

Annual Financial Report

Credit River Township Scott County, Minnesota

For the Year Ended
December 31, 2014

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CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

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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, 2014

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CREDIT RIVER TOWNSHIP, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2014

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brent Lawrence	Chairman	03/31/17
Tom Kraft	Vice Chair	03/31/15
Chris Kostik	Supervisor	03/31/16
Leroy Schommer	Supervisor	03/31/15
Al Novak	Supervisor	03/31/17

TOWNSHIP OFFICIALS - APPOINTED

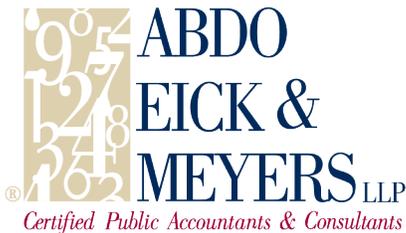
<u>Name</u>	<u>Title</u>
Lisa Quinn	Clerk
Sarah LeVoir	Treasurer

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FINANCIAL SECTION
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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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, 2014, 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 2013 financial statements and, in our report dated February 17, 2014, we expressed unmodified 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 appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and the Road and Bridge fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

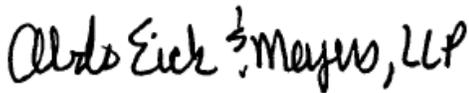
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 15, 2015

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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, 2014.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$15,189,958 (net position). Of this amount, \$2,566,692 (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 \$121,806. This is the result the increase of governmental activities, which offset the decrease in business-type activities.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,230,318, a decrease of \$388,219 in comparison with the prior year. Approximately 74.3 percent of this total amount, \$1,657,350, is available for spending at the Township's discretion , with \$1,166,476 being assigned for specific purposes..
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$490,874, or 103.1 percent of 2015 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

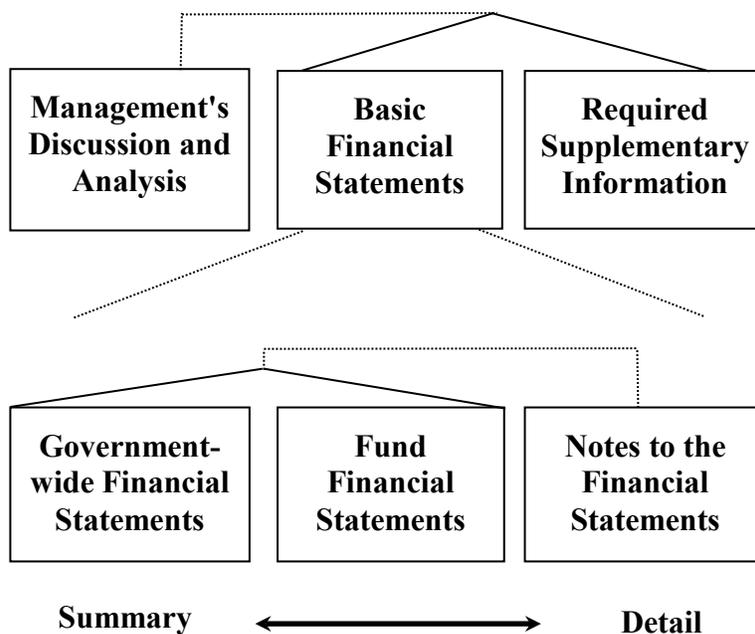


Figure 2 summarizes the major features of the Township’s financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each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

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenue (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the Township include its sewer system.

The government-wide financial statements can be found starting on page 25 of this report.

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

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

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

The Township maintains seven individual governmental funds, two of which are debt service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road and Bridge, Debt Service funds, and Capital Improvements which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 30 of this report.

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

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

The basic proprietary fund financial statements can be found starting on page 40 of this report.

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 45 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found starting on page 60 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 \$15,189,958 at the close of the most recent fiscal year.

By far, the largest portion of the Township's net position (75.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of *unrestricted net position* (\$2,566,692) 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		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Assets						
Current and other assets	\$ 3,458,702	\$ 3,617,213	\$ (158,511)	\$ 392,949	\$ 334,722	\$ 58,227
Capital assets (net of depreciation)	10,588,476	10,407,168	181,308	2,381,951	2,480,332	(98,381)
Total assets	14,047,178	14,024,381	22,797	2,774,900	2,815,054	(40,154)
Liabilities						
Current and other liabilities	127,962	99,654	28,308	39,158	26,629	12,529
Noncurrent	1,465,000	1,645,000	(180,000)	-	-	-
Total liabilities	1,592,962	1,744,654	(151,692)	39,158	26,629	12,529
Net position						
Net investment in capital assets	9,123,476	8,753,407	370,069	2,381,951	2,480,332	(98,381)
Restricted for						
Park improvements	17,315	28,306	(10,991)	-	-	-
Capital replacement and repair	-	-	-	218,104	187,870	30,234
Debt service	882,420	962,767	(80,347)	-	-	-
Unrestricted	2,431,005	2,535,247	(104,242)	135,687	120,223	15,464
Total net position	\$12,454,216	\$12,279,727	\$ 174,489	\$ 2,735,742	\$ 2,788,425	\$ (52,683)

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 \$174,489, thereby accounting the entire increase in the net position of the Township.

