

VILLAGE OF BARODA
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2010

VILLAGE OF BARODA
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2010

CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	I-X
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	2
Statement of Activities.....	3
Governmental Funds - Balance Sheet.....	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	5
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	7
Proprietary Funds - Statement of Net Assets	8
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Assets.....	9
Proprietary Funds - Statement of Cash Flows	10-11
Notes to Financial Statements	12-23
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	24
Major Street Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	25-26

CONTENTS - Continued

REQUIRED SUPPLEMENTARY INFORMATION - Continued

Local Street Fund - Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual27-28

SUPPLEMENTARY INFORMATION

General Fund:
Statement of Revenues, Compared to Budget..... 29
Statement of Expenditures, Compared to Budget30-33

Revolving Loan Fund - Balance Sheet 34

Revolving Loan Fund - Statement of Revenues, Expenditures, and
Changes in Fund Balances 35

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2010

INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Baroda
Baroda, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Village of Baroda, as of and for the year ended March 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, 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.

The management's discussion and analysis and budgetary comparison information on pages I through __ and 24 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Baroda's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gerbel & Company, P.C.

Right. On time.

VILLAGE OF BARODA
Statement of Net Assets
March 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 523,025	\$ 630,805	\$ 1,153,830
Receivables	11,235	22,288	33,523
Prepaid expenses	18,249	-	18,249
Non-depreciable assets:			
Land	129,890	81,110	211,000
Capital assets (net of related depreciation):			
Buildings	23,632	-	23,632
Land improvements	89,030	-	89,030
Machinery and equipment	85,560	901	86,461
Infrastructure	511,227	-	511,227
Office equipment	2,711	-	2,711
Utility systems	36,049	743,805	779,854
	<u>\$ 1,430,608</u>	<u>\$ 1,478,909</u>	<u>\$ 2,909,517</u>
Total Assets			
	<u>\$ 1,430,608</u>	<u>\$ 1,478,909</u>	<u>\$ 2,909,517</u>
LIABILITIES			
Accounts payable	\$ 343	\$ 83	\$ 426
Escrow	16	-	16
Accrued interest	-	2,500	2,500
Accrued wages	1,603	1,128	2,731
Accrued taxes payable	123	86	209
Customer deposits	-	2,960	2,960
Noncurrent liabilities:			
Due within one year	-	10,000	10,000
Due in more than one year	-	80,000	80,000
	<u>\$ 2,085</u>	<u>\$ 96,757</u>	<u>\$ 98,842</u>
Total Liabilities			
	<u>\$ 2,085</u>	<u>\$ 96,757</u>	<u>\$ 98,842</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 878,099	\$ 735,816	\$ 1,613,915
Restricted	-	16,651	16,651
Unrestricted	550,424	629,685	1,180,109
	<u>\$ 1,428,523</u>	<u>\$ 1,382,152</u>	<u>\$ 2,810,675</u>
TOTAL NET ASSETS			
	<u>\$ 1,428,523</u>	<u>\$ 1,382,152</u>	<u>\$ 2,810,675</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF BARODA
Statement of Activities
For the Year Ended March 31, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental Activities:				
General government	\$ 135,793	\$ 6,797	\$ -	\$ -
Public safety	4,583	4,802	-	-
Public works	174,449	-	62,318	-
Community and economic development	26,775	-	-	-
Recreation and cultural	17,698	-	-	-
	<u>\$ 359,298</u>	<u>\$ 11,599</u>	<u>\$ 62,318</u>	<u>\$ -</u>
Business-type Activities:				
Sewer Fund	\$ 125,252	\$ 100,683	\$ -	\$ -
Water Fund	109,823	117,692	-	-
	<u>\$ 235,075</u>	<u>\$ 218,375</u>	<u>\$ -</u>	<u>\$ -</u>
Total Business-type Activities	<u>\$ 235,075</u>	<u>\$ 218,375</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 594,373</u>	<u>\$ 229,974</u>	<u>\$ 62,318</u>	<u>\$ -</u>
Component Unit:				
Downtown Development Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General

Property taxes
State revenue sharing
Interest
Other revenue
Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year
Prior Period Adjustment - NOTE 9

Adjusted Net Assets - Beginning of year

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

<u>Primary Government</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
\$ (128,996)	\$ -	\$ (128,996)	\$ -
219	-	219	-
(112,131)	-	(112,131)	-
(26,775)	-	(26,775)	-
<u>(17,698)</u>	<u>-</u>	<u>(17,698)</u>	<u>-</u>
<u>\$ (285,381)</u>	<u>\$ -</u>	<u>\$ (285,381)</u>	<u>\$ -</u>
\$ -	\$ (24,569)	\$ (24,569)	\$ -
-	7,869	7,869	-
<u>\$ -</u>	<u>\$ (16,700)</u>	<u>\$ (16,700)</u>	<u>\$ -</u>
<u>\$ (285,381)</u>	<u>\$ (16,700)</u>	<u>\$ (302,081)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 197,159	\$ -	\$ 197,159	\$ -
68,483	-	68,483	-
29,290	8,954	38,244	-
1,984	-	1,984	-
<u>427,687</u>	<u>-</u>	<u>427,687</u>	<u>(427,687)</u>
<u>\$ 724,603</u>	<u>\$ 8,954</u>	<u>\$ 733,557</u>	<u>\$ (427,687)</u>
<u>\$ 439,222</u>	<u>\$ (7,746)</u>	<u>\$ 431,476</u>	<u>\$ (427,687)</u>
\$ 989,301	\$ 1,385,146	\$ 2,374,447	\$ 427,687
-	4,752	4,752	-
<u>\$ 989,301</u>	<u>\$ 1,389,898</u>	<u>\$ 2,379,199</u>	<u>\$ 427,687</u>
<u>\$ 1,428,523</u>	<u>\$ 1,382,152</u>	<u>\$ 2,810,675</u>	<u>\$ -</u>

**VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2010**

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>	<u>Capital Projects Fund</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 152,624	\$ 25,113	\$ 2,205	\$ 327,083
Taxes receivable	9,274	-	-	-
Interest receivable	-	-	-	1,961
Prepaid expenses	<u>18,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>\$ 180,147</u>	<u>\$ 25,113</u>	<u>\$ 2,205</u>	<u>\$ 329,044</u>
TOTAL ASSETS	<u>\$ 180,147</u>	<u>\$ 25,113</u>	<u>\$ 2,205</u>	<u>\$ 329,044</u>
Liabilities and Fund Balances				
Current Liabilities:				
Accounts payable	\$ 343	\$ -	\$ -	\$ -
Escrow	16	-	-	-
Accrued wages	1,265	169	169	-
Accrued taxes payable	<u>97</u>	<u>13</u>	<u>13</u>	<u>-</u>
Total Current Liabilities	<u>\$ 1,721</u>	<u>\$ 182</u>	<u>\$ 182</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 1,721</u>	<u>\$ 182</u>	<u>\$ 182</u>	<u>\$ -</u>
Fund Balances:				
Unreserved				
Undesignated, reported in				
General Fund	\$ 178,426	\$ -	\$ -	\$ -
Special Revenue	<u>-</u>	<u>24,931</u>	<u>2,023</u>	<u>329,044</u>
Total Fund Balances	<u>\$ 178,426</u>	<u>\$ 24,931</u>	<u>\$ 2,023</u>	<u>\$ 329,044</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 180,147</u>	<u>\$ 25,113</u>	<u>\$ 2,205</u>	<u>\$ 329,044</u>

The accompanying notes are an integral part of these financial statements.

