WHITE BEAR TOWNSHIP, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2016

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF

WHITE BEAR TOWNSHIP, MINNESOTA

YEAR ENDED DECEMBER 31, 2016

Prepared by

William Short, Township Clerk - Treasurer

Tom Kelly, Finance Officer

White Bear Township

1281 Hammond Road

White Bear Township, Minnesota 55110

WHITE BEAR TOWNSHIP, MINNESOTA
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I.

INTRODUCTORY

SECTION

Board of Supervisors
WILLIAM R. MAMPLE, Chair
ROBERT J. KERMES
ED M. PRUDHON

WHITE BEAR TOWNSHIP
1858
RAMSEY COUNTY
MINNESOTA

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June 29, 2017

White Bear Township Board of Supervisors
Citizens of White Bear Township
White Bear Township, Minnesota

In accordance with state statutes, we respectfully submit the Comprehensive Annual Financial Report for White Bear Township (Township) as of December 31, 2016 and for the year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures, supporting schedules, and statistical tables rests with the Township. Your management staff believes that the information as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of the Township's operations as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Township's financial affairs have been included.

The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), and, the American Institute of Certified Public Accountants, State Auditor's Office and the State of Minnesota, as well as in accordance with the recommendations of the Government Finance Officers Association of the United States and Canada (GFOA).

The report consists of management's representations concerning the finances of the Township. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established internal controls designed to protect the Township's assets from loss, theft or misuse and to provide sufficient reliable information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Township's internal controls have been designed to provide reasonable rather than absolute assurance that, the financial statements will be free from material misstatements. As management, we assert to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

White Bear Township's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants appointed by the Town Board. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Township for the year ended December 31, 2016 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles and significant estimates used by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the Township's financial statements, as of and for the year ended December 31, 2016, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

THE REPORTING ENTITY AND ITS SERVICE

In accordance with GASB pronouncements, the Township's financial statements include all funds of White Bear Township.

The Township provides a full range of services to its citizens. These services include, but are not limited to: police and fire protection; parks and recreational facilities; construction and maintenance of streets; water; sewer; surface water pollution preservation; refuse; health; economic development, planning and general administrative services.

The White Bear Township Economic Development Authority (EDA) is considered a blended component unit of the Township. Although the EDA is legally a separate unit, it was created by the Township Board to carry out responsibilities associated with development and redevelopment within the Township's tax increment districts. The EDA governing body is made up of the three Township Board Supervisors and the Township's Clerk-Treasurer is the executive director. The EDA financial statements are prepared in conjunction with the Township's annual report and are included as a Special Revenue Fund of the Township. The EDA does not publish a separate financial statement.

PROFILE OF THE GOVERNMENT

White Bear Township has been an unincorporated Township since 1858. The Township is a northern St. Paul suburb located wholly in Ramsey County and is the only Township remaining in the County. Minnesota's oldest Township once covered 36 square miles and included the cities of White Bear Lake, Vadnais Heights, Gem Lake and portions of North Oaks. It is now fragmented into four main parcels covering an area of approximately 9.3 miles (approximately 6,000 acres). The Township celebrated its sesquicentennial during 2008. White Bear Township has the largest population of the 1,800 Townships within the State of Minnesota. The 2010 U.S. Census population for the Township is 10,949 which is a 2% decrease from the 2000 census. The Township is empowered to levy a property tax on both real and personal properties located within its boundaries.

White Bear Township government is conducted by a three-member Board of Supervisors, with a chairperson elected by the Board. Policy-making and legislative authority are vested in a Board of Supervisors consisting of the chairperson and two other members. The Board of Supervisors is responsible, among other things, for passing ordinances, appointing committees, and hiring Township staff, including the Clerk-Treasurer. The Clerk-Treasurer is responsible for carrying out the policies and ordinances of the Board of Supervisors and for overseeing the day-to-day operations of the Township government. The Board of Supervisors is elected on a non-partisan basis. Board members serve four-year terms, with board member elections held in the fall of even numbered years. The Board of Supervisors is elected at large.

The Township's financial planning and control foundation is the annual budget. The budget incorporates the Township's financial policies related to operations, management policy, debt management, reserves, investments, and amendments to the overall documents. The budget process actually begins with the Annual Township Meeting, which by statute must be held the second Tuesday in March. This meeting, which is run by the Township residents through a moderator, is where the maximum amount of property taxes to be collected for the next year is set by a vote of those in attendance. This levy may be reduced throughout the budgetary process but may not be increased. A special Township budget meeting is set for later in the year at which time the Township residents vote on and approve a final property tax levy for the upcoming year.

All departments and agencies of the Township submit requests for appropriation to the Clerk-Treasurer by June of each year. The Clerk-Treasurer and Finance Officer use the requests as the starting point for developing a preliminary balanced budget to be presented to the Township Board prior to August 31st of each year. The Board at that time sets the preliminary tax levy, which must take into consideration the maximum tax levy adopted at the annual meeting and must be certified prior to September 15th of each year. This preliminary tax levy can be lowered but not increased. The Township Board and management reviews and refines the preliminary budget and then presents the proposed budget and property tax levy to the residents at a special Township budget meeting where the residents have the opportunity to vote on the final tax levy and make recommendations to be incorporated into the final budget. This meeting is generally held in late-November or early-December in order to meet certification deadlines. Department heads may make transfers between line items within a department; however, adjustments between departments or funds require special approval of the Board of Supervisors.

PROFILE OF THE GOVERNMENT (CONTINUED)

Budget to actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund and other governmental funds with annual budgets, this comparison is on pages 56-58 as part of the required supplementary information.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the environment within which White Bear Township operates.

LOCAL ECONOMY

As part of the Minneapolis/St. Paul metropolitan area, the Township has experienced a strong and favorable economic environment for a number of years. The metropolitan region has a strong and diversified business base, including companies with headquarters or divisions located within White Bear Township's boundaries or in close proximity that include the largest fishing tackle manufacturer, vacuum formed plastics, computer components, a major cement pump manufacturer and several automobile dealerships. These strengths result from a highly educated work force; access to high technology; available capital and an excellent transportation system including major state highways and federal interstate highways which allows easy mobility in any direction. The transportation network is a very positive factor in making the Township an ideal location for commercial/industrial development and redevelopment.

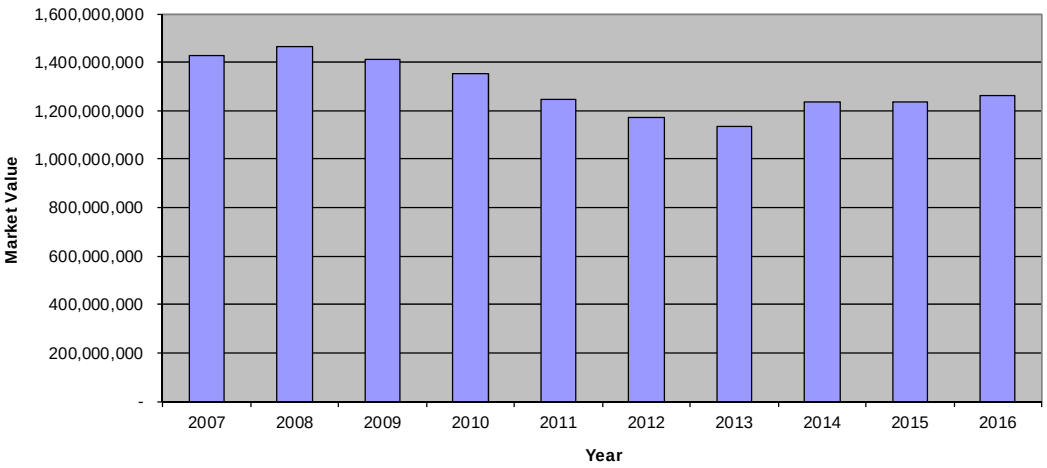
The Township is located in a region with varied economic base which has resulted in an unemployment rate that has consistently remained near or below national and state averages. While the national unemployment rate is 4.7% and the state's unemployment rate is 3.9%, the Township has a regional unemployment rate of 3.5% according to the Minnesota Department of Economic Security. Unemployment is expected to remain at or below the state average.

DEVELOPMENT ACTIVITY

Residential construction decreased during 2016 due to storm damage causing many homes and business to have new siding and/or roofs installed in 2015. The Township issued 14 permits during 2016 for new single-family home construction valued at $3,871,456. Three new permits for construction of public building and commercial/industrial were issued in 2016 and there were several permits issued for remodel/additions with construction valued at $4,148,455. The Township expects construction activity for 2017 to increase over 2016 totals due to a new residential development and proposed new commercial/industrial construction already in the works within the Township. Residential property experienced 529 renovation permits totaling $6.0 million valuation increase. Combined, commercial and residential construction added over $13.9 million in market growth compared to $12.2 million of market growth in 2015.

The Township continues to review strategies regarding economic and community development looking at how to best utilize sites in the Township that would be candidates for new development and redevelopment projects. Residential and commercial market value annual growth since 2007 is highlighted below.

COMMERCIAL AND RESIDENTIAL MARKET VALUES



FACTORS AFFECTING FINANCIAL CONDITION (CONTINUED)

FINANCIAL PERFORMANCE

The Township's General Fund (which includes the operations of the Capital Equipment Fund) completed 2016 with revenues being $304,109 more than projected. This resulted from higher than anticipated building permit activity and charges for services related to new developments in the Township and a one-time increase in cable franchise fees related to changes in the cable franchise agreement. Property taxes were $53,995 more than budgeted.

Through constant monitoring of operations and performance and through agile responses to changing conditions, the Township has been able to maintain its financial condition despite external challenges. A conservative financial management policy has directed the Township's finances for the past decade and that policy is frequently reviewed in light of changing conditions, but infrequently modified to ensure long-term continuity and continues positive performance.

LONG-TERM FINANCIAL PLANNING

As part of the Township's budget process, the Township adopts a formal 5 year Capital Improvement Plan for all structures, equipment, parks, and transportation projects, with the current year being incorporated into the Township budget. Excess General Fund balances, balances available after meeting the General Fund Fund Balance Policy, are annually allocated to construction funds, park development funds, building and equipment replacement funds. In addition the Township's financing policies have positioned the Township to meet future infrastructure improvements without significant or unexpected tax levy or rate increases. Moody's has recognized this policy by stating, "Moody's expects the Township's financial position to remain healthy due to a historical trend of conservative financial management, further evidenced by consecutive operating surpluses and strong reserve balances."

The Township continues the multi-year development of Polar Lakes Community Park which began in 2000. Improvements are added to the park as funds become available. Current projects include the construction of the amphitheatre, which was begun in 2008 and will include a stage, band shell and dancing surface and drainage improvements to the baseball fields. These park improvements are being done on a pay-as-you-go basis through the collection of annual billboard leases, park development fees, and interest earnings. The continued development of this park is being facilitated through the Township's 5-year capital plan and related cash flow analysis.

The Township continues to work closely with state, federal and neighboring communities to improve the area's state and county transportation network, including upgrading highways. The Township is also working to upgrade its own roads and when possible include pathways into improvements. Funding for transportation will come from state, county and federal sources where available, with some portions supported by the local taxpayers through special assessments.

The Township annually reviews it's water, sanitary sewer, and storm water rates to asure the revenues generated from these rates will cover operation and capital costs, including 75% of asset depreciation. The annual rate study includes projecting revenue and expenses for the next 10 years and incorporates the Township's 5-year capital plan, along with cash flow anylisis to project the proper rates. Any rate adjustments are approved by the Town Board and implemented with the winter quarterly billing (December – February) cycle.

RELEVANT FINANCIAL POLICIES

Trends of the past decade, changes in state aid and credit programs, and recent legislation indicates that the Township will have an even greater reliance on service fees and property taxes as a source of financing operations in the future and significantly less reliance on intergovernmental revenues (federal and state) and building and development related fees. Changes in state tax law over the past few years have resulted in funding changes for local governments. Large cuts in local government aid and the elimination of the market value homestead credit (MVHC) programs continue to impact the Township. In addition, as stated previously as the Township approaches full development we anticipate future reductions in building and development related activities and revenues.

FISCAL STEWARDSHIP

The Township maintains a set of Financial Management Policies which among several factors provides that one-time revenue sources should fund capital improvements rather than operations and that sufficient cash reserves must be maintained to avoid short-term borrowing or significant tax levy increases.

The Township's computations of its direct debt and legal debt margin reports that it has less than 3.2% of its obligations that have general property taxes as the sole source of revenue. The Township has approximately 96% of its legal debt limit, or $36,595,955 available for debt bonding as of December 31, 2016.

The Township continued to lower its debt limit percentage from 12.06% in 2006 to 3.20% in 2016. This decrease was achieved by adherence to the Township's Financial Management Policies. The Debt Policies, which restrict long-term borrowing for capital improvements that cannot be funded from operating revenues or reserves, has been the catalyst for achieving the debt reduction.

The outstanding debt as of December 31, 2016 was $3,375,000 compared to $4,095,000 at the end of 2015. The Township did not issue any new debt or refund any existing debt in 2016.

PENSION BENEFITS

All full-time and certain part-time employees of White Bear Township are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost sharing, multiple-employer retirement plan.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All members must participate in the Coordinated Plan since July 1, 1968. The Township's covered employees are all Coordinated Plan members.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after five (5) years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Additional information on White Bear Township's pension plan can be found in Note 5 in the notes to the financial statements.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

White Bear Township, by State Statute, is required to offer certain employees who qualify for PERA retirement the option of purchasing health insurance through the Township's current plan. Retirees are required to reimburse the Township for the entire premium cost. An Actuarial Valuation using the Alternative Measurement Method on the Township's implicit cost related to the benefit determined that any liability was determined to be immaterial.

STATISTICAL SECTION

The statistical section presents comparative statistical data for the past ten years, and other pertinent information involving taxes, revenues, expenditures and bonded debt. The unaudited data should be of interest to investors of White Bear Township bonds, financial institutions, or others interested in financial statistics of municipal governments.

