

Annual Financial Report

Spring Lake Township Scott County, Minnesota

For the Year Ended
December 31, 2019

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Spring Lake Township
 Scott County, Minnesota
 Annual Financial Report
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INTRODUCTORY SECTION
SPRING LAKE TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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Spring Lake Township
Scott County, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2019

ELECTED

Name	Title
Ted Kowalski	Board Supervisor / Chairman
Doug Berens	Board Supervisor
Glenn Kelley	Board Supervisor

APPOINTED

Melissa Hanson	Township Clerk
Dave Johnson	Township Treasurer
Sara Domer	Township Deputy Clerk

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FINANCIAL SECTION
SPRING LAKE TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Chairman and Board of Supervisors
Spring Lake Township
Scott County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Township, Scott County, Minnesota (the Township), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Road and Bridge funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

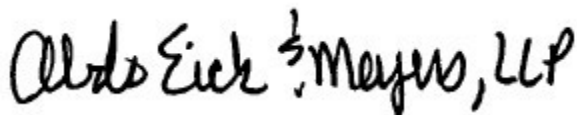
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The introductory section and combining and individual fund financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2020 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
February 26, 2020

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Management's Discussion and Analysis

As management of the Spring Lake Township, Scott County, Minnesota, (the Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2019.

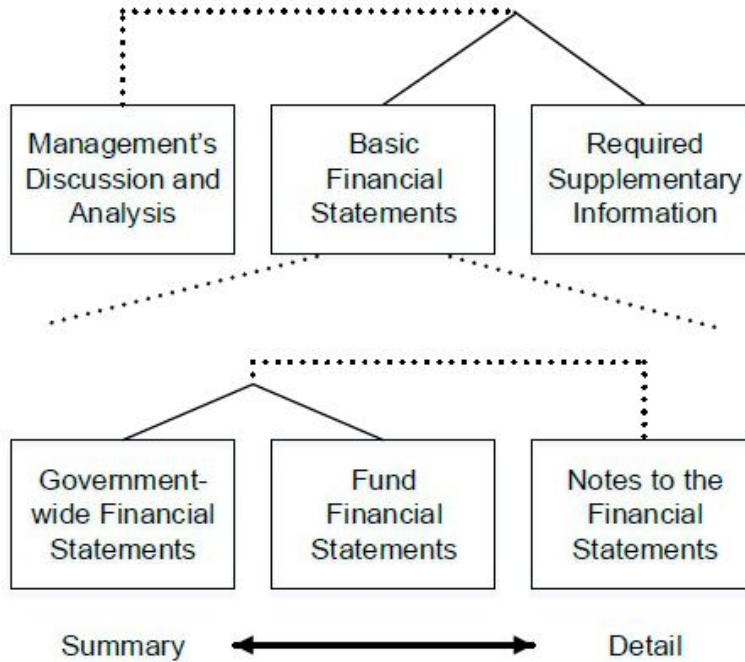
Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$8,501,504 (net position). Of this amount, \$1,560,679 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$265,674. This was mainly due to a budgeted fund balance increase and capital outlay in the Road and Bridge fund.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,200,667, an increase of \$339,703 in comparison with the prior year. This was largely due to the Road and Bridge fund.
- The Township's total noncurrent liabilities decreased by \$275,556 during the current fiscal year. This was due to scheduled payments on bonds outstanding.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves. The following chart shows how the required parts of this annual report are arranged and relate to one another:

Organization of the Township's Annual Financial Report



The following chart summarizes the major features of the Township's financial statements, including the portion of the Township's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Township government (except fiduciary funds) and the Township's component units	The activities of the Township that are not proprietary or fiduciary, such as fire and parks	Activities the Township operates similar to private businesses, such as the community sewer system	Instances in which the Township administers resources on behalf of someone else, such as developers
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	N/A
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	N/A
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the Township include Ben's Bay SSD, South Shore Drive SSD, and Lydia Subordinate Service District.

The government-wide financial statements start on page 27 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road and Bridge, Debt Service, and Park funds - of which all are considered to be major funds.

The Township adopts an annual appropriated budget for its General fund and the Road and Bridge funds. A budgetary comparison statement has been provided for the General and Road and Bridge funds to demonstrate compliance with this budget. The Township does not budget the Park special revenue fund because it is not legally required to do so.

The basic governmental fund financial statements start on page 32 of this report.

Proprietary Funds. The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its Ben's Bay SSD community septic system, street lights and lift stations to the South Shore Drive SSD project area, and community lighting in the town of Lydia.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for all three proprietary funds, all of which are nonmajor funds.

The basic proprietary fund financial statements start on page 38 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are

not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Township does not have any fiduciary funds in 2019.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 41 of this report.

Other Information. The combining statements referred to earlier in connection with non-major proprietary funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 55 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$8,501,504 at the close of the most recent fiscal year.

A significant portion of the Township's net position (67.8 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure); less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Spring Lake Township's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Assets						
Current and other assets	\$ 2,959,233	\$ 2,778,837	\$ 180,396	\$ 82,043	\$ 71,715	\$ 10,328
Capital assets (net of depreciation)	6,910,103	7,047,945	(137,842)	93,750	105,000	(11,250)
Total Assets	<u>9,869,336</u>	<u>9,826,782</u>	<u>42,554</u>	<u>175,793</u>	<u>176,715</u>	<u>(922)</u>
Liabilities						
Noncurrent liabilities outstanding	1,439,818	1,715,374	(275,556)	-	-	-
Current and other liabilities	103,219	51,885	51,334	588	408	180
Total Liabilities	<u>1,543,037</u>	<u>1,767,259</u>	<u>(224,222)</u>	<u>588</u>	<u>408</u>	<u>180</u>
Net Position						
Net investment in capital assets	5,671,541	5,592,343	79,198	93,750	105,000	(11,250)
Restricted for						
Debt service	423,135	659,181	(236,046)	-	-	-
Storm water emergency	10,000	10,000	-	-	-	-
Future street improvements	742,399	262,989	479,410	-	-	-
Unrestricted	<u>1,479,224</u>	<u>1,535,010</u>	<u>(55,786)</u>	<u>81,455</u>	<u>71,307</u>	<u>10,148</u>
Total Net Position	<u>\$ 8,326,299</u>	<u>\$ 8,059,523</u>	<u>\$ 266,776</u>	<u>\$ 175,205</u>	<u>\$ 176,307</u>	<u>\$ (1,102)</u>

An additional portion of the Township's net position, (13.8 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$1,560,679 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report a positive balance in all three categories of net position, for the Township as a whole, as well as for its separate governmental and business-type activities.

