

Silver Creek Township, Minnesota

Audited Financial Statements

For the Year Ended December 31, 2023

**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, 2023**

BOARD OF SUPERVISORS

		<u>Term Expires</u>
Chris Newman	Chairperson	December 2023
Mike Helman	Vice-Chairperson	December 2024
Sandy Forsman	Supervisor	December 2024
Brandon Geyen	Supervisor	December 2026
Ryan Nelson	Supervisor	December 2026

TOWNSHIP OFFICIALS

Heidi Eckerman	Clerk/Treasurer	Appointed
Nancy Betzler	Deputy Clerk/Treasurer	Appointed

**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, each major fund, and the nonmajor fund of Silver Creek Township, Minnesota (the Township), as of and for the year ended December 31, 2023, 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
Nonmajor 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, 2023, 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 Nonmajor Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the nonmajor fund of Silver Creek Township, Minnesota, as of December 31, 2023, 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.

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 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 and supplementary information 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.

Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, we have also issued our report dated March 12, 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

March 12, 2025

**BASIC FINANCIAL
STATEMENTS**

SILVER CREEK TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 758,357
Property Taxes Receivable	9,065
Assessments Receivable	646
Accounts Receivable	19,553
Prepays	4,806
TOTAL ASSETS	<u>792,427</u>
LIABILITIES	
Accounts Payable	28,071
Salaries Payable	8,406
Noncurrent Liabilities:	
Amount Due After One Year	5,440
TOTAL LIABILITIES	<u>41,917</u>
NET POSITION	
Unrestricted	<u><u>\$ 750,510</u></u>

**SILVER CREEK TOWNSHIP, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 161,349	\$ 11,483	\$ -	\$ -	\$ (149,866)
Public Safety	83,827	1,153	-	77,675	(4,999)
Public Works	1,027,802	2,342	55,549	-	(969,911)
Sanitation	60,729	6,338	7,322	-	(47,069)
Parks and Recreation	229	-	-	-	(229)
Debt Service	443	-	-	-	(443)
Total Governmental Activities	<u>\$ 1,334,379</u>	<u>\$ 21,316</u>	<u>\$ 62,871</u>	<u>\$ 77,675</u>	(1,172,517)
General Revenues:					
Taxes					1,180,380
Intergovernmental					21,015
Investment Income					12,610
Miscellaneous					<u>17,937</u>
Total General Revenues					<u>1,231,942</u>
CHANGE IN NET POSITION					59,425
NET POSITION - BEGINNING OF YEAR					<u>691,085</u>
NET POSITION - END OF YEAR					<u>\$ 750,510</u>

SILVER CREEK TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Road and Bridge Fund	Federal Programs - COVID Fund	Nonmajor Fire Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 207,860	\$ 486,950	\$ 13,773	\$ 49,774	\$ 758,357
Property Taxes Receivable	1,356	7,709	-	-	9,065
Assessments Receivable	-	-	-	646	646
Accounts Receivable	1,917	17,636	-	-	19,553
Prepays	-	4,806	-	-	4,806
TOTAL ASSETS	<u>\$ 211,133</u>	<u>\$ 517,101</u>	<u>\$ 13,773</u>	<u>\$ 50,420</u>	<u>\$ 792,427</u>
LIABILITIES					
Accounts Payable	\$ 10,196	\$ 17,875	\$ -	\$ -	\$ 28,071
Salaries Payable	2,354	6,052	-	-	8,406
Total Liabilities	12,550	23,927	-	-	36,477
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property Taxes	202	1,208	-	-	1,410
Special Assessments	-	-	-	154	154
Total Deferred Inflows of Resources	202	1,208	-	154	1,564
FUND BALANCES					
Nonspendable	-	4,806	-	-	4,806
Assigned	-	487,160	13,773	50,266	551,199
Unassigned	198,381	-	-	-	198,381
Total Fund Balances	<u>198,381</u>	<u>491,966</u>	<u>13,773</u>	<u>50,266</u>	<u>754,386</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 211,133</u>	<u>\$ 517,101</u>	<u>\$ 13,773</u>	<u>\$ 50,420</u>	<u>\$ 792,427</u>