The statistical section presents detailed information as a context for the reader to understand the Township's overall financial well-being. This detailed information is organized and presented in five categories: 1) Financial Trends – how the Township's financial performance has changed over time: 2) Revenue Capacity – indicates how the Township's major revenue source (property tax) has changed over time; 3) Debt Capacity – assess the Township's ability to issue future additional debt; 4) Demographic and Economic Information – presents the overall environment in which the Township's financial activities occur; and 5) Operating Information – indicates how the Township's financial report relates to the services and activities that the Township provides.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical data has been updated to conform to GASB pronouncement No. 44. Significant staff time has been invested modifying the statistical section to ensure that 10 years of statistical information is available.

AWARD FOR ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to White Bear Township for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the twentieth consecutive year that the Township has received this prestigious award.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current report continues to comply with GASB 34 reporting requirements and adhere to program requirements. The December 31, 2016 financial report will be submitted to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the dedicated services of the Finance Officer and finance staff. I would like to express my appreciation to all of those who assisted and contributed to the preparation of this report. Recognition is also extended to the Township Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of White Bear Township's financial operations.

Respectfully submitted,

William F. Short
Clerk-Treasurer

Tom Kelly
Finance Officer

WHITE BEAR TOWNSHIP, MINNESOTA
TOWNSHIP OFFICIALS AND PERSONNEL
DECEMBER 31, 2016

WHITE BEAR TOWNSHIP
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Office Hours: Weekdays 7:00 a.m. - 4:30 p.m.

TOWNSHIP BOARD OF SUPERVISORS

Robert Kermes
Chair

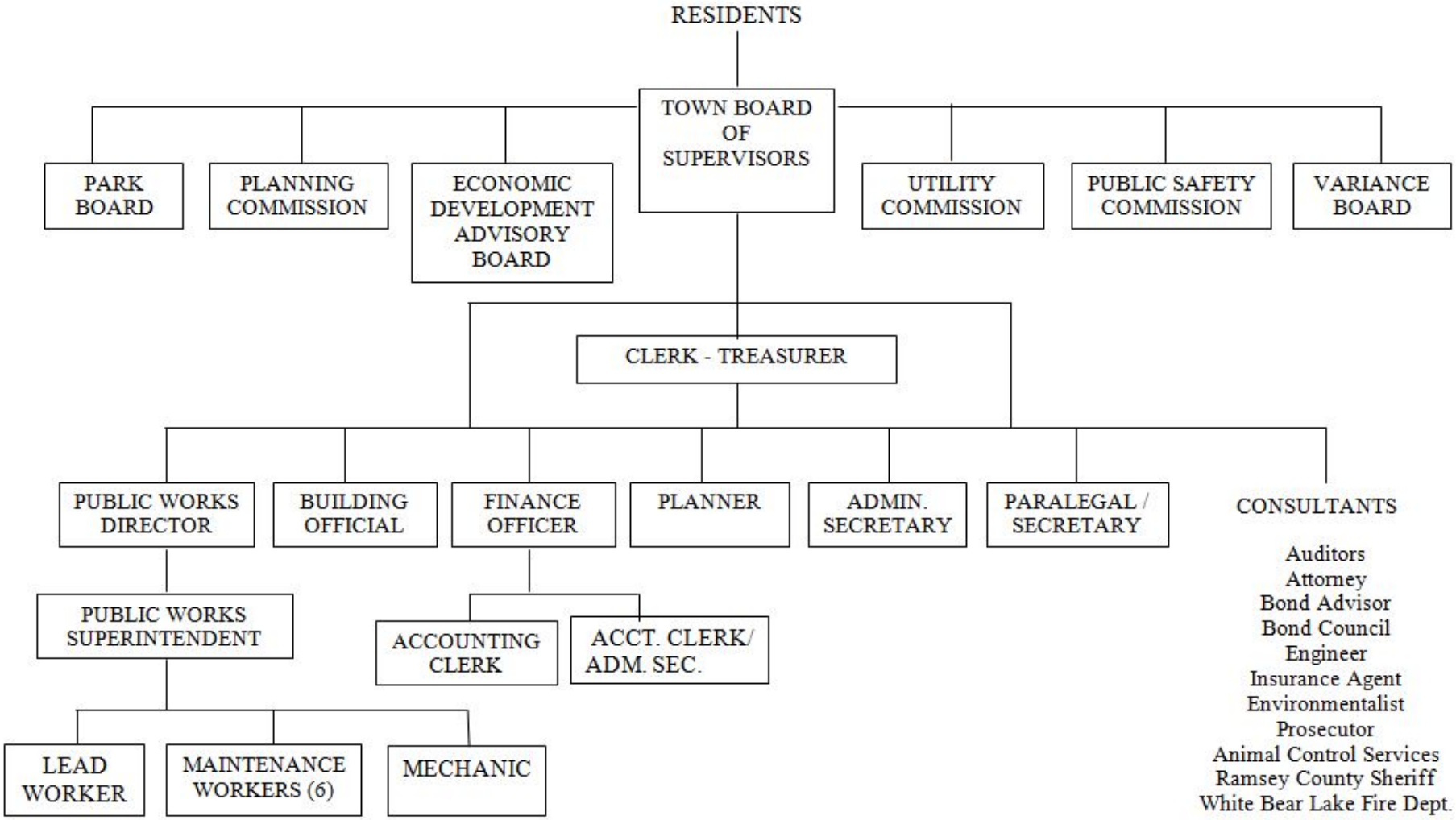
Steve Ruzek
Supervisor

Ed Prudhon
Supervisor

TOWNSHIP STAFF

Bill Short, Clerk-Treasurer
Mike Johnson, Code Enforcement Officer
Karen Edson, Administrative Secretary
Patti Walstad, Administrative Secretary/Para Legal
Tom Kelly, Finance Officer
Judy Moll, Accounting Clerk
Tori Leonhardt, Administrative Secretary/Accounts Payable
Tom Riedesel, Planner
Dale Reed, Public Works Director
Peter Tholen, Public Works Superintendent
Karl Stuemke, Public Works Maintenance Person
Reed Walstad, Public Works Maintenance Person
Rick Lillie, Public Works Maintenance Person
Chris Anderson, Public Works Maintenance Person
Paul Peltier, Works Lead Person
Joe Reil, Public Works Maintenance Person
Gerald Magnuson, Mechanic

WHITE BEAR TOWNSHIP, MINNESOTA
ORGANIZATION CHART
DECEMBER 31, 2016



NOTE: The Clerk-Treasurer is responsible for direct supervision of all Town staff and consultants. However, the Town Board of Supervisors at times does work directly with Town staff. The Board of Supervisors is also responsible for the hiring and dismissal of all Town staff and consultants. Currently the Township does have a vacant secretary position.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

White Bear Township

Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

II.

FINANCIAL

SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Township Board of Supervisors
White Bear Township, 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 White Bear Township (Township), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the White Bear Township as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the White Bear Township's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 29, 2017

This discussion and analysis presents an overview of the financial activities and financial position for White Bear Township for the fiscal year ended December 31, 2016. The discussion and analysis is intended to be read in conjunction with additional information that we have furnished in our letter of transmittal in the Introductory Section, and the Township's financial statements presented in this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of White Bear Township exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $41,257,650 (net position). Of this amount, $8,727,601 (unrestricted net position) may be used to meet the Township's ongoing obligations to citizens and creditors in accordance with the Township's fund designations and financial management policies.
- The Township's total net position increased by $126,474 during 2016.
- As of the close of the current fiscal year, White Bear Township's governmental funds reported combined ending fund balances of $8,007,715. 64% of this total amount, $5,138,571, is available for use within the Township's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $3,387,540, or 87.6% of total general fund expenditures.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

The Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These reports provide information about the actvities of the Township as a whole and present a long-term view of the City's finances.

Fund financial statements provide information about governmental activities by showing how services are financed in the short-term, as well as the amount remaining for future spending. These statements also report the Township's operations in more detail than the government-wide statements by highlighting White Bear Township's most significant funds.

The Notes to the Financial Statements contain additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and are presented in a separate section of this report.

REPORTING THE TOWNSHIP AS A WHOLE

Our analysis of White Bear Township as a whole begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the Township's finances is, "Is White Bear Township as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report White Bear Township's net position and changes in them. The Township's net position can be used as a way of measuring the financial health or financial position. Over time, increases and decreases in the Township's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the property tax base and the condition of infrastructure to assess the overall health of White Bear Township.

The government-wide financial statements can be found on pages 22-24 of this report.

FUND FINANCIAL STATEMENTS

Our analysis of White Bear Township's major funds begins with the funds financial statements and provides detailed inforamtion about the most significant funds – not the Township as whole. Some funds are required to be established by state law and by bond covenants. However, the Township Board of Supervisors establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes and other money (like grants received). White Bear Township's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental – Most of White Bear Township's basic services are reported in governemental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance Township programs. We describe relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliations immediately following of the fund financial statements.

The governmental fund financial statements can be found on pages 25-30 of this report.

Proprietary Funds – White Bear Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Township's enterprise funds are the same as business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to fully understand the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements cans be found on pages 34-55 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes budgetary compliance schedules for the General Fund and Econcomic Development Fund on pages 56 and 57. The Township's Pension Liability and Contributions information can be found on pages 59 and 60. The Township's Budget Compliance information is on page 58. Combining statements referred to earlier in conjunction with non-major governmental funds can be found on pages 61-64.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of Township's financial position over time. White Bear Township's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $41,257,650 at the close of the fiscal year ended December 31, 2016. By far the largest portion of White Bear Township's net position ($29,165,564) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. White Bear Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 1
STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	$ 10,923,485	$ 10,436,176	$ 5,119,494	$ 5,567,360	$ 16,042,979	$ 16,003,536
Capital Assets	15,493,138	14,735,126	16,334,233	16,290,720	31,827,371	31,025,846
Total Assets	26,416,623	25,171,302	21,453,727	21,858,080	47,870,350	47,029,382
Deferred Outflows of Resources	422,140	94,169	262,976	58,540	685,116	152,709
Noncurrent Liabilities Outstanding	3,058,501	3,084,186	2,116,423	2,262,879	5,174,924	5,347,065
Other Liabilities	1,540,041	459,520	374,225	132,304	1,914,266	591,824
Total Liabilities	4,598,542	3,543,706	2,490,648	2,395,183	7,089,190	5,938,889
Deferred Inflows of Resources	128,547	69,080	80,079	42,946	208,626	112,026
Net Position:						
Net Investment in Capital Assets	14,289,017	13,292,401	14,876,547	14,492,265	29,165,564	27,784,666
Restricted	3,364,485	3,236,601	-	-	3,364,485	3,236,601
Unrestricted	4,458,172	5,123,683	4,269,429	4,986,226	8,727,601	10,109,909
Total Net Position	$ 22,111,674	$ 21,652,685	$ 19,145,976	$ 19,478,491	$ 41,257,650	$ 41,131,176

Restricted net position comprises $3,364,485 of total net position. These assets are subject to external restrictions on how they may be used. The restrictions are related to legal bond covenants and state statutes.

The remaining balance totals $8,727,601, which represents 21.15% of the net position. This unrestricted net position may be used to meet the Township's ongoing operations to citizens and creditors or may have Board-imposed restrictions that limit how this net position may be used.

CHANGES IN NET POSITION

Net position of the Township increased $126,474, or .3% during the current fiscal year, as shown on the following table. The governmental activities experienced a increase of $458,989 in net position for that period and the business-type activities experienced a $332,515 decrease. The increase in the governmental activities is due to decreases in public services and community development expenditures, increases in revenues for operating grants and contributions, capital grants and contributions, miscellaneous revenues, and property tax collections. The decrease in the business-type activities net position was due to due to increased transfers to debt service funds from business-type activities for their share of 2016 debt payments.

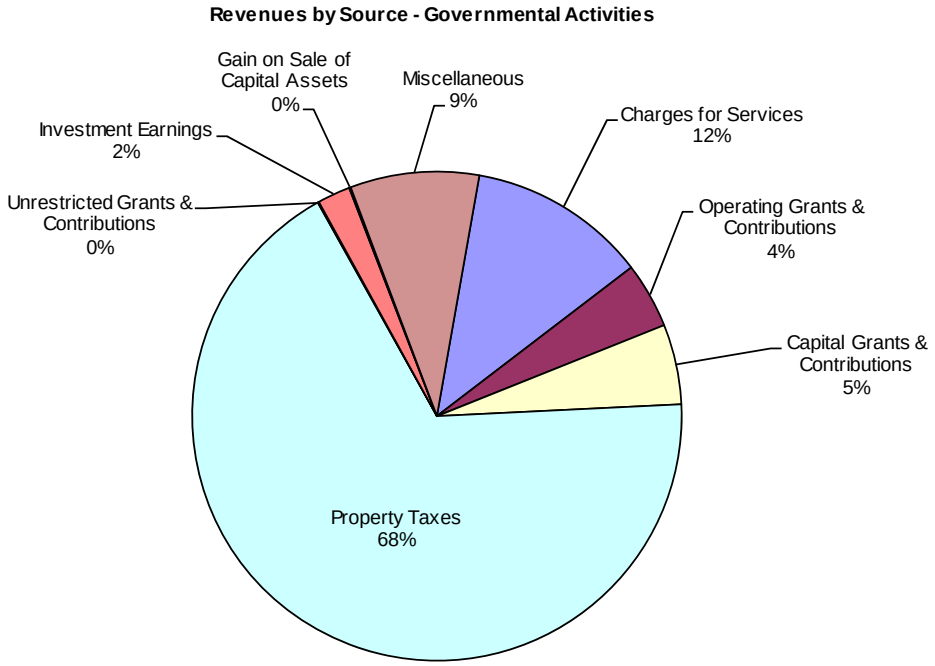
More details that acount for the change in net position are provided in the following analysis of the governmental and business-type activties.

