

Annual Financial Report

Credit River Township

Scott County, Minnesota

For the Year Ended

December 31, 2015

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CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2015

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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, 2015**

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CREDIT RIVER TOWNSHIP, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2015

ELECTED

Name	Title	Term Expires
Chris Kostik	Chairman	03/31/16
Al Novak	Vice Chair	03/31/17
Brent Lawrence	Supervisor	03/31/17
Leroy Schommer	Supervisor	03/31/18
Tom Kraft	Supervisor	7/23/2015*
Bruce Nilsen	Supervisor - Appointed September 2015	03/31/16

* Board member Tom Kraft passed away in July 23, 2015, Bruce Nilsen was appointed to his board seat. Kraft was elected to the township board in May 2008, serving the residents of Credit River Township for seven years. During his tenure he served as a supervisor and as vice chairman of the board. Kraft focused on environmental issues, helped negotiate a fire and rescue contract, and worked to improve the condition and safety of the township's roads.

TOWNSHIP OFFICIALS - APPOINTED

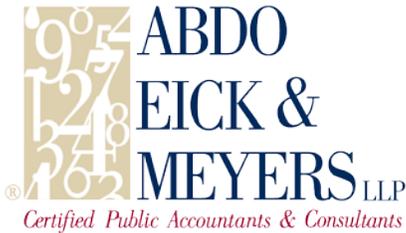
Name	Title
Lisa Quinn	Clerk - Resigned April 2015
Karen Donovan	Clerk - Appointed May 2015
Sarah LeVoir	Treasurer

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FINANCIAL SECTION
CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the Township's 2014 financial statements and, in our report dated February 15, 2015, 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, 2015, 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

Change in Accounting Standards

As described in Note 7 to the financial statements, the Township adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

Required Supplementary Information

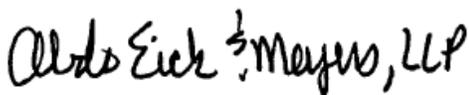
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 13 and the Schedule of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions starting on page 66 be presented to supplement 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 26, 2016

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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, 2015.

Financial Highlights

- The assets and deferred outflows of the Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,703,225 (net position). Of this amount, \$2,819,181 (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 \$554,581. 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 \$2,956,951, an increase of \$726,633 in comparison with the prior year. Approximately 65.3 percent of this total amount, \$1,930,610, is available for spending at the Township's discretion , with \$1,463,455 being assigned for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General fund was\$467,155, or 89.0 percent of 2016 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

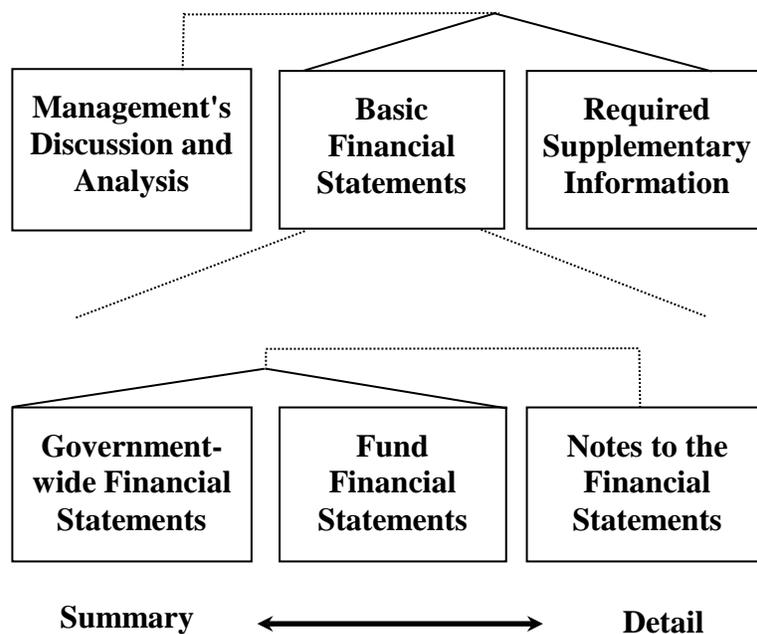


Figure 2 summarizes the major features of the Township’s financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each 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 nine individual governmental funds, three of which are debt service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Road and Bridge, Debt Service funds, Capital Improvements, and 2015 Capital Road Projects 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 68 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,703,225 at the close of the most recent fiscal year.

By far, the largest portion of the Township's net position (70.4 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* (\$2,819,181) 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		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Assets						
Current and other assets	\$ 4,620,504	\$ 3,458,702	\$ 1,161,802	\$ 439,864	\$ 392,949	\$ 46,915
Capital assets (net of depreciation)	11,343,628	10,588,476	755,152	2,284,535	2,381,951	(97,416)
Total assets	15,964,132	14,047,178	1,916,954	2,724,399	2,774,900	(50,501)
Deferred outflows of resources						
Deferred pension resources	9,555	-	9,555	-	-	-
Liabilities						
Current and other liabilities	212,577	127,962	84,615	29,137	39,158	(10,021)
Noncurrent	2,746,643	1,465,000	1,281,643	-	-	-
Total liabilities	2,959,220	1,592,962	1,366,258	29,137	39,158	(10,021)
Deferred inflows of resources						
Deferred pension resources	6,504	-	6,504	-	-	-
Net position						
Net investment in capital assets	8,770,893	9,123,476	(352,583)	2,284,535	2,381,951	(97,416)
Restricted for						
Park improvements	24,375	17,315	7,060	-	-	-
Capital replacement and repair	-	-	-	247,696	218,104	29,592
Debt service	1,556,545	882,420	674,125	-	-	-
Unrestricted	2,656,150	2,431,005	225,145	163,031	135,687	27,344
Total net position	\$13,007,963	\$12,454,216	\$ 553,747	\$ 2,695,262	\$ 2,735,742	\$ (40,480)

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 \$595,061, 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		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Program revenues						
Charges for services	\$ 46,918	\$ 36,947	\$ 9,971	\$ 205,635	\$ 204,172	\$ 1,463
Operating grants and contributions	37,080	44,189	(7,109)	-	-	-
Capital grants and contributions	836,503	483,308	353,195	-	-	-
General revenues						
Taxes						
Property taxes, levied for general purposes	1,278,560	1,196,875	81,685	-	-	-
Franchise taxes	21,082	19,586	1,496	-	-	-
State grants and contributions not restricted to specific programs	2,561	6,349	(3,788)	-	-	-
Unrestricted investment earnings	7,536	7,055	481	636	555	81
Total revenues	2,230,240	1,794,309	435,931	206,271	204,727	1,544
Expenses						
General government	274,651	230,953	43,698	-	-	-
Public safety	175,968	206,312	(30,344)	-	-	-
Public works	1,105,357	1,141,389	(36,032)	-	-	-
Culture and recreation	20,322	14,716	5,606	-	-	-
Interest on long-term debt	58,881	26,450	32,431	-	-	-
Sewer	-	-	-	246,751	257,410	(10,659)
Total expenses	1,635,179	1,619,820	15,359	246,751	257,410	(10,659)
Change in net position	595,061	174,489	420,572	(40,480)	(52,683)	12,203
Net position (restated), January 1	12,412,902	12,279,727	133,175	2,735,742	2,788,425	(52,683)
Net position, December 31	\$13,007,963	\$12,454,216	\$ 553,747	\$ 2,695,262	\$ 2,735,742	\$ (40,480)

