



FINANCIAL REPORT  
March 31, 2025



VILLAGE OF BARODA  
Berrien County, Michigan  
March 31, 2025

<u>CONTENTS</u>	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Statement of Net Position	12
Government-Wide Statement of Activities	13
Governmental Funds Balance Sheet	14
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	17
Proprietary Funds Statement of Net Position	18
Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position	19
Proprietary Funds Statement of Cash Flows	20
Notes to the Financial Statements	21-37
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund	38
Budgetary Comparison Schedule – Major Street Fund	39
Budgetary Comparison Schedule – Local Street Fund	40
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	42

VILLAGE OF BARODA  
Berrien County, Michigan  
March 31, 2025

CONTENTS, CONCLUDED

PAGE

MANAGEMENT COMPLIANCE LETTER

Independent Auditor's report on internal control over financial reporting  
and on compliance and other matters based on an audit of financial  
statements performed in accordance with *Governmental Auditing Standards*

43-44

Schedule of Findings and Responses

45-48

BARODA

## **Independent Auditor's Report**

To the Village Council  
Village of Baroda  
Berrien County, Michigan

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 Village of Baroda, Michigan (the "Village"), as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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 the Village as of March 31, 2025, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Independent Auditor's Report, Continued

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Independent Auditor's Report, Concluded**

### ***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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Respectfully submitted,

St. Joseph, Michigan  
September 30, 2025

Certified Public Accountants

**Using this Annual Report**

This report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of Village of Baroda (the "Village") as a whole and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

**Financial Highlights**

The Village's combined net position increased 4.3% from a year ago, increasing from \$3,970,977 to \$4,140,883. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net position of \$217,991 during the year, while the business-type activities experienced a decrease in net position of \$48,085.

**Overview of the Financial Statements**

This report consists of four parts: *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information*. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Village government, reporting the Village's operations in more detail than the government-wide statements.
  - The *governmental funds statements* tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
  - *Proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates *like businesses*.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of the overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Government-Wide Statements**

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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.

The two government-wide statements report the Village's net position and how it has changed, which is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village you need to consider additional non-financial factors such as changes in the Village's property tax base and condition of the Village's infrastructure.

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

- Governmental activities – Most of the Village's basic services are included here, such as general government, law enforcement, economic development, Village improvements, street improvements, recreation activities, and other Village-wide elected official operations are reported under these activities. Property taxes and state shared revenue finance most of these activities.
- Business-type activities – These activities operate like private businesses. The Village charges fees to recover the cost of the services provided. The Water Fund and the Sewer Fund make up the business-type activities.

As stated previously, the government-wide statements report on an accrual basis of accounting. However, the governmental funds report on a modified accrual basis. Under modified accrual accounting, revenues are recognized when they are measurable and available to pay obligations of the fiscal period; expenditures are recognized when they are due to be paid from available resources.

Because of the different basis of accounting between the fund statements (described below) and the government-wide statement present reconciliations between the two statement types. The following summarizes the impact of transitioning from modified accrual to full accrual accounting.

- Capital assets used in governmental activities (depreciation) are not reported on the fund financial statement of the governmental fund. Capital assets and depreciation expense are reported on the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statement but is reported on the fund financial statement of the governmental fund. Payments on long-term debt and the usage of compensated absences are reported as expenditures on the fund financial statement of the governmental funds.

**Fund Financial Statements**

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

- Some funds are required by State law.
- The Village Council establishes other funds to control and manage money for a particular purpose or to show that it is properly using certain taxes and grants (i.e., Capital Improvement Fund).

The Village has the following two kinds of funds:

- *Governmental Funds*—Most of the Village'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. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Governmental funds include the General Fund, as well as Special Revenue Funds (used if fund balance is restricted).
- *Proprietary Funds*—Services for which the Village charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The Village has one type of proprietary fund. Enterprises fund report activities that provide supplies and/or services to the general public. Examples are the Sewer Fund and the Water Fund.

**VILLAGE OF BARODA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Financial Analysis of the Village as a Whole**

In a condensed format, the following table below shows a breakdown of the Village's net position as of March 31<sup>st</sup>:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current assets	\$ 728,627	\$ 882,254	\$ 962,458	\$ 993,752	\$ 1,691,085	\$ 1,876,006
Noncurrent assets	2,374,892	2,137,814	770,843	784,428	3,145,735	2,922,242
<b>Total assets</b>	<b>\$ 3,103,519</b>	<b>\$ 3,020,068</b>	<b>\$ 1,733,301</b>	<b>\$ 1,778,180</b>	<b>\$ 4,836,820</b>	<b>\$ 4,798,248</b>
Current liabilities	\$ 22,372	\$ 144,912	\$ 38,690	\$ 25,952	\$ 61,062	\$ 170,864
Noncurrent liabilities	425,000	437,000	209,875	219,407	634,875	656,407
<b>Total liabilities</b>	<b>\$ 447,372</b>	<b>\$ 581,912</b>	<b>\$ 248,565</b>	<b>\$ 245,359</b>	<b>\$ 695,937</b>	<b>\$ 827,271</b>
Net investment in capital assets	\$ 1,937,892	\$ 1,689,814	\$ 551,436	\$ 556,652	\$ 2,489,328	\$ 2,246,466
Restricted net position	385,521	471,279	-	-	385,521	471,279
Unrestricted net position	332,734	277,063	933,300	976,169	1,266,034	1,253,232
<b>Total net position</b>	<b>\$ 2,656,147</b>	<b>\$ 2,438,156</b>	<b>\$ 1,484,736</b>	<b>\$ 1,532,821</b>	<b>\$ 4,140,883</b>	<b>\$ 3,970,977</b>

The Village's current assets decreased by \$184,921 from the prior year primarily due to a decrease in cash and cash equivalents. Noncurrent assets increased by \$223,493, largely due to the purchase of fixed assets. Liabilities decreased by \$131,334, largely due to a decrease in unearned revenue related to ARPA and accounts payable.

**VILLAGE OF BARODA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Financial Analysis of the Village as a Whole, Concluded**

The following table shows the changes in net position for years ended March 31<sup>st</sup>.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
<b>Program Revenues</b>						
Charges for services	\$ 12,339	\$ 16,364	\$ 314,569	\$ 315,506	\$ 326,908	\$ 331,870
Operating grants and contributions	331,324	131,171	-	-	331,324	131,171
<b>General Revenues</b>						
Property taxes	266,702	252,125	-	-	266,702	252,125
State revenue	110,479	132,081	-	-	110,479	132,081
Interest and rentals	6,982	5,272	3,344	4,721	10,326	9,993
Other revenue	10,754	13,743	-	-	10,754	13,743
<b>Total Revenues</b>	<b>\$ 738,580</b>	<b>\$ 550,756</b>	<b>\$ 317,913</b>	<b>\$ 320,227</b>	<b>\$ 1,056,493</b>	<b>\$ 870,983</b>
<b>Program Expenses</b>						
General government	\$ 255,404	\$ 218,534	\$ -	\$ -	\$ 255,404	\$ 218,534
Public safety	2,202	6,688	-	-	2,202	6,688
Public works	211,649	204,029	-	-	211,649	204,029
Recreation and culture	17,162	19,945	-	-	17,162	19,945
Community and economic development	17,461	17,970	-	-	17,461	17,970
Interest	16,711	16,941	5,457	6,093	22,168	23,034
Sewer	-	-	102,107	91,359	102,107	91,359
Water	-	-	258,434	198,263	258,434	198,263
<b>Total Expenses</b>	<b>\$ 520,589</b>	<b>\$ 484,107</b>	<b>\$ 365,998</b>	<b>\$ 295,715</b>	<b>\$ 886,587</b>	<b>\$ 779,822</b>
<b>Change in Net Position</b>	<b>\$ 217,991</b>	<b>\$ 66,649</b>	<b>\$ (48,085)</b>	<b>\$ 24,512</b>	<b>\$ 169,906</b>	<b>\$ 91,161</b>
<b>Beginning Net Position</b>	<b>2,438,456</b>	<b>2,371,507</b>	<b>1,532,821</b>	<b>1,508,309</b>	<b>3,970,977</b>	<b>3,879,816</b>
<b>Ending Net Position</b>	<b>\$ 2,656,147</b>	<b>\$ 2,438,156</b>	<b>\$ 1,484,736</b>	<b>\$ 1,532,821</b>	<b>\$ 4,140,883</b>	<b>\$ 3,970,977</b>

