

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CREDIT RIVER TOWNSHIP, MINNESOTA
 ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

**CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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CREDIT RIVER TOWNSHIP, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2013

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brent Lawrence	Chairman	03/31/14
Tom Kraft	Vice Chair	03/31/15
Chris Kostik	Supervisor	03/31/16
Leroy Schommer	Supervisor	03/31/15
Al Novak	Supervisor	03/31/14

TOWNSHIP OFFICIALS - APPOINTED

<u>Name</u>	<u>Title</u>
Lisa Quinn	Clerk
Sarah LeVoir	Treasurer

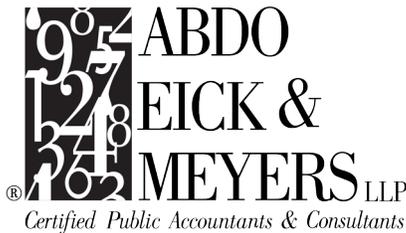
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FINANCIAL SECTION

**CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Credit River Township
Scott County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Township's 2012 financial statements and, in our report dated February 21, 2013, 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.

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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund and the Road and Bridge fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

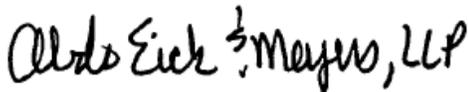
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental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

Other Information

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

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

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
February 17, 2014

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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, 2013.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$15,068,152 (net position). Of this amount, \$2,655,470 (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 \$1,184,695. This is mostly the result of capital contributions from developers to the Township.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,618,537, a decrease of \$347,861 in comparison with the prior year. Approximately 81.7 percent of this total amount, \$2,138,340, 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 \$551,622, or 115.2 percent of 2014 General fund budgeted expenditures.

Overview of the Financial Statements

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

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

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

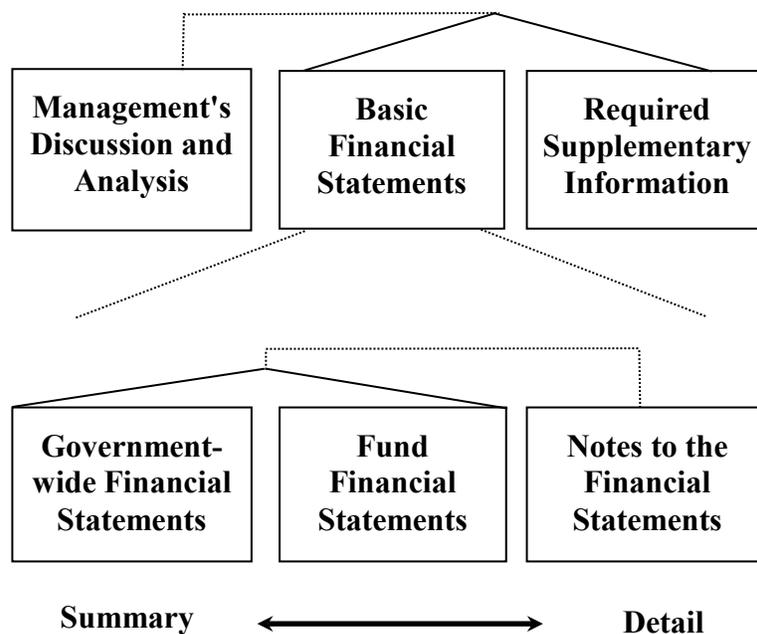


Figure 2 summarizes the major features of the Township’s financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each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

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

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

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

The *statement of net position* presents information on all of the Township’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference 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 27 of this report.

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

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

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

The Township maintains 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 for the one non-major governmental fund is also provided along with the major funds.

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

The basic governmental fund financial statements can be found starting on page 32 of this report.

Proprietary funds. The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer subordinate service districts.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information on the sewer subordinate service districts as a whole. Data for individual sewer subordinate service districts is provided in the form of *combining statements or schedules* elsewhere in this report.

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

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 45 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 47 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found starting on page 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 \$15,068,152 at the close of the most recent fiscal year.

By far, the largest portion of the Township's net position (74.6 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* (\$2,655,470) 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		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Assets						
Current and other assets	\$ 3,617,213	\$ 3,978,168	\$ (360,955)	\$ 334,722	\$ 296,827	\$ 37,895
Capital assets (net of depreciation)	10,407,168	9,685,186	721,982	2,480,332	1,764,034	716,298
Total assets	14,024,381	13,663,354	361,027	2,815,054	2,060,861	754,193
Liabilities						
Current and other liabilities	99,654	90,799	8,855	26,629	24,959	1,670
Noncurrent	1,645,000	1,725,000	(80,000)	-	-	-
Total liabilities	1,744,654	1,815,799	(71,145)	26,629	24,959	1,670
Net position						
Net investment in capital assets	8,753,407	7,688,222	1,065,185	2,480,332	1,764,034	716,298
Restricted for						
Park improvements	28,306	24,064	4,242	-	-	-
Capital replacement and repair	-	-	-	187,870	157,954	29,916
Debt service	962,767	152,065	810,702	-	-	-
Unrestricted	2,535,247	3,983,204	(1,447,957)	120,223	113,914	6,309
Total net position	\$12,279,727	\$11,847,555	\$ 432,172	\$ 2,788,425	\$ 2,035,902	\$ 752,523

The Township's total net position increased \$1,184,695 during the year. The main reason for the increase is due to the increase in capital assets contributed by developers to the Township.

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 \$432,172, thereby accounting for 36.5 percent of the total increase in the net position of the Township.

