt

A summary of general long-term debt is as follows:

	Balance 02/29/05	Issued	Retired	Balance 02/28/06	Due Within One Year
Michigan Department of Transportation – Infrastructure loan; payable in annual payments of $15,386; interest at 4%.	$ 92,238	$ 0	$ 11,696	$ 80,542	$ 12,164

The following is a summary of principal maturities and interest requirements:

Year ending February 28,	Principal	Interest	Total
2007	$ 12,164	$ 3,222	$ 15,386
2008	12,651	2,735	15,386
2009	13,157	2,229	15,386
2010	13,683	1,703	15,386
2011	14,231	1,155	15,386
2012	14,656	586	15,242
Total	$ 80,542	$ 11,630	$ 92,172

7. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended February 28, 2006, the City carried commercial insurance to cover all risks of losses. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

8. Sewage Disposal System

The Village of Clarksville, in conjunction with the Township of Boston and the Township of Campbell, constructed a sewer system. The system is designated as "Ionia County Sewage Disposal System (Clarksville-Morrison Lake)".

The Clarksville - Morrison Lake Sewer Authority was formed by the three governmental units in order to operate and maintain the sewage disposal system. The authority is acting in an agency capacity on behalf of these three governmental units.

Required Supplemental Information

Village of Clarksville
Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget to Actual
General Fund and Major Special Revenue Funds
Year Ended February 28, 2006

	General Fund			Major Street Fund			Local Street Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:									
Taxes	$ 51,974	$ 51,974	$ 52,760	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	55	-	-	-	-	-	-
Intergovernmental	32,526	32,526	33,750	25,500	25,500	25,378	6,900	6,900	6,686
Interest	5,840	5,840	7,673	-	-	103	-	-	86
Other	1,269	1,269	2,564	-	-	-	-	-	-
Total revenues	91,609	91,609	96,802	25,500	25,500	25,481	6,900	6,900	6,772
Expenditures:									
Current operations:									
Legislative	9,200	9,200	10,988	-	-	-	-	-	-
General government	55,563	55,563	39,638	-	-	-	-	-	-
Public works	27,960	27,960	21,295	9,000	9,000	13,370	6,900	6,900	2,277
Debt service	-	-	-	15,386	15,386	15,386	-	-	-
Total expenditures	92,723	92,723	71,921	24,386	24,386	28,756	6,900	6,900	2,277
Net Changes in Fund Balances	(1,114)	(1,114)	24,881	1,114	1,114	(3,275)	-	-	4,495
Fund Balances - Beginning of Year	203,297	203,297	203,297	22,145	22,145	22,145	11,072	11,072	11,072
Fund Balances - End of Year	$ 202,183	$ 202,183	$ 228,178	$ 23,259	$ 23,259	$ 18,870	$ 11,072	$ 11,072	$ 15,567

Other Supplemental Information

Village of Clarksville
General Fund
Comparative Balance Sheets
February 28, 2006 and 2005

	2006	2005
Assets		
Cash	$ 234,171	$ 211,197
Taxes receivable	6,030	5,514
Due from other governmental units	5,482	5,871
Total assets	$ 245,683	$ 222,582
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	$ 9,261	$ 5,322
Accrued payroll	8,244	13,963
Total liabilities	17,505	19,285
Fund Balances:		
Unreserved;undesignated	228,178	203,297
Total liabilities and fund balances	$ 245,683	$ 222,582

Village of Clarksville
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget to Actual
Year Ended February 28, 2006
(With Comparative Actual Amounts for the Year Ended February 28, 2005)

	2006			2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	$ 51,974	$ 52,760	$ 786	$ 51,753
Licenses and permits	-	55	55	275
Intergovernmental	32,526	33,750	1,224	34,277
Interest and rental	5,840	7,673	1,833	8,361
Other	1,269	2,564	1,295	1,365
Total revenues	91,609	96,802	5,193	96,031
Expenditures:				
Legislative:				
Village council	9,200	10,988	(1,788)	10,765
General government:				
Executive	700	663	37	663
Election	-	-	-	724
Clerk	5,000	4,925	75	3,698
Treasurer	5,000	4,315	685	3,953
Village hall	13,350	8,209	5,141	11,489
Other	31,513	21,526	9,987	21,504
Total general government	55,563	39,638	15,925	42,031
Public works	27,960	21,295	6,665	21,953
Total expenditures	92,723	71,921	20,802	74,749
Net Changes in Fund Balances	(1,114)	24,881	25,995	21,282
Fund Balances - Beginning of Year	203,297	203,297	-	182,015
Fund Balances - End of Year	$ 202,183	$ 228,178	$ 25,995	$ 203,297