Credit River Township’s Changes in Net Position

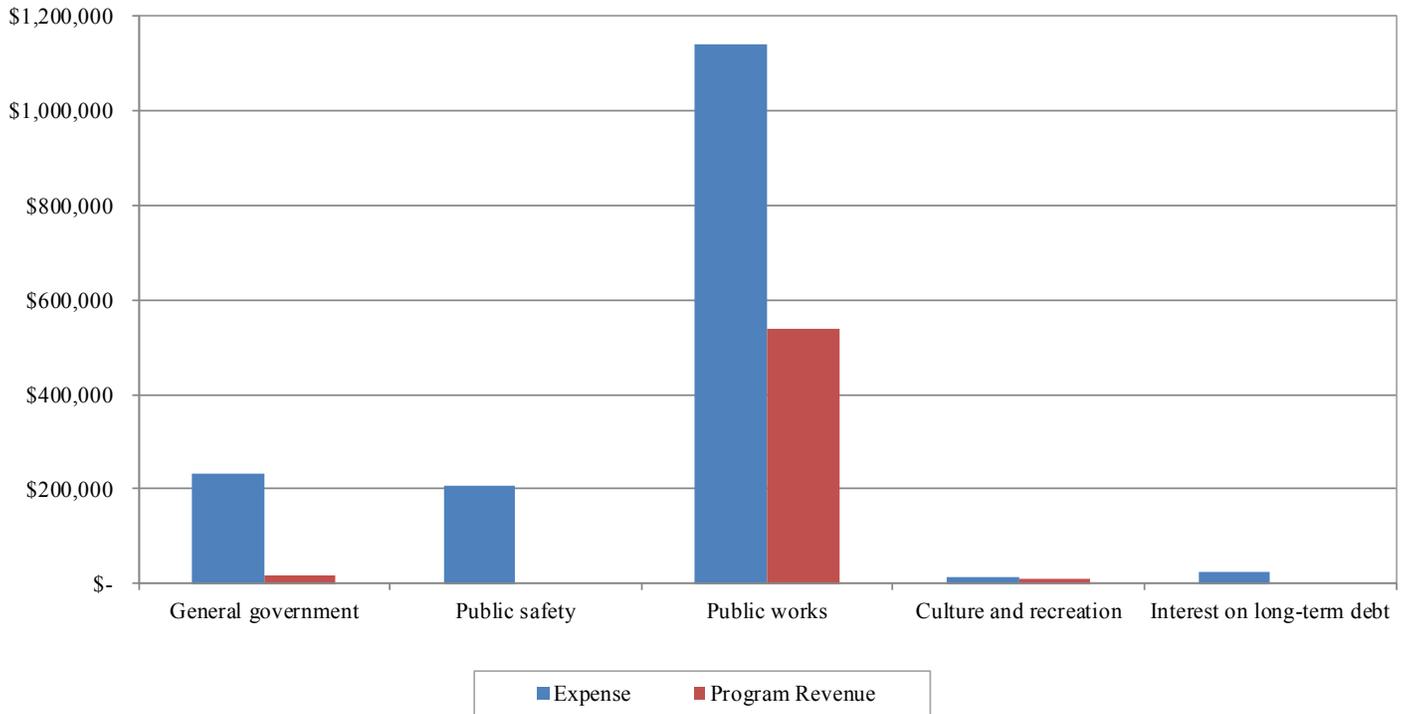
	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Program revenues						
Charges for services	\$ 36,947	\$ 26,266	\$ 10,681	\$ 204,172	\$ 191,060	\$ 13,112
Operating grants and contributions	44,189	37,505	6,684	-	-	-
Capital grants and contributions	483,308	717,954	(234,646)	-	814,680	(814,680)
General revenues						
Taxes						
Property taxes, levied for general purposes	1,196,875	1,139,608	57,267	-	-	-
Franchise taxes	19,586	17,773	1,813	-	-	-
State grants and contributions not restricted to specific programs	6,349	1,309	5,040	-	-	-
Unrestricted investment earnings	7,055	10,063	(3,008)	555	576	(21)
Total revenues	1,794,309	1,950,478	(156,169)	204,727	1,006,316	(801,589)
Expenses						
General government	230,953	227,120	3,833	-	-	-
Public safety	206,312	223,311	(16,999)	-	-	-
Public works	1,141,389	1,014,370	127,019	-	-	-
Culture and recreation	14,716	25,276	(10,560)	-	-	-
Interest on long-term debt	26,450	28,229	(1,779)	-	-	-
Sewer	-	-	-	257,410	253,793	3,617
Total expenses	1,619,820	1,518,306	101,514	257,410	253,793	3,617
Change in net position	174,489	432,172	(257,683)	(52,683)	752,523	(805,206)
Net position, January 1	12,279,727	11,847,555	432,172	2,788,425	2,035,902	752,523
Net position, December 31	<u>\$12,454,216</u>	<u>\$12,279,727</u>	<u>\$ 174,489</u>	<u>\$ 2,735,742</u>	<u>\$ 2,788,425</u>	<u>\$ (52,683)</u>

The Township’s total net position increased \$121,806 during the year. Key highlights to the overall increase can be explained by the following:

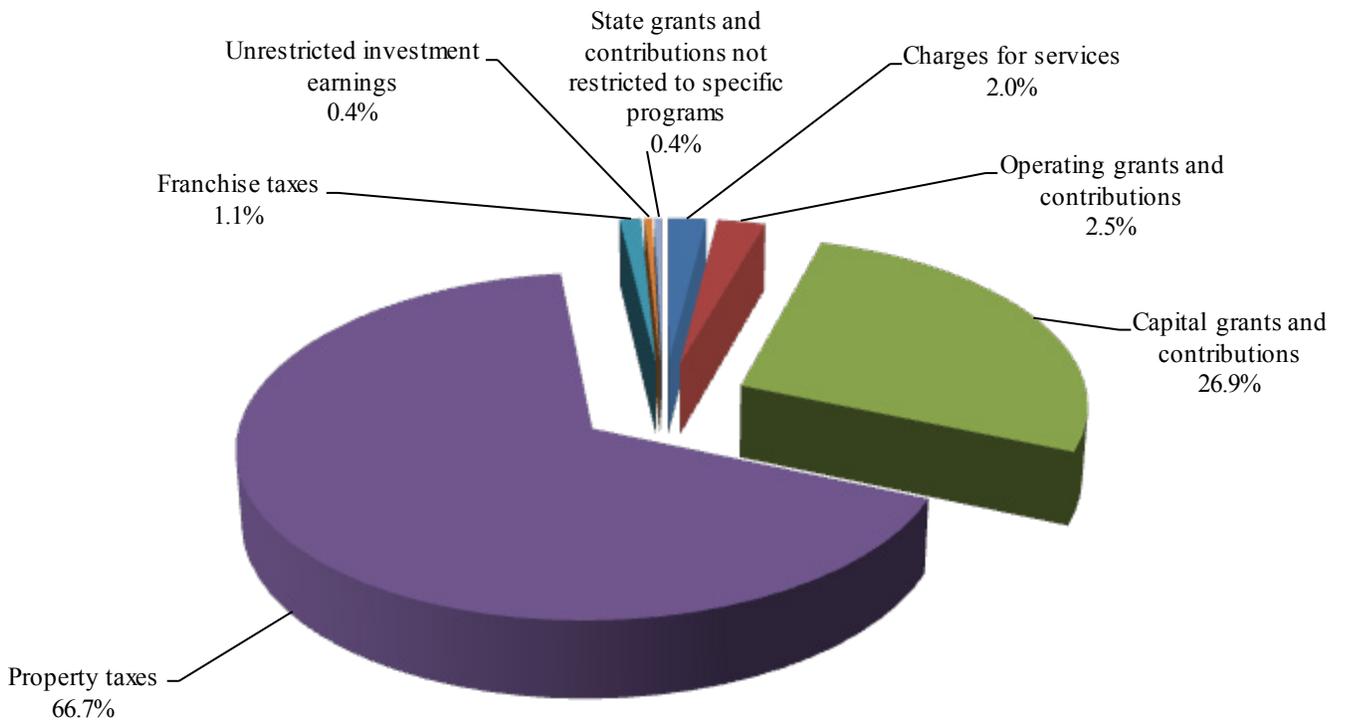
- Capital grants and contributions decreased \$1,049,326 primarily due to the Township not receiving infrastructure assets from developers as compared to the prior year.
- Expenses in public works increased by \$127,019 which was mostly due to road and street projects as well as road plowing expenditures due to the increased snow falls.
- Property taxes represent 66.7 percent of total governmental revenue in 2014.

