

**BARODA TOWNSHIP**  
**BERRIEN COUNTY, MICHIGAN**

**FINANCIAL REPORT**

**March 31, 2014**

**BARODA TOWNSHIP  
BERRIEN COUNTY, MICHIGAN**

**FINANCIAL REPORT**

**March 31, 2014**

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# **BARODA TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis is intended as an overview of Baroda Township's operations over the fiscal year and its financial condition on March 31, 2014.

## **FINANCIAL HIGHLIGHTS**

The Township's total net position decreased \$18,391 as a result of this year's operations.

Of the \$2,366,837 million total Net Position reported, \$1,303,907 million is available to meet future needs.

The General Fund balance at the end of the fiscal year was \$154,415.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This report lists the Township's financial statements that follow this section. The Township's basic financial statements are comprised of three parts:

Management's discussion and analysis.

The basic financial statements.

Required supplemental information.

The basic financial statements include two types of statements that list different views of the Township.

The first two statements are government-wide financial statements that show both long-term and short-term information about the Township's overall financial status.

The remaining statements are financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail.

The financial statements also include notes that explain some of the information in the statements and provide more detail. The statements are followed by a section of supplemental information.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net position and the statement of activities include all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS - Continued**

The two government-wide financial statements report the Township's Net Position and how they have changed. Net Position, the difference between the Township's assets and liabilities, are one way to measure the Township's financial health.

Over time, increases or decreases in the Township's Net Position are an indicator of whether its financial health is improving or deteriorating.

To assess the overall health of the Township you need to consider additional nonfinancial factors such as changes in the Township's property tax base.

The government-wide financial statements are divided into two categories:

**Governmental Activities** - These activities include functions most commonly associated with government (e.g., general government, public works, public safety, etc.). Property taxes and intergovernmental revenues generally fund these services.

**Business-Type Activities** - These activities provide services that are funded by customer user fees, such as water supply services and park and hall rental.

## **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by State law and by bond agreements.

The Township Board establishes other funds to control and manage money for particular purposes, or to show that it is properly using certain taxes and other revenues.

The Township has two types of funds:

**Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and, (2) the balances left at year-end that are available for spending. As a result, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information after governmental fund statements that explains the relationship between them.

**Proprietary Funds** - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long- and short-term financial information.

## FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

**Net Position** - Total Net Position at the end of the fiscal year was \$2,366,837, an increase of \$3,678 from the prior year. However, \$1,078,616 of this total is invested in capital assets. Also, there is \$1,062,930 in restricted funds. Consequently unrestricted Net Position was \$225,291.

### CONDENSED FINANCIAL INFORMATION - NET POSITION

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>2014 Total</u></b>
Current assets	\$ 954,195	\$ 153,890	\$ 1,108,085
Non-current assets	<u>1,154,381</u>	<u>124,421</u>	<u>1,278,802</u>
Total assets	<u>\$ 2,108,576</u>	<u>\$ 278,311</u>	<u>\$ 2,386,887</u>
Current liabilities	<u>\$ 20,050</u>	<u>\$ -</u>	<u>\$ 20,050</u>
Total liabilities	<u>\$ 20,050</u>	<u>\$ -</u>	<u>\$ 20,050</u>
Net position:			
Net investment in capital assets	\$ 954,195	\$ 124,421	\$ 1,078,616
Restricted	1,062,930	-	1,062,930
Unrestricted	<u>71,401</u>	<u>153,890</u>	<u>225,291</u>
Total net position	<u>\$ 2,088,526</u>	<u>\$ 278,311</u>	<u>\$ 2,366,837</u>

**Changes in Net Position** - The Township's total revenues are \$947,645. Approximately 57% of the Township's revenues comes from property taxes, 16% is received from state revenue sharing, 2% is received from a state grant, and about 23% of total revenues comes from charges for services.

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Revenues:			
Program revenues:			
Charges for services	\$ 221,687	\$ -	\$ 221,687
Capital grants and contributions	21,336	-	21,336
General revenues:			
Taxes	536,383	-	536,383
State shared revenue	147,541	-	147,541
Investment income	7,765	190	7,955
Other	10,743	-	10,743
Gain (loss) on sale of fixed assets	<u>2,000</u>	<u>-</u>	<u>2,000</u>
 Total revenues	 <u>\$ 947,455</u>	 <u>\$ 190</u>	 <u>\$ 947,645</u>
 Expenses:			
General government	\$ 223,453	\$ -	\$ 223,453
Public safety	376,486	17,712	394,198
Public works	255,163	-	255,163
Community and economic development	12,621	-	12,621
Recreation and culture	67,609	-	67,609
Other functions	<u>12,992</u>	<u>-</u>	<u>12,992</u>
 Total expenses	 <u>\$ 948,324</u>	 <u>\$ 17,712</u>	 <u>\$ 966,036</u>
 Prior period adjustment	 <u>\$ 22,069</u>	 <u>-</u>	 <u>\$ 22,069</u>
 Increase (decrease) in net position	 <u>\$ 21,200</u>	 <u>\$ (17,522)</u>	 <u>\$ 3,678</u>

### **Governmental Activities:**

Governmental activities increased the Township's Net Position by \$3,678, which includes a prior period adjustment of \$22,069. A key factor includes grant revenue reported in this fiscal year. Revenues totaled \$947,455 while the cost of all governmental activities this year was \$948,324.

### **Business-Type Activities:**

Business-Type activities decreased the Township's Net Position by \$17,522. The depreciation cost of water system infrastructure for the year ended March 31, 2014 totaled \$17,712.

## **FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

Our analysis of the Township's major funds begins on page 6 following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2014 include the General Fund, Police Fund, Fire Maintenance Fund, Fire Equipment Fund, and the Garbage and Rubbish Fund.

The Police Fund had an increase of \$518 in its operations for the year.

The Fire Maintenance Fund had an increase of \$3,985 in its fund balance for the year.

The Fire Equipment Fund had an increase of \$83,039 in its fund balance for the year.

The Garbage and Rubbish Fund had a decrease of \$23,707 in its fund balance for the year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Township amended the General Fund budget, primarily to prevent budget overruns. No amendments were significant, individually or in total.

Revenues were over budget by \$3,521. Expenditures were \$18,792 less than appropriated, which resulted in an increase of \$20,613 to the budgeted change in fund balance.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

At March 31, 2014, the Township had invested \$1,078,616 in various capital assets, net of depreciation, including its land, buildings, equipment, water and wastewater systems.

