

**BALDWIN TOWNSHIP, MINNESOTA**  
**AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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, 2018**

**BOARD OF SUPERVISORS**

		<u>Term Expires</u>
Jay Swanson	Chairman	March 2021
Tom Rush	Vice Chairman	March 2019
Larry Handshoe	Supervisor	March 2019
Bryan Lawrence	Supervisor	March 2020

**ADMINISTRATION**

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

**FINANCIAL  
SECTION**

## INDEPENDENT AUDITORS' REPORT

March 11, 2019

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 as of and for the year ended December 31, 2018, 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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320.251.0286

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
Fire Equipment 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, 2018, 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, 2018, 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 information 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 as a whole. 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 11, 2019 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 11, 2019, 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.*

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



**BASIC FINANCIAL STATEMENTS**

**BALDWIN TOWNSHIP, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,748,586	\$ 78,360	\$ 1,826,946
Property Taxes Receivable	64,878	-	64,878
Assessments Receivable	-	360,620	360,620
Accounts Receivable	2,697	8,321	11,018
Prepays	13,585	495	14,080
<b>TOTAL ASSETS</b>	1,829,746	447,796	2,277,542
<b>LIABILITIES</b>			
Accounts Payable	23,340	16,985	40,325
Salaries Payable	34,695	-	34,695
Accrued Interest Payable	23,601	5,728	29,329
Noncurrent Liabilities:			
Due Within One Year	234,089	50,911	285,000
Due After One Year	1,636,473	407,289	2,043,762
<b>TOTAL LIABILITIES</b>	1,952,198	480,913	2,433,111
<b>NET POSITION</b>			
Restricted	264,189	-	264,189
Unrestricted	(386,641)	(33,117)	(419,758)
<b>TOTAL NET POSITION</b>	\$ (122,452)	\$ (33,117)	\$ (155,569)

**BALDWIN TOWNSHIP, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Governmental Activities:</b>						
General Government	\$ 221,921	\$ 19,334	\$ -	\$ (202,587)	\$ -	\$ (202,587)
Public Safety	358,038	1,227	6,147	(350,664)	-	(350,664)
Public Works	768,045	19,104	53,401	(695,540)	-	(695,540)
Parks and Recreation	17,044	-	1,000	(16,044)	-	(16,044)
Cemetery	962	1,925	-	963	-	963
Debt Service	82,035	-	-	(82,035)	-	(82,035)
Total Governmental Activities	1,448,045	41,590	60,548	(1,345,907)	-	(1,345,907)
<b>Business-Type Activities:</b>						
Sewer	65,700	31,172	21,682	-	(12,846)	(12,846)
<b>TOTALS</b>	<b>\$ 1,513,745</b>	<b>\$ 72,762</b>	<b>\$ 82,230</b>	<b>(1,345,907)</b>	<b>(12,846)</b>	<b>(1,358,753)</b>
<b>General Revenues:</b>						
Taxes				1,316,077	-	1,316,077
Intergovernmental				49,605	-	49,605
Miscellaneous				16,399	178	16,577
Investment Income				12,228	338	12,566
Sale of Equipment				12,452	-	12,452
Total General Revenues				1,406,741	516	1,407,257
<b>CHANGE IN NET POSITION</b>				60,834	(12,330)	48,504
<b>NET POSITION - BEGINNING OF YEAR</b>				(183,286)	(20,787)	(204,073)
<b>NET POSITION - END OF YEAR</b>				\$ (122,452)	\$ (33,117)	\$ (155,569)

See accompanying notes.

