

**BALDWIN TOWNSHIP, MINNESOTA**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**SCHLENNER WENNER & CO.**  
**Certified Public Accountants**  
**& Business Consultants**

BALDWIN TOWNSHIP, MINNESOTA

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**INTRODUCTORY  
SECTION**

**BALDWIN TOWNSHIP, MINNESOTA  
TOWN BOARD AND ADMINISTRATION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**BOARD OF SUPERVISORS**

		<u>Term Expires</u>
Jay Swanson	Chairman	March 2021
Tom Rush	Vice Chairman	March 2022
Larry Handshoe	Supervisor	March 2022
Patrick Hudson	Supervisor	March 2021
Bryan Lawrence	Supervisor	March 2020

**ADMINISTRATION**

Cathy Stevens	Clerk/Treasurer	Appointed
Cheryl Goetz Dobson	Deputy Clerk/Fire Clerk	Appointed

**FINANCIAL  
SECTION**

**INDEPENDENT AUDITORS' REPORT**

March 10, 2020

Board of Supervisors  
Baldwin Township  
Sherburne County, Minnesota

**Report on the Financial Statements**

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 Baldwin Township, Minnesota (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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320.254.0286

Little Falls  
320.632.6311

Albany  
320.845.2940

Maple Lake  
320.963.5414

Monticello  
763.295.5070

## Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Road & Bridge Fund	Unmodified
Fire Fund	Unmodified
Debt Service Fund	Unmodified
Sewer Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

### **Basis for Qualified Opinions on Governmental Activities, Business-Type Activities and Sewer Fund**

Management has not recorded capital assets in governmental activities, business-type activities and the sewer fund and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would increase the assets, net position and expenses of the governmental activities, business-type activities and sewer fund. The amount by which this departure would affect the assets, net position and expenses of the governmental activities, business-type activities and sewer fund has not been determined.

Management has elected not to adopt Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and, accordingly, has not recorded a net pension asset/liability, or related balances and activity. Accounting principles generally accepted in the United States of America require that these balances and activity be recorded in the government-wide Statement of Net Position and Statement of Activities. The amount by which this departure would affect the assets/liabilities, net position and expenses of the governmental activities has not been determined.

Management has not recorded a capital lease in governmental activities, and instead, recorded an expense related to the current year payment. Accounting principles generally accepted in the United States of America require that capital leases be recorded as a liability with payments reducing that liability, which would increase the liabilities and decrease net position and expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position and expenses of the governmental activities has not been determined.

### **Qualified Opinions**

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinions on Governmental Activities, Business-Type Activities and Sewer Fund” paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities and sewer fund of Baldwin Township, Minnesota, as of December 31, 2019, and the 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.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, other than the Sewer Fund, and the aggregate remaining fund information of Baldwin Township, Minnesota as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section and supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2020 on our consideration of Baldwin Township's internal control over financial reporting and 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 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 Baldwin Township's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Minnesota Statutes, we have also issued our report dated March 10, 2020, on our consideration of Baldwin Township's compliance with provisions of the *Minnesota Legal Compliance Audit Guide for Towns*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65. The purpose of the report is to determine if the Township has complied with Minnesota laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.



**SCHLENNER WENNER & CO.**  
St. Cloud, Minnesota

**BASIC FINANCIAL STATEMENTS**

**BALDWIN TOWNSHIP, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,963,452	\$ 116,568	\$ 2,080,020
Property Taxes Receivable	71,043	-	71,043
Assessments Receivable	-	258,352	258,352
Accounts Receivable	14,313	8,622	22,935
Prepays	92,545	-	92,545
<b>TOTAL ASSETS</b>	2,141,353	383,542	2,524,895
<b>LIABILITIES</b>			
Accounts Payable	33,533	341	33,874
Salaries Payable	30,699	-	30,699
Due to Developers	2,285	-	2,285
Accrued Interest Payable	20,400	5,091	25,491
Noncurrent Liabilities:			
Due Within One Year	239,089	50,911	290,000
Due After One Year	1,395,934	356,378	1,752,312
<b>TOTAL LIABILITIES</b>	1,721,940	412,721	2,134,661
<b>NET POSITION</b>			
Restricted	299,459	-	299,459
Unrestricted	119,954	(29,179)	90,775
<b>TOTAL NET POSITION</b>	\$ 419,413	\$ (29,179)	\$ 390,234

**BALDWIN TOWNSHIP, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
General Government	\$ 233,992	\$ 10,329	\$ -	\$ (223,663)	\$ -	\$ (223,663)
Public Safety	173,880	3,771	12,334	(157,775)	-	(157,775)
Public Works	369,891	17,718	52,918	(299,255)	-	(299,255)
Parks and Recreation	53,742	-	-	(53,742)	-	(53,742)
Cemetery	1,037	4,000	-	2,963	-	2,963
Debt Service	75,505	-	-	(75,505)	-	(75,505)
Total Governmental Activities	908,047	35,818	65,252	(806,977)	-	(806,977)
<b>Business-Type Activities:</b>						
Sewer	51,803	38,239	16,569	-	3,005	3,005
<b>TOTALS</b>	<b>\$ 959,850</b>	<b>\$ 74,057</b>	<b>\$ 81,821</b>	<b>(806,977)</b>	<b>3,005</b>	<b>(803,972)</b>
<b>General Revenues:</b>						
Property Taxes				1,247,377	-	1,247,377
Franchise Fees				11,445	-	11,445
Intergovernmental				26,355	-	26,355
Miscellaneous				30,130	-	30,130
Investment Income				28,675	933	29,608
Sale of Equipment				4,860	-	4,860
Total General Revenues				1,348,842	933	1,349,775
<b>CHANGE IN NET POSITION</b>				541,865	3,938	545,803
<b>NET POSITION - BEGINNING OF YEAR</b>				(122,452)	(33,117)	(155,569)
<b>NET POSITION - END OF YEAR</b>				\$ 419,413	\$ (29,179)	\$ 390,234

See accompanying notes.