This year's capital asset additions were \$40,829 for various equipment needs.

Detailed information about the Township's capital assets is presented in Note 5 of the financial statements.

## **LONG-TERM DEBT**

At year-end, the Township had no outstanding long-term debt.



## **ECONOMIC CONDITION AND OUTLOOK**

Currently the most important financial issue facing Baroda Township is the renewal vote of our current 1.9962 Police Department millage. Additionally we are requesting an additional .5 mill (.50 per \$1,000.00) for the years of 2014 and 2015, for the purpose of continued operation of the Baroda/Lake Township Police Department. This additional levy will raise approximately \$43,076 the first year and will allow us to provide 24/7 police protection. The vote will be held on August 5, 2014 from 7:00am until 8:00pm. Also we will vote to elect a Township Trustee. We have 3 candidates running for one position.

On June 9, 2014, the Baroda Township Fire Department held a recruitment seminar for new firemen. Chief Larry Klug reported that 5 candidates attended and that 2 men have submitted applications. The Department is trying to increase their roster to 22 volunteer firemen. If anyone is interested please contact Chief Klug.

The Director of Lincoln Township Library reported that "Magic Carpet Story Time" is being held at the Baroda Municipal Building meeting room on Friday mornings starting at 10:30am. All young children are cordially invited to attend. There is no additional cost to the residents or the Township.

Hess Lake Park's new pavilion continues to be a large success. If you are a resident and interested in reserving the park, the old pavilion (\$25.00) or the new pavilion (\$50.00) can be reserved for 2015 starting at 9:00 a.m., January 2, 2015. You may call 422-2300 or come into the office. The pavilions are reserved on a first-come, first-serve basis. Also the Township Hall can be rented by Village or Township residents for \$25.00.

Cemetery lots at Ruggles or Hinman Cemeteries can be purchased at the Township office during normal business hours. Lots for residents are \$200.00 and non-residents are \$700.00.

## **CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This report is designed to provide a general overview of Baroda Township's finances to its residents and creditors, and to demonstrate the Township's accountability for the money it receives. If you have ANY questions regarding this report or any Township business, contact the Township of Baroda, Supervisors Office, P.O. 215, Baroda, Michigan 49101.

Phone: (269) 422-2300

Cell: (269) 266-2097

Home: (269) 422-2336

Fax: (269) 422-2407

E-mail: Barodasupv@Parrett.Net or BarodaTwpClerk@Parrett.Net

**BARODA TOWNSHIP  
TOWNSHIP BOARD**

Jim Brow .....Supervisor  
Wendie Shafer .....Clerk  
Amy Hemphill..... Treasurer  
John Harner .....Trustee  
David Wolf .....Trustee

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

June 5, 2014

## INDEPENDENT AUDITOR'S REPORT

Members of the Township Board  
Baroda Township  
Baroda, 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 Baroda Township, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### 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, and the aggregate remaining fund information of Baroda Township as of March 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT - Continued

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I through VI and 24 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Baroda Township's financial statements. The combining and individual nonmajor fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supporting schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Archer & Company, P.C.*

**BARODA TOWNSHIP**  
**Statement of Net Position**  
**March 31, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,032,443	\$ 153,890	\$ 1,186,333
Taxes receivable	28,936	-	28,936
Accounts receivable	1,927	-	1,927
Prepaid expenses	9,279	-	9,279
Due from other funds	178	-	178
Due from other governments	81,618	-	81,618
Capital assets (net of accumulated depreciation):			
Land	29,861	-	29,861
Land improvements	24,254	-	24,254
Buildings and improvements	548,550	-	548,550
Vehicles and equipment	351,530	-	351,530
Water system	-	124,421	124,421
 Total Assets	 \$ 2,108,576	 \$ 278,311	 \$ 2,386,887
<b>Liabilities</b>			
Accounts payable	\$ 11,392	\$ -	\$ 11,392
Payroll liabilities	8,658	-	8,658
 Total Liabilities	 \$ 20,050	 \$ -	 \$ 20,050
<b>Net Position</b>			
Net investment in capital assets	\$ 954,195	\$ 124,421	\$ 1,078,616
Restricted	1,062,930	-	1,062,930
Unrestricted	71,401	153,890	225,291
 TOTAL NET POSITION	 \$ 2,088,526	 \$ 278,311	 \$ 2,366,837

**BARODA TOWNSHIP**  
**Statement of Activities**  
**March 31, 2014**

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 223,453	\$ 207,973	\$ -	\$ -
Public safety	376,486	11,459	-	-
Public works	255,163	-	-	-
Community and economic development	12,621	2,255	-	-
Recreation and culture	67,609	-	-	21,336
Other functions	12,992	-	-	-
Total governmental activities	\$ 948,324	\$ 221,687	\$ -	\$ 21,336
Business-type activities:				
Water	17,712	-	-	-
Total primary government	<u>\$ 966,036</u>	<u>\$ 221,687</u>	<u>\$ -</u>	<u>\$ 21,336</u>

General revenues:

Taxes

Property taxes, levied for general operations

Property taxes, levied for public safety

Property taxes, levied for recreation and culture

State of Michigan aid, unrestricted

Interest and investment earnings

Other

Gain (loss) on sale of fixed assets

Total General Revenues and Special Items

Change In Net Position

Net Position, Beginning of Year

Prior Period Adjustment - NOTE 11

Adjusted Net Assets, Beginning of Year

NET POSITION, END OF YEAR

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

Governmental Activities	Business-Type Activities	Total
\$ (15,480)	\$ -	\$ (15,480)
(365,027)	-	(365,027)
(255,163)	-	(255,163)
(10,366)	-	(10,366)
(46,273)	-	(46,273)
(12,992)	-	(12,992)
\$ (705,301)	\$ -	\$ (705,301)
-	(17,712)	(17,712)
<u>\$ (705,301)</u>	<u>\$ (17,712)</u>	<u>\$ (723,013)</u>
\$ 100,747	\$ -	\$ 100,747
392,013	-	392,013
43,623	-	43,623
147,541	-	147,541
7,765	190	7,955
10,743	-	10,743
2,000	-	2,000
\$ 704,432	\$ 190	\$ 704,622
<u>\$ (869)</u>	<u>\$ (17,522)</u>	<u>\$ (18,391)</u>
\$ 2,067,326	\$ 295,833	\$ 2,363,159
22,069	-	22,069
<u>\$ 2,089,395</u>	<u>\$ 295,833</u>	<u>\$ 2,385,228</u>
\$ 2,088,526	\$ 278,311	\$ 2,366,837