CHANGES IN NET POSITION (CONTINUED)

Table 2
STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for Services	$ 643,666	$ 866,264	$ 3,091,149	$ 2,775,712	$ 3,734,815	$ 3,641,976
Operating Grants and Contributions	235,545	202,473	-	-	235,545	202,473
Capital Grants and Contributions	264,934	272,539	-	-	264,934	272,539
General Revenues:						
Property Taxes	3,674,932	3,655,622	-	-	3,674,932	3,655,622
Contributions Not Restricted to Specific Programs	4,283	4,284	-	-	4,283	4,284
Unrestricted Investment Earnings	118,314	111,727	40,974	46,809	159,288	158,536
Miscellaneous	468,636	352,088	-	-	468,636	352,088
Total Revenues	5,410,310	5,464,997	3,132,123	2,822,521	8,542,433	8,287,518
EXPENSES						
General Government	902,593	862,396	-	-	902,593	862,396
Public Safety	1,159,394	1,125,305	-	-	1,159,394	1,125,305
Public Service	1,560,387	1,695,502	-	-	1,560,387	1,695,502
Parks, Recreation and Forestry	720,489	477,652	-	-	720,489	477,652
Community Development	349,687	400,748	-	-	349,687	400,748
Interest and Fiscal Charges	58,771	64,254	-	-	58,771	64,254
Water Utility	-	-	1,748,513	1,471,074	1,748,513	1,471,074
Sewer Utility	-	-	1,714,216	1,617,751	1,714,216	1,617,751
Storm Sewer Utility	-	-	201,909	187,404	201,909	187,404
Total Expenses	4,751,321	4,625,857	3,664,638	3,276,229	8,415,959	7,902,086
CHANGE IN NET POSITION BEFORE TRANSFERS	658,989	839,140	(532,515)	(453,708)	126,474	385,432
Capital Contributions	-	-	-	171,391	-	171,391
Transfers	(200,000)	554,375	200,000	(554,375)	-	-
CHANGE IN NET POSITION	458,989	1,393,515	(332,515)	(836,692)	126,474	556,823
Net Position - Beginning of Year	21,652,685	20,259,170	19,478,491	20,315,183	41,131,176	40,574,353
NET POSITION - END OF YEAR	$ 22,111,674	$ 21,652,685	$ 19,145,976	$ 19,478,491	$ 41,257,650	$ 41,131,176

GOVERNMENTAL ACTVITIES



The Governmental Activities net position increased by $458,989, which represents a 2.1% increase in net position.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2016, the Township's governmental funds reported combined fund balances of $8,007,715. Of this total, $5,138,571, or 64%, is unrestricted and assigned fund balance. The remaining $2,869,144 of fund balance is either nonspendable or restricted as follows:

- Prepaid Items of $33,616
- Land Held for Resale of $223,476
- Debt Retirement of $880,574
- Economic Development Activities of $1,725,093
- Park Improvements of $6,385

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Fund level governmental revenues increased $27,217, or 0.6% compared to 2015. Key elements of this change are as follows:

- General property taxes decreased $20,081 or 0.5%. The decrease was due to not having a property tax levy for 2004A Public Facility Bonds which were retired in 2015.
- Intergovernmental revenues increased $32,345 or 15.7%. The increase was due to an increase in cable TV franchise fees.
- Charges for services decreased $76,552, or 28.8%. The decrease was due to less commercial/industrial building activities and development activities resulting in fewer fees and charges.
- Special Assessment revenues increased $120,644 or 24.7%. The increase was due a small development paying off their special assessment balances in 2016.
- Equipment rental revenues increased $28,005, or 14.2%. This increase was due to increased equipment charges to Township departments and external customers (other cities).
- Miscellaneous revenues decreased $61,514, or 12.5%. This decrease was due to the sale of property in 2015, where as in 2016 no property was sold.

Fund level expenditures, excluding debt service payments, increased by $1,264,937, or 30.3%, compared to 2015. Key elements of this net change are as follows:

- Public Works expenditures increased $148,521, or 18.6%, due to increased expenditures for chemicals to treat the roads during snow events and street repair materials. Aslo a new public works maintenance position was added in 2016 increasing personel costs.
- Parks, Recreation, and Forestry expenditures increased $50,253, or 12.5%, due to the new public works maintenance position increasing personnel costs and increased repair maintenance costs in the parks.
- Community Development expenditures decreased $56,625, or 14.4%, due to reduced expenditures related to a new commercial development that took place in 2015 and fewer development projects in 2016.
- Capital Outlay expenditures increased $1,022,997, or 185.9%, due to infrastructure improvement to the new Pine Hill residential development project.

General Fund. The General Fund is the chief operating fund of the Township. In 2016, fund balance in the General Fund decreased by $148,425 or 4.1%, whereas in the prior year, fund balance in the General Fund increased by $393,423 or 12.4%. Key differences between the current and prior year change in General Fund fund balance include the following:

- General property taxes increased $56,676 or 1.9%. The increase was due to an increase in the amount of property taxes levied.
- Intergovernmental revenues increased $32,345 or 15.7%. The increase was due to an increase in cable TV franchise fees based on a one-time change in the cable franchise agreement.
- Charges for services decreased $72,504, or 28.1%. The decrease was due to less development activities in 2016.
- General fund expenditures increased by $387,441, primarily due to an increase in Capital Outlay for equipment purchases and increase in Public Works expenditures related to an addition of a new public works maintenance position in personnel.
- General Fund transfers out increased $203,191 or 44.0%. The increase was due to transfers to other Township funds to lower the General Fund's reserves down according to the Township's fund balance policy.

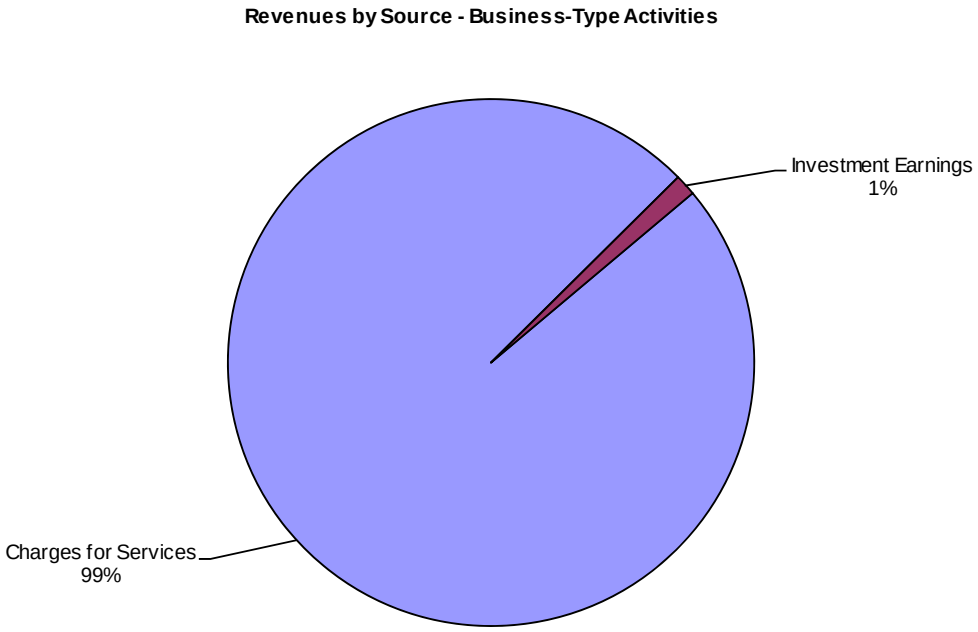
Economic Development Fund. The fund balance of the Ecomonic Development Fund increased by $357,195 or 22.4% as a result of a decrease in tax increment payments to developers.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

2011 G.O. Improvement Bonds Fund. The 2011 G.O. Improvement Bonds Fund ended with a fund balance of $583,546 due to the continued collection of special assessments and debt service payments.

Improvement Fund. The decrease of $450,446 in the fund balance of the Improvement Fund was due to increased capital outlay expenditures related to the Township's Pine Hill project.

BUSINESS-TYPE ACTVITIES



Net position of the business-type activites decreased by $332,515. This results from net position in the water fund and sewer fund operations decreasing which were partially offset by the increase in storm water operations. The change across business-type activities was as follows:

Water	$ (271,944)
Sewer	(430,071)
Storm Water	369,500

BUSINESS-TYPE ACTVITIES (CONTINUED)

- The Water Fund net position decrease reflects expenses exceeding revenues by $271,944. Operating revenue increased by $259,582 due to increased water rates. Operational expenses increased $285,765 due to increased expense for equipment parts and repair/maintenance items and also the addition of a new public works maintenance position in 2016.
- The Sewer Fund net position decrease reflects expenses exceeding revenues by $430,071. Operating revenue decreased by $14,994 due to a rate increase designed to cover system costs. Operational expenses increased $96,601 due mainly to personnel changes and reduced engineering time.
- Storm Water Fund net position increase reflects revenues exceeding expense by $169,500 before transfers in of $200,000. Operating revenue increased by $80,259 due to a rate increase designed to fund operations and future improvements. Operational expenses increased $15,571 primarily due to the change in personnel staff.

The business-type activities operating expense increased by $388,409 for fiscal year 2016 compared to 2015 and included the following funds changes in operating expense:

Activity	Change
Water	$ 277,439
Sewer	96,465
Storm Water	14,505

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Supervisors did not revise the Township's budget during the year for changes to the adopted budget during 2016. Rather these changes were absorbed by excess revenues or shifting and reprioritizing of expenditures throughout the year.

General Fund actual revenues were $258,892 over the adopted budget amounts. The overage in actual revenues were directly attributable to higher than expected collections of property taxes within the Township's period of availability, more intergovernmental revenues being received than expected, charges for services being higher than expected due to higher than anticipated time spent and charged on activities for other neighboring communities per agreements, miscellaneous revenues being higher than expected related to equipment charges, and better than expected licenses and permit activity and charges for services related to that building activity such as plan review, engineering, and administration charges.

General Fund actual expenditures were $332,464 below the adopted budget amounts for 2016. All expenditure categories came in below budget, except for general government and elections which were over budget by $39,980 and $2,835, respectively along with transfers out exceeded budget by $606,960. These transfers were to maintain a fund balance consitant with the Township's fund balance policy.

Fund balance in the General Fund would have increased $443,330 for 2016, however, the Township continued to maintain its fund balance within its fund balance policy levels at the end of 2016 by transferring out $664,960 to other funds. These transfers result in the fund balance of the General Fund decreasing $148,425 for 2016.

CAPITAL ASSETS

The Township's investment in Capital Assests for its governmental and business-type activities as of December 31, 2016 totals $31,827,371 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, park facilities, streets, water, sewer and storm water infrastructure and represents a net increase (including additions and deletions) of $801,525 compared to 2015.

CAPITAL ASSETS (CONTINUED)

The increase in net capital assets is due to the value of 2016 capital asset additions exceeding 2016 depreciation.

The depreciation of capital assets for the current fiscal year include the following:

- Governmental funds infrastructure totaling $497,177
- Governmental funds buildings totaling $84,846
- Governmental funds vehicles and equipment totaling $213,262
- Business-type infrastructure totaling $514,243
- Business-type buildings totaling $180,731
- Business-type vehicles and equipment totaling $45,481

A summary of the net changes in capital assets for 2016 is shown on the following chart:

White Bear Township's Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 4,016,102	$ 4,016,102	$ -	$ -	$ 4,016,102	$ 4,016,102
Construction in Progress	1,046,534	-	589,556	490,188	1,636,090	490,188
Buildings	2,740,903	2,780,037	1,815,025	1,995,756	4,555,928	4,775,793
Vehicles and Equipment	1,026,461	875,385	533,008	578,489	1,559,469	1,453,874
Machinery and Shop Equipment	765,309	723,299	-	-	765,309	723,299
Office Furniture and Equipment	82,924	28,221	-	-	82,924	28,221
Infrastructure	5,814,905	6,312,082	13,396,644	13,226,287	19,211,549	19,538,369
Capital Assets, Net	$ 15,493,138	$ 14,735,126	$ 16,334,233	$ 16,290,720	$ 31,827,371	$ 31,025,846

Additional information on the Township's capital assets can be found in Note 3 of this report.

LONG-TERM DEBT

White Bear Township's Outstanding Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
G.O. Bonds	$ 1,959,096	$ 2,323,340	$ -	$ -	$ 1,959,096	$ 2,323,340
G.O. Revenue Bonds	-	-	1,415,904	1,771,660	1,415,904	1,771,660
Net Pension Liability	1,015,586	680,706	632,673	423,171	1,648,259	1,103,877
Compensated Absences Payable	94,459	92,984	62,074	59,731	156,533	152,715
Total Outstanding Debt	$ 3,069,141	$ 3,097,030	$ 2,110,651	$ 2,254,562	$ 5,179,792	$ 5,351,592

White Bear Township has $3,375,000 in bonds outstanding at December 31, 2016 compared to $4,095,000 last year. The decrease results from the payment of the annual principal balance, which totaled $720,000.

The Township has maintained an "Aa3" bond rating from Moody's Investor Service on its debt since 2005. During 2010, Moody's recalibrated its U.S. Municipal Scale Underlying and Enhanced Ratings to the Global Scale which resulted in an automatic rating upgrade to "Aa2" for all Township debt. The Township had another rating completed in September of 2011 when it issued the 2011A, 2011B, and 2011C bonds, and the rating remained at Aa2.

LONG-TERM DEBT (CONTINUED)

State statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total Estimated Market Value. The debt limit for the Township as of December 31, 2016 was $37,806,051 compared to $37,122,204 for 2015. The outstanding balance of $1,209,096 on the Public Facilities Bond issued in 2004 represents 3.89% of the total debt limit and is chargeable against the total debt limit and results in a Legal Debt Margin for 2016 of $36,596,955.

Additional information on White Bear Township's long-term debt can be found in Note 4 of this report.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The Township's appointed officials considered many factors when developing the 2017 budget and establishing the 2016 tax levy collectible in 2017 and appropriate fees that will be charged by business-type activities. With the focus on sustainability, the 2017 budget was prepared with emphasis on ensuring current operational needs will be met as well as meeting long-term capital requirements. Through constant adherence to its fiscal policies and with the formal adoption of the Township's 5-year Capital Improvement Plan, the Township is expected to address long-term financial demands without causing significant fluctuation in the Township's tax burden.

For the fourth consecutive year the Township's tax base increased due to increased home and commercial values. This increase allows Township officials to keep the property tax rates as low as possible to minimize the affects of property tax increases to property owners without affecting services and the Township's fund balance reserves.

Contact Information

The financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department at White Bear Township, 1281 Hammond Road, White Bear Township, Minnesota 55110, by email at wbt@ci.white-bear-Township.mn.us or by phone at (651) 747-2750.

