Michigan Department of Treasury
496 (Rev.06/08)

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended

Unit Name	Village of Nashville	County	BARRY	Type	VILLAGE	MuniCode	08-3-030
Opinion Date-Use Calendar	May 1, 2008	Audit Submitted-Use Calendar	Jul 8, 2008	Fiscal Year-Use Drop List	2008		

If a local unit of government (authorities & 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, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

- [x] 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- [x] 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- [ ] 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- [x] 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- [x] 5. Did the local unit adopt a budget for all required funds?
- [x] 6. Was a public hearing on the budget held in accordance with State statute?
- [x] 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- [x] 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- [x] 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- [x] 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- [x] 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- [ ] 12. Is the local unit free of repeated reported deficiencies from previous years?
- [x] 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- [x] 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- [x] 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- [x] 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- [x] 18. Are there reported deficiencies? [x] 19. If so, was it attached to the audit report?

General Fund Revenue:	$ 619,516.00	General Fund Balance:	$ 368,894.00
General Fund Expenditure:	$ 538,705.00	Governmental Activities Long-Term Debt (see instructions):	$ 9,830.00
Major Fund Deficit Amount:	$ 0.00		

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

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VILLAGE OF NASHVILLE
FINANCIAL STATEMENTS
For the year ended February 29, 2008

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INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of Nashville
Barry County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Nashville, Michigan, as of and for the year ended February 29, 2008, which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Nashville, Michigan'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Nashville, Michigan, as of February 29, 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.

In accordance with Government Auditing Standards, we have also issued our report dated May 1, 2008, on our consideration of the Village of Nashville, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Nashville's basic financial statements. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Village of Nashville, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan
May 1, 2008

Walker, Fluke & Sheldon, PLC

Village of Nashville Management Discussion and Analysis

As the Village Council of the Village of Nashville, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of Village of Nashville for the fiscal year ended February 29, 2008. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Village. We encourage readers to consider this information in conjunction with the letter or transmittal, which begins on page 1, and the financial statements, which begin on page 7.

Financial Highlights

- The assets of Village of Nashville exceeded its liabilities at the close of the most recent fiscal year by $5,362,977 (net assets) compared to $5,345,110 last year. Of this amount, $710,949 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by $17,867 compared to an increase of $9,481 last year.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of $678,812; an increase of $53,786 compared to an ending fund balance of $625,026 an increase of $51,244 from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $349,542 or 64.89% of total general fund expenditures. Last year the unreserved fund balance for the general fund was $338,536 or 65.11% of total general fund expenditures. Because of the increase in fund balance from the prior year, the Village is in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown of the economy.

Overview of the Financial Statements

The Village of Nashville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to 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 the Village's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Village'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 Village's financial position is improving or deteriorating.

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, highways and streets, recreation and cultural and health and welfare.

The government-wide financial statements can be found on pages 7-8 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. Village of Nashville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: government funds, proprietary funds and fiduciary funds.

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Nashville maintains three 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 balances for the General Fund, Major Streets and Local Streets, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-11 of this report.

Proprietary funds. The Village maintains two types of proprietary funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for the Water Fund and Sewer Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, both of which are considered to be major funds of the Village. The proprietary fund financial statements can be found on pages 12-15 of this report.

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 the Village's own programs. The fiduciary fund financial statement can be found on page 16 of this report.

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 17-30 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Village adopts an annual budget for its general fund, major street fund and local street fund. Within the required supplementary information, a budget comparison statement has been provided for these funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 31-34 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information on budgets on pages 35-45.

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 Village of Nashville, assets exceeded liabilities by $5,362,977 at the close of the most recent fiscal year.

$710,949 of the Village's net assets (13.26 percent) reflects its unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Village's net assets (6.83 percent) reflects restricted net assets $366,030, which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Village's net assets (79.91 percent) reflects its investment in capital assets $4,285,998 (e.g. land, buildings, equipment and furniture and fixtures). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Village of Nashville's Condensed Financial Data

	Governmental		Business-Type	
	2008	2007	2008	2007
Current and Other Assets	$ 759,799	$ 689,878	$ 412,965	$ 485,271
Capital Assets	699,145	704,406	5,533,853	5,596,148
Total Assets	1,458,944	1,394,284	5,946,818	6,081,419
Short-Term Liabilities	51,693	33,497	164,092	147,974
Long-Term Liabilities	-	2,122	1,827,000	1,947,000
Total Liabilities	51,693	35,619	1,991,092	2,094,974
Net Assets				
Invested in Capital Assets, Net of Related Debt	699,145	704,406	3,586,853	3,534,148
Restricted	23,218	19,697	342,812	310,304
Unrestricted	684,888	634,562	26,061	141,993
Total Net Assets	$ 1,407,251	$ 1,358,665	$ 3,955,726	$ 3,986,445
Program Revenues				
Charges for Services	$ 107,482	$ 83,496	$ 461,979	$ 454,676
Operating Grants and Contributions	137,381	126,589	-	-
Capital Grants and Contributions	10,000	-	76,980	57,047
General Revenues				
Property Taxes	307,108	295,422	-	-
Licenses and Permits	1,781	3,551	-	-
State Grants	183,914	188,742	-	-
Investment Income	14,624	6,331	8,521	5,156
Other	11,203	10,976	-	-
Total Revenues	773,493	715,107	547,480	516,879
Program Expenses				
Governmental Activities				
Legislative	23,559	30,513	-	-
General Government	83,341	82,436	-	-
Public Safety	197,819	222,112	-	-
Public Works	297,698	274,111	-	-
Health and Welfare	26,600	16,000	-	-
Recreational and Cultural	22,833	26,596	-	-
Other	31,323	56,572	-	-
Loss on Disposal	9,334	-	-	-
Operating Transfer (In) Out	32,400	-	(32,400)	-
Business-Type Activities				
Water	-	-	268,002	224,947
Sewer	-	-	264,631	206,888
Interest and fiscal charges	-	-	77,966	82,330
Total Expenses	724,907	708,340	578,199	514,165
Change in Net Assets	$ 48,586	$ 6,767	$ (30,719)	$ 2,714

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities. Governmental activities increased the Village's net assets by $48,586; mainly due to the fact revenues were up significantly compared to a slight increase in expenses. This was due to controlled responsible spending by the Village Council.

For the most part, expenses were comparable with prior year. Legislative, public safety, recreational and cultural and other expenditures were down in the current year, while general government, public works and health and welfare were up.

Business-Type activities. Business-type activities decreased the Village's net assets by $30,719. The sewer fund increased $25,697, while the water fund decreased by $56,416.

Financial Analysis of the Village's Funds

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

Governmental funds. The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Village's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of $678,812, an increase of $53,786. Last year, the Village's governmental funds combined ending fund balance was $625,026, which was an increase of $51,244.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance of the general fund was $349,542 and the total fund balance was $368,894. Unreserved fund balance represents 64.89% of the total general fund expenditures.

The fund balance of the Village's general fund increased by $10,661 during the current fiscal year.

Proprietary funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As of the end of the current fiscal year, the Village's water fund reported unrestricted net assets of $19,454. The Water Fund had a decrease in net assets of $56,416. The Village's Sewer Fund reported unrestricted net assets of $6,607 at the end of the year. The Sewer Fund had an increase in net assets of $25,697, due to transfers in of $32,400 from the general fund. Without it the sewer fund would have declined $6,703. The Village recognizes the declines in the water and sewer funds and is in the process of bringing water and sewer rates to where they need to be.

