

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

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CREDIT RIVER TOWNSHIP, MINNESOTA
 ANNUAL FINANCIAL REPORT
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 FOR THE YEAR ENDED DECEMBER 31, 2012

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INTRODUCTORY SECTION

**CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

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CREDIT RIVER TOWNSHIP, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Leroy Schommer	Supervisor	03/31/15
Brent Lawrence	Chairman	03/31/14
Al Novak	Supervisor	03/31/14
Bruce Nilsen	Supervisor	03/31/13
Tom Kraft	Supervisor	03/31/15
Cathy Haugh	Clerk	01/01/12 - 03/14/12
Lisa Quinn	Clerk	Appointed 03/14/12
Sarah LeVoir	Treasurer	Appointed

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FINANCIAL SECTION
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2012

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5201 Eden Avenue
Suite 250
Edina, MN 55436

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Credit River Township
Scott County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Township's 2011 financial statements and, in our report dated February 20, 2012, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Standards

As described in the Note 6 to the basic financial statements, the Township adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

Required Supplementary Information

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.

Supplementary Information in Relation to the Financial Statements as a Whole

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 do not express an opinion or provide any assurance on it.

February 21, 2013
Minneapolis, Minnesota

Abdo, Eick & Meyers, LLP
ABDO, EICK & MEYERS, LLP
Certified Public Accountants

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Management's Discussion and Analysis

As management of Credit River Township, Minnesota, (the Township), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2012.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$13,883,457 (net position). Of this amount, \$4,097,118 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$3,779,053.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,966,398, an increase of \$661,430 in comparison with the prior year. Approximately 86.1 percent of this total amount, \$2,554,340, is available for spending at the Township's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$649,639, or 127.4 percent of 2013 General fund budgeted expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

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

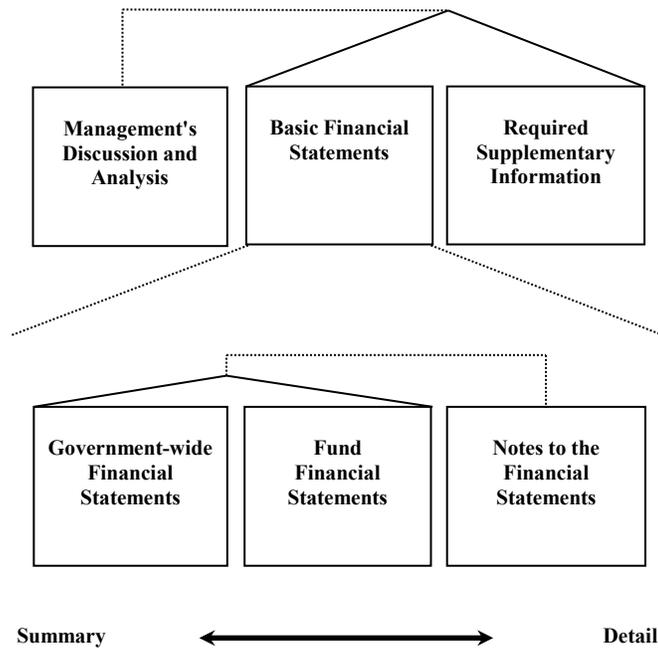


Figure 2 summarizes the major features of the Township’s financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each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

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenue (*governmental activities*). 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 seven individual governmental funds, two of which are debt service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road and Bridge, Debt Service funds, Capital Improvements, and Monterey Lynn and 207th Street - all of which are considered to be major funds. Individual fund data the one 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 63 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$13,883,457 at the close of the most recent fiscal year.

By far, the largest portion of the Township's net position (68.1 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 position* (\$4,097,118) may be used to meet the Township's ongoing obligations to citizens and creditors.

Credit River Township's Net Position

	Governmental Activities			Business-type Activities		
	2012	Restated 2011	Increase (Decrease)	2012	2011	Increase (Decrease)
Assets						
Current and other assets	\$ 3,978,168	\$ 2,734,854	\$ 1,243,314	\$ 296,827	\$ 249,269	\$ 47,558
Capital assets (net of depreciation)	9,685,186	7,430,223	2,254,963	1,764,034	450,145	1,313,889
Total assets	13,663,354	10,165,077	3,498,277	2,060,861	699,414	1,361,447
Liabilities						
Current and other liabilities	90,799	46,683	44,116	24,959	8,404	16,555
Noncurrent	1,725,000	705,000	1,020,000	-	-	-
Total liabilities	1,815,799	751,683	1,064,116	24,959	8,404	16,555
Net position						
Net investment in capital assets	7,688,222	6,725,223	962,999	1,764,034	450,145	1,313,889
Restricted for						
Park improvements	24,064	-	24,064	-	-	-
Capital replacement and repair	-	-	-	157,954	128,118	29,836
Debt service	152,065	368,569	(216,504)	-	-	-
Unrestricted	3,983,204	2,319,602	1,663,602	113,914	112,747	1,167
Total net position	\$11,847,555	\$ 9,413,394	\$ 2,434,161	\$ 2,035,902	\$ 691,010	\$ 1,344,892

The Township's total net position increased \$3,779,053 during the year. The main reason for the increase is due to the increase in capital assets acquired by the Township. Capital assets (net of depreciation) increased \$3,568,852 from 2011, mainly due to contributions from developers.

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

Governmental activities. Governmental activities increased the Township’s net position by \$2,434,161, thereby accounting for 64 percent of the total increase in the net position of the Township.

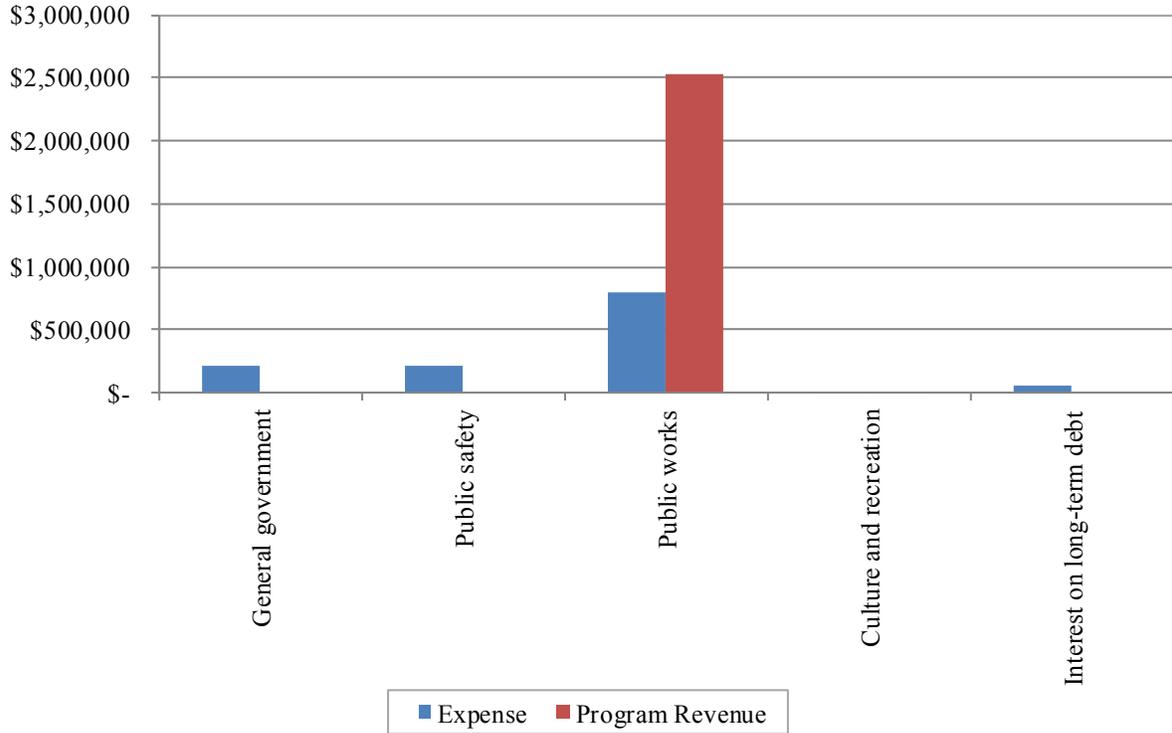
Credit River Township’s Changes in Net Position