SILVER CREEK TOWNSHIP, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total Fund Balances - Governmental Funds		\$ 754,386
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		(5,440)
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	\$ 1,410	
Special Assessments Receivable	<u>154</u>	
		<u>1,564</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 750,510</u>

SILVER CREEK TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Road and Bridge Fund	Federal Programs - COVID Fund	Nonmajor Fire Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 156,004	\$ 1,028,826	\$ -	\$ -	\$ 1,184,830
Special Assessments	-	-	-	78,666	78,666
Licenses, Permits, and Fees	563	-	-	-	563
Intergovernmental	41,519	46,015	-	-	87,534
Charges for Services	17,258	2,342	-	-	19,600
Fines	1,153	-	-	-	1,153
Interest Income	3,251	9,078	-	281	12,610
Miscellaneous	3,336	14,601	-	-	17,937
TOTAL REVENUES	<u>223,084</u>	<u>1,100,862</u>	<u>-</u>	<u>78,947</u>	<u>1,402,893</u>
EXPENDITURES					
Current:					
General Government	157,818	255	-	-	158,073
Public Safety	-	-	-	83,827	83,827
Public Works	521	677,934	-	-	678,455
Sanitation	10,504	-	50,225	-	60,729
Parks and Recreation	180	49	-	-	229
Capital Outlay	4,578	316,551	30,334	-	351,463
Debt Service:					
Principal	-	40,339	-	-	40,339
Interest and Other Charges	-	1,771	-	-	1,771
TOTAL EXPENDITURES	<u>173,601</u>	<u>1,036,899</u>	<u>80,559</u>	<u>83,827</u>	<u>1,374,886</u>
NET CHANGE IN FUND BALANCES	49,483	63,963	(80,559)	(4,880)	28,007
FUND BALANCES - BEGINNING	<u>148,898</u>	<u>428,003</u>	<u>94,332</u>	<u>55,146</u>	<u>726,379</u>
FUND BALANCES - ENDING	<u>\$ 198,381</u>	<u>\$ 491,966</u>	<u>\$ 13,773</u>	<u>\$ 50,266</u>	<u>\$ 754,386</u>

SILVER CREEK TOWNSHIP, MINNESOTA
RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	28,007
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Amounts reported for governmental activities in the Statement of Activities are different due to the following:

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amounts below detail the effects of these differences in the treatment of long-term debt and related items:

Debt Principal Repayments		40,339
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due:

		1,328
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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	\$	(4,450)	
Special Assessments		(991)	
Other Revenues		(3,648)	
			(9,089)

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		(1,160)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>59,425</u>
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SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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 Township reports the following nonmajor governmental fund:

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.

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, 2023

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, 2023.

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 similar intergovernmental revenues since they are usually both measurable and available. Revenues collectible but not available are considered deferred inflows of resources in the fund financial statements in accordance with the modified accrual basis, but 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.

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.

SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Vacation leave accrues each pay period based on the number of years of service from a minimum of 80 hours per year to a maximum of 240 hours per year. Employees may carryover vacation leave up to a maximum of 80 hours into the next calendar year, and upon separation from employment be paid for accrued but unused vacation pay up to a maximum of 80 hours.

At December 31, 2023, compensated absences amount to \$5,440.

Long-Term Debt

All long-term debt to be repaid from governmental fund resources is reported as liabilities in the government-wide statements. The long-term debt consists of a financing arrangement.

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.

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, special assessments, and other receivables 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. The Township has no restricted net position at December 31, 2023.

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 Statements

In the 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, 2023 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, 2023.

SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2023.

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.C. 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.

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

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

SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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. There were no interfund transfers for the year ended December 31, 2023.