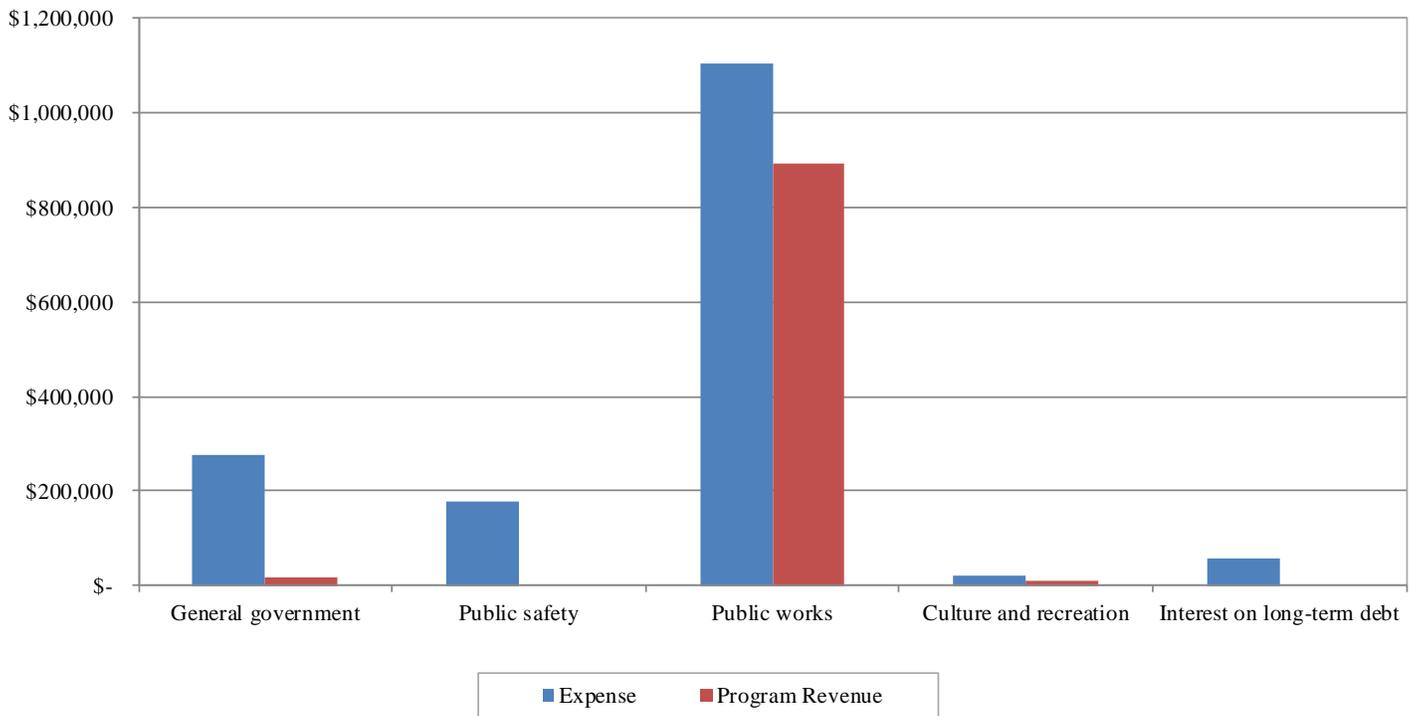
* GASB Statement No. 68 was implemented for the year ended December 31, 2015 and required a \$41,314 restatement of beginning governmental activity net position. Prior year amounts were not restated causing a variance in ending net position at December 31, 2014 and beginning net position on January 1, 2015. See Note 7.

The Township’s total net position increased \$554,581 during the year. Key highlights to the overall increase can be explained by the following:

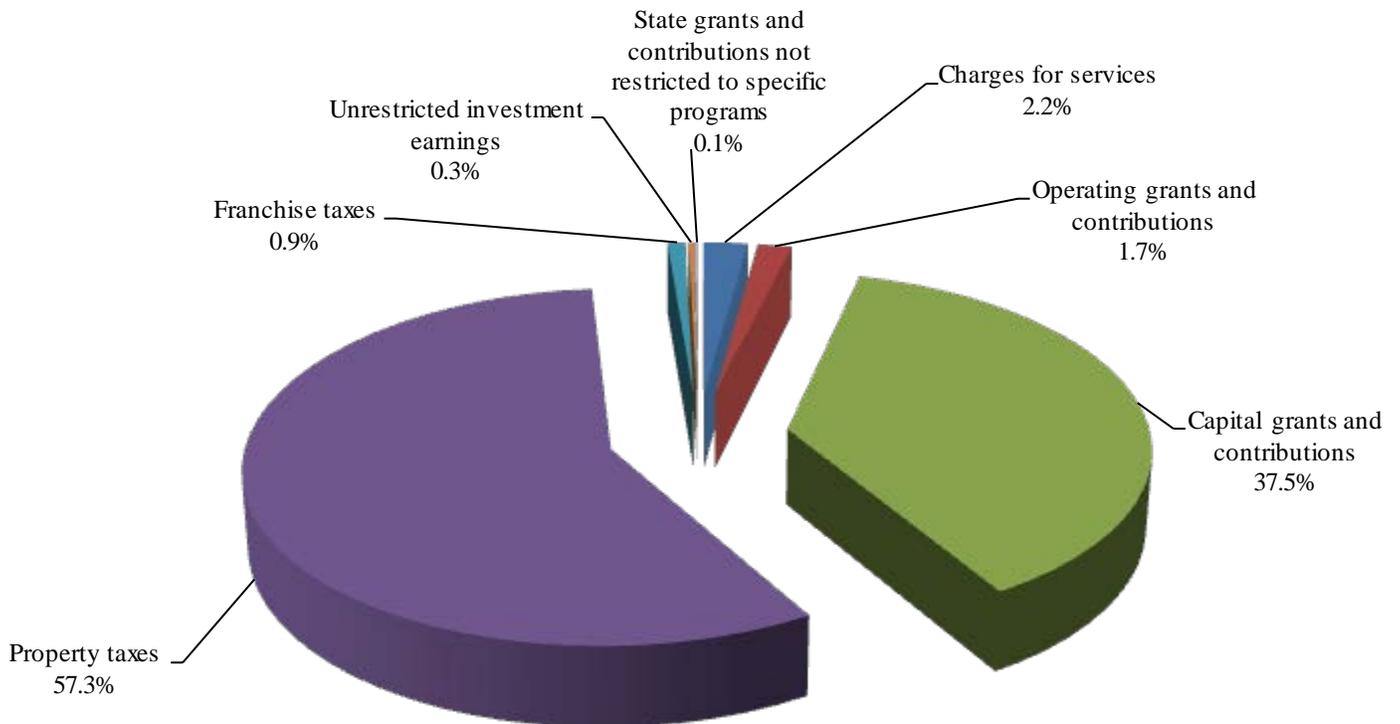
- Capital grants and contributions increased \$353,195 primarily due to the Township collection of special assessments relating to capital road projects.
- Expenses in public works decreased by \$36,032 which was mostly due to road and street projects as well as road plowing expenditures decreasing due to less snow.
- Property taxes represent 57.3 percent of total governmental revenue in 2015.

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 \$2,956,951, an increase of \$726,633 in comparison with the prior year. Approximately 15.8 percent of this total amount, \$467,155, constitutes *unassigned fund balance*, which is available for spending at the Township's discretion. The remainder of fund balance is either: 1) Nonspendable (\$2,366), 2) Restricted (\$711,098), 3) Committed (\$312,877) or 4) Assigned (\$1,463,455).

The following outlines all major funds:

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2015	2014	
General	\$ 469,521	\$ 492,522	\$ (23,001)

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 \$469,521, a decrease of \$23,001 from 2014. 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 88 percent of same year fund expenditures.

Road and Bridge	\$ 1,075,804	\$ 987,632	\$ 88,172
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The Road and Bridge fund balance increased \$88,172 during the year. The reason for the change in fund balance was due to a positive budget variance in fund expenditures of \$152,842. This variance mainly relates to less than expected seal coat expense and less than expected winter road maintenance.

Debt Service	\$ 559,458	\$ 315,576	\$ 243,882
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The Debt Service fund balance is restricted for future debt payments. The increase in fund balance of \$243,882 is in line with the Township's debt service planning.