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 \$2,230,318, a decrease of \$388,219 in comparison with the prior year. Approximately 22.0 percent of this total amount, \$490,874, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is either: 1) Nonspendable (\$1,648), 2) Restricted (\$332,891), 3) Committed (\$238,429) or Assigned (\$1,166,476).

The following outlines all major funds:

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2014	2013	
General	\$ 492,522	\$ 553,868	\$ (61,346)

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 \$492,522, a decrease of \$61,346 from 2013. 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 96 percent of same year fund expenditures.

Road and Bridge	\$ 987,632	\$ 958,643	\$ 28,989
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The Road and Bridge fund balance increased \$28,989 during the year. The reason for the change in fund balance was due to a positive budget variance in fund expenditures of \$66,534. This variance mainly relates to less than expected seal coat expense and less than expected purchase salt expense.

Debt Service	\$ 315,576	\$ 294,663	\$ 20,913
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The Debt Service fund balance is restricted debt payments. The increase in fund balance of \$20,913 is in line with the Township's debt service planning.

Capital Improvements	\$ 238,114	\$ 598,963	\$ (360,849)
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The fund balance in the Capital Improvement fund is assigned for future capital purchases. The decrease in the fund of \$360,849 is the Township using money assigned in past years for future capital projects. The decrease is due to the Fern and Birch street improvement project, Hampshire Overlay and Residential Overlay 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 \$135,687. The total decrease in net position for the sewer fund was \$52,683, primarily due operating expenses exceeding operating revenues. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

The Township's General fund budget was not amended during the year. Revenues had a positive budget variance and expenditures had a negative budget variance, and overall the General fund had a negative budget variance of \$24,584.

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

- Total expenditures had a negative budget variance of \$35,237 over budget. The main reason for the variance was public works and public safety expenditures being over budget \$45,587 and 10,394, respectively.
- The only significant revenue variance was in charges for services which had a positive budget variance of \$5,917.

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 \$54,786. Actual results show revenues with positive budget variance of \$17,241 while expenditures also had a positive budget variance of \$66,534. The largest budget variance in expenditures was in public works with a positive budget variance of \$66,534, which was mostly due to less than expected seal coat expense and less than expected purchase salt expense.

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, 2014, amounts to \$12,970,427 (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 53 of this report.

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

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Land	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -	\$ -	\$ -
Construction work in progress	573,714	-	573,714	-	-	-
Buildings	27,231	29,031	(1,800)	-	-	-
Improvements other than building	143,206	154,823	(11,617)	-	-	-
Machinery and equipment	51,775	36,125	15,650	-	-	-
Infrastructure	8,666,050	9,060,689	(394,639)	2,381,951	2,480,332	(98,381)
Total	<u>\$10,588,476</u>	<u>\$10,407,168</u>	<u>\$ 181,308</u>	<u>\$ 2,381,951</u>	<u>\$ 2,480,332</u>	<u>\$ (98,381)</u>

Long-term debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$1,465,000. Total debt decreased \$180,000 due to scheduled principal payments during the year.

Credit River Township's Outstanding Debt

	Governmental Activities		
	2014	2013	Increase (Decrease)
Bonds payable	<u>\$ 1,465,000</u>	<u>\$ 1,645,000</u>	<u>\$ (180,000)</u>

Economic Factors and Next Year's Budgets and Rates

- The General fund expenditure budget for 2015 will remain consistent with the 2014 expenditure budget with an overall decrease of approximately \$3,000.
- The Road and Bridge fund expenditure budget for 2015 increased by approximately \$39,000 from 2014, which is mainly due to increases in winter road maintenance expenditures.
- 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 2015 year.
- The amounts previously budgeted for incorporation studies/implementation continues to be tracked separately by the Township as in previous years.

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 2,328,031	\$ 169,564	\$ 2,497,595
Restricted cash and cash equivalents	-	218,104	218,104
Receivables			
Taxes	41,566	-	41,566
Accounts	10,678	3,298	13,976
Special assessments	1,076,673	1,480	1,078,153
Due from other governments	106	-	106
Prepaid items	1,648	503	2,151
Capital assets			
Land and construction in progress	1,700,214	-	1,700,214
Depreciable assets (net of accumulated depreciation)	8,888,262	2,381,951	11,270,213
TOTAL ASSETS	14,047,178	2,774,900	16,822,078
LIABILITIES			
Accounts payable	104,528	37,295	141,823
Accrued salaries payable	7,523	475	7,998
Deposits payable	-	1,388	1,388
Accrued interest payable	10,608	-	10,608
Due to other governments	5,303	-	5,303
Noncurrent liabilities			
Due within one year	190,000	-	190,000
Due in more than one year	1,275,000	-	1,275,000
TOTAL LIABILITIES	1,592,962	39,158	1,632,120
NET POSITION			
Net investment in capital assets	9,123,476	2,381,951	11,505,427
Restricted for			
Capital replacement and repair	-	218,104	218,104
Park improvement	17,315	-	17,315
Debt service	882,420	-	882,420
Unrestricted	2,431,005	135,687	2,566,692
TOTAL NET POSITION	\$ 12,454,216	\$ 2,735,742	\$ 15,189,958

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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 230,953	\$ 15,806	\$ -	\$ -
Public safety	206,312	-	-	-
Public works	1,141,389	11,141	44,189	483,308
Culture and recreation	14,716	10,000	-	-
Interest on long-term debt	26,450	-	-	-
Total governmental activities	1,619,820	36,947	44,189	483,308
Business-type activities				
Sewer	257,410	204,172	-	-
Total	<u>\$ 1,877,230</u>	<u>\$ 241,119</u>	<u>\$ 44,189</u>	<u>\$ 483,308</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>
\$ (215,147)	\$ -	\$ (215,147)
(206,312)	-	(206,312)
(602,751)	-	(602,751)
(4,716)	-	(4,716)
(26,450)	-	(26,450)
<hr/>	<hr/>	<hr/>
(1,055,376)	-	(1,055,376)
-	(53,238)	(53,238)
<hr/>	<hr/>	<hr/>
(1,055,376)	(53,238)	(1,108,614)
1,097,993	-	1,097,993
98,882	-	98,882
19,586	-	19,586
6,349	-	6,349
7,055	555	7,610
<hr/>	<hr/>	<hr/>
1,229,865	555	1,230,420
174,489	(52,683)	121,806
12,279,727	2,788,425	15,068,152
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<u>\$ 12,454,216</u>	<u>\$ 2,735,742</u>	<u>\$ 15,189,958</u>