The Village's revenues increased by \$185,510 from the prior year, mainly due to increased operating grants and contributions. Total expenses increased by \$106,765 from the prior year, mainly due to increase in general government expenses, public work expenses, and water expenses.

**Governmental Activities**

The Village's total governmental activities revenues increased by \$187,824 from the prior year, due largely to an increase in operating and capital grants and contributions.

Governmental activities expenses increased by \$36,482, due largely to an increase in expenses for general government and public works.

**Revenues**

The three largest revenue categories were charges for services at 31%, property taxes at 25%, and operating grants and contributions at 45%. The Village levied 9.5137 mills for operations for the year ended March 31, 2025.

**Expenses**

General government expended approximately 49% of the governmental activities total and includes the Council, President, Clerk, and Treasurer. Public works is the second largest governmental activity, expending approximately 41% of the governmental activities total and included the department of public works, drains, public street maintenance, and street lighting. Increases from the prior fiscal year relate to greater depreciation expense and higher capital outlay costs for general government.

**Business-Type Activities**

Net position in business-type activities decreased \$48,085 during the current fiscal year. Of the business-type activities' net position, \$551,436 is invested in capital assets. The balance of \$933,300 is listed as unrestricted, having no legal commitment.

**The Village's Funds**

Our analysis of the Village's funds begins following the government-wide financial statements. The net changes to the major governmental funds are summarized in the following table:

	General Fund	Major Street Fund	Local Street Fund
Fund balance 3/31/2025	\$ 332,734	\$ 300,582	\$ 7,947
Fund balance 3/31/2024	277,063	273,199	17,827
Net change	\$ 55,671	\$ 27,383	\$ (9,880)

**The Village's Fund, Concluded**

- *General Fund:* This is the primary operating fund of the Village. Unless otherwise required by statute, contractual agreement, or Council policy, all Village revenues and expenditures are recorded in the General Fund. At March 31<sup>st</sup>, the General Fund reported a fund balance of \$332,734. This fund balance increased by \$55,671 during the current year, primarily due to an increase in property tax revenue and federal revenue related to ARPA.
- *Major Street Fund:* At March 31<sup>st</sup>, the Major Street Fund reported a fund balance of \$300,582. This fund balance increased by \$27,383 during the current year, primarily due to an increase in state grant revenue during the year.
- *Local Street Fund:* At March 31<sup>st</sup>, the Local Street Fund reported a fund balance of \$7,947. This fund balance decreased by \$9,880 during the current year, primarily due to an increase in street projects during the year.

**General Fund Budgetary Highlights**

The Village of Baroda's budget is a dynamic document. Although adopted in February each year, the budget may be amended during the course of the year to reflect changing operational demands.

The Village's General Fund revenue and other financing sources budget were not adjusted during the fiscal year. Budgeted General Fund revenues and other financing sources did not meet actual revenues by \$52,831.

The Village's General Fund expenditures budget were not adjusted during the fiscal year. General Fund actual expenditures and other financing uses were under budget by \$104,389.

**Capital Asset and Debt Administration**

At the end of the fiscal year, the Village had invested \$3,145,735, net of accumulated depreciation, in a broad range of capital assets (see next page). Accumulated depreciation was \$3,463,878 (\$1,257,709 for governmental activities and \$2,206,169 for business-type activities). Depreciation charges for the fiscal year totaled \$154,024 (\$86,289 for governmental activities and \$67,735 for business-type activities). During the year, the Village had additions related to the Lemon Creek Street Project, Pheasant Run Project, a John Deer, and a brush chopper.

**Capital Asset and Debt Administration, Concluded**

Net book value of capital assets at year-end was as follows:

	Governmental Activities	Business-type activities	Total
Land	\$ 104,450	\$ 81,110	\$ 185,560
Buildings and improvements	49,572	150	49,722
Land improvements	32,872	-	32,872
Infrastructure	1,596,784	-	1,596,784
Furniture and equipment	2,333	103,450	105,783
Vehicles	73,291	583,762	657,053
Utility systems	515,590	2,371	517,961
Total	<u>\$ 2,374,892</u>	<u>\$ 770,843</u>	<u>\$ 3,145,735</u>

Outstanding debt during the year was as follows:

	April 1, 2024	Change	March 31, 2025
Governmental activities			
General obligation bonds	\$ 448,000	\$ (11,000)	\$ 437,000
Business-type activities			
General obligations bonds	200,000	(3,000)	207,000
Notes from direct borrowings and direct placements	17,776	(5,369)	12,407
Total	<u>\$ 675,776</u>	<u>\$ (19,369)</u>	<u>\$ 656,407</u>

Additional details regarding capital assets and debt can be found in the Notes to the Financial Statements.

**Economic Factors and Next Year's Budgets and Rates**

The Village's budget for 2026 has been modified to reflect the prior year's activities. The Village Council will continue to monitor the budget on a monthly basis to ensure fiscal responsibility.

**Contacting the Village's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Village Hall at 9091 First Street, Baroda, Michigan 49101.

**Basic Financial Statements**

LEAVARD

**VILLAGE OF BARODA**

**GOVERNMENT-WIDE STATEMENT OF NET POSITION  
March 31, 2025**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 674,663	\$ 918,296	\$ 1,592,959
Receivables	14,195	42,387	56,582
Due from other governmental units	23,241	-	23,241
Internal balances	14,755	-	14,755
Prepays	1,773	1,775	3,548
Noncurrent assets			
Capital assets not being depreciated	104,450	81,110	185,560
Capital assets being depreciated, net	2,270,442	689,733	2,960,175
Total assets	<u>\$ 3,103,519</u>	<u>\$ 1,733,301</u>	<u>\$ 4,836,820</u>
<b>Liabilities</b>			
Accounts payable	\$ 16	\$ 11,764	\$ 11,780
Accrued wages and taxes	7,100	579	7,679
Unearned revenue	3,256	-	3,256
Customer deposits payable	-	2,060	2,060
Internal balances	-	14,755	14,755
Noncurrent liabilities			
Long-term obligations, due in one year	12,000	9,532	21,532
Long-term obligations, due in more than one year	425,000	209,875	634,875
Total liabilities	<u>\$ 447,372</u>	<u>\$ 248,565</u>	<u>\$ 695,937</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 1,937,892	\$ 551,436	\$ 2,489,328
Restricted for:			
Public works	308,529	-	308,529
Community and economic development	76,992	-	76,992
Unrestricted	332,734	933,300	1,266,034
Total net position	<u>\$ 2,656,147</u>	<u>\$ 1,484,736</u>	<u>\$ 4,140,883</u>

