

BARODA TOWNSHIP
BERRIEN COUNTY, MICHIGAN

FINANCIAL REPORT

March 31, 2009

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BERRIEN COUNTY, MICHIGAN**

FINANCIAL REPORT

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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, 2009.

FINANCIAL HIGHLIGHTS

The Township's total net assets decreased \$138,319 as a result of this year's operations.

Of the \$2,533,610 million total net assets reported, \$1,505,762 million are available to meet future needs.

The General Fund unreserved, undesignated fund balance at the end of the fiscal year was \$361,463.

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 assets 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 assets and how they have changed. Net assets, 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 assets 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 non-financial 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, 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 Assets - Total net assets at the end of the fiscal year were \$2,533,610, a decrease of \$138,319 thousand from the prior year. However, \$991,013 of this total is invested in capital assets. Also there is \$36,835 thousand in restricted funds. Consequently unrestricted net assets were \$1,505,762.

CONDENSED FINANCIAL INFORMATION NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2009 Total</u>
Current assets	\$ 1,443,762	\$ 125,400	\$ 1,569,162
Non-current assets	<u>786,984</u>	<u>204,029</u>	<u>991,013</u>
Total assets	<u>\$ 2,230,746</u>	<u>\$ 329,429</u>	<u>\$ 2,560,175</u>
Current liabilities	<u>\$ 26,565</u>	<u>\$ -</u>	<u>\$ 26,565</u>
Total liabilities	<u>\$ 26,565</u>	<u>\$ -</u>	<u>\$ 26,565</u>
Net assets:			
Invested in capital assets	\$ 786,984	\$ 204,029	\$ 991,013
Restricted	36,835	-	36,835
Unrestricted	<u>1,380,362</u>	<u>125,400</u>	<u>1,505,762</u>
Total net assets	<u>\$ 2,204,181</u>	<u>\$ 329,429</u>	<u>\$ 2,533,610</u>

Changes in Net Assets - The Township's total revenues are \$853,329. Approximately 73% of the Township's revenues come from property taxes, 17% is received from state revenue sharing, and about 5% of total revenues come from charges for services.

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues			
Charges for services	\$ 28,987	\$ 13,195	\$ 42,182
Contributions	8,356	-	8,356
General revenues:			
Taxes	624,481	-	624,481
State shared revenue	141,713	-	141,713
Investment income	21,473	1,814	23,287
Other	<u>13,310</u>	<u>-</u>	<u>13,310</u>
 Total revenues	 <u>\$ 838,320</u>	 <u>\$ 15,009</u>	 <u>\$ 853,329</u>
Expenses:			
General government	\$ 272,337	\$ -	\$ 272,337
Public safety	337,526	17,421	354,947
Public works	261,543	-	261,543
Community and economic development	20,002	-	20,002
Recreation and culture	<u>52,118</u>	<u>-</u>	<u>52,118</u>
 Total expenses	 <u>\$ 943,526</u>	 <u>\$ 17,421</u>	 <u>\$ 960,947</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 \$ (105,206)	 \$ (2,412)	 \$ (107,618)
 Prior Period Adjustment	 <u>(23,330)</u>	 <u>(7,371)</u>	 <u>(30,701)</u>
 Increase (decrease) in net assets	 <u>\$ (128,536)</u>	 <u>\$ (9,783)</u>	 <u>\$ (138,319)</u>

Governmental Activities:

Governmental activities decreased the Township's net assets by \$128,536. Key factors include the decrease in investment earnings and state revenue sharing. Revenues totaled \$853,329 while the cost of all governmental activities this year was \$960,947.

Business-Type Activities:

Business-Type activities decreased the Township's net assets by \$9,783. The cost of water services for the year ended March 31, 2009 totaled \$17,421. Fees for those services totaled \$13,195. The Township levies an annual tax for the purpose of paying principal and interest for outstanding water bonds payable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Our analysis of the Township's major funds begins on page 5 following the government-wide financial statements. The fund financial statements provide detail 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 2009 include the General Fund, Police Fund, Fire Maintenance Fund, Fire Equipment Fund, and the Garbage and Rubbish Fund.

The Police Fund had a decrease of \$3,350 in its fund balance for the year.

The Fire Maintenance Fund had an increase of \$36,312 in its fund balance for the year.

The Fire Equipment Fund had an increase of \$82,466 in its fund balance for the year.

The Garbage and Rubbish Fund experienced a decrease of \$45,762 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 \$681 less than budgeted. Expenditures were \$40,984 less than appropriated, which resulted in an increase of \$40,303 to the budgeted change in fund balance. There were insignificant negative budget variances for individual General Fund activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

At March 31, 2009 the Township had invested \$991,013 in various capital assets, net of depreciation, including its land, buildings, equipment, water and wastewater systems.

This year's capital asset additions were \$64,582 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 other than its Component Unit. Detailed information about the Township's long-term liabilities is presented in Note 7 to the financial statements.

Baroda Township

Management's Discussion and Analysis

Economic Condition and Outlook

Approximately \$398 Thousand dollars are available for appropriation into the General Fund Budget. This amount is in addition to our yearly revenue. Some increases in property taxes from increased assessed values are expected to be offset by decreases in State Revenue Sharing. The Taxable values of properties in Baroda Township are approximately \$85,900,000.00.

The Township is reviewing and working on several projects for 2009 and 2010. They are in no particular order.

Baroda Township has applied for a development grant from the Michigan Natural Resources Trust Fund for improvements to Hess Lake Park. The project includes a pavilion with restroom facilities, a covered fishing pier on Hess Lake, toddler playground equipment, a paved walking/biking trail around the park and an expansion of the existing trail system to the fishing pier. We are also investigating the possibility of selling 6 or 7 acres of the land the Township owns next to Hess Lake Park. That would still leave about 10 acres for future development and would provide us with some working capital.