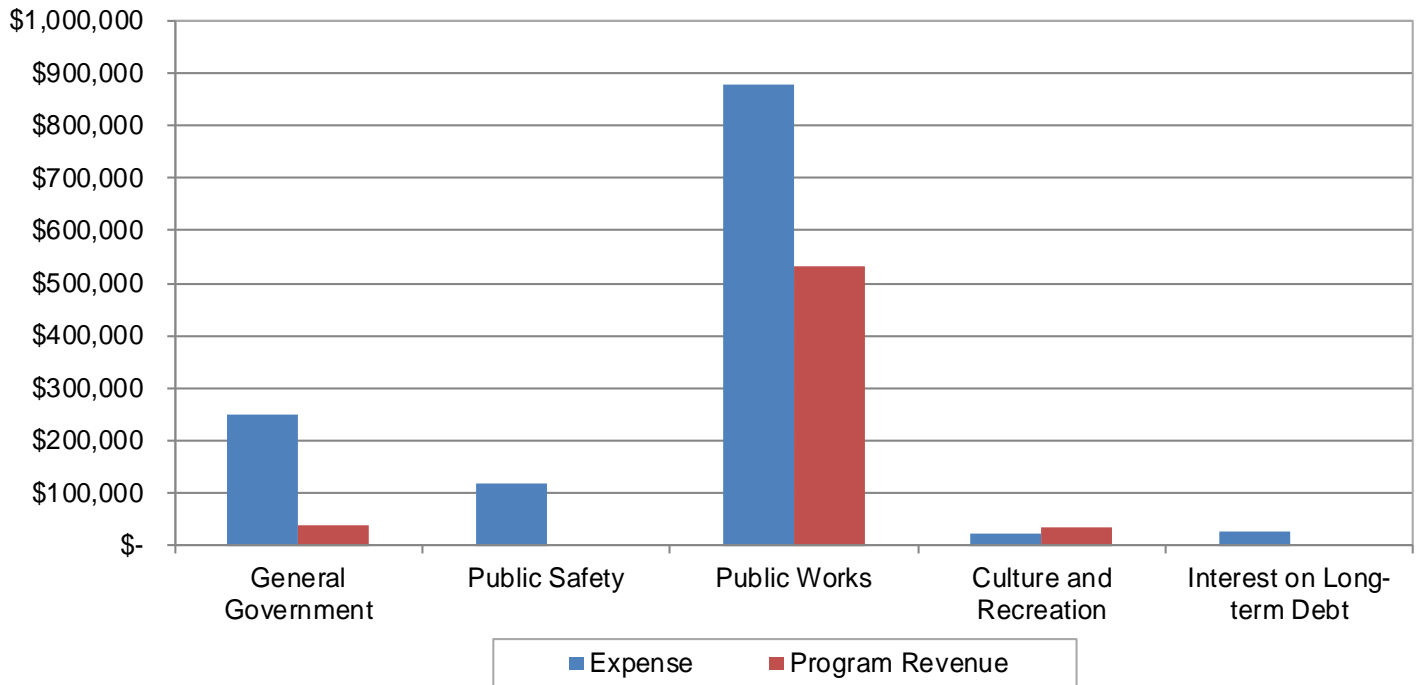
Governmental Activities. Governmental activities increased the Township's net position by \$266,776, thereby accounting for almost the entire growth in the net position of the Township. The following table summarizes the changes in net position.

Spring Lake Township's Changes in Net Position

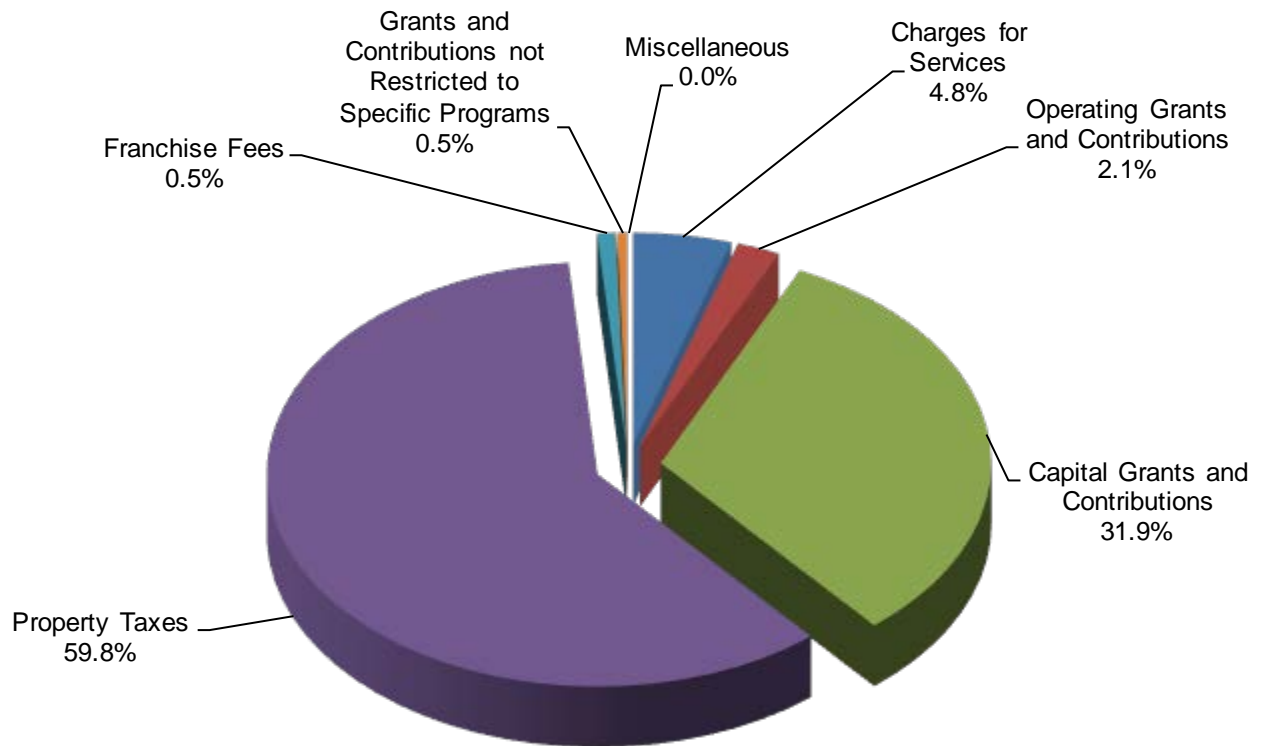
	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 76,045	\$ 74,885	\$ 1,160	\$ 18,096	\$ 20,316	\$ (2,220)
Operating grants and contributions	33,262	187,088	(153,826)	-	-	-
Capital grants and contributions	499,247	2,628,286	(2,129,039)	516	1,032	(516)
General Revenues						
Taxes						
Property taxes	934,347	918,330	16,017	-	-	-
Franchise fees	13,562	17,841	(4,279)	-	-	-
Grants and contributions not restricted to specific programs	7,329	6,992	337	-	-	-
Unrestricted investment earnings	1,824	1,853	(29)	-	128	(128)
Miscellaneous	225	1,980	(1,755)	-	-	-
Total Revenues	1,565,841	3,837,255	(2,271,414)	18,612	21,476	(2,864)
Expenses						
General government	251,062	235,803	15,259	-	-	-
Public safety	120,179	109,550	10,629	-	-	-
Public works	878,378	678,464	199,914	-	-	-
Culture and recreation	23,692	29,962	(6,270)	-	-	-
Interest on long-term debt	25,754	31,955	(6,201)	-	-	-
Ben's Bay SSD	-	-	-	16,825	21,054	(4,229)
South Shore Drive SSD	-	-	-	2,616	2,625	(9)
Lydia Subordinate Service District	-	-	-	273	1,610	(1,337)
Total Expenses	1,299,065	1,085,734	213,331	19,714	25,289	(5,575)
Change in Net Position	266,776	2,751,521	(2,484,745)	(1,102)	(3,813)	2,711
Net Position, January 1	8,059,523	5,308,002	2,751,521	176,307	180,120	(3,813)
Net Position, December 31	\$ 8,326,299	\$ 8,059,523	\$ 266,776	\$ 175,205	\$ 176,307	\$ (1,102)