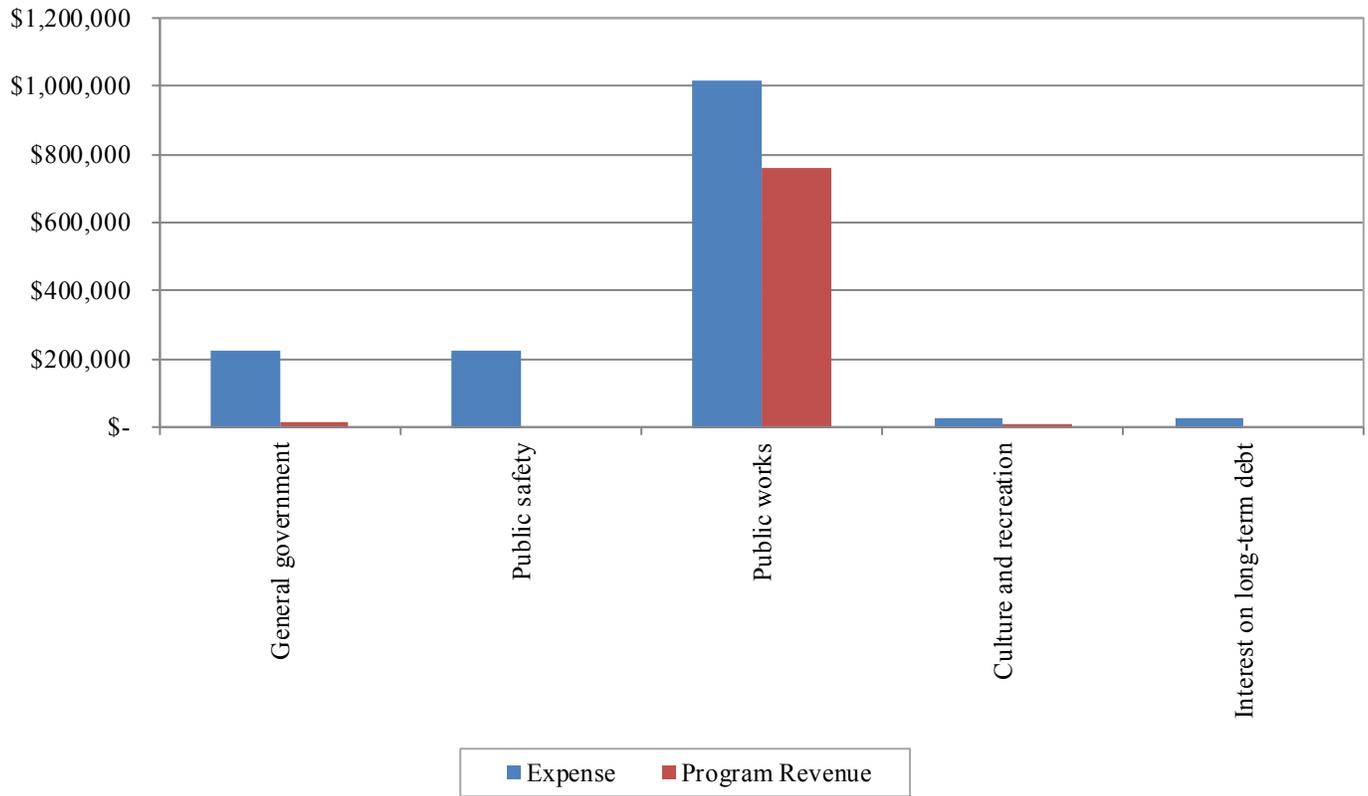
Credit River Township's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Program revenues						
Charges for services	\$ 26,266	\$ 23,567	\$ 2,699	\$ 191,060	\$ 183,092	\$ 7,968
Operating grants and contributions	37,505	42,686	(5,181)	-	-	-
Capital grants and contributions	717,954	2,488,935	(1,770,981)	814,680	1,325,380	(510,700)
General revenues						
Taxes						
Property taxes, levied for general purposes	1,139,608	1,151,238	(11,630)	-	-	-
Franchise taxes	17,773	15,305	2,468	-	-	-
State grants and contributions not restricted to specific programs	1,309	1,307	2	-	-	-
Unrestricted investment earnings	10,063	15,896	(5,833)	576	867	(291)
Total revenues	1,950,478	3,738,934	(1,788,456)	1,006,316	1,509,339	(503,023)
Expenses						
General government	227,120	222,540	4,580	-	-	-
Public safety	223,311	211,681	11,630	-	-	-
Public works	1,014,370	797,103	217,267	-	-	-
Culture and recreation	25,276	15,396	9,880	-	-	-
Interest on long-term debt	28,229	58,053	(29,824)	-	-	-
Sewer	-	-	-	253,793	164,447	89,346
Total expenses	1,518,306	1,304,773	213,533	253,793	164,447	89,346
Change in net position	432,172	2,434,161	(2,001,989)	752,523	1,344,892	(592,369)
Net position, January 1	11,847,555	9,413,394	2,434,161	2,035,902	691,010	1,344,892
Net position, December 31	\$12,279,727	\$11,847,555	\$ 432,172	\$ 2,788,425	\$ 2,035,902	\$ 752,523

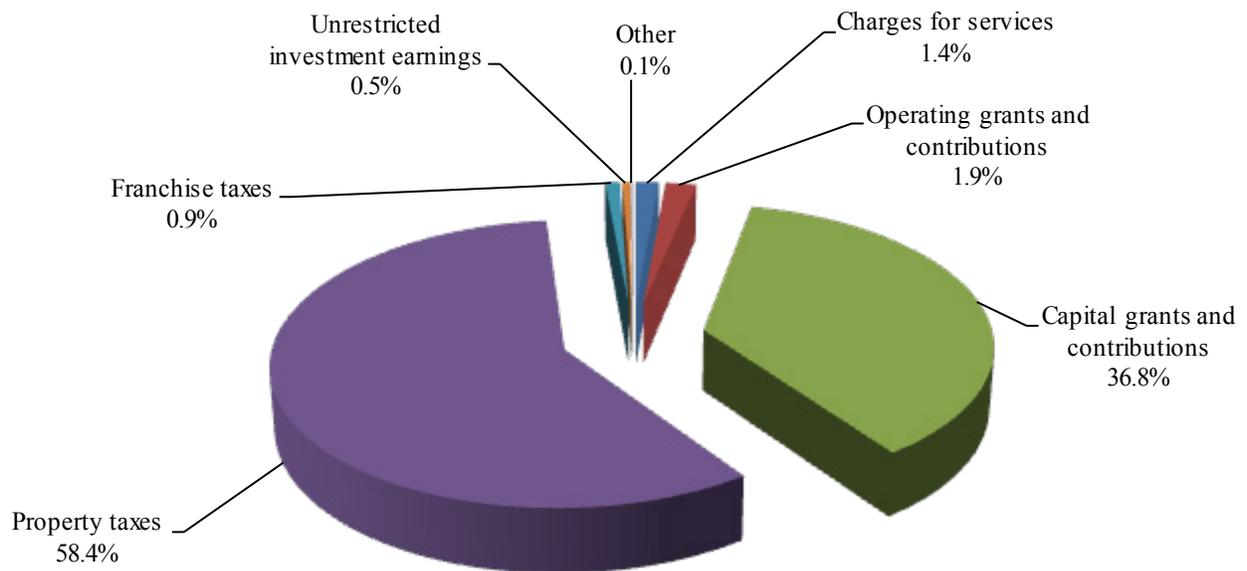
- Property taxes represent 58.4 percent of total governmental revenue in 2013.
- Capital grants and contributions decreased \$2,281,681 primarily due to the Township receiving less infrastructure assets from developers in 2013 as compared to the prior year. Similar activity is not expected in the future.
- Expenses in public works increased by \$217,267 which was mostly due to road and street projects, while interest on long-term debt decreased \$29,824 due to a debt issuance in 2012 resulting in increased issuance costs.

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 \$2,618,537, a decrease of \$347,861 in comparison with the prior year. Approximately 21.1 percent of this total amount, \$551,622, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is either: 1) Nonspendable (\$2,246), 2) Restricted (\$322,969), 3) Committed (\$154,982) or Assigned (\$1,586,718).