The Township Board is working on setting up a Special Assessment District for Garbage and Rubbish collection. Currently pickup is funded through a millage which has resulted in a disparity in costs for the service between different property owners. The objective is to have all property owners pay the same amount for Garbage and Rubbish collection.

Sometime in 2010 the Baroda-Lake Township Police Department will move to the new Public Safety Building in Lake Township. This will open up office and storage space for the Township. Additionally we are discussing with Lake Township and the city of Bridgman the possibility of combining our two Police Departments.

Our 5 year master plan is nearing completion and should be finished before the end of our fiscal year. (March 31, 2010)

The millage for the Fire Maintenance Fund has been lowered and will go into effect with the next winter tax bill.

None of the projects will be finalized without being discussed in a public meeting. Our main cost increases will probably come from fire, police and building insurance, Hess Lake Park improvements along with road and drain work.

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. Any questions regarding this report should be addressed to The Township of Baroda, Supervisor's Office, P.O. Box 215, Baroda, Michigan 49101,

Phone (269) 422-2300

Fax (269) 422-2407

E-mail Barodasupv@Parrett.Net

BarodaTwpClerk@Parrett.Net

BARODA TOWNSHIP

TOWNSHIP BOARD

Jim Brow..... Supervisor
Wendie Shafer..... Clerk
Susan Newcomer..... Treasurer
David Wolf Trustee
Amy Hemphill Trustee

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

July 7, 2009

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Baroda Township
Berrien County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baroda Township, as of and for the year ended March 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township'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, each major fund, and the respective changes in financial position 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 VII, and page 23 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 Baroda Township'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 and individual 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.

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BARODA TOWNSHIP
Statement of Net Assets
March 31, 2009

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets				
Cash and cash equivalents	\$ 1,358,353	\$ 123,048	\$ 1,481,401	\$ 98,408
Taxes receivable	38,027	-	38,027	-
Accounts receivable	3,342	-	3,342	4,161
Due from other funds	1,776	2,352	4,128	868
Due from component unit	23,451	-	23,451	-
Due from other governments	18,813	-	18,813	-
Capital assets (net of accumulated depreciation):				
Land	29,861	-	29,861	-
Land improvements	44,557	-	44,557	-
Buildings and improvements	240,123	-	240,123	-
Vehicles and equipment	472,443	-	472,443	97,627
Water system	-	204,029	204,029	-
	<u>2,230,746</u>	<u>329,429</u>	<u>2,560,175</u>	<u>201,064</u>
Total Assets	<u>\$ 2,230,746</u>	<u>\$ 329,429</u>	<u>\$ 2,560,175</u>	<u>\$ 201,064</u>
Liabilities				
Accounts payable	\$ 14,362	\$ -	\$ 14,362	\$ 24,803
Payroll liabilities	12,203	-	12,203	12,720
Compensated absences	-	-	-	5,647
Due to other funds	-	-	-	868
Due to primary government	-	-	-	23,451
Deferred revenue	-	-	-	49,198
Noncurrent liabilities:				
Due within one year	-	-	-	18,051
	<u>26,565</u>	<u>-</u>	<u>26,565</u>	<u>134,738</u>
Total Liabilities	<u>\$ 26,565</u>	<u>\$ -</u>	<u>\$ 26,565</u>	<u>\$ 134,738</u>
Net Assets				
Invested in capital assets, net of related debt	\$ 786,984	\$ 204,029	\$ 991,013	\$ 79,576
Restricted	36,835	-	36,835	532
Unrestricted	<u>1,380,362</u>	<u>125,400</u>	<u>1,505,762</u>	<u>(13,782)</u>
	<u>2,204,181</u>	<u>329,429</u>	<u>2,533,610</u>	<u>66,326</u>
TOTAL NET ASSETS	<u>\$ 2,204,181</u>	<u>\$ 329,429</u>	<u>\$ 2,533,610</u>	<u>\$ 66,326</u>

BARODA TOWNSHIP
Statement of Activities
March 31, 2009

Functions/Programs	Program Revenues			
Expenses	Charges for	Operating	Grants and	Capital
Primary government:	Services	Contributions	Grants and	Contributions
Governmental activities:				
General government	\$ 272,337	\$ 15,180	\$ 8,356	\$ -
Public safety	337,526	13,257	-	-
Public works	261,543	-	-	-
Community and economic development	20,002	550	-	-
Recreation and culture	52,118	-	-	-
Total governmental activities	\$ 943,526	\$ 28,987	\$ 8,356	\$ -
Business-type activities:				
Water	17,421	13,195	-	-
Total primary government	\$ 960,947	\$ 42,182	\$ 8,356	\$ -
Component unit:				
Public safety	501,380	65,124	422,230	-
Total activities	\$ 1,462,327	\$ 107,306	\$ 430,586	\$ -

General revenues:

- Taxes
 - Property taxes, levied for general operations
 - Property taxes, levied for public safety
 - Property taxes, levied for public works
- 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 Assets

Net Assets, Beginning of Year

Prior Period Adjustment - NOTE 10

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
Primary Government**

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (248,801)	\$ -	\$ (248,801)	\$ -
(324,269)	-	(324,269)	-
(261,543)	-	(261,543)	-
(19,452)	-	(19,452)	-
<u>(52,118)</u>	<u>-</u>	<u>(52,118)</u>	<u>-</u>
\$ (906,183)	\$ -	\$ (906,183)	\$ -
<u>-</u>	<u>(4,226)</u>	<u>(4,226)</u>	<u>-</u>
\$ (906,183)	\$ (4,226)	\$ (910,409)	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,026)</u>
<u>\$ (906,183)</u>	<u>\$ (4,226)</u>	<u>\$ (910,409)</u>	<u>\$ (14,026)</u>
\$ 97,569	\$ -	\$ 97,569	\$ -
365,128	-	365,128	-
161,784	-	161,784	-
141,713	-	141,713	-
21,473	1,814	23,287	1,208
13,310	-	13,310	2,159
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,554)</u>
<u>\$ 800,977</u>	<u>\$ 1,814</u>	<u>\$ 802,791</u>	<u>\$ 1,813</u>
<u>\$ (105,206)</u>	<u>\$ (2,412)</u>	<u>\$ (107,618)</u>	<u>\$ (12,213)</u>
\$ 2,332,717	\$ 339,212	\$ 2,671,929	\$ 55,209
<u>(23,330)</u>	<u>(7,371)</u>	<u>(30,701)</u>	<u>23,330</u>
<u>\$ 2,309,387</u>	<u>\$ 331,841</u>	<u>\$ 2,641,228</u>	<u>\$ 78,539</u>
<u>\$ 2,204,181</u>	<u>\$ 329,429</u>	<u>\$ 2,533,610</u>	<u>\$ 66,326</u>

