

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CREDIT RIVER TOWNSHIP, MINNESOTA
 ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Page No.</u>
INTRODUCTORY SECTION	
Elected and Appointed Officials	5
FINANCIAL SECTION	
Independent Auditor's Report	9
Management's Discussion and Analysis	13
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	25
Statement of Activities	26
Fund Financial Statements	
Governmental Funds	
Balance Sheet	30
Reconciliation of the Balance Sheet to the Statement of Net Assets	33
Statement of Revenues, Expenditures and Changes in Fund Balances	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	37
General Fund and Road and Bridge Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	38
Proprietary Funds	
Statements of Net Assets	40
Statements of Revenues, Expenses and Changes in Fund Net Assets	41
Statements of Cash Flows	42
Fiduciary Funds	
Statement of Fiduciary Net Assets	43
Notes to the Financial Statements	45
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)	64
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	66
Road and Bridge Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	71
Proprietary Funds	
Combining Schedule of Net Assets	72
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets	74
Combining Schedule of Cash Flows	76
Summary Financial Report	
Revenues and Expenses for General Operations - Governmental Funds	78
OTHER REQUIRED REPORTS	
Report on Minnesota Legal Compliance	81
Report on Internal Control over Financial Reporting Based on an Audit of Financial Statements	82
Schedule of Findings and Responses	85

THIS PAGE IS LEFT BLANK
INTENTIONALLY

INTRODUCTORY SECTION

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CREDIT RIVER TOWNSHIP, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Leroy Schommer	Supervisor	3/31/12
Brent Lawrence	Chairman	3/31/14
Al Novak	Supervisor	3/31/14
Bruce Nilsen	Supervisor	3/31/13
Tom Kraft	Supervisor	3/31/12
Cathy Haugh	Clerk	3/31/12
Sarah LeVoir	Treasurer	Appointed 5/7/2011

THIS PAGE IS LEFT BLANK
INTENTIONALLY

FINANCIAL SECTION

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

THIS PAGE IS LEFT BLANK
INTENTIONALLY



5201 Eden Avenue
Suite 250
Edina, MN 55436

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Credit River Township
Scott County, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Township's 2010 financial statements and, in our report dated February 24, 2011, we expressed unqualified opinions on the respective proprietary fund financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General fund and Road and Bridge fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

THIS PAGE IS LEFT BLANK
INTENTIONALLY



As described in the Note 8 to the basic financial statements, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011. Adoption of the provision of this statement results in significant changes to the classifications of the components of fund balances.

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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 express no opinion on it.

February 20, 2012
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

THIS PAGE IS LEFT BLANK
INTENTIONALLY

Management's Discussion and Analysis

As management of Credit River Township, Scott County, Minnesota, (the Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2011.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$10,123,716 (net assets). Of this amount, \$2,432,349 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$1,474,857.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,304,968, an increase of \$555,208 in comparison with the prior year. Of this total amount, \$1,964,062, is available for spending at the Township's discretion, but has been assigned for specific purposes.
- At the end of the current fiscal year, assigned fund balance for the General fund was \$682,175, or 132 percent of total General fund 2012 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

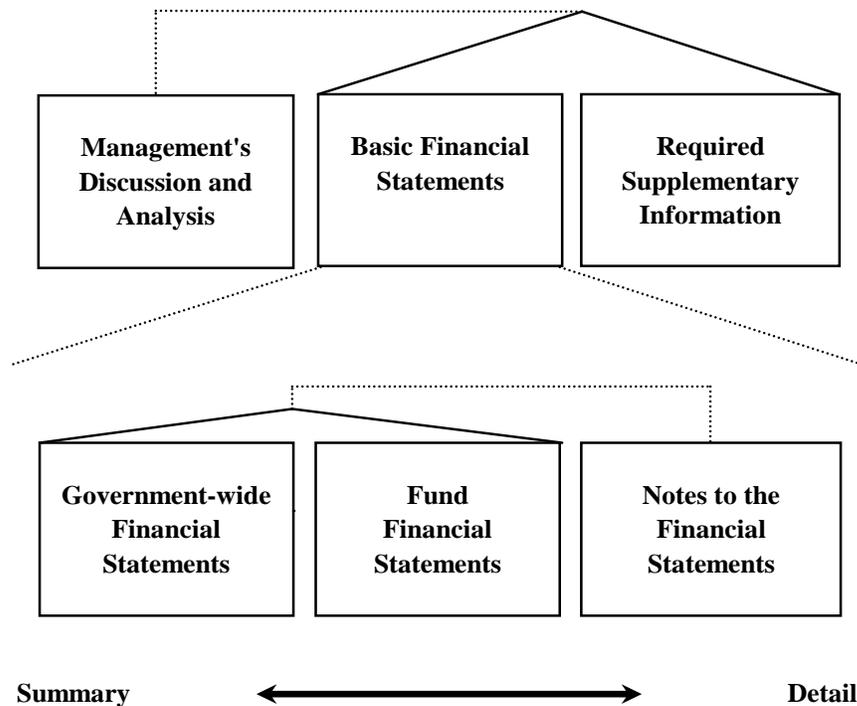


Figure 2 summarizes the major features of the Township’s financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each 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 Assets • 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 Assets • Statements of Revenues, Expenses and Changes in Fund Net Assets • 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 in flow/out flow 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 assets* presents information on all of the Township’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenue (*governmental activities*). 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 25 of this report.

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

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

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

The Township maintains 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road and Bridge, Improvement Bond, and Capital Improvements funds - all of which are considered to be major funds. Data from the other 4 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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 30 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 40 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 43 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.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to financial statements. Combining and individual fund statements and schedules can be found starting on page 62 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$10,123,716 at the close of the most recent fiscal year.

By far, the largest portion of the Township's net assets (71.1 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment). 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 assets* (\$2,432,349) may be used to meet the Township's ongoing obligations to citizens and creditors.

Credit River Township's Summary of Net Assets

	Governmental Activities			Business-type Activities		
	2011	2010	Increase (Decrease)	2011	2010	Increase (Decrease)
Assets						
Current and other assets	\$ 2,754,166	\$ 2,307,280	\$ 446,886	\$ 249,269	\$ 250,004	\$ (735)
Capital assets (net of depreciation)	7,430,223	6,540,892	889,331	450,145	457,303	(7,158)
Total assets	10,184,389	8,848,172	1,336,217	699,414	707,307	(7,893)
Liabilities						
Current and other liabilities	46,683	112,321	(65,638)	8,404	14,299	(5,895)
Noncurrent	705,000	780,000	(75,000)	-	-	-
Total liabilities	751,683	892,321	(140,638)	8,404	14,299	(5,895)
Net assets						
Invested in capital assets	6,744,535	5,782,963	961,572	450,145	457,303	(7,158)
Restricted	368,569	398,307	(29,738)	128,118	104,811	23,307
Unrestricted	2,319,602	1,774,581	545,021	112,747	130,894	(18,147)
Total net assets	\$ 9,432,706	\$ 7,955,851	\$ 1,476,855	\$ 691,010	\$ 693,008	\$ (1,998)

At the end of the current fiscal year, the Township is able to report a positive balance in net assets for both governmental and business-type activities.

- The Township's total net assets increased by \$1,474,857 during the year.

Governmental activities. Governmental activities increased the Township’s net assets by \$1,476,855, thereby accounting for more than 100 percent of the total increase in the net assets of the Township.