The following outlines all major funds:

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2013	2012	
General	\$ 553,868	\$ 652,169	\$ (98,301)
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 \$553,868, a decrease of \$98,301 from 2012. 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	\$ 958,643	\$ 934,383	\$ 24,260
The Road and Bridge fund balance increased \$24,260 during the year. The reason for the change in fund balance was due to a positive budget variance in fund expenditures of \$68,585. This variance mainly relates to a less than expected engineering expenditures.			
Debt Service	\$ 294,663	\$ 163,983	\$ 130,680
The Debt Service fund balance is restricted debt payments. The increase in fund balance of \$130,680 is in line with the Township's debt service planning.			
Capital Improvements Fund	\$ 598,963	\$ 744,712	\$ (145,749)
The fund balance in the Capital Improvement fund is assigned for future capital purchases. The decrease in the fund of \$145,749 is the Township using money reserved in past years for future capital projects. Multiple streets were improved during the year.			
Monterey, Lynn & 207th Street	\$ 68,961	\$ 331,964	\$ (263,003)
The fund balance of \$68,961 is assigned for improvements to streets. The decrease in fund balance is due to the fund completing projects bonded for in previous years. The balance of this fund is expected to be spent down 2014.			

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 \$120,223. The total increase in net position for the fund was \$752,523, primarily due to the contributions from developers. 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 \$11,893.

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

- Total expenditures in general government \$9,080 under budget. General government expenditures were \$11,983 under budget.
- The only significant revenue variance occurred in investment earnings which had a negative budget variance of \$5,537.

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 expenditures to exceed revenues by \$44,325. Actual results show revenues with positive budget variance of \$4,499 while expenditures also had a positive budget variance of \$64,086. The largest budget variance in expenditures was in public works with a positive budget variance of \$64,086, which was mostly due to less spending relating to engineering and road maintenance.

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, 2013, amounts to \$12,887,500 (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 3B starting on page 55 of this report.

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

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Land	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -	\$ -	\$ -
Construction work in progress	-	765,976	(765,976)	-	-	-
Buildings	29,031	30,832	(1,801)	-	-	-
Improvements other than building	154,823	166,439	(11,616)	-	-	-
Machinery and equipment	36,125	41,295	(5,170)	-	-	-
Infrastructure	9,060,689	7,554,144	1,506,545	2,480,332	1,764,034	716,298
Total	<u>\$10,407,168</u>	<u>\$ 9,685,186</u>	<u>\$ 721,982</u>	<u>\$ 2,480,332</u>	<u>\$ 1,764,034</u>	<u>\$ 716,298</u>

Long-term debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$1,645,000. Total debt decreased \$80,000 due to scheduled principal payments during the year.

Credit River Township's Outstanding Debt

	Governmental Activities		
	2013	2012	Increase (Decrease)
Bonds payable	<u>\$ 1,645,000</u>	<u>\$ 1,725,000</u>	<u>\$ (80,000)</u>

Economic Factors and Next Year's Budgets and Rates

- The General fund expenditure budget for 2014 was decreased by approximately \$30,800 from 2013 due mainly to anticipated decreases in engineering fees and fire service fees.
- The Road and Bridge fund expenditure budget for 2014 decreased by approximately \$11,200 from 2013, which is due to minimal decreases across various line item expenditures in the Road and Bridge fund.
- The township has a five year Road Maintenance and Capital Improvement Plan that will maximize the investment in that infrastructure. Each year this is reviewed and updated based on current road conditions. The Township has several capital improvement projects that will be considered for the 2014 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 2014 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, 2013

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CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 2,682,307	\$ 142,115	\$ 2,824,422
Restricted cash and cash equivalents	-	187,870	187,870
Receivables			
Taxes	40,022	-	40,022
Accounts	9,888	2,754	12,642
Special assessments	882,750	1,480	884,230
Prepaid items	2,246	503	2,749
Capital assets			
Land	1,126,500	-	1,126,500
Depreciable assets (net of accumulated depreciation)	9,280,668	2,480,332	11,761,000
	<u>14,024,381</u>	<u>2,815,054</u>	<u>16,839,435</u>
LIABILITIES			
Accounts payable	72,175	24,941	97,116
Accrued salaries payable	5,641	397	6,038
Deposits payable	-	1,291	1,291
Accrued interest payable	11,441	-	11,441
Due to other governments	10,397	-	10,397
Noncurrent liabilities			
Due within one year	180,000	-	180,000
Due in more than one year	1,465,000	-	1,465,000
	<u>1,744,654</u>	<u>26,629</u>	<u>1,771,283</u>
NET POSITION			
Net investment in capital assets	8,753,407	2,480,332	11,233,739
Restricted for			
Capital replacement and repair	-	187,870	187,870
Park improvement	28,306	-	28,306
Debt service	962,767	-	962,767
Unrestricted	2,535,247	120,223	2,655,470
	<u>\$ 12,279,727</u>	<u>\$ 2,788,425</u>	<u>\$ 15,068,152</u>

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 227,120	\$ 16,560	\$ -	\$ -
Public safety	223,311	-	-	-
Public works	1,014,370	1,706	37,505	717,954
Culture and recreation	25,276	8,000	-	-
Interest on long-term debt	28,229	-	-	-
Total governmental activities	1,518,306	26,266	37,505	717,954
Business-type activities				
Sewer	253,793	191,060	-	814,680
Total	<u>\$ 1,772,099</u>	<u>\$ 217,326</u>	<u>\$ 37,505</u>	<u>\$ 1,532,634</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Total general revenues

Change in net position

Net position, January 1

Net position, December 31

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

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (210,560)	\$ -	\$ (210,560)
(223,311)	-	(223,311)
(257,205)	-	(257,205)
(17,276)	-	(17,276)
(28,229)	-	(28,229)
<hr/>	<hr/>	<hr/>
(736,581)	-	(736,581)
-	751,947	751,947
<hr/>	<hr/>	<hr/>
(736,581)	751,947	15,366
<hr/>	<hr/>	<hr/>
1,042,560	-	1,042,560
97,048	-	97,048
17,773	-	17,773
1,309	-	1,309
10,063	576	10,639
<hr/>	<hr/>	<hr/>
1,168,753	576	1,169,329
<hr/>	<hr/>	<hr/>
432,172	752,523	1,184,695
11,847,555	2,035,902	13,883,457
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<u>\$ 12,279,727</u>	<u>\$ 2,788,425</u>	<u>\$ 15,068,152</u>