**BARODA TOWNSHIP
GOVERNMENTAL FUNDS
Balance Sheet
March 31, 2009**

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Maintenance Fund</u>
Assets			
Currents Assets:			
Cash and cash equivalents	\$ 412,970	\$ 162,854	\$ 321,862
Receivables:			
Accounts	3,342	-	-
Taxes	5,332	10,086	7,528
Due from other funds - NOTE 6	4,535	-	29,178
Due from component unit	23,451	-	-
Due from other governments	18,813	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	\$ 468,443	\$ 172,940	\$ 358,568
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 468,443	\$ 172,940	\$ 358,568
	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable	\$ 13,845	\$ -	\$ 517
Payroll liabilities	3,300	-	6,205
Due to other funds - NOTE 6	53,000	500	-
	<u> </u>	<u> </u>	<u> </u>
Total Current Liabilities	\$ 70,145	\$ 500	\$ 6,722
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	\$ 70,145	\$ 500	\$ 6,722
	<u> </u>	<u> </u>	<u> </u>
Fund Balances:			
Reserved	\$ 36,835	\$ -	\$ -
Unreserved, reported in:			
General fund	361,463	-	-
Special revenue	-	172,440	351,846
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	\$ 398,298	\$ 172,440	\$ 351,846
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 468,443	\$ 172,940	\$ 358,568
	<u> </u>	<u> </u>	<u> </u>

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

<u>Fire Equipment Fund</u>	<u>Garbage and Rubbish Fund</u>	<u>Nonmajor Building Fund</u>	<u>Total Governmental Funds</u>
\$ 357,285	\$ 103,382	\$ -	\$ 1,358,353
-	-	-	3,342
5,042	10,039	-	38,027
7,741	14,904	3,236	59,594
-	-	-	23,451
-	-	-	18,813
<u>\$ 370,068</u>	<u>\$ 128,325</u>	<u>\$ 3,236</u>	<u>\$ 1,501,580</u>
<u>\$ 370,068</u>	<u>\$ 128,325</u>	<u>\$ 3,236</u>	<u>\$ 1,501,580</u>
\$ -	\$ -	\$ -	\$ 14,362
-	-	2,698	12,203
<u>3,911</u>	<u>407</u>	<u>-</u>	<u>57,818</u>
<u>\$ 3,911</u>	<u>\$ 407</u>	<u>\$ 2,698</u>	<u>\$ 84,383</u>
<u>\$ 3,911</u>	<u>\$ 407</u>	<u>\$ 2,698</u>	<u>\$ 84,383</u>
\$ -	\$ -	\$ -	\$ 36,835
-	-	-	361,463
<u>366,157</u>	<u>127,918</u>	<u>538</u>	<u>1,018,899</u>
<u>\$ 366,157</u>	<u>\$ 127,918</u>	<u>\$ 538</u>	<u>\$ 1,417,197</u>
<u>\$ 370,068</u>	<u>\$ 128,325</u>	<u>\$ 3,236</u>	<u>\$ 1,501,580</u>

BARODA TOWNSHIP
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended March 31, 2009

Fund balances of governmental funds \$ 1,417,197

Amounts reported for *governmental activities* in the statement of net assets 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.

786,984

Net assets of governmental activities \$ 2,204,181

**BARODA TOWNSHIP
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended March 31, 2009**

	General Fund	Police Fund	Fire Maintenance Fund
Revenues:			
Taxes:			
General government	\$ 100,498	\$ -	\$ -
Public safety	-	162,535	121,330
Public works	-	-	-
Licenses and permits:			
General government	3,929	-	-
Public safety	-	-	-
Community and economic development	550	-	-
State grants	141,713	-	-
Fines and forfeiture	436	-	-
Charges for services	11,251	-	-
Interest and rentals	10,853	233	6,352
Contributions from local units	8,356	-	-
Other revenues	<u>13,130</u>	<u>-</u>	<u>180</u>
 Total Revenues	 <u>\$ 290,716</u>	 <u>\$ 162,768</u>	 <u>\$ 127,862</u>
 Expenditures:			
Current:			
General government	\$ 270,166	\$ -	\$ -
Public safety	8,690	166,118	91,650
Public works	53,911	-	-
Community and economic development	20,002	-	-
Recreation and cultural	<u>102,482</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>\$ 455,251</u>	 <u>\$ 166,118</u>	 <u>\$ 91,650</u>
 Net Change in Fund Balance	 \$ (164,535)	 \$ (3,350)	 \$ 36,212
 Fund Balances - Beginning of Year	 <u>562,833</u>	 <u>175,790</u>	 <u>315,634</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 398,298</u>	 <u>\$ 172,440</u>	 <u>\$ 351,846</u>