BALDWIN TOWNSHIP, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	General Fund	Road & Bridge Fund	Fire Fund	Fire Equipment Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 367,514	\$ 723,474	\$ 160,422	\$ 18,619	\$ 277,054	\$ 201,503	\$ 1,748,586
Property Taxes Receivable	11,381	26,938	6,602	1,201	14,566	4,190	64,878
Accounts Receivable	2,475	222	-	-	-	-	2,697
Prepays	6,369	2,652	4,339	-	-	225	13,585
<b>TOTAL ASSETS</b>	<b>\$ 387,739</b>	<b>\$ 753,286</b>	<b>\$ 171,363</b>	<b>\$ 19,820</b>	<b>\$ 291,620</b>	<b>\$ 205,918</b>	<b>\$ 1,829,746</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 3,055	\$ 16,142	\$ 3,937	\$ -	\$ -	\$ 206	\$ 23,340
Salaries Payable	3,971	5,730	24,994	-	-	-	34,695
Total Liabilities	7,026	21,872	28,931	-	-	206	58,035
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	3,522	8,722	2,204	352	3,830	1,260	19,890
<b>FUND BALANCES</b>							
Nonspendable	6,369	2,652	4,339	-	-	225	13,585
Restricted	-	-	-	-	287,790	-	287,790
Assigned	-	720,040	135,889	19,468	-	204,227	1,079,624
Unassigned	370,822	-	-	-	-	-	370,822
Total Fund Balances	377,191	722,692	140,228	19,468	287,790	204,452	1,751,821
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 387,739</b>	<b>\$ 753,286</b>	<b>\$ 171,363</b>	<b>\$ 19,820</b>	<b>\$ 291,620</b>	<b>\$ 205,918</b>	<b>\$ 1,829,746</b>

See accompanying notes.

**BALDWIN TOWNSHIP, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2018**

Total Fund Balance for Governmental Funds	\$	1,751,821
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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:		19,890
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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:		(23,601)
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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	\$ (1,866,800)	
Compensated Absences Payable	<u>(3,762)</u>	
		<u>(1,870,562)</u>

<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(122,452)</u></b>
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**BALDWIN TOWNSHIP, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Fund	Road & Bridge Fund	Fire Fund	Fire Equipment Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property Taxes	\$ 230,381	\$ 540,463	\$ 130,141	\$ 24,988	\$ 332,990	\$ 87,021	\$ 1,345,984
Intergovernmental	12,839	53,401	36,766	-	-	1,000	104,006
Charges for Services	7,133	10,150	7,374	-	-	1,925	26,582
Fines	-	8,954	-	-	-	-	8,954
Miscellaneous	25,588	146	1,434	-	-	1,432	28,600
Investment Income	3,157	5,222	914	347	1,100	1,488	12,228
<b>TOTAL REVENUES</b>	<b>279,098</b>	<b>618,336</b>	<b>176,629</b>	<b>25,335</b>	<b>334,090</b>	<b>92,866</b>	<b>1,526,354</b>
<b>EXPENDITURES</b>							
Current:							
General Government	221,868	-	-	-	-	-	221,868
Public Safety	5,216	-	181,684	262	-	-	187,162
Public Works	2,000	764,919	-	-	-	-	766,919
Culture and Recreation	-	-	-	-	-	12,454	12,454
Cemetery	-	-	-	-	-	962	962
Debt Service:							
Principal	-	-	-	24,959	34,000	-	58,959
Interest and Fiscal Charges	63	-	-	1,723	53,422	-	55,208
Capital Outlay	-	-	-	170,876	-	4,590	175,466
<b>TOTAL EXPENDITURES</b>	<b>229,147</b>	<b>764,919</b>	<b>181,684</b>	<b>197,820</b>	<b>87,422</b>	<b>18,006</b>	<b>1,478,998</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>49,951</b>	<b>(146,583)</b>	<b>(5,055)</b>	<b>(172,485)</b>	<b>246,668</b>	<b>74,860</b>	<b>47,356</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating Transfers In	-	-	15,000	-	-	-	15,000
Operating Transfers Out	(15,000)	-	-	-	-	-	(15,000)
Sale of Equipment	-	-	12,432	-	-	-	12,432
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(15,000)</b>	<b>-</b>	<b>27,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,432</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>34,951</b>	<b>(146,583)</b>	<b>22,377</b>	<b>(172,485)</b>	<b>246,668</b>	<b>74,860</b>	<b>59,788</b>
<b>FUND BALANCES - BEGINNING</b>	<b>342,240</b>	<b>869,275</b>	<b>117,851</b>	<b>191,953</b>	<b>41,122</b>	<b>129,592</b>	<b>1,692,033</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 377,191</b>	<b>\$ 722,692</b>	<b>\$ 140,228</b>	<b>\$ 19,468</b>	<b>\$ 287,790</b>	<b>\$ 204,452</b>	<b>\$ 1,751,821</b>

**BALDWIN TOWNSHIP, MINNESOTA  
RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$	59,788
<p>Amounts reported for governmental activities in the Statement of Activities are different due to the following:</p>		
<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		34,000
<p>Net change in accrued interest on certificates of indebtedness is not reported as expenses in the governmental funds:</p>		
		(1,868)
<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, 2017	\$ (49,797)	
Unavailable Revenue - December 31, 2018	<u>19,890</u>	
		(29,907)
<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>(1,179)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>60,834</u></b>