Village of Clarksville
Major Street Fund
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget to Actual
Year Ended February 28, 2006
(With Comparative Actual Amounts for the Year Ended February 28, 2005)

	2006			2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
State revenue	$ 25,500	$ 25,378	$ (122)	$ 26,331
Interest	-	103	103	115
Total revenues	25,500	25,481	(19)	26,446
Expenditures:				
Maintenance:				
Contracted services	7,000	9,584	(2,584)	5,929
Total maintenance	7,000	9,584	(2,584)	5,929
Winter maintenance:				
Contracted services	2,000	3,786	(1,786)	5,490
Total winter maintenance	2,000	3,786	(1,786)	5,490
Debt service	15,386	15,386	-	15,386
Total expenditures	24,386	28,756	(4,370)	26,805
Net Changes in Fund Balances	1,114	(3,275)	(4,389)	(359)
Fund Balances - Beginning of Year	22,145	22,145	-	22,504
Fund Balances - End of Year	$ 23,259	$ 18,870	$ (4,389)	$ 22,145

Village of Clarksville
Local Street Fund
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget to Actual
Year Ended February 28, 2006
(With Comparative Actual Amounts for the Year Ended February 28, 2005)

	2006			2005
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
State revenue	$ 6,900	$ 6,686	$ (214)	$ 6,456
Interest	-	86	86	64
Total revenue	6,900	6,772	(128)	6,520
Expenditures:				
Maintenance:				
Supplies and materials	-	9	(9)	25
Contracted services	6,000	691	5,309	9,731
Total maintenance	6,000	700	5,300	9,756
Winter maintenance:				
Contracted services	900	1,577	(677)	-
Total winter maintenance	900	1,577	(677)	-
Total expenditures	6,900	2,277	4,623	9,756
Net Changes in Fund Balances	-	4,495	4,495	(3,236)
Fund Balances - Beginning of Year	11,072	11,072	-	14,308
Fund Balances - End of Year	$ 11,072	$ 15,567	$ 4,495	$ 11,072

Village of Clarksville
Schedule of Indebtedness
February 28, 2006

Michigan Department of Transportation
Infrastructure Loan

Issue Date	Amount of Issue	Interest Rate	Maturity Date	2/29/2005	2/28/2006	Interest Payable
July 27,1999	$ 144,000					
		4.000%	7/21/2004	$ 11,696		
		4.000%	7/21/2005	12,164	$ 12,164	$ 3,222
		4.000%	7/21/2006	12,651	12,651	2,735
		4.000%	7/21/2007	13,157	13,157	2,229
		4.000%	7/21/2008	13,683	13,683	1,703
		4.000%	7/21/2009	14,231	14,231	1,155
		4.000%	7/21/2010	14,656	14,656	586
				$ 92,238	$ 80,542	$ 11,630

May23, 2006

Members of Village Council
Village of Clarksville
Clarksville, Michigan

We have audited the financial statements of the Village of Clarksville for the year ended February 28, 2006, and have issued our report thereon dated May 23, 2006.

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, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the 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 an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Village. 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 Village'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 the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and no other applications of existing policies were changed during the current year. We noted no transactions entered into by the Village 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.

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Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no material estimates recorded during the current year.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process (that is, cause future financial statements to be materially misstated). There were no significant audit adjustments recorded at year end.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

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

This information and the attached memorandum is intended solely for the use of the Village Council and management of the Village and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

Village of Clarksville
Comments and Recommendations
Year Ended February 28, 2006

Prior Year Comments

Segregation of Duties:

Substantially all of the accounting and financial management functions of the Village are performed by two individuals, the Village Clerk and the Village Treasurer, both of which are elected positions. While the size and resources of the Village are limited in terms of providing adequate separation of duties, the Board should be mindful of this condition and, where possible, establish reasonable control procedures.

Current Year Comments

Budget to Actual Results

During the year ended February 28, 2006 there were several areas where actual expenditures exceeded final budgets amounts. Monthly or quarterly analysis of the budget to actual results would help eliminate this situation.