

# Annual Financial Report

## City of Credit River

Credit River, Minnesota

For the year ended December 31, 2023



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Annual Financial Report  
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INTRODUCTORY SECTION

CITY OF CREDIT RIVER  
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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City of Credit River, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2023

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Chris Kostik	Mayor	12/31/24
William Markert	Council member	12/31/24
Leroy Schommer	Council member	12/31/24
Jay Saterbak	Council member	12/31/26
Abe Zanto	Council member	12/31/26

**CITY OFFICIALS - APPOINTED**

<u>Name</u>	<u>Title</u>
Cathy Reynolds	City Administrator
Karen Donovan	Clerk
Dominique Hill	Finance Director

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FINANCIAL SECTION  
CITY OF CREDIT RIVER  
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Credit River, 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 the City of Credit River, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund and Road and Bridge fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Credit River's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions and the related note disclosures starting on page 62 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.

### **Report on Summarized Comparative Information**

The prior year comparative information has been derived from the City's 2022 financial statements and, in our report dated March 15, 2023, we expressed unmodified opinions on the respective proprietary fund financial statements.

We have previously audited the City's 2022 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in our report dated March 15, 2023. In our opinion, the summarized comparative information presented herein for the respective proprietary fund financial statements as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



**Abdo**  
Minneapolis, Minnesota  
March 18, 2024



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## Management's Discussion and Analysis

As management of City of Credit River, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

### Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in operating grants and contributions, and property taxes.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to positive budget variances in the general fund and road and bridge fund. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of scheduled debt service payments as shown on the outstanding debt table.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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**  
**City's Annual Financial Report**

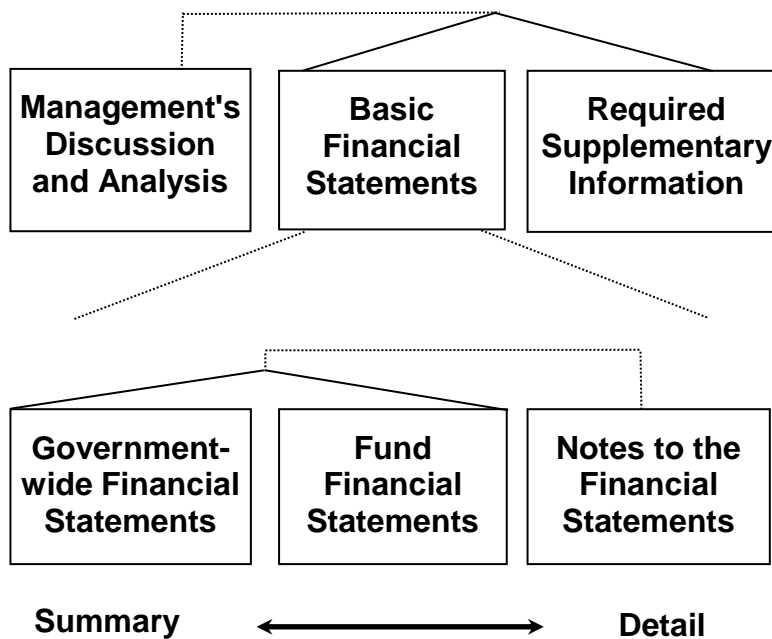


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Position</li> <li>• Statements of Revenues, Expenses and Changes in Net Position</li> <li>• Statements of Cash Flows</li> </ul>
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 City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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 City is improving or deteriorating.

The *statement of activities* presents information showing how the City’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 City that are principally supported by taxes and intergovernmental revenue (*governmental activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and interest on long-term debt. The business-type activities of the City include its sewer system.

The government-wide financial statements can be found starting on page 29 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 City, 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 City can be divided into two categories: governmental funds and proprietary 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 City maintains several governmental funds, three of which are debt service funds combined into one fund. 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 fund and the Capital Improvements fund which are considered to be major funds. Individual fund data for the nonmajor governmental fund is provided on the same statement.

The City 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 34 of this report.

**Proprietary Funds.** The City 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 City 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.

**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 43 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 62 of this report.

**Supplementary 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 66 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 City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

By far, the largest portion of the City's net position 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 City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

### City of Credit River's Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 9,257,231	\$ 8,582,777	\$ 674,454	\$ 442,668	\$ 821,975	\$ (379,307)
Capital assets (net of depreciation)	10,815,808	11,782,828	(967,020)	1,995,659	1,624,265	371,394
<b>Total Assets</b>	<b>20,073,039</b>	<b>20,365,605</b>	<b>(292,566)</b>	<b>2,438,327</b>	<b>2,446,240</b>	<b>(7,913)</b>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	44,747	52,542	(7,795)	-	-	-
<b>Liabilities</b>						
Current and other liabilities	747,488	1,593,760	(846,272)	119,652	61,498	58,154
Noncurrent	2,638,694	3,064,681	(425,987)	115,119	141,598	(26,479)
<b>Total Liabilities</b>	<b>3,386,182</b>	<b>4,658,441</b>	<b>(1,272,259)</b>	<b>234,771</b>	<b>203,096</b>	<b>31,675</b>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	29,583	1,362	28,221	-	-	-
<b>Net Position</b>						
Net investment in capital assets	8,292,170	8,844,868	(552,698)	1,880,540	1,612,971	267,569
Restricted for						
Capital replacement and repair	-	-	-	518,982	474,180	44,802
Park improvements	93,141	86,141	7,000	-	-	-
Debt service	1,504,478	1,666,110	(161,632)	-	-	-
Road projects	323,215	320,421	2,794	-	-	-
Public safety	239,544	-	239,544	-	-	-
Unrestricted	6,249,473	4,840,804	1,408,669	(195,966)	155,993	(351,959)
<b>Total Net Position</b>	<b>\$ 16,702,021</b>	<b>\$ 15,758,344</b>	<b>\$ 943,677</b>	<b>\$ 2,203,556</b>	<b>\$ 2,243,144</b>	<b>\$ (39,588)</b>
<b>Net Position as a Percent of Total</b>						
Net investment in capital assets	49.7 %	56.1 %		85.3 %	71.9 %	
Restricted	12.9	13.2		23.6	21.1	
Unrestricted	37.4	30.7		(8.9)	7.0	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

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

**Governmental Activities.** Governmental activities increased the City’s net position while business-type activities decreased the City’s net position. Additional details are outlined below.

