

TOWN OF DENMARK
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA

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INTRODUCTORY SECTION

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA

ORGANIZATION
AS OF DECEMBER 31, 2019

	<u>Term Expires First Monday of</u>
Elected Board Members	
Shawn Racine	January 2023
Kathy Higgins	January 2023
Ron Simon	January 2023
John Strohfus	January 2021
Robert Rucker	January 2021
Appointed	
Becky Herman Clerk/Treasurer	Indefinite

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Members of the Town Board
Town of Denmark

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Town of Denmark, Washington County, Minnesota as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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. 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 entity'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 entity'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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Town of Denmark, Washington County, Minnesota, on the basis of the financial reporting provisions of the Office of the State Auditor, State of Minnesota, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Office of the State Auditor, State of Minnesota.

The effects on the financial statements of the variances between the modified cash basis of accounting described in Note 1 and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Town of Denmark, Washington County, Minnesota as of December 31, 2019, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Modified Cash Basis of Accounting

In our opinion, the financial statements referred to on the preceding pages present fairly, in all material respects, the modified cash basis financial statements of the governmental activities and each major fund of the Town of Denmark, Washington County, Minnesota as of December 31, 2019, and the receipts it received and disbursements it paid for the year then ended, in accordance with the financial reporting provisions of the Office of the State Auditor, State of Minnesota described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. The Town of Denmark has not presented a Management’s Discussion and Analysis that U.S. generally accepted accounting principles has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Town of Denmark has presented budgetary comparison information on pages 17 through 20. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 an opinion on the financial statements that collectively comprise the Town of Denmark's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.


Oberloh & Oberloh, Ltd.

March 12, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
STATEMENT OF NET CASH POSITION
DECEMBER 31, 2019

	<u>Primary Government</u>	
	<u>Governmental</u>	
	<u>Activities</u>	<u>Total</u>
Assets:		
Cash and Equivalents	\$ <u>603,740</u>	\$ <u>603,740</u>
Net Cash Position:		
Restricted	189,620	189,620
Unrestricted	<u>414,120</u>	<u>414,120</u>
Total Net Cash Position	\$ <u>603,740</u>	\$ <u>603,740</u>

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

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Functions/Programs</u>	Program Revenues			Net Sources (Uses) and Changes in Net Cash Position	
<u>Primary Government:</u>	<u>Disbursements</u>	<u>Fees and Charges</u>	<u>Operating Grants and Contributions</u>	Primary Government	
<u>Governmental Activities:</u>				<u>Governmental Activities</u>	<u>Total</u>
General Government	\$ 154,122	\$ 69,058	\$ 9,679	\$ (75,385)	\$ (75,385)
Public Safety	142,308	430		(141,878)	(141,878)
Streets and Highways	418,400			(418,400)	(418,400)
Park and Recreation	25,620			(25,620)	(25,620)
Total Governmental Activities	\$ 740,450	\$ 69,488	\$ 9,679	(661,283)	(661,283)
General Receipts:					
General Property Taxes				564,142	564,142
Investment Earnings				10,097	10,097
Miscellaneous				18,950	18,950
Total General Receipts				593,189	593,189
Change in Net Cash Position				(68,094)	(68,094)
Net Cash Position:					
January 1				671,834	671,834
December 31				\$ 603,740	\$ 603,740

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

TOWN OF DENMARK
 WASHINGTON COUNTY, MINNESOTA
 STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2019

	Special Revenue Funds				
	General Fund	Road and Bridge	Fire	Park and Recreation	Total
Assets:					
Cash and equivalents	\$ 320,543	\$ 94,493	\$ 9,762	\$ 178,942	\$ 603,740
Total Assets	\$ 320,543	\$ 94,493	\$ 9,762	\$ 178,942	\$ 603,740
Liabilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash Fund Balances:					
Restricted for Parks				178,942	178,942
Restricted for Cable TV	10,678				10,678
Assigned for -					
Road and Bridge		94,493			94,493
Fire Protection			9,762		9,762
Unassigned	309,865				309,865
Total Cash Fund Balances	320,543	94,493	9,762	178,942	603,740
Total Liabilities and Cash Fund Balances	\$ 320,543	\$ 94,493	\$ 9,762	\$ 178,942	\$ 603,740