BASIC FINANCIAL STATEMENTS

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 9,225,974	$ 4,433,730	$ 13,659,704
Accrued Interest Receivable	52,776	24,722	77,498
Accounts Receivable	209,541	581,658	791,199
Due from Other Governments	15,226	-	15,226
Taxes Receivable	188,677	-	188,677
Special Assessments Receivable	974,199	-	974,199
Prepaid Items	33,616	79,384	113,000
Land Held for Resale	223,476	-	223,476
Capital Assets:			
Land	4,016,102	-	4,016,102
Construction in Progress	1,046,534	589,556	1,636,090
Other Capital Assets, Net of Depreciation	10,430,502	15,744,677	26,175,179
Total Assets	26,416,623	21,453,727	47,870,350
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	422,140	262,976	685,116
LIABILITIES			
Accounts Payable	396,242	268,729	664,971
Salaries Payable	16,475	10,311	26,786
Contracts Payable	-	36,010	36,010
Accrued Interest Payable	21,170	16,435	37,605
Due to Other Governments	7,782	-	7,782
Unearned Revenue	1,098,372	42,740	1,141,112
Noncurrent Liabilities:			
Due Within One Year			
Compensated Absences	76,427	47,428	123,855
Bonds Payable	720,191	364,809	1,085,000
Due in More Than One Year			
Compensated Absences	18,032	14,646	32,678
Bonds Payable	1,228,265	1,056,867	2,285,132
Net Pension Liability	1,015,586	632,673	1,648,259
Total Liabilities	4,598,542	2,490,648	7,089,190
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	128,547	80,079	208,626
NET POSITION			
Net Investment in Capital Assets	14,289,017	14,876,547	29,165,564
Restricted for:			
Debt Service	1,402,714	-	1,402,714
Economic Development Activities	1,955,386	-	1,955,386
Park Improvements	6,385	-	6,385
Unrestricted	4,458,172	4,269,429	8,727,601
Total Net Position	$ 22,111,674	$ 19,145,976	$ 41,257,650

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	$ 902,593	$ 599,289	$ 175,634	$ -
Public Safety	1,159,394	27,697	32,352	-
Public Works	1,560,387	-	25,769	264,934
Parks, Recreation and Forestry	720,489	7,101	1,790	-
Community Development	349,687	9,579	-	-
Interest on Long-Term Debt	58,771	-	-	-
Total Governmental Activities	4,751,321	643,666	235,545	264,934
BUSINESS-TYPE ACTIVITIES				
Water	1,748,513	1,454,982	-	-
Sewer	1,714,216	1,275,141	-	-
Storm Sewer	201,909	361,026	-	-
Total Business-Type Activities	3,664,638	3,091,149	-	-
Total	$ 8,415,959	$ 3,734,815	$ 235,545	$ 264,934

General Revenues:
Taxes:
Property Taxes, Levied for General Purpose
Grants and Contributions Not Restricted to Specific Programs
Unrestricted Investment Earnings (Losses)
Gain on Disposal of Capital Assets
Other
Transfers
Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (127,670)	$ -	$ (127,670)
(1,099,345)	-	(1,099,345)
(1,269,684)	-	(1,269,684)
(711,598)	-	(711,598)
(340,108)	-	(340,108)
(58,771)	-	(58,771)
(3,607,176)	-	(3,607,176)
-	(293,531)	(293,531)
-	(439,075)	(439,075)
-	159,117	159,117
-	(573,489)	(573,489)
(3,607,176)	(573,489)	(4,180,665)
3,674,932	-	3,674,932
4,283	-	4,283
118,314	40,974	159,288
5,705	-	5,705
462,931	-	462,931
(200,000)	200,000	-
4,066,165	240,974	4,307,139
458,989	(332,515)	126,474
21,652,685	19,478,491	41,131,176
$ 22,111,674	$ 19,145,976	$ 41,257,650

WHITE BEAR TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	Economic Development Authority	G.O. Improvement Bonds 2011A
ASSETS			
Cash and Investments	$ 3,404,364	$ 1,593,883	$ 573,523
Accrued Interest Receivable	19,915	8,388	2,895
Accounts Receivable	46,196	163,345	-
Due from Other Governmental Units	15,226	-	-
Taxes Receivable:			
Delinquent	22,225	6,817	-
Current	85,566	74,069	-
Special Assessments Receivable:			
Delinquent	6,115	-	109,654
Other	52,359	-	410,512
Prepaid Items	33,616	-	-
Land Held for Resale	-	223,476	-
Total Assets	$ 3,685,582	$ 2,069,978	$ 1,096,584
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 163,207	$ 114,592	$ -
Salaries Payable	16,475	-	-
Due to Other Governments	7,782	-	-
Unearned Revenue	47,247	-	-
Total Liabilities	234,711	114,592	-
Deferred Inflows of Resources:			
Unavailable Revenue - Taxes	22,225	6,817	-
Unavailable Revenue - Special Assessments	-	-	513,038
	22,225	6,817	513,038
Fund Balances:			
Nonspendable:			
Prepaid Items	33,616	-	-
Land Held for Resale	-	223,476	-
Restricted for:			
Debt Service	-	-	583,546
Economic Development Activities	-	1,725,093	-
Park Improvements	-	-	-
Assigned for:			
Public Safety	2,490	-	-
Compensation	5,000	-	-
Park Development	-	-	-
Town Hall Improvements	-	-	-
Polar Lakes Park Development	-	-	-
Capital Improvements	-	-	-
Unassigned	3,387,540	-	-
Total Fund Balances	3,428,646	1,948,569	583,546
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,685,582	$ 2,069,978	$ 1,096,584

See accompanying Notes to the Financial Statements.

Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ 1,825,650	$ 1,350,781	$ 8,748,201
10,099	8,645	49,942
-	-	209,541
-	-	15,226
-	-	29,042
-	-	159,635
81,089	-	196,858
283,673	30,797	777,341
-	-	33,616
-	-	223,476
$ 2,200,511	$ 1,390,223	$ 10,442,878
$ 72,911	$ 45,532	$ 396,242
-	-	16,475
-	-	7,782
1,051,125	-	1,098,372
1,124,036	45,532	1,518,871
-	-	29,042
343,940	30,272	887,250
343,940	30,272	916,292
-	-	33,616
-	-	223,476
-	297,028	880,574
-	-	1,725,093
-	6,385	6,385
-	-	2,490
-	-	5,000
-	689,620	689,620
-	60,000	60,000
-	261,386	261,386
732,535	-	732,535
-	-	3,387,540
732,535	1,314,419	8,007,715
$ 2,200,511	$ 1,390,223	$ 10,442,878

WHITE BEAR TOWNSHIP, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		$ 8,007,715
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	$ 4,016,102	
Buildings, Net of Accumulated Depreciation	2,740,903	
Vehicles, Net of Accumulated Depreciation	1,026,461	
Machinery and Shop Equipment, Net of Accumulated Depreciation	765,309	
Office Furniture and Equipment, Net of Accumulated Depreciation	82,924	
Infrastructure, Net of Accumulated Depreciation	5,814,905	15,493,138
Some of the Township's property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		916,292
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position.		(21,170)
An internal service fund is used by management for the purpose of purchasing commercial insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		480,607
The Township's net pension liability and related deferred inflows and deferred outflows are recorded only on the Statement of Net Position. Balances at year end are:		
Net Pension Liability	(1,015,586)	
Deferred Inflows of Resources - Pensions	(128,547)	
Deferred Outflows of Resources - Pensions	422,140	(721,993)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(1,959,096)	
Unamortized Premiums	(1,303)	
Unamortized Discounts	11,943	
Compensated Absence Payable	(94,459)	(2,042,915)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 22,111,674

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	General	Economic Development Authority	GO Improvement Bonds 2011A
REVENUE			
General Property Taxes	$ 2,987,921	$ 646,848	$ -
Licenses and Permits	245,408	-	-
Intergovernmental	238,038	-	-
Charges for Services	185,786	3,600	-
Investment Earnings (Losses)	38,297	14,293	5,467
Fines and Forfeits	10,724	-	-
Park and Recreation Fees	-	-	-
Special Assessments	-	-	173,044
Equipment Rental	225,355	-	-
Miscellaneous	378,172	-	-
Total Revenue	4,309,701	664,741	178,511
EXPENDITURES			
Current:			
General Government	980,674	-	-
Public Safety	1,154,155	-	-
Public Works	649,000	-	-
Parks, Recreation and Forestry	442,810	-	-
Community Development	199,094	138,484	-
Capital Outlay	440,638	-	-
Debt Service:			
Principal	-	-	190,000
Interest and Fiscal Charges	-	-	19,298
Total Expenditures	3,866,371	138,484	209,298
REVENUE OVER (UNDER) EXPENDITURES	443,330	526,257	(30,787)
OTHER FINANCING SOURCES (USES)			
Transfer In	67,500	-	-
Transfer Out	(664,960)	(169,062)	-
Sale of Property	5,705	-	-
Total Other Financing Sources (Uses)	(591,755)	(169,062)	-
NET CHANGE IN FUND BALANCE	(148,425)	357,195	(30,787)
Fund Balance - Beginning of Year	3,577,071	1,591,374	614,333
FUND BALANCE - END OF YEAR	$ 3,428,646	$ 1,948,569	$ 583,546

See accompanying Notes to the Financial Statements.

Improvement Fund	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 3,634,769
-	-	245,408
-	-	238,038
-	-	189,386
32,916	20,362	111,335
-	-	10,724
-	5,756	5,756
410,004	25,822	608,870
-	-	225,355
3,893	50,233	432,298
446,813	102,173	5,701,939
-	-	980,674
-	-	1,154,155
298,781	-	947,781
-	9,186	451,996
-	-	337,578
856,478	276,040	1,573,156
-	174,244	364,244
-	40,073	59,371
1,155,259	499,543	5,868,955
(708,446)	(397,370)	(167,016)
258,000	308,522	634,022
-	-	(834,022)
-	-	5,705
258,000	308,522	(194,295)
(450,446)	(88,848)	(361,311)
1,182,981	1,403,267	8,369,026
$ 732,535	$ 1,314,419	$ 8,007,715

WHITE BEAR TOWNSHIP, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ (361,311)
Amounts reported for governmental activities in the statement of activities are different		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital Outlays	$ 1,553,297	
Gain on Disposal of Capital Assets	5,705	
Proceeds from Sales of Capital Assets	(5,705)	
Depreciation Expense	(795,285)	758,012
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized over the life of the debt in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Repayment of Bond Principal	364,244	
Change in Accrued Interest Expense for General Obligation Bonds	2,804	
Amortization of Bond Premium	680	
Amortization of Bond Discount	(2,884)	364,844
Delinquent and certain other property taxes and special assessments receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources and excluded from revenues in the governmental funds.		
Deferred Inflows of Resources - December 31, 2014	(1,220,605)	
Deferred Inflows of Resources - December 31, 2015	916,292	(304,313)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During the year, the balance of compensated absence payable changed as follows:		(1,475)
Pension expenses in the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.		(66,376)
Internal service funds are used by the Township to purchase commercial insurance for individual funds. The net revenue of the internal service funds is reported with governmental activities.		69,608
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 458,989

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2016	Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 2,350,839	$ 1,320,551	$ 762,340	$ 4,433,730	$ 477,773
Accounts Receivable	241,084	262,605	77,969	581,658	-
Accrued Interest Receivable	13,345	8,302	3,075	24,722	2,834
Prepaid Items	2,835	73,164	3,385	79,384	-
Total Current Assets	2,608,103	1,664,622	846,769	5,119,494	480,607
NONCURRENT ASSETS					
Capital Assets:					
Construction in Progress	527,525	57,940	4,091	589,556	-
Buildings	6,233,536	-	-	6,233,536	-
Vehicles	15,440	340,038	-	355,478	-
Machinery and Shop Equipment	3,906	5,228	-	9,134	-
Office Furniture and Equipment	67,274	498,847	942	567,063	-
Infrastructure	11,523,166	13,231,795	1,137,794	25,892,755	-
Total Capital Assets	18,370,847	14,133,848	1,142,827	33,647,522	-
Less: Accumulated Depreciation	(10,373,184)	(6,635,898)	(304,207)	(17,313,289)	-
Total Noncurrent Assets	7,997,663	7,497,950	838,620	16,334,233	-
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - Pensions	122,735	108,743	31,498	262,976	-
Total Assets and Deferred Outflows of Resources	10,728,501	9,271,315	1,716,887	21,716,703	480,607
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	223,501	38,901	6,327	268,729	-
Salaries Payable	4,789	4,268	1,254	10,311	-
Contracts Payable	36,010	-	-	36,010	-
Unearned Revenue	9,502	33,238	-	42,740	-
Accrued Interest Payable	13,074	2,254	1,107	16,435	-
Bonds Payable - Current Maturities	289,291	50,643	24,875	364,809	-
Compensated Absences Payable - Current	22,846	19,766	4,816	47,428	-
Total Current Liabilities	599,013	149,070	38,379	786,462	-
NONCURRENT LIABILITIES					
Bonds Payable - Long Term	655,249	269,327	132,291	1,056,867	-
Net Pension Liability - Long Term	295,279	261,616	75,778	632,673	-
Compensated Absences Payable - Long Term	7,058	6,363	1,225	14,646	-
Total Noncurrent Liabilities	957,586	537,306	209,294	1,704,186	-
Total Liabilities	1,556,599	686,376	247,673	2,490,648	-
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Pensions	37,374	33,114	9,591	80,079	-
NET POSITION					
Net Investment in Capital Assets	7,017,113	7,177,980	681,454	14,876,547	-
Unrestricted	2,117,415	1,373,845	778,169	4,269,429	480,607
Total Net Position	9,134,528	8,551,825	1,459,623	19,145,976	480,607
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 10,728,501	$ 9,271,315	$ 1,716,887	$ 21,716,703	$ 480,607

