

Annual Financial Report

Credit River Township Scott County, Minnesota

For the Year Ended
December 31, 2020

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Credit River Township, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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Credit River Township, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2020

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chris Kostik	Chairman	01/06/25
Al Novak	Vice Chairman	01/06/25
Brent Lawrence	Supervisor	01/06/25
Leroy Schommer	Supervisor	01/02/23
Paul Howe	Supervisor	01/02/23

TOWNSHIP OFFICIALS - APPOINTED

<u>Name</u>	<u>Title</u>
Karen Donovan	Clerk
Dominique Hill	Treasurer

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FINANCIAL SECTION
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Credit River 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 remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2020, 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. 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and the Road and Bridge fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

The prior year comparative information has been derived from the Township's 2019 financial statements and, in our report dated February 26, 2020, we expressed unmodified opinions on the respective proprietary fund financial statements.

Other Matters

Required Supplementary Information

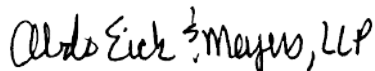
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions and the related note disclosures starting on page 64 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 financial statements as a whole. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 statements and 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.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 8, 2021

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Management's Discussion and Analysis

As management of Credit River Township, 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, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,183,793 (net position). Of this amount, \$3,601,559 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position decreased by \$24,959. This decrease is due to public works and sewer expenses.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$3,759,193, a decrease of \$55,801 in comparison with the prior year, this is primarily due to general fund expenditures exceeding revenues during the year. Approximately 13.6 percent of this total amount, \$511,442, is available for spending at the Township's discretion, with remainder being either 1) nonspendable (\$3,450) 2) restricted (\$1,191,748) 3) committed (\$291,826) or 4) assigned (\$1,760,727).
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$511,442, or 44.4 percent of 2021 General fund budgeted expenditures.

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 financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules which further explain and support the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about non-major governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
Township's Annual Financial Report

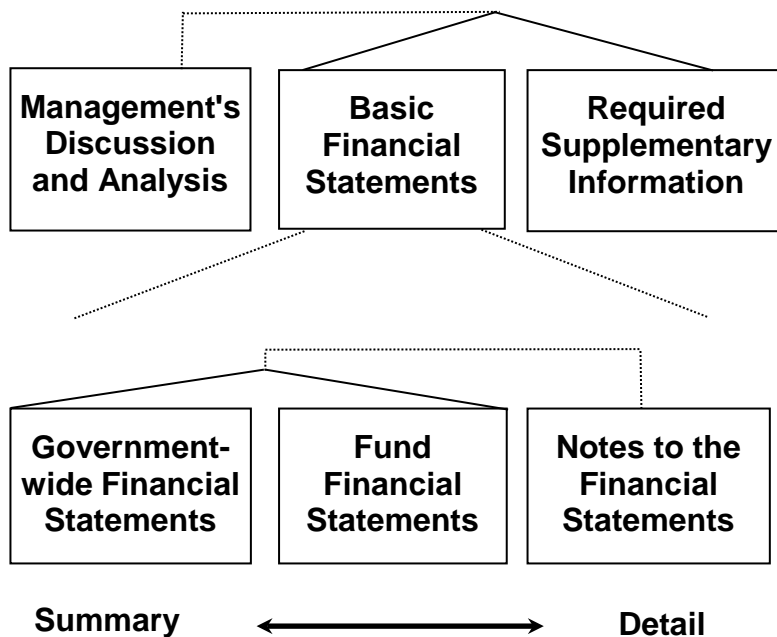


Figure 2 summarizes the major features of the Township's financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary 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 police, fire and parks	Activities the Township operates similar to private businesses, such as the sewer system
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 Net Position • Statements of Cash Flows
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
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
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; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid.
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 payment is due during the year or soon thereafter	All revenues and expenses 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 deferred outflows of resources and liabilities and deferred inflows of resources, 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).

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenue (*governmental 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 its sewer system.

The government-wide financial statements can be found starting 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 two categories: governmental funds and proprietary 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 eight individual governmental funds, three of which are debt service 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 funds and the Capital Improvements fund, which are considered to be major funds. Individual fund data for the nonmajor governmental fund is provided on the same statement.

The Township adopts an annual appropriated budget for its General and Road and Bridge fund. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting 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 sewer subordinate service districts.

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 on the sewer subordinate service districts as a whole. Data for individual sewer subordinate service districts is provided in the form of *combining statements or schedules* elsewhere in this report.

The basic proprietary fund financial statements can be found starting on page 42 of this report.

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 can be found starting on page 45 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 64 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found starting on page 68 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,183,793 at the close of the most recent fiscal year.

By far, the largest portion of the Township's net position (66.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); 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. The balance of *unrestricted net position* (\$3,601,559) may be used to meet the Township's ongoing obligations to citizens and creditors.

Credit River Township's Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 5,876,452	\$ 6,143,790	\$ (267,338)	\$ 612,700	\$ 635,400	\$ (22,700)
Capital assets (net of depreciation)	11,904,627	11,878,857	25,770	1,831,875	1,935,755	(103,880)
Total Assets	17,781,079	18,022,647	(241,568)	2,444,575	2,571,155	(126,580)
Deferred Outflows of Resources						
Deferred pension resources	14,652	6,143	8,509	-	-	-
Liabilities						
Current and other liabilities	557,174	478,298	78,876	19,335	59,646	(40,311)
Noncurrent	2,475,950	2,839,759	(363,809)	-	-	-
Total Liabilities	3,033,124	3,318,057	(284,933)	19,335	59,646	(40,311)
Deferred Inflows of Resources						
Deferred pension resources	4,054	13,490	(9,436)	-	-	-
Net Position						
Net investment in capital assets	9,543,393	9,139,663	403,730	-	-	-
Investment in capital assets	-	-	-	1,831,875	1,935,755	(103,880)
Restricted for						
Capital replacement and repair	-	-	-	407,610	351,036	56,574
Park improvements	7,785	-	7,785	-	-	-
Debt service	1,791,571	1,952,460	(160,889)	-	-	-
Unrestricted	3,415,804	3,605,120	(189,316)	185,755	224,718	(38,963)
Total Net Position	\$ 14,758,553	\$ 14,697,243	\$ 61,310	\$ 2,425,240	\$ 2,511,509	\$ (86,269)

At the end of the current fiscal year, the Township is able to report a positive balance in net position for both governmental and business-type activities. The same situation held true in the prior year.

Governmental Activities. Governmental activities increased the Township’s net position by \$61,310 while business-type activities decreased the Township’s net position by \$86,269, Additional details are outlined below.