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

<u>Fire Equipment Fund</u>	<u>Garbage and Rubbish Fund</u>	<u>Nonmajor Building Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 100,498
81,263	-	-	365,128
-	161,784	-	161,784
-	-	-	-
-	-	-	3,929
-	-	12,821	12,821
-	-	-	550
-	-	-	141,713
-	-	-	436
-	-	-	11,251
3,949	86	-	21,473
-	-	-	8,356
-	-	-	13,310
<u>\$ 85,212</u>	<u>\$ 161,870</u>	<u>\$ 12,821</u>	<u>\$ 841,249</u>
\$ -	\$ -	\$ -	\$ 270,166
2,746	-	15,216	284,420
-	207,632	-	261,543
-	-	-	20,002
-	-	-	102,482
<u>\$ 2,746</u>	<u>\$ 207,632</u>	<u>\$ 15,216</u>	<u>\$ 938,613</u>
\$ 82,466	\$ (45,762)	\$ (2,395)	\$ (97,364)
<u>283,691</u>	<u>173,680</u>	<u>2,933</u>	<u>1,514,561</u>
<u>\$ 366,157</u>	<u>\$ 127,918</u>	<u>\$ 538</u>	<u>\$ 1,417,197</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, 2009

Net change in fund balances - total governmental funds \$ (97,364)

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	64,582
Depreciation expense	(69,496)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	(2,928)
----------------	---------

Change in net assets of governmental activities \$ (105,206)

**BARODA TOWNSHIP
 PROPRIETARY FUND
 Statement of Net Assets
 March 31, 2009**

	<u>Water Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 123,048
Due from other funds	<u>2,352</u>
Total Current Assets	<u>\$ 125,400</u>
Noncurrent Assets:	
Water system	\$ 530,186
Accumulated depreciation	<u>(326,157)</u>
Total Noncurrent Assets	<u>\$ 204,029</u>
TOTAL ASSETS	<u>\$ 329,429</u>
Liabilities and Net Assets	
Liabilities	<u>\$ -</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 204,029
Unrestricted	<u>125,400</u>
Total Net Assets	<u>\$ 329,429</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 329,429</u>

**BARODA TOWNSHIP
 PROPRIETARY FUND
 Statement of Revenues, Expenses, and
 Changes in Net Assets
 For the Year Ended March 31, 2009**

	<u>Water Fund</u>
Operating Revenues:	
Charges for services	\$ 13,195
Operating Expenses:	
Administration	\$ 1,500
Depreciation	<u>15,921</u>
Total Operating Expenses	\$ <u>17,421</u>
Operating Loss	\$ <u>(4,226)</u>
Nonoperating Revenue (Expense):	
Interest revenue	\$ <u>1,814</u>
Total Nonoperating Revenue (Expense)	\$ <u>1,814</u>
Change in Net Assets	\$ <u>(2,412)</u>
Total Net Assets - Beginning of Year	\$ 339,212
Prior Period Adjustment - NOTE 10	<u>(7,371)</u>
Adjusted Balance - Beginning of Year	\$ <u>331,841</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 329,429</u>

**BARODA TOWNSHIP
 PROPRIETARY FUND
 Statement of Cash Flows
 For the Year Ended March 31, 2009**

	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Cash receipts from customers	\$ 13,195
Payments to suppliers	<u>(1,500)</u>
Net cash provided (used) by operating activities	<u>\$ 11,695</u>
Cash Flows From Investing Activities:	
Interest income	<u>\$ 5,680</u>
Net cash provided (used) by investing activities	<u>\$ 5,680</u>
Net increase (decrease) in cash and cash equivalents	\$ 17,375
Cash balance - beginning of the year	<u>105,674</u>
CASH BALANCE - END OF THE YEAR	<u>\$ 123,049</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating loss	<u>\$ (4,226)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	<u>\$ 15,921</u>
Total adjustments	<u>\$ 15,921</u>
Net cash provided (used) by operating activities	<u><u>\$ 11,695</u></u>

**BARODA TOWNSHIP
FIDUCIARY FUNDS
Statement of Fiduciary Net Assets
March 31, 2009**

	<u>Trust & Agency Fund</u>	<u>Summer Tax Fund</u>	<u>Winter Tax Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 290	\$ 2,308	\$ 1,530	\$ 4,128
TOTAL ASSETS	<u>\$ 290</u>	<u>\$ 2,308</u>	<u>\$ 1,530</u>	<u>\$ 4,128</u>
Liabilities				
Due to other funds - NOTE 6	\$ 290	\$ 2,308	\$ 1,530	\$ 4,128
TOTAL LIABILITIES	<u>\$ 290</u>	<u>\$ 2,308</u>	<u>\$ 1,530</u>	<u>\$ 4,128</u>

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

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

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 and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Unit

Financial data of the component unit is included in the component unit column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the Township.

The Baroda and Lake Township Police Department was created to provide protection to the residents. The authority is operated by a joint administrative board created by the Townships of Baroda and Lake and the Village of Baroda pursuant to Act 33 of the Public Acts of Michigan of 1951, as amended. The joint administrative board agreed that Baroda Township should handle the treasury and accounting functions for the authority. The budget for the authority is approved by the joint board.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

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.

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.

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The Township reports the following major 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 (to also) follow private-sector standards issued after November 30, 1989 for its business-type activities.

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 function 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:

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, 2009

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 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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. Compensated Absences (Vacation and Sick Leave)

It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Township does not have a policy to pay any amounts when employees separate from service with the Township. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

H. Long-Term Obligations

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

I. 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.

J. Comparative Data/Reclassifications

Comparative data is not included in the Township's financial statements.

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.

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

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.

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.

B. Excess of Expenditures Over Appropriations in Budgeted Funds

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

Budget Item	Budget Appropriation	Actual Expenditures
General Fund:		
Legislative	\$ 79,900	\$ 86,347
Public works	39,200	53,911
Police Fund	159,453	166,118

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash and Short-term Investments - The Township is authorized to invest in certificates of deposit, savings accounts and deposit accounts. The Township 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 Township 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, P.A. 1982 states that the Township'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 Township's deposits are in accordance with statutory authority at March 31, 2009.

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

Interest Rate Risk - It is the objective of the Township 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 Township is not exposed to interest rate risk.