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2016	Internal Service Fund
OPERATING REVENUES					
Charges for Services	$ 1,344,563	$ 1,214,961	$ 361,026	$ 2,920,550	$ 177,334
Water and Sewer Availability Charges	108,640	33,200	-	141,840	-
Intergovernmental	-	26,980	-	26,980	-
Total Operating Revenues	1,453,203	1,275,141	361,026	3,089,370	177,334
OPERATING EXPENSES					
Personnel Services	345,471	316,997	92,808	755,276	34,397
Other Services and Charges	287,279	947,649	44,429	1,279,357	80,308
Materials and Supplies	661,441	151,340	37,416	850,197	-
Depreciation	423,858	292,269	24,328	740,455	-
Total Operating Expenses	1,718,049	1,708,255	198,981	3,625,285	114,705
OPERATING INCOME (LOSS)	(264,846)	(433,114)	162,045	(535,915)	62,629
OTHER INCOME (EXPENSE)					
Investment Earnings	21,587	9,004	10,383	40,974	6,979
Miscellaneous Nonoperating Income	1,779	-	-	1,779	-
Interest and Fiscal Agent Fees	(33,243)	(5,804)	(2,851)	(41,898)	-
Bond Discount Amortization Expense	2,779	(157)	(77)	2,545	-
Total Other Income (Expense)	(7,098)	3,043	7,455	3,400	6,979
INCOME (DEFICIT) BEFORE TRANSFERS	(271,944)	(430,071)	169,500	(532,515)	69,608
TRANSFERS					
Transfers In	-	-	200,000	200,000	-
Total Transfers	-	-	200,000	200,000	-
CHANGE IN NET POSITION	(271,944)	(430,071)	369,500	(332,515)	69,608
Net Position - Beginning of Year	9,406,472	8,981,896	1,090,123	19,478,491	410,999
NET POSITION - END OF YEAR	$ 9,134,528	$ 8,551,825	$ 1,459,623	$ 19,145,976	$ 480,607

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2016	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Receipts from Customers	$ 1,456,588	$ 1,307,584	$ 348,978	$ 3,113,150	$ 177,334
Cash Paid to Suppliers	(772,059)	(1,092,468)	(77,137)	(1,941,664)	-
Cash Paid to Employees	(324,385)	(298,086)	(85,936)	(708,407)	(12,769)
Net Cash Provided (Used) by Operating Activities	360,144	(82,970)	185,905	463,079	164,565
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	-	-	200,000	200,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Bonds	(280,238)	(50,642)	(24,876)	(355,756)	-
Interest and Fiscal Agent Fees	(37,017)	(5,993)	(2,944)	(45,954)	-
Acquisition of Capital Assets	(461,901)	(244,848)	(59,687)	(766,436)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(779,156)	(301,483)	(87,507)	(1,168,146)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	17,180	7,419	8,247	32,846	5,609
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(401,832)	(377,034)	306,645	(472,221)	170,174
Cash and Cash Equivalents - Beginning of Year	2,752,671	1,697,585	455,695	4,905,951	307,599
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,350,839	$ 1,320,551	$ 762,340	$ 4,433,730	$ 477,773
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ (264,846)	$ (433,114)	$ 162,045	$ (535,915)	$ 62,629
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	423,858	292,269	24,328	740,455	-
Miscellaneous Other Income	1,779	-	-	1,779	-
Change in Assets and Liabilities:					
Accounts Receivable	1,708	(625)	(12,048)	(10,965)	-
Prepaid Items	(787)	(3,588)	(887)	(5,262)	101,936
Deferred Outflows - Pensions	(95,286)	(84,449)	(24,701)	(204,436)	
Accounts Payable	177,448	10,109	5,595	193,152	-
Salaries Payable	864	1,206	257	2,327	-
Compensated Absences	1,416	868	59	2,343	-
Unearned Revenue	(102)	33,068	-	32,966	-
Net Pension Liability	96,855	85,995	26,652	209,502	-
Deferred Inflows - Pensions	17,237	15,291	4,605	37,133	-
Net Cash Provided (Used) by Operating Activities	$ 360,144	$ (82,970)	$ 185,905	$ 463,079	$ 164,565
Schedule of Noncash Capital Activities:					
Capital Assets on Account	$ (36,010)	$ -	$ -	$ (36,010)	$ -
Receipt of Contributed Capital Assets	-	-	-	-	-
Amortization of Premium/(Discount)	2,779	(157)	(77)	2,545	-

See accompanying Notes to the Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

White Bear Township (Township) is a public corporation formed under Minnesota Statute 410. As such, the Township is under home rule charter regulations and applicable statutory guidelines.

The basic financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the White Bear Township and its component units. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component include whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

COMPONENT UNITS

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Unit

The Economic Development Authority (EDA) for White Bear Township is an entity legally separate from the Township. However, for financial reporting purposes, the EDA is presented as a blended component unit and is reported as if it were part of the Township's operations. This treatment is the result of several factors including the governing board of the EDA consisting of the Township's Board of Supervisors, the Township's ability to impose its will on the EDA as well as a financial benefit/burden relationship between the Township and the EDA. The EDA does not issue separate financial statements.

B. BASIC FINANCIAL STATEMENTS

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall Township. Eliminations have been made to minimize the double-counting of internal activities.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the Township's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the Township's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The Township reports the following major governmental funds:

<u>General Fund</u>

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

<u>Economic Development Authority</u>

The economic development authority special revenue fund provides financial incentives to businesses to construct new or expand existing facilities and provide affordable (lower cost) housing in return the Township collect the additional property tax (increment) as its revenue source.

<u>G.O. Improvement Bonds 2011A</u>

The G.O. improvement bonds of 2011A debt service fund are used to internally fund infrastructure improvements within the Township through the issuance of the 2011A G.O. Improvement Bonds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

Improvement Fund

The improvement capital projects fund accounts for improvement project activity.

The Township reports the following major enterprise funds:

Water Fund

The water fund accounts for customer water service charges that are used to finance water operating expenses.

Sewer Fund

The sewer fund accounts for customer sewer service charges that are used to finance sewer operating expenses.

Storm Water Fund

The storm water fund accounts for customer storm water service charges that are used to finance storm water operating expenses.

Additionally, the Township reports the following proprietary fund:

Internal Service Fund

The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the Township on a cost reimbursement basis. The Township currently uses the internal service fund for the purpose of purchasing commercial insurance.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and proprietary fund 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. The Township considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Amounts reported as program revenues include: (1) Charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments.

Proprietary funds distinguish operating revenues and expenses from nonoperating item. 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 revenue of the Township's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America. Annual appropriated budgets are adopted for the General Fund and the Economic Development Authority Special Revenue Fund. Budgeted expenditure appropriations lapse at year-end.

E. LEGAL COMPLIANCE - BUDGETS

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Clerk-Treasurer submits to the Township Board of Supervisors a proposed operating budget (including the General Fund and Economic Development Authority Special Revenue Fund) for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution by voters at the annual budget meeting.
4. The Township Board of Supervisors may authorize transfers of budgets between departments within any fund.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Economic Development Authority Special Revenue Fund.

6. The legal level of budgetary control is at the departmental level. Monitoring of budgets is maintained at the expenditure category level (i.e., salaries, wages, benefits, material, supplies, services, capital outlay) within each activity. This means that General Fund and the Economic Development Authority Special Revenue Fund individual line items may overspend budgeted amounts without Township Board of Supervisors approval, however, departments may not overspend budgeted amounts without Township Board of Supervisors approval.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in investments authorized by Minnesota Statutes. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

The Township provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund in the governmental fund financial statements, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund payables are eliminated for statement of net position presentation.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools that meet the criteria of GASB Statement No. 79 are valued at amortized costs. If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31. Interest earnings are accrued at the balance sheet date.

For purposes of the statement of cash flows the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary fund types have original maturities of 90 days or less. Therefore, the entire balance in such fund types is considered cash equivalents.

G. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption. That portion of the relevant funds' balances equal to material prepaid items has been classified as nonspendable.

H. PROPERTY TAX CREDITS

Property taxes on homestead property (as defined by state statutes) are partially reduced by property tax credits. These credits are paid to the Township by the State in lieu of taxes levied against homestead property. The State remits these credits through installments each year. These credits are recognized as revenue by the Township at the time of collection.

I. PROPERTY TAX REVENUE RECOGNITION

The Township Board of Supervisors annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the Township, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the Township at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the Township on or before July 15 and December 15 of the same year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. PROPERTY TAX REVENUE RECOGNITION (CONTINUED)

Delinquent collections for November and December are received the following January. The Township has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Within the governmental fund financial statements, the Township recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the Township in July, December and the following January are recognized as revenue for the current year. Taxes and credits not received at the year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the Township in January is fully offset by deferred inflows of resources because it is not available to finance current expenditures. Deferred inflows of resources in governmental activities are susceptible to full accrual on the government-wide statements.

The Township's property tax revenue includes payments from the Metropolitan Revenue Distribution (Fiscal Disparities Formula) per Minnesota Statute 473F. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation "shared" is a portion of commercial/industrial property valuation growth since 1971. Property taxes paid to the Township through this formula for 2016 totaled $245,553. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

J. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the Township over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Within the fund financial statements, the revenue from special assessments is recognized by the Township when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the Township are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31 (remitted to the Township the following January) and are also recognized as revenue for the current year. All remaining delinquent, noncurrent, and other special assessments receivable in governmental funding are completely offset by deferred inflows of resources. Deferred inflows of resources in governmental activities is susceptible to full accrual on the government-wide statements.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the Township Board of Supervisors or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that sale (after costs, penalties and expenses of sale) are remitted to the Township in payment of delinquent special assessments. Generally, the Township will collect the full amount of its special assessments not adjusted by Township Board of Supervisors or court action. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Township has not adopted a capitalization policy threshold for determining additions but rather capitalizes all capital related expenditures. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The government reports infrastructure assets on a network and subsystem basis. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for Township purposes, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 30 years for Buildings, Vehicles, Machinery and Shop Equipment, and Office Furniture and Equipment, and 15 to 50 years for Infrastructure. Capital assets not being depreciated include land and construction in progress.

L. DEFERRED OUTFLOWS OF RESOURCES

The Township would report a consumption of net position or fund balance which relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statement of net position or governmental fund balance sheet. The Township has one type of item, deferred outflows related to pensions, which qualifies for reporting in this category. See Note 5 for additional detail.

M. LAND HELD FOR RESALE

The Township has certain parcels of land that it is holding for resale. The properties are valued on the financial statements at the lower of cost or net realizable value. Any gains or losses on the value are recognized any time portions of the land are sold.

N. COMPENSATED ABSENCES

It is the Township's policy to permit employees to accumulate earned but unused flex leave benefits to a maximum of 400 hours. All flex leave pay is accrued on a per pay period basis and recorded in the government-wide financial statements. The current portion is calculated based on historical trends.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. LONG-TERM OBLIGATIONS

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bond issue costs are reported as an expense in the period in which they are incurred.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issue costs are recognized during the current period. The face amount of the debt issue is reported as on other financing source. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issue costs are reported as debt service expenditures.

P. NET PENSION LIABILITY

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.

Q. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. The Township has two types of items which qualify for reporting in this category. The first, unavailable revenue, arises under a modified accrual basis of accounting and is therefore reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and amounts due from other governments not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The Township also reports deferred inflows related to pensions on its statements of net position. See Note 5 for additional detail.

R. NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. FUND BALANCE

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – is the portion of fund balance that is not in a spendable form or legally or contractually to be maintained intact and relates to prepaids, inventories, land held for resale, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained by external parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Township Board.

Assigned – consists of internally imposed constraints. These constraints are established by the Township Board and/or management. The Township Board via resolution delegated the authority to assign fund balance to the Finance Officer.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the Township's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the Township's policy to use committed first, then assigned, and finally unassigned amounts.

T. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

It is the Township's policy to eliminate all interfund transactions, except for activity between governmental activities and business-type activities, for presentation in the entity-wide statements of net position and statements of activities.

U. OTHER POST-EMPLOYMENT BENEFITS

In 2009, the Township implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. It was determined that the Township's liability under this standard is immaterial, therefore, the Township has not recorded a liability as of December 31, 2016.

NOTE 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

The Township maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the Township maintains deposits at financial institutions which are authorized by the Township Board of Supervisors.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

The Township had no deposits in banks at December 31, 2016, but utilized a sweep account to move deposits into overnight investments.

B. INVESTMENTS

The Township may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rate "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements 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.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

- Obligations of a school district with an original maturity not exceeding 13 months which is (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to Minnesota Statute Section 126C.55.

The Township has the following investments at year-end:

Investment Type	Fair Value
Marketable Certificates of Deposit	$ 2,634,901
Municipal Bonds	7,254,506
Federal Home Loan Mortgage Corporation	161,055
Government National Mortgage Association	3,688
	$ 10,054,149

Investment Type	Amortized Cost
Minnesota Municipal Money Market Fund Trust	$ 3,009,179
Marketable Certificates of Deposit	490,375
Government Money Market Mutual Funds	106,000
	$ 3,605,555

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Township's investment policy doesn't specifically address custodial credit risk. As of December 31, 2016, all of the Township's investments are insured and registered, and are held by the counterparty's agent in the Township's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Township's investment policy doesn't specifically address interest rate risk. Information about the sensitivity of the fair values of the Township's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the Township's investments by maturity:

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Minnesota Municipal Money Market Fund Trust	$ 3,009,179	$ 3,009,179	$ -	$ -	$ -
Marketable Certificates of Deposit	3,125,276	490,375	650,104	1,093,754	891,043
Municipal Bonds	7,254,506	-	1,031,780	716,717	5,506,009
Federal Home Loan Mortgage Corporation	161,055	-	-	-	161,055
Government National Mortgage Association	3,688	-	-	-	3,688
Government Money Market Mutual Funds	106,000	106,000	-	-	-
Total	$ 13,659,704	$ 3,605,555	$ 1,681,884	$ 1,810,471	$ 6,561,794

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Township's investment policy doesn't specifically address credit risk. The following chart summarizes year-end ratings for the Township's investments:

Type	Lowest Credit Quality Rating	Rating Agency	Amount
Minnesota Municipal Money Market Fund Trust	NR	Moody's/S&P	$ 3,009,179
Marketable Certificates of Deposit	NR	Moody's/S&P	3,125,276
Government Money Market Mutual Funds	NR	Moody's/S&P	106,000
Municipal Bonds	BAA1/AA	Moody's/S&P	7,254,506
Federal Home Loan Mortgage Corporation	AAA/AA+	Moody's/S&P	161,055
Government National Mortgage Association	NR	Moody's/S&P	3,688
Total			$ 13,659,704

NR = Not rated by a national bond rating service.

The Minnesota Municipal Money Market Fund Trust is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under Minnesota statutes as described on the previous page. Its investments are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the fair value of instruments.