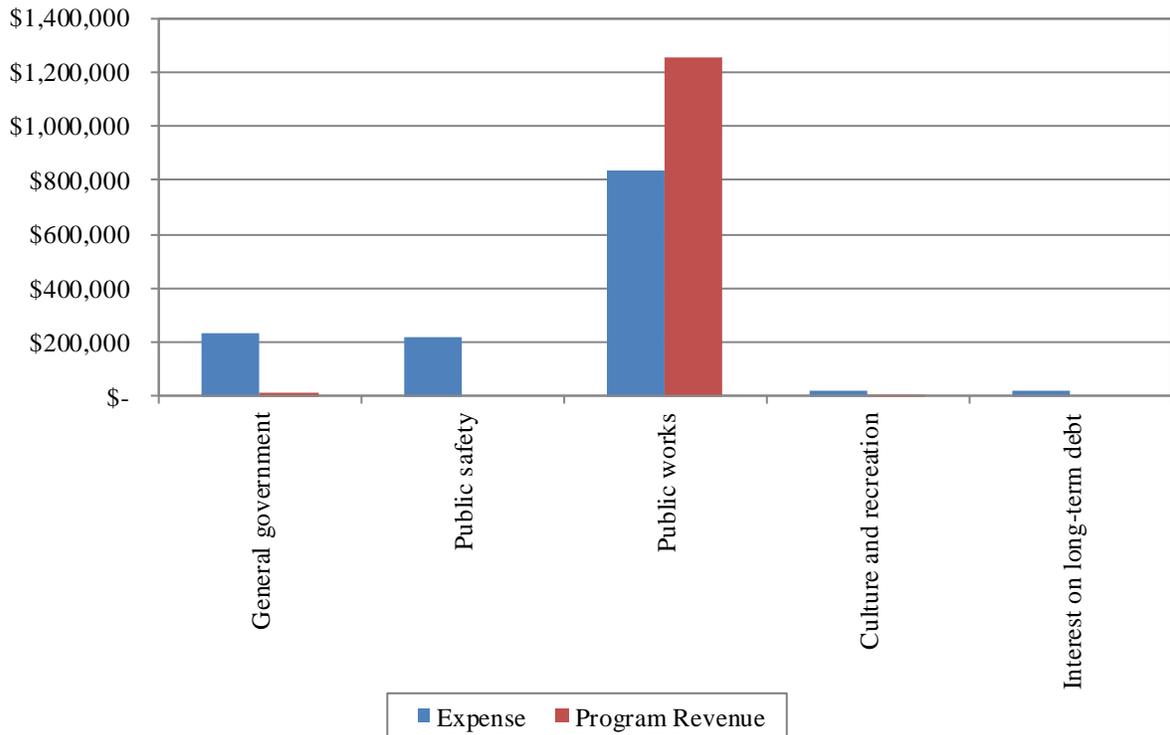
Credit River Township’s Changes in Net Assets

	Governmental Activities			Business-type Activities		
	2011	2010	Increase (Decrease)	2011	2010	Increase (Decrease)
Program revenues						
Charges for services	\$ 27,983	\$ 49,596	\$ (21,613)	\$ 168,298	\$ 206,784	\$ (38,486)
Operating grants and contributions	35,298	31,214	4,084	-	-	-
Capital grants and contributions	1,211,808	18,101	1,193,707	-	-	-
General revenues						
Taxes						
Property taxes, levied for general purposes	1,478,782	1,037,403	441,379	-	-	-
Franchise taxes	13,240	7,759	5,481	-	-	-
State grants and contributions not restricted to specific programs	8,490	-	8,490	-	-	-
Unrestricted investment earnings	17,606	31,715	(14,109)	854	1,984	(1,130)
Total revenues	2,793,207	1,175,788	1,617,419	169,152	208,768	(39,616)
Expenses						
General government	229,745	258,142	(28,397)	-	-	-
Public safety	215,860	211,962	3,898	-	-	-
Public works	832,564	929,231	(96,667)	-	-	-
Culture and recreation	18,106	14,345	3,761	-	-	-
Interest on long-term debt	20,077	21,198	(1,121)	-	-	-
Sewer	-	-	-	171,150	179,529	(8,379)
Total expenses	1,316,352	1,434,878	(118,526)	171,150	179,529	(8,379)
Change in net assets	1,476,855	(259,090)	1,735,945	(1,998)	29,239	(31,237)
Net assets, January 1	7,955,851	8,214,941	(259,090)	693,008	663,769	29,239
Net assets, December 31	<u>\$ 9,432,706</u>	<u>\$ 7,955,851</u>	<u>\$ 1,476,855</u>	<u>\$ 691,010</u>	<u>\$ 693,008</u>	<u>\$ (1,998)</u>

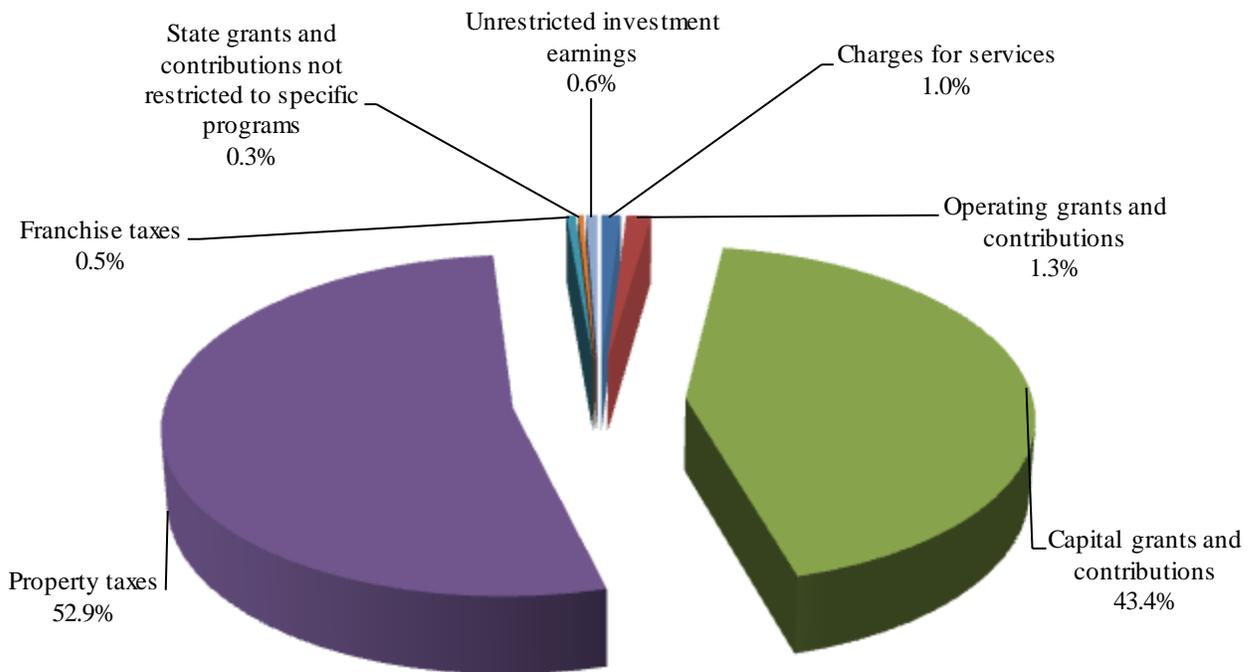
- Property taxes represent 52.9 percent of total governmental revenue in 2011.
- Capital grants and contributions increased \$1,193,707 primarily due to accepting infrastructure assets from Scottview Acres, Thoroughbred Acres, and Cress View Estates. There were no infrastructure assets accepted in 2010.
- Expenses in public works decreased by \$96,227 mostly due to the reduction in bituminous patching done in 2011 compared to 2010, a decrease of approximately \$120,000.