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FUND FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

CREDIT RIVER TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	100	201, 203, 204, 205	300's
	General Fund	Road and Bridge Fund	Debt Service
ASSETS			
Cash and temporary investments	\$ 499,353	\$ 1,019,871	\$ 314,101
Receivables			
Taxes	9,345	22,455	2,422
Accounts	10,678	-	-
Special assessments	-	33,607	576,505
Due from other governments	-	106	-
Prepaid items	1,648	-	-
	<u>1,648</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 521,024</u>	<u>\$ 1,076,039</u>	<u>\$ 893,028</u>
LIABILITIES			
Accounts payable	\$ 13,443	\$ 29,802	\$ -
Accrued salaries payable	7,463	-	-
Due to other governments	460	4,843	-
	<u>460</u>	<u>4,843</u>	<u>-</u>
TOTAL LIABILITIES	<u>21,366</u>	<u>34,645</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue- taxes	7,136	20,155	1,837
Unavailable revenue- special assessments	-	33,607	575,615
	<u>-</u>	<u>33,607</u>	<u>575,615</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,136</u>	<u>53,762</u>	<u>577,452</u>
FUND BALANCES			
Nonspendable			
Prepaid items	1,648	-	-
Restricted for			
Park improvements	-	-	-
Debt service	-	-	315,576
Committed for			
Road and bridge improvement	-	238,429	-
Assigned for			
Park improvements	-	-	-
Road projects	-	749,203	-
Unassigned	490,874	-	-
	<u>490,874</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>492,522</u>	<u>987,632</u>	<u>315,576</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 521,024</u>	<u>\$ 1,076,039</u>	<u>\$ 893,028</u>

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

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<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 294,953	\$ 199,753	\$ 2,328,031
7,344	-	41,566
-	-	10,678
466,561	-	1,076,673
-	-	106
-	-	1,648
<u>\$ 768,858</u>	<u>\$ 199,753</u>	<u>\$ 3,458,702</u>
\$ 58,004	\$ 3,279	\$ 104,528
60	-	7,523
-	-	5,303
<u>58,064</u>	<u>3,279</u>	<u>117,354</u>
6,119	-	35,247
466,561	-	1,075,783
<u>472,680</u>	<u>-</u>	<u>1,111,030</u>
-	-	1,648
-	17,315	17,315
-	-	315,576
-	-	238,429
-	114,948	114,948
238,114	64,211	1,051,528
-	-	490,874
<u>238,114</u>	<u>196,474</u>	<u>2,230,318</u>
<u>\$ 768,858</u>	<u>\$ 199,753</u>	<u>\$ 3,458,702</u>

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CREDIT RIVER TOWNSHIP, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

Total fund balances - governmental	\$ 2,230,318
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	13,463,122
Less: accumulated depreciation	(2,874,646)
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	(1,465,000)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Delinquent taxes receivable	35,247
Special assessments receivable	1,075,783
Governmental funds do not report a liability for accrued interest until due and payable.	(10,608)
Total net position - governmental activities	\$ 12,454,216

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, 2014

	100	201, 203, 204, 205	300's
	General Fund	Road and Bridge Fund	Debt Service
REVENUES			
Property taxes	\$ 407,340	\$ 431,490	\$ 98,882
Franchise taxes	19,586	-	-
Licenses and permits	3,150	-	-
Intergovernmental	623	47,854	114
Charges for services	13,517	10,280	-
Special assessments	-	9,401	129,200
Investment earnings	7,055	-	-
Miscellaneous	1,658	-	-
	<u>452,929</u>	<u>499,025</u>	<u>228,196</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	217,954	-	-
Public safety	206,312	-	-
Public works	81,237	470,036	-
Culture and recreation	7,545	-	-
Capital outlay			
General government	1,227	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	180,000
Interest and other charges	-	-	27,283
	<u>514,275</u>	<u>470,036</u>	<u>207,283</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCES	(61,346)	28,989	20,913
FUND BALANCES, JANUARY 1	<u>553,868</u>	<u>958,643</u>	<u>294,663</u>
FUND BALANCES, DECEMBER 31	<u>\$ 492,522</u>	<u>\$ 987,632</u>	<u>\$ 315,576</u>

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

401

<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 252,569	\$ -	\$ 1,190,281
-	-	19,586
-	-	3,150
289	-	48,880
-	10,000	33,797
150,734	-	289,335
-	-	7,055
-	-	1,658
<u>403,592</u>	<u>10,000</u>	<u>1,593,742</u>
-	-	217,954
-	-	206,312
-	-	551,273
-	-	7,545
-	-	1,227
764,441	4,750	769,191
-	21,176	21,176
-	-	180,000
-	-	27,283
<u>764,441</u>	<u>25,926</u>	<u>1,981,961</u>
(360,849)	(15,926)	(388,219)
<u>598,963</u>	<u>212,400</u>	<u>2,618,537</u>
<u>\$ 238,114</u>	<u>\$ 196,474</u>	<u>\$ 2,230,318</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, 2014

Total net change in fund balances - governmental funds	\$ (388,219)
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	762,003
Depreciation expense	(580,695)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Principal repayments	180,000
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	833
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	193,973
Property taxes	6,594
	174,489
Change in net position - governmental activities	\$ 174,489

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, 2014

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 410,276	\$ 410,276	\$ 407,340	\$ (2,936)
Franchise taxes	15,500	15,500	19,586	4,086
Licenses and permits	1,400	1,400	3,150	1,750
Intergovernmental	-	-	623	623
Charges for services	7,600	7,600	13,517	5,917
Special assessments	-	-	-	-
Investment earnings	7,500	7,500	7,055	(445)
Miscellaneous	-	-	1,658	1,658
TOTAL REVENUES	442,276	442,276	452,929	10,653
EXPENDITURES				
Current				
General government	235,570	235,570	217,954	17,616
Public safety	195,918	195,918	206,312	(10,394)
Public works	35,650	35,650	81,237	(45,587)
Culture and recreation	8,900	8,900	7,545	1,355
Capital outlay	3,000	3,000	1,227	1,773
TOTAL EXPENDITURES	479,038	479,038	514,275	(35,237)
NET CHANGE IN FUND BALANCES	(36,762)	(36,762)	(61,346)	(24,584)
FUND BALANCES, JANUARY 1	553,868	553,868	553,868	-
FUND BALANCES, DECEMBER 31	<u>\$ 517,106</u>	<u>\$ 517,106</u>	<u>\$ 492,522</u>	<u>\$ (24,584)</u>