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

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General <u>Fund</u>	Special Revenue Funds			Total <u>Funds</u>
		Road and <u>Bridge</u>	<u>Fire</u>	Park and <u>Recreation</u>	
Receipts:					
Taxes	\$ 98,038	\$ 329,793	\$ 136,311		\$ 564,142
Licenses and Permits	69,058		430		69,488
Intergovernmental	9,679				9,679
Investment Earnings	7,014			\$ 3,083	10,097
Miscellaneous	5,015	9,935		4,000	18,950
	188,804	339,728	136,741	7,083	672,356
Total Receipts					
Disbursements:					
Current:					
General Government	154,122				154,122
Public Safety	2,195		140,113		142,308
Streets and Highways		160,742			160,742
Capital Outlay		257,658		25,620	283,278
	156,317	418,400	140,113	25,620	740,450
Total Disbursements					
Excess Receipts over (uner) Disbursements	32,487	(78,672)	(3,372)	(18,537)	(68,094)
Other Financing Sources (Uses)					
Transfer Out	(100,000)	200,000	(100,000)		0
Net Change in Cash Balance	(67,513)	121,328	(103,372)	(18,537)	(68,094)
Cash Balances (Deficit) - January 1	388,056	(26,835)	113,134	197,479	671,834
Cash Balances - December 31	\$ 320,543	\$ 94,493	\$ 9,762	\$ 178,942	\$ 603,740

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

ESCROW FIDUCIARY FUND

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
STATEMENT OF CHANGES IN CASH BALANCES
ESCROW FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Cash Balance <u>January 1</u>	Cash Additions	Cash Deductions	Cash Balance <u>December 31</u>
Escrow Fund	\$ <u>14,658</u>	\$ <u>24,246</u>	\$ <u>17,517</u>	\$ <u>21,387</u>

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

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Statement Presentation - The Town of Denmark prepares its financial statement on the modified cash basis of accounting.

A. Financial Reporting Entity

The Town of Denmark is an organized township having the powers, duties and privileges granted towns by Minn. Stat. ch. 365.

The Town of Denmark is governed by a five-member Town Board who are elected to four-year terms. The form of government includes a Clerk/Treasurer who is appointed.

The financial statements of the reporting entity include those of the Town (the primary government) and the component units for which the primary government is financially accountable. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or the potential component unit is fiscally dependent upon the Town. Based on these criteria, there are no organizations considered to be component units of the Town.

B. Basis of Accounting

The Town of Denmark's financial statements have been prepared using the modified cash basis of accounting as described in the *Minnesota Office of the State Auditor's Reporting and Publishing Requirements for Cities under 2,500 in Population* published on September 21, 2004. Minnesota Statutes permit cities with populations under 2,500 to report on the modified cash basis of accounting although the modified accrual basis is recommended. Under the modified cash basis, receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. The modified cash basis of accounting differs from U.S. generally accepted accounting principles primarily because the Town has not recognized revenues and expenditures in accordance with the modified accrual basis of accounting.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, includes property taxes, grants, entitlements and donations. On the modified cash basis of accounting, receipts from property taxes are recognized in the year the tax is collected. Receipts from grants, entitlements and donations are recognized in the year in which they are collected.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

C. Basis of Presentation

1. Government-Wide Statements

The government-wide statements (statement of net cash position and the statement of activities arising from cash transactions) display information about the primary government. Eliminations have been made to minimize the double counting of internal activities. 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 to external parties for support.

In the government-wide statement of net cash position, both the governmental and business-type activities are presented on a consolidated basis by column.

The statement of activities arising from cash transaction demonstrated the degree to which direct disbursements of each function of the Town's activities are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or activity. Program receipts include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Receipts that are not classified as program revenues, including all taxes, are presented as general receipts.

2. Fund Financial Statements

The fund financial statements provide information about the Town's funds. The emphasis of governmental financial statements is on major individual governmental funds with each displayed as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The General Fund accounts for all receipts and disbursements of the Town which are not accounted for in other funds.

The Road and Bridge Special Revenue Fund accounts for the receipts and disbursements used to finance construction and maintenance costs of Town roads and bridges.

The Fire Special Revenue Fund accounts for receipts and disbursements used to finance contracted fire protection for the Town's residents.

The Park and Recreation Special Revenue Fund accounts for receipts and disbursements used to finance construction and maintenance costs of Town parks and recreation programs.

D. Capital Assets

The Town records capital assets as disbursements at the time of their purchase. The Town maintains an inventory of all capital assets for control purposes.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

E. Fund Equity

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – Consists of amounts that are not in spendable form, such as prepaid items.

Restricted – Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – Consists of internally imposed constraints. These constraints are established by Resolution of the Town Board.

Assigned – Consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the Township's intended use. These constraints are established by the Town Board and/or management.

Unassigned – The residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the Township's policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned or unassigned resources are available for use, it is the Township's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

F. Net Position

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

1. Restricted – Consist 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.

2. Unrestricted – All other net position that do not meet the definition of "restricted".

G. Budgets

The Town's electors vote to authorize the amount of money to be raised for a given year through tax levies for Town purposes in accordance with Minn. Stat. §§ 365.10 and 365.431. This vote occurs at the Town's reconvened annual meeting in September.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

A. Deposits

Minn. Stat. §§ 118A.02 and 118A.04 authorize the Town to deposit its cash in financial institutions designated by the Board. Minnesota statutes require all of the Town's deposits to be covered by insurance, surety bond, or collateral. The market value of collateral pledged is to be at least 10 percent more than the amount on deposit plus accrued interest at the close of the banking day.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At December 31, 2019, the Town of Denmark's bank deposits were \$625,174. The book value of these deposits was \$625,128. At December 31, 2019, all balances were covered by insurance, surety bond, or collateral.