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 \$2,304,968, an increase of \$555,208 in comparison with the prior year. Approximately 85.2 percent of this total amount, \$1,964,062, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion, but has been assigned for specific purposes. The remainder of fund balance is either: 1) Nonspendable (\$1,819), 2) Restricted (\$163,960), or 3) Committed (\$175,127).

Major funds	Fund Balance December 31,		Increase (Decrease)
	2011	2010	
General	\$ 683,994	\$ 612,797	\$ 71,197

The increase in the General fund was mainly due to revenues exceeding the budgeted amount. The Board anticipated using available fund balances to cover a portion of the operating budget. The fund balance is strong relative to the following years budget.

Road and Bridge	\$ 876,553	\$ 903,141	\$ (26,588)
------------------------	------------	------------	-------------

The Road and Bridge fund balance decreased \$26 thousand. This was due to transferring out unassigned fund balance in excess of 50 percent of the following year's budget per resolution approved during the year.

Improvement Bond	\$ 146,209	\$ 130,532	\$ 15,677
-------------------------	------------	------------	-----------

The increase in the Improvement Bond fund is attributed to a small transfer in and increased revenues over budget.

Capital Improvement Fund	\$ 465,513	\$ -	\$ 465,513
---------------------------------	------------	------	------------

The increase in the Capital Improvement fund is attributed to a \$465 thousand transfer during the year for anticipated capital expenditures in 2012.

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 assets of the enterprise funds at the end of the year amounted to \$112,747. The total decrease in net assets for the funds was \$1,998. 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 not amended during the year. Revenues and expenditures both had positive budget variance, and overall the General fund had a net positive budget variance of \$71,197.

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

- Total expenditures in general government were \$52,103 under budget mainly attributable wages and salaries and professional services less than budget.
- License and permits, charges for services, special assessments, and investment earnings all experienced a modest increase leading to a positive budget variance. A portion of the positive variances above were offset with negative variances in franchise taxes and intergovernmental revenue. The over variance in revenues was a positive \$10,625.

Road and Bridge Fund Budgetary Highlights

The budget for the Township's Road and Bridge fund was not amended during the year. The budget called for no increase or decrease in fund balance. Expenditures were \$461,877 less than what was budgeted. The reason for the over budget in expenses was due to expecting to complete a major reconstruction project during the year, but did not occur. At year end, the Township transferred the excess balance to the Capital Improvements fund to establish this fund for future projects.

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, 2011, amounts to \$9,309,648 (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 3C on page 54 of this report.

Credit River Township's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2011	2010	Increase (Decrease)	2011	2010	Increase (Decrease)
Land	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -	\$ -	\$ -
Construction work in progress	-	935,196	(935,196)	-	-	-
Buildings	84,113	84,113	-	-	-	-
Improvements other than building	239,028	239,028	-	-	-	-
Machinery and equipment	70,682	68,421	2,261	-	-	-
Infrastructure	7,339,180	5,173,462	2,165,718	450,145	457,303	(7,158)
Total	\$ 8,859,503	\$ 7,626,720	\$ 1,232,783	\$ 450,145	\$ 457,303	\$ (7,158)

Long-term debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$705,000.

Credit River Township’s Outstanding Debt

	Governmental Activities		
	2011	2010	Increase (Decrease)
Bonds payable	\$ 705,000	\$ 780,000	\$ (75,000)

Economic Factors and Next Year’s Budgets and Rates

- The General fund expenditure budget for 2012 was decreased by approximately \$16,000 from 2011 due mainly to anticipated decrease in legal consultation and fire professional service fees.
- The Road and Bridge fund expenditure budget for 2012 was decreased by approximately \$492,000 from 2011, which is mainly due to the township establishing a capital improvements fund to account for capital projects, which had been previously accounted for in the Road and Bridge fund.
- The Township has a five year Road Maintenance and Capital Improvement Plan that will maximize the investment in that infrastructure. Each year this is reviewed and adjusted based on current road conditions. The township has several capital improvement projects that will be considered for the 2012 year.
- The dollars previously budgeted for incorporation studies/implementation continues to be tracked separately as in previous years.

All of these factors were considered in preparing the Township’s budget for the 2012 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Township’s finances for all those with an interest in the Township’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Treasurer, 18985 Meadow View Boulevard, Prior Lake, Minnesota 55372.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and temporary investments	\$ 2,306,462	\$ 230,383	\$ 2,536,845
Receivables			
Accrued interest	1,922	-	1,922
Delinquent taxes	66,073	-	66,073
Accounts	12,733	3,283	16,016
Special assessments	345,845	15,278	361,123
Prepaid items	1,819	325	2,144
Deferred charges	19,312	-	19,312
Capital assets			
Land	1,126,500	-	1,126,500
Depreciable assets (net of accumulated depreciation)	6,303,723	450,145	6,753,868
TOTAL ASSETS	10,184,389	699,414	10,883,803
LIABILITIES			
Accounts payable	33,081	7,899	40,980
Accrued salaries payable	6,581	505	7,086
Accrued interest payable	7,021	-	7,021
Noncurrent liabilities			
Due within one year			
Bonds payable	80,000	-	80,000
Due in more than one year			
Bonds payable	625,000	-	625,000
TOTAL LIABILITIES	751,683	8,404	760,087
NET ASSETS			
Invested in capital assets net of related debt	6,744,535	450,145	7,194,680
Restricted for			
Capital replacement and repair	-	128,118	128,118
Debt service	368,569	-	368,569
Unrestricted	2,319,602	112,747	2,432,349
TOTAL NET ASSETS	\$ 9,432,706	\$ 691,010	\$ 10,123,716

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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 229,745	\$ 15,176	\$ -	\$ -
Public safety	215,860	-	-	-
Public works	832,564	7,307	35,298	1,211,808
Culture and recreation	18,106	5,500	-	-
Interest on long-term debt	20,077	-	-	-
Total governmental activities	1,316,352	27,983	35,298	1,211,808
Business-type activities				
Sewer	171,150	168,298	-	-
Total	<u>\$ 1,487,502</u>	<u>\$ 196,281</u>	<u>\$ 35,298</u>	<u>\$ 1,211,808</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 assets

Net assets, January 1

Net assets, December 31

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

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (214,569)	\$ -	\$ (214,569)
(215,860)	-	(215,860)
421,849	-	421,849
(12,606)	-	(12,606)
<u>(20,077)</u>	<u>-</u>	<u>(20,077)</u>
(41,263)	-	(41,263)
-	<u>(2,852)</u>	<u>(2,852)</u>
<u>(41,263)</u>	<u>(2,852)</u>	<u>(44,115)</u>
1,432,786	-	1,432,786
45,996	-	45,996
13,240	-	13,240
8,490	-	8,490
<u>17,606</u>	<u>854</u>	<u>18,460</u>
<u>1,518,118</u>	<u>854</u>	<u>1,518,972</u>
1,476,855	(1,998)	1,474,857
<u>7,955,851</u>	<u>693,008</u>	<u>8,648,859</u>
<u>\$ 9,432,706</u>	<u>\$ 691,010</u>	<u>\$ 10,123,716</u>