	Governmental Activities			Business-type Activities		
	2012	Restated 2011	Increase (Decrease)	2012	2011	Increase (Decrease)
Program revenues						
Charges for services	\$ 23,567	\$ 27,983	\$ (4,416)	\$ 183,092	\$ 168,298	\$ 14,794
Operating grants and contributions	42,686	35,298	7,388	-	-	-
Capital grants and contributions	2,488,935	1,211,808	1,277,127	1,325,380	-	1,325,380
General revenues						
Taxes						
Property taxes, levied for general purposes	1,151,238	1,478,782	(327,544)	-	-	-
Franchise taxes	15,305	13,240	2,065	-	-	-
State grants and contributions not restricted to specific programs	1,307	8,490	(7,183)	-	-	-
Unrestricted investment earnings	15,896	17,606	(1,710)	867	854	13
Total revenues	3,738,934	2,793,207	945,727	1,509,339	169,152	1,340,187
Expenses						
General government	222,540	229,745	(7,205)	-	-	-
Public safety	211,681	215,860	(4,179)	-	-	-
Public works	797,103	832,564	(35,461)	-	-	-
Culture and recreation	15,396	18,106	(2,710)	-	-	-
Interest on long-term debt	58,053	17,318	40,735	-	-	-
Sewer	-	-	-	164,447	171,150	(6,703)
Total expenses	1,304,773	1,313,593	(8,820)	164,447	171,150	(6,703)
Change in net position	2,434,161	1,479,614	954,547	1,344,892	(1,998)	1,346,890
Net position, as restated January 1	9,413,394	7,933,780	1,479,614	691,010	693,008	(1,998)
Net position, December 31	<u>\$11,847,555</u>	<u>\$ 9,413,394</u>	<u>\$ 2,434,161</u>	<u>\$ 2,035,902</u>	<u>\$ 691,010</u>	<u>\$ 1,344,892</u>

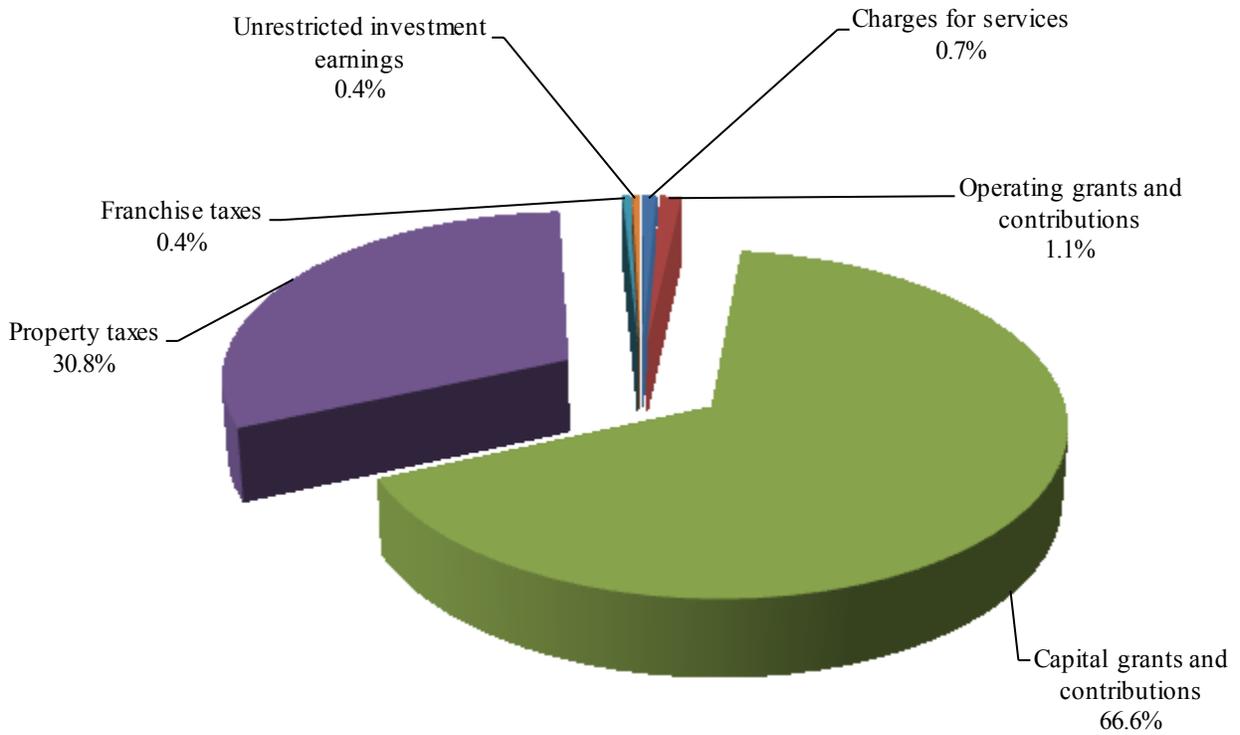
- Property taxes represent 30.8 percent of total governmental revenue in 2012.
- Capital grants and contributions increased \$2,602,507 primarily due to accepting infrastructure assets from the Territory development.
- Expenses in public works decreased by \$35,461, while interest on long-term debt increased \$40,735 due to the issuance costs on the 2012A bond.

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 \$2,966,398, an increase of \$661,430 in comparison with the prior year. Approximately 21.9 percent of this total amount, \$649,639, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is either: 1) Nonspendable (\$2,530), 2) Restricted (\$188,047), 3) Committed (\$221,481) or Assigned (\$1,904,701).