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

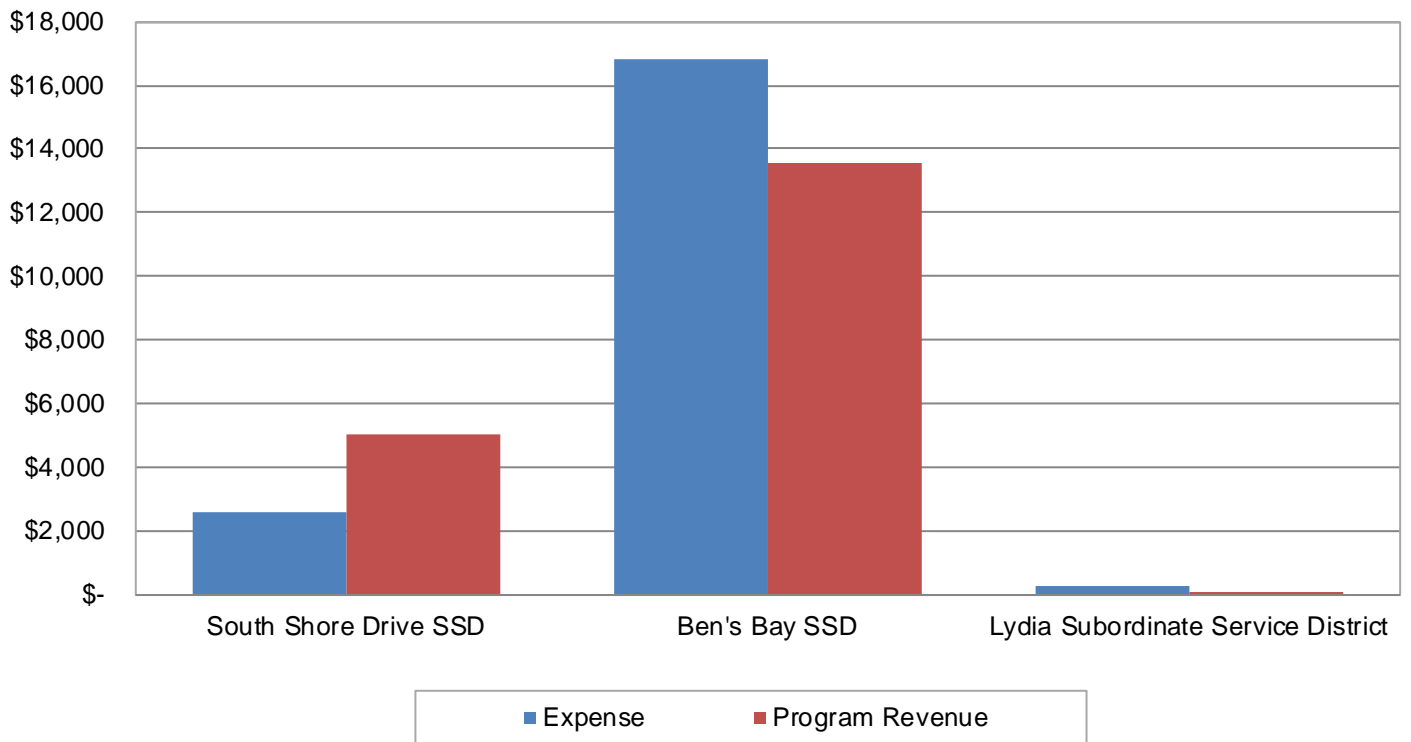


Revenues by Source - Governmental Activities

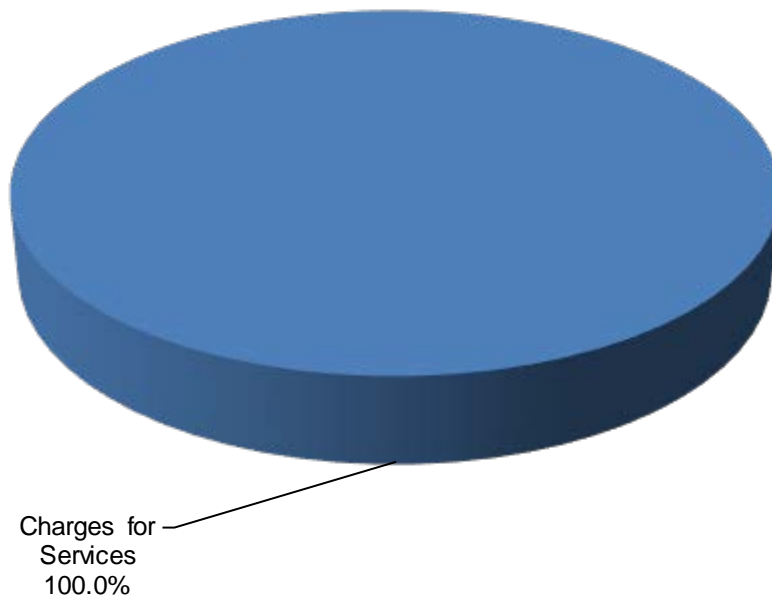


Business-type Activities. Business-type activities decreased the Township's net position by \$1,102.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds had combined ending fund balances of \$2,200,667, an increase of \$339,703 in comparison with the prior year. Approximately 4.2 percent of this total amount, \$92,556, constitutes a deficit *unassigned fund balance*, which is not available for spending. The remainder of fund balance is composed of the following classifications: 1) nonspendable for prepaid items and advances to other funds (\$585,511), 2) restricted for debt service (\$14,362), storm water emergency (\$10,000), and future street improvements (\$838,387) and 3) committed for road maintenance and capital projects (\$844,963).

Activity of the Township's major funds is discussed below:

General Fund: The General fund is the chief operating fund of the Township. The increase in the General fund is more than budgeted. As a measure of the General fund's liquidity, it may be useful to compare the cash balance to the following year's budget. The cash balance is 126.2 percent of next year's budgeted expenditures.

Road and Bridge: The increase in the Road and Bridge fund was anticipated in the budget for future projects and an agreement with the county related to the County Road Turnback Agreement.

Park: The increase in the Park fund was due to park fees received during the year.

Debt Service: The decrease in the Debt Service fund was a result of payment of principal and interest during the year.

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$81,455. Other factors related to the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The Township's General fund budget was not amended during the year, anticipating an increase of \$42,608 to fund balance. Revenues were over budget by \$38,111, expenditures were over budget by \$7,434, the largest difference from the budget was Licenses and Permits which was \$17,375 over budget.

Road and Bridge Fund Budgetary Highlights

The budget for the Township's Road and Bridge fund was not amended during the year, anticipating an increase of \$112,765 to the fund balance. The actual change in fund balance was an increase of \$325,156. This is related to planning for future projects and money from the county related to a road project.

Capital Assets and Debt Administration

Capital Assets: The Township's capital assets for its governmental and business-type activities amounts to \$7,003,853 (net of accumulated depreciation) as of December 31, 2019. These capital assets include land, buildings, improvements, and roads. The total change in the Township's capital assets for the current fiscal year was 2.1 percent. Major public project capital asset events during the current fiscal year is the 185th Street East Street Improvement Project.