<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 16,000	\$ 523,025
-	9,274
-	1,961
<u>-</u>	<u>18,249</u>
<u>\$ 16,000</u>	<u>\$ 552,509</u>
<u>\$ 16,000</u>	<u>\$ 552,509</u>
\$ -	\$ 343
-	16
-	1,603
<u>-</u>	<u>123</u>
<u>\$ -</u>	<u>\$ 2,085</u>
<u>\$ -</u>	<u>\$ 2,085</u>
\$ -	\$ 178,426
<u>16,000</u>	<u>371,998</u>
<u>\$ 16,000</u>	<u>\$ 550,424</u>
<u>\$ 16,000</u>	<u>\$ 552,509</u>

VILLAGE OF BARODA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
March 31, 2010

Fund balances of governmental funds	\$ 550,424
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives.	<u>878,099</u>
Net assets of governmental activities	<u>\$ 1,428,523</u>

VILLAGE OF BARODA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2010

	<u>General Fund</u>	<u>Major Street Fund</u>	<u>Local Street Fund</u>
Revenues:			
Taxes	\$ 197,159	\$ -	\$ -
Licenses and permits	10,479	-	-
State revenue	68,483	46,419	15,614
Graves	1,120	-	-
Interest and rents	23,608	109	31
Contributions	285	-	-
Other revenue	<u>1,984</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>\$ 303,118</u>	 <u>\$ 46,528</u>	 <u>\$ 15,645</u>
Expenditures:			
General government	\$ 111,684	\$ 3,964	\$ 3,297
Public safety	4,583	-	-
Public works	91,071	42,354	20,410
Community and economic development	26,775	-	-
Recreation and cultural	<u>10,614</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>\$ 244,727</u>	 <u>\$ 46,318</u>	 <u>\$ 23,707</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 58,391</u>	 <u>\$ 210</u>	 <u>\$ (8,062)</u>
Other Financing Sources (Uses):			
Operating transfer in	\$ -	\$ 12,829	\$ 6,000
Operating transfer out	<u>(6,000)</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>\$ (6,000)</u>	 <u>\$ 12,829</u>	 <u>\$ 6,000</u>
 Net Change in Fund Balances	 <u>\$ 52,391</u>	 <u>\$ 13,039</u>	 <u>\$ (2,062)</u>
 Fund Balances, Beginning of Year	 <u>126,035</u>	 <u>11,892</u>	 <u>4,085</u>
 FUND BALANCES, END OF YEAR	 <u><u>\$ 178,426</u></u>	 <u><u>\$ 24,931</u></u>	 <u><u>\$ 2,023</u></u>

The accompanying notes are an integral part of these financial statements.

Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
\$ -	\$ -	\$ 197,159
-	-	10,479
-	-	130,516
-	-	1,120
5,542	-	29,290
-	-	285
-	-	<u>1,984</u>
<u>\$ 5,542</u>	<u>\$ -</u>	<u>\$ 370,833</u>
\$ 14,632	\$ -	\$ 133,577
-	-	4,583
-	-	153,835
-	-	26,775
-	-	<u>10,614</u>
<u>\$ 14,632</u>	<u>\$ -</u>	<u>\$ 329,384</u>
<u>\$ (9,090)</u>	<u>\$ -</u>	<u>\$ 41,449</u>
\$ 366,963	\$ 16,000	\$ 401,792
<u>(28,829)</u>	<u>-</u>	<u>(34,829)</u>
<u>\$ 338,134</u>	<u>\$ 16,000</u>	<u>\$ 366,963</u>
\$ 329,044	\$ 16,000	\$ 408,412
-	-	142,012
<u>-</u>	<u>-</u>	<u>142,012</u>
<u>\$ 329,044</u>	<u>\$ 16,000</u>	<u>\$ 550,424</u>

VILLAGE OF BARODA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended March 31, 2010

Net change in fund balances - total governmental funds \$ 408,412

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

Governmental funds report capital outlay as expenditures, but they are recorded as capital assets in the government-wide statements and depreciated over their useful lives. This is the amount by which capital outlays exceeded depreciation in the current period. (29,914)

The total amount of the contribution from the Downtown Development Authority. 60,724

Change in net assets of governmental activities \$ 439,222

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Net Assets
 March 31, 2010**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 438,477	\$ 172,717	\$ 611,194
Billings receivable	6,457	8,063	14,520
Assessments	6,592	-	6,592
Accrued interest receivable	754	422	1,176
Total Current Assets	\$ 452,280	\$ 181,202	\$ 633,482
Noncurrent Assets:			
Restricted Cash:			
Revenue bond interest	\$ -	\$ 16,651	\$ 16,651
Meter deposits	-	2,960	2,960
Total Restricted Cash	\$ -	\$ 19,611	\$ 19,611
Capital Assets:			
Land	\$ 81,110	\$ -	\$ 81,110
Machinery and equipment	56,048	-	56,048
Water supply system	-	718,857	718,857
Sanitary sewer system	1,201,916	-	1,201,916
Plant additions	1,105	-	1,105
Accumulated depreciation	(782,710)	(450,510)	(1,233,220)
Total Capital Assets	\$ 557,469	\$ 268,347	\$ 825,816
Total Noncurrent Assets	\$ 557,469	\$ 287,958	\$ 845,427
TOTAL ASSETS	\$ 1,009,749	\$ 469,160	\$ 1,478,909

The accompanying notes are an integral part of these financial statements.