The following outlines all major funds:

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2012	2011	
General	\$ 652,169	\$ 683,994	\$ (31,825)
The General fund is the chief operating fund of the Township. At the end of the current year, the fund balance of the General fund was \$652,169, a decrease of \$31,825 from 2011. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund expenditures. Total fund balance represents over 100 percent of same year fund expenditures.			
Road and Bridge	\$ 934,383	\$ 876,553	\$ 57,830
The Road and Bridge fund balance increased \$57,830. The reason for the change in fund balance was due to a positive budget variance in fund expenditures of \$158,837 before transfers. This variance mainly relates to a less than expected engineering expenditures. Other notable activity was the fund having net transfers of (\$41,357).			
Debt Service	\$ 163,983	\$ 146,209	\$ 17,774
The Debt Service fund balance is restricted debt payments. The increase in fund balance of \$17,774 is in line with the Township's debt service planning.			
Capital Improvements Fund	\$ 744,712	\$ 465,513	\$ 279,199
The fund balance in the Capital Improvement fund is assigned for future capital purchases. The increase in the fund of \$279,199 was the Township building reserves in this fund for future capital purchases.			
Monterey, Lynn & 207th Street	\$ 331,964	\$ -	\$ 331,964
The fund balance of \$331,964 is assigned for improvements to streets. The increase in fund balance is due to unspent bond proceeds related to the project. The balance of this fund is expected to be spent down 2013.			

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to \$113,914. The total increase in net position for the fund was \$1,344,892, primarily due to the contributions from developer. 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 \$84,866.

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

- Total expenditures in public works and general government were \$32,844 and \$28,977 under budget, respectively. Reason for differences in both public works and general government due to less than expected engineering costs for streets and planning, respectively.
- The only significant revenue variance occurred in special assessments which had a positive variance of \$6,820.

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 a decrease in fund balance of \$59,650. Revenues had a positive budget variance of \$37,335 while expenditures also had a positive budget variance of \$121,502 before transfers. The largest budget variance in revenues due to special assessment revenue \$19,699 over budget. At year end, the Township transferred funds to the Capital Improvements funds for future projects. The fund also received a transfer in from the Monterey, Lynn & Street fund for the reimbursement of expenses.

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, 2012, amounts to \$11,449,220 (net of accumulated depreciation). This investment in capital assets includes land, construction work in progress, 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 53 of this report.

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

	Governmental Activities			Business-type Activities		
	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
Land	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -	\$ -	\$ -
Construction work in progress	765,976	-	765,976	-	-	-
Buildings	30,832	32,632	(1,800)	-	-	-
Improvements other than building	166,439	178,058	(11,619)	-	-	-
Machinery and equipment	41,295	44,997	(3,702)	-	-	-
Infrastructure	7,554,144	6,048,036	1,506,108	1,764,034	450,145	1,313,889
Total	\$ 9,685,186	\$ 7,430,223	\$ 2,254,963	\$ 1,764,034	\$ 450,145	\$ 1,313,889

Long-term debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$1,725,000.

Credit River Township's Outstanding Debt

	Governmental Activities		
	2012	2011	Increase (Decrease)
Bonds payable	\$ 1,725,000	\$ 705,000	\$ 1,020,000

Economic Factors and Next Year's Budgets and Rates

- The General fund expenditure budget for 2013 was decreased by approximately \$7,000 from 2012 due mainly to anticipated decrease in election expenses.
- The Road and Bridge fund expenditure budget for 2013 increased by approximately \$30,000 from 2012, which is mainly due to an increase in the estimated cost of sealcoating for 2013.
- 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 updated based on current road conditions. The Township has several capital improvement projects that will be considered for the 2013 year.
- The amounts previously budgeted for incorporation studies/implementation continues to be tracked separately by the township as in previous years.

All of these factors were considered in preparing the Township's budget for the 2013 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 Town Hall, Township Treasurer, 18985 Meadow View Blvd, Prior Lake, Minnesota 55372.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2012

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CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and temporary investments	\$ 3,015,832	\$ 276,646	\$ 3,292,478
Receivables			
Delinquent taxes	49,809	-	49,809
Accounts	9,987	1,964	11,951
Special assessments	900,010	17,892	917,902
Prepaid items	2,530	325	2,855
Capital assets			
Land	1,892,476	-	1,892,476
Depreciable assets (net of accumulated depreciation)	7,792,710	1,764,034	9,556,744
TOTAL ASSETS	13,663,354	2,060,861	15,724,215
LIABILITIES			
Accounts payable	63,301	24,588	87,889
Accrued salaries payable	7,386	371	7,757
Accrued interest payable	11,918	-	11,918
Due to other governments	8,194	-	8,194
Noncurrent liabilities			
Due within one year	80,000	-	80,000
Due in more than one year	1,645,000	-	1,645,000
TOTAL LIABILITIES	1,815,799	24,959	1,840,758
NET POSITION			
Net investment in capital assets	7,688,222	1,764,034	9,452,256
Restricted for			
Capital replacement and repair	-	157,954	157,954
Park improvement	24,064	-	24,064
Debt service	152,065	-	152,065
Unrestricted	3,983,204	113,914	4,097,118
TOTAL NET POSITION	\$ 11,847,555	\$ 2,035,902	\$ 13,883,457

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 222,540	\$ 14,295	\$ -	\$ -
Public safety	211,681	-	-	-
Public works	797,103	1,597	42,686	2,488,935
Culture and recreation	15,396	7,675	-	-
Interest on long-term debt	58,053	-	-	-
Total governmental activities	1,304,773	23,567	42,686	2,488,935
Business-type activities				
Sewer	164,447	183,092	-	1,325,380
Total	<u>\$ 1,469,220</u>	<u>\$ 206,659</u>	<u>\$ 42,686</u>	<u>\$ 3,814,315</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Total general revenues

Change in net position

Net position as restated, January 1

Net position, December 31

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

Net (Expenses) Revenues and
Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (208,245)	\$ -	\$ (208,245)
(211,681)	-	(211,681)
1,736,115	-	1,736,115
(7,721)	-	(7,721)
(58,053)	-	(58,053)
1,250,415	-	1,250,415
-	1,344,025	1,344,025
1,250,415	1,344,025	2,594,440
1,103,170	-	1,103,170
48,068	-	48,068
15,305	-	15,305
1,307	-	1,307
15,896	867	16,763
1,183,746	867	1,184,613
2,434,161	1,344,892	3,779,053
9,413,394	691,010	10,104,404
<u>\$ 11,847,555</u>	<u>\$ 2,035,902</u>	<u>\$ 13,883,457</u>

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FUND FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2012

CREDIT RIVER TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	100 General Fund	201, 203, 204, 205 Road and Bridge Fund	300's Debt Service
ASSETS			
Cash and temporary investments	\$ 649,187	\$ 957,646	\$ 163,236
Receivables			
Delinquent taxes	11,448	27,501	1,616
Accounts	9,612	375	-
Special assessments	-	71,777	784,923
Prepaid items	2,530	-	-
	<u>672,777</u>	<u>1,057,299</u>	<u>949,775</u>
TOTAL ASSETS	\$ 672,777	\$ 1,057,299	\$ 949,775
LIABILITIES			
Accounts payable	\$ 6,714	\$ 23,406	\$ -
Accrued salaries payable	7,346	40	-
Due to other governments	441	7,753	-
	<u>14,501</u>	<u>31,199</u>	<u>-</u>
TOTAL LIABILITIES	14,501	31,199	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue- taxes	6,107	20,969	1,043
Unavailable revenue- special assessments	-	70,748	784,749
	<u>6,107</u>	<u>91,717</u>	<u>785,792</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	6,107	91,717	785,792
FUND BALANCES			
Nonspendable			
Prepaid items	2,530	-	-
Restricted for			
Park improvements	-	-	-
Debt service	-	-	163,983
Committed for			
Road and bridge improvement	-	221,481	-
Assigned for			
Park improvements	-	-	-
Road projects	-	712,902	-
Unassigned	649,639	-	-
	<u>652,169</u>	<u>934,383</u>	<u>163,983</u>
TOTAL FUND BALANCES	652,169	934,383	163,983
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 672,777	\$ 1,057,299	\$ 949,775