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

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

Custodial Credit Risk - The Township is authorized to invest in pre-qualifying financial institutions, brokers, dealers, intermediaries, and advisors with whom the Township 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, 2009, the Township's funds were deposited in three institutions meeting the above requirements. As of March 31, 2009, the Township had a carrying value \$1,557,343 with a respective bank balance of \$1,700,730. \$1,010,582 of the government's bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$1,010,582

NOTE 4 - RECEIVABLES

Receivables as of year-end for the Township's individual major funds and component unit in the aggregate are as follows:

	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Maintenance Fund</u>	<u>Fire Equipment Fund</u>	<u>Garbage and Rubbish Fund</u>	<u>Total Governmental Funds</u>	<u>Component Unit</u>
Taxes receivable	\$ 5,332	\$ 10,086	\$ 7,528	\$ 5,042	\$ 10,039	\$ 38,027	\$ -
Accounts receivable	<u>3,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,342</u>	<u>4,161</u>
Net receivables	<u>\$ 8,674</u>	<u>\$ 10,086</u>	<u>\$ 7,528</u>	<u>\$ 5,042</u>	<u>\$ 10,039</u>	<u>\$ 41,369</u>	<u>\$ 4,161</u>

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current year, the various components of deferred revenue are as follows:

Unavailable
\$ 49,138

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

NOTE 5 - CAPITAL ASSETS

Capital assets activities for the year ended March 31, 2009 were as follows:

	<u>Balance</u> <u>April 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>March 31, 2009</u>
Governmental Activities					
Land	\$ 29,861	\$ -	\$ -	\$ -	\$ 29,861
Buildings and improvements	\$ 519,477	\$ -	\$ -	\$ -	\$ 519,477
Land improvements	95,613	-	-	-	95,613
Vehicles and equipment	<u>1,111,113</u>	<u>64,582</u>	<u>(11,427)</u>	<u>(78,365)</u>	<u>1,085,903</u>
Subtotal	<u>\$ 1,726,203</u>	<u>\$ 64,582</u>	<u>\$ (11,427)</u>	<u>\$ (78,365)</u>	<u>\$ 1,700,993</u>
Less: Accumulated Depreciation					
Buildings and improvements	\$ (271,482)	\$ (7,872)	\$ -	\$ -	\$ (279,354)
Land improvements	(46,069)	(4,987)	-	-	(51,056)
Vehicles and equipment	<u>(623,285)</u>	<u>(56,637)</u>	<u>11,427</u>	<u>55,035</u>	<u>(613,460)</u>
Subtotal	<u>\$ (940,836)</u>	<u>\$ (69,496)</u>	<u>\$ 11,427</u>	<u>\$ 55,035</u>	<u>\$ (943,870)</u>
Total Capital Assets Other Than Land	<u>\$ 785,367</u>	<u>\$ (4,914)</u>	<u>\$ -</u>	<u>\$ (23,330)</u>	<u>\$ 757,123</u>
Business-Type Activities					
Water system	\$ 530,186	\$ -	\$ -	\$ -	\$ 530,186
Less: Accumulated Depreciation					
Water system	<u>(310,236)</u>	<u>(15,921)</u>	<u>-</u>	<u>-</u>	<u>(326,157)</u>
Total Capital Assets	<u>\$ 219,950</u>	<u>\$ (15,921)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,029</u>
Component Unit					
Vehicles and equipment	\$ 264,047	\$ 26,447	\$ (160,416)	\$ 78,365	\$ 208,443
Less: Accumulated Depreciation					
Vehicles and equipment	<u>(183,671)</u>	<u>(30,973)</u>	<u>158,863</u>	<u>(55,035)</u>	<u>(110,816)</u>
Total Capital Assets	<u>\$ 80,376</u>	<u>\$ (4,526)</u>	<u>\$ (1,553)</u>	<u>\$ 23,330</u>	<u>\$ 97,627</u>

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

NOTE 5 - CAPITAL ASSETS - Continued

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

Governmental functions:	
General government	\$ 14,761
Public safety	53,754
Recreation and cultural	<u>981</u>
Total	<u>\$ 69,496</u>
 Business-Type Activities;	
Water	<u>\$ 15,921</u>
 Component Unit:	
Joint Police	<u>\$ 30,973</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of March 31, 2009, is as follows:

<u>Governmental Activities</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 4,535	\$ 53,000
Fire Maintenance Fund	29,178	-
Police Fund	-	500
Fire Equipment Fund	7,741	3,911
Rubbish Fund	14,904	407
Building Fund	3,236	-
Trust and Agency	-	290
Summer Tax	-	2,308
Winter Tax	-	1,530
 <u>Business-Type Activities</u>		
Water Fund	2,352	-
 <u>Component Unit</u>		
Baroda-Lake Police General	-	868
Baroda-Lake Police Drug Fund	<u>868</u>	<u>-</u>
	<u>\$ 62,814</u>	<u>\$ 62,814</u>

BARODA TOWNSHIP
Notes to Financial Statements
March 31, 2009

NOTE 7 - LONG-TERM DEBT

Included in the Component Unit are notes for the purchase of police vehicles under installment contracts.

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Component Unit:					
Installment purchase agreement: Amount of issue \$44,870, maturing 2009	6.65%	\$ 22,388	\$ -	\$ 10,834	\$ 11,554
Installment purchase agreement: Amount of issue \$25,220, maturing May 2009	6.75%	<u>12,583</u>	<u>-</u>	<u>6,086</u>	<u>6,497</u>
Total due		<u>\$ 34,971</u>	<u>\$ -</u>	<u>\$ 16,920</u>	<u>\$ 18,051</u>

Annual debt service requirements to maturity for the above bonds and installment purchase obligations are as follows:

<u>Year Ended</u> <u>March 31,</u> 2010	<u>Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$ 18,051	\$ 1,207	\$ 19,258

NOTE 8 - 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.

NOTE 9 - 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 Traveler's Insurance Co., and administered by J.W. Ryan.