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

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
Year Ended March 31, 2025

Functions/Programs	Program Revenues				Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Net (Expense) Revenue
<b>Primary Government</b>							
<i>Governmental Activities</i>							
General government	\$ 255,404	\$ 12,339	\$ -	\$ -	\$ (243,065)	\$ -	\$ (243,065)
Public safety	2,202	-	-	-	(2,202)	-	(2,202)
Public works	211,649	-	331,324	-	119,675	-	119,675
Recreation and culture	17,162	-	-	-	(17,162)	-	(17,162)
Community and economic development	17,461	-	-	-	(17,461)	-	(17,461)
Interest	16,711	-	-	-	(16,711)	-	(16,711)
Total governmental activities	\$ 520,589	\$ 12,339	\$ 331,324	\$ -	\$ (176,926)	\$ -	\$ (176,926)
<i>Business-Type Activities</i>							
Sewer	\$ 102,107	\$ 74,794	\$ -	\$ -	\$ -	\$ (27,313)	\$ (27,313)
Water	263,891	239,775	-	-	-	(24,116)	(24,116)
Total business-type activities	\$ 365,998	\$ 314,569	\$ -	\$ -	\$ -	\$ (51,429)	\$ (51,429)
Total primary government	\$ 886,587	\$ 326,908	\$ 331,324	\$ -	\$ (176,926)	\$ (51,429)	\$ (228,355)
<b>General Revenues:</b>							
Property taxes					\$ 266,702	\$ -	\$ 266,702
State revenues					110,479	-	110,479
Rental income					4,599	-	4,599
Interest and rentals					2,383	3,344	5,727
Other revenues					10,754	-	10,754
Total general revenues					\$ 394,917	\$ 3,344	\$ 398,261
Change in Net Position					\$ 217,991	\$ (48,085)	\$ 169,906
Net Position - Beginning of Year					2,438,156	1,532,821	3,970,977
Net Position - End of Year					\$ 2,656,147	\$ 1,484,736	\$ 4,140,883

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

**VILLAGE OF BARODA**

**GOVERNMENTAL FUNDS BALANCE SHEET  
March 31, 2025**

	Special Revenue Funds				Total Governmental Funds
	General Fund	Major Street Fund	Local Street Fund	Nonmajor Governmental Funds	
<b>Assets</b>					
Cash and cash equivalents	\$ 487,094	\$ 116,853	\$ -	\$ 70,716	\$ 674,663
Receivables					
Taxes	10,939	-	-	-	10,939
Notes	-	-	-	3,256	3,256
Due from other governmental funds	-	166,352	39,161	-	205,513
Due from proprietary funds	12,571	-	-	6,276	18,847
Due from other governments	-	17,851	5,390	-	23,241
Prepaid items	1,773	-	-	-	1,773
<b>Total assets</b>	<b>\$ 512,377</b>	<b>\$ 301,056</b>	<b>\$ 44,551</b>	<b>\$ 80,248</b>	<b>\$ 938,232</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 16	\$ -	\$ -	\$ -	\$ 16
Accrued wages and taxes	6,603	474	23	-	7,100
Due to other governmental funds	168,932	-	36,581	-	205,513
Due to proprietary funds	4,092	-	-	-	4,092
Unearned revenue	-	-	-	3,256	3,256
<b>Total liabilities</b>	<b>\$ 179,643</b>	<b>\$ 474</b>	<b>\$ 36,604</b>	<b>\$ 3,256</b>	<b>\$ 219,977</b>
<b>Fund Balances</b>					
Non-spendable - prepaid items	\$ 1,773	\$ -	\$ -	\$ -	\$ 1,773
Restricted for:					
Streets	-	300,582	7,947	-	308,529
Community and economic development	-	-	-	76,992	76,992
Unassigned	330,961	-	-	-	330,961
<b>Total fund balances</b>	<b>\$ 332,734</b>	<b>\$ 300,582</b>	<b>\$ 7,947</b>	<b>\$ 76,992</b>	<b>\$ 718,255</b>
<b>Total liabilities and fund balances</b>	<b>\$ 512,377</b>	<b>\$ 301,056</b>	<b>\$ 44,551</b>	<b>\$ 80,248</b>	<b>\$ 938,232</b>

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



**VILLAGE OF BARODA**

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Year Ended March 31, 2025**

	Special Revenue Funds					Total Governmental Funds
	General Fund	Major Street Fund		Local Street Fund	Nonmajor Governmental Funds	
		Fund				
<b>Revenues</b>						
Property taxes	\$ 266,702	\$ -	\$ -	\$ -	\$ -	\$ 266,702
Licenses and permits	12,339	-	-	-	-	12,339
State grants	110,479	104,706	134,115	-	-	349,300
Federal revenue	29,896	-	62,607	-	-	92,503
Rental income	4,599	-	-	-	-	4,599
Interest income	612	32	-	-	1,739	2,383
Other	10,754	-	-	-	-	10,754
Total revenues	\$ 435,381	\$ 104,738	\$ 196,722	\$ 1,739	\$ 738,580	
<b>Expenditures</b>						
General government	\$ 248,683	\$ -	\$ -	\$ -	\$ -	\$ 248,683
Public safety	2,202	-	-	-	-	2,202
Public works	73,603	77,355	311,602	-	-	462,560
Recreation and culture	10,050	-	-	-	-	10,050
Community and economic development	17,461	-	-	-	-	17,461
Debt service						
Principal	11,000	-	-	-	-	11,000
Interest	16,711	-	-	-	-	16,711
Total expenditures	\$ 379,710	\$ 77,355	\$ 311,602	\$ -	\$ 768,667	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 55,671	\$ 27,383	\$ (114,880)	\$ 1,739	\$ (30,087)	
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000	
Operating transfers out	-	-	-	(105,000)	(105,000)	
Total other financing sources (uses)	\$ -	\$ -	\$ 105,000	\$ (105,000)	\$ -	
<b>Net Change in Fund Balances</b>	\$ 55,671	\$ 27,383	\$ (9,880)	\$ (103,261)	\$ (30,087)	
<b>Fund Balances - Beginning of Year</b>	277,063	273,199	17,827	180,253	748,342	
<b>Fund Balances - End of Year</b>	\$ 332,734	\$ 300,582	\$ 7,947	\$ 76,992	\$ 718,255	

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

**VILLAGE OF BARODA**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO STATEMENT OF ACTIVITIES  
Year Ended March 31, 2025**

**Net Change in Fund Balances - Governmental Funds** \$ (30,087)

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

Governmental funds report capital outlay as expenditures; in the statement of activities,  
these costs are allocated over their estimated useful lives as depreciation;

Depreciation expense

(86,289)

Capital outlay

323,367

Principal payments on long-term debt are expenditures in the governmental funds,  
but the payments reduce long-term debt in the statement of net position and  
do not affect the statement of activities.