**Business-Type Activities
Enterprise Funds**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 83	\$ -	\$ 83
Accrued interest	-	2,500	2,500
Accrued wages	904	224	1,128
Accrued taxes payable	69	17	86
Current portion of debt	-	10,000	10,000
Customer meter deposits	<u>-</u>	<u>2,960</u>	<u>2,960</u>
Total Current Liabilities	\$ 1,056	\$ 15,701	\$ 16,757
Noncurrent Liabilities:			
Bonds payable, net of current portion	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Total Liabilities	<u>\$ 1,056</u>	<u>\$ 95,701</u>	<u>\$ 96,757</u>
Nets Assets:			
Invested in capital assets, net of related debt	\$ 557,469	\$ 178,347	\$ 735,816
Restricted for debt service	-	16,651	16,651
Unrestricted:			
Undesignated	<u>451,224</u>	<u>178,461</u>	<u>629,685</u>
Total Net Assets	<u>\$ 1,008,693</u>	<u>\$ 373,459</u>	<u>\$ 1,382,152</u>
Total Liabilities and Net Assets	<u>\$ 1,009,749</u>	<u>\$ 469,160</u>	<u>\$ 1,478,909</u>

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses and Changes in Net Assets
 For the Year Ended March 31, 2010**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues:			
Metered sales	\$ 73,516	\$ 97,884	\$ 171,400
Tap installation fees	5,160	4,458	9,618
Hydrant rentals	22,007	15,000	37,007
Turn on/off fees	-	350	350
Total Operating Revenues	\$ 100,683	\$ 117,692	\$ 218,375
Operating Expenses:			
Water purchased	\$ -	\$ 53,251	\$ 53,251
Salaries and wages	33,593	10,610	44,203
Payroll taxes	2,564	809	3,373
Retirement	1,653	480	2,133
Supplies	815	5,285	6,100
Professional services	2,349	2,348	4,697
Insurance	11,400	3,890	15,290
Utilities	1,728	197	1,925
Contractual services	8,761	2,360	11,121
Depreciation	32,637	17,000	49,637
Repairs and maintenance	20,526	3,473	23,999
Equipment rental	6,796	2,303	9,099
Sampling	2,181	416	2,597
Miscellaneous	249	1,789	2,038
Permits and fees	-	612	612
Total Operating Expenses	\$ 125,252	\$ 104,823	\$ 230,075
Operating Income	\$ (24,569)	\$ 12,869	\$ (11,700)
Nonoperating Revenues (Expenses):			
Interest income	\$ 6,495	\$ 2,459	\$ 8,954
Interest expense	-	(5,000)	(5,000)
Total Net Nonoperating Revenues (Expenses)	\$ 6,495	\$ (2,541)	\$ 3,954
Change in Net Assets	\$ (18,074)	\$ 10,328	\$ (7,746)
Total Net Assets, Beginning of Year	\$ 1,025,383	\$ 359,763	\$ 1,385,146
Prior Period Adjustment - NOTE 9	1,384	3,368	4,752
Adjusted Net Assets, Beginning of Year	\$ 1,026,767	\$ 363,131	\$ 1,389,898
TOTAL NET ASSETS, END OF YEAR	\$ 1,008,693	\$ 373,459	\$ 1,382,152

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended March 31, 2010**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash receipts from customers	\$ 80,242	\$ 103,219	\$ 183,461
Cash receipts from interfund services provided	22,007	15,000	37,007
Payments to employees	(32,689)	(10,386)	(43,075)
Payments of benefits on behalf of employees	(15,548)	(5,162)	(20,710)
Payments for interfund services used	(6,796)	(2,303)	(9,099)
Payments to suppliers	(36,526)	(69,731)	(106,257)
Net cash provided (used) by operating activities	\$ 10,690	\$ 30,637	\$ 41,327
Cash Flows From Capital and Related Financing Activities:			
Payment of debt principal	\$ -	\$ (10,000)	\$ (10,000)
Payment of debt related interest	-	(5,000)	(5,000)
Net cash provided (used) by capital and related financing activities	\$ -	\$ (15,000)	\$ (15,000)
Cash Flows From Investing Activities:			
Interest income	\$ 6,495	\$ 2,459	\$ 8,954
Net cash provided (used) by investing activities	\$ 6,495	\$ 2,459	\$ 8,954
Net increase (decrease) in cash and cash equivalents	\$ 17,185	\$ 18,096	\$ 35,281
Cash Balance, Beginning of Year	421,292	174,232	595,524
CASH BALANCE, END OF YEAR	\$ 438,477	\$ 192,328	\$ 630,805

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF BARODA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended March 31, 2010**

	Business-Type Activities Enterprise Funds		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (24,569)	\$ 12,869	\$ (11,700)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	\$ 32,637	\$ 17,000	\$ 49,637
(Increase) decrease in:			
Assessments	1,648	-	1,648
Billing receivable	672	1,099	1,771
Accrued interest receivable	(754)	(422)	(1,176)
Increase (decrease) in:			
Accounts payable	83	-	83
Accrued wages	904	224	1,128
Accrued taxes payable	69	17	86
Customer meter deposits	-	(150)	(150)
	-	(150)	(150)
Total adjustments	\$ 35,259	\$ 17,768	\$ 53,027
Net cash provided (used) by operating activities	\$ 10,690	\$ 30,637	\$ 41,327

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by Village of Baroda, Berrien County, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government accounting policies are described below:

A. Reporting Entity

In evaluating how to define the Village's reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village's reporting entity.

Village of Baroda Downtown Development Authority. The members of the governing board of the Downtown Development Authority are appointed by the Village of Baroda. The Authority's operational budget, including its tax levy, is subject to the approval or modification by the Village Board. Also, surplus funds existing at termination of the Authority rest with the Village.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Village. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements

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

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

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

Village of Baroda 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.

The **Major Street Fund** is used to account for the upkeep and maintenance of major streets within the Village.

The **Local Street Fund** is used to account for the upkeep and maintenance of local streets within the Village.

The **Capital Projects Fund** is used to account for the acquisition or construction of major capital facilities that are not accounted for by proprietary or trust funds.

Village of Baroda reports the following nonmajor governmental funds:

The **Revolving Loan Fund** is used to account for the proceeds of the revolving loan received from the State.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued

Village of Baroda reports the following major proprietary funds:

The **Water Operating Fund** accounts for the activities related to the Village's share of the Lake Charter Township's water production, purification, distribution, and billing.

The **Sewer Operating Fund** accounts for the activities related to the operation of the sanitary collections system serving the Village.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance 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 this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgetary Data

Prior to an annual meeting, the President submits, to the Board of Trustees, a proposed operating budget for the fiscal year commencing April 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted before final adoption by the Board of Trustees.

The budget is formally accepted in summary form at the annual budget meeting.