**BALDWIN TOWNSHIP, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2018**

	<u>Sewer Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 78,360
Current Portion of Assessments Receivable	45,077
Accounts Receivable	8,321
Prepays	495
Total Current Assets	<u>132,253</u>
Noncurrent Assets	
Long-Term Portion of Assessments Receivable	<u>315,543</u>
<b>TOTAL ASSETS</b>	<u>447,796</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	16,985
Accrued Interest	5,728
Debt Due Within One Year	50,911
Total Current Liabilities	<u>73,624</u>
Noncurrent Liabilities	
Debt Due After One Year	<u>407,289</u>
<b>TOTAL LIABILITIES</b>	<u>480,913</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ (33,117)</u>



**BALDWIN TOWNSHIP, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Sewer Fund</u>
<b>CHARGES FOR SERVICES</b>	\$ 31,172
<b>OPERATING EXPENSES</b>	
Personnel Services	721
Materials and Supplies	962
Utilities	4,972
Professional Services	44,365
Other Services and Charges	<u>795</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>51,815</u>
<b>NET OPERATING LOSS</b>	(20,643)
<b>NONOPERATING INCOME (EXPENSE)</b>	
Special Assessments	21,682
Investment Income	338
Miscellaneous	178
Capital Outlay	(93)
Interest and Other Charges	<u>(13,792)</u>
<b>NET NONOPERATING INCOME</b>	<u>8,313</u>
<b>CHANGE IN NET POSITION</b>	(12,330)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>(20,787)</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ (33,117)</u>

**BALDWIN TOWNSHIP, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Sewer Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 30,285
Cash Paid to Suppliers	(74,903)
Cash Paid to Employees	(721)
	(45,339)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>(45,339)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Nonoperating Receipts	89,374
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Outlay	(93)
Cash Paid for Interest	(13,135)
	(13,228)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(13,228)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investment Income	338
	338
Net Increase in Cash and Cash Equivalents	31,145
Cash and Cash Equivalents - Beginning of Year	47,215
	47,215
Cash and Cash Equivalents - End of Year	<u>\$ 78,360</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Operating Loss	\$ (20,643)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Change in Assets and Liabilities:	
Accounts Receivable	(887)
Prepays	(495)
Accounts Payable	(23,314)
	(23,314)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b><u>\$ (45,339)</u></b>

**BALDWIN TOWNSHIP, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2018**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>1,400</u>
<b>LIABILITIES</b>	
Due to Developers	\$ <u>1,400</u>

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**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 chosen not to implement. These statements specify how the net pension liability/asset is determined and require significant note 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 except for the fiduciary fund. The fiduciary fund is only reported in the Statement of Fiduciary Net Position at the fund financial statement level. 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, proprietary and fiduciary. 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, 2018

NOTE 1        SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B.    BASIS OF PRESENTATION (Continued)

Fund Financial Statements (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.

*Fire Equipment Fund*

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

*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.

The Township reports the following fiduciary fund:

*Fiduciary Fund*

This fund accounts for assets held by the Township as an agent for other parties that cannot be used to finance the Township's own operating programs.

BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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

**I.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 below.

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.

**I.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.

**I.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 3.A. for additional information related to cash and cash equivalents.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

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

**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.

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. Nonexchange transactions 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 3.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.

**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, 2018, compensated absences amount to \$3,762.

**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.

**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**I.E.      ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)**

**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.

**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, 2018 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 3.E, for additional disclosures.



**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**I.E.    ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)**

**Equity Classifications (Continued)**

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

**I.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.

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.

**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**1.F. REVENUES, EXPENDITURES, AND EXPENSES (Continued)**

**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 Note 3.D. for additional information.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2.A. FUND ACCOUNTING REQUIREMENTS AND DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

By its nature, as a local government unit, the Township is subject to various Federal, State, and local laws and contractual regulations. The Township complies with all State and local laws and regulations requiring the use of separate funds.

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at market. Minnesota Statutes require that all deposits with financial institutions be collateralized in an amount equal to 110% of deposits in excess of FDIC or FSLIC insurance (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The Township complies with such laws.