Spring Lake Township's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 8,477	\$ 8,477	\$ -	\$ 60,000	\$ 60,000	\$ -
Construction in Progress	248,915	-	248,915	-	-	-
Buildings	1,133,020	1,163,283	(30,263)	-	-	-
Infrastructure	5,514,791	5,870,433	(355,642)	33,750	45,000	(11,250)
Equipment	4,900	5,752	(852)	-	-	-
Total	\$ 6,910,103	\$ 7,047,945	\$ (137,842)	\$ 93,750	\$ 105,000	\$ (11,250)

Additional information on the Township's capital assets can be found in Note 3B starting on page 48 of this report.

Long-term Debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$1,394,000. While all of the Township's bonds have revenue streams, they are all backed by the full faith and credit of the Township.

Spring Lake Township's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Special Assessments Payable	\$ 2,268	\$ 2,646	\$ (378)	\$ -	\$ -	\$ -
Bonds Payable	1,394,000	1,660,000	(266,000)	-	-	-
Unamortized Premium on Bonds	43,550	52,728	(9,178)	-	-	-
Total	\$ 1,439,818	\$ 1,715,374	\$ (275,556)	\$ -	\$ -	\$ -

Additional information on the Township's long-term debt can be found in Note 3D starting on page 49 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Road and Bridge fund budget for 2020 includes an estimate of road maintenance costs as well as anticipation of upcoming road improvement projects.
- The General fund budget process anticipates annual operating costs based on prior year actual costs, obligations and estimated fees for various services.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Hall, Township Treasurer, 20381 Fairlawn Avenue, Prior Lake, Minnesota 55372.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SPRING LAKE TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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Spring Lake Township, Minnesota

Statement of Net Position

December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 2,200,353	\$ 77,196	\$ 2,277,549
Receivables			
Taxes	22,448	-	22,448
Accounts	81,508	2,064	83,572
Special assessments	653,012	2,783	655,795
Prepaid items	1,912	-	1,912
Capital assets			
Land and construction in progress	257,392	60,000	317,392
Depreciable assets (net of accumulated depreciation)	6,652,711	33,750	6,686,461
Total Assets	<u>9,869,336</u>	<u>175,793</u>	<u>10,045,129</u>
Liabilities			
Accounts payable	29,703	588	30,291
Escrows payable	53,523	-	53,523
Accrued salaries payable	6,889	-	6,889
Accrued interest payable	13,104	-	13,104
Noncurrent liabilities			
Due within one year	272,000	-	272,000
Due in more than one year	1,167,818	-	1,167,818
Total Liabilities	<u>1,543,037</u>	<u>588</u>	<u>1,543,625</u>
Net Position			
Net investment in capital assets	5,671,541	93,750	5,765,291
Restricted for			
Debt service	423,135	-	423,135
Storm water emergency	10,000	-	10,000
Future street improvements	742,399	-	742,399
Unrestricted	1,479,224	81,455	1,560,679
Total Net Position	<u>\$ 8,326,299</u>	<u>\$ 175,205</u>	<u>\$ 8,501,504</u>

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 251,062	\$ 39,835	\$ -	\$ -
Public safety	120,179	-	-	-
Public works	878,378	60	33,262	499,247
Culture and recreation	23,692	36,000	-	-
Miscellaneous	-	150	-	-
Interest on long-term debt	25,754	-	-	-
Total Governmental Activities	<u>1,299,065</u>	<u>76,045</u>	<u>33,262</u>	<u>499,247</u>
Business-type Activities				
Ben's Bay SSD	16,825	13,047	-	516
South Shore Drive SSD	2,616	5,027	-	-
Lydia Subordinate Service District	273	22	-	-
Total Business-type Activities	<u>19,714</u>	<u>18,096</u>	<u>-</u>	<u>516</u>
Total	<u>\$ 1,318,779</u>	<u>\$ 94,141</u>	<u>\$ 33,262</u>	<u>\$ 499,763</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (211,227)	\$ -	\$ (211,227)
(120,179)	-	(120,179)
(345,809)	-	(345,809)
12,308	-	12,308
150	-	150
<u>(25,754)</u>	<u>-</u>	<u>(25,754)</u>
<u>(690,511)</u>	<u>-</u>	<u>(690,511)</u>
-	(3,262)	(3,262)
-	2,411	2,411
-	<u>(251)</u>	<u>(251)</u>
<u>-</u>	<u>(1,102)</u>	<u>(1,102)</u>
<u>(690,511)</u>	<u>(1,102)</u>	<u>(691,613)</u>
934,347	-	934,347
13,562	-	13,562
7,329	-	7,329
1,824	-	1,824
225	-	225
<u>957,287</u>	<u>-</u>	<u>957,287</u>
266,776	(1,102)	265,674
<u>8,059,523</u>	<u>176,307</u>	<u>8,235,830</u>
<u>\$ 8,326,299</u>	<u>\$ 175,205</u>	<u>\$ 8,501,504</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

SPRING LAKE TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

Spring Lake Township, Minnesota

Balance Sheet

Governmental Funds

December 31, 2019

	General	Special Revenue			Total Governmental Funds
		Road and Bridge	Park	Debt Service	
Assets					
Cash and temporary investments	\$ 558,803	\$ 1,636,844	\$ 5,000	\$ (294)	\$ 2,200,353
Receivables					
Taxes	11,556	10,892	-	-	22,448
Accounts	3,000	66,507	-	12,001	81,508
Special assessments	2,510	120,556	-	529,946	653,012
Advance to other funds	583,599	-	-	-	583,599
Prepaid items	1,912	-	-	-	1,912
Total Assets	\$ 1,161,380	\$ 1,834,799	\$ 5,000	\$ 541,653	\$ 3,542,832
Liabilities					
Accounts payable	\$ 7,491	\$ 22,066	\$ -	\$ 146	\$ 29,703
Escrows payable	53,523	-	-	-	53,523
Accrued salaries payable	6,439	450	-	-	6,889
Advance from other funds	-	-	583,599	-	583,599
Total Liabilities	67,453	22,516	583,599	146	673,714
Deferred Inflows of Resources					
Unavailable revenue - taxes	9,863	8,418	-	-	18,281
Unavailable revenue - special assessments	2,510	120,515	-	527,145	650,170
Total Deferred Inflows of Resources	12,373	128,933	-	527,145	668,451
Fund Balances					
Nonspendable for					
Prepaid items	1,912	-	-	-	1,912
Advance to other funds	583,599	-	-	-	583,599
Restricted for					
Debt service	-	-	-	14,362	14,362
Storm water emergency	10,000	-	-	-	10,000
Future street improvements	-	838,387	-	-	838,387
Committed for road maintenance and capital projects					
Unassigned	-	844,963	-	-	844,963
Unassigned	486,043	-	(578,599)	-	(92,556)
Total Fund Balances	1,081,554	1,683,350	(578,599)	14,362	2,200,667
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,161,380	\$ 1,834,799	\$ 5,000	\$ 541,653	\$ 3,542,832

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2019

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

Total Fund Balances - Governmental Funds	\$ 2,200,667
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	9,462,255
Less: accumulated depreciation	(2,552,152)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Special assessments payable	(2,268)
Bond principal payable	(1,394,000)
Plus unamortized premium on bonds	(43,550)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Taxes	18,281
Special assessments	650,170
Governmental funds do not report a liability for accrued interest until due and payable.	(13,104)
Total Net Position - Governmental Activities	\$ 8,326,299