THIS PAGE IS LEFT BLANK
INTENTIONALLY

FUND FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

CREDIT RIVER TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	100	201	310
	General Fund	Road and Bridge Fund	Improvement Bond Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and temporary investments	\$ 672,490	\$ 890,049	\$ 145,711
Receivables			
Accrued interest	1,922	-	-
Delinquent taxes	21,468	43,070	1,535
Accounts	10,190	2,543	-
Special assessments	6,149	111,352	228,344
Prepaid items	1,819	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 714,038</u>	<u>\$ 1,047,014</u>	<u>\$ 375,590</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 6,514	\$ 26,567	\$ -
Accrued salaries payable	6,490	91	-
Deferred revenue	17,040	143,803	229,381
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>30,044</u>	<u>170,461</u>	<u>229,381</u>
FUND BALANCES			
Nonspendable			
Prepaid items	1,819	-	-
Restricted for			
Park dedication	-	-	-
Debt service	-	-	146,209
Committed for			
Road and bridge improvement	-	175,127	-
Assigned for			
Park improvements	-	-	-
Road and bridge improvement	-	701,426	-
Unassigned	682,175	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>683,994</u>	<u>876,553</u>	<u>146,209</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 714,038</u>	<u>\$ 1,047,014</u>	<u>\$ 375,590</u>

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

401 Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 465,513	\$ 132,699	\$ 2,306,462
-	-	1,922
-	-	66,073
-	-	12,733
-	-	345,845
-	-	1,819
<u>\$ 465,513</u>	<u>\$ 132,699</u>	<u>\$ 2,734,854</u>
\$ -	\$ -	\$ 33,081
-	-	6,581
-	-	390,224
-	-	429,886
-	-	1,819
-	17,751	17,751
-	-	146,209
-	-	175,127
465,513	114,948	114,948
-	-	1,166,939
-	-	682,175
<u>465,513</u>	<u>132,699</u>	<u>2,304,968</u>
<u>\$ 465,513</u>	<u>\$ 132,699</u>	<u>\$ 2,734,854</u>

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CREDIT RIVER TOWNSHIP, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

Total fund balances - governmental	\$ 2,304,968
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	8,859,503
Less: accumulated depreciation	(1,429,280)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(705,000)
Less deferred charges, net of accumulated amortization	19,312
Delinquent property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	
	45,353
Deferred revenue from special assessments in the governmental funds is susceptible to full accrual on the government-wide statements.	
	344,871
Governmental funds do not report a liability for accrued interest until due and payable.	
	(7,021)
Total net assets - governmental activities	\$ 9,432,706

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, 2011

	100 General Fund	201 Road and Bridge Fund	310 Improvement Bond Fund
REVENUES			
Property taxes	\$ 503,044	\$ 923,276	\$ 45,996
Franchise taxes	13,240	-	-
Licenses and permits	4,849	-	-
Intergovernmental	2,238	40,696	210
Charges for services	10,327	4,700	-
Special assessments	644	41,680	59,612
Investment earnings	17,606	-	-
Miscellaneous	-	2,607	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	551,948	1,012,959	105,818
EXPENDITURES			
Current			
General government	217,304	-	-
Public safety	215,860	-	-
Public works	36,208	454,387	-
Culture and recreation	8,019	-	-
Capital outlay			
General government	3,360	-	-
Public works	-	89,892	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	75,000
Interest and other	-	-	17,787
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	480,751	544,279	92,787
EXCESS OF REVENUES OVER EXPENDITURES			
	<hr/>	<hr/>	<hr/>
	71,197	468,680	13,031
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	2,646
Transfers out	-	(495,268)	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	(495,268)	2,646
NET CHANGE IN FUND BALANCES			
	<hr/>	<hr/>	<hr/>
	71,197	(26,588)	15,677
FUND BALANCES, JANUARY 1			
	<hr/>	<hr/>	<hr/>
	612,797	903,141	130,532
FUND BALANCES, DECEMBER 31			
	<hr/>	<hr/>	<hr/>
	\$ 683,994	\$ 876,553	\$ 146,209

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

401 Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,472,316
-	-	13,240
-	-	4,849
-	-	43,144
-	5,500	20,527
-	-	101,936
-	-	17,606
-	-	2,607
-	5,500	1,676,225
-	-	217,304
-	-	215,860
-	-	490,595
-	-	8,019
-	-	3,360
-	-	89,892
-	3,200	3,200
-	-	75,000
-	-	17,787
-	3,200	1,121,017
-	2,300	555,208
465,513	29,755	497,914
-	(2,646)	(497,914)
465,513	27,109	-
465,513	29,409	555,208
-	103,290	1,749,760
\$ 465,513	\$ 132,699	\$ 2,304,968

THIS PAGE IS LEFT BLANK
INTENTIONALLY

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, 2011

Total net change in fund balances - governmental funds	\$ 555,208
Amounts reported for governmental activities in the statement of activities are different because:	
<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	75,407
Depreciation expense	(343,452)
<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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effects of these differences in the treatment of long-term debt and related items.</p>	
Principal repayments	75,000
Amortization of deferred charges	(2,759)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Capital assets contributed by developers	1,157,376
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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>	
	469
<p>Certain revenues are recognized as soon as it is 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	(46,860)
Property taxes	6,466
	6,466
Change in net assets - governmental activities	\$ 1,476,855

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, 2011

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 501,784	\$ 501,784	\$ 503,044	\$ 1,260
Franchise taxes	18,703	18,703	13,240	(5,463)
Licenses and permits	-	-	4,849	4,849
Intergovernmental	7,530	7,530	2,238	(5,292)
Charges for services	3,306	3,306	10,327	7,021
Special assessments	-	-	644	644
Investment earnings	10,000	10,000	17,606	7,606
Miscellaneous	-	-	-	-
TOTAL REVENUES	541,323	541,323	551,948	10,625
EXPENDITURES				
Current				
General government	260,290	260,290	217,304	42,986
Public safety	218,314	218,314	215,860	2,454
Public works	44,750	44,750	36,208	8,542
Culture and recreation	8,500	8,500	8,019	481
Capital outlay	1,000	1,000	3,360	(2,360)
TOTAL EXPENDITURES	532,854	532,854	480,751	52,103
EXCESS OF REVENUES OVER EXPENDITURES	8,469	8,469	71,197	62,728
OTHER FINANCING USES				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCES	8,469	8,469	71,197	62,728
FUND BALANCES, JANUARY 1	612,797	612,797	612,797	-
FUND BALANCES, DECEMBER 31	<u>\$ 621,266</u>	<u>\$ 621,266</u>	<u>\$ 683,994</u>	<u>\$ 62,728</u>