**BALDWIN TOWNSHIP, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	General Fund	Road and Bridge Fund	Fire Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 409,625	\$ 871,525	\$ 212,540	\$ 308,443	\$ 161,319	\$ 1,963,452
Property Taxes Receivable	13,010	25,810	8,630	16,963	6,630	71,043
Accounts Receivable	7,810	4,906	1,597	-	-	14,313
Due from Other Funds	8,324	-	-	-	-	8,324
Prepays	-	-	-	-	92,545	92,545
<b>TOTAL ASSETS</b>	<b>\$ 438,769</b>	<b>\$ 902,241</b>	<b>\$ 222,767</b>	<b>\$ 325,406</b>	<b>\$ 260,494</b>	<b>\$ 2,149,677</b>

<b>LIABILITIES</b>						
Accounts Payable	\$ 4,572	\$ 18,437	\$ 9,834	\$ -	\$ 690	\$ 33,533
Salaries Payable	2,032	970	27,697	-	-	30,699
Due to Developers	2,285	-	-	-	-	2,285
Due to Other Funds	-	-	-	-	8,324	8,324
Total Liabilities	8,889	19,407	37,531	-	9,014	74,841

**DEFERRED INFLOWS OF RESOURCES**  
 Unavailable Revenue - Property Taxes

	4,643	9,808	3,030	5,547	2,299	25,327
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**FUND BALANCES**

Nonspendable	-	-	-	-	92,545	92,545
Restricted	-	-	-	319,859	-	319,859
Assigned	-	873,026	182,206	-	164,056	1,219,288
Unassigned	425,237	-	-	-	(7,420)	417,817
Total Fund Balances	425,237	873,026	182,206	319,859	249,181	2,049,509

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

	\$ 438,769	\$ 902,241	\$ 222,767	\$ 325,406	\$ 260,494	\$ 2,149,677
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**BALDWIN TOWNSHIP, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

Total Fund Balance for Governmental Funds	\$	2,049,509
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some of the Township's property taxes receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the governmental funds:		25,327
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported as a liability in the governmental funds Balance Sheet:		(20,400)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds Balance Sheet:		
Certificates of Indebtedness	\$ (1,632,712)	
Compensated Absences Payable	<u>(2,311)</u>	
		<u>(1,635,023)</u>
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>419,413</u></b>

**BALDWIN TOWNSHIP, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund	Road & Bridge Fund	Fire Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property Taxes	\$ 226,481	\$ 432,285	\$ 152,422	\$ 312,836	\$ 117,916	\$ 1,241,940
Franchise Fees	11,445	-	-	-	-	11,445
Intergovernmental	19,123	52,918	7,232	-	-	79,273
Charges for Services	10,329	9,579	16,105	-	4,000	40,013
Fines	-	8,139	-	-	-	8,139
Miscellaneous	21,993	145	5,672	-	2,320	30,130
Investment Income	7,342	9,386	2,607	5,255	4,085	28,675
<b>TOTAL REVENUES</b>	<b>296,713</b>	<b>512,452</b>	<b>184,038</b>	<b>318,091</b>	<b>128,321</b>	<b>1,439,615</b>
<b>EXPENDITURES</b>						
Current:						
General Government	235,486	-	-	-	-	235,486
Public Safety	6,793	-	142,060	-	8,602	157,455
Public Works	2,870	366,978	-	-	-	369,848
Culture and Recreation	3,428	-	-	-	49,327	52,755
Cemetery	-	-	-	-	1,037	1,037
Debt Service:						
Principal	-	-	-	234,088	25,711	259,799
Interest and Fiscal Charges	90	-	-	51,934	971	52,995
Capital Outlay	-	-	-	-	17,412	17,412
<b>TOTAL EXPENDITURES</b>	<b>248,667</b>	<b>366,978</b>	<b>142,060</b>	<b>286,022</b>	<b>103,060</b>	<b>1,146,787</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>48,046</b>	<b>145,474</b>	<b>41,978</b>	<b>32,069</b>	<b>25,261</b>	<b>292,828</b>
<b>OTHER FINANCING SOURCES</b>						
Sale of Equipment	-	4,860	-	-	-	4,860
<b>NET CHANGE IN FUND BALANCES</b>	<b>48,046</b>	<b>150,334</b>	<b>41,978</b>	<b>32,069</b>	<b>25,261</b>	<b>297,688</b>
<b>FUND BALANCES - BEGINNING</b>	<b>377,191</b>	<b>722,692</b>	<b>140,228</b>	<b>287,790</b>	<b>223,920</b>	<b>1,751,821</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 425,237</b>	<b>\$ 873,026</b>	<b>\$ 182,206</b>	<b>\$ 319,859</b>	<b>\$ 249,181</b>	<b>\$ 2,049,509</b>