**2.B. BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund and major special revenue funds.

In December of each year, the Township Board approves the proposed operating budget (submitted by the Clerk/Treasurer) for the year commencing the following January 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.

The Township Board makes changes as necessary. The budget is legally enacted through passage of resolution. Expenditures may not legally exceed budget appropriations at the fund level. No fund's budget can be increased without the Township Board approval. The Township Board may authorize transfer of budgeted amounts between departments with any fund. Management may amend budgets within a fund level, as long as the total fund budget is not changed. See the General Fund and major special revenue funds' budgets presented in the Required Supplementary Information.

**2.C. EXPENDITURES IN EXCESS OF BUDGET**

Actual expenditures exceeded total budgeted expenditures for the current year end as follows:

Fund	Budgeted Expenditures	Actual Expenditures	Transfers Included in Actual
Road and Bridge	\$ 538,650	\$ 764,919	\$ -
Fire	\$ 146,585	\$ 181,684	\$ -

The expenditures in excess of budget were primarily due to unbudgeted expenditures for public works and public safety. The expenditures in excess of budget were funded by available fund balances.

**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3      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.

**3.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.

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). 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, 2018, 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 government's agent in the government's name.

**Investments**

The Township may also invest idle funds as authorized by Minnesota Statutes as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The Township does not have any investment policies that would further limit investment choices. At December 31, 2018, the Township does not hold any investments.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 3      DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**3.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.

At December 31, 2018, 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
04/13	\$ 40,000	\$4,000 - \$8,000	2.50%	06/18	\$ -
11/15	155,000	\$30,000 - \$35,000	2.50%	02/21	90,000
08/17	1,776,800	\$189,089-\$209,089	2.75-3.00%	02/27	1,776,800
Total Governmental Activities Debt Payable					1,866,800
Debt Due Within One Year					234,089
Debt Due After One Year					<u>\$ 1,632,711</u>

**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	\$ 458,200
Debt Due Within One Year					50,911
Debt Due After One Year					<u>\$ 407,289</u>

**Changes in Noncurrent Liabilities**

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2018:

Type of Debt	Balance 01/01/17	Additions	Reductions	Balance 12/31/17	Amounts Due Within One Year
<i>Governmental Activities</i>					
General Obligation Certificates	\$ 1,900,800	\$ -	\$ (34,000)	\$ 1,866,800	\$ 234,089
Compensated Absences Payable	2,583	6,476	(5,297)	3,762	-
Total	<u>\$ 1,903,383</u>	<u>\$ 6,476</u>	<u>\$ (39,297)</u>	<u>\$ 1,870,562</u>	<u>\$ 234,089</u>
<i>Business-Type Activities</i>					
General Obligation Certificates	<u>\$ 458,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,200</u>	<u>\$ 50,911</u>

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 3      DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**3.B.      NONCURRENT LIABILITIES (Continued)**

**Annual Debt Service Requirements**

At December 31, 2018, 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
2019	\$ 234,089	\$ 51,934	\$ 286,023
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
2024-2027	756,355	45,381	801,736
<b>Total</b>	<b>\$ 1,866,800</b>	<b>\$ 237,407</b>	<b>\$ 2,104,207</b>

  

Years Ending December 31,	Business-Type Activities		
	Principal	Interest	Total
2019	\$ 50,911	\$ 12,982	\$ 63,893
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
2024-2027	203,645	12,219	215,864
<b>Total</b>	<b>\$ 458,200</b>	<b>\$ 61,857</b>	<b>\$ 520,057</b>

Interest expense for long-term debt totals \$69,424 in the Statement of Activities (included in the Debt Service and Sewer lines). Interest expenditures are \$53,422 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 \$13,792 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.

**BALDWIN TOWNSHIP, MINNESOTA  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2018**

**NOTE 3      DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**3.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, 2018.

At December 31, 2018, estimated future minimum lease payments for the fire equipment lease are as follows:

Year's Ending December 31,	Governmental Funds		
	Principal	Interest	Total
2019	\$ 25,711	\$ 971	\$ 26,682
2020	13,144	196	13,340
Total	<u>\$ 38,855</u>	<u>\$ 1,167</u>	<u>\$ 40,022</u>

**3.D.    INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers consist of the following for the year ended December 31, 2018:

Major Funds	Transfers	Transfers In
	Out	Major Funds
General	<u>\$ 15,000</u>	<u>\$ 15,000</u>

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 does not have any interfund receivables or payables at year end.