Credit River Township’s Changes in Net Position

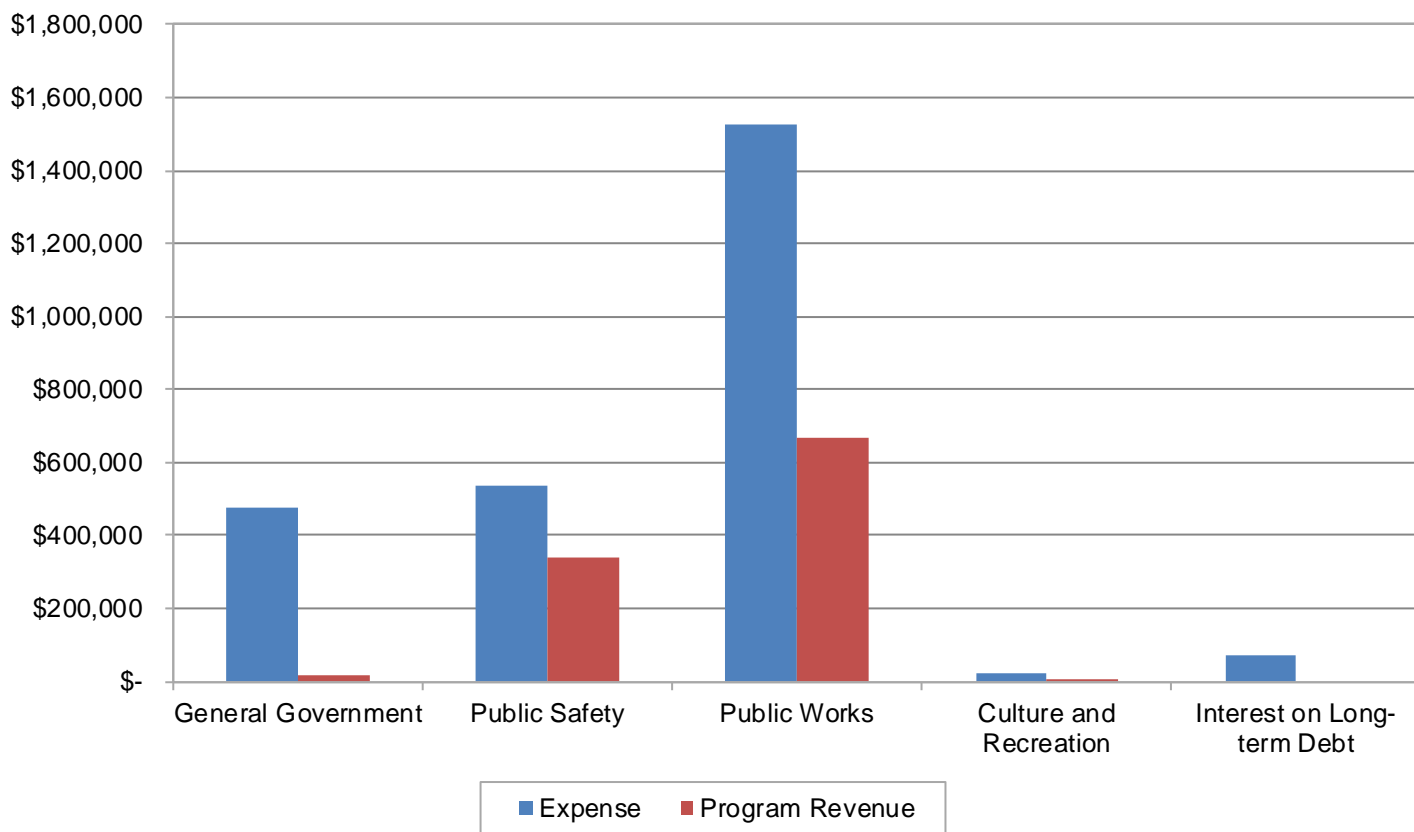
	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Program Revenues						
Charges for services	\$ 83,845	\$ 80,982	\$ 2,863	\$ 227,765	\$ 210,222	\$ 17,543
Operating grants and contributions	514,089	50,619	463,470	-	-	-
Capital grants and contributions	430,336	788,405	(358,069)	-	11,872	(11,872)
General revenues						
Taxes						
Property taxes, levied for general purposes	1,611,496	1,517,680	93,816	-	-	-
Franchise taxes	26,564	23,362	3,202	-	-	-
State grants and contributions not restricted to specific programs	7,091	3,563	3,528	-	-	-
Unrestricted investment earnings	17,930	74,758	(56,828)	1,728	6,176	(4,448)
Total Revenues	<u>2,691,351</u>	<u>2,539,369</u>	<u>151,982</u>	<u>229,493</u>	<u>228,270</u>	<u>1,223</u>
Expenses						
General government	475,541	357,434	118,107	-	-	-
Public safety	538,510	193,957	344,553	-	-	-
Public works	1,524,470	1,421,473	102,997	-	-	-
Culture and recreation	21,385	29,021	(7,636)	-	-	-
Interest on long-term debt	70,135	79,690	(9,555)	-	-	-
Sewer	-	-	-	315,762	314,477	1,285
Total Expenses	<u>2,630,041</u>	<u>2,081,575</u>	<u>548,466</u>	<u>315,762</u>	<u>314,477</u>	<u>1,285</u>
Change In Net Position	61,310	457,794	(396,484)	(86,269)	(86,207)	(62)
Net Position, January 1	<u>14,697,243</u>	<u>14,239,449</u>	<u>457,794</u>	<u>2,511,509</u>	<u>2,597,716</u>	<u>(86,207)</u>
Net Position, December 31	<u>\$ 14,758,553</u>	<u>\$ 14,697,243</u>	<u>\$ 61,310</u>	<u>\$ 2,425,240</u>	<u>\$ 2,511,509</u>	<u>\$ (86,269)</u>

The Township’s total net position decreased \$24,959 during the year as compared to a total increase of \$371,587 in 2019. Key highlights of the decrease and difference from prior year expectation can be explained by the following:

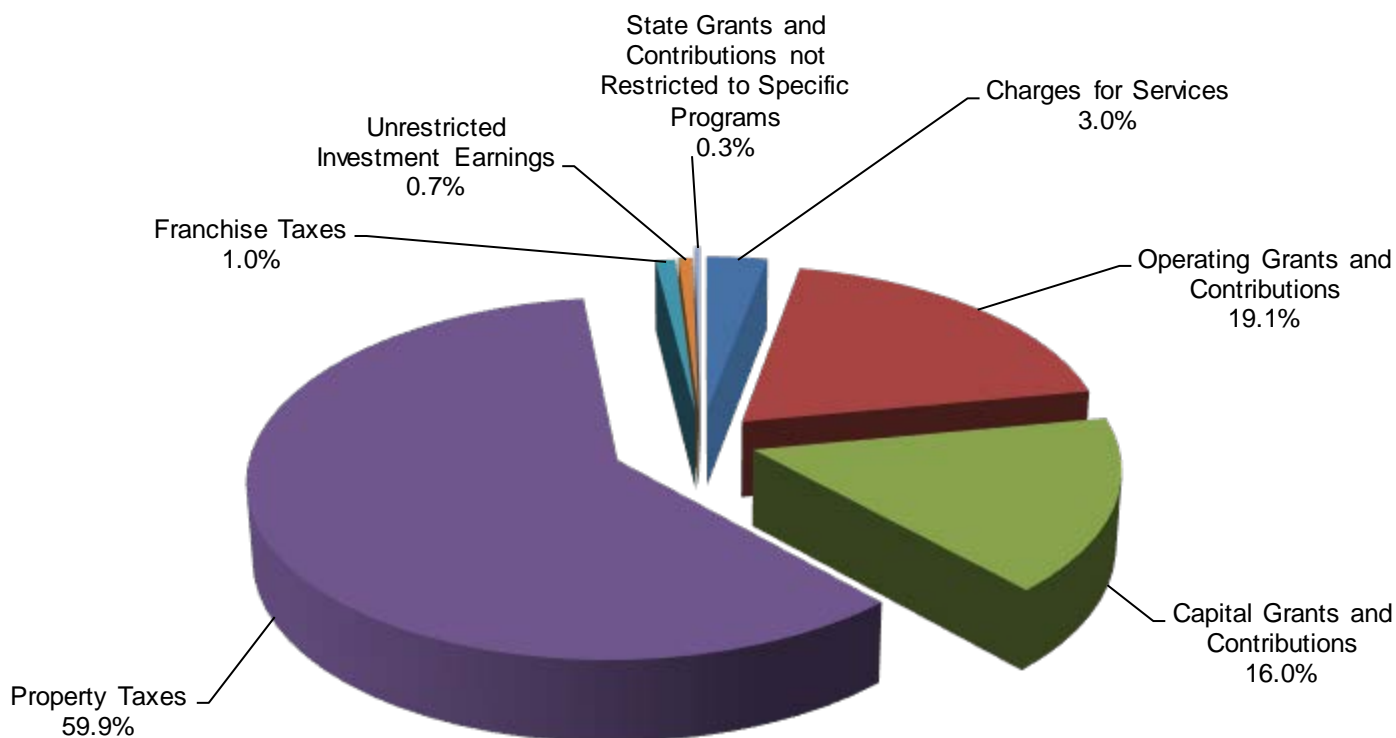
- Operating grants and contributions increased \$463,470 primarily due to CARES Act Funding that was received for applicable COVID-19 expenses.
- Expenses in public safety increased by \$344,553 which was mostly due to additional COVID-19 expenses.
- Property taxes represent 59.9 percent of total governmental revenue in 2020. Property tax revenue increased \$93,816 from 2019.

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



Financial Analysis of the Government'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, *unreserved 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 \$3,759,193, a decrease of \$55,801 in comparison with the prior year. Approximately 13.6 percent of this total amount (\$511,442) constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is either: 1) Nonspendable (\$3,450), 2) Restricted (\$1,142,982), 3) Committed (\$291,826) or 4) Assigned (\$1,760,727).

The following outlines all major funds:

The General fund is the chief operating fund of the Township. At the end of the current year, the fund balance of the General fund was \$514,892, a decrease of \$51,624 from 2019. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund expenditures. Total fund balance represents 46% percent of same year fund expenditures. The decrease in fund balance was mainly due to the Township budgeting for a \$116,700 decrease.

The Road and Bridge fund balance increased \$24,070 during the year. The reason for the change in fund balance was due to positive budget variances in both revenues and expenditures.

The Debt Service fund balance is restricted for future debt payments. The decrease in fund balance of \$46,863 is due to debt service expenditures exceeding revenues during the current year.

The fund balance in the Capital Improvement fund is assigned for future capital purchases. The fund balance increased \$12,871 mainly due to tax revenue and special assessment revenue exceeding capital purchases.