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue				Total Governmental Funds
	General	Road and Bridge	Park	Debt Service	
Revenues					
Property taxes	\$ 374,621	\$ 556,284	\$ -	\$ -	\$ 930,905
Franchise fees	13,562	-	-	-	13,562
Licenses and permits	17,375	-	-	-	17,375
Intergovernmental	7,329	33,262	-	-	40,591
Charges for services	17,850	-	-	-	17,850
Fines and forfeits	4,670	-	-	-	4,670
Special assessments	516	26,082	-	209,438	236,036
Investment earnings	1,813	-	-	11	1,824
Miscellaneous	375	479,405	36,000	-	515,780
Total Revenues	<u>438,111</u>	<u>1,095,033</u>	<u>36,000</u>	<u>209,449</u>	<u>1,778,593</u>
Expenditures					
Current					
General government	221,481	-	-	-	221,481
Public safety	120,179	-	-	-	120,179
Public works	-	494,336	-	766	495,102
Culture and recreation	15,175	-	-	-	15,175
Capital outlay					
Public works	-	275,541	-	-	275,541
Culture and recreation	7,991	-	-	-	7,991
Debt service					
Principal	-	-	-	266,000	266,000
Interest and other	-	-	-	37,421	37,421
Total Expenditures	<u>364,826</u>	<u>769,877</u>	<u>-</u>	<u>304,187</u>	<u>1,438,890</u>
Net Change in Fund Balances	73,285	325,156	36,000	(94,738)	339,703
Fund Balances, January 1	<u>1,008,269</u>	<u>1,358,194</u>	<u>(614,599)</u>	<u>109,100</u>	<u>1,860,964</u>
Fund Balances, December 31	<u><u>\$ 1,081,554</u></u>	<u><u>\$ 1,683,350</u></u>	<u><u>\$ (578,599)</u></u>	<u><u>\$ 14,362</u></u>	<u><u>\$ 2,200,667</u></u>

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances
 to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2019

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

Net Change in Fund Balances - Governmental Funds	\$	339,703
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Capital outlays		248,915
Depreciation expense		(386,757)
<p>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.</p>		
Principal repayments		266,000
Amortization of bond premium		9,178
<p>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 when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		2,489
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>		
Special assessments		(216,194)
Property taxes		3,442
		3,442
Change in Net Position - Governmental Activities	\$	266,776

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General and Road and Bridge Funds
For the Year Ended December 31, 2019

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 368,531	\$ 368,531	\$ 374,621	\$ 6,090
Franchise fees	14,000	14,000	13,562	(438)
Licenses and permits	-	-	17,375	17,375
Intergovernmental	6,469	6,469	7,329	860
Charges for services	11,000	11,000	17,850	6,850
Fines and forfeitures	-	-	4,670	4,670
Special assessments	-	-	516	516
Investment earnings	-	-	1,813	1,813
Miscellaneous	-	-	375	375
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>438,111</u>	<u>38,111</u>
Expenditures				
Current				
General government	219,400	219,400	221,481	(2,081)
Public safety	117,992	117,992	120,179	(2,187)
Public works	-	-	-	-
Culture and recreation	20,000	20,000	15,175	4,825
Capital outlay	-	-	7,991	(7,991)
Total Expenditures	<u>357,392</u>	<u>357,392</u>	<u>364,826</u>	<u>(7,434)</u>
Net Change in Fund Balances	42,608	42,608	73,285	30,677
Fund Balances, January 1	<u>1,008,269</u>	<u>1,008,269</u>	<u>1,008,269</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,050,877</u>	<u>\$ 1,050,877</u>	<u>\$ 1,081,554</u>	<u>\$ 30,677</u>

The notes to the financial statements are an integral part of this statement.

Road and Bridge Fund

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ 564,440	\$ 564,440	\$ 556,284	\$ (8,156)
-	-	-	-
-	-	-	-
20,000	20,000	33,262	13,262
-	-	-	-
-	-	-	-
-	-	26,082	26,082
-	-	-	-
-	-	479,405	479,405
<u>584,440</u>	<u>584,440</u>	<u>1,095,033</u>	<u>510,593</u>
-	-	-	-
-	-	-	-
365,000	365,000	494,336	(129,336)
-	-	-	-
<u>106,675</u>	<u>106,675</u>	<u>275,541</u>	<u>(168,866)</u>
<u>471,675</u>	<u>471,675</u>	<u>769,877</u>	<u>(298,202)</u>
112,765	112,765	325,156	212,391
<u>1,358,194</u>	<u>1,358,194</u>	<u>1,358,194</u>	<u>-</u>
<u>\$ 1,470,959</u>	<u>\$ 1,470,959</u>	<u>\$ 1,683,350</u>	<u>\$ 212,391</u>

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota

Statement of Net Position

Proprietary Funds

December 31, 2019

	Business-type Activities - Nonmajor Enterprise Funds			Nonmajor Enterprise Fund Totals
	Ben's Bay SSD	South Shore Drive SSD	Lydia Subordinate Service District	
Assets				
Current Assets				
Cash and temporary investments	\$ 11,047	\$ 63,341	\$ 2,808	\$ 77,196
Receivables				
Accounts	1,300	764	-	2,064
Special assessments receivable	-	748	2,035	2,783
Total Current Assets	<u>12,347</u>	<u>64,853</u>	<u>4,843</u>	<u>82,043</u>
Noncurrent Assets				
Capital assets				
Land	60,000	-	-	60,000
Infrastructure	225,000	-	-	225,000
Less accumulated depreciation	(191,250)	-	-	(191,250)
Total Noncurrent Assets	<u>93,750</u>	<u>-</u>	<u>-</u>	<u>93,750</u>
Total Assets	<u>106,097</u>	<u>64,853</u>	<u>4,843</u>	<u>175,793</u>
Liabilities				
Current Liabilities				
Accounts payable	<u>116</u>	<u>472</u>	<u>-</u>	<u>588</u>
Net Position				
Investment in capital assets	93,750	-	-	93,750
Unrestricted	<u>12,231</u>	<u>64,381</u>	<u>4,843</u>	<u>81,455</u>
Total Net Position	<u>\$ 105,981</u>	<u>\$ 64,381</u>	<u>\$ 4,843</u>	<u>\$ 175,205</u>

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	<u>Business-type Activities - Nonmajor Enterprise Funds</u>			<u>Nonmajor Enterprise Fund Totals</u>
	<u>Ben's Bay SSD</u>	<u>South Shore Drive SSD</u>	<u>Lydia Subordinate Service District</u>	
Operating Revenues				
Charges for services	\$ 13,047	\$ 5,027	\$ 22	\$ 18,096
Operating Expenses				
Repairs and maintenance	4,441	-	-	4,441
Depreciation	11,250	-	-	11,250
Utilities	1,134	2,616	273	4,023
Total Operating Expenses	<u>16,825</u>	<u>2,616</u>	<u>273</u>	<u>19,714</u>
Operating Income (Loss)	<u>(3,778)</u>	<u>2,411</u>	<u>(251)</u>	<u>(1,618)</u>
Nonoperating Revenues				
Special assessments	<u>516</u>	<u>-</u>	<u>-</u>	<u>516</u>
Change in Net Position	(3,262)	2,411	(251)	(1,102)
Net Position, January 1	<u>109,243</u>	<u>61,970</u>	<u>5,094</u>	<u>176,307</u>
Net Position, December 31	<u>\$ 105,981</u>	<u>\$ 64,381</u>	<u>\$ 4,843</u>	<u>\$ 175,205</u>

The notes to the financial statements are an integral part of this statement.