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

401 Capital Improvements	415 Monterey, Lynn & 207th Street	<u>Nonmajor</u> Park Fund	Total Governmental Funds
\$ 742,531	\$ 364,045	\$ 139,187	\$ 3,015,832
9,244	-	-	49,809
-	-	-	9,987
43,310	-	-	900,010
-	-	-	2,530
<u>\$ 795,085</u>	<u>\$ 364,045</u>	<u>\$ 139,187</u>	<u>\$ 3,978,168</u>
\$ 1,100	\$ 32,081	\$ -	\$ 63,301
-	-	-	7,386
-	-	-	8,194
<u>1,100</u>	<u>32,081</u>	<u>-</u>	<u>78,881</u>
5,963	-	-	34,082
<u>43,310</u>	<u>-</u>	<u>-</u>	<u>898,807</u>
<u>49,273</u>	<u>-</u>	<u>-</u>	<u>932,889</u>
-	-	-	2,530
-	-	24,064	24,064
-	-	-	163,983
-	-	-	221,481
-	-	115,123	115,123
744,712	331,964	-	1,789,578
-	-	-	649,639
<u>744,712</u>	<u>331,964</u>	<u>139,187</u>	<u>2,966,398</u>
<u>\$ 795,085</u>	<u>\$ 364,045</u>	<u>\$ 139,187</u>	<u>\$ 3,978,168</u>

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CREDIT RIVER TOWNSHIP, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

Total fund balances - governmental	\$ 2,966,398
Amounts reported for governmental activities in the statement of net position 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	11,499,938
Less: accumulated depreciation	(1,814,752)
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	(1,725,000)
Delinquent property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures, and therefore are delayed in the funds.	
	34,082
Unavailable revenue from special assessments in the governmental funds is susceptible to full accrual on the government-wide statements.	
	898,807
Governmental funds do not report a liability for accrued interest until due and payable.	
	<u>(11,918)</u>
Total net position - governmental activities	<u><u>\$ 11,847,555</u></u>

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, 2012

	100 General Fund	201, 203, 204, 205 Road and Bridge Fund	300's Debt Service
REVENUES			
Property taxes	\$ 368,623	\$ 417,403	\$ 48,068
Franchise taxes	15,305	-	-
Licenses and permits	3,150	-	-
Intergovernmental	412	36,326	-
Charges for services	11,835	-	-
Special assessments	6,820	47,699	66,236
Investment earnings	15,896	-	-
Miscellaneous	-	907	55
TOTAL REVENUES	<u>422,041</u>	<u>502,335</u>	<u>114,359</u>
EXPENDITURES			
Current			
General government	209,363	-	-
Public safety	211,681	-	-
Public works	22,556	401,438	-
Culture and recreation	7,394	-	-
Capital outlay			
General government	2,872	-	-
Public works	-	1,710	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	80,000
Interest and other	-	-	16,585
Bond issuance costs	-	-	-
TOTAL EXPENDITURES	<u>453,866</u>	<u>403,148</u>	<u>96,585</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(31,825)</u>	<u>99,187</u>	<u>17,774</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	25,488	-
Bond proceeds	-	-	-
Transfers out	-	(66,845)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(41,357)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(31,825)	57,830	17,774
FUND BALANCES, JANUARY 1	<u>683,994</u>	<u>876,553</u>	<u>146,209</u>
FUND BALANCES, DECEMBER 31	<u>\$ 652,169</u>	<u>\$ 934,383</u>	<u>\$ 163,983</u>

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

401	415	Nonmajor	Total
Capital Improvements	Monterey, Lynn & 207th Street	Park Fund	Governmental Funds
\$ 328,415	\$ -	\$ -	\$ 1,162,509
-	-	-	15,305
-	-	-	3,150
-	-	-	36,738
-	-	7,500	19,335
17,080	60,000	-	197,835
-	-	-	15,896
380	-	175	1,517
<u>345,875</u>	<u>60,000</u>	<u>7,675</u>	<u>1,452,285</u>
-	-	-	209,363
-	-	-	211,681
-	-	-	423,994
-	-	-	7,394
-	-	-	2,872
133,521	765,977	-	901,208
-	-	1,187	1,187
-	-	-	80,000
-	12	-	16,597
-	36,559	-	36,559
<u>133,521</u>	<u>802,548</u>	<u>1,187</u>	<u>1,890,855</u>
<u>212,354</u>	<u>(742,548)</u>	<u>6,488</u>	<u>(438,570)</u>
66,845	-	-	92,333
-	1,100,000	-	1,100,000
-	(25,488)	-	(92,333)
<u>66,845</u>	<u>1,074,512</u>	<u>-</u>	<u>1,100,000</u>
279,199	331,964	6,488	661,430
465,513	-	132,699	2,304,968
<u>\$ 744,712</u>	<u>\$ 331,964</u>	<u>\$ 139,187</u>	<u>\$ 2,966,398</u>

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CREDIT RIVER TOWNSHIP, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Total net change in fund balances - governmental funds	\$ 661,430
Amounts reported for governmental activities in the statement of activities are different because	
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.	
Capital outlays	896,451
Depreciation expense	(385,472)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, 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.	
Debt issued	(1,100,000)
Principal repayments	80,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Capital assets contributed by developers	1,743,984
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.	
	(4,897)
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.	
Special assessments	553,936
Property taxes	(11,271)
Change in net position - governmental activities	\$ 2,434,161

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, 2012

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 362,600	\$ 362,600	\$ 368,623	\$ 6,023
Franchise taxes	11,000	11,000	15,305	4,305
Licenses and permits	3,500	3,500	3,150	(350)
Intergovernmental	-	-	412	412
Charges for services	9,700	9,700	11,835	2,135
Special assessments	-	-	6,820	6,820
Investment earnings	13,200	13,200	15,896	2,696
Miscellaneous	-	-	-	-
TOTAL REVENUES	400,000	400,000	422,041	22,041
EXPENDITURES				
Current				
General government	238,340	238,340	209,363	28,977
Public safety	212,051	212,051	211,681	370
Public works	55,400	55,400	22,556	32,844
Culture and recreation	9,650	9,650	7,394	2,256
Capital outlay	1,250	1,250	2,872	(1,622)
TOTAL EXPENDITURES	516,691	516,691	453,866	62,825
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(116,691)	(116,691)	(31,825)	84,866
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL TRANSFERS	-	-	-	-
NET CHANGE IN FUND BALANCES	(116,691)	(116,691)	(31,825)	84,866
FUND BALANCES, JANUARY 1	683,994	683,994	683,994	-
FUND BALANCES, DECEMBER 31	\$ 567,303	\$ 567,303	\$ 652,169	\$ 84,866