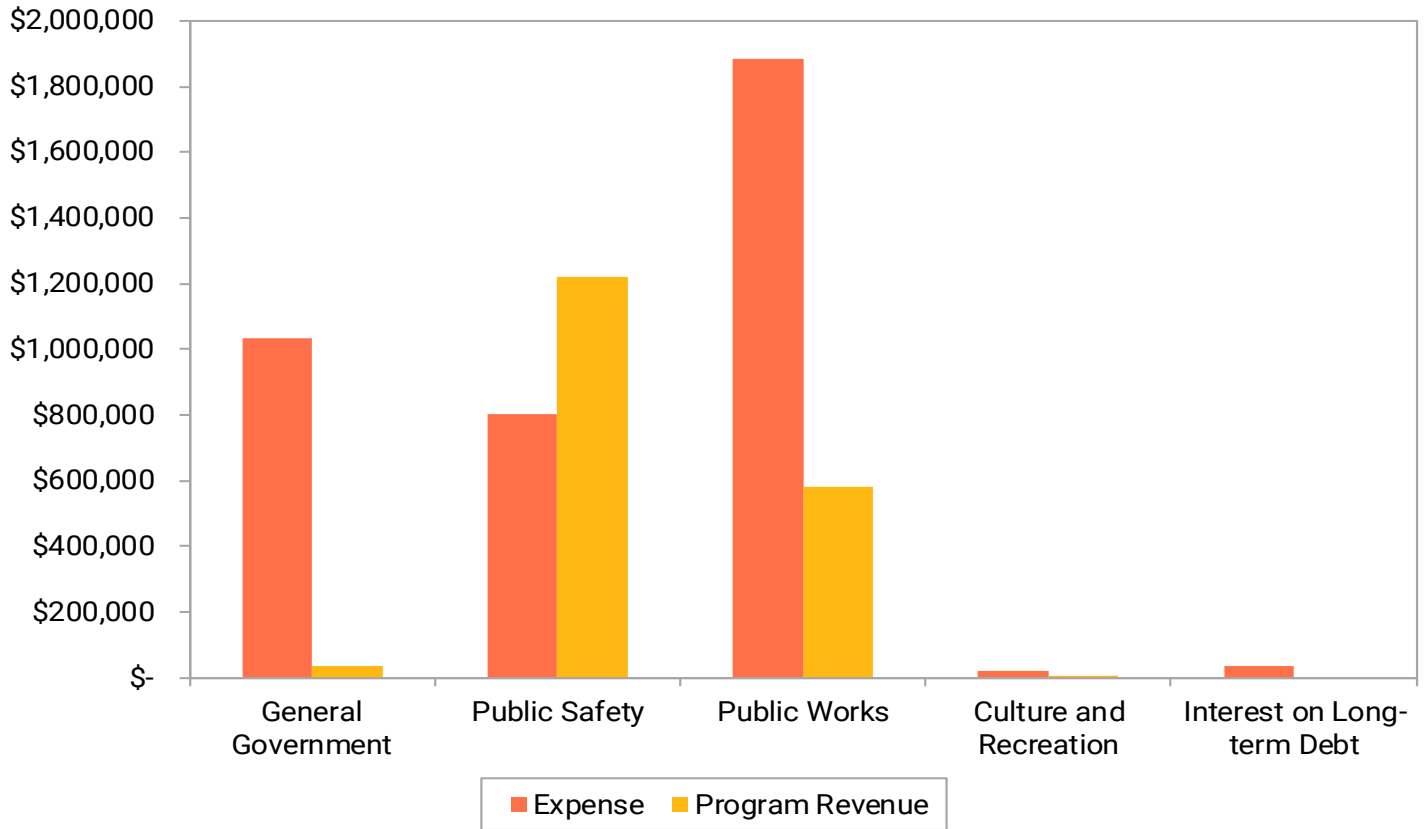
### City of Credit River’s Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Program Revenues						
Charges for services	\$ 430,880	\$ 592,657	\$ (161,777)	\$ 306,799	\$ 311,712	\$ (4,913)
Operating grants and contributions	1,218,696	430,001	788,695	-	-	-
Capital grants and contributions	193,014	493,997	(300,983)	-	-	-
General revenues						
Taxes						
Property taxes, levied for general purposes	2,294,873	1,658,388	636,485	-	-	-
levied for debt service	216,274	219,084	-	-	-	-
Franchise taxes	23,405	25,101	(1,696)	-	-	-
State grants and contributions not restricted to specific programs	2,930	3,323	(393)	-	-	-
Unrestricted investment earnings	345,006	91,877	253,129	24,745	6,217	18,528
<b>Total Revenues</b>	<b>4,725,078</b>	<b>3,514,428</b>	<b>1,213,460</b>	<b>331,544</b>	<b>317,929</b>	<b>13,615</b>
Expenses						
General government	1,034,939	697,290	337,649	-	-	-
Public safety	805,186	573,060	232,126	-	-	-
Public works	1,885,969	1,754,898	131,071	-	-	-
Culture and recreation	20,204	15,345	4,859	-	-	-
Interest on long-term debt	35,103	72,307	(37,204)	-	-	-
Sewer	-	-	-	371,132	382,585	(11,453)
<b>Total Expenses</b>	<b>3,781,401</b>	<b>3,112,900</b>	<b>668,501</b>	<b>371,132</b>	<b>382,585</b>	<b>(11,453)</b>
<b>Change In Net Position</b>	<b>943,677</b>	<b>401,528</b>	<b>542,149</b>	<b>(39,588)</b>	<b>(64,656)</b>	<b>25,068</b>
<b>Net Position, January 1</b>	<b>15,758,344</b>	<b>15,356,816</b>	<b>401,528</b>	<b>2,243,144</b>	<b>2,307,800</b>	<b>(64,656)</b>
<b>Net Position, December 31</b>	<b>\$ 16,702,021</b>	<b>\$ 15,758,344</b>	<b>\$ 943,677</b>	<b>\$ 2,203,556</b>	<b>\$ 2,243,144</b>	<b>\$ (39,588)</b>

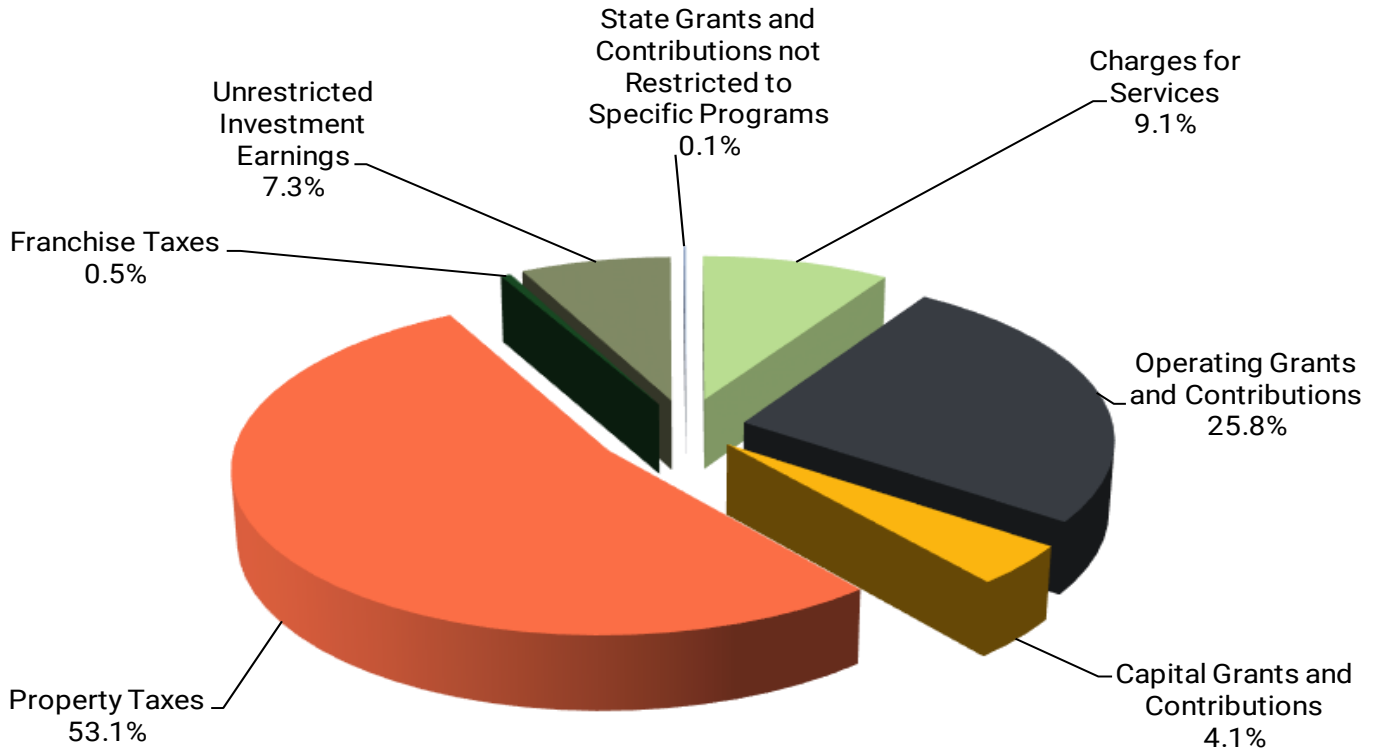
- Operating grants and contributions increased primarily due to recognition of APRA funds and Public Safety Aid in 2023.
- Investment earnings increased due to higher interest rates.
- Expenses in public works increased primarily due to increase in General government.
- Property tax revenue increased due to the increased levy for general government and capital needs.

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



**Proprietary Funds.** Business-type activities decreased the City's net position as shown in the changes in net position table. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Sewer Fund	\$ 2,203,556	\$ 2,243,144	\$ (39,588)

*The decrease primarily is attributed to operating loss*

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City'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.

	General Fund	Road and Bridge	Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances								
Nonspendable	\$ 36,027	\$ -	\$ 1,424	\$ -	\$ -	\$ 37,451	\$ 28,906	\$ 8,545
Restricted	239,544	-	1,060,701	-	416,356	1,716,601	1,541,813	174,788
Committed	-	702,104	-	1,250,396	-	1,952,500	1,694,191	258,309
Assigned	-	1,069,716	-	294,514	112,989	1,477,219	1,191,732	285,487
Unassigned	2,249,409	-	-	-	-	2,249,409	1,503,310	746,099
<b>Total</b>	<b>\$ 2,524,980</b>	<b>\$ 1,771,820</b>	<b>\$ 1,062,125</b>	<b>\$ 1,544,910</b>	<b>\$ 529,345</b>	<b>\$ 7,433,180</b>	<b>\$ 5,959,952</b>	<b>\$ 1,473,228</b>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances as shown above. Additional information on the City's fund balances can be found in Note 1 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	<u>Current Year Ending Balance</u>	<u>Prior Year Ending Balance</u>	<u>Increase/ (Decrease)</u>
General Fund Fund Balances			
Nonspendable	\$ 36,027	\$ 28,906	\$ 7,121
Restricted	239,544	-	239,544
Unassigned	<u>2,249,409</u>	<u>1,503,310</u>	<u>746,099</u>
 Total	 <u>\$ 2,524,980</u>	 <u>\$ 1,532,216</u>	 <u>\$ 992,764</u>
 General Fund expenditures	 \$ 1,947,661	 \$ 1,238,374	
Unassigned as a percent of expenditures	115.5%	121.4%	
Total Fund Balance as a percent of expenditures	129.6%	123.7%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to positive budget variances in both revenues and expenditures. Further information on budget variances can be seen below.