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 \$185,755. The total decrease in net position for the sewer fund was \$86,269, primarily due to the Territory Subordinate Service District's operating expenses exceeding revenues. Other factors concerning 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 amended during the year. Revenues had a positive budget variance of \$344,203 and expenditures had a negative budget variance of \$279,127, and overall the General fund had a positive budget variance of \$65,076.

Some of the significant variances can be briefly summarized as follows:

- The most significant revenue variance was in intergovernmental which had a positive budget variance of \$339,861 due to the receipt of CARES Act funding.
- The main reason for the negative expenditure variance was public safety expenditures being over budget by \$303,510 due to additional COVID-19 expenses that were unbudgeted.

Road and Bridge Fund Budgetary Highlights

The budget for the Township's Road and Bridge fund was amended during the year. The budget called for expenditures to exceed revenues by \$135,150. Actual results show a positive budget variance of \$159,220. The positive expenditure budget variance of \$53,810 was mostly due to less than expected road project repairs and sealcoating. The positive revenue budget variance of \$105,410 was mostly due to the additional revenue received in charges for services.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$13,736,502 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Additional information on the Township's capital assets can be found in Note 3B starting on page 53 of this report.

Credit River Township's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -	\$ -	\$ -
Construction Work in Progress	-	810,153	(810,153)	-	-	-
Buildings	17,591	18,226	(635)	-	-	-
Improvements other than Building	329,976	341,593	(11,617)	-	-	-
Machinery and Equipment	33,274	43,199	(9,925)	-	-	-
Infrastructure	10,397,286	9,539,186	858,100	1,831,875	1,935,755	(103,880)
Total	\$ 11,904,627	\$ 11,878,857	\$ 25,770	\$ 1,831,875	\$ 1,935,755	\$ (103,880)

Long-term Debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$2,410,000 . Total bonded debt decreased \$380,000 due to scheduled debt payments.

Credit River Township’s Outstanding Debt

	Governmental Activities		
	2020	2019	Increase (Decrease)
Bonds Payable	\$ 2,410,000	\$ 2,790,000	\$ (380,000)

Economic Factors and Next Year’s Budgets and Rates

- The General Fund other revenue expected to increase from building inspection fees; offset by a decline in interest income.
- The General fund proposed budgeted expenses for 2021 will increase by approximately \$340,000, mainly due to \$175,000 Police Contract, \$92,000 Building Inspections and \$27,000 Fire Contract.
- The Road and Bridge fund expenditure budget for 2021 will increase by approximately \$102,000 from the 2020 expenditure budget. This is mainly due to \$67,000 in paved road expenses and \$25,000 snow removal.
- The Capital Improvement fund proposed budget expenses for 2021 will remain consistent with the Township’s 5-Year Capital Improvement plan.

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 Credit River Township; Attn: Treasurer; 18985 Meadow View Blvd; Prior Lake, Minnesota 55372.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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Credit River Township, Minnesota

Statement of Net Position

December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 4,263,312	\$ 197,996	\$ 4,461,308
Restricted cash and temporary investments	-	407,610	407,610
Receivables			
Taxes	21,678	-	21,678
Accounts	6,561	4,074	10,635
Special assessments	1,581,217	2,607	1,583,824
Due from other governments	234	-	234
Prepaid items	3,450	413	3,863
Capital assets			
Land and construction in progress	1,126,500	-	1,126,500
Depreciable assets (net of accumulated depreciation)	10,778,127	1,831,875	12,610,002
Total Assets	17,781,079	2,444,575	20,225,654
 Deferred Outflows of Resources			
Deferred pension resources	14,652	-	14,652
 Liabilities			
Accounts payable	183,455	17,038	200,493
Escrow payable	324,940	-	324,940
Due to other governments	8,939	-	8,939
Accrued salaries payable	11,471	127	11,598
Deposits payable	-	2,170	2,170
Accrued interest payable	28,369	-	28,369
Noncurrent liabilities			
Due within one year	385,000	-	385,000
Due in more than one year	2,025,000	-	2,025,000
Net pension liability	65,950	-	65,950
Total Liabilities	3,033,124	19,335	3,052,459
 Deferred Inflows of Resources			
Deferred pension resources	4,054	-	4,054
 Net Position			
Net investment in capital assets	9,543,393	1,831,875	11,375,268
Restricted for			
Capital replacement and maintenance	-	407,610	407,610
Park improvement	7,785	-	7,785
Debt service	1,791,571	-	1,791,571
Unrestricted	3,415,804	185,755	3,601,559
Total Net Position	\$ 14,758,553	\$ 2,425,240	\$ 17,183,793

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

Credit River Township, Minnesota
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 475,541	\$ 16,102	\$ -	\$ -
Public safety	538,510	-	338,730	-
Public works	1,524,470	61,743	175,359	430,336
Culture and recreation	21,385	6,000	-	-
Interest on long-term debt	70,135	-	-	-
Total Governmental Activities	<u>2,630,041</u>	<u>83,845</u>	<u>514,089</u>	<u>430,336</u>
Business-Type Activities				
Sewer	<u>315,762</u>	<u>227,765</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,945,803</u>	<u>\$ 311,610</u>	<u>\$ 514,089</u>	<u>\$ 430,336</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

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
\$ (459,439)	\$ -	\$ (459,439)
(199,780)	-	(199,780)
(857,032)	-	(857,032)
(15,385)	-	(15,385)
(70,135)	-	(70,135)
<u>(1,601,771)</u>	<u>-</u>	<u>(1,601,771)</u>
-	(87,997)	(87,997)
<u>(1,601,771)</u>	<u>(87,997)</u>	<u>(1,689,768)</u>
1,404,584	-	1,404,584
206,912	-	206,912
26,564	-	26,564
7,091	-	7,091
17,930	1,728	19,658
<u>1,663,081</u>	<u>1,728</u>	<u>1,664,809</u>
61,310	(86,269)	(24,959)
<u>14,697,243</u>	<u>2,511,509</u>	<u>17,208,752</u>
<u>\$ 14,758,553</u>	<u>\$ 2,425,240</u>	<u>\$ 17,183,793</u>

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

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FUND FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

Credit River Township, Minnesota

Balance Sheet
Governmental Funds
December 31, 2020

	100	201, 203, 204	300's
	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>
Assets			
Cash and temporary investments	\$ 584,428	\$ 1,276,250	\$ 1,132,687
Receivables			
Taxes	8,615	5,375	2,668
Accounts	6,561	-	-
Special assessments	-	15,711	635,585
Due from other governments	-	-	234
Prepaid items	3,450	-	-
	<u>3,450</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 603,054</u>	<u>\$ 1,297,336</u>	<u>\$ 1,771,174</u>
Liabilities			
Accounts payable	\$ 72,790	\$ 61,523	\$ -
Escrow payable	-	-	-
Accrued salaries payable	11,471	-	-
Due to other governments	426	8,513	-
Total Liabilities	<u>84,687</u>	<u>70,036</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	3,475	2,341	1,021
Unavailable revenue - special assessments	-	15,711	634,956
Total Deferred Inflows of Resources	<u>3,475</u>	<u>18,052</u>	<u>635,977</u>
Fund Balances			
Nonspendable			
Prepaid items	3,450	-	-
Restricted for			
Park improvements	-	-	-
Debt service	-	-	1,135,197
Road projects	-	-	-
Committed for			
Road and bridge improvement	-	291,826	-
Assigned for			
Park improvements	-	-	-
Road projects	-	917,422	-
Unassigned	511,442	-	-
Total Fund Balances	<u>514,892</u>	<u>1,209,248</u>	<u>1,135,197</u>
	<u>\$ 603,054</u>	<u>\$ 1,297,336</u>	<u>\$ 1,771,174</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 603,054</u>	<u>\$ 1,297,336</u>	<u>\$ 1,771,174</u>

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

401		
Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,082,303	\$ 187,644	\$ 4,263,312
5,020	-	21,678
-	-	6,561
929,921	-	1,581,217
-	-	234
-	-	3,450
<u>\$ 2,017,244</u>	<u>\$ 187,644</u>	<u>\$ 5,876,452</u>
\$ 21,702	\$ 27,440	\$ 183,455
324,940	-	324,940
-	-	11,471
-	-	8,939
<u>346,642</u>	<u>27,440</u>	<u>528,805</u>
2,218	-	9,055
928,732	-	1,579,399
<u>930,950</u>	<u>-</u>	<u>1,588,454</u>
-	-	3,450
-	7,785	7,785
-	-	1,135,197
-	48,766	48,766
-	-	291,826
-	103,653	103,653
739,652	-	1,657,074
-	-	511,442
<u>739,652</u>	<u>160,204</u>	<u>3,759,193</u>
<u>\$ 2,017,244</u>	<u>\$ 187,644</u>	<u>\$ 5,876,452</u>