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

Road and Bridge Fund

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ 929,212	\$ 929,212	\$ 923,276	\$ (5,936)
-	-	-	-
-	-	-	-
44,944	44,944	40,696	(4,248)
-	-	4,700	4,700
32,000	32,000	41,680	9,680
-	-	-	-
-	-	2,607	2,607
<u>1,006,156</u>	<u>1,006,156</u>	<u>1,012,959</u>	<u>6,803</u>
-	-	-	-
-	-	-	-
494,602	494,602	454,387	40,215
-	-	-	-
<u>511,554</u>	<u>511,554</u>	<u>89,892</u>	<u>421,662</u>
<u>1,006,156</u>	<u>1,006,156</u>	<u>544,279</u>	<u>461,877</u>
-	-	468,680	468,680
-	-	(495,268)	(495,268)
-	-	(26,588)	(26,588)
<u>903,141</u>	<u>903,141</u>	<u>903,141</u>	<u>-</u>
<u>\$ 903,141</u>	<u>\$ 903,141</u>	<u>\$ 876,553</u>	<u>\$ (26,588)</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 STATEMENTS OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 230,383	\$ 217,776
Receivables		
Accounts	3,283	3,320
Special assessments		
Delinquent	6,205	7,952
Deferred	9,073	20,436
Prepaid items	325	520
	<u>249,269</u>	<u>250,004</u>
NONCURRENT ASSETS		
Capital assets		
Infrastructure	514,123	508,897
Less accumulated depreciation	(63,978)	(51,594)
	<u>450,145</u>	<u>457,303</u>
NET CAPITAL ASSETS		
	<u>699,414</u>	<u>707,307</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	7,899	13,933
Accrued salaries payable	505	366
	<u>8,404</u>	<u>14,299</u>
NET ASSETS		
Invested in capital assets	450,145	457,303
Restricted for capital replacement and repair	128,118	104,811
Unrestricted	112,747	130,894
	<u>\$ 691,010</u>	<u>\$ 693,008</u>

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

CREDIT RIVER TOWNSHIP, MINNESOTA
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2011	2010
OPERATING REVENUES		
Charges for services	\$ 168,298	\$ 206,784
OPERATING EXPENSES		
Personal services	5,520	7,018
Telephone and office expenses	4,584	4,572
Maintenance	96,224	92,950
Repairs	9,969	17,479
Professional services	8,809	19,187
Utilities	6,705	6,416
Other expense	26,955	19,610
Depreciation	12,384	12,297
TOTAL OPERATING EXPENSES	171,150	179,529
OPERATING INCOME (LOSS)	(2,852)	27,255
NONOPERATING REVENUES		
Investment earnings	854	1,984
CHANGE IN FUND NET ASSETS	(1,998)	29,239
FUND NET ASSETS, JANUARY 1	693,008	663,769
FUND NET ASSETS, DECEMBER 31	\$ 691,010	\$ 693,008

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

CREDIT RIVER TOWNSHIP, MINNESOTA
 STATEMENTS OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 181,445	\$ 209,583
Payments to suppliers	(159,085)	(165,417)
Payments to employees	(5,381)	(7,477)
	16,979	36,689
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	16,979	36,689
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(5,226)	-
	(5,226)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	854	1,984
	854	1,984
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,607	38,673
CASH AND CASH EQUIVALENTS, JANUARY 1	217,776	179,103
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 230,383	\$ 217,776
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (2,852)	\$ 27,255
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	12,384	12,297
(Increase) decrease in assets		
Accounts receivable	37	3,653
Special assessments	13,110	(854)
Prepaid items	195	89
Increase (decrease) in liabilities		
Accounts payable	(6,034)	(5,292)
Accrued salaries payable	139	(459)
	16,979	36,689
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 16,979	\$ 36,689

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

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	<u>Agency</u>
	<u>Escrow</u>
ASSETS	
Cash and temporary investments	<u>\$ 325,161</u>
LIABILITIES	
Deposits payable	<u>\$ 325,161</u>

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

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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. All seven positions are elected by eligible voters of the Township. 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 assets 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. *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, 2011

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.

Deferred 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 deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue in the fund financial statements.

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 *Improvement Bond fund* accounts for the debt service activity associated with the 2009 bond.

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

Additionally, the Township reports the following proprietary fund types:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

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, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

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.

Additionally, the Township reports the following fund type:

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The *Escrow Agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the Township holds for others in an agency capacity.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, liabilities and net assets or equity

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.

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. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. 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.
7. 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.
8. 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.

It is the Township's policy to comply with Minnesota statute, chapter 118A - Deposits and Investments of Local Public Funds.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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.

Taxes payable on homestead property, as defined by Minnesota statutes, are partially reduced by a market value credit aid. The credit is paid to the Township by the State in lieu of taxes levied against the homestead property. The State remits this credit in two equal installments in October and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred revenue liability 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 revenue liability in the fund financial statements.

Interfund receivables and payables

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

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

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 governmental 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 \$1,000 (amount not rounded) and an estimated useful life in excess of two years.

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

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

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 Township Board (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.

Net assets

Net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net assets - Consist of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Restricted net assets

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

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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. There were no budget amendments made during 2011.

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 market value of collateral pledged must equal 110 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 \$2,862,006 and the bank balance was \$2,868,347. The entire bank balance was covered by federal depository insurance and collateral.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets for the Township follows:

	Total
Carrying amount of deposits	\$ 2,862,006
Cash and cash equivalents	
Statement of net assets	\$ 2,536,845
Statement of fiduciary net assets	325,161
Total	\$ 2,862,006

B. Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable
General	
Delinquent taxes receivable	\$ 10,891
Special assessments receivable	6,149
Road and Bridge	
Delinquent taxes receivable	33,372
Special assessments receivable	110,431
Improvement Bond	
Delinquent taxes receivable	1,090
Special assessments receivable	228,291
Total	\$ 390,224

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,126,500	\$ -	\$ -	\$ 1,126,500
Construction in progress	<u>935,196</u>	<u>-</u>	<u>(935,196)</u>	<u>-</u>
Total capital assets not being depreciated	<u>2,061,696</u>	<u>-</u>	<u>(935,196)</u>	<u>1,126,500</u>
Capital assets being depreciated				
Buildings	84,113	-	-	84,113
Improvements other than buildings	239,028	-	-	239,028
Machinery and equipment	68,421	2,261	-	70,682
Infrastructure	<u>5,173,462</u>	<u>2,165,718</u>	<u>-</u>	<u>7,339,180</u>
Total capital assets being depreciated	<u>5,565,024</u>	<u>2,167,979</u>	<u>-</u>	<u>7,733,003</u>
Less accumulated depreciation for				
Buildings	(49,681)	(1,801)	-	(51,482)
Improvements other than buildings	(49,354)	(11,617)	-	(60,971)
Machinery and equipment	(274,980)	(4,811)	-	(279,791)
Infrastructure	<u>(711,813)</u>	<u>(325,223)</u>	<u>-</u>	<u>(1,037,036)</u>
Total accumulated depreciation	<u>(1,085,828)</u>	<u>(343,452)</u>	<u>-</u>	<u>(1,429,280)</u>
Total capital assets being depreciated, net	<u>4,479,196</u>	<u>1,824,527</u>	<u>-</u>	<u>6,303,723</u>
Governmental activities capital assets, net	<u>\$ 6,540,892</u>	<u>\$ 1,824,527</u>	<u>\$ (935,196)</u>	<u>\$ 7,430,223</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Infrastructure	\$ 508,897	\$ 5,226	\$ -	\$ 514,123
Less accumulated depreciation for				
Infrastructure	(51,594)	(12,384)	-	(63,978)
Business-type activities capital assets, net	\$ 457,303	\$ (7,158)	\$ -	\$ 450,145