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FUND FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CREDIT RIVER TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	100 General Fund	201, 203, 204, 205 Road and Bridge Fund	300's Debt Service
ASSETS			
Cash and temporary investments	\$ 554,584	\$ 1,001,475	\$ 292,817
Receivables			
Taxes	8,204	23,038	2,114
Accounts	9,888	-	-
Special assessments	-	41,538	679,277
Prepaid items	2,246	-	-
	<u>574,922</u>	<u>1,066,051</u>	<u>974,208</u>
TOTAL ASSETS	<u>\$ 574,922</u>	<u>\$ 1,066,051</u>	<u>\$ 974,208</u>
LIABILITIES			
Accounts payable	\$ 10,582	\$ 37,194	\$ -
Accrued salaries payable	5,558	83	-
Due to other governments	483	9,914	-
	<u>16,623</u>	<u>47,191</u>	<u>-</u>
TOTAL LIABILITIES	<u>16,623</u>	<u>47,191</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue- taxes	4,431	18,679	1,208
Unavailable revenue- special assessments	-	41,538	678,337
	<u>4,431</u>	<u>60,217</u>	<u>679,545</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,431</u>	<u>60,217</u>	<u>679,545</u>
FUND BALANCES			
Nonspendable			
Prepaid items	2,246	-	-
Restricted for			
Park improvements	-	-	-
Debt service	-	-	294,663
Committed for			
Road and bridge improvement	-	154,982	-
Assigned for			
Park improvements	-	-	-
Road projects	-	803,661	-
Unassigned	551,622	-	-
	<u>553,868</u>	<u>958,643</u>	<u>294,663</u>
TOTAL FUND BALANCES	<u>553,868</u>	<u>958,643</u>	<u>294,663</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 574,922</u>	<u>\$ 1,066,051</u>	<u>\$ 974,208</u>

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

401	415	<u>Nonmajor</u> 202	Total
Capital Improvements	Monterey, Lynn & 207th Street	Park Fund	Governmental Funds
\$ 607,169	\$ 82,823	\$ 143,439	\$ 2,682,307
6,666	-	-	40,022
-	-	-	9,888
161,935	-	-	882,750
-	-	-	2,246
<u>\$ 775,770</u>	<u>\$ 82,823</u>	<u>\$ 143,439</u>	<u>\$ 3,617,213</u>
\$ 10,537	\$ 13,862	\$ -	\$ 72,175
-	-	-	5,641
-	-	-	10,397
<u>10,537</u>	<u>13,862</u>	<u>-</u>	<u>88,213</u>
4,335	-	-	28,653
161,935	-	-	881,810
<u>166,270</u>	<u>-</u>	<u>-</u>	<u>910,463</u>
-	-	-	2,246
-	-	28,306	28,306
-	-	-	294,663
-	-	-	154,982
-	-	115,133	115,133
598,963	68,961	-	1,471,585
-	-	-	551,622
<u>598,963</u>	<u>68,961</u>	<u>143,439</u>	<u>2,618,537</u>
<u>\$ 775,770</u>	<u>\$ 82,823</u>	<u>\$ 143,439</u>	<u>\$ 3,617,213</u>

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CREDIT RIVER TOWNSHIP, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

Total fund balances - governmental	\$ 2,618,537
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	12,701,119
Less: accumulated depreciation	(2,293,951)
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	(1,645,000)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes receivable	28,653
Special assessments receivable	881,810
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(11,441)</u>
Total net position - governmental activities	<u><u>\$ 12,279,727</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, 2013

	100 General Fund	201, 203, 204, 205 Road and Bridge Fund	300's Debt Service
REVENUES			
Property taxes	\$ 357,609	\$ 438,300	\$ 97,048
Franchise taxes	17,773	-	-
Licenses and permits	3,550	-	-
Intergovernmental	408	38,007	111
Charges for services	12,081	-	-
Special assessments	-	32,086	142,227
Investment earnings	10,063	-	-
Miscellaneous	929	1,506	-
	<u>402,413</u>	<u>509,899</u>	<u>239,386</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	214,682	-	-
Public safety	223,311	-	-
Public works	47,342	485,639	-
Culture and recreation	14,713	-	-
Capital outlay			
General government	666	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	80,000
Interest and other charges	-	-	28,706
	<u>500,714</u>	<u>485,639</u>	<u>108,706</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	(98,301)	24,260	130,680
FUND BALANCES, JANUARY 1	652,169	934,383	163,983
FUND BALANCES, DECEMBER 31	<u>\$ 553,868</u>	<u>\$ 958,643</u>	<u>\$ 294,663</u>

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

401	415	<u>Nonmajor</u>	Total
Capital Improvements	Monterey, Lynn & 207th Street	202 Park Fund	Governmental Funds
\$ 252,080	\$ -	\$ -	\$ 1,145,037
-	-	-	17,773
-	-	-	3,550
-	-	-	38,526
-	200	8,000	20,281
120,286	-	-	294,599
-	-	-	10,063
288	-	-	2,723
<u>372,654</u>	<u>200</u>	<u>8,000</u>	<u>1,532,552</u>
-	-	-	214,682
-	-	-	223,311
-	-	-	532,981
-	-	273	14,986
-	-	-	666
518,403	263,203	-	781,606
-	-	3,475	3,475
-	-	-	80,000
-	-	-	28,706
<u>518,403</u>	<u>263,203</u>	<u>3,748</u>	<u>1,880,413</u>
(145,749)	(263,003)	4,252	(347,861)
<u>744,712</u>	<u>331,964</u>	<u>139,187</u>	<u>2,966,398</u>
<u>\$ 598,963</u>	<u>\$ 68,961</u>	<u>\$ 143,439</u>	<u>\$ 2,618,537</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, 2013

Total net change in fund balances - governmental funds	\$ (347,861)
Amounts reported for governmental activities in the statement of activities are different because	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	760,829
Depreciation expense	(479,199)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. 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.</p>	
Principal repayments	80,000
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Capital assets contributed by developers	440,352
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	477
<p>Certain revenues are recognized as soon as it is earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(16,997)
Property taxes	(5,429)
	432,172
Change in net position - governmental activities	\$ 432,172

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, 2013

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 358,000	\$ 358,000	\$ 357,609	\$ (391)
Franchise taxes	14,000	14,000	17,773	3,773
Licenses and permits	2,700	2,700	3,550	850
Intergovernmental	-	-	408	408
Charges for services	9,300	9,300	12,081	2,781
Special assessments	-	-	-	-
Investment earnings	15,600	15,600	10,063	(5,537)
Miscellaneous	-	-	929	929
	<u>399,600</u>	<u>399,600</u>	<u>402,413</u>	<u>2,813</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	226,665	226,665	214,682	11,983
Public safety	220,809	220,809	223,311	(2,502)
Public works	49,170	49,170	47,342	1,828
Culture and recreation	12,400	12,400	14,713	(2,313)
Capital outlay	750	750	666	84
	<u>509,794</u>	<u>509,794</u>	<u>500,714</u>	<u>9,080</u>
TOTAL EXPENDITURES				
NET CHANGE IN FUND BALANCES	(110,194)	(110,194)	(98,301)	11,893
FUND BALANCES, JANUARY 1	<u>652,169</u>	<u>652,169</u>	<u>652,169</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 541,975</u>	<u>\$ 541,975</u>	<u>\$ 553,868</u>	<u>\$ 11,893</u>