Spring Lake Township, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	<u>Business-type Activities - Nonmajor Enterprise Funds</u>			Nonmajor Enterprise Fund Totals
	<u>Ben's Bay SSD</u>	<u>South Shore Drive SSD</u>	<u>Lydia Subordinate Service District</u>	
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 11,747	\$ 4,119	\$ 2,286	\$ 18,152
Payments to suppliers	(5,497)	(2,375)	(412)	(8,284)
Net Cash Provided (Used) by Operating Activities	<u>6,250</u>	<u>1,744</u>	<u>1,874</u>	<u>9,868</u>
Cash Flows from Capital and Related Financing Activities				
Special assessments collected	<u>9,113</u>	<u>-</u>	<u>-</u>	<u>9,113</u>
Net Increase (Decrease) in Cash and Cash Equivalents	15,363	1,744	1,874	18,981
Cash and Cash Equivalents, January 1	<u>(4,316)</u>	<u>61,597</u>	<u>934</u>	<u>58,215</u>
Cash and Cash Equivalents, December 31	<u>\$ 11,047</u>	<u>\$ 63,341</u>	<u>\$ 2,808</u>	<u>\$ 77,196</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (3,778)	\$ 2,411	\$ (251)	\$ (1,618)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	11,250	-	-	11,250
(Increase) decrease in assets				
Special assessments receivable	-	(246)	2,264	2,018
Increase (decrease) in liabilities				
Accounts payable	<u>78</u>	<u>241</u>	<u>(139)</u>	<u>180</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,250</u>	<u>\$ 1,744</u>	<u>\$ 1,874</u>	<u>\$ 9,868</u>

The notes to the financial statements are an integral part of this statement.

Spring Lake Township
Scott County, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Spring Lake Township, Scott County, Minnesota (the Township), is organized and governed by the standard structure of three Supervisors, one Clerk, and one Treasurer. The three Supervisors are elected by eligible voters of the Township, while the Clerk and Treasurer are appointed by the Board.

The Township has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The Township has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Spring Lake Township
Scott County, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Township must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The Township reports the following major governmental funds:

The *General fund* is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The *Road and Bridge fund* accounts for resources accumulated and payments made related to road maintenance and snow removal. Major revenue sources include property taxes, intergovernmental highway user tax, and special assessments.

The *Park fund* accounts for the operations of the Township's parks. Major revenue sources are park dedication fees.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the Township reports the following fund types:

Enterprise funds account for activity that is expected to be financed through user fees and charges.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Township enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Spring Lake Township
Scott County, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position / Fund Balance

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds. The Township does not have a formal investment policy.

The Township may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Property Taxes

The Township levy is adopted annually by the town electors at their Annual Town Meeting. The levy is then certified with the County for collection the following year. The County is responsible for collecting all property taxes for the Township. These taxes attach an enforceable lien on taxable property within the Township on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the Township during January, June and December each year.

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

Spring Lake Township
 Scott County, Minnesota
 Notes to the Financial Statements
 December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. The Township annually certifies delinquent charges to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the governmental fund financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in the General fund to indicate that they are not available for appropriation and not expendable available financial resources.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Pursuant to GASB 34, paragraph 148, the Township chose not to report general infrastructure asset retrospectively. General infrastructure assets consist of those constructed or accepted since January 1, 2004. As the Township constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at acquisition value at the date of donation.

Property, plant and equipment will be depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Building and Structures	20 to 50
Distribution System	50
Roads	25
Machinery and Equipment	3 to 20

Spring Lake Township
Scott County, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items and advance to other funds.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board, which is the Township's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority. The Board has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Treasurer.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The Township considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Township would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Township has formally adopted a fund balance policy for the General fund. The Township's policy is to maintain a minimum unrestricted fund balance of 45-60 percent of the next year's budgeted expenditures.

Spring Lake Township
 Scott County, Minnesota
 Notes to the Financial Statements
 December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and the Road and Bridge funds. The Township does not budget the Park fund because it is not legally required to do so. All annual appropriations lapse at fiscal year-end. The Township does not use encumbrance accounting.

In August of each year the proposed budget is prepared by the Board and management. The final budget is prepared and adopted by the Board at the monthly Board meeting immediately following approval of the levy by the town electors.

The appropriated budget is prepared by fund. Transfers of appropriations between funds require the approval of the Board. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted. There were no budget amendments made during 2019.

B. Deficit Fund Equity

The Park fund had a deficit at December 31, 2019 of \$578,599. The Township plans to fund this deficit with future revenues from park fees and contributions.

C. Budget Excess

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 357,392	\$ 364,826	\$ (7,434)
Road and Bridge Fund	471,675	769,877	(298,202)

The excess of expenditures over appropriations in the General and Road and Bridge fund were covered by higher than expected revenues in the funds.

Spring Lake Township
Scott County, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds

A. Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Township's deposits may not be returned or the Township will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board, the Township maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

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, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks. 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;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully 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 year end, the Township's carrying amount of deposits was \$2,277,549 and the bank balance was \$2,277,973. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the Township's name.

Spring Lake Township
 Scott County, Minnesota
 Notes to the Financial Statements
 December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 8,477	\$ -	\$ -	\$ 8,477
Construction in progress	-	248,915	-	248,915
Total Capital Assets not being Depreciated	<u>8,477</u>	<u>248,915</u>	<u>-</u>	<u>257,392</u>
Capital Assets Being Depreciated				
Buildings	1,493,140	-	-	1,493,140
Infrastructure	7,703,202	-	-	7,703,202
Equipment	8,521	-	-	8,521
Total Capital Assets Being Depreciated	<u>9,204,863</u>	<u>-</u>	<u>-</u>	<u>9,204,863</u>
Less Accumulated Depreciation for				
Buildings	(329,857)	(30,263)	-	(360,120)
Infrastructure	(1,832,769)	(355,642)	-	(2,188,411)
Equipment	(2,769)	(852)	-	(3,621)
Total Accumulated Depreciation	<u>(2,165,395)</u>	<u>(386,757)</u>	<u>-</u>	<u>(2,552,152)</u>
Total Capital Assets Being Depreciated, Net	<u>7,039,468</u>	<u>(386,757)</u>	<u>-</u>	<u>6,652,711</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,047,945</u>	<u>\$ (137,842)</u>	<u>\$ -</u>	<u>\$ 6,910,103</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities		
General government		\$ 29,581
Public works		356,650
Culture and recreation		<u>526</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 386,757</u>

Spring Lake Township
 Scott County, Minnesota
 Notes to the Financial Statements
 December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Capital Assets Being Depreciated				
Infrastructure	225,000	-	-	225,000
Less Accumulated Depreciation for Infrastructure	(180,000)	(11,250)	-	(191,250)
Total Capital Assets Being Depreciated, Net	45,000	(11,250)	-	33,750
Business-type Activities Capital Assets, Net	<u>\$ 105,000</u>	<u>\$ (11,250)</u>	<u>\$ -</u>	<u>\$ 93,750</u>

Depreciation expense of \$11,250 is all in Ben's Bay SSD Fund.

Construction Commitments

The Township has an active construction project as of December 31, 2019. The project is for street and road improvements. At year end the Township's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
185th Street East Road Improvements	\$ 248,915	\$ 18,539

C. Interfund Receivables, Payables and Transfers

Interfund Balances

There is an interest-free interfund loan outstanding between the General fund to the Park fund for \$583,599 to cover the Park fund's share of debt service payments.