The Board of Trustees must approve any revisions to the budget whether it is a revision of budgeted amounts between departments within a fund or a revision that alters the total expenditures of any fund.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by Village of Baroda as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings	25-50 years
Equipment	5-15 years
Vehicles	7-10 years
Utility Systems	10-40 years
Land Improvements	15-20 years
Infrastructure	20-30 years

F. Long-Term Liabilities

In the government-wide financial statements and 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 and business-type activities or proprietary fund type statements of net assets. Bonds premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. 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. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Property Taxes

Property taxes are assessed on December 31, and are billed and become a lien on July 1 of the following year. Real property taxes not collected by September 14 of each year are returned delinquent to the Berrien County Treasurer. Berrien County has a revolving fund that purchases the delinquent real taxes and special assessments from the local units in May of each year. Thus, all real property taxes and special assessments are realized within sixty days after the end of the Village's fiscal year and are attributed to that year.

The Village levied 9.9 mills for general operations in 2009. Taxable value of real and personal property for the 2009 tax levy was \$16,772,789 at the full millage rate and \$1,896,747 of I.F.T. property taxed at fifty percent of the millage rate.

H. Prepaid Items

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

I. Restricted Cash

Certain resources in the Village's enterprise funds have been set aside for specific future expenditures and repayments, including monies held for meter deposits, amounts to be used for improvements and amounts to be used for interest expense on bonds payable.

J. Cash and Cash Equivalents

The Village considers all highly liquid investments (including restricted assets) with a maturity of one year or less when purchased to be defined as cash equivalents.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

L. Restricted and Designated Net Assets

The Village's water and sewer enterprise funds have restricted net assets to account for the cash restricted for bond debt interest. The designated unrestricted net assets are intended for improvements to the water and sewer systems.

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 2 - CASH AND CASH INVESTMENTS

Cash and Short-term Investments - The Village is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Village is also authorized to invest in bonds, securities, and other obligations of the United States, or an agency whose principal and interest is fully guaranteed by the United States. The Village is authorized to invest in commercial paper within the two highest classifications and maturities not more than 270 days after the date of purchase. Act 217, PA 1982 states that the Village's deposits, which include cash and certificates of deposit, are carried at cost and must be invested in accounts of federally insured banks, insured credit unions, savings and loan associations and bonds and other direct obligations of the associations and bonds and other direct obligations of the United States. Michigan law prohibits security in the form of collateral, surety bond, or other forms for the deposit of public money. An Attorney General's opinion states that public funds may not be deposited in financial institutions that do not have a branch location in Michigan. The Village's deposits are in accordance with statutory authority at March 31, 2010.

Long-term Investments - The Village's policy does not address investments other than short-term highly liquid assets.

Interest Rate Risk - It is the objective of the Village to maintain safety of principal of its funds, maintain a diversified portfolio, maintain sufficient liquidity to meet operating requirements, and to obtain a market average rate of return. The Village is not exposed to interest rate risk.

All certificates of deposit with maturities less than one year are classified as cash and cash equivalents.

Custodial Credit Risk - The Village is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Village will do business. The portfolio will be diversified so that the impact on the investment portfolio resulting from losses on individual securities will be minimized. As of March 31, 2010, the Village's funds were deposited in five institutions meeting the above requirements. As of March 31, 2010, the Village had a book balance of \$1,153,830 with a bank balance of \$1,164,884. None of the government's bank balance was exposed to custodial credit risk.

Uninsured and Uncollateralized: \$214,005

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 3 - CAPITAL ASSETS

Capital assets activities for the year ended March 31, 2010 were as follows:

	Balance April 1, 2009	Additions	Deletions	Adjustments	Balance March 31, 2010
Governmental Activities					
Nondepreciable assets:					
Land	\$ 116,270	\$ -	\$ -	\$ 13,620	\$ 129,890
Total Nondepreciable Assets	<u>\$ 116,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,620</u>	<u>\$ 129,890</u>
Buildings	\$ 58,390	\$ -	\$ -	\$ -	\$ 58,390
Land improvements	123,891	-	-	-	123,891
Machinery and equipment	225,661	2,500	-	13,863	242,024
Utility systems	-	-	-	38,884	38,884
Infrastructure	553,925	-	-	-	553,925
Vehicles	24,872	4,000	-	-	28,872
Office equipment	11,931	-	-	-	11,931
Subtotal	<u>\$ 998,670</u>	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ 52,747</u>	<u>\$ 1,057,917</u>
Less: Accumulated Depreciation					
Buildings	\$ (33,670)	\$ (1,088)	\$ -	\$ -	\$ (34,758)
Land improvements	(30,026)	(4,835)	-	-	(34,861)
Machinery and equipment	(142,031)	(14,553)	-	(3,780)	(160,364)
Utility systems	-	(972)	-	(1,863)	(2,835)
Infrastructure	(28,850)	(13,848)	-	-	(42,698)
Vehicles	(24,872)	(100)	-	-	(24,972)
Office equipment	(8,202)	(1,018)	-	-	(9,220)
Subtotal	<u>\$ (267,651)</u>	<u>\$ (36,414)</u>	<u>\$ -</u>	<u>\$ (5,643)</u>	<u>\$ (309,708)</u>
Total Capital Assets Other Than Nondepreciable	<u>\$ 731,019</u>	<u>\$ (29,914)</u>	<u>\$ -</u>	<u>\$ 47,104</u>	<u>\$ 748,209</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 3 - CAPITAL ASSETS - Continued

	Balance April 1, 2009	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance March 31, 2010
Business Activities					
Nondepreciable assets:					
Land	\$ 81,110	\$ -	\$ -	\$ -	\$ 81,110
Total Nondepreciable Assets	<u>\$ 81,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,110</u>
Machinery and equipment	\$ 56,048	\$ -	\$ -	\$ -	\$ 56,048
Utility systems	<u>1,921,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,921,878</u>
Subtotal	\$ 1,977,926	\$ -	\$ -	\$ -	\$ 1,977,926
Less: Accumulated Depreciation	<u>(1,183,583)</u>	<u>(49,637)</u>	<u>-</u>	<u>-</u>	<u>(1,233,220)</u>
Total Capital Assets Other Than Nondepreciable	<u>\$ 794,343</u>	<u>\$ (49,637)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,706</u>
Component Unit					
Nondepreciable assets:					
Land	\$ 13,620	\$ -	\$ -	\$ (13,620)	\$ -
Total Nondepreciable Assets	<u>\$ 13,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,620)</u>	<u>\$ -</u>
Equipment	\$ 13,863	\$ -	\$ -	\$ (13,863)	\$ -
Utility systems	<u>38,884</u>	<u>-</u>	<u>-</u>	<u>(38,884)</u>	<u>-</u>
Less: Accumulated depreciation	<u>(5,643)</u>	<u>-</u>	<u>-</u>	<u>5,643</u>	<u>-</u>
Total Capital Assets Other Than Nondepreciable	<u>\$ 47,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,104)</u>	<u>\$ -</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 3 - CAPITAL ASSETS - Continued