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		
\$ 405,000	\$ 405,000	\$ 417,403	\$ 12,403
-	-	-	-
-	-	-	-
32,000	32,000	36,326	4,326
-	-	-	-
28,000	28,000	47,699	19,699
-	-	-	-
-	-	907	907
<u>465,000</u>	<u>465,000</u>	<u>502,335</u>	<u>37,335</u>
-	-	-	-
-	-	-	-
524,650	524,650	401,438	123,212
-	-	-	-
-	-	1,710	(1,710)
<u>524,650</u>	<u>524,650</u>	<u>403,148</u>	<u>121,502</u>
<u>(59,650)</u>	<u>(59,650)</u>	<u>99,187</u>	<u>158,837</u>
-	-	25,488	25,488
-	-	(66,845)	(66,845)
-	-	(41,357)	(41,357)
(59,650)	(59,650)	57,830	117,480
<u>876,553</u>	<u>876,553</u>	<u>876,553</u>	<u>-</u>
<u>\$ 816,903</u>	<u>\$ 816,903</u>	<u>\$ 934,383</u>	<u>\$ 117,480</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate	Service Districts
	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 276,646	\$ 230,383
Receivables		
Accounts	1,964	3,283
Special assessments		
Delinquent	8,792	6,205
Deferred	9,100	9,073
Prepaid items	325	325
	296,827	249,269
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS		
Capital assets		
Infrastructure	1,840,607	514,123
Less accumulated depreciation	(76,573)	(63,978)
	1,764,034	450,145
NET CAPITAL ASSETS		
	2,060,861	699,414
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	24,588	7,899
Accrued salaries payable	371	505
	24,959	8,404
TOTAL LIABILITIES		
NET POSITION		
Net investment in capital assets	1,764,034	450,145
Restricted for capital replacement and repair	157,954	128,118
Unrestricted	113,914	112,747
	\$ 2,035,902	\$ 691,010
TOTAL NET POSITION		

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

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	<u>Sewer Subordinate Service Districts</u>	
	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Charges for services	\$ 183,092	\$ 168,298
OPERATING EXPENSES		
Personal services	5,175	5,520
Telephone and office expenses	4,801	4,584
Maintenance	92,178	96,224
Repairs	5,480	9,969
Professional services	9,692	8,809
Utilities	6,561	6,705
Other expense	27,965	26,955
Depreciation	12,595	12,384
TOTAL OPERATING EXPENSES	<u>164,447</u>	<u>171,150</u>
OPERATING INCOME (LOSS)	18,645	(2,852)
NONOPERATING REVENUES		
Investment earnings	<u>867</u>	<u>854</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	19,512	(1,998)
CAPITAL CONTRIBUTIONS	<u>1,325,380</u>	<u>-</u>
CHANGE IN NET POSITION	1,344,892	(1,998)
NET POSITION, JANUARY 1	<u>691,010</u>	<u>693,008</u>
NET POSITION, DECEMBER 31	<u>\$ 2,035,902</u>	<u>\$ 691,010</u>

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, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	Sewer	Subordinate Service Districts
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 181,797	\$ 181,445
Payments to suppliers	(129,988)	(159,085)
Payments to employees	(5,309)	(5,381)
	46,500	16,979
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,104)	(5,226)
	867	854
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	867	854
	46,263	12,607
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,263	12,607
CASH AND CASH EQUIVALENTS, JANUARY 1	230,383	217,776
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 276,646	\$ 230,383
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 18,645	\$ (2,852)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	12,595	12,384
(Increase) decrease in assets		
Accounts receivable	1,319	37
Special assessments	(2,614)	13,110
Prepaid items	-	195
Increase (decrease) in liabilities		
Accounts payable	16,689	(6,034)
Accrued salaries payable	(134)	139
	46,500	16,979
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 46,500	\$ 16,979
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions from developers	\$ 1,325,380	\$ -

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

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012

	<u>Agency</u> <u>Escrow</u>
ASSETS	
Cash and temporary investments	<u>\$ 291,590</u>
LIABILITIES	
Deposits payable	<u>\$ 291,590</u>

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

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CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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.

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.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as unearned 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 *Debt Service fund* accounts for the debt service activity associated with the long-term general obligation debt of governmental funds.

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

The *Monterey, Lynn and 207th Street fund* accounts for the road construction project for the Monterey, Lynn and 207th Streets.

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.

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.

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.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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, 2012

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 an unearned 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 an unearned 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.

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.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Deferred outflows/inflows of resources

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

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 positions. Bond premiums and discounts, as well as issuance costs, are unearned and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as an expense in the period incurred.

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, 2012

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 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 position

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

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

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted net position

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.

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 2012.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012

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 \$3,584,068 and the bank balance was \$3,585,351. The entire bank balance was covered by federal depository insurance and collateral.

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

Cash and cash equivalents	
Statement of net position	\$3,292,478
Statement of fiduciary net position	291,590
	\$3,584,068
Total	\$3,584,068

B. Unearned revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,126,500	\$ -	\$ -	\$ 1,126,500
Construction in progress	-	765,976	-	765,976
Total capital assets not being depreciated	<u>1,126,500</u>	<u>765,976</u>	<u>-</u>	<u>1,892,476</u>
Capital assets being depreciated				
Buildings	84,113	-	-	84,113
Improvements other than buildings	239,028	-	-	239,028
Machinery and equipment	70,682	1,393	-	72,075
Infrastructure	7,339,180	1,873,066	-	9,212,246
Total capital assets being depreciated	<u>7,733,003</u>	<u>1,874,459</u>	<u>-</u>	<u>9,607,462</u>
Less accumulated depreciation for				
Buildings	(51,482)	(1,799)	-	(53,281)
Improvements other than buildings	(60,971)	(11,618)	-	(72,589)
Machinery and equipment	(25,685)	(5,095)	-	(30,780)
Infrastructure	(1,291,142)	(366,960)	-	(1,658,102)
Total accumulated depreciation	<u>(1,429,280)</u>	<u>(385,472)</u>	<u>-</u>	<u>(1,814,752)</u>
Total capital assets being depreciated, net	<u>6,303,723</u>	<u>1,488,987</u>	<u>-</u>	<u>7,792,710</u>
Governmental activities capital assets, net	<u>\$ 7,430,223</u>	<u>\$ 2,254,963</u>	<u>\$ -</u>	<u>\$ 9,685,186</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Infrastructure	514,123	1,326,484	-	1,840,607
Less accumulated depreciation for				
Infrastructure	(63,978)	(12,595)	-	(76,573)
Business-type activities capital assets, net	<u>\$ 450,145</u>	<u>\$ 1,313,889</u>	<u>\$ -</u>	<u>\$ 1,764,034</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

Governmental activities

General government	\$ 11,698
Public works	366,959
Culture and recreation	<u>6,815</u>
Total depreciation expense - governmental activities	<u><u>\$ 385,472</u></u>

Business-type activities

Sewer utility	<u><u>\$ 12,595</u></u>
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D. Interfund transfers

	Transfer In		
Fund	Capital Improvements	Road and Bridge Fund	Total
Transfer out			
Road and Bridge	\$ 66,845	\$ -	\$ 66,845
Monterey, Lynn and 207th Street	<u>-</u>	<u>25,488</u>	<u>25,488</u>
Total	<u><u>\$ 66,845</u></u>	<u><u>\$ 25,488</u></u>	<u><u>\$ 92,333</u></u>

The Road and Bridge fund transferred \$66,845 to the Capital Improvement fund for future capital projects. The Monterey, Lynn and 207th Street fund transferred \$25,488 to the Road and Bridge fund to reimburse for prior year expenditures.