11,000

**Change in Net Position - Governmental Activities**

\$ 217,991

DRAFT

**VILLAGE OF BARODA**

**PROPRIETARY FUNDS STATEMENT OF NET POSITION  
Year Ended MARCH 31, 2025**

	Business-type Activities		
	Sewer Fund	Water Fund	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 459,441	\$ 458,855	\$ 918,296
Accounts receivable	10,678	31,709	42,387
Due from governmental funds	4,092	-	4,092
Prepays	837	938	1,775
Total current assets	\$ 475,048	\$ 491,502	\$ 966,550
Noncurrent assets			
Capital assets not being depreciated	\$ 81,110	\$ -	\$ 81,110
Capital assets, net of accumulated depreciation	348,177	341,556	689,733
Total noncurrent assets	\$ 429,287	\$ 341,556	\$ 770,843
Total Assets	\$ 904,335	\$ 833,058	\$ 1,737,393
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 1,133	\$ 10,631	\$ 11,764
Accrued liabilities	489	90	579
Due to governmental funds	-	18,847	18,847
Customer deposits payable	-	2,060	2,060
Current portion of long-term debt	-	9,532	9,532
Total current liabilities	\$ 1,622	\$ 41,160	\$ 42,782
Noncurrent liabilities			
Noncurrent portion of long-term debt	-	209,875	209,875
Total Liabilities	\$ 1,622	\$ 251,035	\$ 252,657
<b>Net position</b>			
Net investment in capital assets	\$ 429,287	\$ 122,149	\$ 551,436
Unrestricted	473,426	459,874	933,300
Total Net Position	\$ 902,713	\$ 582,023	\$ 1,484,736

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

**VILLAGE OF BARODA**

**PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Year Ended March 31, 2025**

	Business-type Activities		
	Sewer Fund	Water Fund	Total
<b>Operating revenues</b>			
Charges for services	\$ 74,794	\$ 239,775	\$ 314,569
Total operating revenues	\$ 74,794	\$ 239,775	\$ 314,569
<b>Operating expenses</b>			
Personnel services	\$ 10,331	\$ 6,531	\$ 16,862
Supplies	7,602	3,497	11,099
Contractual services	17,676	10,939	28,615
Administrative services	4,710	-	4,710
Repairs and maintenance	7,899	58,526	66,425
Utilities	4,698	160,397	165,095
Depreciation	49,191	18,544	67,735
Total operating expenses	\$ 102,107	\$ 258,434	\$ 360,541
Operating loss	\$ (27,313)	\$ (18,659)	\$ (45,972)
<b>Nonoperating revenue (Expenses)</b>			
Investment earnings	\$ 3,226	\$ 118	\$ 3,344
Interest expense		(5,457)	(5,457)
Total nonoperating revenues (expenses)	\$ 3,226	\$ (5,339)	\$ (2,113)
<b>Change in Net Position</b>	\$ (24,087)	\$ (23,998)	\$ (48,085)
<b>Net Position - Beginning of Year</b>	926,800	606,021	1,532,821
<b>Net Position - End of Year</b>	\$ 902,713	\$ 582,023	\$ 1,484,736

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

**VILLAGE OF BARODA**

**PROPRIETARY FUNDS STATEMENT OF CASH FLOWS  
Year Ended March 31, 2025**

	Business-type Activities		
	Sewer	Water	Total
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 75,209	\$ 241,255	\$ 316,464
Cash paid to employees	(59,561)	49,738	(9,823)
Cash paid to suppliers	(37,875)	(233,744)	(271,619)
Net cash flows from by operating activities	<u>\$ (22,227)</u>	<u>\$ 57,249</u>	<u>\$ 35,022</u>
<b>Cash flows from capital and related financing activities</b>			
Purchase of capital assets	\$ (54,150)	\$ -	\$ (54,150)
Principal paid on debt	-	(8,369)	(8,369)
Interest paid on debt	-	(5,457)	(5,457)
Net cash flows from capital and related financing activities	<u>\$ (54,150)</u>	<u>\$ (13,826)</u>	<u>\$ (67,976)</u>
<b>Cash flows from investing activities</b>			
Interest received	\$ 3,226	\$ 118	\$ 3,344
Net cash flows from investing activities	<u>\$ 3,226</u>	<u>\$ 118</u>	<u>\$ 3,344</u>
<b>Net Change in Cash During the Year</b>	<b>\$ (73,151)</b>	<b>\$ 43,541</b>	<b>\$ (29,610)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>532,592</b>	<b>415,314</b>	<b>947,906</b>
<b>Cash and Cash Equivalents - End of Year</b>	<u><b>\$ 459,441</b></u>	<u><b>\$ 458,855</b></u>	<u><b>\$ 918,296</b></u>
Reconciliation of operating loss to net cash flows from operating activities			
Operating loss	\$ (27,313)	\$ (18,659)	\$ (45,972)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation	49,191	18,544	67,735
(Increase) Decrease in:			
Accounts receivable	768	1,480	2,248
Prepaid expenses	(353)	(211)	(564)
Due to/from governmental funds	(5,091)	16,840	11,749
Due to/from other proprietary funds	(39,429)	39,429	-
Decrease in:			
Accounts payable	-	(174)	(174)
Net cash flows from operating activities	<u>\$ (22,227)</u>	<u>\$ 57,249</u>	<u>\$ 35,022</u>

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

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

Village of Baroda (the "Village") is governed by a Village Council which consists of a President, Pro-Tem, and five trustees. The Village provides, or contributes to the providing of, the following services to its residents as provided by statute: sewer, water, garbage, streets, planning and zoning, general administrative and other services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to municipalities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Village's significant accounting policies are described below.

**A. Reporting Entity**

As required by GAAP, these financial statements present the Village and its component units, entities for which the Village is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Village's operations, so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize they are legally separate from the Village. The Village currently has no separate legal entities for which it is financially accountable.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary 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 segments 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 included among program revenues are reported instead as general revenue.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

**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 and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

**Property Taxes** – The Village’s property taxes attach as an enforceable lien on July 1<sup>st</sup>, on the taxable valuation of property (as defined by State statutes) located in the Village and payable by September 14<sup>th</sup>. The Village’s current year ad valorem tax is levied and collectible on July 1<sup>st</sup> of each year.

Village property tax revenue is recognized as revenue in the current year when the proceeds of this levy are budgeted and made “available” for the financing of operations. “Available” means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2025 taxable valuation of the Village totaled \$27,800,586, on which ad valorem taxes levied which consisted of 9.5137 mills for the Village’s operating purposes. This amount is recognized in the General Fund’s financial statements as taxes receivable or as tax revenue.

The Village reports the following major funds:

**Governmental Funds:**

**General Fund** – The General Fund accounts for all revenues and expenditures of the Village which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses and permits, local revenue sharing, and fees and revenues from the State of Michigan.

**Major Street Fund** – The Major Street Fund accounts for the use of allocated state gas and weight taxes used for the maintenance and construction of major streets within the Village.

**Local Street Fund** – The Local Street Fund accounts for the use of allocated state gas and weight taxes used for the maintenance and construction of local streets within the Village.