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

Road and Bridge Fund

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ 435,000	\$ 435,000	\$ 431,490	\$ (3,510)
-	-	-	-
-	-	-	-
37,000	37,000	47,854	10,854
-	-	10,280	10,280
9,784	9,784	9,401	(383)
-	-	-	-
-	-	-	-
481,784	481,784	499,025	17,241
-	-	-	-
-	-	-	-
536,570	536,570	470,036	66,534
-	-	-	-
-	-	-	-
536,570	536,570	470,036	66,534
(54,786)	(54,786)	28,989	83,775
958,643	958,643	958,643	-
\$ 903,857	\$ 903,857	\$ 987,632	\$ 83,775

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate	Service Districts
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 169,564	\$ 142,115
Receivables		
Accounts	3,298	2,754
Special assessments	1,480	1,480
Prepaid items	503	503
	174,845	146,852
NONCURRENT ASSETS		
Restricted cash and cash equivalents	218,104	187,870
Capital assets		
Infrastructure	2,655,287	2,655,287
Less accumulated depreciation	(273,336)	(174,955)
	2,381,951	2,480,332
	2,600,055	2,668,202
	2,774,900	2,815,054
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	37,295	24,941
Accrued salaries payable	475	397
Deposits payable	1,388	1,291
	39,158	26,629
NET POSITION		
Net investment in capital assets	2,381,951	2,480,332
Restricted for capital replacement and repair	218,104	187,870
Unrestricted	135,687	120,223
	\$ 2,735,742	\$ 2,788,425

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

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2014	2013
OPERATING REVENUES		
Charges for services	\$ 204,172	\$ 191,060
OPERATING EXPENSES		
Personal services	4,531	4,409
Telephone and office expenses	4,928	4,787
Maintenance	96,017	99,034
Repairs	3,773	3,078
Professional services	11,768	14,592
Utilities	7,007	6,659
Other expense	31,005	22,852
Depreciation	98,381	98,382
TOTAL OPERATING EXPENSES	257,410	253,793
OPERATING LOSS	(53,238)	(62,733)
NONOPERATING REVENUES		
Investment earnings	555	576
LOSS BEFORE CAPITAL CONTRIBUTIONS	(52,683)	(62,157)
CAPITAL CONTRIBUTIONS	-	814,680
CHANGE IN NET POSITION	(52,683)	752,523
NET POSITION, JANUARY 1	2,788,425	2,035,902
NET POSITION, DECEMBER 31	\$ 2,735,742	\$ 2,788,425

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

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 203,628	\$ 206,682
Payments to suppliers	(142,047)	(149,536)
Payments to employees	(4,453)	(4,383)
	57,128	52,763
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	555	576
	57,683	53,339
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, JANUARY 1	329,985	276,646
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 387,668	\$ 329,985
CASH AND CASH EQUIVALENTS AS REPORTED ON THE STATEMENT OF NET POSITION		
Cash and temporary investments	\$ 169,564	\$ 142,115
Restricted cash and cash equivalents	218,104	187,870
	\$ 387,668	\$ 329,985
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (53,238)	\$ (62,733)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	98,381	98,382
(Increase) decrease in assets		
Accounts receivable	(544)	(790)
Special assessments	-	16,412
Prepaid items	-	(178)
Increase in liabilities		
Accounts payable	12,354	353
Accrued salaries payable	78	26
Deposits payable	97	1,291
	\$ 57,128	\$ 52,763
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions from developers	\$ -	\$ 814,680

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, 2014

	<u>Agency</u> <u>Escrow</u>
ASSETS	
Cash and temporary investments	<u>\$ 183,890</u>
LIABILITIES	
Deposits payable	<u>\$ 183,890</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, 2014

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, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Township reports the following major governmental funds:

The *General fund* is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The *Road and Bridge fund* accounts for resources accumulated and payments made related to road maintenance and snow removal.

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

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

Additionally, the Township reports the following proprietary fund types:

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

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.

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.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated based on the Township's policy.

The Township may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. 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, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes

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

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

Accounts receivable

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

Special assessments

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

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

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 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 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, 2014

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".

Restricted net position/cash balances

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

Comparative data/reclassifications

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

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 2014.

B. Excess of expenditures over appropriations

For the year ended December 31, 2014, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General fund	\$ 479,038	\$ 514,275	\$ 35,237

The excess expenditures were funded by an excess of revenues over budget and available fund balance.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Township's deposits and investments may not be returned or the Township will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board, the Township maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all Township deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the Township.

At year end, the Township's carrying amount of deposits was \$2,899,589 and the bank balance was \$2,899,693. 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	\$2,899,589
Cash and cash equivalents	
Statement of net position	
Cash and temporary investments	\$2,497,595
Restricted cash and cash equivalents	218,104
Statement of fiduciary net position	183,890
Total	\$2,899,589

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

Capital asset activity for the year ended December 31, 2014 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	-	573,714	-	573,714
Total capital assets not being depreciated	<u>1,126,500</u>	<u>573,714</u>	<u>-</u>	<u>1,700,214</u>
Capital assets being depreciated				
Buildings	84,113	-	-	84,113
Improvements other than buildings	239,028	-	-	239,028
Machinery and equipment	72,075	21,173	-	93,248
Infrastructure	11,179,403	167,116	-	11,346,519
Total capital assets being depreciated	<u>11,574,619</u>	<u>188,289</u>	<u>-</u>	<u>11,762,908</u>
Less accumulated depreciation for				
Buildings	(55,082)	(1,800)	-	(56,882)
Improvements other than buildings	(84,205)	(11,617)	-	(95,822)
Machinery and equipment	(35,950)	(5,523)	-	(41,473)
Infrastructure	(2,118,714)	(561,755)	-	(2,680,469)
Total accumulated depreciation	<u>(2,293,951)</u>	<u>(580,695)</u>	<u>-</u>	<u>(2,874,646)</u>
Total capital assets being depreciated, net	<u>9,280,668</u>	<u>(392,406)</u>	<u>-</u>	<u>8,888,262</u>
Governmental activities capital assets, net	<u>\$ 10,407,168</u>	<u>\$ 181,308</u>	<u>\$ -</u>	<u>\$ 10,588,476</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets being depreciated				
Infrastructure	\$ 2,655,287	\$ -	\$ -	\$ 2,655,287
Less accumulated depreciation for				
Infrastructure	(174,955)	(98,381)	-	(273,336)
Business-type activities capital assets, net	\$ 2,480,332	\$ (98,381)	\$ -	\$ 2,381,951