Capital Improvements	\$ 533,160	\$ 238,114	\$ 295,046
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The fund balance in the Capital Improvement fund is assigned for future capital purchases. The increase in the fund of \$295,046 is the Township following their capital improvement plan for capital purchases and funding for the future.

2015 Capital Road Projects	\$ 179,685	\$ -	\$ 179,685
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The fund was created in 2015 to account for a number of new road projects completed in the Township. Total capital expense of \$1,260,528 was spent for improvements on Flag Trail, Gensmer Circle, Rolling Oaks Court, Valley Oaks 1st Addition, 196th Street East & Southfork Drive, Casey Parkway & Killarney Avenue, and Kane Avenue & Century Court. The projects were funded through issuance of general obligation debt. The fund received \$1,410,329 in bond proceeds to be used on the previously listed

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 \$163,031. The total decrease in net position for the sewer fund was \$40,480, 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 \$30,949.

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

- Total expenditures had a negative budget variance of \$60,523 over budget. The main reason for the variance was public works expenditures being over budget \$41,695 mainly due to storm drainage/culvert repair and capital outlay expenditures being over budget by \$26,310 due to repairs at the town hall.
- The only significant revenue variance was in charges for services which had a positive budget variance of \$11,098.

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 \$92,697. Actual results show a positive budget variance of \$180,869. The largest budget variance was in expenditures for public works with a positive budget variance of \$152,842, which was mostly due to less than expected seal coat expense and less than expected winter road maintenance.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$13,628,163 (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 54 of this report.

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

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Land	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -	\$ -	\$ -
Construction work in progress	1,644,317	573,714	1,070,603	-	-	-
Buildings	25,430	27,231	(1,801)	-	-	-
Improvements other than building	131,590	143,206	(11,616)	-	-	-
Machinery and equipment	46,987	51,775	(4,788)	-	-	-
Infrastructure	8,368,804	8,666,050	(297,246)	2,284,535	2,381,951	(97,416)
Total	\$11,343,628	\$10,588,476	\$ 755,152	\$ 2,284,535	\$ 2,381,951	\$ (97,416)

Long-term debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$2,700,000. Total debt increased \$1,235,000 mainly due to the issuance of bonds for street projects in 2015 offset by scheduled principal payments made during the year.

Credit River Township’s Outstanding Debt

	Governmental Activities		
	2015	2014	Increase (Decrease)
Bonds payable	\$ 2,700,000	\$ 1,465,000	\$ 1,235,000
Pension payable	40,541	-	40,541
 Total	 \$ 2,740,541	 \$ 1,465,000	 \$ 1,275,541

Economic Factors and Next Year’s Budgets and Rates

- The General fund expenditure budget for 2016 increased by approximately \$52,000 from the 2015 expenditure budget. This is mainly due to increases in storm drainage repairs and maintenance.
- The Road and Bridge fund expenditure budget for 2016 decreased by approximately \$69,000 from the 2015 expenditure budget. This is mainly due to decreases in winter road maintenance expenditures and the sealcoat expenditure.
- 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 a capital improvement project that will be considered for the 2016 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 Credit River Township; Attn: Treasurer; 18985 Meadow View Blvd; Prior Lake, Minnesota 55372.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

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CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 3,104,759	\$ 184,658	\$ 3,289,417
Restricted cash and temporary investments	-	247,696	247,696
Receivables			
Taxes	42,759	-	42,759
Accounts	11,196	3,544	14,740
Special assessments	1,459,424	3,463	1,462,887
Prepaid items	2,366	503	2,869
Capital assets			
Land and construction in progress	2,770,817	-	2,770,817
Depreciable assets (net of accumulated depreciation)	8,572,811	2,284,535	10,857,346
TOTAL ASSETS	15,964,132	2,724,399	18,688,531
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension resources	9,555	-	9,555
LIABILITIES			
Accounts payable	175,311	26,832	202,143
Accrued salaries payable	8,163	846	9,009
Deposits payable	-	1,459	1,459
Accrued interest payable	21,953	-	21,953
Due to other governments	7,150	-	7,150
Noncurrent liabilities			
Due within one year	195,000	-	195,000
Due in more than one year	2,551,643	-	2,551,643
TOTAL LIABILITIES	2,959,220	29,137	2,988,357
DEFERRED INFLOWS OF RESOURCES			
Deferred pension resources	6,504	-	6,504
NET POSITION			
Net investment in capital assets	8,770,893	2,284,535	11,055,428
Restricted for			
Capital replacement and repair	-	247,696	247,696
Park improvement	24,375	-	24,375
Debt service	1,556,545	-	1,556,545
Unrestricted	2,656,150	163,031	2,819,181
TOTAL NET POSITION	\$ 13,007,963	\$ 2,695,262	\$ 15,703,225

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 274,651	\$ 18,729	\$ -	\$ -
Public safety	175,968	-	-	-
Public works	1,105,357	19,189	37,080	836,503
Culture and recreation	20,322	9,000	-	-
Interest on long-term debt	58,881	-	-	-
Total governmental activities	1,635,179	46,918	37,080	836,503
Business-type activities				
Sewer	246,751	205,635	-	-
Total	<u>\$ 1,881,930</u>	<u>\$ 252,553</u>	<u>\$ 37,080</u>	<u>\$ 836,503</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 (restated), January 1

Net position, December 31

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

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (255,922)	\$ -	\$ (255,922)
(175,968)	-	(175,968)
(212,585)	-	(212,585)
(11,322)	-	(11,322)
(58,881)	-	(58,881)
(714,678)	-	(714,678)
-	(41,116)	(41,116)
(714,678)	(41,116)	(755,794)
1,171,296	-	1,171,296
107,264	-	107,264
21,082	-	21,082
2,561	-	2,561
7,536	636	8,172
1,309,739	636	1,310,375
595,061	(40,480)	554,581
12,412,902	2,735,742	15,148,644
\$ 13,007,963	\$ 2,695,262	\$ 15,703,225

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FUND FINANCIAL STATEMENTS

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

CREDIT RIVER TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	100	201, 203, 204, 205	300's
	General Fund	Road and Bridge Fund	Debt Service
ASSETS			
Cash and temporary investments	\$ 464,289	\$ 1,116,513	\$ 556,882
Receivables			
Taxes	11,371	20,932	2,593
Accounts	11,196	-	-
Special assessments	-	30,958	1,019,023
Prepaid items	2,366	-	-
	<u>489,222</u>	<u>1,168,403</u>	<u>1,578,498</u>
TOTAL ASSETS	<u>\$ 489,222</u>	<u>\$ 1,168,403</u>	<u>\$ 1,578,498</u>
LIABILITIES			
Accounts payable	\$ 11,234	\$ 43,187	\$ -
Accrued salaries payable	8,163	-	-
Due to other governments	275	6,875	-
	<u>19,672</u>	<u>50,062</u>	<u>-</u>
TOTAL LIABILITIES	<u>19,672</u>	<u>50,062</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	29	11,583	606
Unavailable revenue - special assessments	-	30,954	1,018,434
	<u>29</u>	<u>42,537</u>	<u>1,019,040</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>29</u>	<u>42,537</u>	<u>1,019,040</u>
FUND BALANCES			
Nonspendable			
Prepaid items	2,366	-	-
Restricted for			
Park improvements	-	-	-
Debt service	-	-	559,458
Road projects	-	-	-
Committed for			
Road and bridge improvement	-	312,877	-
Assigned for			
Park improvements	-	-	-
Road projects	-	762,927	-
Unassigned	467,155	-	-
	<u>469,521</u>	<u>1,075,804</u>	<u>559,458</u>
TOTAL FUND BALANCES	<u>469,521</u>	<u>1,075,804</u>	<u>559,458</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 489,222</u>	<u>\$ 1,168,403</u>	<u>\$ 1,578,498</u>