General Fund Budgetary Highlights

The amended general fund revenue budget increased from the original budget by $28,788 mainly due to an amendment for an increase in the equipment rental line item. This increase was due to the use of general equipment in the sewer project. The general fund expenditures increased $59,153 between the original budget and the final budget. The majority of the changes in appropriations can be summarized with the following:

- $4,545 increase to legislative
- $2,958 increase to cemetery
- $14,761 increase to police
- $4,000 increase to fire
- $54,650 increase to garage and maintenance
- $8,658 increase to locally administered streets
- $7,600 increase to ambulance
- $5,917 decrease to parks
- $12,506 decrease to insurance, bonds and fringes
- $17,000 decrease to sidewalk replacement

The majority of budget amendments were to garage and maintenance for village repairs and to capital outlay. During the year revenues and expenditures exceeded budgetary estimates.

Capital Assets

The Village's investment in capital assets for its governmental activities as of February 29, 2008, amounts to $699,145 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment and furniture and fixtures.

Major capital asset events during the current fiscal year included a police car, DPW truck, and office furniture. Details of the Village's capital assets are continued in the notes to the financial statements on page 25-27.

Long-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of $1,947,000 and general obligation debt of $9,380. The Village's debt represents bonds secured by specified revenue sources and compensated absences, respectively.

The Village's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental-Type Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Primary Government:						
Revenue Bonds	$ -	$ -	$ 1,947,000	$ 2,062,000	$ 1,947,000	$ 2,062,000
Compensated Absences	9,830	9,365	-	-	9,830	9,365
Total	$ 9,830	$ 9,365	$ 1,947,000	$ 2,062,000	$ 1,956,830	$ 2,071,365

The Village's debt decreased by $114,535 (5.53%) during the current fiscal year. The net reduction was mainly attributable to making debt service payments as they came due.

Additional information on the Village's long-term debt can be found on pages 28 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Budget assumptions: The State has estimated that the state-shared revenues will increase slightly in the 2008-2009 fiscal year. The Village's millage rate will remain the same and the taxable values will increase which will bring in more tax revenue. The Village also has automatic cost of living increases in place for the water and sewer rates. At this time, the Village has no plans for any large construction projects in the current year. These factors were considered in preparing the Village's budget for the 2008-2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Village of Nashville's finances for all those with an interest in the village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Village of Nashville, 203 N Main Street, Nashville, MI 49073. 517-852-9544

VILLAGE OF NASHVILLE
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
February 29, 2008

	Primary Government		
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**
Cash and Cash Equivalents	$ 563,071	$ 41,493	$ 604,564
Investments	2,000	-	2,000
Receivables (Net)			
Taxes - Delinquent	28,062	-	28,062
Special Assessment	11,062	-	11,062
Other	2,250	-	2,250
Accounts	-	52,424	52,424
Connection Fees	-	7,750	7,750
Due From State	78,372	-	78,372
Due From Other Funds	20,250	-	20,250
Internal Balances	31,514	(31,514)	-
Restricted Assets	23,218	342,812	366,030
Capital Assets (Net of Accumulated Depreciation)	699,145	5,533,853	6,232,998
Total Assets	1,458,944	5,946,818	7,405,762
LIABILITIES			
Accounts Payable	21,613	-	21,613
Accrued Liabilities	-	42,745	42,745
Due To Other Funds	20,250	-	20,250
Due To State	-	1,347	1,347
Noncurrent Liabilities			
Due Within One Year	9,830	120,000	129,830
Due In More Than One Year	-	1,827,000	1,827,000
Total Liabilities	51,693	1,991,092	2,042,785
NET ASSETS			
Net Assets			
Invested in Capital Assets, Net of Related Debt	699,145	3,586,853	4,285,998
Restricted for Debt Service	-	342,812	342,812
Restricted for Locally Administered Streets	23,218	-	23,218
Unrestricted	684,888	26,061	710,949
Total Net Assets	$ 1,407,251	$ 3,955,726	$ 5,362,977

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

VILLAGE OF NASHVILLE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
February 29, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Primary Government							
Governmental Activities							
Legislative	$ 23,559	$ -	$ -	$ -	$ (23,559)	$ -	$ (23,559)
General Government	83,341	10,441	5,100	-	(67,800)	-	(67,800)
Public Safety	197,819	5,113	-	10,000	(182,706)	-	(182,706)
Public Works	297,698	91,928	132,281	-	(73,489)	-	(73,489)
Health and Welfare	26,600	-	-	-	(26,600)	-	(26,600)
Recreational and Cultural	22,833	-	-	-	(22,833)	-	(22,833)
Other	31,323	-	-	-	(31,323)	-	(31,323)
Total Governmental Activities	683,173	107,482	137,381	10,000	(428,310)	-	(428,310)
Business-type Activities							
Water	268,002	267,475	-	76,980	-	76,453	76,453
Sewer	264,631	194,504	-	-	-	(70,127)	(70,127)
Interest and Fiscal Charges	77,966	-	-	-	-	(77,966)	(77,966)
Total Business-type Activities	610,599	461,979	-	76,980	-	(71,640)	(71,640)
Total Primary Government	$ 1,293,772	$ 569,461	$ 137,381	$ 86,980	(428,310)	(71,640)	(499,950)
General Revenues							
Taxes and Penalties					307,108	-	307,108
Licenses and Permits					1,781	-	1,781
State Grants					183,914	-	183,914
Investment Income					14,624	8,521	23,145
Other					11,203	-	11,203
Total General Revenue					518,630	8,521	527,151
Loss on Disposal of Fixed Assets					(9,334)	-	(9,334)
Operating Transfer In (Out)					(32,400)	32,400	-
Change in Net Assets					48,586	(30,719)	17,867
Net Assets-Beginning					1,358,665	3,986,445	5,345,110
Net Assets-Ending					$ 1,407,251	$ 3,955,726	$ 5,362,977

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

VILLAGE OF NASHVILLE
GOVERNMENT FUND BALANCE SHEET
February 29, 2008

ASSETS	General	Major Streets	Local Streets	Non-Major Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	$ 283,905	$ 174,409	$ 123,688	$ 4,287	$ 586,289
Investments	-	-	-	2,000	2,000
Receivables (Net)					
Taxes - Delinquent	28,062	-	-	-	28,062
Special Assessment	11,062	-	-	-	11,062
Other	2,250	-	-	-	2,250
Due From State	56,256	15,936	6,180	-	78,372
Due From Other Funds	51,764	-	-	-	51,764
Total Assets	$ 433,299	$ 190,345	$ 129,868	$ 6,287	759,799
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	$ 21,613	$ -	$ -	$ -	$ 21,613
Due To Other Funds	3,668	7,458	9,124	-	20,250
Deferred Revenue	39,124	-	-	-	39,124
Total Liabilities	64,405	7,458	9,124	-	80,987
Fund Balances					
Reserved	19,352	-	-	-	19,352
Designated	208,349	-	-	-	208,349
Unreserved-Undesignated	141,193	182,887	120,744	6,287	451,111
Total Fund Balances	368,894	182,887	120,744	6,287	678,812
Total Liabilities and Fund Balances	$ 433,299	$ 190,345	$ 129,868	$ 6,287	

Reconciliation of the Governmental Fund's Balance Sheet to the Statement of Net Assets:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	$1,195,062	
Less: Accumulated Depreciation	495,917	699,145
Compensated absences are not due and payable in the current period and therefore are not reported in the funds		(9,830)
Deferred revenues reported in governmental funds are recognized as revenues in the governmental activities		39,124
Net Assets of Governmental Activities		$ 1,407,251

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

VILLAGE OF NASHVILLE
GOVERNMENT FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended February 29, 2008