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

Governmental activities				
General government				\$ 11,342
Public works				325,223
Culture and recreation				6,887
Total depreciation expense - governmental activities				\$ 343,452
Business-type activities				
Sewer utility				\$ 12,384

D. Interfund transfers

Fund	Transfer in			Total
	Capital Improvements	Improvement Bond fund	Nonmajor Governmental	
Transfers out				
Road and Bridge fund	\$ 465,513	\$ -	\$ 29,755	\$ 495,268
Nonmajor governmental	-	2,646	-	2,646
Total transfers out	\$ 465,513	\$ 2,646	\$ 29,755	\$ 497,914

The Road and Bridge fund transferred \$29,755 to the Judicial Road fund and Whitewood Birch fund to close the funds. The Huntington Way fund transferred \$2,646 to the Improvement Bond fund to close the fund. The Road and Bridge fund uncommitted \$270,000 of fund balance and transferred to the Capital Improvements fund in addition to \$195,513 transfer to establish the fund for future capital projects.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2011

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Operating leases

The Township leases a copy machine and scanner under a five-year operating lease. Total lease payments for the year ended December 31, 2011 were \$1,796. The future minimum lease payments are as follows:

Year Ending December 31,	Amount
2012	\$ 1,680
2013	1,400
Total	\$ 3,080

F. Long-term debt

General obligation bonds

The Township issued a general obligation bond to provide funds for the acquisition and construction of major capital assets. The general obligation bond was 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	at Year End
General Obligation Improvement Bond, Series 2009A	\$ 855,000	1.60 - 3.00 %	02/01/09	02/01/19	\$ 705,000

Annual requirement to maturity for general obligation bonds is as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 80,000	\$ 16,210	\$ 96,210
2013	80,000	14,850	94,850
2014	80,000	13,330	93,330
2015	85,000	11,510	96,510
2016	90,000	9,410	99,410
2017-2019	290,000	13,125	303,125
Total	\$ 705,000	\$ 78,435	\$ 783,435

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
G.O. improvement bonds	\$ 780,000	\$ -	\$ (75,000)	\$ 705,000	\$ 80,000

G. Fund balance nonspendable, restrictions, and commitments

The Township has various nonspendable, restrictions and commitments of fund balance as described in Note 1. They are summarized below:

Fund	Purpose	Amount
Net assets - Restricted		
Governmental Activities		
Improvement Bond	Debt service	\$ 368,569
Business-type activities		
Sewer Subordinate Service Districts	Capital replacement and repair	128,118
Total restricted net assets		<u>\$ 496,687</u>
Fund balance - Nonspendable		
General fund	Prepaid items	<u>\$ 1,819</u>
Fund balance - Restricted		
		\$ 146,209
Debt service		
Park dedication		17,751
Total restricted fund balance		<u>\$ 163,960</u>
Fund balance - Committed		
Road and Bridge	Operating and maintenance	<u>\$ 175,127</u>
Fund balance - Assigned		
Other governmental funds	Park improvements	\$ 114,948
Road and Bridge	Lot fees	149,000
Road and Bridge	Turn lanes	245,565
Road and Bridge	County Road 75	49,536
Road and Bridge	Operating and maintenance	257,325
Capital Improvements	Road projects	465,513
Total assigned fund balance		<u>\$ 1,281,887</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan description

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

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

B. Funding Policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The Township makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in 2011. In 2011, the Township was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members. The Township contributed to the General Employees Retirement Fund for the first time this year ending December 31, 2011 with expenses totaling \$980. The Township's contributions were equal to the contractually required contribution each year as set by Minnesota statute.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 5: DEFINED CONTRIBUTION PENSION PLANS - STATEWIDE

The five board members of the Township are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP 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.

The Township's contribution to the PEDCP for the years ending December 31, 2011, 2010, and 2009 were \$1,137, \$3,051, and \$1,856, respectively.

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, 2011

Note 7: OTHER INFORMATION - CONTINUED

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 \$2,016 related to the agreement in 2011. 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 City 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 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 8: ACCOUNTING CHANGE

GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Township implemented this standard for fiscal year end December 31, 2011. Changes to governmental fund type fund balance reporting is reflected in the financial statements and schedules and related disclosures are included in Note 1.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

CREDIT RIVER TOWNSHIP, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	202 Park Fund	412 Judicial Road	413 Whitewood Birch	414 Huntington Way
ASSETS				
Cash and temporary investments	<u>\$ 132,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES				
Restricted for				
Park dedication	\$ 17,751	\$ -	\$ -	\$ -
Assigned for				
Park improvements	<u>114,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES (DEFICITS)	<u>\$ 132,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Total Capital Project Funds	Total Nonmajor Governmental Funds
<u>\$ -</u>	<u>\$ 132,699</u>
\$ -	\$ 17,751
<u>-</u>	<u>114,948</u>
<u>\$ -</u>	<u>\$ 132,699</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS)
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	202 Park Fund	412 Judicial Road	413 Whitewood Birch	414 Huntington Way
REVENUES				
Charges for services	\$ 5,500	\$ -	\$ -	\$ -
EXPENDITURES				
Capital outlay				
Culture and recreation	3,200	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	2,300	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	464	29,291	-
Transfers out	-	-	-	(2,646)
NET CHANGE IN FUND BALANCES	2,300	464	29,291	(2,646)
FUND BALANCES (DEFICITS), JANUARY 1	130,399	(464)	(29,291)	2,646
FUND BALANCES, DECEMBER 31	<u>\$ 132,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Total Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 5,500
<u>-</u>	<u>3,200</u>
-	2,300
29,755	29,755
<u>(2,646)</u>	<u>(2,646)</u>
27,109	29,409
<u>(27,109)</u>	<u>103,290</u>
<u>\$ -</u>	<u>\$ 132,699</u>

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, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
General property taxes	\$ 501,784	\$ 501,784	\$ 503,044	\$ 1,260	\$ 403,067
Franchise	18,703	18,703	13,240	(5,463)	7,759
Total	<u>520,487</u>	<u>520,487</u>	<u>516,284</u>	<u>(4,203)</u>	<u>410,826</u>
Licenses and permits					
Nonbusiness	-	-	1,249	1,249	1,780
Business	-	-	3,600	3,600	5,450
Total	<u>-</u>	<u>-</u>	<u>4,849</u>	<u>4,849</u>	<u>7,230</u>
Intergovernmental					
State					
Property tax credits	7,530	7,530	2,238	(5,292)	-
Charges for services					
General government	3,306	3,306	10,327	7,021	15,166
Special assessments	-	-	644	644	-
Investment earnings	10,000	10,000	17,606	7,606	30,869
TOTAL REVENUES	<u>541,323</u>	<u>541,323</u>	<u>551,948</u>	<u>10,625</u>	<u>464,091</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, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011				2010
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
Current expenditures					
General government					
Town Board					
Personal services	\$ 65,400	\$ 65,400	\$ 58,512	\$ 6,888	\$ 62,652
Supplies	8,000	8,000	3,685	4,315	5,396
Other services and charges	34,300	34,300	31,405	2,895	45,483
Total	107,700	107,700	93,602	14,098	113,531
Town Clerk					
Personal services	23,190	23,190	22,404	786	26,982
Current expenditures					
General government					
Town Treasurer					
Personal services	28,950	28,950	20,141	8,809	30,521
Other services and charges	-	-	400	(400)	-
Total	28,950	28,950	20,541	8,409	30,521
Elections					
Personal services	800	800	1,092	(292)	5,379
Supplies	300	300	832	(532)	1,135
Other services and charges	1,100	1,100	857	243	671
Total	2,200	2,200	2,781	(581)	7,185
Assessor					
Other services and charges	32,100	32,100	31,213	887	31,104
Incorporation costs					
Other services and charges	40,000	40,000	-	40,000	15,437
Legal					
Other services and charges	15,000	15,000	10,000	5,000	7,681
Planning					
Personal services	400	400	-	400	-
Other services and charges	-	-	27,945	(27,945)	4,891
Total	400	400	27,945	(27,545)	4,891

