

# Silver Creek Township, Minnesota

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## Audited Financial Statements

For the Year Ended December 31, 2024

**SCHLENNER  
WENNER & Co.**  
CPAs

**SILVER CREEK TOWNSHIP, MINNESOTA  
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## **INTRODUCTORY SECTION**

**SILVER CREEK TOWNSHIP, MINNESOTA  
BOARD OF SUPERVISORS AND OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**BOARD OF SUPERVISORS**

		<u>Term Expires</u>
Mike Helman	Chairperson	December 2028
Brandon Geyen	Vice-Chairperson	December 2026
Andrew Christensen	Supervisor	December 2028
Sandy Forsman	Supervisor	December 2028
Ryan Nelson	Supervisor	December 2026

**TOWNSHIP OFFICIALS**

Alana Paumen	Clerk/Treasurer	Appointed
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**FINANCIAL  
SECTION**

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Silver Creek Township  
Wright County, Minnesota

### Report on the Audit of the Financial Statements

#### *Qualified and Unmodified Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of Silver Creek Township, Minnesota (the Township), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

#### *Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Road and Bridge Fund	Unmodified
Federal Programs - COVID Fund	Unmodified
Fire Fund	Unmodified

#### *Qualified Opinion on the Governmental Activities*

In our opinion, except for the effects of the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Silver Creek Township, Minnesota, as of December 31, 2024, 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.

*Unmodified Opinions on the General Fund, Road and Bridge Fund, Federal Programs – COVID Fund, and the Fire Fund.* In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Silver Creek Township, Minnesota, as of December 31, 2024, 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.

#### *Basis for Qualified and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

#### *Matter Giving Rise to the Qualified Opinion on the Governmental Activities*

Management has not recorded capital assets in governmental activities 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. The amount by which this departure would affect the assets, net position and expenses of the governmental activities 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.

#### ***Emphasis of Matter***

As discussed in Note 1.G. to the financial statements, in 2024, the Township adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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

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

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Management has omitted the Management's Discussion and Analysis and Budgetary Comparison Schedules 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 opinions on the basic financial statements are 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 Silver Creek Township, Minnesota's basic financial statements. The introductory section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has 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 it.

**Report on Other Legal and Regulatory Requirements**

In accordance with Minnesota Statutes, we have also issued our report dated August 13, 2025 on our consideration of Silver Creek 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.

A handwritten signature in cursive script that reads "Schlenner Wenner & Co." in dark ink.

**SCHLENNER WENNER & CO.**

St. Cloud, Minnesota

August 13, 2025

**BASIC FINANCIAL  
STATEMENTS**

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 838,986
Property Taxes Receivable	34,057
Assessments Receivable	2,866
Accounts Receivable	10,421
Prepays	12,458
<b>TOTAL ASSETS</b>	<u>898,788</u>
<b>LIABILITIES</b>	
Accounts Payable	70,342
Salaries Payable	730
Noncurrent Liabilities:	
Amount Due After One Year	3,836
<b>TOTAL LIABILITIES</b>	<u>74,908</u>
<b>NET POSITION</b>	
Unrestricted	<u><u>\$ 823,880</u></u>

**SILVER CREEK TOWNSHIP, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 160,121	\$ 1,118	\$ -	\$ -	\$ (159,003)
Public Safety	91,159	1,061	-	90,763	665
Public Works	1,143,229	4,669	120,407	-	(1,018,153)
Sanitation	<u>71,145</u>	<u>7,334</u>	<u>2,253</u>	<u>-</u>	<u>(61,558)</u>
Total Governmental Activities	<u>\$ 1,465,654</u>	<u>\$ 14,182</u>	<u>\$ 122,660</u>	<u>\$ 90,763</u>	(1,238,049)
General Revenues:					
Taxes					1,269,231
Intergovernmental					25,441
Investment Income					12,927
Miscellaneous					<u>5,375</u>
Total General Revenues					<u>1,312,974</u>
<b>CHANGE IN NET POSITION</b>					74,925
<b>NET POSITION - BEGINNING OF YEAR</b>					750,510
(As Previously Reported)					
<b>ADJUSTMENTS AND RESTATEMENTS</b>					
Restatement - Change in Accounting Principle					<u>(1,555)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>					<u>748,955</u>
(As Restated)					
<b>NET POSITION - END OF YEAR</b>					<u>\$ 823,880</u>