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.

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, 2023, 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.

SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

2.B. NONCURRENT LIABILITIES

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2023:

Type of Debt	Balance 01/01/23	Additions	Reductions	Balance 12/31/23	Amounts Due Within One Year
<i>Governmental Activities</i>					
Financing Arrangement	\$ 40,339	\$ -	\$ (40,339)	\$ -	\$ -
Compensated Absences Payable	4,280	1,160	-	5,440	-
Total	<u>\$ 44,619</u>	<u>\$ 1,160</u>	<u>\$ (40,339)</u>	<u>\$ 5,440</u>	<u>\$ -</u>

Governmental Activity debt is typically funded through the Road and Bridge Fund. Compensated absences are funded through the funds to which the respective employees' wages are allocated.

Interest and other fiscal charges total \$443 in the Statement of Activities (included in the Debt Service line). Interest and other fiscal charges total \$1,771 in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (included in the Interest and Other Charges line).

2.C. FUND EQUITY

At December 31, 2023, governmental fund equity consists of the following:

	Nonspendable	Assigned	Unassigned
General Fund			
Unassigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,381</u>
Road and Bridge Fund			
Nonspendable - Prepays	\$ 4,806	\$ -	\$ -
Assigned for Road and Bridge Purchases	<u>-</u>	<u>487,160</u>	<u>-</u>
Total Road and Bridge Fund	<u>\$ 4,806</u>	<u>\$ 487,160</u>	<u>\$ -</u>
Federal Programs - COVID Fund			
Assigned for Future American Rescue Plan Act Expenditures	<u>\$ -</u>	<u>\$ 13,773</u>	<u>\$ -</u>
Nonmajor Fire Fund			
Assigned for Fire Department Purchases	<u>\$ -</u>	<u>\$ 50,266</u>	<u>\$ -</u>

SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the Township are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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.

General Employees Plan Benefits

General Employees Plan 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 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 1.20 percent for each of the first 10 years of service and 1.70 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70 percent for all years of service. 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.

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. 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 reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023, and the Township was required to contribute 7.50 percent for Coordinated Plan members. The Township's contributions to the General Employees Fund for the year ended December 31, 2023, were \$14,130. The Township's contributions were equal to the required contributions as set by state statute.

SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 DEFINED CONTRIBUTION PLAN

Five Supervisors of the Township are covered by the Public Employees 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.03, 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.

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 2.00 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 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$648	\$648	5.0%	5.0%	5.0%

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, 2024. The contract requires the Township pay the City at a rate of \$75 per insurable parcel of land within the service area.

The Township has also contracted with the City of Maple Lake for fire services through April 30, 2024. 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, 2024.

**SILVER CREEK TOWNSHIP, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 OTHER NOTES (Continued)

5.B. COMMITMENTS (Continued)

Gravel Contracts

The Township has contracted for gravel purchases at \$1.65 per cubic yard through December 31, 2025.

5.C. SUBSEQUENT EVENTS

Road Improvements

Subsequent to year end and prior to the issuance of these financial statements, the Township accepted a bid for a street overlay project for \$351,560.

SUPPLEMENTARY INFORMATION

**SILVER CREEK TOWNSHIP, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)**

	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>Initial Authorized Issue</u>	<u>Outstanding Balance 01/01/23</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding Balance 12/31/23</u>	<u>Principal Due Within One Year</u>
GOVERNMENTAL INDEBTEDNESS									
Financing Arrangement	04/01/19	4.39%	04/01/23	<u>\$ 193,569</u>	<u>\$ 40,339</u>	<u>\$ -</u>	<u>\$ 40,339</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER REQUIRED REPORTS
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, each major fund, and the nonmajor fund of Silver Creek Township, Minnesota (the Township) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated March 12, 2025.

In connection with our audit, we noted that Silver Creek 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
March 12, 2025

**SILVER CREEK TOWNSHIP, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

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, 2023**

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.