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

Road and Bridge Fund

Budgeted Amounts		Actual Amounts		Variance with
Original	Final			Final Budget
\$ 441,000	\$ 441,000	\$ 438,300		\$ (2,700)
-	-	-		-
-	-	-		-
33,000	33,000	38,007		5,007
-	-	-		-
31,400	31,400	32,086		686
-	-	-		-
-	-	1,506		1,506
<u>505,400</u>	<u>505,400</u>	<u>509,899</u>		<u>4,499</u>
-	-	-		-
-	-	-		-
549,725	549,725	485,639		64,086
-	-	-		-
-	-	-		-
<u>549,725</u>	<u>549,725</u>	<u>485,639</u>		<u>64,086</u>
(44,325)	(44,325)	24,260		68,585
<u>934,383</u>	<u>934,383</u>	<u>934,383</u>		<u>-</u>
<u>\$ 890,058</u>	<u>\$ 890,058</u>	<u>\$ 958,643</u>		<u>\$ 68,585</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 142,115	\$ 118,692
Receivables		
Accounts	2,754	1,964
Special assessments	1,480	17,892
Prepaid items	503	325
	146,852	138,873
NONCURRENT ASSETS		
Restricted cash and cash equivalents	187,870	157,954
Capital assets		
Infrastructure	2,655,287	1,840,607
Less accumulated depreciation	(174,955)	(76,573)
	2,480,332	1,764,034
	2,668,202	1,921,988
	2,815,054	2,060,861
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	24,941	24,588
Accrued salaries payable	397	371
Deposits payable	1,291	-
	26,629	24,959
NET POSITION		
Net investment in capital assets	2,480,332	1,764,034
Restricted for capital replacement and repair	187,870	157,954
Unrestricted	120,223	113,914
	\$ 2,788,425	\$ 2,035,902

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, 2013 AND 2012

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2013	2012
OPERATING REVENUES		
Charges for services	\$ 191,060	\$ 183,092
OPERATING EXPENSES		
Personal services	4,409	5,175
Telephone and office expenses	4,787	4,801
Maintenance	99,034	92,178
Repairs	3,078	5,480
Professional services	14,592	9,692
Utilities	6,659	6,561
Other expense	22,852	27,965
Depreciation	98,382	12,595
TOTAL OPERATING EXPENSES	253,793	164,447
OPERATING INCOME (LOSS)	(62,733)	18,645
NONOPERATING REVENUES		
Investment earnings	576	867
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(62,157)	19,512
CAPITAL CONTRIBUTIONS	814,680	1,325,380
CHANGE IN NET POSITION	752,523	1,344,892
NET POSITION, JANUARY 1	2,035,902	691,010
NET POSITION, DECEMBER 31	\$ 2,788,425	\$ 2,035,902

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, 2013 AND 2012

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 206,682	\$ 181,797
Payments to suppliers	(149,536)	(129,988)
Payments to employees	(4,383)	(5,309)
	52,763	46,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(1,104)
	576	867
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	576	867
	53,339	46,263
NET INCREASE IN CASH AND CASH EQUIVALENTS	53,339	46,263
CASH AND CASH EQUIVALENTS, JANUARY 1	276,646	230,383
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 329,985	\$ 276,646
CASH AND CASH EQUIVALENTS AS REPORTED ON THE STATEMENT OF NET POSITION		
Cash and temporary investments	\$ 142,115	\$ 118,692
Restricted cash and cash equivalents	187,870	157,954
	\$ 329,985	\$ 276,646
TOTAL CASH AND CASH EQUIVALENTS	\$ 329,985	\$ 276,646
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (62,733)	\$ 18,645
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	98,382	12,595
(Increase) decrease in assets		
Accounts receivable	(790)	1,319
Special assessments	16,412	(2,614)
Prepaid items	(178)	-
Increase (decrease) in liabilities		
Accounts payable	353	16,689
Accrued salaries payable	26	(134)
Deposits payable	1,291	-
	52,763	46,500
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 52,763	\$ 46,500
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions from developers	\$ 814,680	\$ 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, 2013

	<u>Agency</u> <u>Escrow</u>
ASSETS	
Cash and temporary investments	<u>\$ 158,465</u>
LIABILITIES	
Deposits payable	<u>\$ 158,465</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, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

B. Government-wide and fund financial statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

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

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

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

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 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.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes

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

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

Accounts receivable

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

Special assessments

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

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide 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, 2013

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 and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township 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 position. The recognition of bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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, 2013

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 future capital expenditures of the districts.

Comparative data/reclassifications

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and selected special revenue funds. All annual appropriations lapse at fiscal year-end. The Township does not use encumbrance accounting.

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

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between funds require the approval of the Board. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted, or as amended by the Board. There were no budget amendments made during 2013.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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 \$3,170,757 and the bank balance was \$3,172,537. The entire bank balance was covered by federal depository insurance and collateral held by financial institutions in the name of the Township.

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

	Total
Carrying amount of deposits	\$3,170,757
Cash and cash equivalents	
Statement of net position	
Cash and temporary investments	\$2,824,422
Restricted cash and cash equivalents	187,870
Statement of fiduciary net position	158,465
Total	\$3,170,757

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

Capital asset activity for the year ended December 31, 2013 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	263,203	(1,029,179)	-
Total capital assets not being depreciated	1,892,476	263,203	(1,029,179)	1,126,500
Capital assets being depreciated				
Buildings	84,113	-	-	84,113
Improvements other than buildings	239,028	-	-	239,028
Machinery and equipment	72,075	-	-	72,075
Infrastructure	9,212,246	1,967,157	-	11,179,403
Total capital assets being depreciated	9,607,462	1,967,157	-	11,574,619
Less accumulated depreciation for				
Buildings	(53,281)	(1,801)	-	(55,082)
Improvements other than buildings	(72,589)	(11,616)	-	(84,205)
Machinery and equipment	(30,780)	(5,170)	-	(35,950)
Infrastructure	(1,658,102)	(460,612)	-	(2,118,714)
Total accumulated depreciation	(1,814,752)	(479,199)	-	(2,293,951)
Total capital assets being depreciated, net	7,792,710	1,487,958	-	9,280,668
Governmental activities capital assets, net	\$ 9,685,186	\$ 1,751,161	\$ (1,029,179)	\$ 10,407,168

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Infrastructure	\$ 1,840,607	\$ 814,680	\$ -	\$ 2,655,287
Less accumulated depreciation for				
Infrastructure	(76,573)	(98,382)	-	(174,955)
Business-type activities capital assets, net	\$ 1,764,034	\$ 716,298	\$ -	\$ 2,480,332