3. PROPERTY TAXES

Property tax is levied each December on the tax capacity listed as of the prior January 1 for all real property located in the Township. Property taxes are due in two payments, May 15 and October 15 of each year. Washington County is the collection agent for the levy and remits the collections to the Township three times a year. Property tax revenue includes amounts collected by the County during the year and remitted to the Township. Portions of the tax levy paid by the state in the form of Local Governmental Aids and Credits are included in intergovernmental revenue. Only that portion collected directly from property owners is reflected in tax revenue.

4. FUND BALANCE

A. Classifications

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire</u>	<u>Park and Recreation</u>	<u>Total</u>
Restricted for:					
Capital Improvements				\$ 178,942	\$ 178,942
Cable T.V.	\$ 10,678				10,678
Assigned to:					
Future Expenditures			\$ 9,762		9,762
Capital Improvements		\$ 94,493			94,493
Unassigned	309,865				309,865
Total	<u>\$ 320,543</u>	<u>\$ 94,493</u>	<u>\$ 9,762</u>	<u>\$ 178,942</u>	<u>\$ 603,740</u>

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

4. FUND BALANCE (Cont.)

B. Minimum Unassigned Fund Balance Policy

The Town Board has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the Town’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy established a year-end targeted unassigned fund balance amount for cash-flow timing needs in the range of 35-50% of the subsequent year’s budgeted expenditures. At December 31, 2019, the unassigned cash fund balance of the General Fund was 167.1% of the subsequent year’s budgeted expenditures.

5. DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Description - All full-time and certain part-time employees of the Town of Denmark, Minnesota are covered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (accounted for in the General Employees Fund), the Public Employees Police and Fire Fund (accounted for in the Police and Fire Fund), the Local Government Correction Service Retirement Fund, called the Public Employees Correctional Fund (accounted for in the Correctional Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by the Police and Fire Plan. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the Correctional Plan.

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

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

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Cont.)

A. Plan Description (Cont.)

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.

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 services and 2.7 percent for each remaining year. The annuity accrual rates for a Coordinated Plan members 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. For all GERF 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.

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 the General Employees, Police and Fire, and Correctional plans. That report may be obtained on the PERA's website at www.mnpera.org/about/financial/.

- 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 the state statutes. GERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.50%, respectively, of their annual covered salary in 2018. In 2018, the Town of Denmark, Minnesota was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members and 7.50% for Coordinated Plan members.

The Township's contributions to the Public Employees Retirement Fund for the years ending December 31, 2019, 2018, and 2017 were \$5,026, \$4,981, and \$4,678, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by state statute.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

6. COMMITMENTS AND CONTINGENCIES

A. Risk Management - The Township is exposed to various risk of loss from torts, thefts of, damage to or destruction of assets, business interruption, errors and omissions, employee injuries and illness, and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

B. Claims and Judgments - As of December 31, 2019, there were no material claims, litigations, or judgments which would materially affect the financial statements of the Township.

7. OTHER POST EMPLOYMENT BENEFITS

Any contingent liability for other post employment benefits is considered immaterial and are not recognized in these financial statements.

8. SUBSEQUENT EVENTS

Management evaluated all activity of Town of Denmark through March 12, 2020 (the issue date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amount</u>	Variance with Final <u>Budget</u>
Receipts:				
Property Taxes	\$ 95,564	\$ 95,564	\$ 98,038	\$ 2,474
Licenses and Permits	57,500	57,500	69,058	11,558
Intergovernmental	7,265	7,265	9,679	2,414
Investment Earnings	4,075	4,075	7,014	2,939
Miscellaneous	<u>7,700</u>	<u>7,700</u>	<u>5,015</u>	<u>(2,685)</u>
Total Receipts	<u>172,104</u>	<u>172,104</u>	<u>188,804</u>	<u>16,700</u>
Disbursements:				
Current:				
General Government	169,504	169,504	154,122	15,382
Public Safety	<u>2,600</u>	<u>2,600</u>	<u>2,195</u>	<u>405</u>
Total Disbursements	<u>172,104</u>	<u>172,104</u>	<u>156,317</u>	<u>15,787</u>
Excess Receipts over Disbursements	0	0	32,487	32,487
Other Financing Sources (Uses)				
Transfer Out	<u>0</u>	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net Change in Cash Fund Balance	0	0	(67,513)	(67,513)
Cash - January 1	<u>388,056</u>	<u>388,056</u>	<u>388,056</u>	<u>0</u>
Cash - December 31	<u>\$ 388,056</u>	<u>\$ 388,056</u>	<u>\$ 320,543</u>	<u>\$ (67,513)</u>