**Proprietary Funds:**

**Sewer Fund** – The Sewer Fund is used to account for the activities of the Village’s sewage collection system.

**Water Fund** – The Water Fund is used to account for the provision of water services to the residents of the Village.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

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

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds relate 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 non-operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity**

Bank Deposits and Cash Equivalents—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. Cash equivalents includes amounts held with Michigan Cooperative Liquid Assets Securities System ("CLASS"). All certificates of deposit are classified as cash equivalents, regardless of maturity.

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes for the Village and Berrien County are levied on July 1<sup>st</sup> of each year. Delinquent taxes are returned to the Village upon settlement with Berrien County.

Inventories and Prepaid Items—Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued**

Capital Assets—Capital assets, which include land, equipment, infrastructure assets (e.g., sewer and water systems, streets and similar items) are reported in the government-wide financial statements. Capital assets are also presented in the proprietary fund statements. Assets having a useful life in excess of two years and whose costs exceed \$500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest that was capitalized.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

Building Improvements	15 to 50 years
Equipment	20 to 40 years
Vehicles	5 to 15 years
Infrastructure - streets	10 to 20 years
Infrastructure - sewer and water systems	40 years

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 position.

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

Deferred Inflows of Resources—In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of sources (revenue) until that time.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Continued

Fund Equity—The Village follows the provisions of GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The following are the Village's fund balance classifications:

Non-Spendable Fund Balance—includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance—includes amounts that can be spent only for specific purposes stipulated by what the external resource provides (for example grant providers, constitutionally, or through enabling legislation). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed Fund Balance—includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed constraint originally.

Assigned Fund Balance—includes amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed.

Unassigned Fund Balance—is the residual classification for General Fund. This classification represents governmental fund balances that have not been assigned to other funds or that have not been restricted, committed, or assigned to specific purposes within the respective governmental fund balances.

Fund Equity Flow Assumption—Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumption—Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity, Concluded**

Estimates—The process of preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred outflows and deferred inflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures and expenses during the period. Actual results could differ from those estimates.

Leases and Subscription Based IT Arrangements ("SBITA")—The Village recognizes lease/SBITA liabilities with an initial, individual value of \$10,000 or more. As of March 31, 2025, the Village had no right of use assets or SBITAs.

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

**Budgets and Budgetary Accounting:**

The General Fund and major Special Revenue Fund budgets shown as required supplementary information to the financial statements were prepared on a basis consistent with the modified accrual basis used to reflect actual results. The Village employs the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to April 1, the Village Council (the "Council") prepares the proposed operating budgets for the fiscal year commencing April 1. The operating budget includes proposed expenditures and resources to finance them.
- A Public Hearing is conducted to obtain taxpayers' comments.
- Prior to April 1, the budgets are legally adopted with passage by Council vote.
- After the budgets are adopted, all transfers of budgeted amounts between accounts within a fund or activity or any revisions that alter the total expenditures of a fund or activity must be approved by the Council.
- The Village does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- Budgeted amounts are reported as originally adopted or as amended by the Council during the year. Individual amendments were appropriately approved by the Council in accordance with required procedures.

The budget document presents information by fund function. The legal level of budgetary control adopted by the governing board (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Village to have its budget in place by January 1<sup>st</sup>. Expenditures in excess of the amounts budgeted is a violation of P.A. 621 of 1978, Section 18(1) as amended.

State law permits the Village to amend its budgets during the year. There were multiple amendments made during the current year.

Fund Balance / Net Position Deficits—The Village has no accumulated fund balance/net position deficits in its reported funds.

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of March 31, 2025, the Village had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. As of March 31, 2025, \$1,315,844 of the Village’s bank balance of \$1,567,194 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$1,592,959.

Custodial Credit Risk - Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does have a policy for interest rate, credit, concentration of credit, or custodial risk relating to investments.

Interest Rate Risk - In accordance with its investment policy, the Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Village’s cash requirements.

<i>Investment Type</i>	<i>Fair Value</i>	<i>Weighted Average Maturity (years)</i>
Michigan CLASS Investment Pool	\$ 30,216	0.2274
Total Fair Value	\$ 30,216	
Portfolio weighted average maturity		0.2274
1 day maturity equals approximately .0027 years.		

Concentration of Credit Risk - The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<i>Investment Type</i>	<i>Fair Value</i>	<i>Rating</i>	<i>Rating Organization</i>
Michigan CLASS Investment Pool	\$ 30,216	AAAm	Standard and Poor’s
Total	\$ 30,216		

Foreign Currency Risk – The Village is not authorized to invest in investments that have this type of risk.

**NOTE 3. DEPOSITS AND INVESTMENTS, CONTINUED**

Fair Value Measurement - The Village is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Village's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments in Entities that Calculate Net Asset Value per Share - The Village holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended March 31, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption	
			Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 30,216	\$ -	No restrictions	None
Total	\$ 30,216	\$ -		

**VILLAGE OF BARODA**

**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended March 31, 2025**

**NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED**

The following summarizes the categorization of these amounts as of March 31, 2025:

	General Fund	Major Street Fund	Nonmajor governmental funds	Sewer Fund	Water Fund	Total Cash and Cash Equivalents
Bank deposits	\$ 487,094	\$ 116,853	\$ 70,716	323,926	\$458,855	\$ 1,457,444
Certificates of deposit	-	-	-	105,299	-	105,299
Michigan CLASS Investment Pool	-	-	-	30,216	-	30,216
<b>Total</b>	<b>\$ 487,094</b>	<b>\$ 116,853</b>	<b>\$ 70,716</b>	<b>\$459,441</b>	<b>\$458,855</b>	<b>\$ 1,592,959</b>

**NOTE 4. NOTE RECEIVABLE**

On August 10, 2020 the Village loaned a business \$8,700. Variable payments including interest of 1.00% are due in monthly installments through February 2026. The loan was collateralized with business property. The balance at March 31, 2025 was \$3,256.

Annual payments due to the Village in accordance with the promissory note are as follows:

Year Ending March 31	Principal	Interest	Total
2026	\$ 1,740	\$ 60	\$ 1,800
2027	1,516	53	1,569
	<u>\$ 3,256</u>	<u>\$ 113</u>	<u>\$ 3,369</u>

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund receivables is as follows:

Receivable Fund	Payable Fund
Revolving Loans Fund	Water Fund
Major Street Fund	General Fund
Sewer Fund	General Fund
General Fund	Water Fund
Local Street Fund	General Fund
Total	<u>\$ 191,871</u>
	\$ 6,276
	129,771
	4,092
	12,571
	39,161

The General Fund owes the Major Street Fund and Local Street Fund for revenues received into General Fund and not yet distributed to those funds. The General Fund owes the Sewer Fund for expenditures paid by that fund but not yet reimbursed. The Water Fund owes the General Fund \$12,571 for expenditures paid by the General Fund but not yet reimbursed. The Water Fund owes the Revolving Loan Fund for expenditures paid by that fund but not yet reimbursed.

Interfund transfers made during the year ended March 31, 2025, are summarized as follows:

Transfer to Local Street Fund From:	
Capital Improvement Fund	<u>\$ 105,000</u>

Transfer from the Capital Improvement Fund to the Local Street Fund was to cover expenditures paid out of the Local Street Fund.

**NOTE 6. UNEARNED REVENUE**

**Coronavirus State and Local Fiscal Recovery Funds.** The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan Act, delivered \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The Village received \$92,503 in total from the program as of March 31, 2025. The total expenditures incurred during the fiscal year was \$92,503. Accordingly, there was no unearned revenue related to ARPA as of March 31, 2025.