**BALDWIN TOWNSHIP, MINNESOTA  
RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Total Governmental Funds	\$	297,688
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
<p>Proceeds from the issuance of long-term debt is an other financing source in the governmental funds, while repayment of debt principal is an expenditure in the governmental funds. However, neither transaction has any effect on net position:</p>		
Repayment of Certificate of Indebtedness Principal		234,088
<p>Net change in accrued interest on certificates of indebtedness is not reported as expenses in the governmental funds:</p>		
		3,201
<p>Delinquent and unearned taxes will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows in the governmental funds:</p>		
Unavailable Revenue - December 31, 2018	\$ (19,890)	
Unavailable Revenue - December 31, 2019	<u>25,327</u>	
		5,437
<p>Compensated Absences are reported in the Statement of Activities as expenses. However, these expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
		<u>1,451</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>541,865</u></b>

**BALDWIN TOWNSHIP, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2019**

	Sewer Fund
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 116,568
Current Portion of Assessments Receivable	36,907
Accounts Receivable	8,622
Total Current Assets	162,097
Noncurrent Assets	
Long-Term Portion of Assessments Receivable	221,445
<b>TOTAL ASSETS</b>	<b>383,542</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	341
Accrued Interest	5,091
Debt Due Within One Year	50,911
Total Current Liabilities	56,343
Noncurrent Liabilities	
Debt Due After One Year	356,378
<b>TOTAL LIABILITIES</b>	<b>412,721</b>
<b>NET POSITION</b>	
Unrestricted	<b>\$ (29,179)</b>

**BALDWIN TOWNSHIP, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Sewer Fund
<b>CHARGES FOR SERVICES</b>	\$ 38,239
<b>OPERATING EXPENSES</b>	
Personnel Services	876
Materials and Supplies	1,195
Utilities	3,509
Professional Services	33,083
Other Services and Charges	795
<b>TOTAL OPERATING EXPENSES</b>	39,458
<b>NET OPERATING LOSS</b>	(1,219)
<b>NONOPERATING INCOME (EXPENSE)</b>	
Special Assessments	16,569
Investment Income	933
Interest and Other Charges	(12,345)
<b>NET NONOPERATING INCOME</b>	5,157
<b>CHANGE IN NET POSITION</b>	3,938
<b>NET POSITION - BEGINNING OF YEAR</b>	(33,117)
<b>NET POSITION - END OF YEAR</b>	\$ (29,179)

**BALDWIN TOWNSHIP, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 37,938
Cash Paid to Suppliers	(54,731)
Cash Paid to Employees	<u>(876)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	(17,669)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Nonoperating Receipts	118,837
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Payments on Bond Principal	(50,911)
Cash Paid for Interest	<u>(12,982)</u>
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(63,893)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investment Income	<u>933</u>
Net Increase in Cash and Cash Equivalents	38,208
Cash and Cash Equivalents - Beginning of Year	<u>78,360</u>
Cash and Cash Equivalents - End of Year	<u>\$ 116,568</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Net Operating Loss	\$ (1,219)
Adjustments to Reconcile Net Operating Loss to Net Cash Used for Operating Activities:	
Change in Assets and Liabilities:	
Accounts Receivable	(301)
Prepays	495
Accounts Payable	<u>(16,644)</u>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>\$ (17,669)</u>

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Baldwin Township (the Township) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, with the exception of the application of GASB 68 and 71, which the Township has elected not to implement. These statements specify how the net pension liability/asset is determined and require significant disclosures.

**1.A.      FINANCIAL REPORTING ENTITY**

The Township is a town located in Sherburne County, Minnesota. It is governed by an elected board of five supervisors who reside in the Township.

In determining the financial reporting entity, the Township complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the Township appointed a voting majority of the units' board; the Township is either able to impose its will on the unit or a financial benefit or burden relationship exists.

**Blended Component Units**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Township's Board of Supervisors or the component unit provides services entirely to the Township. These component units' funds are blended into those of the Township's by appropriate activity type to compose the primary government presentation. Currently, the Township does not have any blended component units.

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Township has no discretely presented component units.

**1.B.      BASIS OF PRESENTATION**

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The government-wide statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental or proprietary fund are at least ten percent of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental or proprietary fund are at least five percent of the corresponding total for all governmental and proprietary funds combined.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Township reports the following major governmental funds:

*General Fund*

The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Road and Bridge Fund*

The Road and Bridge Fund is used to account for proceeds of specific revenue sources that are related to expenditures for the operation and maintenance of roads and bridges within the Township.

*Fire Fund*

The Fire Fund is used to account for proceeds of specific revenue sources that are related to expenditures for public safety purposes.

*Debt Service Fund*

This Debt Service Fund is used to account for proceeds and payments of principal and interest on general long-term debt.

The Township reports the following major proprietary fund:

*Sewer Fund*

This fund accounts for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector.

Additionally, the Township reports the following nonmajor governmental funds:

*Cemetery Fund*

This fund accounts for the proceeds of specific revenue sources related to expenditures for the Township cemetery.

*Parks and Recreation Fund*

This fund accounts for proceeds of specific revenue sources related to expenditures for culture and recreation purposes.

*Capital Project Fund*

This fund is used to account for financial resources to be used for the acquisition or construction of capital projects.

*Fire Equipment Fund*

This fund is used to account for financial resources to be used for the acquisition and construction of capital projects for the fire department.

**1.C.      MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the *economic resources* measurement focus as defined in the second bullet point on the next page.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, the *current financial resources* measurement focus or the *economic resources* measurement focus is used as appropriate:

- All governmental funds utilize a *current financial resources* measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The government-wide financial statements and proprietary funds utilize an *economic resources* measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets, deferred outflows, liabilities and deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the *modified accrual basis of accounting*. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

The proprietary fund utilizes the accrual basis of accounting.