**BARODA TOWNSHIP  
GOVERNMENTAL FUNDS  
Balance Sheet  
March 31, 2014**

	<b><u>General Fund</u></b>	<b><u>Police Fund</u></b>	<b><u>Fire Maintenance Fund</u></b>
<b>Assets</b>			
<b>Currents Assets:</b>			
Cash and cash equivalents	\$ 81,514	\$ 204,118	\$ 134,992
Receivables:			
Accounts	1,927	-	-
Taxes	4,208	6,924	5,190
Prepaid expense	6,527	-	2,752
Due from other governments	81,618	-	-
Due from other funds - NOTE 6	<u>40,555</u>	<u>-</u>	<u>32,796</u>
Total Current Assets	<u>\$ 216,349</u>	<u>\$ 211,042</u>	<u>\$ 175,730</u>
TOTAL ASSETS	<u>\$ 216,349</u>	<u>\$ 211,042</u>	<u>\$ 175,730</u>
<b>Liabilities and Fund Balances</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 9,458	\$ -	\$ 548
Payroll liabilities	6,807	-	1,110
Due to other funds - NOTE 6	<u>45,669</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>\$ 61,934</u>	<u>\$ -</u>	<u>\$ 1,658</u>
Total Liabilities	<u>\$ 61,934</u>	<u>\$ -</u>	<u>\$ 1,658</u>
<b>Fund Balances:</b>			
Non-spendable	\$ 6,527	\$ -	\$ 2,752
Restricted for:			
Berrien county matching fund	60,258	-	-
Metro act	16,229	-	-
Public safety	-	211,042	171,320
Public works	-	-	-
Recreation and culture	-	-	-
Unassigned	<u>71,401</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ 154,415</u>	<u>\$ 211,042</u>	<u>\$ 174,072</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 216,349</u>	<u>\$ 211,042</u>	<u>\$ 175,730</u>

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



<b><u>Fire Equipment Fund</u></b>	<b><u>Garbage and Rubbish Fund</u></b>	<b><u>Nonmajor Governmental Funds</u></b>	<b><u>Total Governmental Funds</u></b>
\$ 403,748	\$ 163,929	\$ 44,142	\$ 1,032,443
-	-	-	1,927
3,449	7,431	1,734	28,936
-	-	-	9,279
-	-	-	81,618
<u>12,783</u>	<u>90</u>	<u>-</u>	<u>86,224</u>
<u>\$ 419,980</u>	<u>\$ 171,450</u>	<u>\$ 45,876</u>	<u>\$ 1,240,427</u>
<u>\$ 419,980</u>	<u>\$ 171,450</u>	<u>\$ 45,876</u>	<u>\$ 1,240,427</u>
\$ -	\$ -	\$ 1,386	\$ 11,392
-	-	741	8,658
<u>-</u>	<u>-</u>	<u>40,377</u>	<u>86,046</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,504</u>	<u>\$ 106,096</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,504</u>	<u>\$ 106,096</u>
\$ -	\$ -	\$ -	\$ 9,279
-	-	-	60,258
-	-	-	16,229
419,980	-	91	802,433
-	171,450	-	171,450
-	-	3,281	3,281
<u>-</u>	<u>-</u>	<u>-</u>	<u>71,401</u>
<u>\$ 419,980</u>	<u>\$ 171,450</u>	<u>\$ 3,372</u>	<u>\$ 1,134,331</u>
<u>\$ 419,980</u>	<u>\$ 171,450</u>	<u>\$ 45,876</u>	<u>\$ 1,240,427</u>

**BARODA TOWNSHIP**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**For the Year Ended March 31, 2014**

Fund balances of governmental funds	\$ 1,134,331
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and are not reported in the funds.	<u>954,195</u>
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Net position of governmental activities	<u>\$ 2,088,526</u>
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**BARODA TOWNSHIP  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended March 31, 2014**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Maintenance Fund</u>
<b>Revenues:</b>			
Taxes:			
General government	\$ 100,747	\$ -	\$ -
Public safety	-	174,170	130,819
Recreation and culture	-	-	-
Licenses and permits	7,060	-	-
Federal grants	-	-	21,336
State grants	205,674	-	2,600
Charges for services	18,463	685	75
Interest and rentals	6,606	125	271
Other revenues	<u>9,878</u>	<u>-</u>	<u>227</u>
Total Revenues	<u>\$ 348,428</u>	<u>\$ 174,980</u>	<u>\$ 155,328</u>
<b>Expenditures:</b>			
Current:			
General government	\$ 218,683	\$ -	\$ -
Public safety	720	174,462	151,343
Public works	46,998	-	-
Community and economic development	12,621	-	-
Recreation and cultural	28,233	-	-
Other functions	<u>12,992</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 320,247</u>	<u>\$ 174,462</u>	<u>\$ 151,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 28,181</u>	<u>\$ 518</u>	<u>\$ 3,985</u>
<b>Other Financing Sources:</b>			
Proceeds from sale of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 28,181</u>	<u>\$ 518</u>	<u>\$ 3,985</u>
Fund Balance - Beginning of Year	\$ 104,165	\$ 210,524	\$ 170,087
Prior Period Adjustment - Note 11	<u>22,069</u>	<u>-</u>	<u>-</u>
Adjusted Fund Balance - Beginning of Year	<u>\$ 126,234</u>	<u>\$ 210,524</u>	<u>\$ 170,087</u>
FUND BALANCES - END OF YEAR	<u>\$ 154,415</u>	<u>\$ 211,042</u>	<u>\$ 174,072</u>

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

<b>Fire Equipment <u>Fund</u></b>	<b>Garbage and Rubbish <u>Fund</u></b>	<b>Nonmajor Governmental <u>Funds</u></b>	<b>Total Governmental <u>Funds</u></b>
\$ -	\$ -	\$ -	\$ 100,747
87,024	-	-	392,013
-	-	43,623	43,623
-	-	11,459	18,519
-	-	-	21,336
-	-	-	208,274
-	183,945	-	203,168
328	417	18	7,765
-	96	542	10,743
<u>\$ 87,352</u>	<u>\$ 184,458</u>	<u>\$ 55,642</u>	<u>\$ 1,006,188</u>
\$ -	\$ -	\$ -	\$ 218,683
6,313	-	11,970	344,808
-	208,165	-	255,163
-	-	-	12,621
-	-	43,189	71,422
-	-	-	12,992
<u>\$ 6,313</u>	<u>\$ 208,165</u>	<u>\$ 55,159</u>	<u>\$ 915,689</u>
<u>\$ 81,039</u>	<u>\$ (23,707)</u>	<u>\$ 483</u>	<u>\$ 90,499</u>
<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>
<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>
<u>\$ 83,039</u>	<u>\$ (23,707)</u>	<u>\$ 483</u>	<u>\$ 92,499</u>
\$ 336,941	\$ 195,157	\$ 2,889	\$ 1,019,763
-	-	-	22,069
<u>\$ 336,941</u>	<u>\$ 195,157</u>	<u>\$ 2,889</u>	<u>\$ 1,041,832</u>
<u>\$ 419,980</u>	<u>\$ 171,450</u>	<u>\$ 3,372</u>	<u>\$ 1,134,331</u>

**BARODA TOWNSHIP**  
**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, 2014**

Net change in fund balances - total governmental funds	\$ 92,499
--	-----------

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.