Additionally, the Revolving Loan Fund has \$3,256 of unearned revenue related to a note receivable that were not collected within 60 days of fiscal year-end.

**NOTE 7. CAPITAL ASSETS**

Capital asset activity for the current year ended March 31, 2025, was as follows:

**Governmental Activities**

Capital assets not being depreciated:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 104,450	\$ -	\$ -	\$ 104,450
Construction in progress	92,480	-	(97,480)	-
Subtotal	\$ 201,930	\$ -	\$ (97,480)	\$ 104,450
Capital assets being depreciated:				
Building and improvements	\$ 110,335	\$ -	\$ -	\$ 110,335
Land improvements	146,128	-	-	146,128
Infrastructure	1,766,008	420,847	-	2,186,855
Vehicles	5,000	-	-	5,000
Furniture and equipment	470,931	-	-	470,931
Utility systems	608,902	-	-	608,902
Subtotal	\$ 3,107,304	\$ 420,847	\$ -	\$ 3,528,151

Accumulated depreciation:

Building and improvements	\$ (57,125)	\$ (3,638)	\$ -	\$ (60,763)
Land improvements	(108,387)	(4,869)	-	(113,256)
Infrastructure	(545,806)	(44,265)	-	(590,071)
Vehicles	(2,167)	(500)	-	(2,667)
Furniture and equipment	(384,534)	(13,106)	-	(397,640)
Utility systems	(73,401)	(19,911)	-	(93,312)
Subtotal	\$ (1,171,420)	\$ (86,289)	\$ -	\$ (1,257,709)

Net capital assets being depreciated

\$ 1,935,884 \$ 334,558 \$ - \$ 2,270,442

Net capital assets

\$ 2,137,814 \$ 334,558 \$ (97,480) \$ 2,374,892

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended MARCH 31, 2025**

**NOTE 7. CAPITAL ASSETS, CONCLUDED**

Depreciation was charged to programs for the governmental-type activities as follows:

General government	\$ 6,721
Public works	72,456
Recreation and culture	7,112
Total	<u>\$ 86,289</u>

	Beginning Balance	Increases	Decreases	Ending Balance
--	----------------------	-----------	-----------	-------------------

*Business-Type Activities*

Capital assets not being depreciated:

Land	\$ 81,110	\$ -	\$ -	\$ 81,110
------	-----------	------	------	-----------

Capital assets being depreciated:

Buildings and improvement	\$ 4,500	\$ -	\$ -	\$ 4,500
Furniture and equipment	251,244	54,150	-	305,394
Utility systems	2,554,414	-	-	2,554,414
Vehicles	31,594	-	-	31,594
Subtotal	<u>\$ 2,841,752</u>	<u>\$ 54,150</u>	<u>\$ -</u>	<u>\$ 2,895,902</u>

Accumulated depreciation:

Buildings and improvement	\$ (3,900)	\$ (450)	\$ -	\$ (4,350)
Furniture and equipment	(193,402)	(8,542)	-	(201,944)
Utility systems	(1,915,068)	(55,584)	-	(1,970,652)
Vehicles	(26,064)	(3,159)	-	(29,223)
Subtotal	<u>\$ (2,138,434)</u>	<u>\$ (67,735)</u>	<u>\$ -</u>	<u>\$ (2,206,169)</u>

Net capital assets being depreciated

	\$ 703,318	\$ (13,585)	\$ -	\$ 689,733
--	------------	-------------	------	------------

Net capital assets

	<u>\$ 784,428</u>	<u>\$ (13,585)</u>	<u>\$ -</u>	<u>\$ 770,843</u>
--	-------------------	--------------------	-------------	-------------------

Depreciation was charged to programs for the business-type activities as follows:

Sewer system	\$ 49,191
Water system	18,544
Total	<u>\$ 67,735</u>

**VILLAGE OF BARODA**

**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended MARCH 31, 2025**

**NOTE 8. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations (including current portion) of the Village for the year ended March 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Direct borrowing and direct placements					
General Obligation Bonds					
<i>2019 Capital Improvement Bonds</i>					
\$517,000 Capital Improvement Bonds dated July 30, 2019, due in annual installments ranging from \$10,000 to \$27,000 annually through July 1, 2049, with interest of 3.50%, payable semi-annually.	\$ 448,000	\$ -	\$ (11,000)	\$ 437,000	\$ 12,000
Total governmental activities	\$ 448,000	\$ -	\$ (11,000)	\$ 437,000	\$ 12,000
<b>Business-type Activities</b>					
Direct borrowings and direct placements					
Revenue Bonds					
<i>2019 Water Revenue Bonds</i>					
\$222,000 Water Revenue Bonds dated July 30, 2019, due in annual installments ranging from \$3,000 to \$11,000 annually through July 1, 2059 with interest of 2.75%, payable semi-annually.	\$ 210,000	\$ -	\$ (3,000)	\$ 207,000	\$ 4,000
Notes payable					
<i>2017 NRWPA Revolving Loan</i>					
The Village borrowed funds from the National Rural Water Association Revolving Loan Fund in the amount of \$50,000 on January 27, 2017, due in monthly installments ranging from \$391 to \$482 through March 1, 2027, plus interest of 3.00% paid monthly.	17,776	-	(5,369)	12,407	5,532
Total business-type activities	\$ 227,776	\$ -	\$ (8,369)	\$ 219,407	\$ 9,532
<b>Total</b>	\$ 675,776	\$ -	\$ (19,369)	\$ 656,407	\$ 21,532

**VILLAGE OF BARODA**

**NOTES TO THE FINANCIAL STATEMENTS  
Year Ended March 31, 2025**

**NOTE 8. LONG-TERM OBLIGATIONS, CONCLUDED**

The annual requirements to pay the debt principal and interest outstanding for the bonds and loans are as follows:

Year Ending March 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Direct borrowings and direct placements	Interest
2026	\$ 12,000	\$ 16,030	\$ 9,532	\$ 5,899
2027	12,000	15,610	10,875	5,621
2028	13,000	15,173	4,000	5,417
2029	13,000	14,718	4,000	5,307
2030	14,000	14,245	4,000	5,197
2031-2035	76,000	63,525	21,000	24,322
2036-2040	90,000	49,035	25,000	21,108
2041-2045	107,000	31,833	28,000	17,545
2046-2050	100,000	10,885	32,000	13,420
2051-2055	-	-	37,000	8,677
2056-2059	-	-	44,000	3,066
	<u>\$ 437,000</u>	<u>\$ 231,054</u>	<u>\$ 219,407</u>	<u>\$ 115,579</u>

**NOTE 9. RISK MANAGEMENT**

The Village 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 Village carries insurance for these risks. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in either of the past two fiscal years.

**NOTE 10. TAX ABATEMENTS**

As of March 31, 2025, management has evaluated tax abatements related to the Village and determined there are no tax abatements for disclosure.