	General	Major Streets	Local Streets	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and Penalties	$ 306,582	$ -	$ -	$ -	$ 306,582
Licenses and Permits	1,781	-	-	-	1,781
State Grants	183,914	92,214	34,406	-	310,534
Charges for Services	3,904	-	-	10,441	14,345
Fines and Forfeitures	2,925	-	-	-	2,925
Interest and Rentals	9,302	2,962	2,189	171	14,624
Other Revenue	111,108	2,830	3,138	5,100	122,176
Total Revenues	619,516	98,006	39,733	15,712	772,967
Expenditures					
Legislative	23,559	-	-	-	23,559
General Government	62,093	-	-	14,984	77,077
Public Safety	192,918	-	-	-	192,918
Public Works	123,694	75,392	59,950	-	259,036
Health and Welfare	26,600	-	-	-	26,600
Recreation and Cultural	19,486	-	-	-	19,486
Other	31,323	-	-	-	31,323
Capital Outlay	59,032	-	-	-	59,032
Total Expenditures	538,705	75,392	59,950	14,984	689,031
Excess of Revenues Over (Under) Expenditures	80,811	22,614	(20,217)	728	83,936
Other Financing Sources (Uses)					
Proceeds from Sale of Fixed Assets	2,250	-	-	-	2,250
Operating Transfers In	-	15,000	25,000	-	40,000
Operating Transfers (Out)	(72,400)	-	-	-	(72,400)
Total Other Financing Sources (Uses)	(70,150)	15,000	25,000	-	(30,150)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	10,661	37,614	4,783	728	53,786
Fund Balance-March 1, 2007	358,233	145,273	115,961	5,559	625,026
Fund Balance-February 29, 2008	$ 368,894	$ 182,887	$ 120,744	$ 6,287	$ 678,812

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

VILLAGE OF NASHVILLE
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended February 29, 2008

Net Change in Fund Balances - Total Governmental Funds		$ 53,786
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		526
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		(465)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	$ 59,032	
Less: Current year depreciation	52,709	
Less: Proceeds from Sale of Fixed Assets	2,250	
Less: Loss on Disposal of Fixed Assets	9,334	(5,261)
Change in Net Assets of Governmental Funds		$ 48,586

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

VILLAGE OF NASHVILLE
PROPRIETARY FUNDS STATEMENT OF NET ASSETS
February 29, 2008

	Enterprise Funds		
	Sewer System	Water System	Total
ASSETS			
Cash and Cash Equivalents	$ 18,074	$ 23,419	$ 41,493
Receivables (Net)			
Accounts	22,874	29,550	52,424
Connection Fees	7,750	-	7,750
Other	-	-	-
Restricted Assets	115,501	227,311	342,812
Capital Assets (Net of Accumulated Depreciation)	2,662,961	2,870,892	5,533,853
Total Assets	$ 2,827,160	$ 3,151,172	$ 5,978,332
LIABILITIES AND NET ASSETS			
Liabilities			
Accrued Liabilities	$ 15,490	$ 27,255	$ 42,745
Due to Other Funds	26,601	4,913	31,514
Due to State	-	1,347	1,347
Bonds Payable	335,000	1,612,000	1,947,000
Total Liabilities	377,091	1,645,515	2,022,606
Net Assets			
Net Assets			
Investment in Capital Assets, Net of Related Debt	2,327,961	1,258,892	3,586,853
Restricted for Debt Service	115,501	227,311	342,812
Unrestricted	6,607	19,454	26,061
Total Net Assets	2,450,069	1,505,657	3,955,726
Total Liabilities and Net Assets	$ 2,827,160	$ 3,151,172	$ 5,978,332

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

VILLAGE OF NASHVILLE
PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended February 29, 2008

	Enterprise Funds		
	Sewer System	Water System	Total
Operating Revenues			
Charges for Services	$ 184,249	$ 255,347	$ 439,596
Other Operating Revenue	10,255	12,128	22,383
Total Operating Revenues	194,504	267,475	461,979
Operating Expenses			
Administration	25,217	24,132	49,349
Salaries and Fringe Benefits	58,335	70,996	129,331
Supplies	18,858	8,089	26,947
Contractual Services	2,500	2,500	5,000
Maintenance and Repairs	46,192	53,147	99,339
Miscellaneous	49	537	586
Depreciation	113,480	108,601	222,081
Total Operating Expenses	264,631	268,002	532,633
Operating Income	(70,127)	(527)	(70,654)
Nonoperating Revenues (Expenses)			
Interest Earned on Investments	3,601	4,920	8,521
Interest Expense	(17,157)	(60,809)	(77,966)
Total Nonoperating Revenues (Expenses)	(13,556)	(55,889)	(69,445)
Income (Loss) Before Contributions and Transfers	(83,683)	(56,416)	(140,099)
Capital Contribution	76,980	-	76,980
Operating Transfer In	32,400	-	32,400
Change in Net Assets	25,697	(56,416)	(30,719)
Net Assets-March 1, 2007	2,424,372	1,562,073	3,986,445
Net Assets-February 29, 2008	$ 2,450,069	$ 1,505,657	$ 3,955,726

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

VILLAGE OF NASHVILLE
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For the Year Ended February 29, 2008

	Enterprise Funds		
	Sewer System	Water System	Total
Cash Flows From Operating Activities:			
Cash Charges for Services	$ 173,916	$ 254,404	$ 428,320
Other Operating Revenue	10,255	12,128	22,383
Administrative Costs	(25,217)	(24,132)	(49,349)
Cash Payments to Employees for Services	(58,335)	(70,996)	(129,331)
Cash Payments to Suppliers for Goods and Services	(36,922)	(62,491)	(99,413)
Miscellaneous Expenses	(49)	(537)	(586)
Net Cash Provided by Operating Activities	63,648	108,376	172,024
Cash Flows From Capital and Related Financing Activities:			
Payment of Principal	(50,000)	(65,000)	(115,000)
Payment of Interest	(17,157)	(60,809)	(77,966)
Net Operating Transfers In	32,400	-	32,400
Net Cash Used by Capital and Related Financing Activities	(34,757)	(125,809)	(160,566)
Cash Flows From Investing Activities:			
Federal Grant	76,980	-	76,980
Interest Earned on Cash Equivalents and Investments	3,601	4,920	8,521
Purchase of Fixed Assets	(149,124)	(10,662)	(159,786)
Net Cash Provided (Used) by Investing Activities	(68,543)	(5,742)	(74,285)
Net Increase in Cash and Cash Equivalents	(39,652)	(23,175)	(62,827)
Cash and Cash Equivalents at Beginning of the Year (Including $129,584 in restricted sewer accounts) (Including $180,720 in restricted water accounts)	173,227	273,905	447,132
Cash and Cash Equivalents at End of the Year (Including $115,501 in restricted sewer accounts) (Including $227,311 in restricted water accounts)	$ 133,575	$ 250,730	$ 384,305

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

VILLAGE OF NASHVILLE
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (Continued)
For the Year Ended February 29, 2008

	Enterprise Funds		
	Sewer System	Water System	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ (70,127)	$ (527)	$ (70,654)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	113,480	108,601	222,081
Decrease (Increase) in Accounts Receivable	(10,333)	(943)	(11,276)
Increase (Decrease) in Accrued Liabilities	9,225	1,893	11,118
Increase (Decrease) in Due to Other Funds	21,403	(648)	20,755
Net Cash Provided by Operating Activities	$ 63,648	$ 108,376	$ 172,024

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

VILLAGE OF NASHVILLE
FIDUCIARY FUNDS STATEMENT OF NET ASSETS
February 29, 2008

ASSETS	**Trust and Agency**
Investments-at Fair Value	
Other Investments	$ 56,163
Total Assets	$ 56,163
LIABILITIES	
Current Liabilities	
Due to Employees for Deferred Compensation	$ 56,163

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

The Village of Nashville was organized in 1869 and covers an area of 2.1 square miles. The Village operates under an elected council of seven members and provides services to its almost 1,700 residents in many areas including police and fire protection and highway and street maintenance. Education services are provided to citizens through several local school districts that are separate governmental entities. Fire and ambulance service is provided by Castleton Township, Maple Grove Township and the Village of Nashville Fire Board and Ambulance Board. The local units are assessed for their respective share of the Boards' expenditures. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Village, there are no component units to be included in these financial statements.