Capital outlay	40,829
Depreciation expense	(88,902)

Grant revenue not received within 60 days is not recorded in governmental funds but is fully recognized in the statement of activities.	(60,733)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>15,438</u>
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Change in net position of governmental activities	<u>\$ (869)</u>
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**BARODA TOWNSHIP  
PROPRIETARY FUND  
Water Fund  
Statement of Net Position  
March 31, 2014**

**Assets**

Current Assets:

Cash and cash equivalents	\$ 153,890
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Total Current Assets	\$ 153,890
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Noncurrent Assets:

Water system	\$ 530,186
Accumulated depreciation	<u>(405,765)</u>

Total Noncurrent Assets	\$ 124,421
-------------------------	------------

TOTAL ASSETS	<u>\$ 278,311</u>
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**Net Position**

Net Position:

Net investment in capital assets	\$ 124,421
Unrestricted	<u>153,890</u>

Total Net Position	\$ 278,311
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TOTAL NET POSITION	<u>\$ 278,311</u>
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**BARODA TOWNSHIP  
PROPRIETARY FUND  
Water Fund  
Statement of Revenues, Expenses, and  
Changes in Net Position  
For the Year Ended March 31, 2014**

**Operating Revenues:**

Charges for services	\$ <u>          -</u>
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**Operating Expenses:**

Other services and charges	\$ 1,790
Depreciation	<u>15,922</u>

Total Operating Expenses	\$ <u>17,712</u>
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Operating Loss	\$ (17,712)
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**Nonoperating Revenue:**

Interest revenue	<u>190</u>
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Change in Net Position	\$ (17,522)
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Total Net Position - Beginning of Year	<u>295,833</u>
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TOTAL NET POSITION - END OF YEAR	<u>\$ 278,311</u>
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**BARODA TOWNSHIP  
PROPRIETARY FUND  
Water Fund  
Statement of Cash Flows  
For the Year Ended March 31, 2014**

**Cash Flows From Operating Activities:**

Payments to suppliers	<u>\$ (1,790)</u>
Net cash used by operating activities	<u>\$ (1,790)</u>

**Cash Flows From Investing Activities:**

Interest income	<u>\$ 190</u>
Net cash provided by investing activities	<u>\$ 190</u>
Net decrease in cash and cash equivalents	<u>\$ (1,600)</u>
Cash balance - beginning of the year	<u>155,490</u>
CASH BALANCE - END OF THE YEAR	<u>\$ 153,890</u>

**Reconciliation of operating loss to net cash  
used by operating activities:**

Operating loss	<u>\$ (17,712)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	<u>\$ 15,922</u>
Total adjustments	<u>\$ 15,922</u>
Net cash used by operating activities	<u>\$ (1,790)</u>



**BARODA TOWNSHIP  
FIDUCIARY FUND  
Tax Fund  
Statement of Fiduciary Net Position  
March 31, 2014**

**Assets**

Cash and cash equivalents	\$	<u>178</u>
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TOTAL ASSETS	\$	<u><u>178</u></u>
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**Liabilities**

Due to other funds - NOTE 6	\$	<u>178</u>
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TOTAL LIABILITIES	\$	<u><u>178</u></u>
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**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Township of Baroda, Michigan, 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 Township of Baroda.

**A. Reporting Entity**

The Township is governed by an elected five member board. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

In evaluating how to define the Township'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 for 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 Township 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 Township's reporting entity.

***Joint Ventures***

**Baroda-Lake Township Police.** This potential component unit is disclosed as a joint venture because the Township; (1) appoints two members of the governing authority, (2) provides subsidies. See Note 3 for further information on the joint venture.

***Jointly Governed Organizations***

**Community Emergency Services, Inc., operating as Medic 1 Ambulance (nonprofit).** This potential component unit is disclosed as a jointly governed organization because it is jointly governed by various municipal governments, including Baroda Township, but the Township does not have an ongoing financial interest or ongoing financial responsibility. The Township is entitled to the rights and privileges of one voting board member. Medic 1 is organized for the purpose of providing emergency ambulance service to surrounding communities. The Township's portion of the community operating subsidies for the year ended March 31, 2014 was \$26,021.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Government-Wide and Fund Financial Statements - Continued**

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

The Township reports three categories of net position, as follows:

**Net Investment in Capital Assets** - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources to those assets.

**Restricted Net Position** - net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Township's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

**Unrestricted Net Position** - consists of all other net position that does not meet the definition of the above two components and is available for general use by the Township.

In the governmental fund financial statements, fund balances are comprised of five classifications as follows:

**Nonspendable Fund Balance** - The nonspendable fund balance category represents amounts that are not in a spendable form or are required to be maintained intact.

**Restricted Fund Balance** - The restricted fund balance category represents amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation.

**Committed Fund Balance** - The committed fund balance category represents amounts constrained to specific purposes by the Board; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.

**Assigned Fund Balance** - The assigned fund balance category represents amounts the Board intends to use for a specific purpose; intent can be expressed by the Board or by an official or committee to which the Board delegates the authority.

**Unassigned Fund Balance** - The unassigned fund balance category represents amounts that are available for any purpose; these amounts are reported only in the general fund.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted (nonspendable) or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major sources of revenue meet the availability criterion: property taxes, state-shared revenues, and interest earned in the current fiscal period.

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 Township.

The Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by state statutes) located in the Township as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Police Fund** - The Police Fund accounts for the resources collected that are to be used for protection in the Township.

**Fire Maintenance Fund** - The Fire Maintenance Fund accounts for the resources to be used for maintenance of fire protection equipment and general operations of the Fire Department.