**1.D.      USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**1.E.      ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY**

**Cash and Cash Equivalents**

For purposes of the Statement of Net Position and proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all checking and savings accounts of the Township. See Note 2.A. for additional information related to cash and cash equivalents.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No such allowances are deemed necessary at year end. Major receivable balances for the governmental activities include taxes. Business-type activities report utility charges and special assessments as their major receivables.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes and other similar intergovernmental revenues since they are usually both measurable and available. Revenues collectible but not available are considered deferred inflows of resources in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and special assessments receivable compose the majority of proprietary fund receivables. No allowances are deemed necessary at year end.

**Interfund Receivables and Payables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 2.D. for details of interfund transactions, including receivables and payables at year-end.

**Prepaid Expenditures/Expenses**

Prepays represent expenditures/expenses paid during the current year to be recognized in future periods, if any.

**Compensated Absences**

It is the Township's policy to permit employees to accumulate a limited amount of earned but unused vacation leave. All vacation pay is accrued when incurred in the government-wide financial statements.

Vacation leave accrues monthly based on the number of years of service from a minimum of 40 hours per year to a maximum of 200 hours per year. Employees may accrue vacation leave up to a maximum of 1 ½ times the employee's annual accrual rate.

At December 31, 2019, compensated absences amount to \$2,311.

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of certificates of indebtedness.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Deferred Inflows of Resources**

In addition to liabilities, the Balance Sheet reports a separate section for deferred inflows of resources. This element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The Township reports only one type of transaction, property taxes, as deferred inflows of resources, and accordingly, these amounts are deferred and recognized as inflows of resources in the period that they become available. Because this type of unavailable revenue is only reported under a modified accrual basis of accounting, deferred inflows of resources are only reported in the governmental funds Balance Sheet.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Equity Classifications**

Government-wide Statements

Equity is classified as net position and displayed in two components:

Restricted – The portion of net position for which use is constrained by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted – Remaining balance of net position that does not meet the definition of “restricted.”

It is the Township’s policy to consider restricted net position to its depletion before unrestricted net position is applied.

Fund Statements

Governmental Fund Financial Statements – In the fund financial statements, governmental funds report fund balances as either nonspendable, restricted, committed, assigned or unassigned. When the Township incurs an expenditure for which it may use either restricted or unrestricted fund balances, it uses restricted fund balances first unless unrestricted fund balances will have to be returned because they were not used. When the Township incurs an expenditure for purposes for which amounts in any unrestricted fund balance classification could be used, it uses fund balances in the following order: Committed, assigned, unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balances at December 31, 2019 consist of prepaid expenditures.

Restricted – That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Township Board of Supervisors. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned – Amounts that are constrained by the Township’s intent to be used for specific purposes, but are neither restricted nor committed. The Board Chairman shall have the authority to assign fund balance.

Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The Township has formally adopted a policy under which it strives to maintain a minimum unassigned General Fund balance equal to approximately 20% of annual operating expenditures.

See Note 2.E. for additional disclosures.

Proprietary Fund Financial Statements – Proprietary fund equity is classified the same as in the government-wide statements, as described above.

**1.F. REVENUES, EXPENDITURES, AND EXPENSES**

**Property Tax**

Under State law, municipalities are limited in their ability to levy a property tax. The Township levies its property tax for the subsequent year during the month of December. The County of Sherburne is the collecting agency for the levy and remits the collections to the Township. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

December 31<sup>st</sup> is the last day the Township can certify a tax levy to the County Auditor for collection the following year. The County creates the tax list for all taxable property in the Township and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the Township. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Delinquent taxes receivable includes the past six years' uncollected taxes. Delinquent taxes have been offset by deferred inflows of resources for taxes not received within 60 days after year end in the fund financial statements.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character	Current (further classified by Function)
	Debt Service
	Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Operating Revenues and Expenses**

Operating revenues and expenses for the proprietary fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and noncapital financing or investing activities.

**Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. See additional information at Note 2.D.

**NOTE 2           DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred outflows/inflows of resources, equity, revenues and expenditures/expenses.

**2.A.    CASH AND CASH EQUIVALENTS**

**Deposits**

In accordance with applicable Minnesota Statutes, the Township maintains deposits at depository banks authorized by the Township's Board of Supervisors.

**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2      DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Minnesota Statutes require that all Township deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The Township complies with such laws.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated "A" or better;
- A revenue obligation of a state or local government, with taxing powers, rated "AA" or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard and Poor's; or
- Time deposits insured by any federal agency.

Minnesota Statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the Township.

At December 31, 2019, the Township's deposits were not exposed to custodial credit risk. The Township's deposits were sufficiently covered by federal depository insurance or by collateral held by the Township's agent in the Township's name.

**2.B.    NONCURRENT LIABILITIES**

The Township's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. All certificates are direct obligations of the Township and pledge the full faith and credit of the Township.