JOINT VENTURES

Ambulance Department

The Village of Nashville has entered into a joint venture agreement with Castleton Township and Maple Grove Township for the ownership, operation and maintenance of an ambulance department, equipment and housing. Each municipality appoints two members from their legislative bodies to act as the ambulance board. Said board has the general supervision of equipment, finances and policies of the department. Equipment and housing is the property of the two townships. Funds for equipment and housing, when not available from other means, are provided by the two townships as follows: Castleton - two-thirds; Maple Grove - one-third. Operating expenses, when not available from other means are shared equally by the three municipalities. A true and accurate account of the expenditures is kept by the ambulance board and reported to the various municipalities from time to time, at least annually.

The following financial information of the joint venture is as of and for the year ending March 31, 2007:

Total Assets	$ 159,911	Total Revenues	$ 222,762
Total Liabilities	$ 4,459	Total Expenditures	$ 238,984
Total Net Assets	$ 155,452	Increase (Decrease) in Net Assets	$ (16,222)
Total Joint Venture Outstanding Debt	$ -	Village of Nashville's Share of Assets	$ 4,297

Fire Department

The Village of Nashville has entered into a joint venture agreement with Castleton Township and Maple Grove Township for the operation and maintenance of certain fire fighting equipment and apparatus. Each municipality appoints two members from their legislative bodies to act as the fireboard. The fireboard has the authority to exercise policy-making powers over the fire fighting equipment and also exercise control and supervision over the financial affairs of the fire department. The equipment is manned and operated by the personnel of the Nashville Fire Department, under the general supervision of the fireboard. The total cost of operation of the fire department is shared equally by the three municipalities. A true and accurate account of the expenditures is kept by the fireboard and reported to the various municipalities from time to time, at least annually.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

JOINT VENTURES (Continued)

The following financial information of the joint venture is as of and for the year ending March 31, 2007:

Total Assets	$ 263,377	Total Revenues	$ 79,551
Total Liabilities	$ 267	Total Expenditures	$ 89,607
Total Net Assets	$ 263,110	Increase (Decrease) in Net Assets	$ (10,056)
Total Joint Venture Outstanding Debt	$ -	Village of Nashville's Share of Assets	$ 2,584

Transfer and Recycling

The Village of Nashville has entered into a joint venture with Castleton Township and Maple Grove Township for the operation and maintenance of a transfer and recycling facility. Each municipality appoints two representatives from their legislative bodies to act as the combined facility board. The combined board has the authority to set policies for its own operation, and also has the authority to regulate, control, set fees and otherwise govern the facility. Cost of construction and/or improvements to property are shared two-thirds by Castleton Township and one-third by Maple Grove Township. Operation costs are shared equally by each unit of government if not covered by fees charged. Any surplus of fees charged remains with the combined facility board to be used for operation, improvements or expansion. This joint venture is perpetual until terminated by joint action of all units or by an individual unit not less than one year after its notice thereof. Any unit terminating their part of the arrangement forfeits their share of investments.

The following financial information of the joint venture is as of and for the year ending March 31, 2006:

Total Assets	$ 20,686	Total Revenues	$ 37,928
Total Liabilities	$ 0	Total Expenditures	$ 43,574
Total Net Assets	$ 20,686	Increase (Decrease) in Net Assets	$ (5,646)
Total Joint Venture Outstanding Debt	$ -	Village of Nashville's Share of Assets	$ 2,695

Library

The Village of Nashville has entered into a joint venture agreement with Castleton Township and Maple Grove Township for the operation and maintenance of the Putnam District Library. The Village agrees to budget $2,000 annually to the library with an accumulation of not greater than $10,000 for major repairs to the library property. The Village agrees to carry adequate liability and structure insurance. A true and accurate account of the expenditures is kept by the library board and reported to the various municipalities from time to time, at least annually.

The following financial information of the joint venture is as of and for the year ending March 31, 2006:

Total Assets	$ 373,611	Total Revenues	$ 77,531
Total Liabilities	$ 2	Total Expenditures	$ 61,796
Total Net Assets	$ 373,609	Increase (Decrease) in Net Assets	$ 15,735
Total Joint Venture Outstanding Debt	$ -	Village of Nashville's Share of Assets	$ -

Complete financial statements of the individual joint ventures can be obtained from their respective offices or from the Clerk's office as follows:

Ambulance Board Castleton Township 915 Reed Nashville, MI 49073	Fire Board Castleton Township 915 Reed Nashville, MI 49073	Transfer and Recycling Castleton Township 915 Reed Nashville, MI 49073	Putnam District Library 327 N Main Nashville, MI 49073

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property 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. Program revenues include: (1) charges to customers 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 revenue.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Village receives cash.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Taxes Receivable - The Village property tax is levied on each July 1st based on the taxable valuation of property located in the Village as of the preceding December 31st.

It is the Village's policy to recognize revenue from the current tax levy in the year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 State taxable valuation of the Village totaled $23,279,449 on which ad valorem taxes levied consisted of 8.6413 mills for Village operating purposes and 3.7571 mills for Village street operations, and .7514 mills for sidewalks, raising $200,943 for operating, $87,365 for street operations and $17,470 for sidewalks. The amounts recognized in the General Fund financial statements as current property tax revenue represent 2007 taxes collected and 2006 delinquent taxes collected in the current fiscal year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Village reports the following major governmental funds:

- The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Major Street Fund accounts for the maintenance of all major streets and trunk lines. Financing is provided by special revenues from provisions of Act 51 of 1951 as amended.
- The Local Street Fund accounts for the maintenance of all local streets. Financing is provided by special revenues from provisions of Act 51 of 1951 as amended.

The Village reports the following major proprietary funds:

- The Water Fund accounts for the operation and maintenance of the water supply system, capital additions, and retirement of revenue bonds. Financing is provided by user charges and contributions by other funds and customers.
- The Sewer Fund accounts for the operation and maintenance of the sewage disposal system, capital additions, and improvements and retirement of revenue bonds. Financing is provided by user charges and contributions by other funds and customers.

Additionally, the government reports the following fund types:

- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The Village has elected not to follow private-sector standards.

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering products in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current cost (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st based on the taxable valuation of property located in the Village as of the preceding December 31st. These taxes are due on August 31 with the final collection date of September 15. After that date, they are added to the county 's delinquent tax rolls.

The delinquent real property taxes of the Village are purchased by Barry County. These taxes have been recorded as deferred revenue in the fund financial statements for the current year since they are not available to fund expenditures of the current period.

Designated Assets - The Village has designated assets for police equipment, contingency and equipment. By designating a portion of fund balance for a specific purpose, the Village Council has established a policy that the amounts designated are to be used for a specific purpose. The Village Council can change the amounts so designated if they desire.