**Fire Equipment Fund** - The Fire Equipment Fund accounts for the resources to be used for the purchase of fire equipment.

**Garbage and Rubbish Fund** - The Garbage and Rubbish Fund accounts for the activities of the garbage collection system.

The Township reports the following major Proprietary Fund:

**Water Fund** - The Water Fund accounts for the activities of the water distribution system.

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. The Township has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Township's water function, and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Proprietary Fund relates to charges to customers for sales and services. The Water Fund also recognizes the portion of tap fees intended to recover current costs (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 nonoperating revenue and expenses.

Additionally, Baroda Township reports the following fund type:

**Agency Funds** - The Agency Funds are used to account for assets 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.

**D. Bank Deposits and Investments**

For purposes of the cash flow statement, 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.

**E. 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".

**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., sewer and water systems, 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 Township as assets with an initial, individual cost of more than \$500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2005. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	30-40 years
Building improvements	15-30 years
Water system	33 years
Vehicles	3-15 years
Office equipment	5-7 years
Computer equipment	3-7 years

**G. 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.

**H. 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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**B. Excess of Expenditures Over Appropriations in Budgeted Funds**

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

At the March meeting, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. Public hearings are conducted at the Township Hall to obtain taxpayer comments. Prior to March 31, the budget is legally enacted on a summary budget basis through passage of a resolution. During the year, the budget was amended in a legally permissible manner.

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<b>Budget Item</b>	<b>Budget <u>Appropriation</u></b>	<b>Actual <u>Expenditures</u></b>	<b>Amount <u>Over Budget</u></b>
General Fund:			
Community and Development	\$ 9,198	\$ 12,621	\$ (3,423)

**NOTE 3 - JOINT VENTURE**

**Baroda-Lake Township Police**

In 2010, Baroda Township and Lake Township entered into a joint venture to form the Baroda-Lake Township Police. The purpose of the Board is to control and manage the Joint Police Department. Title of the land upon which the Department is located is owned solely by Lake Township. The facility and its equipment are held as equal, undivided interests by the ownership of Baroda Township and Lake Township.

The administrative board consists of five Police Board Members. Two members are appointed by Baroda, two members are appointed by Lake, and one member is appointed by a majority of the Board Members appointed by the Townships and shall be a resident of the Village of Baroda.

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Baroda-Lake Township Police are not included within the body of the financial statements of Baroda Township. As of March 31, 2014, the Township contributed \$172,672 towards the Authority's operations. The following is audited financial information from the Baroda-Lake Township Police for the year ended March 31, 2013, with a report thereto dated May 13, 2013. A copy of the audited financial report is available for review at the Township office.

Assets	\$ 129,189
Liabilities	86,402
Net Position	42,787
Revenues	485,681
Expenditures	474,638
Change in Net Position	11,043

**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loans associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Township's deposits are in accordance with statutory authority at March 31, 2014.

The Township has designated five financial institutions for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments with the state statutory authority as listed above.

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

The Township's deposits and investments are subject to one type of risk, as listed below:

**Custodial Credit Risk of Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance or are uncollateralized. The Township's investment policy does not specifically address custodial credit risk for deposits. As of March 31, 2014, \$875,341 of the government's \$1,186,511 with a corresponding bank balance of \$1,208,958 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized     \$            875,341

**NOTE 5 - CAPITAL ASSETS**

Capital assets activities for the year ended March 31, 2014 were as follows:

	<u>Balance</u> <u>April 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>March 31, 2014</u>
<b>Governmental Activities</b>					
Land	\$ 29,861	\$ -	\$ -	\$ -	\$ 29,861
Buildings and improvements	\$ 866,693	\$ 8,656	\$ (598)	\$ -	\$ 874,751
Land improvements	95,863	-	-	-	95,863
Vehicles and equipment	1,203,040	32,173	(3,868)	-	1,231,345
Subtotal	\$ 2,165,596	\$ 40,829	\$ (4,466)	\$ -	\$ 2,201,959
Less: Accumulated Depreciation					
Buildings and improvements	\$ (310,400)	\$ (16,399)	\$ 598	\$ -	\$ (326,201)
Land improvements	(69,346)	(2,263)	-	-	(71,609)
Vehicles and equipment	(813,443)	(70,240)	3,868	-	(879,815)
Subtotal	\$ (1,193,189)	\$ (88,902)	\$ 4,466	\$ -	\$ (1,277,625)
Total Capital Assets Other Than Land	\$ 972,407	\$ (48,073)	\$ -	\$ -	\$ 924,334



**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 5 - CAPITAL ASSETS - Continued**

<b>Business-Type Activities</b>	<b>Balance April 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>Balance March 31, 2014</b>
Water system	\$ 530,186	\$ -	\$ -	\$ -	\$ 530,186
Less: Accumulated Depreciation					
Water system	(389,843)	(15,922)	-	-	(405,765)
Total Capital Assets	<u>\$ 140,343</u>	<u>\$ (15,922)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,421</u>

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

**Governmental Functions:**

General government	\$ 11,830
Public safety	62,871
Recreation and cultural	<u>14,201</u>
	<u>\$ 88,902</u>

**Business-Type Activities:**

Water	<u>\$ 15,922</u>
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**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of March 31, 2014, is as follows:

<b><u>Governmental Activities</u></b>	<b><u>Receivable</u></b>	<b><u>Payable</u></b>
General Fund	\$ 40,555	\$ 45,669
Fire Maintenance Fund	32,796	-
Fire Equipment Fund	12,783	-
Rubbish Fund	90	-
Library Fund	-	40,377
Tax Fund	<u>-</u>	<u>178</u>
Total	<u>\$ 86,224</u>	<u>\$ 86,224</u>

The outstanding balances between funds result mainly from property taxes and payroll liabilities.

**NOTE 7 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims and participates in the Michigan Township Participating Plan risk pool for claims relating to buildings, equipment, vehicles, and several liabilities. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**BARODA TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2014**

**NOTE 8 - RETIREMENT PLAN**

The Township adopted a defined contribution pension plan effective July 1, 1992 for employees and officials in lieu of social security. Employees who elect this plan contribute 6% of their gross earnings to the plan, which is matched by the Township. The plan is deposited with MetLife Inc. and administered by Ann Bunting.

Current year contributions are \$4,681 and \$4,681 for the employer and employee, respectively.