Other major governmental fund analysis is shown below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Increase (Decrease)</u>
Road and Bridge Fund	\$ 1,771,820	\$ 1,531,874	\$ 239,946
<i>The Road and Bridge fund increase in fund balance during the year was due to property tax in excess of expenditures.</i>			
Debt Service Fund	\$ 1,062,125	\$ 1,135,251	\$ (73,126)
<i>The Debt Service fund decreased in fund balance during the year due to scheduled bond payments.</i>			
Capital Improvements Fund	\$ 1,544,910	\$ 1,250,396	\$ 294,514
<i>The Capital Improvements fund increase in fund balance during the year was due to special assessment revenues and property taxes in excess of expenditures.</i>			

## General Fund Budgetary Highlights

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,125,756	\$ 2,125,756	\$ 2,940,425	\$ 814,669
Expenditures	2,063,675	2,063,675	1,947,661	116,014
Net Change in Fund Balances	62,081	62,081	992,764	930,683
Fund Balances, January 1	1,532,216	1,532,216	1,532,216	-
Fund Balances, December 31	<u>\$ 1,594,297</u>	<u>\$ 1,594,297</u>	<u>\$ 2,524,980</u>	<u>\$ 930,683</u>

The City's General fund budget was not amended during the year as shown above.

Actual revenues were over the final budget and expenditures were under the final budget amounts as shown above. Revenues were over budget because of intergovernmental revenues and expenditures were under budget due to public works expenditures.

## Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, is shown below. This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Additional information on the City's capital assets can be found in Note 3B starting on page 51 of this report.

### City of Credit River's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 1,126,500	\$ 1,126,500	\$ -	\$ -	\$ -	\$ -
Construction work in progress	9,273	-	9,273	26,504	-	26,504
Buildings	9,598	22,140	(12,542)	-	-	-
Improvements other than building	323,567	311,722	11,845	-	-	-
Machinery and equipment	78,796	100,452	(21,656)	-	-	-
Infrastructure	9,268,074	10,222,014	(953,940)	1,969,155	1,624,265	344,890
Total	<u>\$ 10,815,808</u>	<u>\$ 11,782,828</u>	<u>\$ (967,020)</u>	<u>\$ 1,995,659</u>	<u>\$ 1,624,265</u>	<u>\$ 371,394</u>

### City of Credit River's Outstanding Debt

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding consisting of general obligation debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Bonds Payable	<u>\$ 2,449,695</u>	<u>\$ 2,855,000</u>	<u>\$ (405,305)</u>	<u>\$ 130,305</u>	<u>\$ 145,000</u>	<u>\$ (14,695)</u>

The long term debt decreased during the year due to scheduled debt payments.

### **Economic Factors and Next Year's Budgets and Rates**

- The General Fund Levy decreased by \$114K due to Micro Sealing expense moved from the General Fund to the Capital Fund.
- The General Fund Budget for 2023 increased by approximately \$190K due to increase in Public Safety expense.
- The Capital improvement fund proposed budget expense with remain consistent with the City's 5-year Capital improvement plan.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Credit River; Attn: Finance Director; 18985 Meadow View Blvd; Prior Lake, Minnesota 55372.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CREDIT RIVER CITY  
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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City of Credit River, Minnesota

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 7,903,148	\$ 96,606	\$ 7,999,754
Restricted cash and temporary investments	-	518,982	518,982
Receivables			
Taxes	41,404	-	41,404
Accounts	5,865	4,303	10,168
Special assessments	779,034	-	779,034
Due from other governments	311,827	-	311,827
Internal balances	178,502	(178,502)	-
Prepaid items	37,451	1,279	38,730
Capital assets			
Land and construction in progress	1,135,773	26,504	1,162,277
Depreciable assets (net of accumulated depreciation)	9,680,035	1,969,155	11,649,190
Total Assets	<u>20,073,039</u>	<u>2,438,327</u>	<u>22,511,366</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	<u>44,747</u>	<u>-</u>	<u>44,747</u>
<b>Liabilities</b>			
Accounts payable	51,298	89,081	140,379
Escrow payable	630,886	-	630,886
Due to other governments	19,665	-	19,665
Accrued salaries payable	15,526	613	16,139
Deposits payable	-	2,257	2,257
Accrued interest payable	30,113	2,449	32,562
Noncurrent liabilities			
Due within one year			
Long-term liabilities	419,312	25,252	444,564
Due in more than one year			
Long-term liabilities	2,113,136	115,119	2,228,255
Net pension liability	106,246	-	106,246
Total Liabilities	<u>3,386,182</u>	<u>234,771</u>	<u>3,620,953</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	<u>29,583</u>	<u>-</u>	<u>29,583</u>
<b>Net Position</b>			
Net investment in capital assets	8,292,170	1,880,540	10,172,710
Restricted for			
Capital replacement and maintenance	-	518,982	518,982
Park improvement	93,141	-	93,141
Debt service	1,504,478	-	1,504,478
Road projects	323,215	-	323,215
Public safety	239,544	-	239,544
Unrestricted	<u>6,249,473</u>	<u>(195,966)</u>	<u>6,053,507</u>
Total Net Position	<u>\$ 16,702,021</u>	<u>\$ 2,203,556</u>	<u>\$ 18,905,577</u>

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

City of Credit River, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,034,939	\$ 35,160	\$ 954	\$ -
Public safety	805,186	367,938	851,877	-
Public works	1,885,969	20,782	365,865	193,014
Culture and recreation	20,204	7,000	-	-
Interest on long-term debt	35,103	-	-	-
Total Governmental Activities	<u>3,781,401</u>	<u>430,880</u>	<u>1,218,696</u>	<u>193,014</u>
<b>Business-Type Activities</b>				
Sewer	<u>371,132</u>	<u>306,799</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,152,533</u>	<u>\$ 737,679</u>	<u>\$ 1,218,696</u>	<u>\$ 193,014</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Total General Revenues

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (998,825)	\$ -	\$ (998,825)
414,629	-	414,629
(1,306,308)	-	(1,306,308)
(13,204)	-	(13,204)
(35,103)	-	(35,103)
<u>(1,938,811)</u>	<u>-</u>	<u>(1,938,811)</u>
<u>-</u>	<u>(64,333)</u>	<u>(64,333)</u>
<u>(1,938,811)</u>	<u>(64,333)</u>	<u>(2,003,144)</u>
2,294,873	-	2,294,873
216,274	-	216,274
23,405	-	23,405
2,930	-	2,930
345,006	24,745	369,751
<u>2,882,488</u>	<u>24,745</u>	<u>2,907,233</u>
943,677	(39,588)	904,089
<u>15,758,344</u>	<u>2,243,144</u>	<u>18,001,488</u>
<u>\$ 16,702,021</u>	<u>\$ 2,203,556</u>	<u>\$ 18,905,577</u>

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

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FUND FINANCIAL STATEMENTS

CREDIT RIVER CITY  
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Credit River, Minnesota

Balance Sheet

Governmental Funds

December 31, 2023

	100	201, 203, 204	300's	401	Nonmajor Governmental Funds	Total Governmental Funds
	General	Road and Bridge	Debt Service	Capital Improvements		
<b>Assets</b>						
Cash and temporary investments	\$ 2,545,283	\$ 1,774,712	\$ 1,057,297	\$ 1,996,511	\$ 529,345	\$ 7,903,148
Receivables						
Taxes	23,508	11,372	4,331	2,193	-	41,404
Accounts	5,865	-	-	-	-	5,865
Special assessments	-	14,139	471,327	293,568	-	779,034
Due from other governments	-	-	212	311,615	-	311,827
Due from other funds	-	-	-	178,502	-	178,502
Prepaid items	36,027	-	1,424	-	-	37,451
<b>Total Assets</b>	<b>\$ 2,610,683</b>	<b>\$ 1,800,223</b>	<b>\$ 1,534,591</b>	<b>\$ 2,782,389</b>	<b>\$ 529,345</b>	<b>\$ 9,257,231</b>
<b>Liabilities</b>						
Accounts payable	\$ 50,878	\$ 95	\$ -	\$ 325	\$ -	\$ 51,298
Escrow payable	-	-	-	630,886	-	630,886
Accrued salaries payable	14,938	588	-	-	-	15,526
Due to other governments	11,084	8,581	-	-	-	19,665
<b>Total Liabilities</b>	<b>76,900</b>	<b>9,264</b>	<b>-</b>	<b>631,211</b>	<b>-</b>	<b>717,375</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - taxes	8,803	5,000	2,252	1,233	-	17,288
Unavailable revenue - special assessments	-	14,139	470,214	293,420	-	777,773
Unavailable revenue - intergovernmental	-	-	-	311,615	-	311,615
<b>Total Deferred Inflows of Resources</b>	<b>8,803</b>	<b>19,139</b>	<b>472,466</b>	<b>606,268</b>	<b>-</b>	<b>1,106,676</b>
<b>Fund Balances</b>						
Nonspendable						
Prepaid items	36,027	-	1,424	-	-	37,451
Restricted for						
Park improvements	-	-	-	-	93,141	93,141
Debt service	-	-	1,060,701	-	-	1,060,701
Road projects	-	-	-	-	323,215	323,215
Public safety	239,544	-	-	-	-	239,544
Committed for						
Road and bridge improvement	-	702,104	-	1,250,396	-	1,952,500
Assigned for						
Park improvements	-	-	-	-	112,989	112,989
Road projects	-	1,069,716	-	294,514	-	1,364,230
Unassigned	2,249,409	-	-	-	-	2,249,409
<b>Total Fund Balances</b>	<b>2,524,980</b>	<b>1,771,820</b>	<b>1,062,125</b>	<b>1,544,910</b>	<b>529,345</b>	<b>7,433,180</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,610,683</b>	<b>\$ 1,800,223</b>	<b>\$ 1,534,591</b>	<b>\$ 2,782,389</b>	<b>\$ 529,345</b>	<b>\$ 9,257,231</b>