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	General Fund	Road and Bridge Fund	Federal Programs - COVID Fund	Fire Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 252,407	\$ 493,379	\$ -	\$ 93,200	\$ 838,986
Property Taxes Receivable	5,971	28,086	-	-	34,057
Assessments Receivable	-	-	-	2,866	2,866
Accounts Receivable	74	10,347	-	-	10,421
Prepays	-	12,458	-	-	12,458
<b>TOTAL ASSETS</b>	<u>\$ 258,452</u>	<u>\$ 544,270</u>	<u>\$ -</u>	<u>\$ 96,066</u>	<u>\$ 898,788</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 5,954	\$ 18,553	\$ -	\$ 45,835	\$ 70,342
Salaries Payable	-	730	-	-	730
Total Liabilities	5,954	19,283	-	45,835	71,072
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue:					
Property Taxes	2,068	9,941	-	-	12,009
Special Assessments	-	-	-	1,458	1,458
Total Deferred Inflows of Resources	2,068	9,941	-	1,458	13,467
<b>FUND BALANCES</b>					
Nonspendable	-	12,458	-	-	12,458
Assigned	15,000	502,588	-	48,773	566,361
Unassigned	235,430	-	-	-	235,430
Total Fund Balances	<u>250,430</u>	<u>515,046</u>	<u>-</u>	<u>48,773</u>	<u>814,249</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 258,452</u>	<u>\$ 544,270</u>	<u>\$ -</u>	<u>\$ 96,066</u>	<u>\$ 898,788</u>

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

Total Fund Balances - Governmental Funds		\$ 814,249
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds Balance Sheet:		
Compensated Absences		(3,836)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the governmental funds:		
Property Taxes Receivable	\$ 12,009	
Special Assessments Receivable	<u>1,458</u>	
		<u>13,467</u>
<b>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 823,880</u></b>

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	General Fund	Road and Bridge Fund	Federal Programs - COVID Fund	Fire Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 217,361	\$ 1,041,271	\$ -	\$ -	\$ 1,258,632
Special Assessments	-	-	-	89,459	89,459
Licenses, Permits, and Fees	38	-	-	-	38
Intergovernmental	34,808	113,293	-	-	148,101
Charges for Services	8,414	4,669	-	-	13,083
Fines	1,061	-	-	-	1,061
Interest Income	5,292	7,428	-	207	12,927
Miscellaneous	1,953	3,422	-	-	5,375
<b>TOTAL REVENUES</b>	<u>268,927</u>	<u>1,170,083</u>	<u>-</u>	<u>89,666</u>	<u>1,528,676</u>
<b>EXPENDITURES</b>					
Current:					
General Government	145,743	234	11,398	-	157,375
Public Safety	-	-	-	91,159	91,159
Public Works	10,851	600,110	2,375	-	613,336
Sanitation	71,145	-	-	-	71,145
Capital Outlay	4,139	531,659	-	-	535,798
<b>TOTAL EXPENDITURES</b>	<u>231,878</u>	<u>1,132,003</u>	<u>13,773</u>	<u>91,159</u>	<u>1,468,813</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	37,049	38,080	(13,773)	(1,493)	59,863
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	15,000	-	-	-	15,000
Transfers Out	-	(15,000)	-	-	(15,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	52,049	23,080	(13,773)	(1,493)	59,863
<b>FUND BALANCES - BEGINNING</b>	<u>198,381</u>	<u>491,966</u>	<u>13,773</u>	<u>50,266</u>	<u>754,386</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 250,430</u>	<u>\$ 515,046</u>	<u>\$ -</u>	<u>\$ 48,773</u>	<u>\$ 814,249</u>

See accompanying notes.

**SILVER CREEK TOWNSHIP, MINNESOTA  
RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$	59,863
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Amounts reported for governmental activities in the Statement of Activities  
are different due to the following:

Under the modified accrual basis of accounting, certain revenues cannot  
be recognized until they are available to liquidate liabilities of the  
current period:

Property Taxes	\$	10,599	
Special Assessments		1,304	
			11,903

Some expenses reported in the Statement of Activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in the governmental funds:

Compensated Absences		3,159	
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>74,925</u></b>
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**SILVER CREEK TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Silver Creek 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. The Township has adopted all such standards 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. The Township has also elected to not record capital assets, another requirement of U.S. GAAP. These departures affect the government-wide financial statements (defined below) and disclosures only.

**1.A. FINANCIAL REPORTING ENTITY**

The Township is located in Wright County, Minnesota. It is governed by a board of five supervisors who are elected to four-year terms. This form of government includes a combined clerk/treasurer and deputy clerk/treasurer who are appointed.

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 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 does not have any 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 Statement of Net Position and Statement of Activities typically distinguish between governmental activities and business-type activities (of which, the Township has none). Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

**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. All funds of the Township are governmental funds, for which an emphasis is placed on major funds.

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 of that individual governmental 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 of that individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**1.B. BASIS OF PRESENTATION (Continued)**

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund and is always classified as a major fund. It accounts for all financial resources of the general government, except those legally or administratively required to be accounted for in other funds.

The *Road and Bridge Fund* is a special revenue fund 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.