The Minnesota Municipal Money Market Trust Fund does not have its own credit rating. MBIA, Inc., who administers the Minnesota Municipal Money Market Fund Trust holds an organization credit rating of Aa2.

The Township's investment in marketable CDs is unrated as of December 31, 2016.

Concentration of Credit Risk

The Township places no limit on the amount that may be invested in any one issuer. The Township had the following investments which individually comprised more than 5% of the Township's total investments in 2016.

Investment	Amount	Percentage
Commerce, CA Community Development Commission	$ 815,001	5.97%

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Fair Value Measurements

The Township uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Township follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

In accordance with this standard, the Township has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured a fair value on a recurring basis:

Investment Type	Level 1	Level 2	Level 3	Total
US Agencies:				
Federal Home Loan Mortgage Corporation	$ 161,055	$ -	$ -	$ 161,055
Government National Mortgage Association	3,688	-	-	3,688
Marketable Certificates of Deposit	-	2,634,901	-	2,634,901
Municipal Bonds	-	7,254,506	-	7,254,506
	$ 164,743	$ 9,889,407	$ -	10,054,149
Investments Measured at Amortized Cost				3,605,555
Total				$ 13,659,704
Cash and Investments - Statement of Net Position				$ 13,659,704

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 4,016,102	$ -	$ -	$ -	$ 4,016,102
Construction in Progress	-	1,046,534	-	-	1,046,534
Total Capital Assets, not Being Depreciated	4,016,102	1,046,534	-	-	5,062,636
Capital Assets, Being Depreciated:					
Buildings	3,857,152	45,712	-	-	3,902,864
Vehicles	1,632,468	260,198	(15,167)	-	1,877,499
Machinery and Shop Equipment	1,419,133	124,371	(26,310)	-	1,517,194
Office Furniture and Equipment	492,777	76,482	(132,665)	-	436,594
Infrastructure	21,785,098	-	-	-	21,785,098
Total Capital Assets, Being Depreciated	29,186,628	506,763	(174,142)	-	29,519,249
Accumulated Depreciation for:					
Buildings	(1,077,115)	(84,846)	-	-	(1,161,961)
Vehicles	(757,083)	(109,122)	15,167	-	(851,038)
Machinery and Shop Equipment	(695,834)	(82,361)	26,310	-	(751,885)
Office Furniture and Equipment	(464,556)	(21,779)	132,665	-	(353,670)
Infrastructure	(15,473,016)	(497,177)	-	-	(15,970,193)
Total Accumulated Depreciation	(18,467,604)	(795,285)	174,142	-	(19,088,747)
Total Capital Assets, Being Depreciated, Net	10,719,024	(288,522)	-	-	10,430,502
Governmental Activities Capital Assets, Net	$ 14,735,126	$ 758,012	$ -	$ -	$ 15,493,138

Capital asset activity for the year ended December 31, 2016 was as follows (continued):

Governmental Activities:	
General Government	$ 11,098
Public Safety	5,326
Public Works	701,897
Parks, Recreation and Forestry	76,353
Community Development	611
Total Depreciation Expense, Governmental Activities	$ 795,285

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Construction in Progress	$ 490,188	$ 783,968	$ (684,600)	$ -	$ 589,556
Capital Assets, Being Depreciated:					
Buildings	6,233,536	-	-	-	6,233,536
Vehicles and Equipment	934,245	-	(2,570)	-	931,675
Infrastructure	25,208,155	684,600	-	-	25,892,755
Total Capital Assets, Being Depreciated	32,375,936	684,600	(2,570)	-	33,057,966
Accumulated Depreciation for:					
Buildings	(4,237,780)	(180,731)	-	-	(4,418,511)
Vehicles and Equipment	(355,756)	(45,481)	2,570	-	(398,667)
Infrastructure	(11,981,868)	(514,243)	-	-	(12,496,111)
Total Accumulated Depreciation	(16,575,404)	(740,455)	2,570	-	(17,313,289)
Total Capital Assets, Being Depreciated, Net	15,800,532	(55,855)	-	-	15,744,677
Business-Type Activities Capital Assets, Net	$ 16,290,720	$ 728,113	$ (684,600)	$ -	$ 16,334,233

Depreciation expense was charged to the business-type activities as follows:

Business-Type Activities	
Water	$ 423,858
Sewer	292,269
Storm Sewer	24,328
Total Depreciation Expense, Business-Type Activities	$ 740,455

NOTE 4 TOWNSHIP INDEBTEDNESS

Township indebtedness at December 31, 2016 is composed of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Balance 12/31/16
Governmental Activities:					
General Obligation Bonds:					
*G.O. Tax Increment - 2005B	12/15/2005	2/1/2021	5.00%-5.25%	$ 515,000	$ 400,000
G.O. Improvement - 2008A	12/15/2005	2/1/2019	3.50%-4.00%	479,182	159,096
G.O. Improvement - 2011A	10/1/2011	2/1/2022	0.45%-2.15%	1,850,000	1,050,000
*G.O. Tax Increment Refund - 2011C	11/1/2011	2/1/2020	0.50%-2.00%	650,000	350,000
Total Bonds				3,494,182	1,959,096
Unamortized Bond Discount				(22,224)	(11,943)
Unamortized Bond Premium				27,039	1,303
Compensated Absences Payable				N/A	94,459
Total Governmental Activities				$ 3,498,997	$ 2,042,915
Represents non-capital related debt					
Business-Type Activities:					
Revenue Bonds:					
G.O. Water Rev Ref. - 2011B	11/1/2011	2/1/2022	0.45%-2.15%	$ 1,290,000	$ 735,000
2008A Improvement and Utility Revenue Bonds	12/15/2005	2/1/2019	3.50%-4.00%	2,050,818	680,904
Total Bonds				3,340,818	1,415,904
Unamortized Bond Discount				(17,849)	-
Unamortized Bond Premium				29,101	5,772
Compensated Absences Payable				N/A	62,074
Total Business-Type Activities				$ 3,352,070	$ 1,483,750

The following is a schedule of changes in Township indebtedness for the year ended December 31, 2016:

	Payable 12/31/15	Additions	Reductions	Payable 12/31/16	Due Within One Year
Governmental Activities:					
Bonded Debt:					
General Obligation Bonds	$ 2,323,340	$ -	$ 364,244	$ 1,959,096	$ 720,191
Unamortized Bond Discount	(14,827)	-	(2,884)	(11,943)	-
Unamortized Bond Premium	1,983	-	680	1,303	-
Compensated Absences Payable	92,984	97,518	96,043	94,459	76,427
Total Governmental Activities	2,403,480	97,518	458,083	2,042,915	796,618
Business-Type Activities:					
Revenue Bonds	1,771,660	-	355,756	1,415,904	364,809
Unamortized Bond Discount	(341)	-	(341)	-	-
Unamortized Bond Premium	8,658	-	2,886	5,772	-
Compensated Absences Payable	59,731	64,478	62,135	62,074	47,428
Total Business-Type Activities	1,839,708	64,478	420,436	1,483,750	412,237
Total	$ 4,243,188	$ 161,996	$ 878,519	$ 3,526,665	$ 1,208,855

NOTE 4 TOWNSHIP INDEBTEDNESS (CONTINUED)

All long-term bonded indebtedness outstanding at December 31, 2016 is backed by the full faith and credit of the Township, including special assessment bond issues. For the governmental activities, compensated absences are generally liquidated by the general fund.

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows:

	Governmental Activities		Business-Type Activities		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2017	$ 720,191	$ 37,683	$ 364,809	$ 34,285	$ 1,156,968
2018	317,085	21,665	332,915	23,926	695,591
2019	321,820	15,334	358,180	12,941	708,275
2020	265,000	9,422	115,000	6,122	395,544
2021	170,000	5,247	120,000	3,887	299,134
2022	165,000	1,774	125,000	1,344	293,118
Total	$ 1,959,096	$ 91,125	$ 1,415,904	$ 82,505	$ 3,548,630

Description and Restrictions of Long-Term Debt

General Obligation Bonds – The bonds were issued for improvements or projects which benefited the Township as a whole and are, therefore, repaid from ad valorem levies. The bonds are backed by the Township's full faith and credit.

Revenue Bonds – These bonds were issued for improvements or projects that directly benefit the respective enterprise funds. These are general obligation revenue bonds of the Township for which the Township pledges its full faith and credit and taxing authority. The Township has also pledged the net revenues of the benefitting enterprise funds for the term of the bonds. The related 2016 operating revenues were $1,453,203, $1,275,141, and $361.026 for the Water, Sewer, and Storm Water funds, respectively. 2016 principal and interest payments on the bonds to required about 22%, 4%, and 8% of 2016 operating revenues from the Water, Sewer, and Storm Water funds, respectively. The Township anticipates being able to cover all principal and interest payments with net revenues from the benefiting enterprise funds.

The liability for compensated absences represents vested benefits earned by employees through the end of the year which will be paid or used in future periods.

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. PLAN DESCRIPTION

The Township participates in the General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund)) which is a 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

All full-time and certain part-time employees of the Township are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

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.

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

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

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

C. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. The Township's governmental activities and business-type activities had pension expense of $42,198 and $66,377, respectively for a total of $108,576 for the year ended December 31, 2016.

General Employees Fund Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The Township was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The Township contributions to the General Employees Fund for the year ended December 31, 2016, were $98,272. The Township contributions were equal to the required contributions as set by state statute.

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

D. PENSION COSTS

At December 31, 2016, the Township reported a liability of $1,648,259 for its proportionate share of the General Employees Plan's net pension liability. The Township's net pension liability reflected a reduction due to the State of Minnesota's contribution of $6 million to the fund in 2016. 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 Township totaled $21,459. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on the Township's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2016, the Township's proportion was .0203%, which was a decrease of .0010% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Township recognized pension expense of $204,499 for its proportionate share of the General Employees Plan's pension expense.

At December 31, 2016, the Township 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ -	$ 133,897
Changes in Actuarial Assumptions	322,731	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	312,847	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	74,729
City Contributions Subsequent to the Measurement Date	49,538	-
Total	$ 685,116	$ 208,626

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

D. PENSION COSTS

A total of $49,538 reported as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expenses Amount
2017	$ 110,314
2018	110,314
2019	146,785
2020	59,539
2021	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the General Employees. Cost of living benefit increases for retirees are assumed to be 1.0% per year for all future years for the General Employees.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

E. ACTUARIAL ASSUMPTIONS (CONTINUED)

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	45%	5.50%
International Equity	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Totals	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2016 was 7.50%, a reduction from the 7.90% used in 2015. 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 Fund was 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.

G. PENSION LIABILITY SENSITIVITY

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

Description	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Township's Proportionate Share of the General Employees Plan Net Pension Liability	$ 2,341,017	$ 1,648,259	$ 1,077,616

H. 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.

NOTE 6 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Actual expenditures exceeded budgets during 2016 as follows:

	Final Budget	Actual	Excess
General Fund:			
General Government:			
General Government	$ 280,562	$ 320,542	$ (39,980)
Elections	27,255	30,090	(2,835)
Transfers Out	58,000	664,960	(606,960)

These excess expenditures were funded by available fund balance and greater than anticipated revenues in the General Fund.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Fire, Rescue and Ambulance Services – The Township has entered into an agreement with the City of White Bear Lake whereby the City will provide the Township with fire, rescue and ambulance services. The term of the original contract was five years, commencing January 1, 1992, and renews automatically. Related expenditures for fiscal year 2016 were approximately $227,567.

Law Enforcement Services – The Township entered into an agreement with Ramsey County to provide law enforcement services for an initial three year period commencing January 1, 2004, and renewing automatically, until one party terminates the agreement. The agreement calls for the Township to pay Ramsey County based on the actual costs associated with providing services under the agreement. Related expenditures for fiscal year 2016 were approximately $926,588.

NOTE 8 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2016 are as follows:

	Transfer In	Transfer Out
Governmental Activity:		
General Fund	$ 67,500	$ (664,960)
Economic Development Authority	-	(169,062)
Improvement Fund	258,000	-
Debt Service Funds:		
Tax Increment Bonds 2001C	72,725	-
Tax Increment Bonds 2005B	78,837	-
Capital Projects Funds:		
Park Acquisition Fund	6,960	-
Community Park Improvement Fund	150,000	-
Total Governmental Activity	634,022	(834,022)
Business-Type Activity:		
Water Fund	-	-
Sewer Fund	-	-
Storm Sewer Fund	200,000	-
Total	$ 834,022	$ (834,022)

NOTE 8 INTERFUND TRANSFERS (CONTINUED)

During 2016, the Township made routine interfund transfers for various reasons including some fund balances exceeding the Town's fund balance policies, to finance debt and operations or to establish or close-out funds.