**NOTE 11. CONSTRUCTION CODE FEES**

The Village oversees building construction, in accordance with the State's construction code act, including inspection of building construction and renovation to ensure compliance with the building codes. The Village charges fees for these services. Beginning January 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

**NOTE 11. CONSTRUCTION CODE FEES, CONCLUDED**

A summary of construction code act transactions for the year ended March 31, 2025, is as follows:

Balance at April 1, 2024	\$ (6,701)
Revenues	
Building and mechanical permits	6,453
Less Expenditures	
Inspections	(3,303)
Indirect costs	(1,321)
Balance at March 31, 2025	<u>\$ (4,872)</u>

**NOTE 12. RISK MANAGEMENT**

The Village participates in the Michigan Village Participating Plan (the Plan) with other municipalities for auto, employee benefits, property, public officials, electronic data processing (EDP), crime, inland marine, boiler and machinery, law enforcement, and liability losses. The Plan is organized under Public Act 138 of 1982, as amended. Settled claims relating to this insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Village also carries commercial insurance for the workers' compensation losses. Settled claims relating to this insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 13. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended March 31, 2025, the Village implemented the following new pronouncement: GASB Statement No. 101, *Compensated Absences*.

**Summary:**

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

There was no material impact on the Village's financial statement after the adoption of GASB Statement 101.

**NOTE 14. UPCOMING ACCOUNTING PRONOUNCEMENTS**

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;

**NOTE 14. UPCOMING ACCOUNTING PRONOUNCEMENTS, CONCLUDED**

- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2027 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2027 fiscal year.

**NOTE 15. SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through September 30, 2025, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DRAFT**

**VILLAGE OF BARODA**

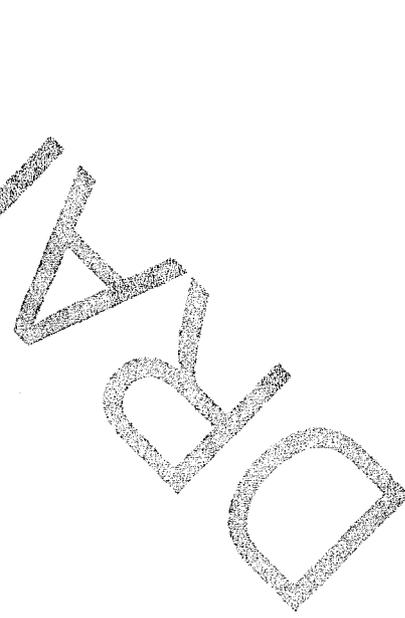
**REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND  
Year Ended March 31, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Property taxes	\$ 264,784	\$ 264,784	\$ 266,702	\$ 1,918
Licenses and permits	14,365	14,365	12,339	(2,026)
State grants	163,052	163,052	110,479	(52,573)
Federal revenue	29,896	29,896	29,896	-
Rental income	5,300	5,300	4,599	(701)
Interest	405	405	612	207
Other	10,410	10,410	10,754	344
Total revenues	\$ 488,212	\$ 488,212	\$ 435,381	\$ (52,831)
<b>Expenditures</b>				
General government				
Council	\$ 21,805	\$ 21,805	\$ 14,436	\$ 7,369
President	23,820	23,820	21,513	2,307
Clerk	62,859	62,859	56,003	6,856
Treasurer	36,302	36,302	22,381	13,921
Buildings and grounds	48,504	48,504	25,113	23,391
Attorney	8,000	8,000	2,449	5,551
Audit and accounting	33,000	33,000	17,747	15,253
Other	85,541	85,541	89,041	(3,500)
Total general government	\$ 319,831	\$ 319,831	\$ 248,683	\$ 71,148
Public safety				
Ordinance enforcement	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Inspections	7,100	7,100	2,202	4,898
Total public safety	\$ 8,100	\$ 8,100	\$ 2,202	\$ 5,898
Public works				
Department of public works	\$ 68,829	\$ 68,829	\$ 67,228	\$ 1,601
Highways and streets	1,500	1,500	1,316	184
Street lighting	5,500	5,500	5,059	441
Total public works	\$ 75,829	\$ 75,829	\$ 73,603	\$ 2,226
Community and economic development				
Planning and zoning	\$ 26,838	\$ 26,838	\$ 17,461	\$ 9,377
Recreation and culture				
Parks and recreation	\$ 25,790	\$ 25,790	\$ 10,050	\$ 15,740
Debt service				
Principal	\$ 11,000	\$ 11,000	\$ 11,000	\$ -
Interest	17,395	17,395	16,711	684
Total debt service	\$ 28,395	\$ 28,395	\$ 27,711	\$ 684
Total expenditures	\$ 456,388	\$ 456,388	\$ 379,710	\$ 104,389
<b>Net Change in Fund Balance</b>	\$ 3,429	\$ 3,429	\$ 55,671	\$ 52,242
<b>Fund Balance - Beginning of Year</b>	277,063	277,063	277,063	
<b>Fund Balance - End of Year</b>	\$ 280,492	\$ 280,492	\$ 332,734	

**VILLAGE OF BARODA**

**REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE – MAJOR STREET FUND  
Year Ended March 31, 2025**

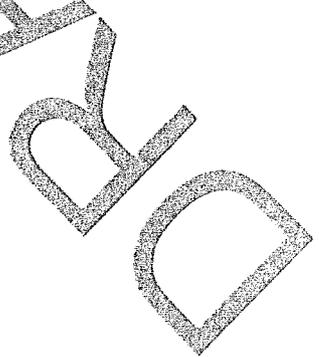
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
State grants	\$ 95,131	\$ 95,131	\$ 104,706	\$ 9,575
Interest	200	200	32	(168)
<b>Total revenues</b>	<b>\$ 95,331</b>	<b>\$ 95,331</b>	<b>\$ 104,738</b>	<b>\$ 9,407</b>
<b>Expenditures</b>				
Public works	\$ 25,619	\$ 25,619	\$ 19,373	\$ 6,246
Preservation	58,368	58,368	32,857	25,511
Construction	1,500	1,500	1,362	138
Traffic services	23,050	23,050	21,153	1,897
Winter maintenance	1,207	1,207	2,610	(1,403)
Administration				
<b>Total expenditures</b>	<b>\$ 109,744</b>	<b>\$ 109,744</b>	<b>\$ 77,355</b>	<b>\$ 32,389</b>
<b>Net Change in Fund Balance</b>	<b>\$ (14,413)</b>	<b>\$ (14,413)</b>	<b>\$ 27,383</b>	<b>\$ 41,796</b>
<b>Fund Balance - Beginning of Year</b>	<b>273,199</b>	<b>273,199</b>	<b>273,199</b>	
<b>Fund Balance - End of Year</b>	<b>\$ 258,786</b>	<b>\$ 258,786</b>	<b>\$ 300,582</b>	



**VILLAGE OF BARODA**

**REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE -- LOCAL STREET FUND  
Year Ended March 31, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
State grants	\$ 132,037	\$ 132,037	\$ 134,115	\$ 2,078
Federal revenue	62,607	62,607	62,607	-
Total revenues	\$ 194,644	\$ 194,644	\$ 196,722	\$ 2,078
<b>Expenditures</b>				
Public works				
Preservation	\$ 20,144	\$ 20,144	\$ 14,435	\$ 5,709
Winter maintenance	6,900	6,900	6,564	336
Administration	295,912	295,912	290,603	5,309
Total expenditures	\$ 322,956	\$ 322,956	\$ 311,602	\$ 11,354
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ (128,312)	\$ (128,312)	\$ (114,880)	\$ 13,432
<b>Other Financing Sources</b>				
Operating transfers in	\$ 105,000	\$ 105,000	\$ 105,000	\$ -
Total other financing sources	\$ 105,000	\$ 105,000	\$ 105,000	\$ -
<b>Net Change in Fund Balance</b>	\$ (23,312)	\$ (23,312)	\$ (9,880)	\$ 13,432
<b>Fund Balance - Beginning of Year</b>	17,827	17,827	17,827	-
<b>Fund Balance - End of Year</b>	\$ (5,485)	\$ (5,485)	\$ 7,947	\$ -