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, 2012 were \$1,796. The future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
<u>December 31,</u>	
2013	<u><u>\$ 1,400</u></u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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	Balance at Year End
General Obligation Improvement Bond, Series 2012A	\$ 1,100,000	0.40 - 2.10 %	08/09/12	02/01/23	\$ 1,100,000
General Obligation Improvement Bond, Series 2009A	855,000	1.60 - 3.00	02/01/09	02/01/19	<u>625,000</u>
Total General Obligation Bonds					<u><u>\$ 1,725,000</u></u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 80,000	\$ 27,881	\$ 107,881
2014	180,000	26,458	206,458
2015	190,000	24,175	214,175
2016	195,000	21,471	216,471
2017	200,000	18,350	218,350
2018 - 2022	760,000	42,095	802,095
2023	<u>120,000</u>	<u>1,260</u>	<u>121,260</u>
Total	<u><u>\$ 1,725,000</u></u>	<u><u>\$ 161,690</u></u>	<u><u>\$ 1,886,690</u></u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
G.O. improvement bonds	<u>\$ 705,000</u>	<u>\$ 1,100,000</u>	<u>\$ (80,000)</u>	<u>\$ 1,725,000</u>	<u>\$ 80,000</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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 an unearned 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 (800)-652-9026.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

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. GERS Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2012. In 2012, the Township was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERS members, 7.25 percent for Coordinated Plan GERS members. The Township's contributions to the GERS for the years ending December 31, 2012, 2011 and 2010 were \$3,182, \$980, and \$-0-, respectively. The Township's contributions were equal to the contractually required contributions for each year as set forth by Minnesota statutes.

The five board members of the Township are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer unearned 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 and employee's contribution to the PEDCP for the years ending December 31, 2012, 2011, and 2010 were \$498, \$1,137, and \$3,051, respectively.

Note 5: OTHER INFORMATION

A. Risk management

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

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, 2012

Note 5: OTHER INFORMATION - CONTINUED

C. Joint powers agreements

The Township entered into a joint powers agreement, effective September 17, 2007, with the City of Lakeville to improve and maintain Judicial Road. The project costs will be paid 50 percent by each party in accordance with the agreement. The Township paid \$2,462 related to the agreement in 2012. Each party will own the portion of the road within its government boundaries. This agreement will remain in effect until either party terminates with a one year written notice to the other party.

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

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

Note 6: ACCOUNTING CHANGE

Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" will improve financial reporting by the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the Township's net position. GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Township implemented these standards for the fiscal year end December 31, 2012. Changes to governmental fund type fund balance reporting is reflected in the financial statements and schedules and related disclosures are included in Note 1.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2010 balances to the December 31, 2012 financial statements:

<u>Activities/Fund</u>	<u>Net Position/ Fund Balance December 31, 2010 as Previously Reported</u>	<u>(1) Restatement</u>	<u>Net Position/ Fund Balance January 1, 2011 as Restated</u>
Governmental activities	\$ 7,955,851	\$ (22,071)	\$ 7,933,780

(1) Write-off of unamortized bond issuance cost balances at December 31, 2010.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2012

Note 6: ACCOUNTING CHANGE - CONTINUED

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2011 balances to the December 31, 2012 financial statements:

<u>Activities/Fund</u>	<u>Net Position/ Fund Balance December 31, 2011 as Previously Reported</u>	<u>(2) Restatement</u>	<u>Net Position/ Fund Balance January 1, 2012 as Restated</u>
Governmental activities	\$ 9,432,706	\$ (19,312)	\$ 9,413,394

(2) Write-off of unamortized bond issuance cost balances at December 31, 2011.

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

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2012

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CREDIT RIVER TOWNSHIP, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2012
(With comparative actual amounts for the year ended December 31, 2011)

	2012			Variance with Final Budget	2011
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Taxes					
General property taxes	\$ 362,600	\$ 362,600	\$ 368,623	\$ 6,023	\$ 503,044
Franchise	11,000	11,000	15,305	4,305	13,240
Total	<u>373,600</u>	<u>373,600</u>	<u>383,928</u>	<u>10,328</u>	<u>516,284</u>
Licenses and permits					
Nonbusiness	1,000	1,000	-	(1,000)	1,249
Business	2,500	2,500	3,150	650	3,600
Total	<u>3,500</u>	<u>3,500</u>	<u>3,150</u>	<u>(350)</u>	<u>4,849</u>
Intergovernmental					
State					
Property tax credits	-	-	412	412	2,238
Charges for services					
General government	9,700	9,700	11,835	2,135	10,327
Special assessments	-	-	6,820	6,820	644
Investment earnings	13,200	13,200	15,896	2,696	17,606
TOTAL REVENUES	<u>400,000</u>	<u>400,000</u>	<u>422,041</u>	<u>22,041</u>	<u>551,948</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, 2012
(With comparative actual amounts for the year ended December 31, 2011)

EXPENDITURES	2012				2011
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Current					
General government					
Town Board					
Personal services	\$ 65,250	\$ 65,250	\$ 58,868	\$ 6,382	\$ 58,512
Supplies	6,000	6,000	4,525	1,475	3,685
Other services and charges	31,160	31,160	28,580	2,580	31,405
Total	102,410	102,410	91,973	10,437	93,602
Town Clerk					
Personal services	27,030	27,030	22,986	4,044	22,404
Other services and charges	600	600	613	(13)	-
Total	27,630	27,630	23,599	4,031	22,404
Town Treasurer					
Personal services	24,650	24,650	18,199	6,451	20,141
Other services and charges	600	600	600	-	400
Total	25,250	25,250	18,799	6,451	20,541
Elections					
Personal services	8,100	8,100	10,845	(2,745)	1,092
Supplies	1,000	1,000	1,616	(616)	832
Other services and charges	2,050	2,050	1,149	901	857
Total	11,150	11,150	13,610	(2,460)	2,781
Assessor					
Other services and charges	38,500	38,500	38,697	(197)	31,213
Legal					
Other services and charges	12,000	12,000	12,959	(959)	10,000
Planning					
Personal services	400	400	-	400	-
Other services and charges	10,000	10,000	-	10,000	27,945
Total	10,400	10,400	-	10,400	27,945
Town hall building					
Other services and charges	11,000	11,000	9,726	1,274	8,818
Total general government	238,340	238,340	209,363	28,977	217,304

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, 2012
(With comparative actual amounts for the year ended December 31, 2011)