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

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Credit River Township, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2020

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

Total Fund Balances - Governmental	\$ 3,759,193
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital assets	18,994,212
Less: accumulated depreciation	(7,089,585)
<p>Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Noncurrent liabilities at year-end consist of</p>	
Bonds payable	(2,410,000)
Net pension liability	(65,950)
<p>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.</p>	
Delinquent taxes receivable	9,055
Special assessments receivable	1,579,399
<p>Governmental funds do not report long-term amounts related to pensions.</p>	
Deferred outflows of pension resources	14,652
Deferred inflows of pension resources	(4,054)
Governmental funds do not report a liability for accrued interest until due and payable.	(28,369)
Total Net Position - Governmental Activities	\$ 14,758,553

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

Credit River Township, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	100	201, 203, 204	300's
	General	Road and Bridge	Debt Service
Revenues			
Property taxes	\$ 667,106	\$ 383,711	\$ 206,912
Franchise taxes	26,564	-	-
Licenses and permits	3,900	-	-
Intergovernmental	339,861	86,142	299
Charges for services	12,202	59,683	-
Special assessments	28	7,974	199,191
Investment earnings	17,930	-	-
Miscellaneous	1,787	2,060	-
Total Revenues	<u>1,069,378</u>	<u>539,570</u>	<u>406,402</u>
Expenditures			
Current			
General government	454,339	-	-
Public safety	538,510	-	-
Public works	103,688	515,500	-
Culture and recreation	11,717	-	-
Capital outlay			
General government	12,748	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	380,000
Interest and other charges	-	-	73,265
Total Expenditures	<u>1,121,002</u>	<u>515,500</u>	<u>453,265</u>
Net Change in Fund Balances	(51,624)	24,070	(46,863)
Fund Balances, January 1	<u>566,516</u>	<u>1,185,178</u>	<u>1,182,060</u>
Fund Balances, December 31	<u>\$ 514,892</u>	<u>\$ 1,209,248</u>	<u>\$ 1,135,197</u>

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

401		
Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ 361,207	\$ -	\$ 1,618,936
-	-	26,564
-	-	3,900
518	-	426,820
-	6,000	77,885
477,617	-	684,810
-	-	17,930
121,395	2,635	127,877
<u>960,737</u>	<u>8,635</u>	<u>2,984,722</u>
-	-	454,339
-	-	538,510
-	-	619,188
-	-	11,717
-	-	12,748
947,866	2,040	949,906
-	850	850
-	-	380,000
-	-	73,265
<u>947,866</u>	<u>2,890</u>	<u>3,040,523</u>
12,871	5,745	(55,801)
<u>726,781</u>	<u>154,459</u>	<u>3,814,994</u>
<u>\$ 739,652</u>	<u>\$ 160,204</u>	<u>\$ 3,759,193</u>

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

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Credit River 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, 2020

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

Total Net Change in Fund Balances - Governmental Funds	\$	(55,801)
<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		836,904
Depreciation expense		(811,134)
<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		380,000
<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>		
		3,130
<p>Long-term pension activity is not reported in governmental funds.</p>		
Pension expense		1,582
Pension revenue		172
<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		(257,331)
Intergovernmental aid		(28,772)
Property taxes		(7,440)
		(7,440)
Change in Net Position - Governmental Activities	\$	61,310

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

Credit River Township, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund and Road and Bridge Fund
For the Year Ended December 31, 2020

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 665,000	\$ 665,000	\$ 667,106	\$ 2,106
Franchise taxes	24,000	24,000	26,564	2,564
Licenses and permits	3,300	3,300	3,900	600
Intergovernmental	-	-	339,861	339,861
Charges for services	10,375	10,375	12,202	1,827
Special assessments	-	-	28	28
Investment earnings	22,500	22,500	17,930	(4,570)
Miscellaneous	-	-	1,787	1,787
Total Revenues	<u>725,175</u>	<u>725,175</u>	<u>1,069,378</u>	<u>344,203</u>
Expenditures				
Current				
General government	439,800	439,800	454,339	(14,539)
Public safety	235,000	235,000	538,510	(303,510)
Public works	132,025	132,025	103,688	28,337
Culture and recreation	14,550	14,550	11,717	2,833
Capital outlay	20,500	20,500	12,748	7,752
Total Expenditures	<u>841,875</u>	<u>841,875</u>	<u>1,121,002</u>	<u>(279,127)</u>
Net Change in Fund Balances	(116,700)	(116,700)	(51,624)	65,076
Fund Balances, January 1	<u>566,516</u>	<u>566,516</u>	<u>566,516</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 449,816</u>	<u>\$ 449,816</u>	<u>\$ 514,892</u>	<u>\$ 65,076</u>

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

Road and Bridge

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ 380,000	\$ 380,000	\$ 383,711	\$ 3,711
-	-	-	-
-	-	-	-
50,000	50,000	86,142	36,142
2,400	2,400	59,683	57,283
1,760	1,760	7,974	6,214
-	-	-	-
-	-	2,060	2,060
<u>434,160</u>	<u>434,160</u>	<u>539,570</u>	<u>105,410</u>
-	-	-	-
-	-	-	-
569,310	569,310	515,500	53,810
-	-	-	-
-	-	-	-
<u>569,310</u>	<u>569,310</u>	<u>515,500</u>	<u>53,810</u>
(135,150)	(135,150)	24,070	159,220
<u>1,185,178</u>	<u>1,185,178</u>	<u>1,185,178</u>	<u>-</u>
<u>\$ 1,050,028</u>	<u>\$ 1,050,028</u>	<u>\$ 1,209,248</u>	<u>\$ 159,220</u>

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

Credit River Township, Minnesota
 Statements of Net Position
 Proprietary Fund
 December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2020	2019
Assets		
Current Assets		
Cash and temporary investments	\$ 197,996	\$ 268,529
Receivables		
Accounts	4,074	7,559
Special assessments	2,607	7,863
Prepaid items	413	413
Total Current Assets	205,090	284,364
Noncurrent Assets		
Restricted cash and temporary investments	407,610	351,036
Capital assets		
Infrastructure	2,712,849	2,712,849
Less accumulated depreciation	(880,974)	(777,094)
Net Capital Assets	1,831,875	1,935,755
Total Noncurrent Assets	2,239,485	2,286,791
Total Assets	2,444,575	2,571,155
Liabilities		
Current Liabilities		
Accounts payable	17,038	57,906
Accrued salaries payable	127	592
Deposits payable	2,170	1,148
Total Liabilities	19,335	59,646
Net Position		
Investment in capital assets	1,831,875	1,935,755
Restricted for capital replacement and repair	407,610	351,036
Unrestricted	185,755	224,718
Total Net Position	\$ 2,425,240	\$ 2,511,509

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

Credit River Township, Minnesota
 Statements of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 For the Years Ended December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2020	2019
Operating Revenues		
Charges for services	\$ 227,765	\$ 210,222
Operating Expenses		
Personal services	6,881	7,579
Telephone and office expenses	6,123	5,949
Maintenance	106,513	108,397
Repairs	11,970	6,903
Professional services	27,616	11,281
Utilities	10,510	9,601
Other expense	42,269	60,739
Depreciation	103,880	104,028
Total Operating Expenses	315,762	314,477
Operating Loss	(87,997)	(104,255)
Nonoperating Revenues		
Investment earnings	1,728	6,176
Special assessments	-	11,872
Total Nonoperating Revenue	1,728	18,048
Change In Net Position	(86,269)	(86,207)
Net Position, January 1	2,511,509	2,597,716
Net Position, December 31	\$ 2,425,240	\$ 2,511,509

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

Credit River Township, Minnesota
Statements of Cash Flows
Proprietary Fund
For the Years Ended December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2020	2019
Cash Flows from Operating Activities		
Receipts from customers	\$ 236,506	\$ 215,363
Payments to suppliers	(244,847)	(195,132)
Payments to employees	(7,346)	(7,627)
Net Cash Provided (Used) by Operating Activities	(15,687)	12,604
Cash Flows from Capital and Related Financing Activities		
Special assessments received	-	23,072
Cash Flows from Investing Activities		
Interest received on investments	1,728	6,176
Net Increase (Decrease) in Cash and Cash Equivalents	(13,959)	41,852
Cash and Cash Equivalents, January 1	619,565	577,713
Cash and Cash Equivalents, December 31	\$ 605,606	\$ 619,565
Cash and Cash Equivalents as Reported on the Statement of Net Position		
Cash and temporary investments	\$ 197,996	\$ 268,529
Restricted cash and temporary investments	407,610	351,036
Total Cash and Cash Equivalents	\$ 605,606	\$ 619,565
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating loss	\$ (87,997)	\$ (104,255)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	103,880	104,028
Increase (decrease) in assets		
Accounts receivable	3,485	7,676
Special assessments receivable	5,256	(2,535)
Prepaid items	-	(82)
Increase (decrease) in liabilities		
Accounts payable	(40,868)	8,384
Accrued salaries payable	(465)	(48)
Deposits payable	1,022	(564)
Net Cash Provided (Used) by Operating Activities	\$ (15,687)	\$ 12,604

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

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Credit River Township, Minnesota (the Township), is organized and governed by the standard structure of five Supervisors, one Clerk, and one Treasurer. The five Board Members are elected by eligible voters of the Township while the Clerk and Treasurer are appointed positions. 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 Township. *Governmental activities*, which are normally 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 is 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, proprietary funds, and fiduciary funds. Major individual governmental 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*. 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, 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.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

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 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.