**NOTE 9 - ACCOUNTING CHANGES AND ACCOUNTING STANDARDS**

In 2013, the Township implemented GASB Statement 65 "Items Previously Reported as Assets and Liabilities." The objective of Statement 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 5, 2014, the date on which the financial statements were available to be issued. No material subsequent events were noted.

**NOTE 11 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$22,069 has been recorded in the general fund for a receivable due from the Berrien County Road Commission matching fund that was not previously recorded on the books.

**BARODA TOWNSHIP  
NONMAJOR GOVERNMENTAL FUNDS  
Description of Funds**

**Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Building Fund** - This fund is used to account for the operations of the Building Department.

**Library Fund** - This fund is used to account for the operations of the Lincoln Township Library.

**BARODA TOWNSHIP  
GENERAL FUND  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual  
For the Year Ended March 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 99,300	\$ 99,300	\$ 100,747	\$ 1,447
Licenses and permits	4,300	6,920	7,060	140
State grants unrestricted	142,400	203,130	205,674	2,544
Charges for services	12,350	16,450	18,463	2,013
Interest and rentals	3,765	6,565	6,606	41
Other revenues	12,542	12,542	9,878	(2,664)
Total Revenues	\$ 274,657	\$ 344,907	\$ 348,428	\$ 3,521
<b>Expenditures:</b>				
General government	\$ 207,505	\$ 226,625	\$ 218,683	\$ 7,942
Public safety	600	820	720	100
Public works	44,300	54,020	46,998	7,022
Community and economic development	6,738	9,198	12,621	(3,423)
Recreation and cultural	14,125	33,526	28,233	5,293
Other functions	14,000	14,000	12,992	1,008
Total Expenditures	\$ 287,268	\$ 338,189	\$ 320,247	\$ 17,942
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$ (12,611)	\$ 6,718	\$ 28,181	\$ 21,463
<b>Other Financing Uses:</b>				
Operating transfers out	\$ (850)	\$ (850)	\$ -	\$ 850
Total Other Financing Uses	\$ (850)	\$ (850)	\$ -	\$ 850
Net Change in Fund Balances	\$ (13,461)	\$ 5,868	\$ 28,181	\$ 22,313
Fund Balances - Beginning of Year	\$ 104,165	\$ 104,165	\$ 104,165	\$ -
Prior Period Adjustment - NOTE 11	-	-	22,069	22,069
Adjusted Fund Balance - Beginning of Year	\$ 104,165	\$ 104,165	\$ 126,234	\$ 22,069
FUND BALANCES - END OF YEAR	\$ 90,704	\$ 110,033	\$ 154,415	\$ 44,382

**BARODA TOWNSHIP  
POLICE FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 173,700	\$ 173,700	\$ 174,170	\$ 470
Charges for services	650	650	685	35
Interest and rentals	100	100	125	25
Total Revenues	<u>\$ 174,450</u>	<u>\$ 174,450</u>	<u>\$ 174,980</u>	<u>\$ 530</u>
<b>Expenditures:</b>				
Public safety:				
Other services and charges	<u>\$ 174,563</u>	<u>\$ 174,563</u>	<u>\$ 174,462</u>	<u>\$ 101</u>
Total Expenditures	<u>\$ 174,563</u>	<u>\$ 174,563</u>	<u>\$ 174,462</u>	<u>\$ 101</u>
Net Change in Fund Balance	\$ (113)	\$ (113)	\$ 518	\$ 631
Fund Balance - Beginning of Year	<u>210,524</u>	<u>210,524</u>	<u>210,524</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 210,411</u></u>	<u><u>\$ 210,411</u></u>	<u><u>\$ 211,042</u></u>	<u><u>\$ 631</u></u>

**BARODA TOWNSHIP  
FIRE MAINTENANCE FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 86,000	\$ 130,000	\$ 130,819	\$ 819
Federal grants	-	-	21,336	21,336
State grants	2,600	2,600	2,600	-
Charges for services	500	500	75	(425)
Interest and rentals	275	275	271	(4)
Other revenues	-	-	227	227
Total Revenues	<u>\$ 89,375</u>	<u>\$ 133,375</u>	<u>\$ 155,328</u>	<u>\$ 21,953</u>
<b>Expenditures:</b>				
Public safety:				
Personal services	\$ 57,540	\$ 65,640	\$ 55,216	\$ 10,424
Supplies	40,514	26,450	14,540	11,910
Other services and charges	61,394	67,335	54,917	12,418
Capital outlay	-	5,334	26,670	(21,336)
Total Expenditures	<u>\$ 159,448</u>	<u>\$ 164,759</u>	<u>\$ 151,343</u>	<u>\$ 13,416</u>
Net Change in Fund Balance	<u>\$ (70,073)</u>	<u>\$ (31,384)</u>	<u>\$ 3,985</u>	<u>\$ 35,369</u>
Fund Balance - Beginning of Year	<u>170,087</u>	<u>170,087</u>	<u>170,087</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 100,014</u></u>	<u><u>\$ 138,703</u></u>	<u><u>\$ 174,072</u></u>	<u><u>\$ 35,369</u></u>

**BARODA TOWNSHIP  
FIRE EQUIPMENT FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 85,900	\$ 85,900	\$ 87,024	\$ 1,124
Interest and rentals	500	500	328	(172)
Total Revenues	<u>\$ 86,400</u>	<u>\$ 86,400</u>	<u>\$ 87,352</u>	<u>\$ 952</u>
<b>Expenditures:</b>				
Public safety:				
Other services and charges	\$ 1,900	\$ 1,900	\$ 1,790	\$ 110
Capital outlay	10,000	10,000	4,523	5,477
Total Expenditures	<u>\$ 11,900</u>	<u>\$ 11,900</u>	<u>\$ 6,313</u>	<u>\$ 5,587</u>
Excess of Revenues Over Expenditures	<u>\$ 74,500</u>	<u>\$ 74,500</u>	<u>\$ 81,039</u>	<u>\$ 6,539</u>
<b>Other Financing Sources:</b>				
Proceeds from sale of capital assets	\$ -	\$ -	\$ 2,000	\$ 2,000
Total Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Net Change in Fund Balance	\$ 74,500	\$ 74,500	\$ 83,039	\$ 8,539
Fund Balance - Beginning of Year	336,941	336,941	336,941	-
FUND BALANCE - END OF YEAR	<u>\$ 411,441</u>	<u>\$ 411,441</u>	<u>\$ 419,980</u>	<u>\$ 8,539</u>