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

City of Credit River, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2023

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

Total Fund Balances - Governmental	\$ 7,433,180
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,742,252
Less: accumulated depreciation	(9,926,444)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences	(8,810)
Bonds payable	(2,523,638)
Net pension liability	(106,246)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Delinquent taxes receivable	17,288
Notes/intergovernmental	311,615
Special assessments receivable	777,773
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	44,747
Deferred inflows of pension resources	(29,583)
Governmental funds do not report a liability for accrued interest until due and payable.	(30,113)
Total Net Position - Governmental Activities	\$ 16,702,021

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

City of Credit River, Minnesota  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2023

	<b>100</b>	<b>201, 203, 204</b>	<b>300's</b>	<b>401</b>		
	General	Road and Bridge	Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property taxes	\$ 1,528,820	\$ 662,227	\$ 216,274	\$ 99,733	\$ -	\$ 2,507,054
Franchise taxes	23,405	-	-	-	-	23,405
Licenses and permits	379,943	240	-	-	-	380,183
Intergovernmental	854,422	89,737	252	10,116	187	954,714
Charges for services	22,926	16,025	-	-	7,000	45,951
Special assessments	-	-	144,168	159,534	-	303,702
Investment earnings	130,909	80,381	47,888	61,853	23,975	345,006
Miscellaneous	-	4,746	-	145,090	-	149,836
Total Revenues	<u>2,940,425</u>	<u>853,356</u>	<u>408,582</u>	<u>476,326</u>	<u>31,162</u>	<u>4,709,851</u>
Expenditures						
Current						
General government	998,099	-	-	-	187	998,286
Public safety	805,186	-	-	-	-	805,186
Public works	121,097	613,410	-	-	-	734,507
Culture and recreation	12,336	-	-	-	-	12,336
Capital outlay						
General government	10,943	-	-	853	-	11,796
Public works	-	-	-	180,959	11,845	192,804
Debt service						
Principal	-	-	405,305	-	-	405,305
Interest and other charges	-	-	76,403	-	-	76,403
Total Expenditures	<u>1,947,661</u>	<u>613,410</u>	<u>481,708</u>	<u>181,812</u>	<u>12,032</u>	<u>3,236,623</u>
Net Change in Fund Balances	992,764	239,946	(73,126)	294,514	19,130	1,473,228
Fund Balances, January 1	<u>1,532,216</u>	<u>1,531,874</u>	<u>1,135,251</u>	<u>1,250,396</u>	<u>510,215</u>	<u>5,959,952</u>
Fund Balances, December 31	<u>\$ 2,524,980</u>	<u>\$ 1,771,820</u>	<u>\$ 1,062,125</u>	<u>\$ 1,544,910</u>	<u>\$ 529,345</u>	<u>\$ 7,433,180</u>

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

City of Credit River, 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, 2023

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

Total Net Change in Fund Balances - Governmental Funds	\$ 1,473,228
<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	21,118
Depreciation expense	(988,138)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Principal repayments	405,305
Amortizaion of bond premium	9,017
<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>	
	32,283
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(15,554)
Pension revenue	13
<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	(255,778)
Intergovernmental aid	266,899
Property taxes	4,093
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(8,809)
Change in Net Position - Governmental Activities	\$ 943,677

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

City of Credit River, 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, 2023

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 1,534,078	\$ 1,534,078	\$ 1,528,820	\$ (5,258)
Franchise taxes	26,000	26,000	23,405	(2,595)
Licenses and permits	442,855	442,855	379,943	(62,912)
Intergovernmental	-	-	854,422	854,422
Charges for services	8,800	8,800	22,926	14,126
Investment earnings	114,023	114,023	130,909	16,886
Miscellaneous	-	-	-	-
Total Revenues	<u>2,125,756</u>	<u>2,125,756</u>	<u>2,940,425</u>	<u>814,669</u>
Expenditures				
Current				
General government	1,002,419	1,002,419	998,099	4,320
Public safety	801,256	801,256	805,186	(3,930)
Public works	216,000	216,000	121,097	94,903
Culture and recreation	12,000	12,000	12,336	(336)
Capital outlay	32,000	32,000	10,943	21,057
Total Expenditures	<u>2,063,675</u>	<u>2,063,675</u>	<u>1,947,661</u>	<u>116,014</u>
Net Change in Fund Balances	62,081	62,081	992,764	930,683
Fund Balances, January 1	<u>1,532,216</u>	<u>1,532,216</u>	<u>1,532,216</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,594,297</u>	<u>\$ 1,594,297</u>	<u>\$ 2,524,980</u>	<u>\$ 930,683</u>

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

Road and Bridge

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ 664,922	\$ 664,922	\$ 662,227	\$ (2,695)
-	-	-	-
-	-	240	240
91,500	91,500	89,737	(1,763)
6,000	6,000	16,025	10,025
-	-	80,381	80,381
-	-	4,746	4,746
<u>762,422</u>	<u>762,422</u>	<u>853,356</u>	<u>90,934</u>
-	-	-	-
-	-	-	-
1,162,422	1,162,422	613,410	549,012
-	-	-	-
-	-	-	-
<u>1,162,422</u>	<u>1,162,422</u>	<u>613,410</u>	<u>549,012</u>
(400,000)	(400,000)	239,946	639,946
1,531,874	1,531,874	1,531,874	-
<u>\$ 1,131,874</u>	<u>\$ 1,131,874</u>	<u>\$ 1,771,820</u>	<u>\$ 639,946</u>

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

City of Credit River, Minnesota  
 Statements of Net Position  
 Proprietary Fund  
 December 31, 2023 and 2022

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and temporary investments	\$ 96,606	\$ 334,092
Receivables		
Accounts	4,303	8,876
Special assessments	-	3,994
Prepaid items	1,279	833
Total Current Assets	<u>102,188</u>	<u>347,795</u>
<b>Noncurrent Assets</b>		
Restricted cash and temporary investments	<u>518,982</u>	<u>474,180</u>
Capital assets		
Construction work in progress	26,504	-
Infrastructure	3,161,544	2,712,849
Less accumulated depreciation	(1,192,389)	(1,088,584)
Net Capital Assets	<u>1,995,659</u>	<u>1,624,265</u>
Total Noncurrent Assets	<u>2,514,641</u>	<u>2,098,445</u>
Total Assets	<u>2,616,829</u>	<u>2,446,240</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	89,081	40,300
Accrued interest payable	2,449	2,824
Accrued salaries payable	613	578
Deposits payable	2,257	3,100
Due to other funds	178,502	-
Bonds payable - current	15,186	14,696
Total Current Liabilities	288,088	61,498
<b>Noncurrent Liabilities</b>		
Bonds payable	<u>125,185</u>	<u>141,598</u>
Total Liabilities	<u>413,273</u>	<u>203,096</u>
<b>Net Position</b>		
Net Investment in capital assets	1,855,288	1,612,971
Restricted for capital replacement and maintenance	518,982	474,180
Unrestricted	(170,714)	155,993
Total Net Position	<u>\$ 2,203,556</u>	<u>\$ 2,243,144</u>

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

City of Credit River, Minnesota  
Statements of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Years Ended December 31, 2023 and 2022

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2023	2022
Operating Revenues		
Charges for services	\$ 306,799	\$ 311,712
Operating Expenses		
Personal services	10,786	8,568
Office expenses	6,763	5,733
Maintenance	139,542	132,297
Repairs	14,740	22,436
Professional services	23,504	32,381
Utilities	14,335	10,158
Other expense	55,870	64,925
Depreciation	103,805	103,805
Total Operating Expenses	369,345	380,303
Operating Loss	(62,546)	(68,591)
Nonoperating Revenues (Expense)		
Investment earnings	24,745	6,217
Interest expense	(1,787)	(2,282)
Total Nonoperating Revenue (Expense)	22,958	3,935
Change In Net Position	(39,588)	(64,656)
Net Position, January 1	2,243,144	2,307,800
Net Position, December 31	\$ 2,203,556	\$ 2,243,144

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

City of Credit River, Minnesota  
Statements of Cash Flows  
Proprietary Fund  
For the Years Ended December 31, 2023 and 2022