The Township's pension cost for fiscal year March 31, 2009 was \$3,887.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

There was a prior period adjustment in the Water Fund in the amount of \$7,371 due to a special assessments receivable balance on the books that had previously been collected.

There was a prior period adjustment in the statement of activities in the amount of \$23,330 due to reclassifying the drug fund assets under the component unit, not the governmental activities.

**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 permit fees collected by the Township.

**BARODA TOWNSHIP
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
For the Year Ended March 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 95,297	\$ 97,297	\$ 100,498	\$ 3,201
State grants unrestricted	148,000	148,000	141,713	(6,287)
Licenses and permits:				
General government	4,000	5,000	3,929	(1,071)
Public safety	600	600	-	(600)
Community and economic development	1,750	1,750	550	(1,200)
Fines and forfeitures	75	75	436	361
Charges for services	7,000	7,000	11,251	4,251
Interest and rentals	32,050	22,250	10,853	(11,397)
Contributions from local units	-	-	8,356	8,356
Other revenues	<u>9,425</u>	<u>9,425</u>	<u>13,130</u>	<u>3,705</u>
 Total Revenues	 <u>\$ 298,197</u>	 <u>\$ 291,397</u>	 <u>\$ 290,716</u>	 <u>\$ (681)</u>
 Expenditures:				
General government	\$ 242,457	\$ 272,555	\$ 270,166	\$ 2,389
Public safety	8,275	8,875	8,690	185
Public works	59,200	39,200	53,911	(14,711)
Community and economic development	30,025	32,125	20,002	12,123
Recreation and cultural	<u>134,680</u>	<u>143,480</u>	<u>102,482</u>	<u>40,998</u>
 Total Expenditures	 <u>\$ 474,637</u>	 <u>\$ 496,235</u>	 <u>\$ 455,251</u>	 <u>\$ 40,984</u>
 Net Change in Fund Balances	 <u>\$ (176,440)</u>	 <u>\$ (204,838)</u>	 <u>\$ (164,535)</u>	 <u>\$ 40,303</u>
 Fund Balances - Beginning of Year	 <u>562,833</u>	 <u>562,833</u>	 <u>562,833</u>	 <u>-</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 386,393</u>	 <u>\$ 357,995</u>	 <u>\$ 398,298</u>	 <u>\$ 40,303</u>

**BARODA TOWNSHIP
POLICE FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 165,000	\$ 165,000	\$ 162,535	\$ (2,465)
Interest and rentals	<u>-</u>	<u>-</u>	<u>233</u>	<u>233</u>
Total Revenues	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ 162,768</u>	<u>\$ (2,232)</u>
Expenditures:				
Public safety	<u>\$ 159,103</u>	<u>\$ 159,453</u>	<u>\$ 166,118</u>	<u>\$ (6,665)</u>
Total Expenditures	<u>\$ 159,103</u>	<u>\$ 159,453</u>	<u>\$ 166,118</u>	<u>\$ (6,665)</u>
Net Change in Fund Balance	\$ 5,897	\$ 5,547	\$ (3,350)	\$ (8,897)
Fund Balance - Beginning of Year	<u>175,790</u>	<u>175,790</u>	<u>175,790</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 181,687</u></u>	<u><u>\$ 181,337</u></u>	<u><u>\$ 172,440</u></u>	<u><u>\$ (8,897)</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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Taxes	\$ 122,000	\$ 122,000	\$ 121,330	\$ (670)
Interest and rentals	8,600	5,800	6,352	552
Other revenues	<u>175,000</u>	<u>175,000</u>	<u>180</u>	<u>(174,820)</u>
 Total Revenues	 <u>\$ 305,600</u>	 <u>\$ 302,800</u>	 <u>\$ 127,862</u>	 <u>\$ (174,938)</u>
 Expenditures:				
Public safety:	<u>\$ 84,046</u>	<u>\$ 105,996</u>	<u>\$ 91,650</u>	<u>\$ 14,346</u>
 Total Expenditures	 <u>\$ 84,046</u>	 <u>\$ 105,996</u>	 <u>\$ 91,650</u>	 <u>\$ 14,346</u>
 Net Change in Fund Balance	 \$ 221,554	 \$ 196,804	 \$ 36,212	 \$ (160,592)
 Fund Balance - Beginning of Year	 <u>315,634</u>	 <u>315,634</u>	 <u>315,634</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 537,188</u>	 <u>\$ 512,438</u>	 <u>\$ 351,846</u>	 <u>\$ (160,592)</u>

**BARODA CHARTER TOWNSHIP
FIRE EQUIPMENT FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 82,000	\$ 82,000	\$ 81,263	\$ (737)
Interest and rentals	<u>7,000</u>	<u>10,000</u>	<u>3,949</u>	<u>(6,051)</u>
Total Revenues	<u>\$ 89,000</u>	<u>\$ 92,000</u>	<u>\$ 85,212</u>	<u>\$ (6,788)</u>
Expenditures:				
Public safety:	<u>\$ 6,500</u>	<u>\$ 11,000</u>	<u>\$ 2,746</u>	<u>8,254</u>
Total Expenditures	<u>\$ 6,500</u>	<u>\$ 11,000</u>	<u>\$ 2,746</u>	<u>\$ 8,254</u>
Net Change in Fund Balance	\$ 82,500	\$ 81,000	\$ 82,466	\$ 1,466
Fund Balance - Beginning of Year	<u>283,691</u>	<u>283,691</u>	<u>283,691</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 366,191</u></u>	<u><u>\$ 364,691</u></u>	<u><u>\$ 366,157</u></u>	<u><u>\$ 1,466</u></u>