Depreciation expense was charged in the following functions in the statement of activities:

Governmental functions:	
General government	\$ 2,216
Public works	27,114
Recreation and cultural	<u>7,084</u>
Total	<u>\$ 36,414</u>
 Business-type functions:	
Sewer	\$ 32,637
Water	<u>17,000</u>
Total	<u>\$ 49,637</u>

NOTE 4 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government for the year ended March 31, 2010:

	Bonds
	<u>Payable</u>
As of April 1, 2009	\$ 100,000
Additions	
(Reductions)	<u>(10,000)</u>
As of March 31, 2010	<u>\$ 90,000</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 4 - CHANGES IN LONG-TERM DEBT - Continued

Long-term debt at March 31, 2010 is comprised of the following individual issues:

	Balance April 1, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance March 31, <u>2010</u>	<u>Due Within One Year</u>
Business-type Activities:					
\$300,000 bond due in annual installments of \$10,000 through January 1, 2019; interest at 5.00% - Water Fund.	\$ 100,000	\$ -	\$ (10,000)	\$ 90,000	\$ 10,000
Total Business-Type Activities	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ 90,000</u>	<u>\$ 10,000</u>

Schedule of Indebtedness - Bonds Payable (Water Fund)

The County of Berrien issued revenue bonds in the amount of \$300,000 on October 2, 1979, for the purpose of assisting the Village in acquiring and constructing improvements to its water supply system. Schedule of outstanding bonds is as follows:

<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal Requirement</u>	<u>Annual Interest Payable</u>
10/2/1979	\$ 300,000	5.00%	1/1/2011	\$ 10,000	\$ 4,500
		5.00%	1/1/2012	10,000	4,000
		5.00%	1/1/2013	10,000	3,500
		5.00%	1/1/2014	10,000	3,000
		5.00%	1/1/2015	10,000	2,500
		5.00%	1/1/2016	10,000	2,000
		5.00%	1/1/2017	10,000	1,500
		5.00%	1/1/2018	10,000	1,000
		5.00%	1/1/2019	10,000	500
			TOTAL	<u>\$ 90,000</u>	<u>\$ 22,500</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the year, the following transfers were made between funds:

From General Fund	
To Local Street Fund	<u>\$ 6,000</u>
 From Capital Projects Fund	
To Major Street Fund	\$ 12,829
To Revolving Loan Fund	<u>16,000</u>
	<u>\$ 28,829</u>
 From DDA	
To Capital Projects Fund	<u>\$ 366,963</u>
Total Transfers Between Funds	<u>\$ 401,792</u>

Funds were transferred to the Local Street Fund from the General Fund for operating costs incurred during the year.

Funds were transferred to the Revolving Loan Fund from the Capital Projects Fund for operating costs incurred during the year.

Funds were transferred to the Major Street Fund from the Capital Projects Fund for road construction costs incurred during the year.

Funds were transferred to the Capital Projects Fund to eliminate the Component Unit and make the DDA part of the General Fund.

NOTE 6 - PENSION PLAN

The Village participates in a 401(k) plan in which employees can make elective deferrals to the plan regardless of full or part-time status; however, the Village contributes 6% for those employees considered full-time. Under this plan three employees are considered full-time. The Village's pension cost for the fiscal year ending March 31, 2010, is \$5,770. The current year contribution was based on covered payroll of \$96,169.

NOTE 7 - SCHEDULE OF BUILDING DEPARTMENT REVENUE AND EXPENDITURES

Public Act 245 of 1999 requires that the legislative bodies of the local government establish reasonable fees which bear a reasonable relationship to the cost of operating the enforcing agency. The Act provides that a separate fund be established to track these costs, unless the local unit's fee structure is not intended to recover the full cost of the enforcing agency and the local unit has the ability to track the full costs and revenues of this activity without creating a separate fund. In that case, the local unit may continue accounting for building department activities within the General Fund. The following is a schedule of building department revenues and expenditures:

Revenues	
Building and mechanical permits	\$ 4,802
 Expenditures	
Inspectors	<u>3,373</u>
Revenues in Excess of Expenditures	<u>\$ 1,429</u>

VILLAGE OF BARODA
Notes to Financial Statements
March 31, 2010

NOTE 8 - RISK MANAGEMENT

The Village carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$3,368 in the water fund and \$1,384 in the sewer fund was recorded during the year to properly account for the billings receivable in each fund.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2010, the date on which the financial statements were available to be issued.

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 185,475	\$ 185,475	\$ 197,159	\$ 11,684
Licenses and permits	7,500	7,500	10,479	2,979
State revenue	80,000	80,000	68,483	(11,517)
Graves	1,300	1,300	1,120	(180)
Interest and rents	20,750	20,750	23,608	2,858
Contributions	200	200	285	85
Other revenue	<u>500</u>	<u>500</u>	<u>1,984</u>	<u>1,484</u>
 Total Revenues	 <u>\$ 295,725</u>	 <u>\$ 295,725</u>	 <u>\$ 303,118</u>	 <u>\$ 7,393</u>
Expenditures:				
General government	\$ 135,215	\$ 135,315	\$ 111,684	\$ 23,631
Public safety	6,800	6,800	4,583	2,217
Public works	107,840	109,840	91,071	18,769
Community and economic development	6,480	24,180	26,775	(2,595)
Recreation and cultural	<u>26,950</u>	<u>24,950</u>	<u>10,614</u>	<u>14,336</u>
 Total Expenditures	 <u>\$ 283,285</u>	 <u>\$ 301,085</u>	 <u>\$ 244,727</u>	 <u>\$ 56,358</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 12,440</u>	 <u>\$ (5,360)</u>	 <u>\$ 58,391</u>	 <u>\$ 63,751</u>
Other Financing Uses:				
Operating transfers out	<u>\$ (42,700)</u>	<u>\$ (37,000)</u>	<u>\$ (6,000)</u>	<u>\$ 31,000</u>
 Total Other Financing Uses	 <u>\$ (42,700)</u>	 <u>\$ (37,000)</u>	 <u>\$ (6,000)</u>	 <u>\$ 31,000</u>
 Net Change in Fund Balance	 <u>\$ (30,260)</u>	 <u>\$ (42,360)</u>	 <u>\$ 52,391</u>	 <u>\$ 94,751</u>
Fund Balance, Beginning of Year	<u>126,035</u>	<u>126,035</u>	<u>126,035</u>	<u>-</u>
 FUND BALANCE, END OF YEAR	 <u>\$ 95,775</u>	 <u>\$ 83,675</u>	 <u>\$ 178,426</u>	 <u>\$ 94,751</u>

VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State revenue:				
Operating grants	\$ 48,700	\$ 48,700	\$ 46,419	\$ (2,281)
Interest and rents	<u>150</u>	<u>150</u>	<u>109</u>	<u>(41)</u>
Total Revenues	<u>\$ 48,850</u>	<u>\$ 48,850</u>	<u>\$ 46,528</u>	<u>\$ (2,322)</u>
Expenditures:				
General Government:				
Professional services	\$ 700	\$ 700	\$ 587	\$ 113
Retirement	775	775	436	339
Insurance	<u>3,970</u>	<u>3,970</u>	<u>2,941</u>	<u>1,029</u>
Total General Government	<u>\$ 5,445</u>	<u>\$ 5,445</u>	<u>\$ 3,964</u>	<u>\$ 1,481</u>
Public Works:				
Routine Maintenance:				
Salaries	\$ 5,000	\$ 5,000	\$ 4,277	\$ 723
Payroll taxes	385	385	326	59
Supplies	2,000	2,000	444	1,556
Equipment rental	7,000	7,000	7,120	(120)
Contracted services	10,000	10,000	-	10,000
Repairs and maintenance	<u>500</u>	<u>500</u>	<u>757</u>	<u>(257)</u>
Total Routine Maintenance	<u>\$ 24,885</u>	<u>\$ 24,885</u>	<u>\$ 12,924</u>	<u>\$ 11,961</u>
Winter Maintenance:				
Salaries	\$ 4,200	\$ 4,200	\$ 3,514	\$ 686
Payroll taxes	320	320	268	52
Supplies	4,000	4,000	3,583	417
Equipment rental	<u>8,000</u>	<u>8,000</u>	<u>6,923</u>	<u>1,077</u>
Total Winter Maintenance	<u>\$ 16,520</u>	<u>\$ 16,520</u>	<u>\$ 14,288</u>	<u>\$ 2,232</u>
Street Construction:				
Engineering	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 12,849</u>	<u>\$ (2,849)</u>
Total Street Construction	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 12,849</u>	<u>\$ (2,849)</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Major Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures - Continued:				
Traffic Services:				
Salaries	\$ 500	\$ 500	\$ 72	\$ 428
Payroll taxes	40	40	6	34
Supplies	2,000	2,000	-	2,000
Equipment rental	500	500	178	322
Electricity	500	500	277	223
Pavement marking	1,800	1,800	1,760	40
Total Traffic Services	\$ 5,340	\$ 5,340	\$ 2,293	\$ 3,047
Total Public Works	\$ 46,745	\$ 56,745	\$ 42,354	\$ 14,391
Total Expenditures	\$ 52,190	\$ 62,190	\$ 46,318	\$ 15,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,340)	\$ (13,340)	\$ 210	\$ 13,550
Other Financing Sources:				
Operating transfer in	\$ -	\$ 10,000	\$ 12,829	\$ 2,829
Total Other Financing Sources	\$ -	\$ 10,000	\$ 12,829	\$ 2,829
Net Change in Fund Balances	\$ (3,340)	\$ (3,340)	\$ 13,039	\$ 16,379
Fund Balances, Beginning of Year	11,892	11,892	11,892	-
FUND BALANCES, END OF YEAR	\$ 8,552	\$ 8,552	\$ 24,931	\$ 16,379