THIS PAGE IS LEFT BLANK
INTENTIONALLY

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, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011			2010	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current expenditures - Continued					
General government - Continued					
Town hall building					
Other services and charges	\$ 10,750	\$ 10,750	\$ 8,818	\$ 1,932	\$ 9,636
Total general government	260,290	260,290	217,304	42,986	246,968
Public safety					
Fire					
Other services and charges	218,314	218,314	215,860	2,454	211,962
Public works					
Streets					
Personal services	1,750	1,750	1,178	572	931
Other services and charges	43,000	43,000	35,030	7,970	37,285
Total public works	44,750	44,750	36,208	8,542	38,216
Culture and recreation					
Parks					
Personal services	-	-	138	(138)	-
Supplies	-	-	27	(27)	-
Other services and charges	8,500	8,500	7,854	646	6,767
Total culture and recreation	8,500	8,500	8,019	481	6,767
Total current expenditures	531,854	531,854	477,391	54,463	503,913
Capital outlay					
General government	1,000	1,000	3,360	(2,360)	20
TOTAL EXPENDITURES	532,854	532,854	480,751	52,103	503,933
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,469	8,469	71,197	62,728	(39,842)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	2,587
NET CHANGE IN FUND BALANCES	8,469	8,469	71,197	62,728	(37,255)
FUND BALANCES, JANUARY 1	612,797	612,797	612,797	-	650,052
FUND BALANCES, DECEMBER 31	\$ 621,266	\$ 621,266	\$ 683,994	\$ 62,728	\$ 612,797

THIS PAGE IS LEFT BLANK
INTENTIONALLY

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, 2011
(With comparative actual amounts for the year ended December 31, 2010)

	2011			2010	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
General property taxes	\$ 929,212	\$ 929,212	\$ 923,276	\$ (5,936)	\$ 618,216
Intergovernmental					
Property tax credits	13,944	13,944	4,144	(9,800)	-
Other grants and aids	-	-	1,898	1,898	-
Local					
Other grants and aids	31,000	31,000	34,654	3,654	31,214
Total	44,944	44,944	40,696	(4,248)	31,214
Charges for services					
Public works	-	-	4,700	4,700	14,700
Special assessments	32,000	32,000	41,680	9,680	48,336
Miscellaneous	-	-	2,607	2,607	-
TOTAL REVENUES	1,006,156	1,006,156	1,012,959	6,803	712,466
EXPENDITURES					
Current expenditures					
Public works					
Streets					
Personal services	6,000	6,000	3,568	2,432	6,244
Supplies	77,500	77,500	61,797	15,703	62,465
Other services and charges	411,102	411,102	389,022	22,080	563,602
Total public works	494,602	494,602	454,387	40,215	632,311
Capital outlay					
Public works	511,554	511,554	89,892	421,662	-
TOTAL EXPENDITURES	1,006,156	1,006,156	544,279	461,877	632,311
EXCESS OF REVENUES OVER EXPENDITURES	-	-	468,680	468,680	80,155
OTHER FINANCING USES					
Transfers out	-	-	(495,268)	(495,268)	-
NET CHANGE IN FUND BALANCES	-	-	(26,588)	(26,588)	80,155
FUND BALANCES, JANUARY 1	903,141	903,141	903,141	-	822,986
FUND BALANCES, DECEMBER 31	\$ 903,141	\$ 903,141	\$ 876,553	\$ (26,588)	\$ 903,141

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF NET ASSETS
 DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 68,450	\$ 78,899
Receivables		
Accounts	380	279
Special assessments		
Delinquent	1,369	1,369
Deferred	-	1,146
Prepaid items	88	142
	<u>70,287</u>	<u>81,835</u>
NONCURRENT ASSETS		
Capital assets		
Infrastructure	202,497	202,497
Less accumulated depreciation	(47,250)	(40,500)
	<u>155,247</u>	<u>161,997</u>
	<u>70,287</u>	<u>81,835</u>
	<u>225,534</u>	<u>243,832</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,091	6,616
Accrued salaries payable	136	99
	<u>2,227</u>	<u>6,715</u>
	<u>225,534</u>	<u>243,832</u>
	<u>223,307</u>	<u>237,117</u>
NET ASSETS		
Invested in capital assets	155,247	161,997
Restricted for capital replacement and repair	66,895	58,012
Unrestricted	1,165	17,108
	<u>\$ 223,307</u>	<u>\$ 237,117</u>

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2011	2010	2011	2010	2011	2010
\$ 114,782	\$ 108,013	\$ 47,151	\$ 30,864	\$ 230,383	\$ 217,776
2,695	2,092	208	949	3,283	3,320
887	1,724	3,949	4,859	6,205	7,952
3,373	11,147	5,700	8,143	9,073	20,436
182	301	55	77	325	520
<u>121,919</u>	<u>123,277</u>	<u>57,063</u>	<u>44,892</u>	<u>249,269</u>	<u>250,004</u>
5,226	-	306,400	306,400	514,123	508,897
(87)	-	(16,641)	(11,094)	(63,978)	(51,594)
<u>5,139</u>	<u>-</u>	<u>289,759</u>	<u>295,306</u>	<u>450,145</u>	<u>457,303</u>
<u>127,058</u>	<u>123,277</u>	<u>346,822</u>	<u>340,198</u>	<u>699,414</u>	<u>707,307</u>
4,756	6,020	1,052	1,297	7,899	13,933
283	205	86	62	505	366
<u>5,039</u>	<u>6,225</u>	<u>1,138</u>	<u>1,359</u>	<u>8,404</u>	<u>14,299</u>
5,139	-	289,759	295,306	450,145	457,303
42,746	33,379	18,477	13,420	128,118	104,811
74,134	83,673	37,448	30,113	112,747	130,894
<u>\$ 122,019</u>	<u>\$ 117,052</u>	<u>\$ 345,684</u>	<u>\$ 338,839</u>	<u>\$ 691,010</u>	<u>\$ 693,008</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2011	2010
OPERATING REVENUES		
Charges for services	\$ 39,938	\$ 46,601
OPERATING EXPENSES		
Personal services	1,543	1,999
Telephone and office	1,496	1,464
Maintenance	29,029	28,097
Repairs	4,151	9,968
Professional services	1,971	4,215
Utilities	1,855	1,928
Other expense	7,398	6,717
Depreciation	6,750	6,750
TOTAL OPERATING EXPENSES	54,193	61,138
OPERATING INCOME (LOSS)	(14,255)	(14,537)
NONOPERATING REVENUES		
Investment earnings	445	1,500
CHANGE IN FUND NET ASSETS	(13,810)	(13,037)
FUND NET ASSETS, JANUARY 1	237,117	250,154
FUND NET ASSETS, DECEMBER 31	\$ 223,307	\$ 237,117