**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 3      DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)**

**3.E.      FUND EQUITY**

At December 31, 2018, governmental fund equity is classified as follows:

General Fund		
Nonspendable - Prepaids	\$       6,369	
Unassigned	<u>          370,822</u>	
Total General Fund Balance		<u>\$       377,191</u>
Road and Bridge Fund		
Nonspendable - Prepaids	\$       2,652	
Assigned for Road and Bridge	<u>          720,040</u>	
Total Road and Bridge Fund Balance		<u>\$       722,692</u>
Fire Fund		
Nonspendable - Prepaids	\$       4,339	
Assigned for Fire Department	<u>          135,889</u>	
Total Fire Fund Balance		<u>\$       140,228</u>
Fire Equipment Fund		
Assigned for Fire Equipment		<u>\$       19,468</u>
Debt Service Fund		
Restricted for Debt Service		<u>\$       287,790</u>
Nonmajor Governmental Funds		
Assigned for:		
Cemetery	\$       17,131	
Parks and Recreation	44,880	
Capital Projects	<u>         142,216</u>	
Total Nonmajor Assigned Fund Balances		\$       204,227
Nonspendable - Prepaids		<u>              225</u>
Total Nonmajor Governmental Funds Balance		<u>\$       204,452</u>

**NOTE 4      OTHER NOTES**

**4.A.      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.

**BALDWIN TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 4      OTHER NOTES (Continued)**

**4.A.      DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)**

**Plan Description (Continued)**

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.

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 Employees 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](http://www.mnpera.org).

**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 2018. In 2018, 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, 2018, 2017, and 2016 total \$12,555, \$10,525 and \$9,148, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by State Statute.



**BALDWIN TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4        OTHER NOTES (Continued)**

**4.B.    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.

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.C.    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, 2018 is \$6,926.

**4.D.    SUBSEQUENT EVENTS**

Subsequent to year end and prior to the issuance of these financial statements, the Township purchased various fire equipment in the amount of \$16,276.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BALDWIN TOWNSHIP, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
<b>RESOURCES (INFLOWS):</b>			
Property Taxes	\$ 210,000	\$ 230,381	\$ 20,381
Intergovernmental	11,400	12,839	1,439
Charges for Services	7,006	7,133	127
Miscellaneous	22,112	25,588	3,476
Investment Income	112	3,157	3,045
<b>AMOUNTS AVAILABLE</b>	250,630	279,098	28,468
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>			
General Government	249,825	221,868	(27,957)
Public Safety	3,700	5,216	1,516
Public Works	3,000	2,000	(1,000)
Interest Charges	-	63	63
Transfers Out	-	15,000	15,000
<b>TOTAL CHARGES</b>	256,525	244,147	(12,378)
<b>BUDGETARY CHANGE IN FUND BALANCE</b>	\$ (5,895)	34,951	\$ 40,846
<b>FUND BALANCE - BEGINNING</b>		342,240	
<b>FUND BALANCE - ENDING</b>		\$ 377,191	

**BALDWIN TOWNSHIP, MINNESOTA  
 BUDGETARY COMPARISON SCHEDULE - ROAD AND BRIDGE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
<b>RESOURCES (INFLOWS):</b>			
Property Taxes	\$ 484,500	\$ 540,463	\$ 55,963
Intergovernmental	45,700	53,401	7,701
Charges for Services	6,750	10,150	3,400
Fines	9,300	8,954	(346)
Miscellaneous	-	146	146
Investment Income	276	5,222	4,946
<b>AMOUNTS AVAILABLE</b>	546,526	618,336	71,810
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>			
Public Works	538,650	764,919	226,269
<b>BUDGETARY CHANGE IN FUND BALANCE</b>	\$ 7,876	(146,583)	\$ (154,459)
<b>FUND BALANCE - BEGINNING</b>		869,275	
<b>FUND BALANCE - ENDING</b>		\$ 722,692	