NOTE 9 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township continues to carry commercial insurance for all risks of loss, including disability and employee health insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

NOTE 10 CONDUIT DEBT OBLIGATIONS

The Township has issued revenue bonds for the purposes of providing capital financing to various private enterprises. Even though the debt bears the Township's name, the Township is not responsible for the payment of the original debt. The debt is secured by the payments agreed to be paid by the private enterprise under the terms of the agreement between the Township and the enterprise. The general description of the transaction and the outstanding balance at December 31, 2016 is as follows:

Enterprises	Purpose	Balance at December 31, 2016
White Bear Leased Housing Associates II	Construction of a Facility	$ 9,479,285

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON INFORMATION

WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUE				
General Property Taxes	$ 2,933,926	$ 2,933,926	$ 2,987,921	$ 53,995
Licenses and Permits	173,250	173,250	245,408	72,158
Intergovernmental	165,172	165,172	238,038	72,866
Charges for Services	126,940	126,940	185,786	58,846
Investment Earnings (Losses)	51,381	51,381	38,297	(13,084)
Fines and Forfeits	10,000	10,000	10,724	724
Special Assessments	-	-	-	-
Equipment Rental	225,355	225,355	225,355	-
Miscellaneous	364,785	364,785	378,172	13,387
Total Revenue	4,050,809	4,050,809	4,309,701	258,892
EXPENDITURES				
Current:				
General Government:				
General Government	280,562	280,562	320,542	(39,980)
Administration	286,943	286,943	280,545	6,398
Board of Supervisors	42,495	42,495	39,851	2,644
Elections	27,255	27,255	30,090	(2,835)
Code Enforcement	169,985	169,985	169,140	845
Town Buildings	156,410	156,410	140,506	15,904
Total General Government	963,650	963,650	980,674	(17,024)
Public Safety:				
Police and Traffic Control	941,760	941,760	926,588	15,172
Fire Protection	227,800	227,800	227,567	233
Total Public Safety	1,169,560	1,169,560	1,154,155	15,405
Public Works:				
Road and Bridge	469,106	469,106	410,394	58,712
Public Works	224,639	224,639	219,821	4,818
Recycling	29,067	29,067	18,785	10,282
Total Public Works	722,812	722,812	649,000	73,812
Parks, Recreation and Forestry	512,656	512,656	442,810	69,846
Community Development	206,807	206,807	199,094	7,713
Capital Outlay	623,350	623,350	440,638	182,712
Total Expenditures	4,198,835	4,198,835	3,866,371	332,464
REVENUE OVER (UNDER) EXPENDITURES	(148,026)	(148,026)	443,330	591,356
OTHER FINANCING SOURCES (USES)				
Transfer in	24,100	24,100	67,500	43,400
Transfer Out	(58,000)	(58,000)	(664,960)	(606,960)
Sale of Property	10,700	10,700	5,705	(4,995)
Total Other Financing Sources (Uses)	(23,200)	(23,200)	(591,755)	(568,555)
NET CHANGE IN FUND BALANCE	$ (171,226)	$ (171,226)	(148,425)	$ 22,801
Fund Balance - Beginning of Year			3,577,071	
FUND BALANCE - END OF YEAR			$ 3,428,646	

WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUE				
General Property Taxes	$ 722,254	$ 722,254	$ 646,848	$ (75,406)
Charges for Services	7,200	7,200	3,600	(3,600)
Investment Earnings (Losses)	23,881	23,881	14,293	(9,588)
Total Revenue	753,335	753,335	664,741	(88,594)
EXPENDITURES				
Current:				
Community Development	245,718	245,718	138,484	107,234
REVENUE OVER (UNDER) EXPENDITURES	507,617	507,617	526,257	18,640
OTHER FINANCING USES				
Transfer Out	(175,662)	(175,662)	(169,062)	6,600
NET CHANGE IN FUND BALANCE	$ 331,955	$ 331,955	357,195	$ 25,240
Fund Balance - Beginning of Year			1,591,374	
FUND BALANCE - END OF YEAR			$ 1,948,569	

STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY - BUDGETS

The General Fund and Economic Development Authority Special Revenue Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. Actual expenditures exceeded budgets during 2016 as follows:

	Final Budget	Actual	Excess
General Fund:			
General Government:			
General Government	$ 280,562	$ 320,542	$ (39,980)
Elections	27,255	30,090	(2,835)
Transfers Out	58,000	664,960	(606,960)

These excess expenditures were funded by existing General Fund fund balances and greater than anticipated revenues.

WHITE BEAR TOWNSHIP, MINNESOTA
PERA SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DECEMBER 31, 2016

General Employees Plan Schedule of the Township's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years*

	Measurement Date 6/30/2016	Measurement Date 6/30/2015	Measurement Date 6/30/2014
Township's Proportion of the Net Pension Liability	0.0203%	0.0213%	0.0229%
Township's Proportionate Share of the Net Pension Liability	$ 1,648,259	$ 1,103,877	$ 1,075,727
State of Minnesota's Porportionate Share of the Township's Net Pension Liability	$ 21,459	$ -	$ -
Total Proportionate Share of the Net Pension Liability	$ 1,669,718	$ 1,103,877	$ 1,075,727
Township's Covered-Employee Payroll	$ 1,246,298	$ 1,253,899	$ 1,202,869
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	132.25%	88.04%	89.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.91%	78.20%	78.70%

The Township implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). The schedule is provided prospectively beginning with the plan's measurement date of June 30, 2014 and is intended to show a ten year trend. Additional years will be reported as they become available.

WHITE BEAR TOWNSHIP, MINNESOTA
PERA SCHEDULE OF TOWNSHIP'S CONTRIBUTIONS
DECEMBER 31, 2016

General Employees Plan Schedule of Township Contributions
Last Two Fiscal Years

	2016	2015	2014
Statutorily Required Contribution	$ 98,272	$ 92,982	$ 92,102
Contributions in Relation to the Statutorily Required Contribution	(98,272)	(92,982)	(92,102)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Township's Covered-Employee Payroll	$ 1,310,293	$ 1,239,760	$ 1,270,372

The Township implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). The schedule is provided prospectively beginning with the plan's measurement date of June 30, 2014 and is intended to show a ten year trend. Additional years will be reported as they become available.

COMBINING FUND FINANCIAL STATEMENTS

WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	Debt Service				Special Revenue
	Tax Increment Bonds 2001C	Tax Increment Bonds 2005B	G.O. Improvement and Utility Revenue Bonds 2008A	Debt Service Subtotal	Park Acquisition Fund
ASSETS					
Cash and Investments	$ 129,662	$ 49,698	$ 115,360	$ 294,720	$ 691,814
Accrued Interest Receivable	789	336	658	1,783	4,191
Special Assessments Receivable:					
Other	-	-	30,797	30,797	-
Total Assets	$ 130,451	$ 50,034	$ 146,815	$ 327,300	$ 696,005
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts Payable	$ -	$ -	$ -	$ -	$ -
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	30,272	30,272	-
Fund Balance:					
Restricted for:					
Debt Service	130,451	50,034	116,543	297,028	-
Park Improvements	-	-	-	-	6,385
Assigned for:					
Park Development	-	-	-	-	689,620
Town Hall Improvements	-	-	-	-	-
Polar Lakes Park Development	-	-	-	-	-
Total Fund Balance	130,451	50,034	116,543	297,028	696,005
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 130,451	$ 50,034	$ 146,815	$ 327,300	$ 696,005

Capital Projects		
Community Park Improvement Fund	Capital Projects Subtotal	Totals 2016
$ 364,247	$ 364,247	$ 1,350,781
2,671	2,671	8,645
-	-	30,797
$ 366,918	$ 366,918	$ 1,390,223
$ 45,532	$ 45,532	$ 45,532
-	-	30,272
-	-	297,028
-	-	6,385
-	-	689,620
60,000	60,000	60,000
261,386	261,386	261,386
321,386	321,386	1,314,419
$ 366,918	$ 366,918	$ 1,390,223

WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2016

	Debt Service				Special Revenue
	Tax Increment Bonds 2001C	Tax Increment Bonds 2005B	G.O. Improvement and Utility Revenue Bonds 2008A	Debt Service Subtotal	Park Acquisition Fund
REVENUE					
General Property Taxes	$ -	$ -	$ -	$ -	$ -
Investment Earnings (Losses)	1,488	882	786	3,156	8,934
Park and Recreation Fees	-	-	-	-	5,756
Special Assessments	4,841	-	20,981	25,822	-
Miscellaneous	-	-	-	-	-
Total Revenue	6,329	882	21,767	28,978	14,690
EXPENDITURES					
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	80,000	45,000	49,244	174,244	-
Interest and Fiscal Charges	7,400	22,887	9,786	40,073	-
Total Expenditures	87,400	67,887	59,030	214,317	-
REVENUE UNDER EXPENDITURES	(81,071)	(67,005)	(37,263)	(185,339)	14,690
OTHER FINANCING SOURCES (USES)					
Transfers In	72,725	78,837	-	151,562	6,960
NET CHANGE IN FUND BALANCE	(8,346)	11,832	(37,263)	(33,777)	21,650
Fund Balance - Beginning of Year	138,797	38,202	153,806	330,805	674,355
FUND BALANCE - END OF YEAR	$ 130,451	$ 50,034	$ 116,543	$ 297,028	$ 696,005

Capital Projects		
Community Park Improvement Fund	Capital Projects Subtotal	Totals 2016
$ -	$ -	$ -
8,272	8,272	20,362
-	-	5,756
-	-	25,822
50,233	50,233	50,233
58,505	58,505	102,173
276,040	276,040	276,040
-	-	174,244
-	-	40,073
285,226	285,226	499,543
(226,721)	(226,721)	(397,370)
150,000	150,000	308,522
(76,721)	(76,721)	(88,848)
398,107	398,107	1,403,267
$ 321,386	$ 321,386	$ 1,314,419

III.

STATISTICAL SECTION
(UNAUDITED)

This part of White Bear Township, Minnesota's Comprehensive Annual Financial Report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about Township's overall financial health.

Contents

Financial Trends
These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

Debt Capacity
These schedules contain information to help the reader assess the affordability of the Township's Current Level of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to services the Township provides and activities it performs.

WHITE BEAR TOWNSHIP, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets	$ 14,215,146	$ 14,351,955	$ 13,569,362	$ 13,201,804	$ 12,902,768	$ 12,258,761	$ 12,139,083	$ 12,300,923	$ 13,292,401	$ 14,289,017
Restricted	3,666,021	3,290,443	3,291,589	1,149,715	4,649,117	4,427,242	4,376,137	3,665,385	3,236,601	3,364,485
Unrestricted	(338,758)	886,188	1,836,756	4,149,416	2,895,036	4,303,394	4,639,741	4,927,688	5,123,683	4,458,172
Total Governmental Activities Net Position	$ 17,542,409	$ 18,528,586	$ 18,697,707	$ 18,500,935	$ 20,446,921	$ 20,989,397	$ 21,154,961	$ 20,893,996	$ 21,652,685	$ 22,111,674
Business-Type Activities:										
Net Investment in Capital Assets	$ 17,911,320	$ 17,692,311	$ 16,464,691	$ 16,162,163	$ 15,271,382	$ 14,445,266	$ 14,551,539	$ 14,337,723	$ 14,492,265	$ 14,876,547
Unrestricted	6,431,508	6,114,260	6,407,612	6,207,441	6,384,286	7,579,011	6,752,349	6,372,106	4,986,226	4,269,429
Total Business-Type Activities Net Position	$ 24,342,828	$ 23,806,571	$ 22,872,303	$ 22,369,604	$ 21,655,668	$ 22,024,277	$ 21,303,888	$ 20,709,829	$ 19,478,491	$ 19,145,976
Primary Government:										
Net Investment in Capital Assets	$ 32,126,466	$ 32,044,266	$ 30,034,053	$ 29,363,967	$ 28,174,150	$ 26,704,027	$ 26,690,622	$ 26,638,646	$ 27,784,666	$ 29,165,564
Restricted	3,666,021	3,290,443	3,291,589	1,149,715	4,649,117	4,427,242	4,376,137	3,665,385	3,236,601	3,364,485
Unrestricted	6,092,750	7,000,448	8,244,368	10,356,857	9,279,322	11,882,405	11,392,090	11,299,794	10,109,909	8,727,601
Total Primary Government Net Position	$ 41,885,237	$ 42,335,157	$ 41,570,010	$ 40,870,539	$ 42,102,589	$ 43,013,674	$ 42,458,849	$ 41,603,825	$ 41,131,176	$ 41,257,650

WHITE BEAR TOWNSHIP, MINNESOTA
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses:					
Governmental Activities:					
General Government	$ 821,104	$ 819,309	$ 905,477	$ 934,274	$ 889,444
Public Safety	972,081	995,844	1,028,345	1,031,533	1,052,716
Public Works	1,162,665	1,456,160	1,317,693	1,237,007	1,396,533
Parks, Recreation and Forestry	83,002	246,966	237,266	342,767	304,424
Community Development	1,626,198	833,115	652,991	667,331	1,708,220
Interest on Long-Term Debt	250,376	178,950	207,360	189,773	155,488
Total Governmental Activities Expenses	4,915,426	4,530,344	4,349,132	4,402,685	5,506,825
Business-Type Activities:					
Water	1,421,524	1,699,874	1,848,649	1,406,671	1,345,217
Sewer	914,986	1,137,302	1,283,429	1,240,584	1,422,937
Storm Sewer	71,334	167,314	92,992	107,974	137,694
Total Business-Type Activities	2,407,844	3,004,490	3,225,070	2,755,229	2,905,848
Total Primary Government Expenses	$ 7,323,270	$ 7,534,834	$ 7,574,202	$ 7,157,914	$ 8,412,673
Program Revenues:					
Governmental Activities:					
Charges for Services:					
General Government	$ 592,391	$ 709,725	$ 531,817	$ 493,481	$ 511,269
Public Safety	18,500	28,733	21,542	21,742	23,367
Public Works	-	-	-	16,500	-
Parks, Recreation and Forestry	51,219	57,986	36,204	5,500	5,853
Community Development	12,529	4,313	4,945	12,192	14,108
Operating Grants and Contributions	96,832	100,513	135,718	136,648	797,209
Capital Grants and Contributions	614,792	771,599	175,451	87,886	1,936,557
Total Governmental Activities Program Revenues	1,386,263	1,672,869	905,677	773,949	3,288,363
Business-Type Activities:					
Charges for Services:					
Water	987,098	1,148,012	941,586	935,467	962,730
Sewer	1,137,220	1,202,267	1,136,027	1,178,584	1,219,541
Storm Sewer	149,734	156,408	155,413	155,175	155,886
Capital Grants and Contributions	-	-	50,000	-	717
Total Business-Type Activities Program Revenues	2,274,052	2,506,687	2,283,026	2,269,226	2,338,874
Total Primary Government Program Revenues	$ 3,660,315	$ 4,179,556	$ 3,188,703	$ 3,043,175	$ 5,627,237
Net (Expense)/Revenue:					
Governmental Activities	$ (3,529,163)	$ (2,857,475)	$ (3,443,455)	$ (3,628,736)	$ (2,218,462)
Business-Type Activities	(133,792)	(497,803)	(942,044)	(486,003)	(566,974)
Total Primary Government Net Expense	$ (3,662,955)	$ (3,355,278)	$ (4,385,499)	$ (4,114,739)	$ (2,785,436)
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Property Taxes	$ 3,265,438	$ 3,221,451	$ 3,561,781	$ 3,015,729	$ 3,449,241
Unrestricted Grants and Contributions	102,196	109,441	32,434	17,623	38,957
Unrestricted Investment Earnings	216,904	162,393	(125,572)	73,651	68,405
Gain on Sale of Capital Assets	-	-	5,454	10,243	246
Miscellaneous	61,183	123,106	293,080	207,560	385,777
Transfers	98,603	227,261	153,183	107,158	221,822
Total Governmental Activities	3,744,324	3,843,652	3,920,360	3,431,964	4,164,448
Business-Type Activities:					
Unrestricted Investment Earnings	187,955	188,807	160,959	90,462	74,860
Contributed Capital	-	-	-	-	-
Transfers	(98,603)	(227,261)	(153,183)	(107,158)	(221,822)
Total Business-Type Activities	89,352	(38,454)	7,776	(16,696)	(146,962)
Total Primary Government	$ 3,833,676	$ 3,805,198	$ 3,928,136	$ 3,415,268	$ 4,017,486
Change in Net Position					
Governmental Activities	$ 215,161	$ 986,177	$ 476,905	$ (196,772)	$ 1,945,986
Business-Type Activities	(44,440)	(536,257)	(934,268)	(502,699)	(713,936)
	$ 170,721	$ 449,920	$ (457,363)	$ (699,471)	$ 1,232,050