The notes to required supplementary information are an integral part of this statement.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Receipts:				
Taxes:				
Property Taxes	\$ 307,745	\$ 307,745	\$ 297,756	\$ (9,989)
Gravel Tax	15,000	15,000	12,532	(2,468)
Fuel Tax	18,000	18,000	19,505	1,505
Miscellaneous			9,935	9,935
Total Receipts	<u>340,745</u>	<u>340,745</u>	<u>339,728</u>	<u>(1,017)</u>
Disbursements:				
Current:				
Street and Highway	161,300	161,300	160,742	558
Capital Outlay	<u>249,445</u>	<u>249,445</u>	<u>257,658</u>	<u>(8,213)</u>
Total Disbursements	<u>410,745</u>	<u>410,745</u>	<u>418,400</u>	<u>(7,655)</u>
Excess Receipts over Disbursements	(70,000)	(70,000)	(78,672)	(8,672)
Other Financing Sources (Uses)				
Transfer In	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>
Net Change in Cash Balance	(70,000)	(70,000)	121,328	191,328
Cash (Deficit) - January 1	<u>(26,835)</u>	<u>(26,835)</u>	<u>(26,835)</u>	<u>0</u>
Cash (Deficit) - December 31	<u><u>\$ (96,835)</u></u>	<u><u>\$ (96,835)</u></u>	<u><u>\$ 94,493</u></u>	<u><u>\$ 191,328</u></u>

The notes to required supplementary information are an integral part of this statement.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
FIRE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Receipts:				
Property Taxes	\$ 140,000	\$ 140,000	\$ 136,311	\$ (3,689)
Licenses and Permits	<u>550</u>	<u>550</u>	<u>430</u>	<u>(120)</u>
Total Receipts	<u>140,550</u>	<u>140,550</u>	<u>136,741</u>	<u>(3,809)</u>
Disbursements:				
Current:				
Public Safety	<u>140,550</u>	<u>140,550</u>	<u>140,113</u>	<u>437</u>
Total Disbursements	<u>140,550</u>	<u>140,550</u>	<u>140,113</u>	<u>437</u>
Excess Disbursements over Receipts	0	0	(3,372)	(3,372)
Other Financing Sources (Uses)				
Transfer Out	<u> </u>	<u> </u>	<u>(100,000)</u>	<u>(100,000)</u>
Net Change in Cash Balances	0	0	(103,372)	(103,372)
Cash - January 1	<u>113,134</u>	<u>113,134</u>	<u>113,134</u>	<u>0</u>
Cash - December 31	<u>\$ 113,134</u>	<u>\$ 113,134</u>	<u>\$ 9,762</u>	<u>\$ (103,372)</u>

The notes to required supplementary information are an integral part of this statement.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
PARK AND RECREATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
Receipts:				
Investment Earnings	\$ 1,500	\$ 1,500	\$ 3,083	\$ 1,583
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>4,000</u>	<u>(16,000)</u>
Total Receipts	<u>21,500</u>	<u>21,500</u>	<u>7,083</u>	<u>(14,417)</u>
Disbursements:				
Capital Outlay	<u>23,000</u>	<u>23,000</u>	<u>25,620</u>	<u>(2,620)</u>
Total Disbursements	<u>23,000</u>	<u>23,000</u>	<u>25,620</u>	<u>(2,620)</u>
Excess Disbursements over Receipts	(1,500)	(1,500)	(18,537)	(17,037)
Cash - January 1	<u>197,479</u>	<u>197,479</u>	<u>197,479</u>	<u>0</u>
Cash - December 31	<u>\$ 195,979</u>	<u>\$ 195,979</u>	<u>\$ 178,942</u>	<u>\$ (17,037)</u>

The notes to required supplementary information are an integral part of this statement.

TOWN OF DENMARK
WASHINGTON COUNTY, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Budgets

The Town's electors vote to authorize the amount of money to be raised for a given year through tax levies for Town purposes in accordance with Minn. Stat. §§ 365.10 and 365.431. This vote occurs at the Town's reconvened annual meeting in September.

MANAGEMENT AND COMPLIANCE SECTION

Dennis E. Oberloh, CPA
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INDEPENDENT AUDITORS' REPORT ON LEGAL COMPLIANCE

Members of Town Board
Town of Denmark

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities and each major fund, of the Town of Denmark, as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2020.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories except that we did not test for compliance with the provisions for tax increment financing because the Town does not maintain any tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Town of Denmark failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. 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 Town of Denmark's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Oberloh & Oberloh, Ltd.
Oberloh & Oberloh, Ltd

March 12, 2020