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2011	2010	2011	2010	2011	2010
\$ 87,614	\$ 113,453	\$ 40,746	\$ 46,730	\$ 168,298	\$ 206,784
3,097	3,757	880	1,262	5,520	7,018
2,330	2,350	758	758	4,584	4,572
48,635	46,446	18,560	18,407	96,224	92,950
3,526	4,699	2,292	2,812	9,969	17,479
5,068	11,306	1,770	3,666	8,809	19,187
3,909	3,658	941	830	6,705	6,416
16,289	10,015	3,268	2,878	26,955	19,610
87	-	5,547	5,547	12,384	12,297
82,941	82,231	34,016	36,160	171,150	179,529
4,673	31,222	6,730	10,570	(2,852)	27,255
294	340	115	144	854	1,984
4,967	31,562	6,845	10,714	(1,998)	29,239
117,052	85,490	338,839	328,125	693,008	663,769
\$ 122,019	\$ 117,052	\$ 345,684	\$ 338,839	\$ 691,010	\$ 693,008

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 40,983	\$ 49,891
Payments to suppliers	(50,371)	(51,486)
Payments to employees	(1,506)	(2,131)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(10,894)	(3,726)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	445	1,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,449)	(2,226)
CASH AND CASH EQUIVALENTS, JANUARY 1	78,899	81,125
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 68,450	\$ 78,899
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (14,255)	\$ (14,537)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	6,750	6,750
(Increase) decrease in assets		
Accounts receivable	(101)	657
Special assessments	1,146	2,633
Prepaid items	54	98
Increase (decrease) in liabilities		
Accounts payable	(4,525)	805
Accrued salaries payable	37	(132)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (10,894)	\$ (3,726)

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2011	2010	2011	2010	2011	2010
\$ 95,622	\$ 114,183	\$ 44,840	\$ 45,509	\$ 181,445	\$ 209,583
(80,902)	(81,290)	(27,812)	(32,641)	(159,085)	(165,417)
(3,019)	(4,006)	(856)	(1,340)	(5,381)	(7,477)
11,701	28,887	16,172	11,528	16,979	36,689
(5,226)	-	-	-	(5,226)	-
294	340	115	144	854	1,984
6,769	29,227	16,287	11,672	12,607	38,673
108,013	78,786	30,864	19,192	217,776	179,103
<u>\$ 114,782</u>	<u>\$ 108,013</u>	<u>\$ 47,151</u>	<u>\$ 30,864</u>	<u>\$ 230,383</u>	<u>\$ 217,776</u>
\$ 4,673	\$ 31,222	\$ 6,730	\$ 10,570	\$ (2,852)	\$ 27,255
87	-	5,547	5,547	12,384	12,297
(603)	1,414	741	1,582	37	3,653
8,611	(684)	3,353	(2,803)	13,110	(854)
119	(50)	22	41	195	89
(1,264)	(2,766)	(245)	(3,331)	(6,034)	(5,292)
78	(249)	24	(78)	139	(459)
<u>\$ 11,701</u>	<u>\$ 28,887</u>	<u>\$ 16,172</u>	<u>\$ 11,528</u>	<u>\$ 16,979</u>	<u>\$ 36,689</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENSES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Total		Percent Increase (Decrease)
	2011	2010	
REVENUES			
Property taxes	\$ 1,472,316	\$ 1,032,020	42.66 %
Franchise taxes	13,240	7,759	70.64
Licenses and permits	4,849	7,230	(32.93)
Intergovernmental	43,144	31,214	38.22
Charges for services	20,527	42,366	(51.55)
Special assessments	101,936	116,520	(12.52)
Investment earnings	17,606	31,715	(44.49)
Miscellaneous	2,607	-	100.00
	<u> </u>	<u> </u>	
TOTAL REVENUES	<u>\$ 1,676,225</u>	<u>\$ 1,268,824</u>	32.11 %
Per Capita	\$ 329	\$ 234	40.43 %
EXPENDITURES			
Current			
General government	\$ 217,304	\$ 246,968	(12.01) %
Public safety	215,860	211,962	1.84
Public works	490,595	670,527	(26.83)
Culture and recreation	8,019	6,767	18.50
Capital outlay			
General government	3,360	20	16,700.00
Public works	89,892	13,090	586.72
Culture and recreation	3,200	4,473	(28.46)
Debt service			
Principal	75,000	115,000	(34.78)
Interest and other charges	17,787	18,876	(5.77)
	<u> </u>	<u> </u>	
TOTAL EXPENDITURES	<u>\$ 1,121,017</u>	<u>\$ 1,287,683</u>	(12.94) %
Per Capita	\$ 220	\$ 238	(7.46) %
Total Long-term Indebtedness	\$ 705,000	\$ 780,000	100.00 %
Per Capita	138	144	(4.17)
General Fund Balance - December 31	\$ 683,994	\$ 612,797	11.62 %
Per Capita	134	113	18.58

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 Town Hall, 18985 Meadow View Lane, Prior Lake, MN 55372. Questions about this report should be directed to Sarah LeVoir, Treasurer, at treasurer@creditrivier-mn.gov.

OTHER REQUIRED REPORTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2011

THIS PAGE IS LEFT BLANK
INTENTIONALLY



5201 Eden Avenue
Suite 250
Edina, MN 55436

REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Supervisors
Credit River Township
Scott County, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 20, 2012.

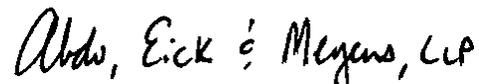
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the Minnesota Office of the State Auditor pursuant to Minnesota statute, section 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous provisions. Our study included all of the listed categories except for tax increment finance due to the town not having any tax increment districts.

The results of our tests indicate that for the items tested, the Township complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Board of Supervisors, management and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

February 20, 2012
Minneapolis, Minnesota


ABDO, EICK & MEYERS, LLP
Certified Public Accountants



5201 Eden Avenue
Suite 250
Edina, MN 55436

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS

Board of Supervisors
Credit River Township
Scott County, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Credit River Township, Minnesota, (the Township) as of and for the year December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Internal Control Over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency presented as finding 2011-1 in the Schedule of Findings and Responses to be a significant deficiency in internal control over financial reporting.



In addition, we noted other matters involving the internal control and its operation that we have reported to management of the Township in a separate letter dated February 20, 2012.

The Township's written response to the significant deficiency identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Supervisors, others within the organization, and the Minnesota Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

February 20, 2012
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CREDIT RIVER TOWNSHIP, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011

Finding

Description

2011-1

Preparation of financial statements

Condition: We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

Criteria: Internal controls should be in place to provide reasonable assurance over safeguarding of assets and the reliability of financial reporting.

Cause: From a practical standpoint, we both prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.

Effect: The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation: Under these circumstances, the most effective controls lie in management's knowledge of the Township's financial operations. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations. Regarding the specific situations listed above, we would offer the following recommendations: 1) Utilize a disclosure checklist to ensure that all required disclosures are present and agree to work papers, and 2) Agree your accounting information from Banyon to the amounts reported in the financial statements.

Management response:

For now, the Township's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.