Restricted Assets - The Village has restricted assets for locally administered streets. By restricting a portion of the fund balance for a specific purpose, the Village has limited the use of the funds for that specific purpose only. The Village Council cannot change the amounts restricted and cannot spend the restricted funds for any other than locally administered streets and demolition. The revenue bonds of the enterprise funds require amounts to be set-aside for debt service principal and interest, capital improvements and a bond reserve. These amounts have been classified as restricted assets.

Retained Earnings Reserve - In the Sewer and Water System funds, certain amounts of the retained earnings are reserved for bond and interest redemption and capital improvements. The amounts of the reserves are established by bond ordinances. Any use of the reserve balances would be a violation of the bond ordinances.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. 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.

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

General Assets	
Buildings	40 years
Furniture	10 years
Equipment	7 years
Data Processing Equipment	5 years
Infrastructure Assets	
Road	8 to 30 years
Sidewalks	10 to 30 years
Bridges	12 to 50 years
Drains, Curbs, Gutters	8 to 40 years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Compensated Absences (Vacation and Sick Leave) - Vacation pay is earned by all full time employees according to the length of their employment and is available for use in the year following its accrual. Vacation time is paid at the employee's current pay rate and must be used in the year available. Upon termination of employment, employees will be paid for all unused vacation time.

Sick leave time is earned at the rate of ten days per year by full time employees. Unused sick leave benefits can accumulate to a maximum of 90 days. In addition, employees can earn three days bonus time off by limiting sick leave taken according to a sliding scale. Sick leave accrued is to be paid to the employees at the rate of $10 per every eight hours of unused accumulated sick leave at the time of termination of employment for any reason.

Long-Term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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 are reported as other financing uses. Issuance costs 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.

Comparative Data/Reclassifications - Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operation of these funds.

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village of Nashville.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Village Boards prepares the annual budgets prior to February 28. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended February 29, 2008, the Village incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

FUND	BUDGET APPROPRIATION	ACTUAL EXPENDITURE	BUDGET VARIANCE
General			
Public Safety			
Police	$ 180,711	$ 188,920	$ 8,209

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Village to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village has designated two banks and one federal savings bank for the deposit of the Village of Nashville funds.

The Village retirement system's investments are held in trust by the investment fiduciary, Manufacturers Life Financial. Michigan Compiled Laws, Section 38.1132, authorizes the Village retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system.

The Village's deposits and investments are in accordance with statutory authority.

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	FIDUCIARY FUNDS	PRIMARY GOVERNMENT
Cash and Cash Equivalents	$ 563,071	$ 41,493	$ -	$ 604,564
Investments	2,000	-	56,163	58,163
Restricted Assets	23,218	342,812	-	366,030
Total	$ 588,289	$ 384,305	$ 56,163	$ 1,028,757

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEPOSITS AND INVESTMENTS (Continued)

The breakdown between deposits and investments is as follows:

	PRIMARY GOVERNMENT
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	$ 970,490
Investment in Securities (Mutual Funds and Similar Vehicles)	56,163
Petty Cash and Cash on Hand	2,104
Total	$ 1,028,757

Custodial credit risk is the risk that the Village will not be able to recover its deposits in the event of financial institution failure. The Village's deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At February 29, 2008, the Village had deposits with a carrying amount of $970,503 and a bank balance of $1,106,221. Of the bank balance, $278,798 is covered by federal depository insurance, $827,423 is uninsured and $0 is collateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of the FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CAPITAL ASSETS

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 32,870	$ -	$ -	$ 32,870
Land Improvements	11,378	-	-	11,378
Subtotal	44,248	-	-	44,248
Capital Assets Being Depreciated				
Buildings	309,818	-	-	309,818
Land Improvements	46,380	-	-	46,380
Furniture	26,496	10,000	-	36,496
Equipment	478,054	49,032	24,949	502,137
Data Processing Equipment	8,325	-	-	8,325
Infrastructure	247,658	-	-	247,658
Subtotal	1,116,731	59,032	24,949	1,150,814
Less Accumulated Depreciation for				
Buildings	59,211	6,666	-	65,877
Land Improvements	13,764	1,971	-	15,735
Furniture	11,615	2,328	-	13,943
Equipment	339,312	25,044	13,365	350,991
Data Processing Equipment	5,850	939	-	6,789
Infrastructure	26,821	15,761	-	42,582
Subtotal	456,573	52,709	13,365	495,917
Net Capital Assets Being Depreciated	660,158	6,323	11,584	654,897
Governmental Activities Total Capital Assets-Net of Depreciation	$ 704,406	$ 6,323	$ 11,584	$ 699,145

CAPITAL ASSETS (Continued)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-Type Activities				
Capital Assets not Being Depreciated				
Land	$ 216,442	$ -	$ -	$ 216,442
Construction in Progress	25,548	-	25,548	-
Subtotal	241,990	-	25,548	216,442
Capital Assets Being Depreciated				
Buildings	851,501	-	-	851,501
Equipment	268,726	10,662	-	279,388
Data Processing Equipment	4,409	-	-	4,409
Infrastructure	7,863,688	174,672	-	8,038,360
Subtotal	8,988,324	185,334	-	9,173,658
Less Accumulated Depreciation for				
Buildings	138,655	20,925	-	159,580
Equipment	140,726	20,302	-	161,028
Data Processing Equipment	2,605	882	-	3,487
Infrastructure	3,352,180	179,972	-	3,532,152
Subtotal	3,634,166	222,081	-	3,856,247
Net Capital Assets Being Depreciated	5,354,158	(36,747)	-	5,317,411
Business-Type Activities Total Capital Assets-Net of Depreciation	$ 5,596,148	$ (36,747)	$ 25,548	$ 5,533,853

CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the Village as follows:

Governmental Activities	
General Government	$ 5,799
Public Safety	4,901
Public Works	38,662
Recreation and Cultural	3,347
Total Government Activities	$ 52,709
Business-Type Activities	
Water	$ 108,601
Sewer	113,480
Total Business-Type Activities	$ 222,081

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

FUND	INTERFUND RECEIVABLES	FUND	INTERFUND PAYABLES
General	$ 51,764	Major Street	$ 7,458
		Local Streets	9,124
		Sewer System	26,601
		Water System	4,913
		Locally Adm. Streets	3,668
	$ 51,764		$ 51,764

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
Major Streets	$ 15,000	General	$ 72,400
Local Streets	25,000		
Sewer	32,400		
	$ 72,400		$ 72,400

The interfund receivables and payables represent money owed to the general fund for expenses paid by the general fund for the various other funds. Transfers were used to move revenues from the fund that is required to collect them to the fund where expenditures were expended and to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

The following is a summary of the debt outstanding of the Village of Nashville as of February 29, 2008:

	INTEREST RATE	PRINCIPAL MATURES	BEGINNING BALANCE	ADDITION (REDUCTIONS)	ENDING BALANCE	DUE WITHIN ONE YEAR
Primary Government						
Governmental Activities						
Other Liabilities						
Compensated Absences	-	-	$ 9,365	$ 465	$ 9,830	$ 9,830
Business-Type Activities						
Revenue Bonds						
Water System - 1998	4.35 - 6.85%	2014	$ 106,000	$ (16,000)	$ 90,000	$ 16,000
Water System - 2001	2.50%	2022	805,000	(40,000)	765,000	45,000
Water System - 2001	4.75%	2041	766,000	(9,000)	757,000	9,000
Sewer System - 1998	4.60 - 7.00%	2020	385,000	(50,000)	335,000	50,000
Total Business-Type Activities			$ 2,062,000	$ (115,000)	$ 1,947,000	$ 120,000

The compensated absence liability attributable to the governmental activities will be liquidated by the Village's governmental funds. The annual requirements to pay principal and interest on long-term bonds outstanding for the primary government are as follows:

	Business-Type Activities	
Year End February 28	Principal	Interest
2009	$ 120,000	$ 75,441
2010	122,000	70,796
2011	128,000	65,790
2012	130,000	60,718
2013	136,000	58,120
2014-2018	385,000	222,598
2019-2023	367,000	162,968
2024-2028	104,000	123,312
2029-2033	130,000	96,188
2034-2038	164,000	62,320
2039-2042	161,000	19,522
Total	$ 1,947,000	$ 1,017,773

RISK MANAGEMENT

The Village is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village manages its risk exposure and provides certain employee benefits thorough a combination of risk management pools and commercial insurance.