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

Governmental activities		
General government		\$ 11,772
Public works		561,755
Culture and recreation		7,168
Total depreciation expense - governmental activities		\$ 580,695
Business-type activities		
Sewer utility		\$ 98,381

C. Construction commitments

The Township has an active construction project as of December 31, 2014. At year end, the Township's commitments with the contractor are as follows:

Project	Spent-to-Date	Remaining Commitment
Fern and Birch Reconstruct	\$ 411,350	\$ 86,835

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. 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	\$ 1,000,000
General Obligation Improvement Bond, Series 2009A	855,000	1.40 - 3.00	02/01/09	02/01/19	<u>465,000</u>
Total General Obligation Bonds					<u><u>\$ 1,465,000</u></u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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	215,000	10,572	225,572
2020 - 2023	<u>460,000</u>	<u>18,040</u>	<u>478,040</u>
Total	<u><u>\$ 1,465,000</u></u>	<u><u>\$ 107,351</u></u>	<u><u>\$ 1,572,351</u></u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. improvement bonds	<u>\$ 1,645,000</u>	<u>\$ -</u>	<u>\$ (180,000)</u>	<u>\$ 1,465,000</u>	<u>\$ 190,000</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 five 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.

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 2014. In 2014, 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, 2014, 2013 and 2012 were \$3,661, \$3,587, and \$3,182, 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, 2014, 2013, and 2012 were \$960, \$855, and \$498, respectively.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 \$7,023 related to the agreement in 2014. 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, 2014

CREDIT RIVER TOWNSHIP, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	Special Revenue 202	Capital Project 415	Total Nonmajor Governmental Funds
	Park Fund	Monterey, Lynn & 207th Street	
ASSETS			
Cash and temporary investments	\$ 132,263	\$ 67,490	\$ 199,753
LIABILITIES			
Accounts payable	\$ -	\$ 3,279	\$ 3,279
FUND BALANCES			
Restricted for			
Park improvements	17,315	-	17,315
Assigned for			
Park improvements	114,948	-	114,948
Road projects	-	64,211	64,211
TOTAL FUND BALANCES	132,263	64,211	196,474
TOTAL LIABILITIES AND FUND BALANCES	\$ 132,263	\$ 67,490	\$ 199,753

CREDIT RIVER TOWNSHIP, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Special Revenue</u> 202	<u>Capital Project</u> 415	Total Nonmajor Governmental Funds
	<u>Park Fund</u>	<u>Monterey, Lynn & 207th Street</u>	<u>Funds</u>
REVENUES			
Charges for services	\$ 10,000	\$ -	\$ 10,000
EXPENDITURES			
Capital outlay			
Public works	-	4,750	4,750
Culture and recreation	21,176	-	21,176
TOTAL EXPENDITURES	21,176	4,750	25,926
NET CHANGE IN FUND BALANCES	(11,176)	(4,750)	(15,926)
FUND BALANCES, JANUARY 1	143,439	68,961	212,400
FUND BALANCES, DECEMBER 31	<u>\$ 132,263</u>	<u>\$ 64,211</u>	<u>\$ 196,474</u>

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CREDIT RIVER TOWNSHIP, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014			Variance with Final Budget	2013
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Taxes					
General property taxes	\$ 410,276	\$ 410,276	\$ 407,340	\$ (2,936)	\$ 357,609
Franchise taxes	15,500	15,500	19,586	4,086	17,773
Total	425,776	425,776	426,926	1,150	375,382
Licenses and permits	1,400	1,400	3,150	1,750	3,550
Intergovernmental					
State					
Agricultural credit	-	-	465	465	408
Township aid	-	-	158	158	-
Total	-	-	623	623	408
Charges for services					
General government	7,600	7,600	13,517	5,917	12,081
Investment earnings	7,500	7,500	7,055	(445)	10,063
Miscellaneous	-	-	1,658	1,658	929
TOTAL REVENUES	442,276	442,276	452,929	10,653	402,413
EXPENDITURES					
Current					
General government					
Town Board					
Personal services	65,650	65,650	57,911	7,739	59,918
Supplies	4,500	4,500	4,581	(81)	3,606
Other services and charges	32,285	32,285	27,688	4,597	29,534
Total	102,435	102,435	90,180	12,255	93,058
Town Clerk					
Personal services	25,400	25,400	24,992	408	22,624
Other services and charges	700	700	732	(32)	692
Total	26,100	26,100	25,724	376	23,316

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
Current - continued					
General government - continued					
Town Treasurer					
Personal services	\$ 24,075	\$ 24,075	\$ 19,472	\$ 4,603	\$ 19,323
Other services and charges	600	600	600	-	600
Total	24,675	24,675	20,072	4,603	19,923
Elections					
Personal services	8,800	8,800	8,677	123	2,264
Supplies	12,000	12,000	751	11,249	1,079
Other services and charges	2,230	2,230	1,360	870	1,173
Total	23,030	23,030	10,788	12,242	4,516
Assessor					
Other services and charges	35,400	35,400	37,530	(2,130)	35,145
Legal					
Other services and charges	12,000	12,000	16,644	(4,644)	15,299
Planning					
Personal services	150	150	120	30	-
Other services and charges	-	-	-	-	5,472
Total	150	150	120	30	5,472
Town hall building					
Other services and charges	11,780	11,780	16,896	(5,116)	17,953
Total general government	235,570	235,570	217,954	17,616	214,682
Public safety					
Fire					
Other services and charges	195,918	195,918	206,312	(10,394)	223,311
Public works					
Streets					
Personal services	1,250	1,250	520	730	977
Other services and charges	34,400	34,400	80,717	(46,317)	46,365
Total public works	35,650	35,650	81,237	(45,587)	47,342

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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current - continued					
Culture and recreation					
Parks					
Personal services	\$ 200	\$ 200	\$ 44	\$ 156	\$ 362
Supplies	200	200	-	200	229
Other services and charges	8,500	8,500	7,501	999	14,122
Total culture and recreation	8,900	8,900	7,545	1,355	14,713
Total current expenditures	476,038	476,038	513,048	(37,010)	500,048
Capital outlay					
General government	3,000	3,000	1,227	1,773	666
TOTAL EXPENDITURES	479,038	479,038	514,275	(35,237)	500,714
NET CHANGE IN FUND BALANCES	(36,762)	(36,762)	(61,346)	(24,584)	(98,301)
FUND BALANCES, JANUARY 1	553,868	553,868	553,868	-	652,169
FUND BALANCES, DECEMBER 31	\$ 517,106	\$ 517,106	\$ 492,522	\$ (24,584)	\$ 553,868

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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, 2014
(With comparative actual amounts for the year ended December 31, 2013)