	Business-type Activities - Enterprise Funds	
	Sewer Subordinate Service Districts	
	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	\$ 315,366	\$ 306,911
Payments to suppliers	(228,937)	(263,324)
Payments to employees	(10,751)	(8,710)
Net Cash Provided (Used) by Operating Activities	75,678	34,877
Cash Flows from Capital and Related Financing Activities		
Receipts (payments) from (to) other funds	178,502	-
Principal paid on bonds	(14,695)	-
Interest paid on bonds	(3,390)	(4,120)
Acquisition of capital assets	(453,524)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(293,107)	(4,120)
Cash Flows from Investing Activities		
Interest received on investments	24,745	6,217
Net Increase (Decrease) in Cash and Cash Equivalents	(192,684)	36,974
Cash and Cash Equivalents, January 1	808,272	771,298
Cash and Cash Equivalents, December 31	\$ 615,588	\$ 808,272
Cash and Cash Equivalents as Reported on the Statement of Net Position		
Cash and temporary investments	\$ 96,606	\$ 334,092
Restricted cash and temporary investments	518,982	474,180
Total Cash and Cash Equivalents	\$ 615,588	\$ 808,272
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating loss	\$ (62,546)	\$ (68,591)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	103,805	103,805
Increase (decrease) in assets		
Accounts receivable	4,573	(5,778)
Special assessments receivable	3,994	977
Prepaid items	(446)	(420)
Increase (decrease) in liabilities		
Accounts payable	27,106	3,583
Accrued salaries payable	35	(142)
Deposits payable	(843)	1,443
Net Cash Provided (Used) by Operating Activities	\$ 75,678	\$ 34,877
Noncash Capital and Related Financing Activities		
Amortization of bond premium	\$ 1,228	\$ 1,228
Capital purchased on account	\$ 21,675	\$ -

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

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

City of Credit River, Minnesota (the City), is organized and governed by the standard structure of five Council Members.. The five Council Members are elected by eligible voters of the City. The City 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 City are such that exclusion would cause the City'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 City 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 City. *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 City 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 City.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**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 City 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 City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City 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 City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the City, 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 improvement projects related to road and bridges.

The City reports the following major proprietary fund:

The *Sewer Subordinate Service District fund* accounts for the activities of the City'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 City's sewer function and various other functions of the City. 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 City'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.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position / Fund Balances**

***Deposits and Investments***

The City'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 City's policy.

The City 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.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Property Taxes***

The Council annually adopts a tax levy by December 31 of each year. The levy is then certified to the City for collection in the following year. The City is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the City Auditor and tax settlements are made to the City 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 City annually certifies delinquent charges to the City 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 City. 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 inflows of resources 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.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years.

Such purchased assets are recorded at historical cost or estimated historical cost if historical cost is not available. Assets acquired prior to 1986 are recorded at estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

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 net 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 City 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.

***Compensated Absences***

It is the City's policy to permit employees to accumulate a portion of earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

***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.

***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. The General fund is typically used to liquidate the governmental net pension liability.

Credit River City, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

The total pension expense for the GERP and DCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Total All Plans
	GERP	DCP	
City's proportionate share	\$ 34,633	\$ 872	\$ 35,505
Proportionate share of State's contribution	13	-	13
Total pension expense	\$ 34,646	\$ 872	\$ 35,518

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net 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 City 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 three sources: property taxes, special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City 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 City 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 Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council 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 Council itself or by an official to which the governing body delegates the authority. The Council 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 City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 33-66 percent of budgeted operating expenditures for cash-flow timing needs.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. 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 City's policy to use restricted resources first, then unrestricted resources as they are needed.

***Restricted Net Position / Cash Balances***

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

***Comparative Data / Reclassifications***

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

**Note 2: Stewardship, Compliance and Accountability**

**Budgetary Information**

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

In July/August of each year, the proposed budget is prepared by the Council and management. The Council 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 Council. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted, or as amended by the Council. The City did not amend the budget during 2023.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**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 City's deposits and investments may not be returned or the City 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 Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, which the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$8,518,736 and the bank balance was \$8,538,415. The entire bank balance was covered by federal depository insurance and collateral held by financial institutions in the name of the City.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

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

	Total
Carrying Amount of Deposits	\$8,518,736
Cash and Cash Equivalents	
Statement of net position	
Cash and temporary investments	\$ 7,999,754
Restricted cash and temporary investments	518,982
Total	\$ 8,518,736

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,126,500	\$ -	\$ -	\$ 1,126,500
Construction in progress	-	9,273	-	9,273
Total Capital Assets not Being Depreciated	1,126,500	9,273	-	1,135,773
Capital Assets Being Depreciated				
Buildings	89,932	-	-	89,932
Improvements other than buildings	495,496	11,845	-	507,341
Machinery and equipment	198,951	-	-	198,951
Infrastructure	18,810,255	-	-	18,810,255
Total Capital Assets Being Depreciated	19,594,634	11,845	-	19,606,479
Less Accumulated Depreciation for				
Buildings	(67,792)	(12,542)	-	(80,334)
Improvements other than buildings	(183,774)	-	-	(183,774)
Machinery and equipment	(98,499)	(21,656)	-	(120,155)
Infrastructure	(8,588,241)	(953,940)	-	(9,542,181)
Total Accumulated Depreciation	(8,938,306)	(988,138)	-	(9,926,444)
Total Capital Assets Being Depreciated, Net	10,656,328	(976,293)	-	9,680,035
Governmental Activities Capital Assets, Net	\$ 11,782,828	\$ (967,020)	\$ -	\$ 10,815,808

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Construction in progress	<u>\$ -</u>	<u>\$ 26,504</u>	<u>\$ -</u>	<u>\$ 26,504</u>
Capital Assets Being Depreciated				
Infrastructure	2,712,849	448,695	-	3,161,544
Less Accumulated Depreciation				
Infrastructure	<u>(1,088,584)</u>	<u>(103,805)</u>	<u>-</u>	<u>(1,192,389)</u>
Total capital assets being depreciated, net	<u>1,624,265</u>	<u>344,890</u>	<u>-</u>	<u>1,969,155</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,624,265</u>	<u>\$ 371,394</u>	<u>\$ -</u>	<u>\$ 1,995,659</u>

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

<b>Governmental Activities</b>		
General government		\$ 9,767
Public works		970,503
Culture and recreation		<u>7,868</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 988,138</u>
<b>Business-type Activities</b>		
Sewer		<u>\$ 103,805</u>

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Long-term Debt**

General Obligation Bonds

The City 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 City. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Improvement Bond, Series 2021A	\$ 1,480,000	1.10 - 3.00 %	06/10/21	02/01/32	\$ 1,330,000
General Obligation Improvement Bond, Series 2015A	1,425,000	1.10 - 2.50	07/16/15	02/01/26	435,000
General Obligation Improvement Bond, Series 2018A	1,410,000	3.0 - 4.0	06/27/18	02/01/29	<u>815,000</u>
Total General Obligation Bonds					<u><u>\$ 2,580,000</u></u>

Annual requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	<b>General Obligation Bonds</b>					
	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 414,815	\$ 61,987	\$ 476,802	\$ 15,185	\$ 2,941	\$ 18,126
2025	424,325	48,800	473,125	15,675	2,478	18,153
2026	424,325	35,445	459,770	15,675	2,007	17,682
2027	283,835	24,511	308,346	70,049	3,990	74,039
2028	261,774	16,326	278,100	13,720	88	13,808
2029 - 2032	640,622	15,545	656,167	-	-	-
Total	<u><u>\$ 2,449,696</u></u>	<u><u>\$ 202,614</u></u>	<u><u>\$ 2,652,310</u></u>	<u><u>\$ 130,304</u></u>	<u><u>\$ 11,504</u></u>	<u><u>\$ 141,808</u></u>

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable					
G.O. Improvement Bonds	\$ 2,855,000	\$ -	\$ (405,305)	\$ 2,449,695	\$ 414,815
Bond Premium	82,960	-	(9,017)	73,943	-
Compensated absences payable	-	20,704	(11,894)	8,810	4,497
Long-term Liabilities	<u>\$ 2,937,960</u>	<u>\$ -</u>	<u>\$ (414,322)</u>	<u>\$ 2,532,448</u>	<u>\$ 419,312</u>
<b>Business-type activities</b>					
Bonds payable					
G.O. Improvement Bonds	\$ 145,000	\$ -	\$ (14,695)	\$ 130,305	\$ 2,108,823
Bond Premium	11,295	-	(1,228)	10,067	-
Long-term Liabilities	<u>\$ 11,295</u>	<u>\$ -</u>	<u>\$ (15,923)</u>	<u>\$ 140,372</u>	<u>\$ 2,108,823</u>

**Note 4: Defined Benefit Pension Plans - Statewide**

**A. Plan Description**

The City 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 Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**B. Benefits Provided**

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

General Employee Plan Benefits

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$19,092, \$8,152 and \$7,907, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$106,246 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$2,850. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0019 percent at the end of the measurement period and 0.0016 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 106,246
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>2,850</u>
<b>Total</b>	<b><u><u>\$ 109,096</u></u></b>

For the year ended December 31, 2023, the City recognized pension expense of \$34,633 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$13 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 3,356	\$ 462
Changes in Actuarial Assumptions	11,007	29,121
Net Difference Between Projected and Actual Investment Earnings	2,544	-
Changes in Proportion	16,150	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>11,690</u>	<u>-</u>
<b>Total</b>	<b><u><u>\$ 44,747</u></u></b>	<b><u><u>\$ 29,583</u></u></b>

The \$11,690 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 10,639
2025	(5,192)
2026	332
2027	(2,305)
2028	-
Thereafter	-

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**E. Long-term Expected Return on Investment**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	100.0 %	

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Funds were projected to be available to make all projected future benefit payments of current plan members. 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.