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.

The *Debt Service fund* accounts for the debt service activity associated with the long-term general obligation debt of governmental funds.

The *Capital Improvements fund* accounts for capital improvement projects related to road and bridges.

The Township reports the following major proprietary fund:

The *Sewer Subordinate Service District fund* accounts for the activities of the Township's wastewater treatment for community septic treatment systems.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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's enterprise funds are charges to customers for sewer services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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 based on the Township's policy.

The Township may 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.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The Board annually adopts a tax levy at their Annual Town Meeting. The levy is then certified to the County for collection in 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 deferred inflows of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

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 special assessments receivable are offset by a deferred inflows of resources in the governmental fund financial statements.

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 columns 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 (amount not rounded) and an estimated useful life in excess of two years.

Such purchased assets are recorded at historical cost or estimated historical cost if historical cost is not available. Assets acquired prior to 1986 are recorded at estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The Township reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

Assets	Useful Lives in Years
Buildings and Structures	20 to 50
Improvements other than Buildings	15 to 30
Machinery and Equipment	5 to 10
Infrastructure	20 to 30

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP and DCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Total All Plans
	GERP	DCP	
Pension Expense	\$ 5,070	\$ 857	\$ 5,927

Note 1: Summary of Significant Accounting Policies (Continued)

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 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 three sources: property taxes, special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Township has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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.

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 unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. 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 - 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.
- 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.

Restricted Net Position / Cash Balances

The Township has reserve requirements relating to a portion of the fees collected from the Subordinate Sewer districts. The restricted funds are restricted for future capital expenditures of the districts.

Comparative Data / Reclassifications

Comparative data for the prior year has been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2: Stewardship, Compliance and Accountability

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 selected special revenue funds. All annual appropriations lapse at fiscal year-end. The Township does not use encumbrance accounting.

In July/August of each year, the proposed budget is prepared by the Board and management. The Board holds public hearing in September at the continuation of the annual meeting. A final budget is prepared and adopted prior to the beginning of the year.

The appropriated budget is prepared by fund, function and department. 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, or as amended by the Board. The Township did amend the budget during 2020. The amendment did not impact overall revenues or expenditures.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 2: Stewardship, Compliance and Accountability (Continued)

For the year ended December 31, 2020 expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General Fund	\$ 841,875	\$ 1,121,002	\$ 279,127

The excess expenditures were funded by corresponding revenues in excess of budget.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Township's deposits and investments 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 fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, which the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

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 \$4,868,918 and the bank balance was \$4,892,994 . The entire bank balance was covered by federal depository insurance and collateral held by financial institutions in the name of the Township.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

A reconciliation of the carrying amount of deposits to the statement of net position is as follows:

	Total
Carrying Amount of Deposits	\$4,868,918
Cash and Cash Equivalents	
Statement of net position	
Cash and temporary investments	\$ 4,461,308
Restricted cash and temporary investments	407,610
Total	\$ 4,868,918

B. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,126,500	\$ -	\$ -	\$ 1,126,500
Construction in progress	810,153	836,903	(1,647,056)	-
Total Capital Assets not Being Depreciated	1,936,653	836,903	(1,647,056)	1,126,500
Capital Assets Being Depreciated				
Buildings	84,113	-	-	84,113
Improvements other than buildings	495,496	-	-	495,496
Machinery and equipment	118,364	-	-	118,364
Infrastructure	15,522,682	1,647,057	-	17,169,739
Total Capital Assets Being Depreciated	16,220,655	1,647,057	-	17,867,712
Less Accumulated Depreciation for				
Buildings	(65,887)	(635)	-	(66,522)
Improvements other than buildings	(153,903)	(11,617)	-	(165,520)
Machinery and equipment	(75,165)	(9,925)	-	(85,090)
Infrastructure	(5,983,496)	(788,957)	-	(6,772,453)
Total Accumulated Depreciation	(6,278,451)	(811,134)	-	(7,089,585)
Total Capital Assets Being Depreciated, Net	9,942,204	835,923	-	10,778,127
Governmental Activities Capital Assets, Net	\$ 11,878,857	\$ 1,672,826	\$ (1,647,056)	\$ 11,904,627

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets Being Depreciated				
Infrastructure	\$ 2,712,849	\$ -	\$ -	\$ 2,712,849
Less Accumulated Depreciation				
Infrastructure	<u>(777,094)</u>	<u>(103,880)</u>	<u>-</u>	<u>(880,974)</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,935,755</u>	<u>\$ (103,880)</u>	<u>\$ -</u>	<u>\$ 1,831,875</u>

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

Governmental Activities		
General government		\$ 10,036
Public works		792,280
Culture and recreation		<u>8,818</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 811,134</u>
Business-type Activities		
Sewer		<u>\$ 103,880</u>

C. Long-term Debt

General Obligation Bonds

The Township issued general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds were issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Improvement Bond, Series 2012A	\$ 1,100,000	0.40 - 2.10 %	08/09/12	02/01/23	\$ 350,000
General Obligation Improvement Bond, Series 2015A	1,425,000	1.10 - 2.50	07/16/15	02/01/26	855,000
General Obligation Improvement Bond, Series 2018A	1,410,000	3.0 - 4.0	06/27/18	02/01/29	<u>1,205,000</u>
Total General Obligation Bonds					<u>\$ 2,410,000</u>

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Annual requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2021	\$ 385,000	\$ 63,758	\$ 448,758
2022	385,000	54,988	439,988
2023	390,000	44,935	434,935
2024	275,000	34,913	309,913
2025	280,000	25,987	305,987
2026 - 2029	695,000	35,787	730,787
Total	<u>\$ 2,410,000</u>	<u>\$ 260,368</u>	<u>\$ 2,670,368</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. Improvement Bonds	<u>\$ 2,790,000</u>	<u>\$ -</u>	<u>\$ (380,000)</u>	<u>\$ 2,410,000</u>	<u>\$ 385,000</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The Township participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

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

General Employee Plan Benefits

General Employee Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated plan members were required to contribute 6.50 percent of their annual covered salary in the fiscal year 2020 and the Township was required to contribute 7.50 percent for Coordinated Plan members. The Township's contributions to the General Employee Fund for the years ending December 31, 2020, 2019 and 2018 were \$6,480, \$4,955 and \$4,613, respectively. The Township's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the Township reported a liability of \$65,950 for its proportionate share of the General Employees Fund's net pension liability. The Township's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Township totaled \$1,973. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportionate share of the net pension liability was based on the Township's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The Township's proportion was 0.0011 percent which was an increase of 0.0002 from its proportion measured as of June 30, 2019.

Township's Proportionate Share of the Net Pension Liability	\$ 65,950
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Township	1,973
Total	\$ 67,923

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

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

For the year ended December 31, 2020, the Township recognized pension expense of \$4,898 for its proportionate share of the General Employees Plan's pension expense. In addition, the Township recognized an additional \$172 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employee Fund.

At December 31, 2020, the Township reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 492	\$ 250
Changes in Actuarial Assumptions	-	2,194
Net Difference Between Projected and Actual Earnings on Plan Investments	1,642	-
Changes in Proportion	9,307	1,610
Contributions Paid to PERA Subsequent to the Measurement Date	3,211	-
Total	\$ 14,652	\$ 4,054

The \$3,211 reported as deferred outflows of resources related to pensions resulting from the Township's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (1,807)
2022	3,262
2023	4,338
2024	1,594

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

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

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

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

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	2.0	-
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the Township's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 105,695	\$ 65,950	\$ 33,164

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

The Township has 5 board members that are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the Township during the fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 857	\$ 857	5.00%	5.00%	5.00%

The Township's contributions to the DCP for the years ended December 31, 2020, 2019 and 2018 were \$857, \$677 and \$599, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 6: 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.

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. The Township has no outstanding debt subject to the limit.