The *Federal Programs - COVID Fund* is a special revenue fund used to account for the proceeds of American Rescue Plan Act funding and the spending of those funds on eligible expenditures. The Township has elected to present this fund as major.

The *Fire Fund* is a special revenue fund used to account for proceeds of specific revenue sources that are legally restricted to expenditures for public safety purposes.

Changes in Financial Reporting Entity

The following fund was reported as a nonmajor fund in the prior year, but shifted to a major fund presentation during the year ended December 31, 2024:

- Fire Fund

**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 the Statement of Activities, governmental 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 is used as defined in the first bullet point below:

- 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 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) and financial position. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent) associated with their activities are reported.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, governmental 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, liabilities, and deferred outflows/inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

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.

**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 contingencies related to these balances at the date of the financial statements. Estimates also affect reported amounts of revenues and expenditures/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 the purpose of the Statement of Net Position, “Cash and Cash Equivalents” includes all checking and savings accounts of the Township at December 31, 2024.

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 and intergovernmental revenues.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes and other intergovernmental revenues since they are usually both measurable and available. Revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but are 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. No allowances are deemed necessary at year end.

**Prepaid Expenditures/Expenses**

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

**Accounts Payable**

Payables in the governmental funds are composed almost entirely of payables to vendors.

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

**Compensated Absences**

The Township recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (paid) during or upon separation from employment. Based on the criteria, vacation, sick leave, and comp time balances accumulated by Township employees qualify for liability recognition as compensated absences. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

**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 fund balance that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The Township reports property taxes and special assessments as deferred inflows of resources in the governmental fund financial statements, in accordance with the modified accrual basis of accounting. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available.

**Equity Classifications**

Government-wide Financial 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. The Township has no restricted net position at December 31, 2024.

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.

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, 2024 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. The Township has no restricted fund balances at December 31, 2024.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Township’s Board of Supervisors, which is the highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Township Board modifies or rescinds the commitment by resolution. The Township has no committed fund balances at December 31, 2024.

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

Assigned – Amounts that are constrained by the Township’s intent to be used for specific purposes but are neither restricted nor committed.

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 does not have a minimum fund balance policy.

See Note 2.D. for additional disclosures.

**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. Wright County 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 31st 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.

**Program Revenues**

Program revenues reported in the government-wide financial statements include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments, if any) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**Expenditures/Expenses**

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

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

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

In the fund financial statements, governmental funds report expenditures of financial resources.

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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 additional information at Note 2.C.

**1.G. RECENTLY ISSUED ACCOUNTING STANDARDS**

During the current fiscal year, the City adopted Governmental Accounting Standard Board (GASB) Statement No. 101, *Compensated Absences*. This standard provides updated recognition and measurement guidance for recording compensated absences. For additional information regarding the impact of adopting this standard, see Note 5.C.

**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, deferred outflows, liabilities, deferred inflows, 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.

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 percent 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.

**SILVER CREEK TOWNSHIP, MINNESOTA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**2.A.     CASH AND CASH EQUIVALENTS (Continued)**

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, 2024, 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**

**Changes in Noncurrent Liabilities**

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2024:

Type of Debt	Balance 01/01/24	Additions	Reductions	Balance 12/31/24	Amounts Due Within One Year
<i>Governmental Activities</i>					
Compensated Absences Payable*	\$ 6,995	\$ -	\$ (3,159)	\$ 3,836	\$ -

\*The opening balance for compensated absences has been revised to reflect the impact of the adoption of GASB 101.  
See additional information at Note 5.C.

**2.C.     INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers consist of the following for the year ended December 31, 2024:

Major Funds	Transfers Out	Transfers In
		Major Funds
		General
Road and Bridge	\$ 15,000	\$ 15,000

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.

**SILVER CREEK TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

**2.D.     FUND EQUITY**

At December 31, 2024, governmental fund equity consists of the following:

	Nonspendable	Assigned	Unassigned
General Fund			
Assigned for Gravel Pit Reclamation	\$       -	\$      15,000	\$       -
Unassigned	-	-	235,430
Total General Fund Balance	<u>\$       -</u>	<u>\$      15,000</u>	<u>\$     235,430</u>
Road and Bridge Fund			
Nonspendable - Prepays	\$      12,458	\$       -	\$       -
Assigned for Road and Bridge Purchases	-	502,588	-
Total Road and Bridge Fund	<u>\$      12,458</u>	<u>\$     502,588</u>	<u>\$       -</u>
Fire Fund			
Assigned for Fire Department Purchases	<u>\$       -</u>	<u>\$      48,773</u>	<u>\$       -</u>

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

**Plan Description**

The Township participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The plan provisions are established and administered according to *Minnesota Statutes* chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

**Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by State Statute and can only be modified by the State Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989 receive the higher of the Step or Level formulas.