**H. Pension Liability Sensitivity**

The following presents the City'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 City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 187,957	\$ 106,246	\$ 39,035

**I. Pension Plan Fiduciary Net Position**

Detailed information about each 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](http://www.mnpera.org).

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)**

The City has 5 council members that are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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 five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. 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 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 872	\$ 872	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2023, 2022 and 2021 were \$872, \$853 and \$857, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

**Note 6: Other Information**

**A. Risk Management**

The City 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 City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT 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 City'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 City's management is not aware of any incurred but not reported claims.

**B. Legal Debt Margin**

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

City of Credit River, Minnesota  
Notes to the Financial Statements  
December 31, 2023

**Note 6: Other Information (Continued)**

**C. Joint Powers Agreements**

The City 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 City paid \$4,329 related to the agreement in 2023. 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 City entered into a joint powers agreement, effective April 2009, with the City of Savage, for the City to have exclusive planning, zoning and subdivision authority for a piece of property in the northwestern corner of the City 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 City is incorporated or the subject property is annexed into a city, or is terminated by law.

The City 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 City 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 City, and the City 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."

The city entered into a joint powers agreement, November 9<sup>th</sup>, 2020, with the City of Savage, for the city to construct sanitary sewer conveyance facilities which would connect to Savage's sanitary sewer system and in which Credit River purchases water on a wholesale basis from the City of Savage. The agreement establishes sharing and interconnecting utilities. The term of the agreement is 10 years and either party may terminate the agreement by providing two years written notice.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CREDIT RIVER  
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Credit River, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2023

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0019 %	\$ 106,246	\$ 2,850	\$ 109,096	\$ 149,709	71.0 %	83.1 %
06/30/22	0.0016	126,721	3,835	130,556	120,900	104.8	76.7
06/30/21	0.0012	51,245	1,519	52,764	85,027	60.3	87.0
06/30/20	0.0011	65,950	1,973	67,923	76,767	85.9	79.0
06/30/19	0.0009	49,759	1,500	51,259	64,305	77.4	80.2
06/30/18	0.0009	49,928	1,586	51,514	61,467	81.2	79.5
06/30/17	0.0010	63,839	779	64,618	60,947	104.7	75.9
06/30/16	0.0009	73,076	942	74,018	57,302	127.5	68.9
06/30/15	0.0009	46,643	-	46,643	54,409	85.7	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 - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 19,092	\$ 19,092	\$ -	\$ 254,561	7.5 %
12/31/22	8,152	8,152	-	108,690	7.5
12/31/21	7,907	7,907	-	105,427	7.5
12/31/20	6,480	6,480	-	86,400	7.5
12/31/19	4,955	4,955	-	66,072	7.5
12/31/18	4,613	4,613	-	61,507	7.5
12/31/17	4,584	4,584	-	61,120	7.5
12/31/16	4,478	4,478	-	59,707	7.5
12/31/15	4,202	4,202	-	56,031	7.5

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

City of Credit River, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2022.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Credit River, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2023

**Notes to the Required Supplementary Information - General Employees Fund (Continued)**

Changes in Plan Provisions

2023 – An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2022 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2022.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CREDIT RIVER  
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

City of Credit River, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2023

	<b>110</b>	<b>202</b>	<b>440</b>	
	<u>Special Revenue</u>		<u>Capital Projects</u>	Total
	ARPA	Park	2021 Road Projects	Nonmajor Governmental Funds
<b>Assets</b>				
Cash and temporary investments	<u>\$ -</u>	<u>\$ 206,130</u>	<u>\$ 323,215</u>	<u>\$ 529,345</u>
<b>Fund Balances</b>				
Restricted for				
Park improvements	-	\$ 93,141	\$ -	\$ 93,141
Road projects	-	-	323,215	323,215
Assigned for				
Park improvements	-	112,989	-	112,989
Total Fund Balances	<u>-</u>	<u>206,130</u>	<u>323,215</u>	<u>529,345</u>
 Total Liabilities and Fund Balances	 <u>\$ -</u>	 <u>\$ 206,130</u>	 <u>\$ 323,215</u>	 <u>\$ 529,345</u>

City of Credit River, Minnesota  
 Nonmajor Governmental Funds  
 Combining Schedule of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2023

	<b>110</b>	<b>202</b>	<b>440</b>	Total Nonmajor Governmental Funds
	Special Revenue		Capital Projects	
	ARPA	Park	2021 Road Project	
Revenues				
Intergovernmental	\$ 187	\$ -	\$ -	\$ 187
Charges for services	-	7,000	-	7,000
Investment earnings	-	9,336	14,639	23,975
Total Revenues	<u>187</u>	<u>16,336</u>	<u>14,639</u>	<u>30,975</u>
Expenditures				
Current				
General government	187	-	-	187
Public works	-	-	11,845	11,845
Total Expenditures	<u>187</u>	<u>-</u>	<u>11,845</u>	<u>11,845</u>
Net Change in Fund Balances	-	16,336	2,794	19,130
Fund Balances, January 1	<u>-</u>	<u>189,794</u>	<u>320,421</u>	<u>510,215</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 206,130</u>	<u>\$ 323,215</u>	<u>\$ 529,345</u>

City of Credit River, 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, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes	\$ 1,534,078	\$ 1,534,078	\$ 1,528,820	\$ (5,258)	\$ 979,178
Franchise taxes	26,000	26,000	23,405	(2,595)	25,101
Total taxes	<u>1,560,078</u>	<u>1,560,078</u>	<u>1,552,225</u>	<u>(7,853)</u>	<u>1,004,279</u>
Licenses and permits	<u>442,855</u>	<u>442,855</u>	<u>379,943</u>	<u>(62,912)</u>	<u>547,902</u>
Intergovernmental					
Federal					
ARPA funding	-	-	612,333	612,333	-
State					
Agricultural credit	-	-	1,778	1,778	1,301
Public safety aid	-	-	239,544	239,544	-
Other	-	-	767	767	-
Total intergovernmental	<u>-</u>	<u>-</u>	<u>854,422</u>	<u>854,422</u>	<u>1,301</u>
Charges for services					
General government	<u>8,800</u>	<u>8,800</u>	<u>22,926</u>	<u>14,126</u>	<u>21,526</u>
Investment earnings	<u>114,023</u>	<u>114,023</u>	<u>130,909</u>	<u>16,886</u>	<u>91,877</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340</u>
Total Revenues	<u>2,125,756</u>	<u>2,125,756</u>	<u>2,940,425</u>	<u>814,669</u>	<u>1,667,225</u>
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	146,493	146,493	110,464	36,029	90,402
Supplies	7,850	7,850	8,751	(901)	4,343
Other services and charges	159,700	159,700	136,932	22,768	135,118
Total Mayor and Council	<u>314,043</u>	<u>314,043</u>	<u>256,147</u>	<u>57,896</u>	<u>229,863</u>
City Clerk					
Personal services	122,300	122,300	132,677	(10,377)	39,713
Other services and charges	1,200	1,200	1,189	11	1,104
Total City Clerk	<u>123,500</u>	<u>123,500</u>	<u>133,866</u>	<u>(10,366)</u>	<u>40,817</u>

City of Credit River, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Continued)  
For the Year Ended December 31, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
General government (continued)					
City Treasurer					
Personal services	\$ 81,000	\$ 81,000	\$ 85,158	\$ (4,158)	\$ 45,832
Other services and charges	600	600	600	-	647
Total City Treasurer	<u>81,600</u>	<u>81,600</u>	<u>85,758</u>	<u>(4,158)</u>	<u>46,479</u>
Elections					
Personal services	-	-	147	(147)	23,727
Supplies	-	-	3,347	(3,347)	1,872
Other services and charges	18,100	18,100	6,711	11,389	2,372
Total elections	<u>18,100</u>	<u>18,100</u>	<u>10,205</u>	<u>7,895</u>	<u>27,971</u>
Assessor					
Other services and charges	53,000	53,000	54,917	(1,917)	53,083
Legal					
Other services and charges	33,000	33,000	35,063	(2,063)	36,160
Planning					
Personal services	41,720	41,720	50,458	(8,738)	14,676
Other services and charges	320,000	320,000	355,816	(35,816)	196,133
Total planning	<u>361,720</u>	<u>361,720</u>	<u>406,274</u>	<u>(44,554)</u>	<u>210,809</u>
City hall building					
Other services and charges	17,456	17,456	15,869	1,587	15,719
Total general government	<u>1,002,419</u>	<u>1,002,419</u>	<u>998,099</u>	<u>4,320</u>	<u>660,901</u>
Public safety					
Fire					
Other services and charges	801,256	801,256	805,186	(3,930)	492,060
Public works					
Streets					
Other services and charges	216,000	216,000	121,097	94,903	58,416