**BARODA TOWNSHIP  
RUBBISH FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended March 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 219,600	\$ 219,600	\$ 183,945	\$ (35,655)
All other sales, use, and administration fees	400	400	417	17
Interest and rentals	<u>125</u>	<u>125</u>	<u>96</u>	<u>(29)</u>
Total Revenues	<u>\$ 220,125</u>	<u>\$ 220,125</u>	<u>\$ 184,458</u>	<u>\$ (35,667)</u>
<b>Expenditures:</b>				
Public works:				
Other services and charges	<u>\$ 221,830</u>	<u>\$ 233,155</u>	<u>\$ 208,165</u>	<u>\$ 24,990</u>
Total Expenditures	<u>\$ 221,830</u>	<u>\$ 233,155</u>	<u>\$ 208,165</u>	<u>\$ 24,990</u>
Net Change in Fund Balance	\$ (1,705)	\$ (13,030)	\$ (23,707)	\$ (10,677)
Fund Balance - Beginning of Year	<u>195,157</u>	<u>195,157</u>	<u>195,157</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 193,452</u></u>	<u><u>\$ 182,127</u></u>	<u><u>\$ 171,450</u></u>	<u><u>\$ (10,677)</u></u>



**BARODA TOWNSHIP  
GENERAL FUND  
Statement of Revenues Compared to Budget  
For the Year Ended March 31, 2014  
With Comparative Actual Amounts for the Year Ended March 31, 2013**

	<b>2014</b>			
	<b><u>Budget</u></b>	<b><u>Actual Amounts</u></b>	<b><u>Variance - Positive (Negative)</u></b>	<b><u>2013 Actual</u></b>
<b>Revenues:</b>				
Taxes	\$ 99,300	\$ 100,747	\$ 1,447	\$ 98,297
Licenses and permits:				
General government	4,700	4,805	105	5,309
Community and economic development	2,220	2,255	35	50
State grants	203,130	205,674	2,544	337,682
Charges for services	16,450	18,463	2,013	14,208
Interest and rentals	6,565	6,606	41	3,349
Other revenues	<u>12,542</u>	<u>9,878</u>	<u>(2,664)</u>	<u>11,200</u>
 TOTAL REVENUES	 <u>\$ 344,907</u>	 <u>\$ 348,428</u>	 <u>\$ 3,521</u>	 <u>\$ 470,095</u>

**BARODA TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended March 31, 2014  
With Comparative Actual Amounts for the Year Ended March 31, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Actual</u>
<b>General Government:</b>				
Legislative:				
Personal services		\$ 7,787		\$ 8,880
Supplies		3,340		4,123
Other services and charges		<u>32,158</u>		<u>20,379</u>
Total Legislative	\$ 42,725	\$ <u>43,285</u>	\$ (560)	\$ <u>33,382</u>
Chief Executive:				
Personal services		\$ 34,696		\$ 33,645
Other services and charges		<u>-</u>		<u>104</u>
Total Chief Executive	34,725	\$ <u>34,696</u>	29	\$ <u>33,749</u>
Treasurer:				
Personal services		\$ 21,896		\$ 22,426
Other services and charges		<u>122</u>		<u>117</u>
Total Treasurer	24,500	\$ <u>22,018</u>	2,482	\$ <u>22,543</u>
Assessor:				
Personal services		\$ 18,120		\$ 17,530
Other services and charges		<u>1,059</u>		<u>1,469</u>
Total Assessor	19,525	\$ <u>19,179</u>	346	\$ <u>18,999</u>
Clerk:				
Personal services		\$ 35,491		\$ 34,712
Other services and charges		<u>56</u>		<u>101</u>
Total Clerk	35,940	\$ <u>35,547</u>	393	\$ <u>34,813</u>
Elections:				
Personal services		\$ 654		\$ 1,841
Supplies		431		915
Other services and charges		<u>481</u>		<u>2,159</u>
Total Elections	3,045	\$ <u>1,566</u>	1,479	\$ <u>4,915</u>

**BARODA TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended March 31, 2014  
With Comparative Actual Amounts for the Year Ended March 31, 2013**

	<u>2014</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>2013 Actual</u>
<b>General Government - Continued:</b>				
Building and Grounds:				
Personal services		\$ 1,273		\$ 609
Supplies		1,394		1,424
Other services and charges		20,009		21,966
Capital outlay		<u>6,080</u>		<u>-</u>
Total Building and Grounds	31,880	<u>\$ 28,756</u>	3,124	<u>\$ 23,999</u>
All Other General Government:				
Personal services		\$ 25,090		\$ 21,749
Supplies		1,669		1,765
Other services and charges		<u>6,877</u>		<u>7,082</u>
Total All Other General Government	<u>34,285</u>	<u>\$ 33,636</u>	<u>649</u>	<u>\$ 30,596</u>
Total General Government	<u>\$ 226,625</u>	<u>\$ 218,683</u>	<u>\$ 7,942</u>	<u>\$ 202,996</u>
<b>Public Safety:</b>				
All Other Public Safety Activities:				
Other services and charges		<u>\$ 720</u>		<u>\$ -</u>
Total Public Safety	<u>\$ 820</u>	<u>\$ 720</u>	<u>\$ 100</u>	<u>\$ -</u>
<b>Public Works:</b>				
Public Works and Infrastructure:				
Other services and charges		<u>\$ 46,998</u>		<u>\$ 37,906</u>
Total Public Works and Infrastructure	<u>\$ 49,020</u>	<u>\$ 46,998</u>	<u>\$ 2,022</u>	<u>\$ 37,906</u>
Road Commission:				
Other services and charges		<u>\$ -</u>		<u>\$ 5,000</u>
Total Road Commission	<u>5,000</u>	<u>\$ -</u>	<u>5,000</u>	<u>\$ 5,000</u>
Total Public Works	<u>\$ 54,020</u>	<u>\$ 46,998</u>	<u>\$ 7,022</u>	<u>\$ 42,906</u>

**BARODA TOWNSHIP  
GENERAL FUND  
Statement of Expenditures Compared to Budget  
For the Year Ended March 31, 2014  
With Comparative Actual Amounts for the Year Ended March 31, 2013**