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Local Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State revenue:				
Operating grants	\$ 13,000	\$ 13,000	\$ 15,614	\$ 2,614
Interest and rents	<u>50</u>	<u>50</u>	<u>31</u>	<u>(19)</u>
Total Revenues	<u>\$ 13,050</u>	<u>\$ 13,050</u>	<u>\$ 15,645</u>	<u>\$ 2,595</u>
Expenditures:				
General Government:				
Professional services	\$ 700	\$ 700	\$ 587	\$ 113
Retirement	600	600	336	264
Insurance	<u>3,770</u>	<u>3,770</u>	<u>2,374</u>	<u>1,396</u>
Total General Government	<u>\$ 5,070</u>	<u>\$ 5,070</u>	<u>\$ 3,297</u>	<u>\$ 1,773</u>
Public Works:				
Routine Maintenance:				
Salaries	\$ 4,000	\$ 4,000	\$ 2,274	\$ 1,726
Payroll taxes	370	370	173	197
Supplies	1,000	1,000	433	567
Contracted services	20,000	20,000	-	20,000
Equipment rental	3,000	3,000	1,873	1,127
Repairs and maintenance	<u>-</u>	<u>-</u>	<u>679</u>	<u>(679)</u>
Total Routine Maintenance	<u>\$ 28,370</u>	<u>\$ 28,370</u>	<u>\$ 5,432</u>	<u>\$ 22,938</u>
Winter Maintenance:				
Salaries	\$ 4,200	\$ 4,200	\$ 3,543	\$ 657
Payroll taxes	320	320	271	49
Supplies	4,000	4,000	3,583	417
Equipment rental	<u>8,000</u>	<u>8,000</u>	<u>7,027</u>	<u>973</u>
Total Winter Maintenance	<u>\$ 16,520</u>	<u>\$ 16,520</u>	<u>\$ 14,424</u>	<u>\$ 2,096</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Local Street Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - Continued:				
Traffic Services:				
Salaries	\$ 500	\$ 500	\$ 102	\$ 398
Payroll taxes	40	40	8	32
Supplies	500	500	245	255
Equipment rental	-	-	199	(199)
Pavement marking	100	100	-	100
	<u>1,140</u>	<u>1,140</u>	<u>554</u>	<u>586</u>
Total Traffic Services	\$ 1,140	\$ 1,140	\$ 554	\$ 586
Total Public Works	\$ 46,030	\$ 46,030	\$ 20,410	\$ 25,620
Total Expenditures	\$ 51,100	\$ 51,100	\$ 23,707	\$ 27,393
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (38,050)	\$ (38,050)	\$ (8,062)	\$ 29,988
Other Financing Sources:				
Operating transfer in	\$ 37,000	\$ 37,000	\$ 6,000	\$ (31,000)
Total Other Financing Sources	\$ 37,000	\$ 37,000	\$ 6,000	\$ (31,000)
Net Change in Fund Balances	\$ (1,050)	\$ (1,050)	\$ (2,062)	\$ (1,012)
Fund Balances, Beginning of Year	4,085	4,085	4,085	-
FUND BALANCES, END OF YEAR	<u>\$ 3,035</u>	<u>\$ 3,035</u>	<u>\$ 2,023</u>	<u>\$ (1,012)</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Revenues, Compared to Budget
For the Year Ended March 31, 2010
With Comparative Totals For the Year Ended March 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2009 Actual</u>
Revenues:				
Taxes:				
Property tax collections	\$ 184,625	\$ 196,310	\$ 11,685	\$ 144,977
Trailer fees	<u>850</u>	<u>849</u>	<u>(1)</u>	<u>844</u>
Total Taxes	<u>\$ 185,475</u>	<u>\$ 197,159</u>	<u>\$ 11,684</u>	<u>\$ 145,821</u>
Licenses and permits				
General government	\$ 5,000	\$ 5,677	\$ 677	\$ 5,517
Public safety	<u>2,500</u>	<u>4,802</u>	<u>2,302</u>	<u>2,787</u>
Total Licenses and Permits	<u>\$ 7,500</u>	<u>\$ 10,479</u>	<u>\$ 2,979</u>	<u>\$ 8,304</u>
State revenues:				
State revenue sharing	<u>\$ 80,000</u>	<u>\$ 68,483</u>	<u>\$ (11,517)</u>	<u>\$ 79,715</u>
Total state revenues	<u>\$ 80,000</u>	<u>\$ 68,483</u>	<u>\$ (11,517)</u>	<u>\$ 79,715</u>
Graves	<u>\$ 1,300</u>	<u>\$ 1,120</u>	<u>\$ (180)</u>	<u>\$ 1,206</u>
Administration cost recovery	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,000</u>
Interest and rents	<u>\$ 20,750</u>	<u>\$ 23,608</u>	<u>\$ 2,858</u>	<u>\$ 26,253</u>
Contributions:				
Public works operating	<u>\$ 200</u>	<u>\$ 285</u>	<u>\$ 85</u>	<u>\$ 4,630</u>
Total Contributions	<u>\$ 200</u>	<u>\$ 285</u>	<u>\$ 85</u>	<u>\$ 4,630</u>
Other	<u>\$ 500</u>	<u>\$ 1,984</u>	<u>\$ 1,484</u>	<u>\$ 30,853</u>
TOTAL REVENUES	<u><u>\$ 295,725</u></u>	<u><u>\$ 303,118</u></u>	<u><u>\$ 7,393</u></u>	<u><u>\$ 303,782</u></u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2010
With Comparative Totals For the Year Ended March 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2009 Actual</u>
General Government:				
Trustees:				
Salaries	\$ 8,760	\$ 7,620	\$ 1,140	\$ 7,650
Payroll taxes	670	583	87	585
Insurance	400	369	31	373
Travel	500	25	475	60
Education	1,200	-	1,200	335
	<u>11,530</u>	<u>8,597</u>	<u>2,933</u>	<u>9,003</u>
Total Trustees	\$ 11,530	\$ 8,597	\$ 2,933	\$ 9,003
President:				
Salaries	\$ 7,200	\$ 7,260	\$ (60)	\$ 6,960
Payroll taxes	550	555	(5)	532
Insurance	75	70	5	70
Travel	500	25	475	35
Education	500	-	500	150
	<u>8,825</u>	<u>7,910</u>	<u>915</u>	<u>7,747</u>
Total President	\$ 8,825	\$ 7,910	\$ 915	\$ 7,747
Clerk:				
Salaries	\$ 27,670	\$ 28,047	\$ (377)	\$ 26,016
Payroll taxes	2,120	2,097	23	1,959
Retirement	1,660	1,664	(4)	1,561
Insurance	6,875	7,035	(160)	6,788
Travel	1,250	587	663	877
Education	600	265	335	440
Dues	75	75	-	75
	<u>40,250</u>	<u>39,770</u>	<u>480</u>	<u>37,716</u>
Total Clerk	\$ 40,250	\$ 39,770	\$ 480	\$ 37,716
Treasurer:				
Salaries	\$ 12,420	\$ 12,754	\$ (334)	\$ 10,578
Payroll taxes	950	976	(26)	809
Insurance	75	70	5	70
Travel	700	79	621	310
Education	500	-	500	150
Miscellaneous	565	582	(17)	510
	<u>15,210</u>	<u>14,461</u>	<u>749</u>	<u>12,427</u>
Total Treasurer	\$ 15,210	\$ 14,461	\$ 749	\$ 12,427
Election:				
Salaries	\$ 500	\$ 462	\$ 38	\$ -
Supplies	1,000	676	324	-
	<u>1,500</u>	<u>1,138</u>	<u>362</u>	<u>-</u>
Total Election	\$ 1,500	\$ 1,138	\$ 362	\$ -

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2010
With Comparative Totals For the Year Ended March 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2009 Actual</u>
General Government - Continued:				
Administrative and Office:				
Professional services	\$ 13,300	\$ 9,063	\$ 4,237	\$ 14,256
Telephone	2,400	1,974	426	2,168
Internet services and website	200	95	105	199
Publishing	2,500	1,069	1,431	2,405
Insurance	6,700	6,386	314	6,384
Retirement	1,000	770	230	770
Supplies	2,500	1,788	712	1,554
Engineering	1,500	1,110	390	442
Repairs	1,000	886	114	3,490
Dues	1,200	1,196	4	1,180
Miscellaneous	<u>4,500</u>	<u>4,308</u>	<u>192</u>	<u>3,247</u>
Total Administrative and Office	<u>\$ 36,800</u>	<u>\$ 28,645</u>	<u>\$ 8,155</u>	<u>\$ 36,095</u>
Buildings and Grounds:				
Salaries	\$ 3,200	\$ 2,214	\$ 986	\$ 2,818
Payroll taxes	250	172	78	216
Insurance	100	95	5	-
Supplies	1,800	784	1,016	1,725
Utilities	7,200	4,616	2,584	5,315
Repairs and maintenance	5,000	3,034	1,966	2,696
Contractual services	2,400	-	2,400	-
Equipment purchased	500	48	452	32
Equipment rental	<u>750</u>	<u>200</u>	<u>550</u>	<u>459</u>
Total Buildings and Grounds	<u>\$ 21,200</u>	<u>\$ 11,163</u>	<u>\$ 10,037</u>	<u>\$ 13,261</u>
Total General Government	<u>\$ 135,315</u>	<u>\$ 111,684</u>	<u>\$ 23,631</u>	<u>\$ 116,249</u>
Public Safety:				
Police	\$ 2,200	\$ 1,210	\$ 990	\$ 11,361
Inspectors	<u>4,600</u>	<u>3,373</u>	<u>1,227</u>	<u>2,371</u>
Total Public Safety	<u>\$ 6,800</u>	<u>\$ 4,583</u>	<u>\$ 2,217</u>	<u>\$ 13,732</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2010
With Comparative Totals For the Year Ended March 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2009 Actual</u>
Public Works:				
Drains	\$ 7,600	\$ 7,492	\$ 108	\$ 438
Fire hydrant rental	\$ 12,600	\$ 12,600	\$ -	\$ 12,600
Department of Public Works:				
Salaries	\$ 21,000	\$ 16,606	\$ 4,394	\$ 18,413
Payroll taxes	1,600	1,129	471	1,334
Insurance	10,500	7,429	3,071	7,734
Retirement	1,975	1,200	775	765
Supplies	1,500	1,232	268	1,180
Equipment	2,500	6,749	(4,249)	30,394
Gas and oil	8,000	5,905	2,095	7,842
Outside services	2,000	1,506	494	-
Repairs	5,000	4,172	828	8,515
Equipment rental	12,000	7,701	4,299	10,117
Uniform rental	1,200	1,071	129	1,100
Total Department of Public Works	<u>\$ 67,275</u>	<u>\$ 54,700</u>	<u>\$ 12,575</u>	<u>\$ 87,394</u>
Highways and Streets:				
Salaries	\$ 1,500	\$ 986	\$ 514	\$ 1,214
Payroll taxes	115	75	40	80
Operating supplies	1,000	-	1,000	54
Street lights	16,000	13,680	2,320	13,407
Contractual services	2,500	1,100	1,400	500
Equipment rental	500	370	130	137
Equipment repairs	500	68	432	123
Miscellaneous	250	-	250	-
Total Highways and Streets	<u>\$ 22,365</u>	<u>\$ 16,279</u>	<u>\$ 6,086</u>	<u>\$ 15,515</u>
Total Public Works	<u>\$ 109,840</u>	<u>\$ 91,071</u>	<u>\$ 18,769</u>	<u>\$ 115,947</u>
Community and Economic Development:				
Planning Commission:				
Salaries	\$ 1,970	\$ 2,090	\$ (120)	\$ 2,150
Payroll taxes	160	160	-	164
Professional services	8,000	15,166	(7,166)	1,630
Outside services	4,000	3,528	472	1,174
Education	750	80	670	130
Ordinance book	2,500	1,698	802	4,364
Miscellaneous	1,100	-	1,100	163
Total Planning Commission	<u>\$ 18,480</u>	<u>\$ 22,722</u>	<u>\$ (4,242)</u>	<u>\$ 9,775</u>