**BARODA TOWNSHIP
RUBBISH FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended March 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Taxes	\$ 162,400	\$ 162,400	\$ 161,784	\$ (616)
Interest and rentals	-	-	86	86
Other revenue	-	300	-	(300)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 162,400	\$ 162,700	\$ 161,870	\$ (830)
Expenditures:				
Public works	\$ 199,718	\$ 221,800	\$ 207,632	\$ 14,168
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 199,718	\$ 221,800	\$ 207,632	\$ 14,168
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	\$ (37,318)	\$ (59,100)	\$ (45,762)	\$ 13,338
Fund Balance - Beginning of Year	<hr/> 173,680	<hr/> 173,680	<hr/> 173,680	<hr/> -
FUND BALANCE - END OF YEAR	<u>\$ 136,362</u>	<u>\$ 114,580</u>	<u>\$ 127,918</u>	<u>\$ 13,338</u>

**BARODA TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
For the Year Ended March 31, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Monies on deposit with county	-	-	-
Receivables:			
Assessments	-	-	-
Due to other funds - NOTE 6	<u>3,236</u>	<u>-</u>	<u>3,236</u>
 TOTAL ASSETS	 <u>\$ 3,236</u>	 <u>\$ -</u>	 <u>\$ 3,236</u>
 Liabilities and Fund Balances			
Current Liabilities:			
Accounts payable and accrued liabilities	2,698	-	2,698
Due to other funds - NOTE 6	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>\$ 2,698</u>	 <u>\$ -</u>	 <u>\$ 2,698</u>
 Fund Balances:			
Unreserved, reported in:			
Special Revenue	\$ 538	\$ -	\$ 538
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>\$ 538</u>	 <u>\$ -</u>	 <u>\$ 538</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 3,236</u>	 <u>\$ -</u>	 <u>\$ 3,236</u>

**BARODA TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended March 31, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Licenses and permits	\$ 12,821	\$ -	\$ 12,821
Interest and rents	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 12,821</u>	<u>\$ -</u>	<u>\$ 12,821</u>
Expenditures:			
Public safety	\$ 15,216	\$ -	\$ 15,216
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Utilities	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 15,216</u>	<u>\$ -</u>	<u>\$ 15,216</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,395)	\$ -	\$ (2,395)
Other Financing Sources:			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	\$ (2,395)	\$ -	\$ (2,395)
Fund Balances - Beginning of Year	<u>2,933</u>	<u>-</u>	<u>2,933</u>
FUND BALANCES - END OF YEAR	<u>\$ 538</u>	<u>\$ -</u>	<u>\$ 538</u>

**BARODA TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended March 31, 2009**

	2009		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
General Government:			
Legislative:			
Salary and wages		\$ 7,915	
Payroll taxes		12,499	
Retirement		1,226	
Workers' compensation insurance		7,429	
Dues		1,576	
Office supplies		3,725	
Postage		4,038	
Professional services		41,841	
Printing and publishing		595	
Education and travel		753	
Community promotion		4,740	
Miscellaneous		10	
Total Legislative	\$ 79,900	\$ 86,347	\$ (6,447)
Supervisor:			
Salary and wages		\$ 25,570	
Life and health insurance		7,216	
Dues		50	
Education and travel		1,210	
Total Supervisor	\$ 36,625	\$ 34,046	\$ 2,579
Clerk:			
Salary and wages		\$ 26,749	
Life and health insurance		7,587	
Education and travel		1,062	
Total Clerk	\$ 36,800	\$ 35,398	\$ 1,402
Treasurer:			
Salary		\$ 21,220	
Dues		45	
Professional services		4,267	
Education and travel		153	
Total Treasurer	\$ 28,310	\$ 25,685	\$ 2,625

**BARODA TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended March 31, 2009**

	2009		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
General Government - Continued:			
Assessor:			
Office supplies		\$ 76	
Professional services		16,915	
Total Assessor	\$ 17,520	\$ 16,991	\$ 529
Board of Review:			
Printing and publishing		\$ 447	
Education and travel		1,360	
Miscellaneous		223	
Board of Review	\$ 3,250	\$ 2,030	\$ 1,220
Township Hall and Grounds:			
Salaries and wages		\$ 704	
Utilities		8,604	
Insurance		1,018	
Office supplies		1,850	
Repairs and maintenance		8,323	
Equipment rental		201	
Capital outlay		5,093	
Miscellaneous		16	
Total Township Hall and Grounds	\$ 26,005	\$ 25,809	\$ 196
Cemetery:			
Salaries and wages		\$ 21,656	
Utilities		1,764	
Insurance		1,728	
Office supplies		2,760	
Gas and oil		1,074	
Repairs and maintenance		1,712	
Equipment rental		1,621	
Capital outlay		7,498	
Miscellaneous		59	
Total Cemetery	\$ 40,025	\$ 39,872	\$ 153

**BARODA TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended March 31, 2009**

	<u>2009</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
General Government - Continued:			
Elections:			
Office supplies		\$ 985	
Professional services		2,332	
Education and travel		230	
Repairs and maintenance		<u>441</u>	
Total Elections	<u>\$ 4,120</u>	<u>\$ 3,988</u>	<u>\$ 132</u>
Total General Government	<u>\$ 272,555</u>	<u>\$ 270,166</u>	<u>\$ 2,389</u>
Public Safety:			
Fire protection:		\$ 8,000	
Building department		<u>690</u>	
Total Public Safety	<u>\$ 8,875</u>	<u>\$ 8,690</u>	<u>\$ 185</u>
Public Works:			
Roads and streets		\$ 27,686	
Drains		<u>26,225</u>	
Total Public Works	<u>\$ 39,200</u>	<u>\$ 53,911</u>	<u>\$ (14,711)</u>
Community and Economic Development:			
Planning:			
Salaries and wages		\$ 3,808	
Professional services		11,452	
Printing and publishing		522	
Education and travel		<u>3,515</u>	
Total Planning	<u>\$ 19,500</u>	<u>\$ 19,297</u>	<u>\$ 203</u>
Zoning:			
Salaries and wages		\$ 40	
Professional services		425	
Education and travel		<u>240</u>	
Total Zoning	<u>\$ 12,625</u>	<u>\$ 705</u>	<u>\$ 11,920</u>
Total Community and Economic Development	<u>\$ 32,125</u>	<u>\$ 20,002</u>	<u>\$ 12,123</u>