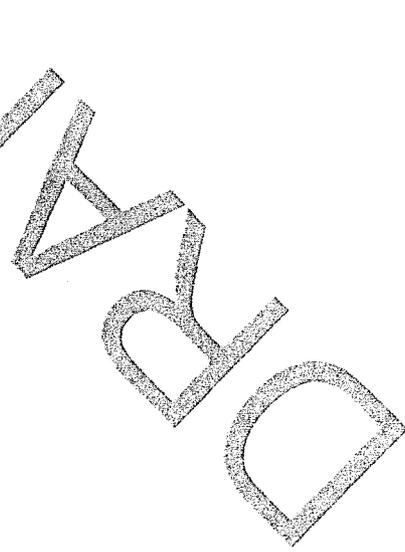
**OTHER SUPPLEMENTARY INFORMATION**

**DRAFT**

**VILLAGE OF BARODA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
March 31, 2025**

	Capital Improvement Fund	Revolving Loan	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 70,716	\$ 70,716
Notes receivable	-	3,256	3,256
Due from proprietary funds	-	6,276	6,276
Total assets	\$ -	\$ 80,248	\$ 80,248
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Unearned revenue	\$ -	\$ 3,256	\$ 3,256
Total liabilities	\$ -	\$ 3,256	\$ 3,256
<b>Fund Balances</b>			
Restricted for			
Community and economic development	\$ -	\$ 76,992	\$ 76,992
Total fund balances	\$ -	\$ 76,992	\$ 76,992
Total liabilities and fund balances	\$ -	\$ 80,248	\$ 80,248



VILLAGE OF BARODA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended March 31, 2025

	Capital Improvement Fund	Revolving Loan	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Interest income	\$ 72	\$ 1,667	\$ 1,739
Total revenues	\$ 72	\$ 1,667	\$ 1,739
<b>Excess of Revenues Over Expenditures</b>	\$ 72	\$ 1,667	\$ 1,739
<b>Other Financing Uses</b>			
Operating transfers out	\$ (105,000)	\$ -	\$ (105,000)
Total other financing uses	\$ (105,000)	\$ -	\$ (105,000)
<b>Net Change in Fund Balances</b>	\$ (104,928)	\$ 1,667	\$ (103,261)
<b>Fund Balances - Beginning of Year</b>	104,928	75,325	180,253
<b>Fund Balances - End of Year</b>	\$ -	\$ 76,992	\$ 76,992

DRAFT

**Management Compliance**

**Letter**

**DRAFT**

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

To the Village Council  
Village of Baroda  
Berrien County, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Baroda, Michigan (the "Village") as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 30, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

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 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 deficiencies described in the accompanying schedule of findings and responses as items (2025-001 and 2025-002) to be material weaknesses.

A *significant 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 deficiency described in the accompanying schedule of findings and responses as item (2025-003) to be a significant deficiency.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Village of Baroda's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

St. Joseph, Michigan  
September 30, 2025

Certified Public Accountants

SECTION I – CURRENT YEAR FINANCIAL STATEMENTS FINDINGS

2025-001 – Preparation of Financial Statements (Material Weakness)

Specific Requirement: Establishment and maintenance of internal controls over the financial reporting process.

Criteria: The Village is required to prepare financial statements in accordance with generally accepted accounting principles (“GAAP”). This is a responsibility of the Village’s management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e. maintaining internal books and records), and (2) reporting financial statements, including the related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller-sized entities, the Village has relied on its independent auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, the Village’s ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the Village’s internal controls.

Cause: The Village does not staff individuals with appropriate expertise to prepare complete financial statements in compliance with GAAP.

Effect of Condition: The effect of this condition places a reliance on the independent auditor to be part of the Village’s internal controls over financial reporting.

Recommendation: The Village should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

View of Responsible Officials and Planned Corrective Action: We are aware of this deficiency. However, due to budgetary constraints, we have not developed these processes. We intend to re-evaluate if additional funding becomes available.

SECTION I – CURRENT YEAR FINANCIAL STATEMENTS FINDINGS, CONTINUED

2025-002 – Material Audit Adjustments (Material Weakness)

Specific Requirement: Establishment and maintenance of internal controls over the financial reporting process.

Criteria: The Village is required to prepare financial statements in accordance with generally accepted accounting principles (“GAAP”). This is a responsibility of the Village’s management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e. maintaining internal books and records), and (2) reporting financial statements, including the related footnotes (i.e., external financial reporting).

Condition: During the course of our audit, we identified misstatements in certain accounts that were considered to be material. These included adjustments to cash, taxes receivable, and revenues and expenditures that were netted together. All such misstatements have been corrected by management.

Cause: The Village does not staff individuals with appropriate expertise to perform the necessary record keeping in order to ensure the books at year end accurately reflect the current year’s activity.

Effect of Condition: The Village’s accounting records were initially misstated by amounts material to the financial statements.

Recommendation: The Village should review and implement the necessary education and procedural activities to monitor and report annual financial activity. We recommend the Village consider utilizing the recently hired third party accountant to assist in recording closing entries and any other adjustments needed to reduce or eliminate these audit adjustments.

View of Responsible Officials and Planned Corrective Action: We are aware of this deficiency, agree with the above recommendation, and have hired a third party professional to assist in this capacity and will work to reduce or eliminate such entries.

Where do you get GAAP training?

SECTION I – CURRENT YEAR FINANCIAL STATEMENTS FINDINGS, CONCLUDED

2025-003 – Segregation of Incompatible Accounting Duties (Significant Deficiency)

Specific Requirement: Establish and follow processes and procedures to provide appropriate segregation of certain incompatible duties with appropriate control objectives.

Criteria: The Village should devise an organizational structure that will enable them to appropriately segregate incompatible accounting functions.

Condition: The Village lacks an appropriate segregation of certain incompatible duties with appropriate control objectives.

Cause: Limitations on number of accounting and finance personnel, partially due to turnover.

Effect of Condition: The effect of this condition subjects the Village to increased risk of misstatements within the financial statements and misappropriation of assets.

Recommendation: The Village should devise an organizational structure that will enable them to appropriately segregate incompatible accounting functions.

View of Responsible Officials and Planned Corrective Action: We are aware of this deficiency. However, given the size of our entity and our available resources, it is difficult to provide for appropriate segregation of incompatible duties for all accounting functions. We will evaluate available options to administer limited segregation of duties for key accounting functions and ensure the continued close oversight by the Village Council and we will continue to utilize third party accounting assistance to help mitigate this issue.

**SECTION II – FEDERAL AWARDS AND QUESTIONED COSTS**

The Village has spent under the \$750,000 threshold for federal expenditures and is not required to have a single audit under the Uniform Guidance.

PLANNED