**BALDWIN TOWNSHIP, MINNESOTA  
 BUDGETARY COMPARISON SCHEDULE - FIRE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget Amounts- Original and Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
<b>RESOURCES (INFLOWS):</b>			
Property Taxes	\$ 143,865	\$ 130,141	\$ (13,724)
Intergovernmental	-	36,766	36,766
Charges for Services	1,100	7,374	6,274
Miscellaneous	-	1,434	1,434
Investment Income	35	914	879
Transfers In	-	15,000	15,000
Sale of Equipment	-	12,432	12,432
<b>AMOUNTS AVAILABLE</b>	145,000	204,061	59,061
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>			
Public Safety	146,585	181,684	35,099
<b>BUDGETARY CHANGE IN FUND BALANCE</b>	\$ (1,585)	22,377	\$ 23,962
<b>FUND BALANCE - BEGINNING</b>		117,851	
<b>FUND BALANCE - ENDING</b>		\$ 140,228	

**SUPPLEMENTARY INFORMATION**

**BALDWIN TOWNSHIP, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	Cemetery Fund	Parks and Recreation Fund	Capital Project Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 17,131	\$ 43,584	\$ 140,788	\$ 201,503
Property Taxes Receivable	-	2,132	2,058	4,190
Prepays	-	225	-	225
	<u>\$ 17,131</u>	<u>\$ 45,941</u>	<u>\$ 142,846</u>	<u>\$ 205,918</u>
<b>TOTAL ASSETS</b>				
	<u>\$ 17,131</u>	<u>\$ 45,941</u>	<u>\$ 142,846</u>	<u>\$ 205,918</u>
 <b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 206	\$ -	\$ 206
 <b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	630	630	1,260
 <b>FUND BALANCES</b>				
Nonspendable	-	225	-	225
Assigned	17,131	44,880	142,216	204,227
Total Fund Balances	<u>17,131</u>	<u>45,105</u>	<u>142,216</u>	<u>204,452</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
	<u>\$ 17,131</u>	<u>\$ 45,941</u>	<u>\$ 142,846</u>	<u>\$ 205,918</u>

**BALDWIN TOWNSHIP, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Cemetery Fund	Parks and Recreation Fund	Capital Project Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 2	\$ 44,949	\$ 42,070	\$ 87,021
Intergovernmental	-	1,000	-	1,000
Charges for Services	1,925	-	-	1,925
Miscellaneous	-	1,432	-	1,432
Investment Income	151	248	1,089	1,488
<b>TOTAL REVENUES</b>	<u>2,078</u>	<u>47,629</u>	<u>43,159</u>	<u>92,866</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	-	12,454	-	12,454
Cemetery	962	-	-	962
Capital Outlay	-	4,590	-	4,590
<b>TOTAL EXPENDITURES</b>	<u>962</u>	<u>17,044</u>	<u>-</u>	<u>18,006</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,116	30,585	43,159	74,860
<b>FUND BALANCES - BEGINNING</b>	<u>16,015</u>	<u>14,520</u>	<u>99,057</u>	<u>129,592</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 17,131</u>	<u>\$ 45,105</u>	<u>\$ 142,216</u>	<u>\$ 204,452</u>



BALDWIN TOWNSHIP, MINNESOTA  
 SCHEDULE OF INDEBTEDNESS  
 FOR THE YEAR ENDED DECEMBER 31, 2018  
 (UNAUDITED)

Issue Date	Interest Rate	Maturity Date	Initial Authorized Issue	Outstanding Balance 01/01/18	Issued	Paid	Outstanding Balance 12/31/18	Principal Due in 2019
<b>GOVERNMENTAL DEBT</b>								
04/26/13	2.50%	06/15/18	\$ 40,000	\$ 4,000	\$ -	4,000	\$ -	\$ -
11/12/15	2.50%	02/01/21	155,000	120,000	-	30,000	90,000	30,000
08/21/17	2.75-3.00%	02/01/27	1,776,800	1,776,800	-	-	1,776,800	204,089
			2,256,800	1,900,800	-	34,000	1,866,800	234,089
<b>TOTAL GOVERNMENTAL DEBT</b>								
<b>BUSINESS-TYPE DEBT</b>								
08/21/17	3.00%	02/01/27	458,200	458,200	-	-	458,200	50,911
			\$ 2,715,000	\$ 2,359,000	\$ -	\$ 34,000	\$ 2,325,000	\$ 285,000
<b>TOTAL INDEBTEDNESS</b>								

**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 11, 2019

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, 2018, 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 11, 2019.

**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.*

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

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

March 11, 2019

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, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2019.

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.*

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

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**BALDWIN TOWNSHIP, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2018**

**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, 2018**

**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, 2018**

**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, 2018

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.