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

401	420	Other	Total
Capital Improvements	2015 Capital Road Projects	Governmental Funds	Governmental Funds
\$ 577,475	\$ 250,277	\$ 139,323	\$ 3,104,759
7,863	-	-	42,759
-	-	-	11,196
409,443	-	-	1,459,424
-	-	-	2,366
<u>\$ 994,781</u>	<u>\$ 250,277</u>	<u>\$ 139,323</u>	<u>\$ 4,620,504</u>
\$ 50,298	\$ 70,592	\$ -	\$ 175,311
-	-	-	8,163
-	-	-	7,150
<u>50,298</u>	<u>70,592</u>	<u>-</u>	<u>190,624</u>
2,024	-	-	14,242
409,299	-	-	1,458,687
<u>411,323</u>	<u>-</u>	<u>-</u>	<u>1,472,929</u>
-	-	-	2,366
-	-	24,375	24,375
-	-	-	559,458
-	127,265	-	127,265
-	-	-	312,877
-	-	114,948	114,948
533,160	52,420	-	1,348,507
-	-	-	467,155
<u>533,160</u>	<u>179,685</u>	<u>139,323</u>	<u>2,956,951</u>
<u>\$ 994,781</u>	<u>\$ 250,277</u>	<u>\$ 139,323</u>	<u>\$ 4,620,504</u>

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CREDIT RIVER TOWNSHIP, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

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

Total fund balances - governmental	\$ 2,956,951
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Cost of capital assets	14,807,538
Less: accumulated depreciation	(3,463,910)
<p>Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Noncurrent liabilities at year-end consist of</p>	
Bonds payable	(2,700,000)
Pension liability	(46,643)
<p>Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.</p>	
Delinquent taxes receivable	14,242
Special assessments receivable	1,458,687
<p>Governmental funds do not report long-term amounts related to pensions</p>	
Deferred outflows of pension resources	9,555
Deferred inflows of pension resources	(6,504)
Governmental funds do not report a liability for accrued interest until due and payable.	(21,953)
Total net position - governmental activities	\$ 13,007,963

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, 2015

	100	201, 203, 204, 205	300's
	General Fund	Road and Bridge Fund	Debt Service
REVENUES			
Property taxes	\$ 456,001	\$ 462,714	\$ 107,264
Franchise taxes	21,082	-	-
Licenses and permits	6,100	-	-
Intergovernmental	994	37,937	201
Charges for services	21,798	9,020	-
Special assessments	-	3,704	272,535
Investment earnings	7,536	-	-
Miscellaneous	-	1,000	-
TOTAL REVENUES	513,511	514,375	380,000
EXPENDITURES			
Current			
General government	231,731	-	-
Public safety	175,968	-	-
Public works	87,995	426,203	-
Culture and recreation	10,508	-	-
Capital outlay			
General government	30,310	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	190,000
Interest and other charges	-	-	25,000
Bond issuance costs	-	-	-
TOTAL EXPENDITURES	536,512	426,203	215,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,001)	88,172	165,000
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	64,211
Bonds issued	-	-	14,671
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	78,882
NET CHANGE IN FUND BALANCES	(23,001)	88,172	243,882
FUND BALANCES, JANUARY 1	492,522	987,632	315,576
FUND BALANCES, DECEMBER 31	\$ 469,521	\$ 1,075,804	\$ 559,458

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

401	420		
Capital Improvements	2015 Capital Road Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 273,586	\$ -	\$ -	\$ 1,299,565
-	-	-	21,082
-	-	-	6,100
509	-	-	39,641
-	-	9,000	39,818
77,775	99,585	-	453,599
-	-	-	7,536
-	-	-	1,000
<u>351,870</u>	<u>99,585</u>	<u>9,000</u>	<u>1,868,341</u>
-	-	-	231,731
-	-	-	175,968
-	-	-	514,198
-	-	79	10,587
-	-	-	30,310
103,989	1,260,528	-	1,364,517
-	-	1,861	1,861
-	-	-	190,000
-	-	-	25,000
-	22,536	-	22,536
<u>103,989</u>	<u>1,283,064</u>	<u>1,940</u>	<u>2,566,708</u>
<u>247,881</u>	<u>(1,183,479)</u>	<u>7,060</u>	<u>(698,367)</u>
47,165	-	-	111,376
-	1,410,329	-	1,425,000
-	(47,165)	(64,211)	(111,376)
<u>47,165</u>	<u>1,363,164</u>	<u>(64,211)</u>	<u>1,425,000</u>
295,046	179,685	(57,151)	726,633
<u>238,114</u>	<u>-</u>	<u>196,474</u>	<u>2,230,318</u>
<u>\$ 533,160</u>	<u>\$ 179,685</u>	<u>\$ 139,323</u>	<u>\$ 2,956,951</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, 2015

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

Total net change in fund balances - governmental funds	\$ 726,633
<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	1,346,726
Depreciation expense	(591,574)
<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>	
Debt issued	(1,425,000)
Principal repayments	190,000
<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>	
	(11,345)
<p>Long-term pension activity is not reported in governmental funds</p>	
Pension expense	(2,278)
<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	382,904
Property taxes	(21,005)
	382,904
	(21,005)
Change in net position - governmental activities	\$ 595,061

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, 2015

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 443,767	\$ 443,767	\$ 456,001	\$ 12,234
Franchise taxes	19,300	19,300	21,082	1,782
Licenses and permits	3,150	3,150	6,100	2,950
Intergovernmental	-	-	994	994
Charges for services	10,700	10,700	21,798	11,098
Special assessments	-	-	-	-
Investment earnings	7,020	7,020	7,536	516
Miscellaneous	-	-	-	-
TOTAL REVENUES	483,937	483,937	513,511	29,574
EXPENDITURES				
Current				
General government	230,345	230,345	231,731	(1,386)
Public safety	185,969	185,969	175,968	10,001
Public works	46,300	46,300	87,995	(41,695)
Culture and recreation	9,375	9,375	10,508	(1,133)
Capital outlay	4,000	4,000	30,310	(26,310)
TOTAL EXPENDITURES	475,989	475,989	536,512	(60,523)
NET CHANGE IN FUND BALANCES	7,948	7,948	(23,001)	(30,949)
FUND BALANCES, JANUARY 1	492,522	492,522	492,522	-
FUND BALANCES, DECEMBER 31	<u>\$ 500,470</u>	<u>\$ 500,470</u>	<u>\$ 469,521</u>	<u>\$ (30,949)</u>

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

Road and Bridge Fund

Budgeted Amounts			Actual	Variance with
Original	Final		Amounts	Final Budget
\$ 455,000	\$ 455,000		\$ 462,714	\$ 7,714
-	-		-	-
-	-		-	-
28,000	28,000		37,937	9,937
-	-		9,020	9,020
3,348	3,348		3,704	356
-	-		-	-
-	-		1,000	1,000
<u>486,348</u>	<u>486,348</u>		<u>514,375</u>	<u>28,027</u>
-	-		-	-
-	-		-	-
579,045	579,045		426,203	152,842
-	-		-	-
-	-		-	-
<u>579,045</u>	<u>579,045</u>		<u>426,203</u>	<u>152,842</u>
(92,697)	(92,697)		88,172	180,869
<u>987,632</u>	<u>987,632</u>		<u>987,632</u>	<u>-</u>
<u>\$ 894,935</u>	<u>\$ 894,935</u>		<u>\$ 1,075,804</u>	<u>\$ 180,869</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2015 AND 2014

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate	Service Districts
	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 184,658	\$ 169,564
Receivables		
Accounts	3,544	3,298
Special assessments	3,463	1,480
Prepaid items	503	503
	192,168	174,845
NONCURRENT ASSETS		
Restricted cash and temporary investments	247,696	218,104
Capital assets		
Infrastructure	2,656,401	2,655,287
Less accumulated depreciation	(371,866)	(273,336)
	2,284,535	2,381,951
	2,532,231	2,600,055
	2,724,399	2,774,900
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	26,832	37,295
Accrued salaries payable	846	475
Deposits payable	1,459	1,388
	29,137	39,158
NET POSITION		
Investment in capital assets	2,284,535	2,381,951
Restricted for capital replacement and repair	247,696	218,104
Unrestricted	163,031	135,687
	\$ 2,695,262	\$ 2,735,742