**Debt Detail**

At December 31, 2019, the long-term debt of the financial reporting entity, excluding compensated absences payable, consists of the following:

**Governmental Activities**

General Obligation Certificates of Indebtedness					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
11/15	\$ 155,000	\$30,000 - \$35,000	2.50%	02/21	\$ 60,000
08/17	1,776,800	\$189,089-\$209,089	2.75-3.00%	02/27	1,572,712
Total Governmental Activities Debt Payable					1,632,712
Debt Due Within One Year					239,089
Debt Due After One Year					<u>\$ 1,393,623</u>

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2      DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**Business-Type Activities**

General Obligation Certificates of Indebtedness					
Issue Date	Original Amount	Annual Principal Payment	Interest Rate(s)	Maturity Date	Remaining Amount
08/17	\$ 458,200	\$ 50,911	3.00%	02/27	\$ 407,289
		Debt Due Within One Year			50,911
		Debt Due After One Year			\$ 356,378

**Changes in Noncurrent Liabilities**

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2019:

Type of Debt	Balance 01/01/19	Additions	Reductions	Balance 12/31/19	Amounts Due Within One Year
<i>Governmental Activities</i>					
General Obligation Certificates	\$ 1,866,800	\$ -	\$ (234,088)	\$ 1,632,712	\$ 239,089
Compensated Absences Payable	3,762	5,393	(6,844)	2,311	-
<b>Total</b>	<b>\$ 1,870,562</b>	<b>\$ 5,393</b>	<b>\$ (240,932)</b>	<b>\$ 1,635,023</b>	<b>\$ 239,089</b>
<i>Business-Type Activities</i>					
General Obligation Certificates	\$ 458,200	\$ -	\$ (50,911)	\$ 407,289	\$ 50,911

**Annual Debt Service Requirements**

At December 31, 2019, the estimated annual debt service requirements to maturity, including principal and interest, and excluding compensated absences payable are as follows:

Years Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 239,089	\$ 45,035	\$ 284,124
2021	239,089	38,062	277,151
2022	209,089	31,468	240,557
2023	189,089	25,527	214,616
2024	189,089	19,854	208,943
2025-2027	567,267	25,527	592,794
<b>Total</b>	<b>\$ 1,632,712</b>	<b>\$ 185,473</b>	<b>\$ 1,818,185</b>

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2**      **DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

Years Ending December 31,	Business-Type Activities		
	Principal	Interest	Total
2020	\$ 50,911	\$ 11,455	\$ 62,366
2021	50,911	9,928	60,839
2022	50,911	8,400	59,311
2023	50,911	6,873	57,784
2024	50,911	5,346	56,257
2025-2027	152,734	6,873	159,607
Total	<u>\$ 407,289</u>	<u>\$ 48,875</u>	<u>\$ 456,164</u>

Interest expense for long-term debt totals \$61,430 in the Statement of Activities (included in the Debt Service and Sewer lines). Interest expenditures are \$51,934 for the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Accrued interest is recorded on the Statement of Activities for governmental funds but not the governmental fund Balance Sheet due to the nature of fund accounting. Interest expense totals \$12,345 in the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.

Governmental Activity debt is typically funded through the Debt Service Fund and Business-Type Activities debt is funded through the Sewer Fund. Compensated absences are funded through the funds to which the respective employees' wages are allocated.

**2.C. LEASES**

The Township rents twenty self-contained breathing apparatuses for the fire department under a capital lease. The Township pays principal and interest payments biannually, and the lease expires on January 15, 2020. Lease expense, including principal and interest, totals \$26,682 for the year ended December 31, 2019.

At December 31, 2019, estimated future minimum lease payments for the fire equipment lease are as follows:

Years Ending December 31,	Governmental Funds		
	Principal	Interest	Total
2020	\$ 13,144	\$ 197	\$ 13,341

**2.D. INTERFUND TRANSACTIONS AND BALANCES**

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget require to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The Township did not have any interfund transfers in the current year.

The interfund balances are as follows:

Short-Term Balances		Amount	Reason
Due To Fund	Due From Fund		
General	Nonmajor Governmental	\$ 8,324	Eliminate negative cash

The Fire Equipment Fund monies owed to the General fund will be repaid as cash flows become available.

**BALDWIN TOWNSHIP, MINNESOTA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2019**

**NOTE 2      DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**2.E.      FUND EQUITY**

At December 31, 2019, governmental fund equity is classified as follows:

General Fund		
Unassigned	\$	<u>425,237</u>
Road and Bridge Fund		
Assigned for Road and Bridge	\$	<u>873,026</u>
Fire Fund		
Assigned for Fire Department	\$	<u>182,206</u>
Debt Service Fund		
Restricted for Debt Service	\$	<u>319,859</u>
Nonmajor Governmental Funds		
Assigned for:		
Cemetery	\$	20,425
Parks and Recreation		47,047
Capital Project		<u>96,584</u>
Total Nonmajor Assigned Fund Balances	\$	164,056
Nonspendable - Prepaids		<u>92,545</u>
Total Nonmajor Governmental Funds Balance	\$	<u>256,601</u>
Deficit Nonmajor Governmental Fund		
Fire Equipment	\$	<u>(7,420)</u>

Fire Equipment Fund deficit is expected to be financed through future revenues, tax levies or transfers.

**NOTE 3      DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**Plan Description**

All full-time and certain part-time employees of Baldwin Township are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (accounted for in the General Employees Fund), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members and survivor benefits upon death of eligible members. Benefits are established by State Statute. Benefits for members of the General Employees Plan vest after five years of credited service. The defined benefit retirement plan benefits are based on a member's highest average salary for any 5 years of allowable service, age, and years of credit at termination of service.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3            DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. The rates are 2.2 percent and 2.7 percent, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service, and 2.7 percent for Basic members. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

For all General Employee Plan members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Method 2 provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989 or age 66 (the age for unreduced Social Security benefits), for those first hired on or after that date. Early retirement may begin at age 55 with an actuarial reduction (about six percent per year) for members retiring prior to full retirement age.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree-no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

The benefit provisions stated in the preceding paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees Plan. That report may be obtained on the PERA's website at [www.mnpera.org/about/financial/](http://www.mnpera.org/about/financial/).

**Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The Township makes annual contributions to the pension plans equal to the amount required by State Statutes. General Employees Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2019. In 2019, the Township was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.5 percent for Coordinated Plan members.

The Township's contributions to the General Employees Fund for the years ending December 31, 2019, 2018, and 2017 total \$14,311, \$12,555 and \$10,525, respectively.

**NOTE 4            OTHER NOTES**

**4.A.            RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To manage these risks, the Township purchases commercial insurance. The Township retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4      OTHER NOTES (Continued)**

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported. The Township's management is not aware of any incurred but not reported claims.

**4.B.      COMMITMENTS**

**Purchase Commitments**

During 2016, the Township entered into a four-year cost-share agreement with the County for election equipment. The agreement requires a yearly payment of \$3,463. The total commitment for this agreement as of December 31, 2019 is \$3,463.

During the year ended December 31, 2019, the Township contracted for the purchase of a freightliner vehicle. The remaining balance on this contract for which the Township is committed as of December 31, 2019 totals \$182,551.

**Construction Commitment**

During 2019, the Township entered into a contract for shared construction services between Sherburne County and the City of Princeton. Remaining commitments under this contract at December 31, 2019 total \$125,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BALDWIN TOWNSHIP, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
<b>REVENUES</b>			
<b>Taxes</b>			
Property Taxes	\$ 222,250	\$ 226,481	\$ 4,231
Franchise Taxes	11,300	11,445	145
<b>Total Taxes</b>	<u>233,550</u>	<u>237,926</u>	<u>4,376</u>
<b>Intergovernmental Revenue</b>			
State Grants			
Market Value Credit	4,765	4,510	(255)
Town Aid	670	634	(36)
County			
Other County Grants	6,616	13,979	7,363
<b>Total Intergovernmental Revenue</b>	<u>12,051</u>	<u>19,123</u>	<u>7,072</u>
<b>Charges for Services</b>			
General Government	7,135	10,329	3,194
<b>Miscellaneous Revenue</b>			
Investment Earnings	3,165	7,342	4,177
Other Rents and Royalties	-	21,963	21,963
Other Miscellaneous	50	30	(20)
<b>Total Miscellaneous Revenue</b>	<u>3,215</u>	<u>29,335</u>	<u>26,120</u>
<b>TOTAL REVENUES</b>	<u>255,951</u>	<u>296,713</u>	<u>40,762</u>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Mayor and Council	33,850	22,750	(11,100)
Administration and Finance	138,095	98,854	(39,241)
Other General Government	95,300	113,882	18,582
<b>Total General Government</b>	<u>267,245</u>	<u>235,486</u>	<u>(31,759)</u>
<b>Public Safety</b>			
Fire			
Current	1,000	4,287	3,287
Other Public Safety			
Current	2,700	2,506	(194)
<b>Total Public Safety</b>	<u>3,700</u>	<u>6,793</u>	<u>3,093</u>
<b>Public Works</b>			
Street Engineering	3,000	2,870	(130)

**BALDWIN TOWNSHIP, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
<b>Culture and Recreation</b>			
Parks and Recreation			
Current	\$ -	\$ 3,428	\$ 3,428
<b>Debt Service</b>			
Interest Payments	<u>-</u>	<u>90</u>	<u>90</u>
<b>TOTAL EXPENDITURES</b>	<u>273,945</u>	<u>248,667</u>	<u>(25,278)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (17,994)</u>	48,046	<u>\$ 66,040</u>
<b>FUND BALANCES - BEGINNING</b>		<u>377,191</u>	
<b>FUND BALANCE - ENDING</b>		<u>\$ 425,237</u>	

**BALDWIN TOWNSHIP, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
<b>REVENUES</b>			
<b>Taxes</b>			
Property Taxes	\$ 535,780	\$ 432,285	\$ (103,495)
<b>Intergovernmental Revenue</b>			
State Grants			
Transportation	53,401	52,918	(483)
<b>Charges for Services</b>			
Streets and Highways	3,850	9,579	5,729
<b>Fines and Forfeitures</b>	8,700	8,139	(561)
<b>Miscellaneous Revenue</b>			
Investment Earnings	5,200	9,386	4,186
Other Miscellaneous	-	145	145
<b>Total Miscellaneous Revenue</b>	5,200	9,531	4,331
<b>TOTAL REVENUES</b>	606,931	512,452	(94,479)
<b>EXPENDITURES</b>			
<b>Public Works</b>			
Street Maintenance and Storm Sewers	448,350	274,197	(174,153)
Snow and Ice Removal	46,600	65,183	18,583
Street Engineering	60,000	27,598	(32,402)
<b>TOTAL EXPENDITURES</b>	554,950	366,978	(187,972)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	51,981	145,474	93,493
<b>OTHER FINANCING SOURCES</b>			
Sale of Assets	-	4,860	4,860
<b>NET CHANGE IN FUND BALANCE</b>	\$ 51,981	150,334	\$ 98,353
<b>FUND BALANCES - BEGINNING</b>		722,692	
<b>FUND BALANCE - ENDING</b>		\$ 873,026	