	2014			Variance with Final Budget	2013
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes					
General property taxes	\$ 435,000	\$ 435,000	\$ 431,490	\$ (3,510)	\$ 438,300
Intergovernmental					
Federal					
FEMA aid	-	-	3,172	3,172	-
State					
Agricultural credit	-	-	493	493	502
Local					
Other grants and aids	37,000	37,000	44,189	7,189	37,505
Total	37,000	37,000	47,854	10,854	38,007
Charges for services	-	-	10,280	10,280	-
Special assessments	9,784	9,784	9,401	(383)	32,086
Miscellaneous	-	-	-	-	1,506
TOTAL REVENUES	481,784	481,784	499,025	17,241	509,899
EXPENDITURES					
Current					
Public works					
Personal services	2,495	2,495	3,225	(730)	2,649
Supplies	81,100	81,100	41,331	39,769	68,185
Other services and charges	452,975	452,975	425,480	27,495	414,805
TOTAL EXPENDITURES	536,570	536,570	470,036	66,534	485,639
NET CHANGE IN FUND BALANCES	(54,786)	(54,786)	28,989	83,775	24,260
FUND BALANCES, JANUARY 1	958,643	958,643	958,643	-	934,383
FUND BALANCES, DECEMBER 31	\$ 903,857	\$ 903,857	\$ 987,632	\$ 83,775	\$ 958,643

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF NET POSITION
 DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 35,922	\$ 19,040
Receivables		
Accounts	748	489
Special assessments	-	-
Prepaid items	101	101
	<u>36,771</u>	<u>19,630</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS		
Restricted cash and cash equivalents	92,727	83,838
Capital assets		
Infrastructure	203,601	203,601
Less accumulated depreciation	(67,979)	(61,008)
	<u>135,622</u>	<u>142,593</u>
NET CAPITAL ASSETS		
	<u>228,349</u>	<u>226,431</u>
TOTAL NONCURRENT ASSETS		
	<u>265,120</u>	<u>246,061</u>
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	12,199	5,980
Accrued salaries payable	82	91
Deposits payable	460	504
	<u>12,741</u>	<u>6,575</u>
TOTAL LIABILITIES		
NET POSITION		
Net investment in capital assets	135,622	142,593
Restricted for capital replacement and repair	92,727	83,838
Unrestricted	24,030	13,055
	<u>252,379</u>	<u>239,486</u>
TOTAL NET POSITION		
	<u>\$ 252,379</u>	<u>\$ 239,486</u>

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2014	2013	2014	2013	2014	2013
\$ 71,990	\$ 67,913	\$ 61,652	\$ 55,162	\$ 169,564	\$ 142,115
2,370	1,920	180	345	3,298	2,754
1,480	1,480	-	-	1,480	1,480
328	328	74	74	503	503
<u>76,168</u>	<u>71,641</u>	<u>61,906</u>	<u>55,581</u>	<u>174,845</u>	<u>146,852</u>
<u>90,822</u>	<u>74,822</u>	<u>34,555</u>	<u>29,210</u>	<u>218,104</u>	<u>187,870</u>
2,145,286	2,145,286	306,400	306,400	2,655,287	2,655,287
(172,076)	(86,212)	(33,281)	(27,735)	(273,336)	(174,955)
<u>1,973,210</u>	<u>2,059,074</u>	<u>273,119</u>	<u>278,665</u>	<u>2,381,951</u>	<u>2,480,332</u>
<u>2,064,032</u>	<u>2,133,896</u>	<u>307,674</u>	<u>307,875</u>	<u>2,600,055</u>	<u>2,668,202</u>
<u>2,140,200</u>	<u>2,205,537</u>	<u>369,580</u>	<u>363,456</u>	<u>2,774,900</u>	<u>2,815,054</u>
19,565	13,386	5,531	5,575	37,295	24,941
340	246	53	60	475	397
263	212	665	575	1,388	1,291
<u>20,168</u>	<u>13,844</u>	<u>6,249</u>	<u>6,210</u>	<u>39,158</u>	<u>26,629</u>
1,973,210	2,059,074	273,119	278,665	2,381,951	2,480,332
90,822	74,822	34,555	29,210	218,104	187,870
56,000	57,797	55,657	49,371	135,687	120,223
<u>\$ 2,120,032</u>	<u>\$ 2,191,693</u>	<u>\$ 363,331</u>	<u>\$ 357,246</u>	<u>\$ 2,735,742</u>	<u>\$ 2,788,425</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2014	2013
OPERATING REVENUES		
Charges for services	\$ 63,592	\$ 61,154
OPERATING EXPENSES		
Personal services	1,062	1,022
Telephone and office	1,557	1,556
Maintenance	27,741	31,060
Repairs	1,574	1,471
Professional services	2,062	3,012
Utilities	1,880	1,827
Other expense	8,091	3,206
Depreciation	6,971	6,971
TOTAL OPERATING EXPENSES	50,938	50,125
OPERATING INCOME (LOSS)	12,654	11,029
NONOPERATING REVENUES		
Investment earnings	239	268
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	12,893	11,297
CAPITAL CONTRIBUTIONS	-	-
CHANGE IN NET POSITION	12,893	11,297
NET POSITION, JANUARY 1	239,486	228,189
NET POSITION, DECEMBER 31	\$ 252,379	\$ 239,486