Credit River Township, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 6: Other Information (Continued)

C. Joint Powers Agreements

The Township entered into a joint powers agreement, effective September 17, 2007, with the City of Lakeville to improve and maintain Judicial Road. The project costs will be paid 50 percent by each party in accordance with the agreement. The Township paid \$2,798 related to the agreement in 2020. Each party will own the portion of the road within its government boundaries. This agreement will remain in effect until either party terminates with a one year written notice to the other party.

The Township entered into a joint powers agreement, effective April 2009, with the City of Savage, for the Township to have exclusive planning, zoning and subdivision authority for a piece of property in the northwestern corner of the Township currently owned by W.G. Pearson, Inc. with the purpose of regulating a mining permit. This agreement renews on the first of each subsequent year unless a party gives sixty days written notice prior to the anticipated date of termination or unless Credit River Township is incorporated or the subject property is annexed into a city, or is terminated by law.

The Township entered into a joint powers agreement, September 27, 2010, with the City of Savage to cooperate in long range planning and the potential provision of municipal sanitary sewer and water service from the City to the Township in the "Primary Study Area" and the "Secondary Study Area" as defined in the agreement. The term of the agreement is three years with an automatic renewal of three years unless either party gives 180 days written notice, or at any time upon mutual consent. The agreement calls for the City to perform its own individual planning and feasibility study for the extension of trunk sanitary sewer and water service to its border with the Township, and the Township to perform its own planning and feasibility study for the extensions of trunk and lateral sanitary sewer and water service within the "Primary Study Area." At such times the parties agree, the parties shall perform planning and feasibility studies for trunk and lateral sanitary sewer and water service within the "Secondary Study Area."

Note 7: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the Township is unable to determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the Township's financial condition, liquidity, and future results of its revenue collections is uncertain.

Note 8: Subsequent Event

On October 5, 2020 the Township filed Resolution No. 2020-11 entitled Petition of Credit River Township for Incorporation Pursuant to Minnesota Statutes §414.02, requesting an order of incorporation granting its Petition. Incorporation will preserve the Township's financial stability and its bond rating, allowing it to meet budgetary metrics and provide services necessary to protect the public health, safety, and welfare of its residents. On January 29, 2021, the Township was notified it can proceed to incorporate and become a city.

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REQUIRED SUPPLEMENTARY INFORMATION

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

Credit River Township, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2020

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	Township's Proportion of the Net Pension Liability	Township's Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Township (b)	Total (a+b)	Township's Covered Payroll (c)	Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0011 %	\$ 65,950	\$ 1,973	\$ 67,923	76,767	85.9 %	79.0 %
06/30/19	0.0009	49,759	1,500	51,259	64,305	77.4	80.2
06/30/18	0.0009	49,928	1,586	51,514	61,467	81.2	79.5
06/30/17	0.0010	63,839	779	64,618	60,947	104.7	75.9
06/30/16	0.0009	73,076	942	74,018	57,302	127.5	68.9
06/30/15	0.0009	46,643	-	46,643	54,409	85.7	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Township's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 6,480	\$ 6,480	\$ -	\$ 86,400	7.5 %
12/31/19	4,955	4,955	-	66,072	7.5
12/31/18	4,613	4,613	-	61,507	7.5
12/31/17	4,584	4,584	-	61,120	7.5
12/31/16	4,478	4,478	-	59,707	7.5
12/31/15	4,202	4,202	-	56,031	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Credit River Township, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Credit River Township, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employees Fund (Continued)

Changes in Plan Provisions

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

Credit River Township, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2020

	202	430	
	<u>Special Revenue</u>	<u>Capital Projects</u>	Total
		2018	Nonmajor
	Park	Road Projects	Governmental
	<u> </u>	<u> </u>	<u>Funds</u>
Assets			
Cash and temporary investments	\$ 111,438	\$ 76,206	\$ 187,644
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
Accounts payable	\$ -	\$ 27,440	\$ 27,440
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Restricted for			
Park improvements	7,785	-	7,785
Road projects	-	48,766	48,766
Assigned for			
Park improvements	103,653	-	103,653
Total Fund Balances	<u>111,438</u>	<u>48,766</u>	<u>160,204</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 111,438</u>	<u>\$ 76,206</u>	<u>\$ 187,644</u>
	<u> </u>	<u> </u>	<u> </u>

Credit River Township, Minnesota
 Nonmajor Governmental Funds
 Combining Schedule of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020

	202 <u>Special Revenue</u>	430 <u>Capital Projects</u>	Total Nonmajor Governmental Funds
	Park	2018 Road Projects	
Revenues			
Charges for services	\$ 6,000	\$ -	\$ 6,000
Miscellaneous	2,635	-	2,635
Total Revenues	<u>8,635</u>	<u>-</u>	<u>8,635</u>
Expenditures			
Capital outlay			
Public works	-	2,040	2,040
Culture and recreation	850	-	850
Total Expenditures	<u>850</u>	<u>2,040</u>	<u>2,890</u>
Net Change in Fund Balances	7,785	(2,040)	5,745
Fund Balances, January 1	<u>103,653</u>	<u>50,806</u>	<u>154,459</u>
Fund Balances, December 31	<u>\$ 111,438</u>	<u>\$ 48,766</u>	<u>\$ 160,204</u>

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Credit River 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, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes	\$ 665,000	\$ 665,000	\$ 667,106	\$ 2,106	\$ 532,104
Franchise taxes	24,000	24,000	26,564	2,564	23,362
Total taxes	<u>689,000</u>	<u>689,000</u>	<u>693,670</u>	<u>4,670</u>	<u>555,466</u>
Licenses and permits	<u>3,300</u>	<u>3,300</u>	<u>3,900</u>	<u>600</u>	<u>8,450</u>
Intergovernmental					
Federal					
CARES funding	-	-	338,730	338,730	-
State					
Agricultural credit	-	-	960	960	828
Township aid	-	-	171	171	188
Total intergovernmental	<u>-</u>	<u>-</u>	<u>339,861</u>	<u>339,861</u>	<u>1,016</u>
Charges for services					
General government	<u>10,375</u>	<u>10,375</u>	<u>12,202</u>	<u>1,827</u>	<u>13,350</u>
Special assessments	<u>-</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>-</u>
Investment earnings	<u>22,500</u>	<u>22,500</u>	<u>17,930</u>	<u>(4,570)</u>	<u>74,758</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,787</u>	<u>1,787</u>	<u>731</u>
Total Revenues	<u>725,175</u>	<u>725,175</u>	<u>1,069,378</u>	<u>344,203</u>	<u>653,771</u>
Expenditures					
Current					
General government					
Town Board					
Personal services	81,600	81,600	76,316	5,284	72,164
Supplies	6,250	6,250	2,947	3,303	2,985
Other services and charges	36,880	36,880	38,692	(1,812)	37,827
Total Town Board	<u>124,730</u>	<u>124,730</u>	<u>117,955</u>	<u>6,775</u>	<u>112,976</u>
Town Clerk					
Personal services	40,300	40,300	31,600	8,700	32,234
Other services and charges	600	600	600	-	600
Total Town Clerk	<u>40,900</u>	<u>40,900</u>	<u>32,200</u>	<u>8,700</u>	<u>32,834</u>

Credit River Township, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Continued)
 For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
General government (continued)					
Town Treasurer					
Personal services	\$ 40,000	\$ 40,000	\$ 39,688	\$ 312	\$ 29,000
Other services and charges	600	600	600	-	600
Total Town Treasurer	<u>40,600</u>	<u>40,600</u>	<u>40,288</u>	<u>312</u>	<u>29,600</u>
Elections					
Personal services	10,900	10,900	11,695	(795)	-
Supplies	750	750	925	(175)	27
Other services and charges	1,100	1,100	1,890	(790)	187
Total elections	<u>12,750</u>	<u>12,750</u>	<u>14,510</u>	<u>(1,760)</u>	<u>214</u>
Assessor					
Other services and charges	<u>49,700</u>	<u>49,700</u>	<u>50,042</u>	<u>(342)</u>	<u>48,832</u>
Legal					
Other services and charges	<u>20,000</u>	<u>20,000</u>	<u>31,128</u>	<u>(11,128)</u>	<u>22,710</u>
Incorporation costs					
Other services and charges	<u>121,000</u>	<u>121,000</u>	<u>147,243</u>	<u>(26,243)</u>	<u>72,449</u>
Planning					
Personal services	800	800	80	720	-
Other services and charges	3,280	3,280	7,975	(4,695)	-
Total planning	<u>4,080</u>	<u>4,080</u>	<u>8,055</u>	<u>(3,975)</u>	<u>-</u>
Town hall building					
Other services and charges	<u>26,040</u>	<u>26,040</u>	<u>12,918</u>	<u>13,122</u>	<u>13,548</u>
Total general government	<u>439,800</u>	<u>439,800</u>	<u>454,339</u>	<u>(14,539)</u>	<u>333,163</u>
Public safety					
Fire					
Other services and charges	<u>235,000</u>	<u>235,000</u>	<u>225,903</u>	<u>9,097</u>	<u>193,957</u>
CARES funding expenditures					
Personal services	-	-	2,590	(2,590)	-
Supplies	-	-	6,492	(6,492)	-
Other services and charges	-	-	303,525	(303,525)	-
Total planning	<u>-</u>	<u>-</u>	<u>312,607</u>	<u>(312,607)</u>	<u>-</u>
Total public safety	<u>235,000</u>	<u>235,000</u>	<u>538,510</u>	<u>(303,510)</u>	<u>193,957</u>
Public works					
Streets					
Personal services	525	525	-	525	-
Other services and charges	131,500	131,500	103,688	27,812	176,791
Total public works	<u>132,025</u>	<u>132,025</u>	<u>103,688</u>	<u>28,337</u>	<u>176,791</u>