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

Governmental activities	
General government	\$ 11,772
Public works	460,612
Culture and recreation	6,815
Total depreciation expense - governmental activities	\$ 479,199
Business-type activities	
Sewer utility	\$ 98,382

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Long-term debt

General obligation bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Improvement Bond, Series 2012A	\$ 1,100,000	0.40 - 2.10 %	08/09/12	02/01/23	\$ 1,100,000
General Obligation Improvement Bond, Series 2009A	855,000	1.40 - 3.00	02/01/09	02/01/19	<u>545,000</u>
Total General Obligation Bonds					<u><u>\$ 1,645,000</u></u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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	205,000	14,743	219,743
2019 - 2023	<u>675,000</u>	<u>28,612</u>	<u>703,612</u>
Total	<u><u>\$ 1,645,000</u></u>	<u><u>\$ 133,809</u></u>	<u><u>\$ 1,778,809</u></u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. improvement bonds	<u>\$ 1,725,000</u>	<u>\$ -</u>	<u>\$ (80,000)</u>	<u>\$ 1,645,000</u>	<u>\$ 180,000</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 the step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 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.

B. Funding Policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The Township makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2013. In 2013, the Township was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members. The Township's contributions to the GERF for the years ending December 31, 2013, 2012 and 2011 were \$3,587, \$3,182, and \$980, 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, 2013, 2012, and 2011 were \$855, \$498, and \$1,137, respectively.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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.

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 \$3,638 related to the agreement in 2013. 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."

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

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013			Variance with Final Budget	2012
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Taxes					
General property taxes	\$ 358,000	\$ 358,000	\$ 357,609	\$ (391)	\$ 368,623
Franchise taxes	14,000	14,000	17,773	3,773	15,305
Total	<u>372,000</u>	<u>372,000</u>	<u>375,382</u>	<u>3,382</u>	<u>383,928</u>
Licenses and permits	<u>2,700</u>	<u>2,700</u>	<u>3,550</u>	<u>850</u>	<u>3,150</u>
Intergovernmental					
State					
Agricultural credit	<u>-</u>	<u>-</u>	<u>408</u>	<u>408</u>	<u>412</u>
Charges for services					
General government	<u>9,300</u>	<u>9,300</u>	<u>12,081</u>	<u>2,781</u>	<u>11,835</u>
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,820</u>
Investment earnings	<u>15,600</u>	<u>15,600</u>	<u>10,063</u>	<u>(5,537)</u>	<u>15,896</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>929</u>	<u>929</u>	<u>-</u>
TOTAL REVENUES	<u>399,600</u>	<u>399,600</u>	<u>402,413</u>	<u>2,813</u>	<u>422,041</u>
EXPENDITURES					
Current					
General government					
Town Board					
Personal services	65,500	65,500	59,918	5,582	58,868
Supplies	5,200	5,200	3,606	1,594	4,525
Other services and charges	<u>31,560</u>	<u>31,560</u>	<u>29,534</u>	<u>2,026</u>	<u>28,580</u>
Total	<u>102,260</u>	<u>102,260</u>	<u>93,058</u>	<u>9,202</u>	<u>91,973</u>
Town Clerk					
Personal services	23,340	23,340	22,624	716	22,986
Other services and charges	<u>700</u>	<u>700</u>	<u>692</u>	<u>8</u>	<u>613</u>
Total	<u>24,040</u>	<u>24,040</u>	<u>23,316</u>	<u>724</u>	<u>23,599</u>
Town Treasurer					
Personal services	21,965	21,965	19,323	2,642	18,199
Other services and charges	<u>600</u>	<u>600</u>	<u>600</u>	<u>-</u>	<u>600</u>
Total	<u>22,565</u>	<u>22,565</u>	<u>19,923</u>	<u>2,642</u>	<u>18,799</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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013			Variance with Final Budget	2012
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES					
Current - continued					
General government - continued					
Elections					
Personal services	\$ 1,150	\$ 1,150	\$ 2,264	\$ (1,114)	\$ 10,845
Supplies	900	900	1,079	(179)	1,616
Other services and charges	1,000	1,000	1,173	(173)	1,149
Total	<u>3,050</u>	<u>3,050</u>	<u>4,516</u>	<u>(1,466)</u>	<u>13,610</u>
Assessor					
Other services and charges	35,500	35,500	35,145	355	38,697
Legal					
Other services and charges	11,000	11,000	15,299	(4,299)	12,959
Planning					
Personal services	200	200	-	200	-
Other services and charges	10,000	10,000	5,472	4,528	-
Total	<u>10,200</u>	<u>10,200</u>	<u>5,472</u>	<u>4,728</u>	<u>-</u>
Town hall building					
Other services and charges	18,050	18,050	17,953	97	9,726
Total general government	<u>226,665</u>	<u>226,665</u>	<u>214,682</u>	<u>11,983</u>	<u>209,363</u>
Public safety					
Fire					
Other services and charges	220,809	220,809	223,311	(2,502)	211,681
Public works					
Streets					
Personal services	1,350	1,350	977	373	611
Other services and charges	47,820	47,820	46,365	1,455	21,945
Total public works	<u>49,170</u>	<u>49,170</u>	<u>47,342</u>	<u>1,828</u>	<u>22,556</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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013			Variance with Final Budget	2012
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES					
Current - continued					
Culture and recreation					
Parks					
Personal services	\$ 300	\$ 300	\$ 362	\$ (62)	\$ 22
Supplies	100	100	229	(129)	449
Other services and charges	12,000	12,000	14,122	(2,122)	6,923
Total culture and recreation	12,400	12,400	14,713	(2,313)	7,394
Total current expenditures	509,044	509,044	500,048	8,996	450,994
Capital outlay					
General government	750	750	666	84	2,872
TOTAL EXPENDITURES	509,794	509,794	500,714	9,080	453,866
DEFICIENCY OF REVENUES					
UNDER EXPENDITURES	(110,194)	(110,194)	(98,301)	11,893	(31,825)
FUND BALANCES, JANUARY 1	652,169	652,169	652,169	-	683,994
FUND BALANCES, DECEMBER 31	\$ 541,975	\$ 541,975	\$ 553,868	\$ 11,893	\$ 652,169