The Village participates in the Michigan Municipal League for general and automobile liability, motor vehicle physical damage, property damage, and workers compensation coverages. The Michigan Municipal Liability and Property Pool were established pursuant to laws of the State of Michigan, which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the pool is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Michigan Municipal Liability and Property Pool, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Michigan Municipal Liability and Property Pool. Due to this reinsurance purchase, there is no pooling of risk between members.

The Michigan Municipal Liability and Property Pool chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles) that vary from member to member.

The Village also provides employee benefits through the Michigan Municipal League with programs underwritten by commercial insurance carriers.

At February 29, 2008, there were no claims, which exceeded insurance coverage. The Village had no significant reduction in insurance coverage from previous years.

DEFERRED COMPENSATION PLAN

On February 28, 1998, the Village adopted a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan permits all full-time employees to participate in the plan. The Village contributes 5% to 6%, depending on job description, of gross earnings for all eligible employees and the employee can contribute 5% to 6% of gross earnings, until the employee's termination, retirement, death or unforeseeable emergency.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The Village is serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. The Village's beneficial ownership of plan assets will be held for the further exclusive benefit of the plan for the exclusive benefit of participants and beneficiaries.

It is the opinion of the Village's legal counsel that the Village, as trustee, has no liability for plan losses but does have the duty of due care that would be required of an ordinary prudent investor.

The plan is administered by the Village's agent, Actuarial Benefit Administrators and funded through Scudder Investments.

DEFERRED COMPENSATION PLAN (Continued)

The plan's assets are included in the Village's Statement of Fiduciary Nets Assets in compliance with GASB Statement No. 32, "Financial Reporting of Deferred Compensation Plans Adopted Under the Provisions of the Internal Revenue Code Section List". A summary of the activity in the plan for the year ended February 29, 2008, is as follows:

Balance - March 1, 2007	$ 40,216
Contributions	15,323
Dividends	1,989
Net Investment Gain (Loss)	(1,365)
Balance - February 29, 2008	$ 56,163

VILLAGE OF NASHVILLE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended February 29, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 358,233	$ 358,233	$ 358,233	$ -
Resources (Inflows)				
Taxes and Penalties	306,000	306,582	306,582	-
Licenses and Permits	14,980	1,780	1,781	1
State Grants	189,700	184,769	183,914	(855)
Charges for Services	1,284	3,894	3,904	10
Fines and Forfeitures	2,500	2,895	2,925	30
Interest and Rentals	3,778	9,612	9,302	(310)
Other Revenue	63,608	101,106	111,108	10,002
Total Resources	581,850	610,638	619,516	8,878
Charges to Appropriations (Outflows)				
Legislative	19,700	24,245	23,559	686
General Government				
President	2,000	1,425	1,425	-
Clerk	33,800	33,295	32,726	569
Treasurer	8,000	8,000	8,000	-
Buildings and Grounds	5,000	4,800	4,778	22
Cemetary	10,071	15,164	15,164	-
Public Safety				
Police	170,750	156,311	154,526	1,785
Fire	30,500	34,500	34,500	-
Planning and Zoning	4,200	3,905	3,892	13
Public Works				
Sanitation	5,000	5,000	5,000	-
Garage and Maintenance	48,000	78,000	76,904	1,096
Sidewalk Replacement	17,000	-	-	-
Locally Administered Streets	74,000	42,658	41,790	868
Health and Welfare				
Ambulance	19,000	26,600	26,600	-
Recreational and Cultural				
Parks	25,300	19,383	19,042	341
Library	1,940	490	444	46
Other				
Insurance, Bonds and Fringes	44,400	31,894	29,734	2,160
Miscellaneous	9,000	1,770	1,589	181
Capital Outlay	2,135	49,050	59,032	(9,982)
Total Charges to Appropriations	529,796	536,490	538,705	(2,215)

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

VILLAGE OF NASHVILLE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
For the Year Ended February 29, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Excess of Resources Over (Under) Appropriations	52,054	74,148	80,811	6,663
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	-	-	2,250	2,250
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	(72,400)	(72,400)	-
Total Other Financing Sources (Uses)	-	(72,400)	(70,150)	2,250
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	52,054	1,748	10,661	8,913
Budgetary Fund Balance - February 29, 2008	$ 410,287	$ 359,981	$ 368,894	$ 8,913

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

VILLAGE OF NASHVILLE
BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND
For the Year Ended February 29, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 145,273	$ 145,273	$ 145,273	$ -
Resources (Inflows)				
State Grants	95,000	93,556	92,214	(1,342)
Interest and Rentals	400	3,054	2,962	(92)
Other Revenue	3,000	2,930	2,830	(100)
Total Resources	98,400	99,540	98,006	(1,534)
Charges to Appropriations (Outflows)				
Public Works				
Street Administration	6,320	6,080	6,041	39
Street Routine Maintenance	26,000	30,304	30,534	(230)
Street Winter Maintenance	7,000	12,438	11,958	480
Traffic Services	200	-	-	-
Trees	6,000	6,873	6,851	22
Trunkline Maintenance	3,500	7,339	7,061	278
Street Construction	50,100	-	-	-
Fringes and Insurance	9,500	12,700	12,947	(247)
Total Charges to Appropriations	108,620	75,734	75,392	342
Excess of Resources Over (Under) Appropriations	(10,220)	23,806	22,614	(1,192)
Other Financing Sources (Uses):				
Operating Transfers In	15,100	15,000	15,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	15,100	15,000	15,000	-
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	4,880	38,806	37,614	(1,192)
Budgetary Fund Balance - February 29, 2008	$ 150,153	$ 184,079	$ 182,887	$ (1,192)

VILLAGE OF NASHVILLE
BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND
For the Year Ended February 29, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning of Year Fund Balance	$ 115,961	$ 115,961	$ 115,961	$ -
Resources (Inflows)				
State Grants	36,000	34,480	34,406	(74)
Interest and Rentals	500	2,250	2,189	(61)
Other Revenue	3,000	3,130	3,138	8
Total Resources	39,500	39,860	39,733	(127)
Charges to Appropriations (Outflows)				
Public Works				
Street Administration	6,420	6,180	6,128	52
Street Routine Maintenance	29,000	25,563	25,235	328
Street Winter Maintenance	6,000	11,744	11,226	518
Traffic Services	200	155	152	3
Trees	6,000	6,573	6,516	57
Street Construction	1,000	-	-	-
Fringes and Insurance	10,000	10,300	10,693	(393)
Total Charges to Appropriations	58,620	60,515	59,950	565
Excess of Resources Over (Under) Appropriations	(19,120)	(20,655)	(20,217)	438
Other Financing Sources (Uses):				
Operating Transfers In	25,000	25,000	25,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	25,000	25,000	25,000	-
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	5,880	4,345	4,783	438
Budgetary Fund Balance - February 29, 2008	$ 121,841	$ 120,306	$ 120,744	$ 438