**BALDWIN TOWNSHIP, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE – FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
<b>REVENUES</b>			
<b>Taxes</b>			
Property Taxes	\$ 144,232	\$ 152,422	\$ 8,190
<b>Intergovernmental Revenue</b>			
State Grants			
Police and Fire Aid	36,766	7,232	(29,534)
<b>Charges for Services</b>			
Police and Fire Contracts	7,375	16,105	8,730
<b>Miscellaneous Revenue</b>			
Investment Earnings	909	2,607	1,698
Contributions and Donations	-	3,995	3,995
Other Miscellaneous	-	1,677	1,677
<b>Total Miscellaneous Revenue</b>	<u>909</u>	<u>8,279</u>	<u>7,370</u>
<b>TOTAL REVENUES</b>	189,282	184,038	(5,244)
<b>EXPENDITURES</b>			
<b>Public Safety</b>			
Fire			
Current	<u>160,590</u>	<u>142,060</u>	<u>(18,530)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 28,692</u>	<u>41,978</u>	<u>\$ 13,286</u>
<b>FUND BALANCES - BEGINNING</b>		<u>140,228</u>	
<b>FUND BALANCE - ENDING</b>		<u>\$ 182,206</u>	

**SUPPLEMENTARY INFORMATION**

**BALDWIN TOWNSHIP, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	Special Revenue		Capital Project		Total Nonmajor Governmental Funds
	Cemetery Fund	Parks and Recreation Fund	Capital Project Fund	Fire Equipment Fund	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 20,432	\$ 45,927	\$ 94,960	\$ -	\$ 161,319
Property Taxes Receivable	-	2,742	2,503	1,385	6,630
Prepays	-	-	92,545	-	92,545
<b>TOTAL ASSETS</b>	<u>\$ 20,432</u>	<u>\$ 48,669</u>	<u>\$ 190,008</u>	<u>\$ 1,385</u>	<u>\$ 260,494</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 7	\$ 683	\$ -	\$ -	\$ 690
Due to Other Funds	-	-	-	8,324	8,324
Total Liabilities	7	683	-	8,324	9,014
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	-	939	879	481	2,299
<b>FUND BALANCES</b>					
Nonspendable	-	-	92,545	-	92,545
Assigned	20,425	47,047	96,584	-	164,056
Unassigned	-	-	-	(7,420)	(7,420)
Total Fund Balances	<u>20,425</u>	<u>47,047</u>	<u>189,129</u>	<u>(7,420)</u>	<u>249,181</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 20,432</u>	<u>\$ 48,669</u>	<u>\$ 190,008</u>	<u>\$ 1,385</u>	<u>\$ 260,494</u>

**BALDWIN TOWNSHIP, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Special Revenue		Capital Project		Total Nonmajor Governmental Funds
	Cemetery Fund	Parks and Recreation Fund	Capital Project Fund	Fire Equipment Fund	
<b>REVENUES</b>					
Property Taxes	\$ 1	\$ 49,176	\$ 44,178	\$ 24,561	\$ 117,916
Charges for Services	4,000	-	-	-	4,000
Miscellaneous	-	2,320	-	-	2,320
Investment Income	330	760	2,735	260	4,085
<b>TOTAL REVENUES</b>	<u>4,331</u>	<u>52,256</u>	<u>46,913</u>	<u>24,821</u>	<u>128,321</u>
<b>EXPENDITURES</b>					
Current:					
Public Safety	-	-	-	8,602	8,602
Culture and Recreation	-	49,327	-	-	49,327
Cemetery	1,037	-	-	-	1,037
Debt Service:					
Principal	-	-	-	25,711	25,711
Interest and Fiscal Charges	-	-	-	971	971
Capital Outlay	-	987	-	16,425	17,412
<b>TOTAL EXPENDITURES</b>	<u>1,037</u>	<u>50,314</u>	<u>-</u>	<u>51,709</u>	<u>103,060</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,294	1,942	46,913	(26,888)	25,261
<b>FUND BALANCES - BEGINNING</b>	<u>17,131</u>	<u>45,105</u>	<u>142,216</u>	<u>19,468</u>	<u>223,920</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 20,425</u>	<u>\$ 47,047</u>	<u>\$ 189,129</u>	<u>\$ (7,420)</u>	<u>\$ 249,181</u>

**BALDWIN TOWNSHIP, MINNESOTA**  
**SCHEDULE OF INDEBTEDNESS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED)**

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/19	Issued	Paid	Outstanding Balance 12/31/19	Principal Due in 2020
<b>GOVERNMENTAL DEBT</b>									
General Obligation Certificate of Indebtedness									
	11/12/15	2.50%	02/01/21	\$ 155,000	\$ 90,000	\$ -	\$ 30,000	\$ 60,000	\$ 30,000
	08/21/17	2.75-3.00%	02/01/27	1,776,800	1,776,800	-	204,088	1,572,712	209,089
				1,931,800	1,866,800	-	234,088	1,632,712	239,089
<b>Capital Lease</b>									
	01/15/15	2.99%	01/15/20	123,064	38,855	-	25,711	13,144	13,144
				2,054,864	1,905,655	-	259,799	1,645,856	252,233
<b>TOTAL GOVERNMENTAL DEBT</b>									
<b>BUSINESS-TYPE DEBT</b>									
	08/21/17	3.00%	02/01/27	458,200	458,200	-	50,911	407,289	50,911
				\$ 2,513,064	\$ 2,363,855	\$ -	\$ 310,710	\$ 2,053,145	\$ 303,144
<b>TOTAL INDEBTEDNESS</b>									

\*This balance does not appear in the government-wide financial statements as the Township does not record capital assets and, therefore, does not record this capital lease balance and activity.