	<u>2014</u>		<b>Variance -</b>	<b>2013</b>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>Actual</u>
<b>Community and Economic Development:</b>				
Planning and Zoning:				
Personal services		\$ 4,620		\$ 3,730
Supplies		-		23
Other services and charges		<u>8,001</u>		<u>588</u>
Total Community and Economic Development	<u>\$ 9,198</u>	<u>\$ 12,621</u>	<u>\$ (3,423)</u>	<u>\$ 4,341</u>
<b>Recreation and Cultural:</b>				
Parks and Recreation:				
Personal services		\$ 3,591		\$ 3,238
Supplies		1,286		1,186
Other services and charges		5,342		6,191
Capital outlay		<u>18,014</u>		<u>305,511</u>
Total Recreation and Cultural	<u>\$ 33,526</u>	<u>\$ 28,233</u>	<u>\$ 5,293</u>	<u>\$ 316,126</u>
<b>Other Functions:</b>				
Personal services		<u>\$ 12,992</u>		<u>\$ 13,238</u>
Total Other Functions	<u>\$ 14,000</u>	<u>\$ 12,992</u>	<u>\$ 1,008</u>	<u>\$ 13,238</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 338,189</b></u>	<u><b>\$ 320,247</b></u>	<u><b>\$ 17,942</b></u>	<u><b>\$ 579,607</b></u>

**BARODA TOWNSHIP**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Balance Sheet**  
**March 31, 2014**  
**With Comparative Actual Amounts for the Year Ended March 31, 2013**

	<b>Building Fund</b>	<b>Library Fund</b>	<b>Totals 2014</b>	<b>2013</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 2,218	\$ 41,924	\$ 44,142	\$ 42,571
Taxes receivable	-	1,734	1,734	1,924
<b>TOTAL ASSETS</b>	<b>\$ 2,218</b>	<b>\$ 43,658</b>	<b>\$ 45,876</b>	<b>\$ 44,495</b>
<b>Liabilities and Fund Balances</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 1,386	\$ -	\$ 1,386	\$ 418
Payroll liabilities	741	-	741	811
Due to other funds - NOTE 6	-	40,377	40,377	40,377
<b>Total Current Liabilities</b>	<b>\$ 2,127</b>	<b>\$ 40,377</b>	<b>\$ 42,504</b>	<b>\$ 41,606</b>
<b>Total Liabilities</b>	<b>\$ 2,127</b>	<b>\$ 40,377</b>	<b>\$ 42,504</b>	<b>\$ 41,606</b>
<b>Fund Balances:</b>				
Restricted for:				
Public safety	\$ 91	\$ -	\$ 91	\$ 56
Recreation and culture	-	3,281	3,281	2,833
<b>Total Fund Balances</b>	<b>\$ 91</b>	<b>\$ 3,281</b>	<b>\$ 3,372</b>	<b>\$ 2,889</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,218</b>	<b>\$ 43,658</b>	<b>\$ 45,876</b>	<b>\$ 44,495</b>

**BARODA TOWNSHIP**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Year Ended March 31, 2014**  
**With Comparative Actual Amounts for the Year Ended March 31, 2013**

	<b><u>Building</u></b> <b><u>Fund</u></b>	<b><u>Library</u></b> <b><u>Fund</u></b>	<b><u>Totals</u></b> <b><u>2014</u></b>	<b><u>2013</u></b>
<b>Revenues:</b>				
Taxes:				
Recreation and culture	\$ -	\$ 43,623	\$ 43,623	\$ 43,160
Licenses and permits	11,459	-	11,459	10,377
Interest and rentals	4	14	18	11
Other revenues	<u>542</u>	<u>-</u>	<u>542</u>	<u>-</u>
Total Revenues	<u>\$ 12,005</u>	<u>\$ 43,637</u>	<u>\$ 55,642</u>	<u>\$ 53,548</u>
<b>Expenditures:</b>				
Public safety	11,970	\$ -	\$ 11,970	\$ 11,722
Recreation and culture	<u>-</u>	<u>43,189</u>	<u>43,189</u>	<u>43,657</u>
Total Expenditures	<u>\$ 11,970</u>	<u>\$ 43,189</u>	<u>\$ 55,159</u>	<u>\$ 55,379</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 35</u>	<u>\$ 448</u>	<u>\$ 483</u>	<u>\$ (1,831)</u>
<b>Other Financing Sources:</b>				
Operating transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>
Net Change in Fund Balances	\$ 35	\$ 448	\$ 483	\$ (1,731)
Fund Balances - Beginning of Year	<u>56</u>	<u>2,833</u>	<u>2,889</u>	<u>4,620</u>
FUND BALANCES - END OF YEAR	<u>\$ 91</u>	<u>\$ 3,281</u>	<u>\$ 3,372</u>	<u>\$ 2,889</u>

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

June 5, 2014

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

To the Township Board  
Baroda Township  
Baroda, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Baroda Township as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Baroda Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Baroda Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Baroda Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not note any deficiencies in Baroda Township's internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in Baroda Township's internal control to be a significant deficiency:

1. The size of the Township's accounting and administrative staff limits the segregation of duties over cash receipt and cash disbursement transactions. The same individual accepts cash receipts, records receipts, receives bank statements, and prepares bank reconciliations and is an approved check signer. (Repeat from prior year)

In addition, we noted other matters involving internal control and its operation that we have reported to management of Baroda Township in a separate letter dated June 5, 2014.

This communication is intended solely for the information and use of management of Baroda Township, 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.*  
Gerbel & Company, P.C.  
Certified Public Accountants



# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

June 5, 2014

To the Township Board  
Baroda Township  
Baroda, Michigan

In connection with our audit of the books and records of Baroda Township for the year ending March 31, 2014, we offer the following comment and recommendation regarding internal control and other accounting matters:

## General Comments

1. We recommend the Township reexamine the Township's water distribution lines. We want the Township to consider the future costs and responsibility of maintaining the water distribution lines.

We appreciate the cooperation and courtesy extended to us by the officials and employees of Baroda Township and trust that this comment and recommendation will be accepted in the spirit of cooperation in which it is offered.

Sincerely,

  
Gerbel & Company, P.C.  
Certified Public Accountants

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

June 5, 2014

## **Communication with Those Charged with Governance at or Near the Conclusion of the Audit**

To the Township Board  
Baroda Township  
Baroda, 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 Baroda Township for the year ended March 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 23, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### **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 Baroda Township 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 the year ended March 31, 2014. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 noted no estimates that we consider to be particularly sensitive.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no disclosures that we consider to be particularly sensitive.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly 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, a disagreement with management is 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 June 5, 2014.

### *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.

### *Other Matters*

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information for major funds, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on combining statements for non-major funds and general fund detail, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

### *Restriction on Use*

This information is intended solely for the use of the Township Board and management of Baroda Township 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