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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, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
General property taxes	\$ 441,000	\$ 441,000	\$ 438,300	\$ (2,700)	\$ 417,403
Intergovernmental					
State					
Agricultural credit	-	-	502	502	460
Local					
Other grants and aids	33,000	33,000	37,505	4,505	35,866
Total	33,000	33,000	38,007	5,007	36,326
Special assessments	31,400	31,400	32,086	686	47,699
Miscellaneous	-	-	1,506	1,506	907
TOTAL REVENUES	505,400	505,400	509,899	4,499	502,335
EXPENDITURES					
Current					
Public works					
Personal services	5,500	5,500	2,649	2,851	1,795
Supplies	63,700	63,700	68,185	(4,485)	38,627
Other services and charges	480,525	480,525	414,805	65,720	361,016
Total current expenditures	549,725	549,725	485,639	64,086	401,438
Capital outlay					
Public works	-	-	-	-	1,710
TOTAL EXPENDITURES	549,725	549,725	485,639	64,086	403,148
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,325)	(44,325)	24,260	68,585	99,187
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	25,488
Transfers out	-	-	-	-	(66,845)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(41,357)
NET CHANGE IN FUND BALANCES	(44,325)	(44,325)	24,260	68,585	57,830
FUND BALANCES, JANUARY 1	934,383	934,383	934,383	-	876,553
FUND BALANCES, DECEMBER 31	\$ 890,058	\$ 890,058	\$ 958,643	\$ 68,585	\$ 934,383

CREDIT RIVER TOWNSHIP, MINNESOTA
 COMBINING SCHEDULE OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 19,040	\$ 10,135
Receivables		
Accounts	489	198
Special assessments	-	1,369
Prepaid items	101	88
	19,630	11,790
TOTAL CURRENT ASSETS	19,630	11,790
NONCURRENT ASSETS		
Restricted cash and cash equivalents	83,838	75,263
Capital assets		
Infrastructure	203,601	203,601
Less accumulated depreciation	(61,008)	(54,037)
	142,593	149,564
NET CAPITAL ASSETS	142,593	149,564
TOTAL NONCURRENT ASSETS	226,431	224,827
TOTAL ASSETS	246,061	236,617
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	5,980	8,272
Accrued salaries payable	91	156
Deposits payable	504	-
	6,575	8,428
TOTAL LIABILITIES	6,575	8,428
NET POSITION		
Net investment in capital assets	142,593	149,564
Restricted for capital replacement and repair	83,838	75,263
Unrestricted	13,055	3,362
	239,486	228,189
TOTAL NET POSITION	\$ 239,486	\$ 228,189

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2013	2012	2013	2012	2013	2012
\$ 67,913	\$ 67,133	\$ 55,162	\$ 41,424	\$ 142,115	\$ 118,692
1,920	1,226	345	540	2,754	1,964
1,480	4,374	-	12,149	1,480	17,892
328	182	74	55	503	325
<u>71,641</u>	<u>72,915</u>	<u>55,581</u>	<u>54,168</u>	<u>146,852</u>	<u>138,873</u>
<u>74,822</u>	<u>58,827</u>	<u>29,210</u>	<u>23,864</u>	<u>187,870</u>	<u>157,954</u>
2,145,286	1,330,606	306,400	306,400	2,655,287	1,840,607
(86,212)	(348)	(27,735)	(22,188)	(174,955)	(76,573)
<u>2,059,074</u>	<u>1,330,258</u>	<u>278,665</u>	<u>284,212</u>	<u>2,480,332</u>	<u>1,764,034</u>
<u>2,133,896</u>	<u>1,389,085</u>	<u>307,875</u>	<u>308,076</u>	<u>2,668,202</u>	<u>1,921,988</u>
<u>2,205,537</u>	<u>1,462,000</u>	<u>363,456</u>	<u>362,244</u>	<u>2,815,054</u>	<u>2,060,861</u>
13,386	12,050	5,575	4,266	24,941	24,588
246	165	60	50	397	371
212	-	575	-	1,291	-
<u>13,844</u>	<u>12,215</u>	<u>6,210</u>	<u>4,316</u>	<u>26,629</u>	<u>24,959</u>
2,059,074	1,330,258	278,665	284,212	2,480,332	1,764,034
74,822	58,827	29,210	23,864	187,870	157,954
57,797	60,700	49,371	49,852	120,223	113,914
<u>\$ 2,191,693</u>	<u>\$ 1,449,785</u>	<u>\$ 357,246</u>	<u>\$ 357,928</u>	<u>\$ 2,788,425</u>	<u>\$ 2,035,902</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2013	2012
OPERATING REVENUES		
Charges for services	\$ 61,154	\$ 56,829
OPERATING EXPENSES		
Personal services	1,022	1,913
Telephone and office	1,556	1,599
Maintenance	31,060	27,169
Repairs	1,471	1,264
Professional services	3,012	3,908
Utilities	1,827	1,641
Other expense	3,206	8,097
Depreciation	6,971	6,787
TOTAL OPERATING EXPENSES	50,125	52,378
OPERATING INCOME (LOSS)	11,029	4,451
NONOPERATING REVENUES		
Investment earnings	268	431
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	11,297	4,882
CAPITAL CONTRIBUTIONS	-	-
CHANGE IN NET POSITION	11,297	4,882
NET POSITION, JANUARY 1	228,189	223,307
NET POSITION, DECEMBER 31	\$ 239,486	\$ 228,189