Credit River Township, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Continued)
 For the Year Ended December 31, 2020
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Culture and recreation					
Parks					
Personal services	\$ 525	\$ 525	\$ 75	\$ 450	\$ 150
Supplies	-	-	42	(42)	777
Other services and charges	14,025	14,025	11,600	2,425	10,185
Total culture and recreation	<u>14,550</u>	<u>14,550</u>	<u>11,717</u>	<u>2,833</u>	<u>11,112</u>
Total current	821,375	821,375	1,108,254	(286,879)	715,023
Capital outlay					
General government	<u>20,500</u>	<u>20,500</u>	<u>12,748</u>	<u>7,752</u>	<u>11,489</u>
Total Expenditures	<u>841,875</u>	<u>841,875</u>	<u>1,121,002</u>	<u>(279,127)</u>	<u>726,512</u>
Net Change in Fund Balances	(116,700)	(116,700)	(51,624)	65,076	(72,741)
Fund Balances, January 1	<u>566,516</u>	<u>566,516</u>	<u>566,516</u>	<u>-</u>	<u>639,257</u>
Fund Balances, December 31	<u><u>\$ 449,816</u></u>	<u><u>\$ 449,816</u></u>	<u><u>\$ 514,892</u></u>	<u><u>\$ 65,076</u></u>	<u><u>\$ 566,516</u></u>

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Credit River Township, Minnesota
Road and Bridge Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes	\$ 380,000	\$ 380,000	\$ 383,711	\$ 3,711	\$ 416,927
Intergovernmental					
Federal					
FEMA aid	-	-	31,657	31,657	-
State					
Agricultural credit	-	-	549	549	724
Local					
Other grants and aids	50,000	50,000	53,936	3,936	50,619
Total	50,000	50,000	86,142	36,142	51,343
Charges for services	2,400	2,400	59,683	57,283	43,353
Special assessments	1,760	1,760	7,974	6,214	1,855
Miscellaneous	-	-	2,060	2,060	9,829
Total Revenues	434,160	434,160	539,570	105,410	523,307
Expenditures					
Current					
Public works					
Personal services	3,450	3,450	5,318	(1,868)	9,174
Supplies	86,400	86,400	41,670	44,730	85,171
Other services and charges	479,460	479,460	468,512	10,948	505,784
Total Expenditures	569,310	569,310	515,500	53,810	600,129
Net Change in Fund Balances	(135,150)	(135,150)	24,070	159,220	(76,822)
Fund Balances, January 1	1,185,178	1,185,178	1,185,178	-	1,262,000
Fund Balances, December 31	\$ 1,050,028	\$ 1,050,028	\$ 1,209,248	\$ 159,220	\$ 1,185,178

Credit River Township, Minnesota
Proprietary Funds
Combining Schedules of Net Position
December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2020	2019
Assets		
Current Assets		
Cash and temporary investments	\$ 73,422	\$ 85,227
Receivables		
Accounts	654	1,486
Special assessments	-	-
Prepaid items	95	95
Total Current Assets	74,171	86,808
Noncurrent Assets		
Restricted cash and temporary investments	150,876	141,191
Capital assets		
Infrastructure	204,715	204,715
Less accumulated depreciation	(110,218)	(103,394)
Net Capital Assets	94,497	101,321
Total Noncurrent Assets	245,373	242,512
Total Assets	319,544	329,320
Liabilities		
Current Liabilities		
Accounts payable	4,691	15,009
Accrued salaries payable	29	136
Deposits payable	540	231
Total Liabilities	5,260	15,376
Net Position		
Investment in capital assets	94,497	101,321
Restricted for capital replacement and repair	150,876	141,191
Unrestricted	68,911	71,432
Total Net Position	\$ 314,284	\$ 313,944

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2020	2019	2020	2019	2020	2019
\$ 90,406	\$ 110,961	\$ 34,168	\$ 72,341	\$ 197,996	\$ 268,529
1,534	4,933	1,886	1,140	4,074	7,559
2,607	7,863	-	-	2,607	7,863
256	256	62	62	413	413
<u>94,803</u>	<u>124,013</u>	<u>36,116</u>	<u>73,543</u>	<u>205,090</u>	<u>284,364</u>
<u>189,277</u>	<u>172,678</u>	<u>67,457</u>	<u>37,167</u>	<u>407,610</u>	<u>351,036</u>
2,145,286	2,145,286	362,848	362,848	2,712,849	2,712,849
(687,260)	(601,396)	(83,496)	(72,304)	(880,974)	(777,094)
<u>1,458,026</u>	<u>1,543,890</u>	<u>279,352</u>	<u>290,544</u>	<u>1,831,875</u>	<u>1,935,755</u>
<u>1,647,303</u>	<u>1,716,568</u>	<u>346,809</u>	<u>327,711</u>	<u>2,239,485</u>	<u>2,286,791</u>
<u>1,742,106</u>	<u>1,840,581</u>	<u>382,925</u>	<u>401,254</u>	<u>2,444,575</u>	<u>2,571,155</u>
8,168	32,791	4,179	10,106	17,038	57,906
79	367	19	89	127	592
1,340	912	290	5	2,170	1,148
<u>9,587</u>	<u>34,070</u>	<u>4,488</u>	<u>10,200</u>	<u>19,335</u>	<u>59,646</u>
1,458,026	1,543,890	279,352	290,544	1,831,875	1,935,755
189,277	172,678	67,457	37,167	407,610	351,036
85,216	89,943	31,628	63,343	185,755	224,718
<u>\$ 1,732,519</u>	<u>\$ 1,806,511</u>	<u>\$ 378,437</u>	<u>\$ 391,054</u>	<u>\$ 2,425,240</u>	<u>\$ 2,511,509</u>

Credit River Township, Minnesota
Proprietary Funds
Combining Schedules of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2020	2019
Operating Revenues		
Charges for services	\$ 61,773	\$ 59,223
Operating Expenses		
Personal services	1,348	1,616
Office expenses	1,645	1,292
Maintenance	26,919	25,219
Repairs	3,250	1,801
Professional services	8,440	2,445
Utilities	3,152	2,345
Other expense	10,500	16,551
Depreciation	6,824	6,973
Total Operating Expenses	62,078	58,242
Operating Income (Loss)	(305)	981
Nonoperating Revenues		
Investment earnings	645	2,435
Special assessments	-	-
Total Nonoperating Revenue	645	2,435
Change in Net Position	340	3,416
Net Position, January 1	313,944	310,528
Net Position, December 31	\$ 314,284	\$ 313,944

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2020	2019	2020	2019	2020	2019
\$ 128,741	\$ 126,359	\$ 37,251	\$ 24,640	\$ 227,765	\$ 210,222
4,731	4,868	802	1,095	6,881	7,579
3,570	3,483	908	1,174	6,123	5,949
59,312	62,775	20,282	20,403	106,513	108,397
6,729	509	1,991	4,593	11,970	6,903
12,099	6,915	7,077	1,921	27,616	11,281
5,821	5,478	1,537	1,778	10,510	9,601
25,404	34,742	6,365	9,446	42,269	60,739
85,864	85,864	11,192	11,191	103,880	104,028
<u>203,530</u>	<u>204,634</u>	<u>50,154</u>	<u>51,601</u>	<u>315,762</u>	<u>314,477</u>
<u>(74,789)</u>	<u>(78,275)</u>	<u>(12,903)</u>	<u>(26,961)</u>	<u>(87,997)</u>	<u>(104,255)</u>
797	2,899	286	842	1,728	6,176
-	-	-	11,872	-	11,872
<u>797</u>	<u>2,899</u>	<u>286</u>	<u>12,714</u>	<u>1,728</u>	<u>18,048</u>
(73,992)	(75,376)	(12,617)	(14,247)	(86,269)	(86,207)
<u>1,806,511</u>	<u>1,881,887</u>	<u>391,054</u>	<u>405,301</u>	<u>2,511,509</u>	<u>2,597,716</u>
<u>\$ 1,732,519</u>	<u>\$ 1,806,511</u>	<u>\$ 378,437</u>	<u>\$ 391,054</u>	<u>\$ 2,425,240</u>	<u>\$ 2,511,509</u>