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, 2015 AND 2014

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2015	2014
OPERATING REVENUES		
Charges for services	\$ 205,635	\$ 204,172
OPERATING EXPENSES		
Personal services	5,190	4,531
Telephone and office expenses	5,606	4,928
Maintenance	82,586	96,017
Repairs	183	3,773
Professional services	17,397	11,768
Utilities	7,310	7,007
Other expense	29,949	31,005
Depreciation	98,530	98,381
TOTAL OPERATING EXPENSES	246,751	257,410
OPERATING LOSS	(41,116)	(53,238)
NONOPERATING REVENUES		
Investment earnings	636	555
CHANGE IN NET POSITION	(40,480)	(52,683)
NET POSITION, JANUARY 1	2,735,742	2,788,425
NET POSITION, DECEMBER 31	\$ 2,695,262	\$ 2,735,742

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, 2015 AND 2014

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate	Service Districts
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 203,406	\$ 203,628
Payments to suppliers	(153,423)	(142,047)
Payments to employees	(4,819)	(4,453)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	45,164	57,128
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,114)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	636	555
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,686	57,683
CASH AND CASH EQUIVALENTS, JANUARY 1	387,668	329,985
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 432,354	\$ 387,668
CASH AND CASH EQUIVALENTS AS REPORTED ON THE STATEMENT OF NET POSITION		
Cash and temporary investments	\$ 184,658	\$ 169,564
Restricted cash and temporary investments	247,696	218,104
TOTAL CASH AND CASH EQUIVALENTS	\$ 432,354	\$ 387,668
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (41,116)	\$ (53,238)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	98,530	98,381
Decrease in assets		
Accounts receivable	(246)	(544)
Special assessments	(1,983)	-
Increase (decrease) in liabilities		
Accounts payable	(10,463)	12,354
Accrued salaries payable	371	78
Deposits payable	71	97
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 45,164	\$ 57,128

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, 2015

	<u>Agency</u> <u>Escrow</u>
ASSETS	
Cash and temporary investments	<u>\$ 171,399</u>
LIABILITIES	
Deposits payable	<u>\$ 171,399</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, 2015

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, 2015

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.

The *2015 Capital Road Projects fund* accounts for the capital projects relating to the road projects scheduled for construction during the year.

Additionally, the Township reports the following proprietary fund:

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

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

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, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position/fund balances

Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years.

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

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

Assets	Useful Lives in Years
Buildings and structures	20 to 50
Improvements other than buildings	15 to 30
Machinery and equipment	5 to 10
Infrastructure	20 to 30

Deferred outflows of resources

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

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pensions

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

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 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.

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

Fund balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the Board, which is the Township's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Board itself or by an official to which the governing body delegates the authority. The Board has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Treasurer.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The Township considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Township would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Township has formally adopted a fund balance policy for the General fund. The Township's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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”.

When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first, then unrestricted resources as they are needed.

Restricted net position/cash balances

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

Comparative data/reclassifications

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

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

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 2015.

B. Excess of expenditures over appropriations

For the year ended December 31, 2015, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General fund	\$ 475,989	\$ 536,512	\$ 60,523

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, 2015

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, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the Township's carrying amount of deposits was \$3,708,512 and the bank balance was \$3,716,376. The entire bank balance was covered by federal depository insurance and collateral held by financial institutions in the name of the Township.

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

	Total
Carrying amount of deposits	\$3,708,512
Cash and cash equivalents	
Statement of net position	
Cash and temporary investments	\$3,289,417
Restricted cash and temporary investments	247,696
Statement of fiduciary net position	171,399
Total	\$3,708,512

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

Capital asset activity for the year ended December 31, 2015 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	1,070,603	-	1,644,317
Total capital assets not being depreciated	<u>1,700,214</u>	<u>1,070,603</u>	<u>-</u>	<u>2,770,817</u>
Capital assets being depreciated				
Buildings	84,113	-	-	84,113
Improvements other than buildings	239,028	-	-	239,028
Machinery and equipment	93,248	1,465	(2,310)	92,403
Infrastructure	11,346,519	274,658	-	11,621,177
Total capital assets being depreciated	<u>11,762,908</u>	<u>276,123</u>	<u>(2,310)</u>	<u>12,036,721</u>
Less accumulated depreciation for				
Buildings	(56,882)	(1,801)	-	(58,683)
Improvements other than buildings	(95,822)	(11,616)	-	(107,438)
Machinery and equipment	(41,473)	(6,253)	2,310	(45,416)
Infrastructure	(2,680,469)	(571,904)	-	(3,252,373)
Total accumulated depreciation	<u>(2,874,646)</u>	<u>(591,574)</u>	<u>2,310</u>	<u>(3,463,910)</u>
Total capital assets being depreciated, net	<u>8,888,262</u>	<u>(315,451)</u>	<u>-</u>	<u>8,572,811</u>
Governmental activities capital assets, net	<u>\$ 10,588,476</u>	<u>\$ 755,152</u>	<u>\$ -</u>	<u>\$ 11,343,628</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

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	\$ 1,114	\$ -	\$ 2,656,401
Less accumulated depreciation for				
Infrastructure	(273,336)	(98,530)	-	\$ (371,866)
Business-type activities capital assets, net	\$ 2,381,951	\$ (97,416)	\$ -	\$ 2,284,535

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

Governmental activities	
General government	\$ 11,796
Public works	571,904
Culture and recreation	7,874
Total depreciation expense - governmental activities	\$ 591,574
Business-type activities	
Sewer utility	\$ 98,530

C. Construction commitments

The Township has active construction projects as of December 31, 2015. At year end, the Township's commitments with the contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Flag Trail Road Improvement Project	\$ 210,418	\$ 66,551
Gensmer Circle Road Improvement Project	63,144	14,787
Rolling Oaks Court Road Improvement Project	107,208	11,895
Valley Oaks 1st Addition Road Improvement Project	381,295	127,382
Total	\$ 762,064	\$ 220,615

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Interfund transfers

The composition of interfund transfers for the year ended December 31, 2015 is as follows:

<u>Fund</u>	<u>Transfers In</u>		
	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Total</u>
Transfer out			
2015 Capital Road Projects	\$ -	\$ 47,165	\$ 47,165
Nonmajor governmental funds	64,211	-	64,211
Total	<u>\$ 64,211</u>	<u>\$ 47,165</u>	<u>\$ 111,376</u>

- The 2015 Capital Roads Projects fund transferred \$47,165 to the Capital Improvements fund to reimburse the fund for expenditures incurred in prior years.
- Nonmajor governmental funds transferred \$64,211 to the Debt Service funds to close the capital projects fund as the project was completed.

E. 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:

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
General Obligation Improvement Bond, Series 2009A	\$ 855,000	1.40 - 3.00 %	02/01/09	02/01/19	\$ 380,000
General Obligation Improvement Bond, Series 2012A	1,100,000	0.40 - 2.10	08/09/12	02/01/23	895,000
General Obligation Improvement Bond, Series 2015A	1,425,000	1.10 - 2.50	07/16/15	02/01/26	<u>1,425,000</u>
Total General Obligation Bonds					<u>\$ 2,700,000</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 195,000	\$ 49,685	\$ 244,685
2017	345,000	44,638	389,638
2018	350,000	39,435	389,435
2019	355,000	33,487	388,487
2020	250,000	28,440	278,440
2021 - 2025	1,060,000	72,030	1,132,030
2026	<u>145,000</u>	<u>1,813</u>	<u>146,813</u>
Total	<u>\$ 2,700,000</u>	<u>\$ 269,528</u>	<u>\$ 2,969,528</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable					
G.O. improvement bonds	\$ 1,465,000	\$ 1,425,000	\$ (190,000)	\$ 2,700,000	\$ 195,000
Pension payable	<u>-</u>	<u>46,643</u> *	<u>-</u>	<u>46,643</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 1,465,000</u>	<u>\$ 1,471,643</u>	<u>\$ (190,000)</u>	<u>\$ 2,746,643</u>	<u>\$ 195,000</u>

* Includes 7/1/2014 pension liability balance related to GASB 68 implementation. See Note 7 for further detail.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan description

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

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the Township are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

B. Benefits provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten 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 ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

C. Contributions

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

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. The Township was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The Township's contributions to the GERF for the years ending December 31, 2015, 2014 and 2013 were \$4,202, \$3,661 and \$3,587, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

D. Pension costs

GERF pension costs

At December 31, 2015, the Township reported a liability of \$46,643 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on the Township's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the Township's proportion was 0.00092 percent.