	2012				2011
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Public safety					
Fire					
Other services and charges	\$ 212,051	\$ 212,051	\$ 211,681	\$ 370	\$ 215,860
Public works					
Streets					
Personal services	2,650	2,650	611	2,039	1,178
Other services and charges	52,750	52,750	21,945	30,805	35,030
Total public works	55,400	55,400	22,556	32,844	36,208
Culture and recreation					
Parks					
Personal services	650	650	22	628	138
Supplies	500	500	449	51	27
Other services and charges	8,500	8,500	6,923	1,577	7,854
Total culture and recreation	9,650	9,650	7,394	2,256	8,019
Total current expenditures	515,441	515,441	450,994	64,447	477,391
Capital outlay					
General government	1,250	1,250	2,872	(1,622)	3,360
TOTAL EXPENDITURES	516,691	516,691	453,866	62,825	480,751
NET CHANGE IN FUND BALANCES	(116,691)	(116,691)	(31,825)	84,866	71,197
FUND BALANCES, JANUARY 1	683,994	683,994	683,994	-	612,797
FUND BALANCES, DECEMBER 31	\$ 567,303	\$ 567,303	\$ 652,169	\$ 84,866	\$ 683,994

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CREDIT RIVER TOWNSHIP, MINNESOTA
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012
(With comparative actual amounts for the year ended December 31, 2011)

	2012			Variance with Final Budget	2011
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Taxes					
General property taxes	\$ 405,000	\$ 405,000	\$ 417,403	\$ 12,403	\$ 923,276
Intergovernmental					
State					
Property tax credits	-	-	460	460	4,144
Other grants and aids	-	-	-	-	1,898
Local					
Other grants and aids	32,000	32,000	35,866	3,866	34,654
Total	32,000	32,000	36,326	4,326	40,696
Charges for services					
Public works	-	-	-	-	4,700
Special assessments	28,000	28,000	47,699	19,699	41,680
Miscellaneous	-	-	907	907	2,607
TOTAL REVENUES	465,000	465,000	502,335	37,335	1,012,959
EXPENDITURES					
Current					
Public works					
Streets					
Personal services	4,500	4,500	1,795	2,705	3,568
Supplies	67,700	67,700	38,627	29,073	61,797
Other services and charges	452,450	452,450	361,016	91,434	389,022
Total public works	524,650	524,650	401,438	123,212	454,387
Capital outlay					
Public works	-	-	1,710	(1,710)	89,892
TOTAL EXPENDITURES	524,650	524,650	403,148	121,502	544,279
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(59,650)	(59,650)	99,187	158,837	468,680
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	25,488	25,488	-
Transfers out	-	-	(66,845)	(66,845)	(495,268)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(41,357)	(41,357)	(495,268)
NET CHANGE IN FUND BALANCES	(59,650)	(59,650)	57,830	117,480	(26,588)
FUND BALANCES, JANUARY 1	876,553	876,553	876,553	-	903,141
FUND BALANCES, DECEMBER 31	\$ 816,903	\$ 816,903	\$ 934,383	\$ 117,480	\$ 876,553

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF NET POSITION
 DECEMBER 31, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 85,398	\$ 68,450
Receivables		
Accounts	198	380
Special assessments		
Delinquent	1,369	1,369
Deferred	-	-
Prepaid items	88	88
TOTAL CURRENT ASSETS	87,053	70,287
NONCURRENT ASSETS		
Capital assets		
Infrastructure	203,601	202,497
Less accumulated depreciation	(54,037)	(47,250)
NET CAPITAL ASSETS	149,564	155,247
TOTAL ASSETS	236,617	225,534
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	8,272	2,091
Accrued salaries payable	156	136
TOTAL LIABILITIES	8,428	2,227
NET POSITION		
Net investment in capital assets	149,564	155,247
Restricted for capital replacement and repair	75,263	66,895
Unrestricted	3,362	1,165
TOTAL NET POSITION	\$ 228,189	\$ 223,307

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2012	2011	2012	2011	2012	2011
\$ 125,960	\$ 114,782	\$ 65,288	\$ 47,151	\$ 276,646	\$ 230,383
1,226	2,695	540	208	1,964	3,283
3,374	887	4,049	3,949	8,792	6,205
1,000	3,373	8,100	5,700	9,100	9,073
182	182	55	55	325	325
<u>131,742</u>	<u>121,919</u>	<u>78,032</u>	<u>57,063</u>	<u>296,827</u>	<u>249,269</u>
1,330,606	5,226	306,400	306,400	1,840,607	514,123
(348)	(87)	(22,188)	(16,641)	(76,573)	(63,978)
<u>1,330,258</u>	<u>5,139</u>	<u>284,212</u>	<u>289,759</u>	<u>1,764,034</u>	<u>450,145</u>
<u>1,462,000</u>	<u>127,058</u>	<u>362,244</u>	<u>346,822</u>	<u>2,060,861</u>	<u>699,414</u>
12,050	4,756	4,266	1,052	24,588	7,899
165	283	50	86	371	505
<u>12,215</u>	<u>5,039</u>	<u>4,316</u>	<u>1,138</u>	<u>24,959</u>	<u>8,404</u>
1,330,258	5,139	284,212	289,759	1,764,034	450,145
58,827	42,746	23,864	18,477	157,954	128,118
60,700	74,134	49,852	37,448	113,914	112,747
<u>\$ 1,449,785</u>	<u>\$ 122,019</u>	<u>\$ 357,928</u>	<u>\$ 345,684</u>	<u>\$ 2,035,902</u>	<u>\$ 691,010</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2012	2011
OPERATING REVENUES		
Charges for services	\$ 56,829	\$ 39,938
OPERATING EXPENSES		
Personal services	1,913	1,543
Telephone and office	1,599	1,496
Maintenance	27,169	29,029
Repairs	1,264	4,151
Professional services	3,908	1,971
Utilities	1,641	1,855
Other expense	8,097	7,398
Depreciation	6,787	6,750
TOTAL OPERATING EXPENSES	52,378	54,193
OPERATING INCOME (LOSS)	4,451	(14,255)
NONOPERATING REVENUES		
Investment earnings	431	445
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	4,882	(13,810)
CAPITAL CONTRIBUTIONS	-	-
CHANGE IN NET POSITION	4,882	(13,810)
NET POSITION, JANUARY 1	223,307	237,117
NET POSITION, DECEMBER 31	\$ 228,189	\$ 223,307

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2012	2011	2012	2011	2012	2011
\$ 82,979	\$ 87,614	\$ 43,284	\$ 40,746	\$ 183,092	\$ 168,298
2,506	3,097	756	880	5,175	5,520
2,413	2,330	789	758	4,801	4,584
47,092	48,635	17,917	18,560	92,178	96,224
3,682	3,526	534	2,292	5,480	9,969
4,228	5,068	1,556	1,770	9,692	8,809
3,979	3,909	941	941	6,561	6,705
16,738	16,289	3,130	3,268	27,965	26,955
261	87	5,547	5,547	12,595	12,384
80,899	82,941	31,170	34,016	164,447	171,150
2,080	4,673	12,114	6,730	18,645	(2,852)
306	294	130	115	867	854
2,386	4,967	12,244	6,845	19,512	(1,998)
1,325,380	-	-	-	1,325,380	-
1,327,766	4,967	12,244	6,845	1,344,892	(1,998)
122,019	117,052	345,684	338,839	691,010	693,008
<u>\$ 1,449,785</u>	<u>\$ 122,019</u>	<u>\$ 357,928</u>	<u>\$ 345,684</u>	<u>\$ 2,035,902</u>	<u>\$ 691,010</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 57,011	\$ 40,983
Payments to suppliers	(37,497)	(50,371)
Payments to employees	(1,893)	(1,506)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	17,621	(10,894)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,104)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	431	445
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,948	(10,449)
CASH AND CASH EQUIVALENTS, JANUARY 1	68,450	78,899
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 85,398	\$ 68,450
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 4,451	\$ (14,255)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	6,787	6,750
(Increase) decrease in assets		
Accounts receivable	182	(101)
Special assessments	-	1,146
Prepaid items	-	54
Increase (decrease) in liabilities		
Accounts payable	6,181	(4,525)
Accrued salaries payable	20	37
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 17,621	\$ (10,894)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions from developers	\$ -	\$ -