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2013	2012	2013	2012	2013	2012
\$ 96,582	\$ 82,979	\$ 33,324	\$ 43,284	\$ 191,060	\$ 183,092
2,657	2,506	730	756	4,409	5,175
2,450	2,413	781	789	4,787	4,801
49,344	47,092	18,630	17,917	99,034	92,178
770	3,682	837	534	3,078	5,480
8,070	4,228	3,510	1,556	14,592	9,692
3,999	3,979	833	941	6,659	6,561
16,422	16,738	3,224	3,130	22,852	27,965
85,864	261	5,547	5,547	98,382	12,595
169,576	80,899	34,092	31,170	253,793	164,447
(72,994)	2,080	(768)	12,114	(62,733)	18,645
222	306	86	130	576	867
(72,772)	2,386	(682)	12,244	(62,157)	19,512
814,680	1,325,380	-	-	814,680	1,325,380
741,908	1,327,766	(682)	12,244	752,523	1,344,892
1,449,785	122,019	357,928	345,684	2,035,902	691,010
<u>\$ 2,191,693</u>	<u>\$ 1,449,785</u>	<u>\$ 357,246</u>	<u>\$ 357,928</u>	<u>\$ 2,788,425</u>	<u>\$ 2,035,902</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 62,232	\$ 57,011
Payments to suppliers	(43,933)	(37,497)
Payments to employees	(1,087)	(1,893)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	17,212	17,621
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(1,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	268	431
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,480	16,948
CASH AND CASH EQUIVALENTS, JANUARY 1	85,398	68,450
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 102,878	\$ 85,398
CASH AND CASH EQUIVALENTS AS REPORTED ON THE STATEMENT OF NET POSITION		
Cash and temporary investments	\$ 19,040	\$ 10,135
Restricted cash and cash equivalents	83,838	75,263
TOTAL CASH AND CASH EQUIVALENTS	\$ 102,878	\$ 85,398
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 11,029	\$ 4,451
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	6,971	6,787
(Increase) decrease in assets		
Accounts receivable	(291)	182
Special assessments	1,369	-
Prepaid items	(13)	-
Increase (decrease) in liabilities		
Accounts payable	(2,292)	6,181
Accrued salaries payable	(65)	20
Deposits payable	504	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 17,212	\$ 17,621
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	
2013	2012	2013	2012	2013	2012
\$ 98,782	\$ 84,334	\$ 45,668	\$ 40,452	\$ 206,682	\$ 181,797
(79,653)	(70,838)	(25,950)	(21,653)	(149,536)	(129,988)
(2,576)	(2,624)	(720)	(792)	(4,383)	(5,309)
<u>16,553</u>	<u>10,872</u>	<u>18,998</u>	<u>18,007</u>	<u>52,763</u>	<u>46,500</u>
-	-	-	-	-	(1,104)
<u>222</u>	<u>306</u>	<u>86</u>	<u>130</u>	<u>576</u>	<u>867</u>
16,775	11,178	19,084	18,137	53,339	46,263
125,960	114,782	65,288	47,151	276,646	230,383
<u>\$ 142,735</u>	<u>\$ 125,960</u>	<u>\$ 84,372</u>	<u>\$ 65,288</u>	<u>\$ 329,985</u>	<u>\$ 276,646</u>
\$ 67,913	\$ 67,133	\$ 55,162	\$ 41,424	\$ 142,115	\$ 118,692
74,822	58,827	29,210	23,864	187,870	157,954
<u>\$ 142,735</u>	<u>\$ 125,960</u>	<u>\$ 84,372</u>	<u>\$ 65,288</u>	<u>\$ 329,985</u>	<u>\$ 276,646</u>
\$ (72,994)	\$ 2,080	\$ (768)	\$ 12,114	\$ (62,733)	\$ 18,645
85,864	261	5,547	5,547	98,382	12,595
(694)	1,469	195	(332)	(790)	1,319
2,894	(114)	12,149	(2,500)	16,412	(2,614)
(146)	-	(19)	-	(178)	-
1,336	7,294	1,309	3,214	353	16,689
81	(118)	10	(36)	26	(134)
212	-	575	-	1,291	-
<u>\$ 16,553</u>	<u>\$ 10,872</u>	<u>\$ 18,998</u>	<u>\$ 18,007</u>	<u>\$ 52,763</u>	<u>\$ 46,500</u>
<u>\$ 814,680</u>	<u>\$ 1,325,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 814,680</u>	<u>\$ 1,325,380</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	<u>2009 G.O. Improvement Bond</u>	<u>2012 G.O. Improvement Bond</u>	<u>Total</u>
ASSETS			
Cash and temporary investments	\$ 139,282	\$ 153,535	\$ 292,817
Receivables			
Taxes	1,343	771	2,114
Special assessments	<u>159,067</u>	<u>520,210</u>	<u>679,277</u>
 TOTAL ASSETS	 <u>\$ 299,692</u>	 <u>\$ 674,516</u>	 <u>\$ 974,208</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	\$ 887	\$ 321	\$ 1,208
Unavailable revenue - special assessments	<u>159,067</u>	<u>519,270</u>	<u>678,337</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 159,954	 519,591	 679,545
FUND BALANCES			
Restricted	<u>139,738</u>	<u>154,925</u>	<u>294,663</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 299,692</u>	 <u>\$ 674,516</u>	 <u>\$ 974,208</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DECEMBER 31, 2013

	2009 G.O. Improvement Bond	2012 G.O. Improvement Bond	Total
REVENUES			
Property taxes	\$ 48,036	\$ 49,012	\$ 97,048
Intergovernmental	55	56	111
Special assessments	46,889	95,338	142,227
 TOTAL REVENUES	 <u>94,980</u>	 <u>144,406</u>	 <u>239,386</u>
EXPENDITURES			
Debt service			
Principal	80,000	-	80,000
Interest and other charges	15,225	13,481	28,706
 TOTAL EXPENDITURES	 <u>95,225</u>	 <u>13,481</u>	 <u>108,706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(245)	130,925	130,680
FUND BALANCES, JANUARY 1	<u>139,983</u>	<u>24,000</u>	<u>163,983</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 139,738</u></u>	<u><u>\$ 154,925</u></u>	<u><u>\$ 294,663</u></u>

CREDIT RIVER TOWNSHIP, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENSES FOR GENERAL OPERATIONS -
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Total		Percent Increase (Decrease)
	2013	2012	
REVENUES			
Property taxes	\$ 1,145,037	\$ 1,162,509	(1.50) %
Franchise taxes	17,773	15,305	16.13
Licenses and permits	3,550	3,150	12.70
Intergovernmental	38,526	36,738	4.87
Charges for services	20,281	19,335	4.89
Special assessments	294,599	197,835	48.91
Investment earnings	10,063	15,896	(36.69)
Miscellaneous	2,723	1,517	79.50
	<u> </u>	<u> </u>	
TOTAL REVENUES	<u>\$ 1,532,552</u>	<u>\$ 1,452,285</u>	5.53 %
Per Capita	\$ 301	\$ 285	
EXPENDITURES			
Current			
General government	\$ 214,682	\$ 209,363	2.54 %
Public safety	223,311	211,681	5.49
Public works	532,981	423,994	25.70
Culture and recreation	14,986	7,394	102.68
Capital outlay			
General government	666	2,872	(76.81)
Public works	781,606	901,208	(13.27)
Culture and recreation	3,475	1,187	192.75
Debt service			
Principal	80,000	80,000	-
Interest and other charges	28,706	16,597	72.96
Bond issuance costs	-	36,559	(100.00)
	<u> </u>	<u> </u>	
TOTAL EXPENDITURES	<u>\$ 1,880,413</u>	<u>\$ 1,890,855</u>	(0.55) %
Per Capita	\$ 369	\$ 371	
Total Long-term Indebtedness	\$ 1,645,000	\$ 1,725,000	(4.64) %
Per Capita	323	339	(4.72)
General Fund Balance - December 31	\$ 553,868	\$ 652,169	(15.07) %
Per Capita	109	128	(14.84)

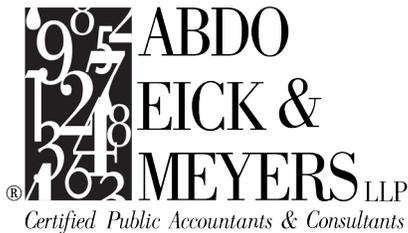
The purpose of this report is to provide a summary of financial information concerning Credit River Township to interested citizens. The complete financial statements may be examined at Town Hall, 18985 Meadow View Blvd Prior Lake, MN 55372. Questions about this report should be directed to Sarah LeVoir,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

OTHER REQUIRED REPORT

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Supervisors
Credit River Township
Scott County, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2013, which collectively comprise the Township's basic financial statements and we have issued our report thereon dated February 17, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Township failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Township's noncompliance with the above referenced provisions.

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
February 17, 2014