VILLAGE OF NASHVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended February 29, 2008

REVENUES	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Taxes and Penalties				
Property Taxes			$ 303,468	
Collection Fees			3,114	
Total Taxes and Penalties	$ 306,000	$ 306,582	306,582	$ -
Licenses and Permits				
Cable TV Fees			-	
Liquor License Refund			1,781	
Total Licenses and Permits	16,800	1,780	1,781	1
State Grants				
Public Safety			1,148	
State Revenue Sharing:				
Sales Tax			182,766	
Total State Grants	189,700	184,769	183,914	(855)
Charges for Services				
Special Assessment - Sidewalks			1,716	
Police Security Contract			718	
Zoning Board Fees			1,470	
Total Charges for Services	4,000	3,894	3,904	10
Fines and Forfeitures	1,500	2,895	2,925	30
Interest and Rentals				
Interest			9,302	
Total Interest and Rentals	3,850	9,612	9,302	(310)
Other Revenue				
Miscellaneous			2,682	
Donations			10,000	
Refunds and Rebates			8,214	
Equipment Rental			90,212	
Total Other Revenue	60,000	101,106	111,108	10,002
Total Revenues	581,850	610,638	619,516	8,878

VILLAGE OF NASHVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended February 29, 2008

EXPENDITURES	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Legislative:				
Salaries - Village Council			6,490	
Dues			1,782	
Education			1,243	
Legal Fees			9,334	
Audit Fees			4,710	
Total Legislative	19,700	24,245	23,559	686
General Government:				
Village President:				
Salary			1,425	
Total Village President	2,000	1,425	1,425	-
Village Clerk:				
Salary			17,881	
Supplies			4,323	
Training and Education			1,953	
Printing and Postage			2,535	
Utilities			4,242	
Telephone			1,792	
Total Village Clerk	33,800	33,295	32,726	569
Treasurer:				
Salary			8,000	
Total Treasurer	8,000	8,000	8,000	-
Buildings and Grounds:				
Maintenance Wages			1,892	
Maintenance and Repairs			2,886	
Total Buildings and Grounds	5,000	4,800	4,778	22
Cemetery:				
Supplies			5,000	
Maintenance and Repairs			10,164	
Total Cemetery	12,206	15,164	15,164	-
Total General Government	61,006	62,684	62,093	591

VILLAGE OF NASHVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended February 29, 2008

EXPENDITURES (Continued)	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Public Safety:				
Police:				
Salaries and Wages			95,784	
Fringes			25,705	
Supplies			3,426	
Telephone			3,313	
Education			3,268	
Utilities			1,685	
Auto			19,185	
Uniforms			1,329	
Miscellaneous			831	
Capital Outlay			34,394	
Total Police	165,950	180,711	188,920	(8,209)
Fire:				
Fire Board			25,000	
Hydrant Rental			9,500	
Total Fire	30,500	34,500	34,500	-
Planning and Zoning:				
Planning Board Wages			855	
Zoning and Board Wages			2,810	
Supplies			69	
Printing and Publishing			158	
Total Planning and Zoning	4,200	3,905	3,892	13
Total Public Safety	200,650	219,116	227,312	(8,196)
Public Works:				
Sanitation:				
Transfer Station			5,000	
Total Sanitation	5,000	5,000	5,000	-
Garage and Maintenance:				
Wages			21,736	
Parts			30,620	
Gas and Oil			15,387	
Maintenance and Utilities			8,700	
Miscellaneous			461	
Capital Outlay			24,638	
Total Garage and Maintenance	48,000	102,650	101,542	1,108

VILLAGE OF NASHVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended February 29, 2008

EXPENDITURES (Continued)	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Public Works (Continued):				
Sidewalk Replacement:				
Wages			-	
Contract Labor			-	
Total Sidewalk Replacement	17,000	-	-	-
Locally Administered Streets:				
Wages			3,560	
Fringes			4,154	
Christmas Lights			1,130	
Equipment Rental			5,988	
Street Lights			21,139	
Snow Removal			3,959	
Supplies			1,845	
Miscellaneous			15	
Total Locally Administered Streets	34,000	42,658	41,790	868
Total Public Works	104,000	150,308	148,332	1,976
Health and Welfare:				
Ambulance:				
Ambulance Board			26,600	
Total Ambulance	19,000	26,600	26,600	-
Total Health and Welfare	19,000	26,600	26,600	-
Recreation and Cultural:				
Parks:				
Wages			7,189	
Supplies			2,706	
Utilities			2,464	
Equipment Rental			6,683	
Total Parks	25,300	19,383	19,042	341
Library:				
Wages			231	
Maintenance and Repairs			64	
Equipment Rental			149	
Total Library	1,940	490	444	46
Total Recreation and Cultural	27,240	19,873	19,486	387

VILLAGE OF NASHVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended February 29, 2008

EXPENDITURES (Continued)	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Other:				
Insurance, Bonds and Fringes:				
Multi-Peril Insurance			12,075	
Christmas Bonus			500	
Social Security			13,986	
Unemployment			1,698	
Employee Insurance			35,844	
Pension			6,312	
Vacation, Holiday and Sick			10,923	
Workers Compensation Insurance			8,557	
	89,400	92,054	89,895	2,159
Less: Reimb. from Other Funds	(45,000)	(60,160)	(60,161)	1
Total Insurance, Bonds and Fringes	44,400	31,894	29,734	2,160
Miscellaneous:				
Miscellaneous			1,589	
Total Miscellaneous	1,341	1,770	1,589	181
Total Other	45,741	33,664	31,323	2,341
Total Expenditures	477,337	536,490	538,705	(2,215)
Excess of Revenues Over Expenditures	104,513	74,148	80,811	6,663
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	-	-	2,250	2,250
Operating Transfers In	-	-	-	-
Operating Transfers Out	(40,000)	(72,400)	(72,400)	-
Total Other Financing Sources (Uses)	(40,000)	(72,400)	(70,150)	2,250
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	64,513	1,748	10,661	8,913
Fund Balance-March 1, 2007	358,233	358,233	358,233	-
Fund Balance-February 29, 2008	$ 422,746	$ 359,981	$ 368,894	$ 8,913

VILLAGE OF NASHVILLE
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
February 29, 2008

	Lakeview Cemetery	Drug Law Enforcement	Total
ASSETS			
Cash and Cash Equivalents	$ 6,287	$ -	$ 6,287
Investments	-	-	-
Total Assets	$ 6,287	$ -	$ 6,287
LIABILITIES AND FUND EQUITY			
Liabilities			
Due to Other Funds	$ -	$ -	$ -
Total Liabilities	-	-	-
Fund Equity			
Fund Balance			
Unreserved	6,287	-	6,287
Total Fund Equity	6,287	-	6,287
Total Liabilities and Fund Equity	$ 6,287	$ -	$ 6,287

VILLAGE OF NASHVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended February 29, 2008

	Lakeview Cemetary	Drug Law Enforcement	Total
Revenues			
Charges for Services	$ 10,441	$ -	$ 10,441
Interest and Rentals	171	-	171
Other Revenue	5,100	-	5,100
Total Revenues	15,712	-	15,712
Expenditures			
General Government			
Cemetary			
Wages	12,696	-	12,696
Supplies	1,690	-	1,690
Utilities	424	-	424
Maintenance and Repairs	174	-	174
Total Expenditures	14,984	-	14,984
Excess of Revenues Over (Under) Expenditures	728	-	728
Fund Balance-March 1, 2007	5,559	-	5,559
Fund Balance-February 29, 2008	$ 6,287	$ -	$ 6,287