Credit River Township, Minnesota
Proprietary Funds
Combining Schedules of Cash Flows
For the Years Ended December 31, 2020 and 2019

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2020	2019
Cash Flows from Operating Activities		
Receipts from customers	\$ 62,605	\$ 61,705
Payments to suppliers	(63,915)	(51,696)
Payments to employees	(1,455)	(1,627)
Net Cash Provided (Used) by Operating Activities	(2,765)	8,382
Cash Flows from Capital and Related Financing Activities		
Special assessments received	-	-
Cash Flows from Investing Activities		
Interest received on investments	645	2,435
Net Increase (Decrease) in Cash and Cash Equivalents	(2,120)	10,817
Cash and Cash Equivalents, January 1	226,418	215,601
Cash and Cash Equivalents, December 31	\$ 224,298	\$ 226,418
Cash and Cash Equivalents as Reported on the Statement of Net Position		
Cash and temporary investments	\$ 73,422	\$ 85,227
Restricted cash and temporary investments	150,876	141,191
Total Cash and Cash Equivalents	\$ 224,298	\$ 226,418
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ (305)	\$ 981
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	6,824	6,973
(Increase) decrease in assets		
Accounts receivable	832	2,482
Special assessments receivable	-	-
Prepaid items	-	(19)
Increase (decrease) in liabilities		
Accounts payable	(10,318)	(1,570)
Accrued salaries payable	(107)	(11)
Deposits payable	309	(454)
Net Cash Provided (Used) by Operating Activities	\$ (2,765)	\$ 8,382

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2020	2019	2020	2019	2020	2019
\$ 137,396	\$ 128,048	\$ 36,505	\$ 25,610	\$ 236,506	\$ 215,363
(137,130)	(104,123)	(43,802)	(39,313)	(244,847)	(195,132)
(5,019)	(4,898)	(872)	(1,102)	(7,346)	(7,627)
(4,753)	19,027	(8,169)	(14,805)	(15,687)	12,604
-	-	-	23,072	-	23,072
797	2,899	286	842	1,728	6,176
(3,956)	21,926	(7,883)	9,109	(13,959)	41,852
283,639	261,713	109,508	100,399	619,565	577,713
<u>\$ 279,683</u>	<u>\$ 283,639</u>	<u>\$ 101,625</u>	<u>\$ 109,508</u>	<u>\$ 605,606</u>	<u>\$ 619,565</u>
\$ 90,406	\$ 110,961	\$ 34,168	\$ 72,341	\$ 197,996	\$ 268,529
189,277	172,678	67,457	37,167	407,610	351,036
<u>\$ 279,683</u>	<u>\$ 283,639</u>	<u>\$ 101,625</u>	<u>\$ 109,508</u>	<u>\$ 605,606</u>	<u>\$ 619,565</u>
\$ (74,789)	\$ (78,275)	\$ (12,903)	\$ (26,961)	\$ (87,997)	\$ (104,255)
85,864	85,864	11,192	11,191	103,880	104,028
3,399	4,224	(746)	970	3,485	7,676
5,256	(2,535)	-	-	5,256	(2,535)
-	(51)	-	(12)	-	(82)
(24,623)	9,750	(5,927)	204	(40,868)	8,384
(288)	(30)	(70)	(7)	(465)	(48)
428	80	285	(190)	1,022	(564)
<u>\$ (4,753)</u>	<u>\$ 19,027</u>	<u>\$ (8,169)</u>	<u>\$ (14,805)</u>	<u>\$ (15,687)</u>	<u>\$ 12,604</u>

Credit River Township, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2020

	2012 G.O. Improvement Bond	2015 G.O. Improvement Bond	2018 G.O. Improvement Bond	Total
Assets				
Cash and temporary investments	\$ 291,241	\$ 406,047	\$ 435,399	\$ 1,132,687
Receivables				
Taxes	803	1,052	813	2,668
Special assessments	85,200	186,982	363,403	635,585
Due from other governments	-	234	-	234
 Total Assets	 \$ 377,244	 \$ 594,315	 \$ 799,615	 \$ 1,771,174
 Deferred Inflows of Resources				
Unavailable revenue - taxes	\$ 307	\$ 407	\$ 307	\$ 1,021
Unavailable revenue - special assessments	85,200	186,353	363,403	634,956
Total Deferred Inflows of Resources	85,507	186,760	363,710	635,977
 Fund Balances				
Restricted for debt service	291,737	407,555	435,905	1,135,197
 Total Deferred Inflows of Resources and Fund Balances	 \$ 377,244	 \$ 594,315	 \$ 799,615	 \$ 1,771,174

Credit River Township, Minnesota
Debt Service Funds
Combining Schedules of Revenues, Expenditures
and Changes on Fund Balances
For the Year Ended December 31, 2020

	2012 G.O. Improvement Bond	2015 G.O. Improvement Bond	2018 G.O. Improvement Bond	Total
Revenues				
Property taxes	\$ 60,910	\$ 83,112	\$ 62,890	\$ 206,912
Intergovernmental	89	120	90	299
Special assessments	64,764	56,729	77,698	199,191
Total Revenues	<u>125,763</u>	<u>139,961</u>	<u>140,678</u>	<u>406,402</u>
Expenditures				
Debt service				
Principal	110,000	140,000	130,000	380,000
Interest and other charges	7,960	21,430	43,875	73,265
Total Expenditures	<u>117,960</u>	<u>161,430</u>	<u>173,875</u>	<u>453,265</u>
Net Change in Fund Balances	7,803	(21,469)	(33,197)	(46,863)
Fund Balances, January 1	<u>283,934</u>	<u>429,024</u>	<u>469,102</u>	<u>1,182,060</u>
Fund Balances, December 31	<u>\$ 291,737</u>	<u>\$ 407,555</u>	<u>\$ 435,905</u>	<u>\$ 1,135,197</u>

Credit River Township, Minnesota
 Summary Financial Report
 Revenues And Expenses For General Operations -
 Governmental Funds
 For the Years Ended December 31, 2020 and 2019

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Property taxes	\$ 1,618,936	\$ 1,511,862	7.08 %
Franchise taxes	26,564	23,362	13.71
Licenses and permits	3,900	8,450	(53.85)
Intergovernmental	426,820	53,339	700.20
Charges for services	77,885	62,703	24.21
Special assessments	684,810	455,617	50.30
Investment earnings	17,930	74,758	(76.02)
Miscellaneous	127,877	10,560	1,110.96
	<u>\$ 2,984,722</u>	<u>\$ 2,200,651</u>	35.63 %
Total Revenues			
Per Capita	\$ 529	\$ 392	
Expenditures			
Current			
General government	\$ 454,339	\$ 333,163	36.37 %
Public safety	538,510	193,957	177.64
Public works	619,188	776,920	(20.30)
Culture and recreation	11,717	15,152	(22.67)
Capital outlay			
General government	12,748	11,489	10.96
Public works	949,906	783,953	21.17
Culture and recreation	850	4,373	(80.56)
Debt service			
Principal	380,000	355,000	7.04
Interest and other charges	73,265	84,647	(13.45)
	<u>\$ 3,040,523</u>	<u>\$ 2,558,654</u>	18.83 %
Total Expenditures			
Per Capita	\$ 539	\$ 455	
Total Long-term Indebtedness	\$ 2,410,000	\$ 2,790,000	(13.62) %
Per Capita	427	496	(13.91)
General Fund Balance - December 31	\$ 514,892	\$ 566,516	(9.11) %
Per Capita	91	101	(9.90)

The purpose of this report is to provide a summary of financial information concerning Credit River Township to interested citizens. The complete financial statements may be examined at Credit River Town Hall, 18985 Meadow View Blvd Prior Lake, MN 55372. Questions about this report should be directed to Dominique Hill, Treasurer, at treasurer@creditrivier-mn.gov.

OTHER REQUIRED REPORT
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Board of Supervisors
Credit River Township
Scott County, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the Township's basic financial statements, and have issued our report thereon dated March 8, 2021.

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 of the *Minnesota Legal Compliance Audit Guide for Townships* promulgated by the State Auditor pursuant to Minnesota statute §6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Township's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and 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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 8, 2021