For the year ended December 31, 2015, the Township recognized pension expense of \$2,278 for its proportionate share of GERF's pension expense.

At December 31, 2015, the Township reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 385	\$ 2,352
Changes in actuarial assumptions	2,953	
Net difference between projected and actual earnings on plan investments	-	4,152
Changes in proportion	4,057	-
Contributions to GERF subsequent to the measurement date	2,160	-
Total	\$ 9,555	\$ 6,504

Deferred outflows of resources totaling \$9,555 related to pensions resulting from the Township's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2016	\$ 485
2017	485
2018	(1,183)
2019	1,104
2020	-
Thereafter	-

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

E. Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active member payroll growth	3.50% per year
Investment rate of return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1 percent effective every January 1st through 2026 and 2.5 percent thereafter.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	<u>2.00</u>	0.50
Total	<u><u>100.00 %</u></u>	

F. Discount rate

The discount rate used to measure the total pension liability was 7.9 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CREDIT RIVER TOWNSHIP, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

G. Pension liability sensitivity

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

	Township Proportionate Share of NPL		
	1 Percent Decrease (6.90%)	Current (7.90%)	1 Percent Increase (8.90%)
	GERF	\$ 73,339	\$ 46,643

H. Pension plan fiduciary net position

Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

Note 5: DEFINED CONTRIBUTION PLAN

The Township has board members that are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by 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.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota statutes, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (.0025) of the assets in each member's account annually.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,000	\$ 1,000	5.00%	5.00%	5.00%

The Township's contributions to the PEDCP for the years ended December 31, 2015, 2014 and 2013 were \$863, \$960 and \$855, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 6: OTHER INFORMATION

A. Risk management

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The Township's management is not aware of any incurred but not reported claims.

B. Legal debt margin

In accordance with Minnesota statutes, the Township may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the Township. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments. The Township has no outstanding debt subject to the limit.

C. Joint powers agreements

The Township entered into a joint powers agreement, effective September 17, 2007, with the City of Lakeville to improve and maintain Judicial Road. The project costs will be paid 50 percent by each party in accordance with the agreement. The Township paid \$3,125 related to the agreement in 2015. 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."

CREDIT RIVER TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 7: PRIOR PERIOD RESTATEMENT

During fiscal year 2015, the Township implemented several new accounting pronouncements issued by the Government Accounting Standards Board (GASB), including Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended June 30, 2015. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the June 30, 2014 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 4.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2014 balances to the December 31, 2015 financial statements:

	December 31, 2015		
Fund	Net Position January 1, 2015 as Previously Reported	Prior Period Restatement (1)	Net Position January 1, 2015 as Restated
Governmental activities	\$ 12,454,216	\$ (41,314)	\$ 12,412,902

(1) To record beginning net pension liability and deferred outflow of resources at December 31, 2014.

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REQUIRED SUPPLEMENTARY INFORMATION

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

CREDIT RIVER TOWNSHIP, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule of employer's share of PERA net pension liability

Required Supplementary Information							
Fiscal Year Ending	Township's Proportion of the Net Pension Liability	Township's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Township (b)	Total (a+b)	Township's Covered Payroll (c)	Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.00092 %	\$ 46,643	-	\$ 46,643	\$ 56,027	83.3 %	78.2 %

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

Schedule of employer's PERA contributions

Required Supplementary Information					
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Township's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/15	\$ 4,202	\$ 4,202	-	\$ 56,027	7.50 %

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

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

CREDIT RIVER TOWNSHIP, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015

	202 Special Revenue	415 Capital Projects	Total Nonmajor Governmental Funds
	Park Fund	Monterey, Lynn & 207th Street	
ASSETS			
Cash and temporary investments	\$ 139,323	\$ -	\$ 139,323
FUND BALANCES			
Restricted for			
Park improvements	\$ 24,375	\$ -	\$ 24,375
Assigned for			
Park improvements	114,948	-	114,948
TOTAL FUND BALANCES	\$ 139,323	\$ -	\$ 139,323

CREDIT RIVER TOWNSHIP, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>202</u>	<u>415</u>	
	<u>Special Revenue</u>	<u>Capital Projects</u>	Total
	Park	Monterey, Lynn	Nonmajor
	Fund	& 207th Street	Governmental
	<u> </u>	<u> </u>	<u>Funds</u>
REVENUES			
Charges for services	\$ 9,000	\$ -	\$ 9,000
EXPENDITURES			
Current			
Culture and recreation	79	-	79
Capital outlay			
Culture and recreation	<u>1,861</u>	<u>-</u>	<u>1,861</u>
TOTAL EXPENDITURES	<u>1,940</u>	<u>-</u>	<u>1,940</u>
EXCESS OF REVENUES OVER EXPENDITURES	7,060	-	7,060
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(64,211)</u>	<u>(64,211)</u>
NET CHANGE IN FUND BALANCES	7,060	(64,211)	(57,151)
FUND BALANCES, JANUARY 1	<u>132,263</u>	<u>64,211</u>	<u>196,474</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 139,323</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 139,323</u></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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Taxes					
General property taxes	\$ 443,767	\$ 443,767	\$ 456,001	\$ 12,234	\$ 407,340
Franchise taxes	19,300	19,300	21,082	1,782	19,586
Total	463,067	463,067	477,083	14,016	426,926
Licenses and permits	3,150	3,150	6,100	2,950	3,150
Intergovernmental					
State					
Agricultural credit	-	-	836	836	465
Township aid	-	-	158	158	158
Total	-	-	994	994	623
Charges for services					
General government	10,700	10,700	21,798	11,098	13,517
Investment earnings	7,020	7,020	7,536	516	7,055
Miscellaneous	-	-	-	-	1,658
TOTAL REVENUES	483,937	483,937	513,511	29,574	452,929
EXPENDITURES					
Current					
General government					
Town Board					
Personal services	65,850	65,850	61,823	4,027	57,911
Supplies	4,250	4,250	4,264	(14)	4,581
Other services and charges	28,380	28,380	27,784	596	27,688
Total	98,480	98,480	93,871	4,609	90,180
Town Clerk					
Personal services	25,615	25,615	24,230	1,385	24,992
Other services and charges	600	600	560	40	732
Total	26,215	26,215	24,790	1,425	25,724

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES					
Current - continued					
General government - continued					
Town Treasurer					
Personal services	\$ 24,315	\$ 24,315	\$ 23,696	\$ 619	\$ 19,472
Other services and charges	600	600	600	-	600
Total	24,915	24,915	24,296	619	20,072
Elections					
Personal services	2,300	2,300	2,294	6	8,677
Supplies	10,985	10,985	9,199	1,786	751
Other services and charges	900	900	749	151	1,360
Total	14,185	14,185	12,242	1,943	10,788
Assessor					
Other services and charges	40,000	40,000	42,146	(2,146)	37,530
Legal					
Other services and charges	14,000	14,000	22,261	(8,261)	16,644
Planning					
Personal services	150	150	60	90	120
Town hall building					
Other services and charges	12,400	12,400	12,065	335	16,896
Total general government	230,345	230,345	231,731	(1,386)	217,954
Public safety					
Fire					
Other services and charges	185,969	185,969	175,968	10,001	206,312
Public works					
Streets					
Personal services	800	800	30	770	520
Other services and charges	45,500	45,500	87,965	(42,465)	80,717
Total public works	46,300	46,300	87,995	(41,695)	81,237