**SILVER CREEK TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

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

Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.20 percent of the highest average salary for each of the first 10 years of service and 1.70 percent for each additional year. Under the Level formula, General Plan members receive 1.70 percent of highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**Contributions**

*Minnesota Statutes* chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024, and the Township was required to contribute 7.50 percent for General Plan members. The Township's contributions to the General Employees Fund for the year ended December 31, 2024, were \$11,858. The Township's contributions were equal to the required contributions as set by State Statute.

**NOTE 4     PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN**

Supervisors of the Township are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the Township during calendar year 2024 are:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$409	\$414	5.0%	5.0%	5.0%

**SILVER CREEK TOWNSHIP, MINNESOTA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 5 OTHER NOTES**

**5.A. RISK MANAGEMENT**

**Claims and Judgements**

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 participates in the Minnesota Association of Townships Insurance and Bond Trust (MATIT) program, a joint powers organization under *Minnesota Statutes* Section 471.59 to provide insurance and risk management programs to eligible townships. This is a self-insurance program. Approximately 1,700 townships participate in the program.

The Township has the following types of coverage with MATIT: public officials' errors and omissions, workers compensation, property, auto, and liability. There were no significant reductions in insurance coverage from the previous year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three calendar years.

**5.B. COMMITMENTS**

**Fire Contracts**

The Township has contracted with the City of Monticello for fire services through December 31, 2027. The contract requires the Township pay the City \$41,418 for 2025. Future amounts will be determined at annual meetings.

The Township has also contracted with the City of Maple Lake for fire services through April 30, 2028. The contract requires the Township pay the City at a rate of \$85 per insurable parcel of land within the service area through April 30, 2028.

**Gravel Contracts**

The Township has contracted for gravel purchases at \$1.65 per cubic yard through December 31, 2028.

**5.C. ADJUSTMENTS AND RESTATEMENTS**

**Change in Accounting Principle**

During the current year, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This statement increases the usefulness of governmental financial statements by updating the recognition and measurement guidance for compensated absences. The effects of this change in accounting principle are summarized in the table below in the "Change in Accounting Principle" column.

	Net Position 12/31/2023 As Previously Reported	Change in Accounting Principle	Net Position 12/31/2023 As Adjusted or Restated
Government-Wide			
Governmental Activities	\$ 750,510	\$ (1,555)	\$ 748,955

**OTHER REQUIRED REPORT  
AND SCHEDULES**

**INDEPENDENT AUDITOR'S REPORT ON  
MINNESOTA LEGAL COMPLIANCE**

Board of Supervisors  
Silver Creek Township  
Wright County, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund of Silver Creek Township, Minnesota (the Township) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 13, 2025.

In connection with our audit, we noted that the Township failed to comply with provisions of the claims and disbursements section of the *Minnesota Legal Compliance Audit Guide for Towns*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the *Schedule of Findings and Responses* as item 2023-001. Also, 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 contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Towns*, insofar as they relate to accounting matters. 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, insofar as they relate to accounting matters.

Silver Creek Township's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Responses* and *Corrective Action Plans* as item 2023-001. 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.

This report is intended solely for the information and use of the Board of Supervisors and management of Silver Creek 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  
August 13, 2025

**SILVER CREEK TOWNSHIP, MINNESOTA  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2024**

**LEGAL COMPLIANCE FINDING**

**Finding 2023-001     Annual Delegation of Electronic Funds Transfers Authority**

<i>Condition:</i>	The Township did not make the annual delegation of authority for its electronic fund transfers.
<i>Criteria:</i>	In accordance with MN Statute §471.38, the Township is required to annually delegate the authority to make electronic fund transfers to designated personnel.
<i>Cause:</i>	Electronic funds transfers authority was not delegated.
<i>Effect:</i>	Without this delegation, the Township cannot legally make electronic funds transfers for the period that delegation was not made.
<i>Recommendation:</i>	We recommend the Township Board make this delegation at its annual organizational meeting in order to comply with Minnesota statutes.
<i>Views of Responsible Officials And Planned Corrective Actions:</i>	Management agrees with the recommendation. See corresponding Corrective Action Plan.

**SILVER CREEK TOWNSHIP, MINNESOTA  
CORRECTIVE ACTION PLANS  
DECEMBER 31, 2024**

**LEGAL COMPLIANCE FINDING**

**Finding 2023-001     Annual Delegation of Electronic Funds Transfers Authority**

1. Explanation of Disagreement with Audit Finding  
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding  
In the future, the Township Board will make this delegation at its annual organizational meeting.
3. Official Responsible  
Alana Paumen, Clerk/Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date  
December 31, 2025.
5. Plan to Monitor Completion  
The Township Board will be monitoring this Corrective Action Plan.