**VILLAGE OF BARODA
GENERAL FUND
Statement of Expenditures, Compared to Budget
For the Year Ended March 31, 2010
With Comparative Totals For the Year Ended March 31, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2009 Actual</u>
Community and Economic Development - Continued:				
Downtown Development Authority:				
Professional services	\$ -	\$ 587	(587)	\$ -
Community promotion	<u>5,700</u>	<u>3,466</u>	<u>2,234</u>	<u>-</u>
Total Downtown Development Authority	<u>\$ 5,700</u>	<u>\$ 4,053</u>	<u>\$ 1,647</u>	<u>\$ -</u>
Total Community and Economic Development	<u>\$ 24,180</u>	<u>\$ 26,775</u>	<u>\$ (2,595)</u>	<u>\$ 9,775</u>
Recreation and Cultural:				
Parks and Recreation:				
Salaries	\$ 7,200	\$ 3,995	\$ 3,205	\$ 5,259
Payroll taxes	550	298	252	356
Insurance	150	108	42	105
Operating supplies	250	204	46	158
Outside services	600	-	600	-
Park repairs	2,000	1,120	880	1,629
Equipment rental	6,000	2,324	3,676	4,791
Utilities	1,100	1,012	88	554
Capital outlay	2,500	294	2,206	5,757
Miscellaneous	<u>4,600</u>	<u>1,259</u>	<u>3,341</u>	<u>4,833</u>
Total Recreation and Cultural	<u>\$ 24,950</u>	<u>\$ 10,614</u>	<u>\$ 14,336</u>	<u>\$ 23,442</u>
TOTAL EXPENDITURES	<u>\$ 301,085</u>	<u>\$ 244,727</u>	<u>\$ 56,358</u>	<u>\$ 279,145</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Revolving Loan Fund
Balance Sheet
March 31, 2010**

Assets	<u>Actual</u>
Cash and cash equivalents	\$ <u>16,000</u>
TOTAL ASSETS	\$ <u>16,000</u>
Fund Balances	
Unreserved	\$ <u>16,000</u>
TOTAL FUND BALANCE	\$ <u>16,000</u>

**VILLAGE OF BARODA
SPECIAL REVENUE FUND
Revolving Loan Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended March 31, 2010**

	<u>Actual Amounts</u>
Other Financing Sources:	
Operating transfer in	\$ 16,000
Fund Balances, Beginning of Year	_____ -
FUND BALANCES, END OF YEAR	<u>\$ 16,000</u>

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2010

Village Council
Village of Baroda
Baroda, Michigan

In connection with our audit of the books and records of the Village of Baroda for the year ending March 31, 2010, we offer the following comments and recommendations:

GENERAL

1. During the audit it was noted that there were small bonuses given to employees, flowers, and employee recognition event expenses. We recommend that when the Village approves this type of expenditure that it is reviewed by the Village's legal counsel to ensure that no expenditures are considered to be unlawful by the Michigan Municipal League. A guide for lawful expenditures can be found at the MML's website http://www.mml.org/pdf/opp/lawful_expenditures.pdf
2. We recommend increasing the detail in certain sections of the minutes to include the date of the minutes being approved at each council meeting.
3. The books and records were found to be well organized.
4. Supporting documentation was detailed and readily available for inspection.
5. The Village's administration and accounting personnel displayed a high level of dedication and cooperation in performing their duties and assisting us in completing ours.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the Village of Baroda and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Sincerely,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2010

Communication of Significant Deficiencies That Indicates No Material Weaknesses in Internal Control

Village Council
Village of Baroda
Baroda, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Baroda as of and for the year ended March 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Baroda's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Baroda's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Baroda's internal control.

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 a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control that we consider to be a significant deficiency.

1. As is the case with many small villages, the Village's staff size is too small to ensure adequate segregation of internal controls. We understand this is primarily due to financial constraints.

In addition, we noted other matters involving the internal control and its operation that we have reported to management of the Village of Baroda in a separate letter dated May 5, 2010.

This communication is intended solely for the information and use of management, Village Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,


GERBEL & COMPANY, P.C.
Certified Public Accountants

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4th Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

May 5, 2010

Communication with Those Charged with Governance

To the Village Council
Village of Baroda

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Baroda for the year ended March 31, 2010, and have issued our report thereon dated May 5, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 24, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Baroda are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009-2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not note any estimates that we felt were particularly sensitive.

Difficulties Encountered in Performing the Audit

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

Right. On time.

PHONE: 269-983-0534 ■ FAX: 269-983-7050 ■ EMAIL: gerbel@parrett.net ■ WEB SITE: www.gerbel.com

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 5, 2010

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Sincerely,

Gerbel + Company, P.C.
GERBEL & COMPANY, P.C.
Certified Public Accountants