City of Credit River, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Continued)  
 For the Year Ended December 31, 2023  
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Culture and recreation					
Parks					
Personal services	\$ 500	\$ 500	\$ -	\$ 500	\$ -
Other services and charges	11,500	11,500	12,336	(836)	8,775
Total culture and recreation	<u>12,000</u>	<u>12,000</u>	<u>12,336</u>	<u>(336)</u>	<u>8,775</u>
Total current	2,031,675	2,031,675	1,936,718	94,957	1,220,152
Capital outlay					
General government	<u>32,000</u>	<u>32,000</u>	<u>10,943</u>	<u>21,057</u>	<u>18,222</u>
Total Expenditures	<u>2,063,675</u>	<u>2,063,675</u>	<u>1,947,661</u>	<u>116,014</u>	<u>1,238,374</u>
Net Change in Fund Balances	62,081	62,081	992,764	930,683	428,851
Fund Balances, January 1	<u>1,532,216</u>	<u>1,532,216</u>	<u>1,532,216</u>	-	<u>1,103,365</u>
Fund Balances, December 31	<u>\$ 1,594,297</u>	<u>\$ 1,594,297</u>	<u>\$ 2,524,980</u>	<u>\$ 930,683</u>	<u>\$ 1,532,216</u>

City of Credit River, Minnesota  
Road and Bridge Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended December 31, 2023  
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes	\$ 664,922	\$ 664,922	\$ 662,227	\$ (2,695)	\$ 526,404
Licenses and permits	-	-	240	240	180
Intergovernmental					
State					
Agricultural credit	-	-	771	771	652
Other grants and aids	91,500	91,500	88,966	(2,534)	91,572
Local					
Other grants and aids	-	-	-	-	73,589
Total	91,500	91,500	89,737	(1,763)	165,813
Charges for services	6,000	6,000	16,025	10,025	7,049
Investment earnings	-	-	80,381	80,381	-
Miscellaneous	-	-	4,746	4,746	-
Total Revenues	762,422	762,422	853,356	90,934	699,446
Expenditures					
Current					
Public works					
Personal services	15,000	15,000	18,223	(3,223)	14,448
Supplies	80,900	80,900	61,896	19,004	65,694
Other services and charges	1,066,522	1,066,522	533,291	533,231	391,642
Total Expenditures	1,162,422	1,162,422	613,410	549,012	471,784
Net Change in Fund Balances	(400,000)	(400,000)	239,946	639,946	227,662
Fund Balances, January 1	1,531,874	1,531,874	1,531,874	-	1,304,212
Fund Balances, December 31	<u>\$ 1,131,874</u>	<u>\$ 1,131,874</u>	<u>\$ 1,771,820</u>	<u>\$ 639,946</u>	<u>\$ 1,531,874</u>

City of Credit River, Minnesota  
Proprietary Funds  
Combining Schedules of Net Position  
December 31, 2023 and 2022

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2023	2022
Assets		
Current Assets		
Cash and temporary investments	\$ -	\$ 219,238
Receivables		
Accounts	1,140	3,396
Special assessments	-	-
Prepaid items	283	290
Total Current Assets	1,423	222,924
Noncurrent Assets		
Restricted cash and temporary investments	179,133	171,252
Capital assets		
Construction work in progress	-	-
Infrastructure	653,410	204,715
Less accumulated depreciation	(130,468)	(123,718)
Net Capital Assets	522,942	80,997
Total Noncurrent Assets	702,075	252,249
Total Assets	703,498	475,173
Liabilities		
Current Liabilities		
Accounts payable	54,391	7,340
Accrued interest payable	2,449	2,824
Accrued salaries payable	141	133
Deposits payable	676	2,125
Due to other funds	178,502	-
Bonds payable - current	15,186	14,696
Total Current Liabilities	251,345	27,118
Noncurrent Liabilities		
Bonds payable	125,185	141,598
Total Liabilities	376,530	168,716
Net Position		
Investment in capital assets	382,571	69,703
Restricted for capital replacement and maintenance	179,133	171,252
Unrestricted	(234,736)	65,502
Total Net Position	\$ 326,968	\$ 306,457

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2023	2022	2023	2022	2023	2022
\$ 69,697	\$ 66,703	\$ 26,909	\$ 48,151	\$ 96,606	\$ 334,092
2,981	4,209	182	1,271	4,303	8,876
-	3,994	-	-	-	3,994
747	481	249	62	1,279	833
<u>73,425</u>	<u>75,387</u>	<u>27,340</u>	<u>49,484</u>	<u>102,188</u>	<u>347,795</u>
<u>251,434</u>	<u>223,899</u>	<u>88,415</u>	<u>79,029</u>	<u>518,982</u>	<u>474,180</u>
-	-	26,504	-	26,504	
2,145,286	2,145,286	362,848	362,848	3,161,544	2,712,849
(944,852)	(858,988)	(117,069)	(105,878)	(1,192,389)	(1,088,584)
<u>1,200,434</u>	<u>1,286,298</u>	<u>272,283</u>	<u>256,970</u>	<u>1,995,659</u>	<u>1,624,265</u>
<u>1,451,868</u>	<u>1,510,197</u>	<u>360,698</u>	<u>335,999</u>	<u>2,514,641</u>	<u>2,098,445</u>
<u>1,525,293</u>	<u>1,585,584</u>	<u>388,038</u>	<u>385,483</u>	<u>2,616,829</u>	<u>2,446,240</u>
20,150	21,743	14,540	11,217	89,081	40,300
-	-	-	-	2,449	2,824
380	358	92	87	613	578
1,190	700	391	275	2,257	3,100
-	-	-	-	178,502	-
-	-	-	-	15,186	14,696
<u>21,720</u>	<u>22,801</u>	<u>15,023</u>	<u>11,579</u>	<u>288,088</u>	<u>61,498</u>
-	-	-	-	125,185	141,598
<u>21,720</u>	<u>22,801</u>	<u>15,023</u>	<u>11,579</u>	<u>413,273</u>	<u>203,096</u>
1,200,434	1,286,298	272,283	256,970	1,855,288	1,612,971
251,434	223,899	88,415	79,029	518,982	474,180
51,705	52,586	12,317	37,905	(170,714)	155,993
<u>\$ 1,503,573</u>	<u>\$ 1,562,783</u>	<u>\$ 373,015</u>	<u>\$ 373,904</u>	<u>\$ 2,203,556</u>	<u>\$ 2,243,144</u>

City of Credit River, Minnesota  
Proprietary Funds  
Combining Schedules of Revenues, Expenses and Changes in Net Position  
For the Years Ended December 31, 2023 and 2022

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2023	2022
Operating Revenues		
Charges for services	\$ 96,488	\$ 99,344
Operating Expenses		
Personal services	2,481	2,035
Office expenses	1,947	1,665
Maintenance	42,992	34,424
Repairs	582	10,809
Professional services	7,754	8,013
Utilities	1,857	3,178
Other expense	18,714	16,284
Depreciation	6,750	6,750
Total Operating Expenses	83,077	83,158
Operating Income (Loss)	13,411	16,186
Nonoperating Revenues (Expense)		
Investment earnings	8,887	2,249
Interest expense	(1,787)	(2,282)
Total Nonoperating Revenue (Expense)	7,100	(33)
Change in Net Position	20,511	16,153
Net Position, January 1	306,457	290,304
Net Position, December 31	\$ 326,968	\$ 306,457

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2023	2022	2023	2022	2023	2022
\$ 147,983	\$ 149,632	\$ 62,328	\$ 62,736	\$ 306,799	\$ 311,712
6,687	5,185	1,618	1,348	10,786	8,568
3,979	3,307	837	761	6,763	5,733
72,352	75,998	24,198	21,875	139,542	132,297
3,948	9,708	10,210	1,919	14,740	22,436
13,023	12,134	2,727	12,234	23,504	32,381
6,522	6,200	5,956	780	14,335	10,158
26,548	44,004	10,608	4,637	55,870	64,925
85,864	85,864	11,191	11,191	103,805	103,805
218,923	242,400	67,345	54,745	369,345	380,303
(70,940)	(92,768)	(5,017)	7,991	(62,546)	(68,591)
11,730	2,933	4,128	1,035	24,745	6,217
-	-	-	-	(1,787)	(2,282)
11,730	2,933	4,128	1,035	22,958	3,935
(59,210)	(89,835)	(889)	9,026	(39,588)	(64,656)
1,562,783	1,652,618	373,904	364,878	2,243,144	2,307,800
\$ 1,503,573	\$ 1,562,783	\$ 373,015	\$ 373,904	\$ 2,203,556	\$ 2,243,144

City of Credit River, Minnesota  
Proprietary Funds  
Combining Schedules of Cash Flows  
For the Years Ended December 31, 2023 and 2022