VILLAGE OF NASHVILLE
PROPRIETARY FUND COMPARATIVE STATEMENTS OF NET ASSETS -
SEWER FUND
February 29, 2008 and February 28, 2007

ASSETS	2008	2007
Cash and Cash Equivalents	$ 18,074	$ 43,643
Receivables (Net)		
Accounts	22,874	20,291
Connection Fees	7,750	-
Other	-	-
Restricted Assets	115,501	129,584
Capital Assets (Net of Accumulated Depreciation)	2,662,961	2,627,317
Total Assets	$ 2,827,160	$ 2,820,835
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued Liabilities	$ 15,490	$ 6,265
Due to Other Funds	26,601	5,198
Bonds Payable	335,000	385,000
Total Liabilities	377,091	396,463
Net Assets		
Net Assets		
Investment in Capital Assets, Net of Related Debt	2,327,961	2,242,317
Restricted for Debt Service	115,501	129,584
Unrestricted	6,607	52,471
Total Net Assets	2,450,069	2,424,372
Total Liabilities and Net Assets	$ 2,827,160	$ 2,820,835

VILLAGE OF NASHVILLE
PROPRIETARY FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - SEWER FUND
For the Years Ended February 29, 2008 and February 28, 2007

	2008	2007
Operating Revenues		
Charges for Services	$ 184,249	$ 180,197
Other Operating Revenue	10,255	4,398
Total Operating Revenues	194,504	184,595
Operating Expenses		
Administration	25,217	21,406
Salaries and Fringe Benefits	58,335	46,975
Supplies	18,858	12,462
Contractual Services	2,500	2,500
Maintenance and Repairs	46,192	9,834
Miscellaneous	49	124
Depreciation	113,480	113,587
Total Operating Expenses	264,631	206,888
Operating Income	(70,127)	(22,293)
Nonoperating Revenues (Expenses)		
Interest Earned on Investments	3,601	3,468
Interest Expense	(17,157)	(19,440)
Total Nonoperating Revenues (Expenses)	(13,556)	(15,972)
Income (Loss) Before Contributions and Transfers	(83,683)	(38,265)
Capital Contribution	76,980	-
Operating Transfers In	32,400	-
Change in Net Assets	25,697	(38,265)
Net Assets-Beginning	2,424,372	2,462,637
Net Assets-Ending	$ 2,450,069	$ 2,424,372

VILLAGE OF NASHVILLE
PROPRIETARY FUND COMPARATIVE STATEMENTS OF NET ASSETS - WATER FUND
February 29, 2008 and February 28, 2007

	2008	2007
ASSETS		
Cash and Cash Equivalents	$ 23,419	$ 93,185
Receivables (Net)		
Accounts	29,550	27,120
Connection Fees	-	1,487
Restricted Assets	227,311	180,720
Capital Assets (Net of Accumulated Depreciation)	2,870,892	2,968,831
Total Assets	$ 3,151,172	$ 3,271,343
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued Liabilities	$ 27,255	$ 25,362
Due to Other Funds	4,913	5,561
Due to State of Michigan	1,347	1,347
Bonds Payable	1,612,000	1,677,000
Total Liabilities	1,645,515	1,709,270
Net Assets		
Net Assets		
Investment in Capital Assets, Net of Related Debt	1,258,892	1,291,831
Restricted for Debt Service	227,311	180,720
Unrestricted	19,454	89,522
Total Net Assets	1,505,657	1,562,073
Total Liabilities and Net Assets	$ 3,151,172	$ 3,271,343

VILLAGE OF NASHVILLE
PROPRIETARY FUND COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - WATER FUND
For the Years Ended February 29, 2008 and February 28, 2007

	2008	2007
Operating Revenues		
Charges for Services	$ 255,347	$ 256,687
Other Operating Revenue	12,128	13,394
Total Operating Revenues	267,475	270,081
Operating Expenses		
Administration	24,132	21,062
Salaries and Fringe Benefits	70,996	68,527
Supplies	8,089	15,750
Contractual Services	2,500	2,500
Maintanence and Repairs	53,147	11,141
Miscellaneous	537	764
Depreciation	108,601	105,203
Total Operating Expenses	268,002	224,947
Operating Income	(527)	45,134
Nonoperating Revenues (Expenses)		
Interest Earned on Investments	4,920	1,688
Interest Expense	(60,809)	(62,890)
Total Nonoperating Revenues (Expenses)	(55,889)	(61,202)
Income (Loss) Before Contributions and Transfers	(56,416)	(16,068)
Capital Contributions	-	57,047
Change in Net Assets	(56,416)	40,979
Net Assets-Beginning	1,562,073	1,521,094
Net Assets-Ending	$ 1,505,657	$ 1,562,073

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

To the Village Council
Village of Nashville
Barry County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Nashville, as of and for the year ended February 29, 2008, which collectively comprise Village of Nashville's basic financial statements and have issued our report thereon dated May 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Nashville's internal control over financial reporting 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 Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

- The Village does not have the technical expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures. Currently, the Village contracts with Walker, Fluke & Sheldon, PLC to prepare the financial statements and assist with accrual entries.

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 certain deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed testes of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

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audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that required to be reported under Government Auditing Standards.

This communication is intended solely for the information and use of management, the board of trustees of Village of Nashville 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.

Hastings, MI
May 1, 2008

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May 1, 2008

To the Village Council
Village of Nashville
Barry County, Michigan

We have recently completed an audit of the financial statements of the Village of Nashville, Barry County, Michigan for the year ended February 29, 2008. During the course of the audit the following item came to our attention, which requires further comment.

Budgets Should Be Reviewed On A Periodic Basis

The general appropriations act passed before the beginning of each fiscal year is the legal authority for the Village to spend public moneys. The general appropriations act specifies amounts that may be spent by budget category. The Village does not have legal authority to spend amounts in excess of specific appropriations.

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit of government may not incur expenditures in excess of amounts appropriated. When it appears that more money will be spent than the amount originally appropriated, it is necessary to amend the budget. This can be done at any meeting prior to the fiscal year end and does not require a new public hearing. During the year ended February 29, 2008, the Village's actual expenditures exceeded their appropriations in one department.

It is recommended that the Village closely monitor the expenditures in relation to amounts appropriated and amend the budget when necessary. In addition, consideration should be taken at year-end for typical audit adjustments and amend the budget accordingly. The approved budget and all amended budgets should become a permanent part of the board minutes.

Water and Sewer Undeposited Unapplied Payments Should Be Balanced Monthly

During the course of the audit, it was noted that the customer prepayments and overpayments that are kept as cash on hand in the safe were not being deposited nor reconciled to the Village's water and sewer program on a monthly basis. This resulted water and sewer payments not being recorded in the general ledger at year end.

It is recommended that the Treasurer utilize the spreadsheet that was created to reconcile the undeposited cash on hand to the unapplied payments in the Village's water and sewer program on a monthly basis. Should any discrepancies arise, the Treasurer should investigate immediately. During the current year, the Village has implemented a process to reconcile undeposited cash on hand to the unapplied payments on a monthly basis.

We would like to take this opportunity to thank the Village for the cooperation and courtesy extended to us during the audit. If you have any questions or need assistance, do not hesitate to contact us.

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To the Village Council
Village of Nashville
Barry County, Michigan

In planning and performing our audit of the financial statements of the Village of Nashville as of and for the year ended February 29, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Nashville'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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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 deficiencies constitute material weaknesses.

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This communication is intended solely for the information and use of management, the board of trustees of Village of Nashville 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.

Hastings, MI
May 1, 2008

Walker, Fluke & Sheldon, PLC

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