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2014	2013	2014	2013	2014	2013
\$ 104,020	\$ 96,582	\$ 36,560	\$ 33,324	\$ 204,172	\$ 191,060
2,814	2,657	655	730	4,531	4,409
2,566	2,450	805	781	4,928	4,787
51,411	49,344	16,865	18,630	96,017	99,034
1,349	770	850	837	3,773	3,078
7,282	8,070	2,424	3,510	11,768	14,592
4,005	3,999	1,122	833	7,007	6,659
20,618	16,422	2,296	3,224	31,005	22,852
85,864	85,864	5,546	5,547	98,381	98,382
175,909	169,576	30,563	34,092	257,410	253,793
(71,889)	(72,994)	5,997	(768)	(53,238)	(62,733)
228	222	88	86	555	576
(71,661)	(72,772)	6,085	(682)	(52,683)	(62,157)
-	814,680	-	-	-	814,680
(71,661)	741,908	6,085	(682)	(52,683)	752,523
2,191,693	1,449,785	357,246	357,928	2,788,425	2,035,902
<u>\$ 2,120,032</u>	<u>\$ 2,191,693</u>	<u>\$ 363,331</u>	<u>\$ 357,246</u>	<u>\$ 2,735,742</u>	<u>\$ 2,788,425</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 63,333	\$ 62,232
Payments to suppliers	(36,730)	(43,933)
Payments to employees	(1,071)	(1,087)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	25,532	17,212
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	239	268
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,771	17,480
CASH AND CASH EQUIVALENTS, JANUARY 1	102,878	85,398
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 128,649	\$ 102,878
CASH AND CASH EQUIVALENTS AS REPORTED ON THE STATEMENT OF NET POSITION		
Cash and temporary investments	\$ 35,922	\$ 19,040
Restricted cash and cash equivalents	92,727	83,838
TOTAL CASH AND CASH EQUIVALENTS	\$ 128,649	\$ 102,878
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 12,654	\$ 11,029
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	6,971	6,971
(Increase) decrease in assets		
Accounts receivable	(259)	(291)
Special assessments	-	1,369
Prepaid items	-	(13)
Increase (decrease) in liabilities		
Accounts payable	6,219	(2,292)
Accrued salaries payable	(9)	(65)
Deposits payable	(44)	504
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 25,532	\$ 17,212
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	
2014	2013	2014	2013	2014	2013
\$ 103,570	\$ 98,782	\$ 36,725	\$ 45,668	\$ 203,628	\$ 206,682
(81,001)	(79,653)	(24,316)	(25,950)	(142,047)	(149,536)
(2,720)	(2,576)	(662)	(720)	(4,453)	(4,383)
<u>19,849</u>	<u>16,553</u>	<u>11,747</u>	<u>18,998</u>	<u>57,128</u>	<u>52,763</u>
<u>228</u>	<u>222</u>	<u>88</u>	<u>86</u>	<u>555</u>	<u>576</u>
20,077	16,775	11,835	19,084	57,683	53,339
<u>142,735</u>	<u>125,960</u>	<u>84,372</u>	<u>65,288</u>	<u>329,985</u>	<u>276,646</u>
<u>\$ 162,812</u>	<u>\$ 142,735</u>	<u>\$ 96,207</u>	<u>\$ 84,372</u>	<u>\$ 387,668</u>	<u>\$ 329,985</u>
\$ 71,990	\$ 67,913	\$ 61,652	\$ 55,162	\$ 169,564	\$ 142,115
90,822	74,822	34,555	29,210	218,104	187,870
<u>\$ 162,812</u>	<u>\$ 142,735</u>	<u>\$ 96,207</u>	<u>\$ 84,372</u>	<u>\$ 387,668</u>	<u>\$ 329,985</u>
\$ (71,889)	\$ (72,994)	\$ 5,997	\$ (768)	\$ (53,238)	\$ (62,733)
85,864	85,864	5,546	5,547	98,381	98,382
(450)	(694)	165	195	(544)	(790)
-	2,894	-	12,149	-	16,412
-	(146)	-	(19)	-	(178)
6,179	1,336	(44)	1,309	12,354	353
94	81	(7)	10	78	26
<u>51</u>	<u>212</u>	<u>90</u>	<u>575</u>	<u>97</u>	<u>1,291</u>
<u>\$ 19,849</u>	<u>\$ 16,553</u>	<u>\$ 11,747</u>	<u>\$ 18,998</u>	<u>\$ 57,128</u>	<u>\$ 52,763</u>
<u>\$ -</u>	<u>\$ 814,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 814,680</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	<u>2009 G.O. Improvement Bond</u>	<u>2012 G.O. Improvement Bond</u>	<u>Total</u>
ASSETS			
Cash and temporary investments	\$ 142,847	\$ 171,254	\$ 314,101
Receivables			
Taxes	1,552	870	2,422
Special assessments	<u>122,826</u>	<u>453,679</u>	<u>576,505</u>
 TOTAL ASSETS	 <u>\$ 267,225</u>	 <u>\$ 625,803</u>	 <u>\$ 893,028</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	\$ 1,264	\$ 573	\$ 1,837
Unavailable revenue - special assessments	<u>122,826</u>	<u>452,789</u>	<u>575,615</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 124,090	 453,362	 577,452
 FUND BALANCE			
Restricted for debt service	<u>143,135</u>	<u>172,441</u>	<u>315,576</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 267,225</u>	 <u>\$ 625,803</u>	 <u>\$ 893,028</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
DECEMBER 31, 2014

	2009 G.O. Improvement Bond	2012 G.O. Improvement Bond	Total
REVENUES			
Property taxes	\$ 53,240	\$ 45,642	\$ 98,882
Intergovernmental	61	53	114
Special assessments	43,801	85,399	129,200
 TOTAL REVENUES	 <u>97,102</u>	 <u>131,094</u>	 <u>228,196</u>
EXPENDITURES			
Debt service			
Principal	80,000	100,000	180,000
Interest and other charges	13,705	13,578	27,283
 TOTAL EXPENDITURES	 <u>93,705</u>	 <u>113,578</u>	 <u>207,283</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,397	17,516	20,913
FUND BALANCES, JANUARY 1	<u>139,738</u>	<u>154,925</u>	<u>294,663</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 143,135</u></u>	<u><u>\$ 172,441</u></u>	<u><u>\$ 315,576</u></u>

CREDIT RIVER TOWNSHIP, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENSES FOR GENERAL OPERATIONS -
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Total		Percent Increase (Decrease)
	2014	2013	
REVENUES			
Property taxes	\$ 1,190,281	\$ 1,145,037	3.95 %
Franchise taxes	19,586	17,773	10.20
Licenses and permits	3,150	3,550	(11.27)
Intergovernmental	48,880	38,526	26.88
Charges for services	33,797	20,281	66.64
Special assessments	289,335	294,599	(1.79)
Investment earnings	7,055	10,063	(29.89)
Miscellaneous	1,658	2,723	(39.11)
TOTAL REVENUES	\$ 1,593,742	\$ 1,532,552	3.99 %
Per Capita	\$ 293	\$ 293	
EXPENDITURES			
Current			
General government	\$ 217,954	\$ 214,682	1.52 %
Public safety	206,312	223,311	(7.61)
Public works	551,273	532,981	3.43
Culture and recreation	7,545	14,986	(49.65)
Capital outlay			
General government	1,227	666	84.23
Public works	769,191	781,606	(1.59)
Culture and recreation	21,176	3,475	509.38
Debt service			
Principal	180,000	80,000	125.00
Interest and other charges	27,283	28,706	(4.96)
TOTAL EXPENDITURES	\$ 1,981,961	\$ 1,880,413	5.40 %
Per Capita	\$ 365	\$ 359	
Total Long-term Indebtedness	\$ 1,465,000	\$ 1,645,000	(10.94) %
Per Capita	270	314	(14.01)
General Fund Balance - December 31	\$ 492,522	\$ 553,868	(11.08) %
Per Capita	91	106	(14.15)

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

OTHER REQUIRED REPORT

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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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, 2014, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2015.

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, and 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 15, 2015