**OTHER REQUIRED REPORTS**

**INDEPENDENT AUDITORS' 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**

March 10, 2020

Board of Supervisors  
Baldwin Township  
Sherburne County, Minnesota

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 Baldwin Township, Minnesota (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Baldwin Township's basic financial statements, and have issued our report thereon dated March 10, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Baldwin Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying *Schedule of Findings and Responses* to be material weaknesses: 2015-001 and 2015-002.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency described in the accompanying *Schedule of Findings and Responses* to be a significant deficiency: 2015-003.

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Albany  
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Maple Lake  
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Monticello  
763.295.5070

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township'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 determination of financial statement amounts. 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*.

### **Township's Response to Findings**

Baldwin Township's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Responses* and *Corrective Action Plans*. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**SCHLENNER WENNER & CO.**  
St. Cloud, Minnesota

**INDEPENDENT AUDITORS' REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

March 10, 2020

Board of Supervisors  
Baldwin Township  
Sherburne County, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Baldwin Township, Minnesota (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2020.

The *Minnesota Legal Compliance Audit Guide for Towns*, promulgated by the State Auditor pursuant to Minnesota Statute Section 6.65, contains seven categories of compliance to be tested: deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, contracting and bidding, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except tax increment financing, since the Township has none.

In connection with our audit, nothing came to our attention that caused us to believe that the Township failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Towns*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Township's noncompliance with the above referenced provisions.

This report is intended for the information and use of those charged with governance and management of Baldwin Township and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



**SCHLENNER WENNER & CO.**  
St. Cloud, Minnesota

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**BALDWIN TOWNSHIP, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2015-001 Limited Segregation of Duties**

*Condition:* The Township has limited segregation of accounting duties.

*Criteria:* The basic premise of proper segregation of duties is that no one employee should have access to both physical assets and the related accounting records or to all phases of the transaction.

*Cause:* There are a limited number of employees.

*Effect:* The Township's lack of adequate segregation of accounting duties could adversely affect the Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

*Recommendation:* Although the number of employees may not be large enough to eliminate this deficiency, we recommend that the Township continue to evaluate current procedures and segregate where possible and implement compensating controls.

*Views of Responsible  
Officials And Planned  
Corrective Actions:*

Management agrees with the recommendation. See corresponding Corrective Action Plan.

**Finding 2015-002 Material Audit Adjustments**

*Condition:* Audit adjustments were required to correct material misstatements identified in the trial balance presented for the audit.

*Criteria:* The Township is required to report accurate financial information.

*Cause:* The Township failed to record all year-end adjustments required under the accrual basis of accounting and various other adjustments were required to correct misstatements.

*Effect:* The misstatement in the trial balance presented for the audit resulted in the need to record audit adjustments to achieve fair financial statement presentation under accounting principles generally accepted in the United States of America.

*Recommendation:* We recommend management perform a thorough review of the trial balance prior to the audit and ensure all accounts have been properly adjusted at year-end.

*Views of Responsible  
Officials And Planned  
Corrective Actions:*

Management agrees with the recommendation. See corresponding Corrective Action Plan.

**BALDWIN TOWNSHIP, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019**

**FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2015-003    Financial Statement Preparation**

*Condition:*                    Schlenner Wenner & Co. drafts the financial statements for the Township. These financial statements, including disclosures, were reviewed by management and management has taken responsibility for them. However, we believe that management would require additional training in accounting principles generally accepted in the United States of America to adequately apply such standards internally.

*Criteria:*                      The Township is required to report accurate financial information.

*Cause:*                         Management does not have adequate skill to prepare the financial statements.

*Effect:*                        The inability to properly prepare the Township's financial statements would result in improper financial reporting.

*Recommendation:*        While the Township may not have adequate controls in place to eliminate this finding, the Township should document its annual review of the financial statements.

*Views of Responsible  
Officials And Planned  
Corrective Actions:*

Management agrees with the recommendation. See corresponding Corrective Action Plan.

**BALDWIN TOWNSHIP, MINNESOTA  
CORRECTIVE ACTION PLANS  
DECEMBER 31, 2019**

**FINANCIAL STATEMENT FINDINGS**

**Finding 2015-001 Limited Segregation of Duties**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding  
The Township currently has the following procedures in place:
  - o The Township Board reviews the monthly invoices and approves the expenditures.
  - o The Township utilizes claim listings which are approved by the Township Clerk/Treasurer.The Township will review current procedures and implement additional controls where possible.
3. Official Responsible  
Cathy Stevens, Clerk/Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date  
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion  
The Township Board will be monitoring this Corrective Action Plan.

**Finding 2015-002 Material Audit Adjustments**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding  
The Township will continue to have Schlenner Wenner & Co. prepare certain audit adjustments and the Township will review the adjustments and schedules provided to the auditor. The Township will be more diligent in the review of schedules, including those prepared by third parties, to ensure they are correct and agree with the unaudited trial balance.
3. Official Responsible  
Cathy Stevens, Clerk/Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date  
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion  
The Township Board will be monitoring this Corrective Action Plan.

**BALDWIN TOWNSHIP, MINNESOTA  
CORRECTIVE ACTION PLANS  
DECEMBER 31, 2019**

**FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2015-003    Financial Statement Preparation**

1. Explanation of Disagreement with Audit Finding

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

The Township will continue to have Schlenner Wenner & Co. prepare the financial statements and will continue to document the annual review of the financial statements and related footnote disclosures.

3. Official Responsible

Cathy Stevens, Clerk/Treasurer, is the official responsible for ensuring corrective action.

4. Planned Completion Date

The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.

5. Plan to Monitor Completion

The Township Board will be monitoring this Corrective Action Plan.