D. Long-term Debt

General Obligation (G.O.) Bonds

The Township issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities. G.O. bonds have been issued for governmental activities. G.O. bonds are direct obligations and pledge the full faith and credit of the Township. G.O. bonds currently outstanding are as follows:

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O. Bonds, Series 2015A	\$ 920,000	3.00 %	08/05/15	02/01/26	<u>\$ 680,000</u>

Spring Lake Township
 Scott County, Minnesota
 Notes to the Financial Statements
 December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for G.O. bonds at December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 90,000	\$ 19,050	\$ 109,050
2021	90,000	16,350	106,350
2022	95,000	13,575	108,575
2023	95,000	10,725	105,725
2024	100,000	7,800	107,800
2025 - 2026	<u>210,000</u>	<u>6,300</u>	<u>216,300</u>
Total	<u>\$ 680,000</u>	<u>\$ 73,800</u>	<u>\$ 753,800</u>

G.O. Revenue Bonds

The following bond issues will be repaid with special assessments from governmental activities and are backed by the taxing power of the Township:

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O. Improvement Bonds, Series 2001A (MN PFA)	\$ 1,263,000	1.29 %	06/11/01	08/20/21	\$ 103,000
G.O. Sewer Revenue Bonds, Series 2004BC (MN PFA)	1,100,000	1.00	11/22/04	08/20/24	311,000
G.O. Water Revenue Refunding Bonds, Series 2015A	495,000	3.00	08/05/15	02/01/23	<u>300,000</u>
Total G.O. Revenue Bonds					<u>\$ 714,000</u>

The annual debt service requirements to maturity for G.O. revenue bonds at December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 182,000	\$ 12,389	\$ 194,389
2021	189,000	8,946	197,946
2022	142,000	5,330	147,330
2023	138,000	2,385	140,385
2024	<u>63,000</u>	<u>630</u>	<u>63,630</u>
Total	<u>\$ 714,000</u>	<u>\$ 29,680</u>	<u>\$ 743,680</u>

Spring Lake Township
 Scott County, Minnesota
 Notes to the Financial Statements
 December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	\$ 765,000	\$ -	\$ (85,000)	\$ 680,000	\$ 90,000
G.O. revenue bonds	895,000	-	(181,000)	714,000	182,000
Total Bonds Payable	1,660,000	-	(266,000)	1,394,000	272,000
Unamortized Premium on Bonds	52,728	-	(9,178)	43,550	-
Special Assessments Payable	2,646	-	(378)	2,268	-
 Governmental Activity Long-term Liabilities	 \$ 1,715,374	 \$ -	 \$ (275,556)	 \$ 1,439,818	 \$ 272,000

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

Certain part-time employees of the Spring Lake Township are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota statutes, chapters 353 and 356.

GERF members belong to either the Coordinated Plan, the Basic Plan, or the DCP Elected Officials Plan. Coordinated Plan members are covered by Social Security and Basic Plan and DCP Elected Officials Plan members are not. All new members must participate in the Coordinated Plan, with the exception of elected officials.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after five years of credited service. The defined retirement 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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year.

The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

Spring Lake Township
Scott County, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The Township makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERF Coordinated Plan members and DCP Elected Officials Plan members were required to contribute 6.50 percent and 5.00 percent, respectively, of their annual covered salary in 2019. In 2019, the Township was required to contribute the following percentages of annual covered payroll: 7.5 percent for Coordinated Plan members and 5.00 percent for DCP Elected Officials Plan members. The Township's contributions to the GERF for the years ending December 31, 2019, 2018 and 2017 were \$3,423, \$3,928, and \$4,814 respectively. The Township's contributions were equal to the contractually required contribution for each year as set by Minnesota statute.

Note 5: Other Information

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Township carries insurance. The Township obtains insurance through participation in the Minnesota Association of Townships (MAT), which is a risk sharing pool with approximately 1,785 other governmental units. The Township pays an annual premium to MAT for its workers compensation and property and casualty insurance. The MAT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the Township's coverage in any of the past three fiscal years.

The Township is self-insured for unemployment compensation. The State of Minnesota permits Townships to levy local taxpayers for estimated future unemployment claims. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The Township's management is not aware of any incurred but not reported claims.

B. Legal Debt Margin

In accordance with Minnesota statutes, the Township may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the Township. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments. As of December 31, 2019, the township is under the legal debt margin.

COMBINING AND INDIVIDUAL FUND
FINANCIAL SCHEDULES

SPRING LAKE TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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Spring Lake Township, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes In
Fund Balances - Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property	\$ 368,531	\$ 368,531	\$ 374,621	\$ 6,090	\$ 396,469
Franchise fees	14,000	14,000	13,562	(438)	17,841
Total taxes	<u>382,531</u>	<u>382,531</u>	<u>388,183</u>	<u>5,652</u>	<u>414,310</u>
Licenses and permits					
Business	-	-	17,375	17,375	10,602
Intergovernmental					
State					
Property tax credits	6,469	6,469	6,395	(74)	6,992
Local					
Other grants and aids	-	-	934	934	-
Total intergovernmental	<u>6,469</u>	<u>6,469</u>	<u>7,329</u>	<u>860</u>	<u>6,992</u>
Charges for services					
General government	11,000	11,000	17,440	6,440	19,455
Culture and recreation	-	-	410	410	150
Total charges for services	<u>11,000</u>	<u>11,000</u>	<u>17,850</u>	<u>6,850</u>	<u>19,605</u>
Special assessments	-	-	516	516	34
Investment earnings	-	-	1,813	1,813	1,561
Miscellaneous	-	-	375	375	1,433
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>438,111</u>	<u>38,111</u>	<u>454,730</u>
Expenditures					
Current					
General government					
Town Board					
Personnel services	21,041	21,041	20,097	944	17,462
Other services and charges	-	-	92	(92)	-
Total Town Board	<u>21,041</u>	<u>21,041</u>	<u>20,189</u>	<u>852</u>	<u>17,462</u>
Treasurer					
Personnel services	13,677	13,677	12,049	1,628	10,714
Town Clerk					
Personnel services	42,082	42,082	35,572	6,510	38,062

Spring Lake Township, Minnesota

General Fund

Schedule of Revenues, Expenditures and Changes In

Fund Balances - Budget and Actual (Continued)

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Elections					
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ 4,245
Other services and charges	-	-	-	-	685
Total elections	-	-	-	-	4,930
Auditing					
Other services and charges	20,500	20,500	21,066	(566)	20,390
Assessor					
Other services and charges	39,400	39,400	39,400	-	37,900
Legal					
Other services and charges	7,000	7,000	14,420	(7,420)	14,492
Engineering					
Other services and charges	16,500	16,500	19,284	(2,784)	7,767
Town hall building					
Personnel services	5,500	5,500	5,211	289	6,233
Supplies	6,000	6,000	8,329	(2,329)	5,783
Other services and charges	47,700	47,700	45,961	1,739	42,489
Total town hall building	59,200	59,200	59,501	(301)	54,505
Total general government	219,400	219,400	221,481	(2,081)	206,222
Public safety					
Fire					
Other services and charges	117,992	117,992	120,179	(2,187)	109,550
Culture and recreation					
Parks					
Other services and charges	20,000	20,000	15,175	4,825	15,986
Total current	357,392	357,392	356,835	557	331,758