**BARODA TOWNSHIP
GENERAL FUND
Statement of Expenditures Compared to Budget
For the Year Ended March 31, 2009**

	2009		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Recreation and Cultural:			
Township Park:			
Salaries and wages		\$ 5,591	
Utilities		316	
Insurance		531	
Office supplies		1,402	
Gas and oil		898	
Repairs and maintenance		608	
Equipment rental		2,758	
Capital outlay		55,818	
Culture:			
Library		34,560	
Total Recreation and Cultural	\$ 143,480	\$ 102,482	\$ 40,998
TOTAL EXPENDITURES	\$ 496,235	\$ 455,251	\$ 40,984

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

July 7, 2009

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, 2009, we offer the following comments and recommendations regarding internal control and other accounting matters:

General Comments

1. Outstanding items on bank reconciliations from prior years need to be investigated and possibly sent to the Michigan escheats division.
2. All accounts in the general ledger should be examined to ensure that they are in compliance with the uniform chart of accounts. We also recommend closing any unnecessary accounts. We noted several instances where the Township was not in compliance.
3. All invoices should be initialed indicating approval and dated prior to payment. Along with this process we recommend that an account number be entered on the invoice.
4. We recommend that the Township adopt a policies and procedures manual that details descriptions of day to day activities for each job function.
5. Currently the police accounting records are kept with the Township's records. The Baroda-Lake Police Department is a legally separate entity of the Township. To eliminate mispostings, the Department should have its own separate employee id number, separate accounting records, and a separate audit.
6. When cash is receipted to the tax fund, it should be receipted to the accounts that it will eventually be disbursed from. Currently all activity is recorded in one account which makes it difficult to determine to whom the deposits in the tax accounts are currently owed.
7. It was noted during the audit that public funds were used for a Township Christmas dinner. Care should be taken to ensure that all Township funds are expended in accordance with state law.
8. Peachtree Accounting software has the ability to automatically record accounts payable and receivable if bills and invoices are entered correctly. While using the automatic feature or manually recording receivables and payables via journal entry is acceptable, we recommend the Township apply the method consistently across all funds.
9. To ensure all proper documentation is kept, we recommend check copies be attached to the paid invoices when filed for retention.
10. Currently Lake Township sends checks to the Township for their portion of the water receipts. We recommend that the Township retain some documentation for cash receipts in addition to the receipt slip for all funds.

Right. On time.

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General Comments - Continued

11. In the General Fund there is an account titled "Accounts Receivable per CPA" which is used to record State Revenue Sharing receivables. The independent auditor cannot be part of the Township's internal controls; therefore, this account name should be changed.
12. All drug forfeiture receipts should be supported by the Notice of Completion of Forfeiture Action.
13. We recommend the Township set up separate revenue accounts for each grant in the Baroda-Lake Police Fund. To ensure a more efficient audit trail, we recommend that each grant reimbursement should be applied for separately so the reimbursements can be tracked separately.
14. In the General Fund, the 941 payroll expense account should be allocated between departments.
15. The treasurer's cash and investment reports should be more detailed. They should give an accurate reflection of the reconciled balances in the general ledger. Currently they do not give a clear picture of the amount of cash and CD's that the Township has on hand.
16. We recommend that the Township keep a spreadsheet or some other documentation that accurately keeps track of all permits that have been issued, regardless of whether or not they have been completed and a disbursement made to the inspector.
17. To help insure the accuracy of W-2 reporting we recommend that payroll be set up for all funds that have wages regardless of whether the general fund pays them or not. Transferring wages out of expense accounts at year end does not allow for W-2 history to be saved electronically.
18. To ensure compliance with PA 621, the format of the budget should be changed to include the following:
 - a. Final budgets should include prior year audited fund balance as beginning fund balance.
 - b. Transfers of CD's should not be budgeted as revenue because they are not actually revenues.
 - c. The total rows should agree with the total columns.
19. A resolution by the board to accept the audit report should be passed after the audit report has been presented.

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

Very truly yours,


GERBEL & COMPANY, P.C.
Certified Public Accountants

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

July 7, 2009

SAS No. 115 Communication of Significant Deficiencies and Material Weaknesses

To the Members of the Township Board
Baroda Township

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 Baroda Township as of and for the year ended March 31, 2009, 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 there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A significant 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 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 consider the following deficiencies in Baroda Township's internal control to be material weaknesses:

1. The general ledger in some of the individual funds was not in balance as of March 31, 2009. This is because each fund is not set up as its own entity in Peachtree. Generally accepted accounting principles require each fund to maintain its own balance sheet and income statement.
2. Excluding the government-wide conversion, 89 adjustments were proposed by the auditors during the audit that had a material impact on the financial statements. Management is responsible for establishing and maintaining internal controls. The independent auditor cannot be part of the Township's internal controls.
3. Only outstanding items should be on the bank reconciliation. Items from prior years or adjusting entries should not be part of the reconciliation process. We have provided an example to assist with this process.
4. The general ledger is not being reviewed on a regular basis. We recommend the Township review all general ledger accounts on a monthly basis and reconcile all balance sheet accounts.

Right. On time.

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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 deficiencies in Baroda Township's internal control be significant deficiencies:

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.
2. Tax revenues were not recorded in any of the funds. While the correct deposits were made, we recommend more communication between the Treasurer and Clerk to ensure that all deposits are recorded correctly and in the proper accounting period. To accomplish this, we recommend that the Treasurer hold some regular office hours. During this time we feel it would be beneficial for the Treasurer to review the general ledger accounts that correspond to her duties, i.e., the cash, investment, and tax revenue accounts.
3. Checking, savings, and investment account activity should be recorded in separate accounts. It was noted in the general fund that all cash activity was recorded in the checking account in the general ledger.

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.

Very truly yours,

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