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2012	2011	2012	2011	2012	2011
\$ 84,334	\$ 95,622	\$ 40,452	\$ 44,840	\$ 181,797	\$ 181,445
(70,838)	(80,902)	(21,653)	(27,812)	(129,988)	(159,085)
(2,624)	(3,019)	(792)	(856)	(5,309)	(5,381)
<u>10,872</u>	<u>11,701</u>	<u>18,007</u>	<u>16,172</u>	<u>46,500</u>	<u>16,979</u>
-	(5,226)	-	-	(1,104)	(5,226)
<u>306</u>	<u>294</u>	<u>130</u>	<u>115</u>	<u>867</u>	<u>854</u>
11,178	6,769	18,137	16,287	46,263	12,607
<u>114,782</u>	<u>108,013</u>	<u>47,151</u>	<u>30,864</u>	<u>230,383</u>	<u>217,776</u>
<u>\$ 125,960</u>	<u>\$ 114,782</u>	<u>\$ 65,288</u>	<u>\$ 47,151</u>	<u>\$ 276,646</u>	<u>\$ 230,383</u>
\$ 2,080	\$ 4,673	\$ 12,114	\$ 6,730	\$ 18,645	\$ (2,852)
261	87	5,547	5,547	12,595	12,384
1,469	(603)	(332)	741	1,319	37
(114)	8,611	(2,500)	3,353	(2,614)	13,110
-	119	-	22	-	195
7,294	(1,264)	3,214	(245)	16,689	(6,034)
(118)	78	(36)	24	(134)	139
<u>\$ 10,872</u>	<u>\$ 11,701</u>	<u>\$ 18,007</u>	<u>\$ 16,172</u>	<u>\$ 46,500</u>	<u>\$ 16,979</u>
<u>\$ 1,325,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,325,380</u>	<u>\$ -</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2012

	<u>2009 G.O. Improvement Bond</u>	<u>2012 G.O. Improvement Bond</u>	<u>Total</u>
ASSETS			
Cash and temporary investments	\$ 139,236	\$ 24,000	\$ 163,236
Receivables			
Delinquent taxes	1,616	-	1,616
Special assessments	<u>196,923</u>	<u>588,000</u>	<u>784,923</u>
 TOTAL ASSETS	 <u>\$ 337,775</u>	 <u>\$ 612,000</u>	 <u>\$ 949,775</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	\$ 1,043	\$ -	\$ 1,043
Unavailable revenue - special assessments	<u>196,749</u>	<u>588,000</u>	<u>784,749</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 197,792	 588,000	 785,792
 FUND BALANCES			
Restricted for debt service	<u>139,983</u>	<u>24,000</u>	<u>163,983</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 337,775</u>	 <u>\$ 612,000</u>	 <u>\$ 949,775</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DECEMBER 31, 2012

	2009 G.O. Improvement Bond	2012 G.O. Improvement Bond	Total
REVENUES			
Property taxes	\$ 48,068	\$ -	\$ 48,068
Special assessments	42,236	24,000	66,236
Miscellaneous	55	-	55
	<u>90,359</u>	<u>24,000</u>	<u>114,359</u>
TOTAL REVENUES			
EXPENDITURES			
Debt service			
Principal	80,000	-	80,000
Interest and fiscal charges	16,585	-	16,585
	<u>96,585</u>	<u>-</u>	<u>96,585</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,226)	24,000	17,774
FUND BALANCES, JANUARY 1	<u>146,209</u>	<u>-</u>	<u>146,209</u>
FUND BALANCES, DECEMBER 31	<u>\$ 139,983</u>	<u>\$ 24,000</u>	<u>\$ 163,983</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENSES FOR GENERAL OPERATIONS -
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Total		Percent Increase (Decrease)
	2012	2011	
REVENUES			
Property taxes	\$ 1,162,509	\$ 1,472,316	(21.04) %
Franchise taxes	15,305	13,240	15.60
Licenses and permits	3,150	4,849	(35.04)
Intergovernmental	36,738	43,144	(14.85)
Charges for services	19,335	20,527	(5.81)
Special assessments	197,835	101,936	94.08
Investment earnings	15,896	17,606	(9.71)
Miscellaneous	1,517	2,607	(41.81)
	<u>1,452,285</u>	<u>1,676,225</u>	
TOTAL REVENUES	\$ 1,452,285	\$ 1,676,225	(13.36) %
Per Capita	\$ 285	\$ 329	
EXPENDITURES			
Current			
General government	\$ 209,363	\$ 217,304	(3.65) %
Public safety	211,681	215,860	(1.94)
Public works	423,994	490,595	(13.58)
Culture and recreation	7,394	8,019	(7.79)
Capital outlay			
General government	2,872	3,360	(14.52)
Public works	901,208	89,892	902.55
Culture and recreation	1,187	3,200	(62.91)
Debt service			
Principal	80,000	75,000	6.67
Interest and other charges	16,597	17,787	(6.69)
Bond issuance costs	36,559	-	100.00
	<u>1,890,855</u>	<u>1,121,017</u>	
TOTAL EXPENDITURES	\$ 1,890,855	\$ 1,121,017	68.67 %
Per Capita	\$ 371	\$ 220	
Total Long-term Indebtedness	\$ 1,725,000	\$ 705,000	144.68 %
Per Capita	339	138	145.65
General Fund Balance - December 31	\$ 652,169	\$ 683,994	(4.65) %
Per Capita	128	134	(4.48)

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 Blvd Prior Lake, MN 55372. Questions about this report should be directed to Sarah LeVoir, Treasurer, at treasurer@creditrivernn.gov.

OTHER REQUIRED REPORTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2012

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5201 Eden Avenue
Suite 250
Edina, MN 55436

AUDITOR'S REPORT ON 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, 2012, which collectively comprise the Township's basic financial statements and we have issued our report thereon dated February 21, 2013.

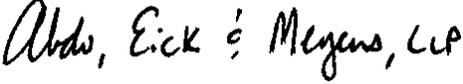
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Minnesota Office of the State Auditor pursuant to Minnesota statute, section 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 Political Subdivisions* 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 Town Board, management and the Minnesota Office of the State Auditor and is not intended to be used by anyone other than these specified parties.

February 21, 2013
Minneapolis, Minnesota


ABDO, EICK & MEYERS, LLP
Certified Public Accountants