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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES - CONTINUED					
Current - continued					
Culture and recreation					
Parks					
Personal services	\$ 175	\$ 175	\$ 250	\$ (75)	\$ 44
Supplies	200	200	8	192	-
Other services and charges	9,000	9,000	10,250	(1,250)	7,501
Total culture and recreation	9,375	9,375	10,508	(1,133)	7,545
Total current expenditures	471,989	471,989	506,202	(34,213)	513,048
Capital outlay					
General government	4,000	4,000	30,310	(26,310)	1,227
TOTAL EXPENDITURES	475,989	475,989	536,512	(60,523)	514,275
NET CHANGE IN FUND BALANCES	7,948	7,948	(23,001)	(30,949)	(61,346)
FUND BALANCES, JANUARY 1	492,522	492,522	492,522	-	553,868
FUND BALANCES, DECEMBER 31	\$ 500,470	\$ 500,470	\$ 469,521	\$ (30,949)	\$ 492,522

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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, 2015
(With comparative actual amounts for the year ended December 31, 2014)

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes					
General property taxes	\$ 455,000	\$ 455,000	\$ 462,714	\$ 7,714	\$ 431,490
Intergovernmental					
Federal					
FEMA aid	-	-	-	-	3,172
State					
Agricultural credit	-	-	857	857	493
Local					
Other grants and aids	28,000	28,000	37,080	9,080	44,189
Total	28,000	28,000	37,937	9,937	47,854
Charges for services	-	-	9,020	9,020	10,280
Special assessments	3,348	3,348	3,704	356	9,401
Miscellaneous	-	-	1,000	1,000	-
TOTAL REVENUES	486,348	486,348	514,375	28,027	499,025
EXPENDITURES					
Current					
Public works					
Personal services	3,095	3,095	2,751	344	3,225
Supplies	80,100	80,100	42,374	37,726	41,331
Other services and charges	495,850	495,850	381,078	114,772	425,480
TOTAL EXPENDITURES	579,045	579,045	426,203	152,842	470,036
NET CHANGE IN FUND BALANCES	(92,697)	(92,697)	88,172	180,869	28,989
FUND BALANCES, JANUARY 1	987,632	987,632	987,632	-	958,643
FUND BALANCES, DECEMBER 31	\$ 894,935	\$ 894,935	\$ 1,075,804	\$ 180,869	\$ 987,632

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF NET POSITION
 DECEMBER 31, 2015 AND 2014

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 46,406	\$ 35,922
Receivables		
Accounts	364	748
Special assessments	-	-
Prepaid items	101	101
	46,871	36,771
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS		
Restricted cash and temporary investments	100,917	92,727
Capital assets		
Infrastructure	204,715	203,601
Less accumulated depreciation	(75,098)	(67,979)
	129,617	135,622
NET CAPITAL ASSETS		
	230,534	228,349
TOTAL NONCURRENT ASSETS		
	277,405	265,120
TOTAL ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	7,489	12,199
Accrued salaries payable	72	82
Deposits payable	520	460
	8,081	12,741
TOTAL LIABILITIES		
NET POSITION		
Investment in capital assets	129,617	135,622
Restricted for capital replacement and repair	100,917	92,727
Unrestricted	38,790	24,030
	269,324	252,379
TOTAL NET POSITION		
	\$ 269,324	\$ 252,379

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2015	2014	2015	2014	2015	2014
\$ 73,035	\$ 71,990	\$ 65,217	\$ 61,652	\$ 184,658	\$ 169,564
2,380	2,370	800	180	3,544	3,298
3,463	1,480	-	-	3,463	1,480
328	328	74	74	503	503
<u>79,206</u>	<u>76,168</u>	<u>66,091</u>	<u>61,906</u>	<u>192,168</u>	<u>174,845</u>
<u>106,865</u>	<u>90,822</u>	<u>39,914</u>	<u>34,555</u>	<u>247,696</u>	<u>218,104</u>
2,145,286	2,145,286	306,400	306,400	2,656,401	2,655,287
(257,940)	(172,076)	(38,828)	(33,281)	(371,866)	(273,336)
<u>1,887,346</u>	<u>1,973,210</u>	<u>267,572</u>	<u>273,119</u>	<u>2,284,535</u>	<u>2,381,951</u>
<u>1,994,211</u>	<u>2,064,032</u>	<u>307,486</u>	<u>307,674</u>	<u>2,532,231</u>	<u>2,600,055</u>
<u>2,073,417</u>	<u>2,140,200</u>	<u>373,577</u>	<u>369,580</u>	<u>2,724,399</u>	<u>2,774,900</u>
15,023	19,565	4,320	5,531	26,832	37,295
727	340	47	53	846	475
369	263	570	665	1,459	1,388
<u>16,119</u>	<u>20,168</u>	<u>4,937</u>	<u>6,249</u>	<u>29,137</u>	<u>39,158</u>
1,887,346	1,973,210	267,572	273,119	2,284,535	2,381,951
106,865	90,822	39,914	34,555	247,696	218,104
63,087	56,000	61,154	55,657	163,031	135,687
<u>\$ 2,057,298</u>	<u>\$ 2,120,032</u>	<u>\$ 368,640</u>	<u>\$ 363,331</u>	<u>\$ 2,695,262</u>	<u>\$ 2,735,742</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2015	2014
OPERATING REVENUES		
Charges for services	\$ 62,422	\$ 63,592
OPERATING EXPENSES		
Personal services	1,020	1,062
Telephone and office expenses	1,537	1,557
Maintenance	23,585	27,741
Repairs	183	1,574
Professional services	3,751	2,062
Utilities	1,948	1,880
Other expense	6,598	8,091
Depreciation	7,119	6,971
TOTAL OPERATING EXPENSES	45,741	50,938
OPERATING INCOME (LOSS)	16,681	12,654
NONOPERATING REVENUES		
Investment earnings	264	239
CHANGE IN NET POSITION	16,945	12,893
NET POSITION, JANUARY 1	252,379	239,486
NET POSITION, DECEMBER 31	\$ 269,324	\$ 252,379

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2015	2014	2015	2014	2015	2014
\$ 106,053	\$ 104,020	\$ 37,160	\$ 36,560	\$ 205,635	\$ 204,172
3,457	2,814	713	655	5,190	4,531
3,281	2,566	788	805	5,606	4,928
44,062	51,411	14,939	16,865	82,586	96,017
-	1,349	-	850	183	3,773
9,906	7,282	3,740	2,424	17,397	11,768
4,530	4,005	832	1,122	7,310	7,007
17,957	20,618	5,394	2,296	29,949	31,005
85,864	85,864	5,547	5,546	98,530	98,381
169,057	175,909	31,953	30,563	246,751	257,410
(63,004)	(71,889)	5,207	5,997	(41,116)	(53,238)
270	228	102	88	636	555
(62,734)	(71,661)	5,309	6,085	(40,480)	(52,683)
2,120,032	2,191,693	363,331	357,246	2,735,742	2,788,425
<u>\$ 2,057,298</u>	<u>\$ 2,120,032</u>	<u>\$ 368,640</u>	<u>\$ 363,331</u>	<u>\$ 2,695,262</u>	<u>\$ 2,735,742</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
 PROPRIETARY FUNDS
 COMBINING SCHEDULE OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 62,806	\$ 63,333
Payments to suppliers	(42,252)	(36,730)
Payments to employees	(1,030)	(1,071)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	19,524	25,532
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,114)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	264	239
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,674	25,771
CASH AND CASH EQUIVALENTS, JANUARY 1	128,649	102,878
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 147,323	\$ 128,649
CASH AND CASH EQUIVALENTS AS REPORTED ON THE STATEMENT OF NET POSITION		
Cash and temporary investments	\$ 46,406	\$ 35,922
Restricted cash and temporary investments	100,917	92,727
TOTAL CASH AND CASH EQUIVALENTS	\$ 147,323	\$ 128,649
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 16,681	\$ 12,654
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	7,119	6,971
(Increase) decrease in assets		
Accounts receivable	384	(259)
Special assessments	-	-
Increase (decrease) in liabilities		
Accounts payable	(4,710)	6,219
Accrued salaries payable	(10)	(9)
Deposits payable	60	(44)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 19,524	\$ 25,532