	Business-type Activities - Enterprise Funds	
	Monterey Heights/South Passage Subordinate Service District	
	2023	2022
Cash Flows from Operating Activities		
Receipts from customers	\$ 98,744	\$ 96,270
Payments to suppliers	(49,912)	(82,009)
Payments to employees	(2,473)	(2,068)
Net Cash Provided (Used) by Operating Activities	46,359	12,193
Cash Flows from Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Receipts (payments) from (to) other funds	178,502	-
Principal paid on bonds	(14,695)	-
Interest paid on bonds	(3,390)	(4,120)
Acquisition of capital assets	(427,020)	-
Net Cash Provided by Capital and Related Financing Activities	(266,603)	(4,120)
Cash Flows from Investing Activities		
Interest received on investments	8,887	2,249
Net Increase (Decrease) in Cash and Cash Equivalents	(211,357)	10,322
Cash and Cash Equivalents, January 1	390,490	380,168
Cash and Cash Equivalents, December 31	\$ 179,133	\$ 390,490
Cash and Cash Equivalents as Reported on the Statement of Net Position		
Cash and temporary investments	\$ -	\$ 219,238
Restricted cash and temporary investments	179,133	171,252
Total Cash and Cash Equivalents	\$ 179,133	\$ 390,490
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 13,411	\$ 16,186
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	6,750	6,750
(Increase) decrease in assets		
Accounts receivable	2,256	(3,074)
Special assessments receivable	-	-
Prepaid items	7	(195)
Increase (decrease) in liabilities		
Accounts payable	25,376	(9,150)
Accrued salaries payable	8	(33)
Deposits payable	(1,449)	1,709
Net Cash Provided (Used) by Operating Activities	\$ 46,359	\$ 12,193
Noncash Capital and Related Financing Activities		
Capital purchased on account	\$ 21,675	\$ -
Amortization of bond premium	1,228	1,228

Business-type Activities - Enterprise Funds

Territory		Stonebridge		Total Sewer	
Subordinate Service District		Subordinate Service District		Subordinate Service Districts	
2023	2022	2023	2022	2023	2022
\$ 153,205	\$ 148,284	\$ 63,417	\$ 62,357	\$ 315,366	\$ 306,911
(127,741)	(145,330)	(51,284)	(35,985)	(228,937)	(263,324)
(6,665)	(5,273)	(1,613)	(1,369)	(10,751)	(8,710)
<u>18,799</u>	<u>(2,319)</u>	<u>10,520</u>	<u>25,003</u>	<u>75,678</u>	<u>34,877</u>
-	-	-	-	178,502	-
-	-	-	-	(14,695)	-
-	-	-	-	(3,390)	(4,120)
-	-	(26,504)	-	(453,524)	-
-	-	(26,504)	-	(293,107)	(4,120)
<u>11,730</u>	<u>2,933</u>	<u>4,128</u>	<u>1,035</u>	<u>24,745</u>	<u>6,217</u>
30,529	614	(11,856)	26,038	(192,684)	36,974
<u>290,602</u>	<u>289,988</u>	<u>127,180</u>	<u>101,142</u>	<u>808,272</u>	<u>771,298</u>
<u>\$ 321,131</u>	<u>\$ 290,602</u>	<u>\$ 115,324</u>	<u>\$ 127,180</u>	<u>\$ 615,588</u>	<u>\$ 808,272</u>
\$ 69,697	\$ 66,703	\$ 26,909	\$ 48,151	\$ 96,606	\$ 334,092
251,434	223,899	88,415	79,029	518,982	474,180
<u>\$ 321,131</u>	<u>\$ 290,602</u>	<u>\$ 115,324</u>	<u>\$ 127,180</u>	<u>\$ 615,588</u>	<u>\$ 808,272</u>
\$ (70,940)	\$ (92,768)	\$ (5,017)	\$ 7,991	\$ (62,546)	\$ (68,591)
85,864	85,864	11,191	11,191	103,805	103,805
1,228	(2,325)	1,089	(379)	4,573	(5,778)
3,994	977	-	-	3,994	977
(266)	(225)	(187)	-	(446)	(420)
(1,593)	6,302	3,323	6,431	27,106	3,583
22	(88)	5	(21)	35	(142)
490	(56)	116	(210)	(843)	1,443
<u>\$ 18,799</u>	<u>\$ (2,319)</u>	<u>\$ 10,520</u>	<u>\$ 25,003</u>	<u>\$ 75,678</u>	<u>\$ 34,877</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,675</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,228</u>	<u>\$ 1,228</u>

City of Credit River, Minnesota

Debt Service Funds  
 Combining Balance Sheet  
 December 31, 2023

	2015 G.O. Improvement Bond	2018 G.O. Improvement Bond	2021 G.O. Improvement Bond	Total
<b>Assets</b>				
Cash and temporary investments	\$ 281,713	\$ 399,582	\$ 376,002	\$ 1,057,297
Receivables				
Taxes	1,332	1,437	1,562	4,331
Special assessments	65,207	199,475	206,645	471,327
Due from other governments	212	-	-	212
Prepaid assets	475	474	475	1,424
<b>Total Assets</b>	<b><u>\$ 348,939</u></b>	<b><u>\$ 600,968</u></b>	<b><u>\$ 584,684</u></b>	<b><u>\$ 1,534,591</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	\$ 709	\$ 862	\$ 681	\$ 2,252
Unavailable revenue - special assessments	65,207	198,857	206,150	470,214
<b>Total Deferred Inflows of Resources</b>	<b><u>65,916</u></b>	<b><u>199,719</u></b>	<b><u>206,831</u></b>	<b><u>472,466</u></b>
<b>Fund Balances</b>				
Nonspendable for prepaid items	475	474	475	1,424
Restricted for debt service	282,548	400,775	377,378	1,060,701
<b>Total Fund Balance</b>	<b><u>283,023</u></b>	<b><u>401,249</u></b>	<b><u>377,853</u></b>	<b><u>1,062,125</u></b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 348,939</u></b>	<b><u>\$ 600,968</u></b>	<b><u>\$ 584,684</u></b>	<b><u>\$ 1,534,591</u></b>

City of Credit River, Minnesota  
Debt Service Funds  
Combining Schedules of Revenues, Expenditures  
and Changes on Fund Balances  
For the Year Ended December 31, 2023

	2015 G.O. Improvement Bond	2018 G.O. Improvement Bond	2021 G.O. Improvement Bond	Total
Revenues				
Property taxes	\$ 64,712	\$ 59,723	\$ 91,839	\$ 216,274
Intergovernmental	75	70	107	252
Special assessments	35,455	67,041	41,672	144,168
Interest on investments	12,760	18,098	17,030	47,888
Total Revenues	<u>113,002</u>	<u>144,932</u>	<u>150,648</u>	<u>408,582</u>
Expenditures				
Debt service				
Principal	140,000	130,000	135,305	405,305
Interest and other charges	13,199	31,527	31,677	76,403
Total Expenditures	<u>153,199</u>	<u>161,527</u>	<u>166,982</u>	<u>481,708</u>
Net Change in Fund Balances	(40,197)	(16,595)	(16,334)	(73,126)
Fund Balances, January 1	<u>323,220</u>	<u>417,844</u>	<u>394,187</u>	<u>1,135,251</u>
Fund Balances, December 31	<u>\$ 283,023</u>	<u>\$ 401,249</u>	<u>\$ 377,853</u>	<u>\$ 1,062,125</u>

City of Credit River, Minnesota  
Summary Financial Report  
Revenues And Expenses For General Operations -  
Governmental Funds  
For the Years Ended December 31, 2023 and 2022

	Total		Percent Increase (Decrease)
	2023	2022	
<b>Revenues</b>			
Property taxes	\$ 2,507,054	\$ 1,874,239	33.76 %
Franchise taxes	23,405	25,101	(6.76)
Licenses and permits	380,183	548,082	(30.63)
Intergovernmental	954,714	387,695	146.25
Charges for services	45,951	44,575	3.09
Special assessments	303,702	625,706	(51.46)
Investment earnings	345,006	91,877	275.51
Miscellaneous	149,836	252,406	(40.64)
	<u>\$ 4,709,851</u>	<u>\$ 3,849,681</u>	22.34 %
Total Revenues			
Per Capita	\$ 857	\$ 703	
<b>Expenditures</b>			
Current			
General government	\$ 998,286	\$ 661,025	51.02 %
Public safety	805,186	492,060	63.64
Public works	734,507	530,200	38.53
Culture and recreation	12,336	8,775	40.58
Capital outlay			
General government	11,796	18,222	(35.27)
Public safety	-	81,000	(100.00)
Public works	192,804	879,217	(78.07)
Culture and recreation	-	540	(100.00)
Debt service			
Principal	405,305	270,000	50.11
Interest and other charges	76,403	93,364	(18.17)
	<u>\$ 3,236,623</u>	<u>\$ 3,034,403</u>	6.66 %
Total Expenditures			
Per Capita	\$ 589	\$ 554	
Total Long-term Indebtedness	\$ 2,449,695	\$ 2,855,000	(14.20) %
Per Capita	446	522	(14.56)
General Fund Balance - December 31	\$ 2,524,980	\$ 1,532,216	64.79 %
Per Capita	459	280	63.93

The purpose of this report is to provide a summary of financial information concerning the City of Credit River to interested citizens. The complete financial statements may be examined at Credit River City Hall, 18985 Meadow View Blvd Prior Lake, MN 55372. Questions about this report should be directed to [treasurer@creditrivernm.gov](mailto:treasurer@creditrivernm.gov).

OTHER REQUIRED REPORT

CITY OF CREDIT RIVER  
CREDIT RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

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**INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Credit River  
Credit River, 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 remaining fund information of City of Credit River, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for City's* promulgated by the State Auditor pursuant to Minnesota statute §6.65, insofar as they relate to accounting matters. 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 City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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



**Abdo**  
Minneapolis, Minnesota  
March 18, 2024