Spring Lake Township, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in
 Fund Balances - Budget and Actual (Continued)
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Debt service					
Principal	\$ -	\$ -	\$ -	\$ -	\$ 85,000
Interest and other	-	-	-	-	1,752
Total debt service	-	-	-	-	86,752
Total Expenditures	357,392	357,392	364,826	(7,434)	418,510
Net Change in Fund Balances	42,608	42,608	73,285	30,677	36,220
Fund Balances, January 1	1,008,269	1,008,269	1,008,269	-	972,049
Fund Balances, December 31	<u>\$ 1,050,877</u>	<u>\$ 1,050,877</u>	<u>\$ 1,081,554</u>	<u>\$ 30,677</u>	<u>\$ 1,008,269</u>

Spring Lake Township, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2019

	South Shore Dr. <u>2001 Imp Bond</u>	<u>Vergus</u>	<u>2015 G.O. Bond</u>	<u>Total</u>
Assets				
Cash and temporary investments	\$ 69,102	\$ 64,306	\$ (133,702)	\$ (294)
Accounts receivable	(142)	12,143	-	12,001
Special assessments receivable	<u>21,550</u>	<u>399,159</u>	<u>109,237</u>	<u>529,946</u>
 Total Assets	 <u>\$ 90,510</u>	 <u>\$ 475,608</u>	 <u>\$ (24,465)</u>	 <u>\$ 541,653</u>
Liabilities				
Accounts payable	\$ -	\$ 146	\$ -	\$ 146
Deferred Inflows of Resources				
Unavailable revenue - special assessments	20,943	396,965	109,237	527,145
Fund Balances				
Restricted for debt service	<u>69,567</u>	<u>78,497</u>	<u>(133,702)</u>	<u>14,362</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <u>\$ 90,510</u>	 <u>\$ 475,608</u>	 <u>\$ (24,465)</u>	 <u>\$ 541,653</u>

Spring Lake Township, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2019

	South Shore Dr. 2001 Imp Bond	Vergus	2015 G.O. Bond	Total
Revenues				
Special assessments	\$ 28,521	\$ 162,491	\$ 18,426	\$ 209,438
Investment earnings	-	11	-	11
Total Revenues	<u>28,521</u>	<u>162,502</u>	<u>18,426</u>	<u>209,449</u>
Expenditures				
Current				
Public works	-	766	-	766
Debt service				
Principal	51,000	130,000	85,000	266,000
Interest and other	1,987	13,760	21,674	37,421
Total Expenditures	<u>52,987</u>	<u>144,526</u>	<u>106,674</u>	<u>304,187</u>
Net Change in Fund Balances	(24,466)	17,976	(88,248)	(94,738)
Fund Balances, January 1	<u>94,033</u>	<u>60,521</u>	<u>(45,454)</u>	<u>109,100</u>
Fund Balances, December 31	<u>\$ 69,567</u>	<u>\$ 78,497</u>	<u>\$ (133,702)</u>	<u>\$ 14,362</u>

Spring Lake Township, Minnesota
 Summary Financial Report
 Revenues and Expenditures for General Operations -
 Governmental Funds
 For the Years Ended December 31, 2019 and 2018

	Total		Percent Increase (Decrease)
	2019	2018	
Revenues			
Property taxes	\$ 930,905	\$ 913,232	1.94 %
Franchise fees	13,562	17,841	(23.98)
Licenses and permits	17,375	10,602	63.88
Intergovernmental	40,591	40,916	(0.79)
Charges for services	17,850	19,605	(8.95)
Fines and forfeits	4,670	193	2,319.69
Special assessments	236,036	237,880	(0.78)
Investment earnings	1,824	1,853	(1.57)
Miscellaneous	515,780	198,597	159.71
	<u>\$ 1,778,593</u>	<u>\$ 1,440,719</u>	
Total Revenues			23.45 %
Per Capita	\$ 511	\$ 407	25.58 %
Expenditures			
Current			
General government	\$ 221,481	\$ 206,222	7.40 %
Public safety	120,179	109,550	9.70
Public works	495,102	407,836	21.40
Culture and recreation	15,175	29,436	(48.45)
Capital outlay			
Public works	275,541	5,400	5,002.61
Culture and recreation	7,991	-	N/A
Debt service			
Principal	266,000	430,000	(38.14)
Interest and other	37,421	46,746	(19.95)
	<u>\$ 1,438,890</u>	<u>\$ 1,235,190</u>	
Total Expenditures			16.49 %
Per Capita	\$ 413	\$ 349	18.50 %
Total Long-term Indebtedness	\$ 1,439,818	\$ 1,715,374	(16.06) %
Per Capita	414	485	(14.62)
General Fund Balance - December 31	\$ 1,081,554	\$ 1,008,269	7.27 %
Per Capita	311	285	9.12

The purpose of this report is to provide a summary of financial information concerning Spring Lake Township to interested citizens. The complete financial statements may be examined at Town Hall, 20381 Fairlawn Avenue, Prior Lake, MN 55372. Questions about this report should be directed to Dave Johnson, Treasurer at (952) 492-7030.

OTHER REQUIRED REPORTS

SPRING LAKE TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Chairman and Board of Supervisors
Spring Lake Township
Scott County, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Township, Scott County, Minnesota (the Township), as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2020.

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 and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Towns*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, except as described in the schedule of findings and responses as finding 2019-002. 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 related to accounting matters.

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
February 26, 2020



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

Chairman and Board of Supervisors
Spring Lake Township, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Spring Lake Township, Scott County, Minnesota (the Township) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated February 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as finding 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

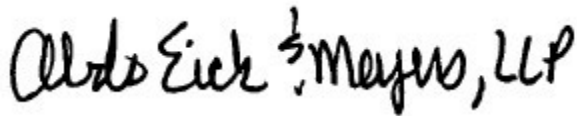
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters described in the accompanying schedule of findings and responses as finding 2019-002 that is required to be reported under *Government Auditing Standards*.

The Township's Responses to Findings

The Township's responses to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
February 26, 2020

Spring Lake Township
Scott County, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2019-001	Preparation of Financial Statements
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we both prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the Township's financial operations. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations. Regarding the specific situations listed above, we would offer the following recommendations: 1) Utilize a disclosure checklist to ensure that all required disclosures are present and agree to work papers, and 2) Agree your accounting information from QuickBooks to the amounts reported in the financial statements.
<i>Management Response:</i>	The Township's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

Spring Lake Township
Scott County, Minnesota
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2019-002	Contracting and Bidding
<i>Condition:</i>	During our audit, we determined that the Township did not have fully signed contractor's payment and performance bonds on file.
<i>Criteria:</i>	Minnesota statute §471.345 sets certain requirements for contracts that exceed certain thresholds. In the Township's case, the contracts were above \$175,000, which requires contracts to be let on sealed bids through public notice. Certain documents relating to the bids need to be kept on-hand including affidavit of publication, bid tabulation, bids, payment bonds, performance bonds, bid bonds, certificate of insurance and contractors withholding affidavits.
<i>Cause:</i>	These items were requested but were not signed by all parties.
<i>Effect:</i>	The Township is out of compliance with Minnesota statute.
<i>Recommendation:</i>	We recommend that the Township review the statute and develop a set of procedures that will allow the Township to be in compliance for all major contracts.
<i>Management Response:</i>	Management is aware of the issue and will closely monitor the contract and bidding procedures.