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2015	2014	2015	2014	2015	2014
\$ 104,060	\$ 103,570	\$ 36,540	\$ 36,725	\$ 203,406	\$ 203,628
(84,172)	(81,001)	(26,999)	(24,316)	(153,423)	(142,047)
(3,070)	(2,720)	(719)	(662)	(4,819)	(4,453)
<u>16,818</u>	<u>19,849</u>	<u>8,822</u>	<u>11,747</u>	<u>45,164</u>	<u>57,128</u>
-	-	-	-	(1,114)	-
<u>270</u>	<u>228</u>	<u>102</u>	<u>88</u>	<u>636</u>	<u>555</u>
17,088	20,077	8,924	11,835	44,686	57,683
<u>162,812</u>	<u>142,735</u>	<u>96,207</u>	<u>84,372</u>	<u>387,668</u>	<u>329,985</u>
<u>\$ 179,900</u>	<u>\$ 162,812</u>	<u>\$ 105,131</u>	<u>\$ 96,207</u>	<u>\$ 432,354</u>	<u>\$ 387,668</u>
\$ 73,035	\$ 71,990	\$ 65,217	\$ 61,652	\$ 184,658	\$ 169,564
<u>106,865</u>	<u>90,822</u>	<u>39,914</u>	<u>34,555</u>	<u>247,696</u>	<u>218,104</u>
<u>\$ 179,900</u>	<u>\$ 162,812</u>	<u>\$ 105,131</u>	<u>\$ 96,207</u>	<u>\$ 432,354</u>	<u>\$ 387,668</u>
\$ (63,004)	\$ (71,889)	\$ 5,207	\$ 5,997	\$ (41,116)	\$ (53,238)
85,864	85,864	5,547	5,546	98,530	98,381
(10)	(450)	(620)	165	(246)	(544)
(1,983)	-	-	-	(1,983)	-
(4,542)	6,179	(1,211)	(44)	(10,463)	12,354
387	94	(6)	(7)	371	78
<u>106</u>	<u>51</u>	<u>(95)</u>	<u>90</u>	<u>71</u>	<u>97</u>
<u>\$ 16,818</u>	<u>\$ 19,849</u>	<u>\$ 8,822</u>	<u>\$ 11,747</u>	<u>\$ 45,164</u>	<u>\$ 57,128</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015

	2009 G.O. Improvement Bond	2012 G.O. Improvement Bond	2015 G.O. Improvement Bond	Total
ASSETS				
Cash and temporary investments	\$ 147,881	\$ 248,565	\$ 160,436	\$ 556,882
Receivables				
Taxes	1,644	949	-	2,593
Special assessments	85,315	386,400	547,308	1,019,023
TOTAL ASSETS	<u>\$ 234,840</u>	<u>\$ 635,914</u>	<u>\$ 707,744</u>	<u>\$ 1,578,498</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	\$ 498	\$ 108	\$ -	\$ 606
Unavailable revenue - special assessments	84,726	386,400	547,308	1,018,434
TOTAL DEFERRED INFLOWS OF RESOURCES	85,224	386,508	547,308	1,019,040
FUND BALANCE				
Restricted for debt service	149,616	249,406	160,436	559,458
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 234,840</u>	<u>\$ 635,914</u>	<u>\$ 707,744</u>	<u>\$ 1,578,498</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	2009 G.O. Improvement Bond	2012 G.O. Improvement Bond	2015 G.O. Improvement Bond	Total
REVENUES				
Property taxes	\$ 59,350	\$ 47,914	\$ -	\$ 107,264
Intergovernmental	111	90	-	201
Special assessments	43,905	82,865	145,765	272,535
TOTAL REVENUES	103,366	130,869	145,765	380,000
EXPENDITURES				
Debt service				
Principal	85,000	105,000	-	190,000
Interest and other charges	11,885	13,115	-	25,000
TOTAL EXPENDITURES	96,885	118,115	-	215,000
EXCESS OF REVENUES OVER EXPENDITURES	6,481	12,754	145,765	165,000
OTHER FINANCING SOURCES				
Transfer in	-	64,211	-	64,211
Bonds issued	-	-	14,671	14,671
TOTAL OTHER FINANCING SOURCES	-	64,211	14,671	78,882
NET CHANGE IN FUND BALANCES	6,481	76,965	160,436	243,882
FUND BALANCES, JANUARY 1	143,135	172,441	-	315,576
FUND BALANCES, DECEMBER 31	<u>\$ 149,616</u>	<u>\$ 249,406</u>	<u>\$ 160,436</u>	<u>\$ 559,458</u>

CREDIT RIVER TOWNSHIP, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENSES FOR GENERAL OPERATIONS -
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Total		Percent Increase (Decrease)
	2015	2014	
REVENUES			
Property taxes	\$ 1,299,565	\$ 1,190,281	9.18 %
Franchise taxes	21,082	19,586	7.64
Licenses and permits	6,100	3,150	93.65
Intergovernmental	39,641	48,880	(18.90)
Charges for services	39,818	33,797	17.82
Special assessments	453,599	289,335	56.77
Investment earnings	7,536	7,055	6.82
Miscellaneous	1,000	1,658	(39.69)
TOTAL REVENUES	\$ 1,868,341	\$ 1,593,742	17.23 %
Per Capita	\$ 342	\$ 293	
EXPENDITURES			
Current			
General government	\$ 231,731	\$ 217,954	6.32 %
Public safety	175,968	206,312	(14.71)
Public works	514,198	551,273	(6.73)
Culture and recreation	10,587	7,545	40.32
Capital outlay			
General government	30,310	1,227	2,370.25
Public works	1,364,517	769,191	77.40
Culture and recreation	1,861	21,176	(91.21)
Debt service			
Principal	190,000	180,000	5.56
Interest and other charges	25,000	27,283	(8.37)
Bond issuance costs	22,536	-	100.00
TOTAL EXPENDITURES	\$ 2,566,708	\$ 1,981,961	29.50 %
Per Capita	\$ 470	\$ 365	
Total Long-term Indebtedness	\$ 2,700,000	\$ 1,465,000	84.30 %
Per Capita	495	270	83.33
General Fund Balance - December 31	\$ 469,521	\$ 492,522	(4.67) %
Per Capita	86	91	(5.49)

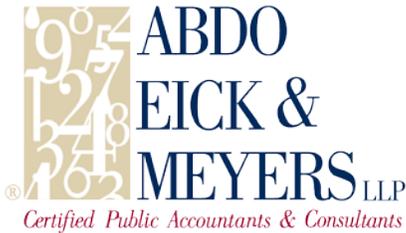
The purpose of this report is to provide a summary of financial information concerning Credit River Township to interested citizens. The complete financial statements may be examined at Credit River Town Hall, 18985 Meadow View Blvd Prior Lake, MN 55372. Questions about this report should be directed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

OTHER REQUIRED REPORT

CREDIT RIVER TOWNSHIP
SCOTT COUNTY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Supervisors
Credit River Township
Scott County, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Credit River Township, Minnesota (the Township), as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2016.

The *Minnesota Legal Compliance Audit Guide for Other 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, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the Township has not established a tax increment financing district.

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 Other 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 26, 2016