Fiscal Year				
2012	2013	2014	2015	2016
$ 913,141	$ 881,583	$ 1,027,778	$ 862,396	$ 902,593
1,090,602	1,108,193	1,129,627	1,125,305	1,159,394
1,486,743	1,852,916	1,691,642	1,695,502	1,560,387
403,408	452,089	437,214	477,652	720,489
376,014	517,466	1,018,383	400,748	349,687
177,338	226,435	110,637	64,254	58,771
4,447,246	5,038,682	5,415,281	4,625,857	4,751,321
1,241,287	1,577,742	1,518,328	1,471,084	1,748,513
1,686,562	1,502,337	1,669,057	1,617,751	1,714,216
171,971	260,884	209,803	187,404	201,909
3,099,820	3,340,963	3,397,188	3,276,239	3,664,638
$ 7,547,066	$ 8,379,645	$ 8,812,469	$ 7,902,096	$ 8,415,959
$ 627,481	$ 576,218	$ 557,484	$ 787,071	$ 599,289
28,593	29,349	31,729	18,932	27,697
-	-	-	-	-
8,890	8,853	3,415	21,313	7,101
8,160	16,048	15,976	38,948	9,579
141,219	141,853	154,009	202,473	235,545
34,941	565,608	87,889	272,539	264,934
849,284	1,337,929	850,502	1,341,276	1,144,145
1,939,379	1,414,141	1,279,197	1,203,344	1,454,982
1,337,167	1,282,750	1,258,875	1,291,601	1,275,141
155,084	157,791	158,961	280,767	361,026
-	675	1,494	-	-
3,431,630	2,855,357	2,698,527	2,775,712	3,091,149
$ 4,280,914	$ 4,193,286	$ 3,549,029	$ 4,116,988	$ 4,235,294
$ (3,597,962)	$ (3,700,753)	$ (4,564,779)	$ (3,284,581)	$ (3,607,176)
331,810	(485,606)	(698,661)	(500,527)	(573,489)
$ (3,266,152)	$ (4,186,359)	$ (5,263,440)	$ (3,785,108)	$ (4,180,665)
$ 3,612,679	$ 3,561,781	$ 3,535,485	$ 3,655,622	$ 3,674,932
4,266	32,434	4,283	4,284	4,283
147,737	(125,572)	253,245	111,727	118,314
-	5,454	17,137	-	5,705
266,851	293,080	412,421	352,088	462,931
108,905	99,140	81,243	554,375	(200,000)
4,140,438	3,866,317	4,303,814	4,678,096	4,066,165
145,704	185,845	185,845	46,809	40,974
-	-	-	171,391	-
(108,905)	(78,432)	(81,243)	(554,375)	200,000
36,799	107,413	104,602	(336,175)	240,974
$ 4,177,237	$ 3,973,730	$ 4,408,416	$ 4,341,921	$ 4,307,139
$ 542,476	$ 165,564	$ (260,965)	$ 1,393,515	$ 458,989
368,609	(378,193)	(594,059)	(836,702)	(332,515)
$ 911,085	$ (212,629)	$ (855,024)	$ 556,813	$ 126,474

WHITE BEAR TOWNSHIP, MINNESOTA
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Reserved	$ 15,157	$ 3,756	$ 27,488	$ 20,345
Unreserved	1,839,521	2,220,282	2,189,726	2,122,782
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	1,854,678	2,224,038	2,217,214	2,143,127
All Other Governmental Funds:				
Reserved Reported in:				
Special Revenue Funds	834,591	632,517	634,155	632,718
Capital Projects Funds	-	-	-	-
Debt Service Funds	330,011	190,433	201,201	1,007,277
Unreserved Reported in:				
Special Revenue Funds	236,151	554,240	1,066,657	1,219,761
Capital Projects Funds	(1,041,884)	(30,151)	(250,420)	479,884
Debt Service Funds	1,318,292	1,006,006	1,487,357	172,532
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	1,677,161	2,353,045	3,138,950	3,512,172
Total All Funds	$ 3,531,839	$ 4,577,083	$ 5,356,164	$ 5,655,299

Note: The Township began to use new categories of fund balance when it implemented GASB 54 in 2011. Prior years were not retroactively reclassified.

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
25,440	22,644	23,879	8,534	20,461	33,616
6,742	6,511	6,749	6,983	7,315	7,490
2,660,334	3,140,127	3,015,703	3,168,131	3,549,295	3,387,540
2,692,516	3,169,282	3,046,331	3,183,648	3,577,071	3,428,646
632,718	-	-	-	-	-
-	-	-	-	-	-
1,007,277	-	-	-	-	-
1,219,761	-	-	-	-	-
479,884	-	-	-	-	-
172,532	-	-	-	-	-
-	354,556	354,556	354,556	223,476	223,476
-	2,820,032	2,918,413	2,396,968	2,319,421	2,612,052
-	1,665,500	1,797,908	1,975,981	2,249,058	1,743,541
-	(28,147)	-	(18,807)	-	-
3,512,172	4,811,941	5,070,877	4,708,698	4,791,955	4,579,069
$ 6,204,688	$ 7,981,223	$ 8,117,208	$ 7,892,346	$ 8,369,026	$ 8,007,715

WHITE BEAR TOWNSHIP, MINNESOTA
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Property Taxes	$ 3,247,353	$ 3,226,216	$ 3,320,266	$ 3,025,483
Licenses and Permits	135,275	162,266	92,970	129,311
Intergovernmental	189,278	209,902	201,737	153,571
Charges for Services	170,389	174,069	115,127	132,565
Investment Earnings (Losses)	205,902	154,790	62,576	70,023
Fines and Forfeits	14,404	15,519	16,988	13,631
Park and Recreation Fees	5,750	18,000	1,500	5,500
Special Assessments	1,012,514	699,269	616,415	402,207
Equipment Rental	155,335	171,200	124,450	149,050
Miscellaneous	264,964	387,987	267,154	327,617
Total Revenues	5,401,164	5,219,218	4,819,183	4,408,958
Expenditures:				
Current:				
General Government	851,375	856,600	884,291	908,524
Public Safety	966,064	995,444	1,026,176	1,030,499
Public Works	914,458	1,212,395	623,983	701,375
Parks, Recreation and Forestry	314,609	286,153	315,828	328,105
Community Development	770,666	482,857	322,310	432,608
Capital Outlay	945,419	363,385	325,070	232,302
Debt Service:				
Principal	410,000	495,000	495,000	406,668
Interest and Fiscal Charges	230,185	212,303	200,852	189,805
Total Expenditures	5,402,776	4,904,137	4,193,510	4,229,886
Excess (Deficiency) of Revenues Over Expenditures	(1,612)	315,081	625,673	179,072
Other Financing Sources (Uses):				
Sale of Property	2,646	4,014	225	12,905
Issuance of Debt	-	485,982	-	-
Premium on Bonds Issued	-	-	-	-
Discount on Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfer In	1,518,980	1,652,269	479,709	1,227,559
Transfer Out	(1,331,449)	(1,412,102)	(326,526)	(1,120,401)
Total Other Financing Sources (Uses)	190,177	730,163	153,408	120,063
Net Change in Fund Balances	$ 188,565	$ 1,045,244	$ 779,081	$ 299,135
Debt Service as a Percentage of Noncapital Expenditures	14.0%	16.9%	18.1%	15.3%

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 3,437,304	$ 3,620,954	$ 3,595,761	$ 3,547,159	$ 3,654,850	$ 3,634,769
127,063	222,645	167,323	208,418	232,254	245,408
835,701	143,846	173,712	155,481	205,693	238,038
161,596	129,226	170,927	198,636	265,938	189,386
65,495	141,903	(120,749)	240,343	105,183	111,335
14,867	9,724	11,516	11,622	11,618	10,724
4,000	7,000	7,000	1,500	19,798	5,756
795,476	573,307	613,711	588,475	488,226	608,870
225,500	131,575	172,625	186,925	197,350	225,355
416,051	442,894	399,452	420,272	493,812	432,298
6,083,053	5,423,074	5,191,278	5,558,831	5,674,722	5,701,939
961,827	882,843	874,877	1,034,246	886,467	980,674
1,052,119	1,089,601	1,107,462	1,127,832	1,148,571	1,154,155
761,962	725,405	789,691	843,038	799,260	947,781
337,316	347,512	368,461	373,204	401,743	451,996
1,577,725	325,743	485,344	1,016,275	394,203	337,578
1,966,836	48,727	663,357	540,472	550,159	1,573,156
440,456	1,082,350	679,509	835,459	1,486,400	364,244
212,844	171,242	141,186	119,896	89,424	59,371
7,311,085	4,673,423	5,109,887	5,890,422	5,756,227	5,868,955
(1,228,032)	749,651	81,391	(331,591)	(81,505)	(167,016)
7,443	-	5,454	25,486	3,810	5,705
2,500,000	-	-	-	-	-
-	-	-	-	-	-
(13,865)	-	-	-	-	-
-	-	-	-	-	-
1,872,098	840,792	1,022,914	478,417	1,320,613	634,022
(1,416,489)	(751,887)	(973,774)	(397,174)	(766,238)	(834,022)
2,949,187	88,905	54,594	106,729	558,185	(194,295)
$ 1,721,155	$ 838,556	$ 135,985	$ (224,862)	$ 476,680	$ (361,311)
11.3%	26.8%	23.1%	16.2%	27.4%	9.8%

WHITE BEAR TOWNSHIP, MINNESOTA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Payable Year	Residential Property	Commercial Property	Industrial Property	Utility and Other	Total Taxable Tax Capacity (Assessed) Value	Total Direct Tax Rate	Estimated Actual Market Value	Net Tax Capacity as a Percentage of Market Value
2007	$ 12,836,600	$ 950,078	$ 1,844,053	$ 217,066	$ 15,847,797	17.072	$ 1,425,552,600	1.11
2008	13,073,934	1,112,877	2,146,805	182,294	16,515,910	16.491	1,465,891,200	1.13
2009	12,411,243	1,282,635	2,246,678	197,406	16,137,962	16.926	1,413,918,200	1.14
2010	11,862,056	1,266,037	2,065,192	206,322	15,399,607	17.584	1,351,529,600	1.14
2011	11,036,131	1,122,331	1,906,222	122,618	14,187,302	20.761	1,248,832,400	1.14
2012	9,714,486	1,060,494	1,797,980	119,326	12,692,286	23.767	1,169,441,400	1.09
2013	8,768,510	1,091,778	1,675,100	261,474	11,796,862	25.246	1,136,141,500	1.04
2014	9,170,505	1,044,276	1,725,327	204,583	12,144,691	24.292	1,235,823,600	0.98
2015	10,284,512	1,136,795	1,617,134	251,101	13,289,542	22.276	1,237,406,800	1.07
2016	10,511,847	1,150,585	1,618,964	259,851	13,541,247	22.875	1,260,201,700	1.07

Source: Ramsey County, Minnesota Assessors' Office

Note: The tax capacity (assessed taxable value) of the property is calculated by applying a statutory formula to the estimated market value of the property.

WHITE BEAR TOWNSHIP, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

	Township Direct Rate			Overlapping Rates		
Year	Basic Rate	General Obligation Debt Service	Total Direct	School District #624	School District #621	Special School District #916
2007	16.805	0.267	17.072	16.887	23.264	-
2008	16.237	0.254	16.491	15.422	20.380	-
2009	16.664	0.262	16.926	19.396	22.937	-
2010	17.310	0.274	17.584	21.772	24.560	-
2011	20.460	0.301	20.761	22.521	25.573	-
2012	23.399	0.368	23.767	26.102	29.044	-
2013	24.947	0.299	25.246	28.622	29.444	-
2014	24.014	0.278	24.292	28.562	29.734	-
2015	22.031	0.245	22.276	26.660	27.378	-
2016	22.875	-	22.875	26.236	26.245	-

Source: Department of Property Records and Revenue, Ramsey County

Note: Property tax rates (tax capacity rates) are determined by dividing the total tax levy by the tax capacity (assessed value). The tax capacity is calculated by applying a statutory formula to the estimated market value of the property.

Overlapping Rates			
Ramsey County	Special Districts	Total Overlapping	Total Direct and Overlapping Tax Rate
44.943	6.631	91.725	108.797
44.023	7.592	87.417	103.908
46.546	7.637	96.516	113.442
50.248	7.953	104.533	122.117
54.678	9.279	112.051	132.812
61.316	9.955	126.417	150.184
65.240	10.200	133.506	158.752
63.735	11.978	134.009	158.301
58.922	11.233	124.193	146.469
58.885	11.158	122.524	145.399

WHITE BEAR TOWNSHIP, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2016		
Taxpayer	2016 Tax Capacity	Rank	Percentage of Total City Taxable Assessed Value
Specialty Manufacturing Inc.	$ 249,240	1	1.8 %
Water Gremlin Company	170,870	2	1.3
Northern States Power Company	166,266	3	1.2
Chorus Corporation	165,276	4	1.2
JMK Limited Partnership	147,554	5	1.1
Wilbert Plastics, Inc. (Thermoform)	146,172	6	1.1
Muller Family Theatres	144,750	7	1.1
North Oaks Farms Inc	144,717	8	1.1
Miksic Realty LLC	122,972	9	0.9
Schwing America, Inc.	122,566	10	0.9
PM Minnesota LLC & CO Pentair	-		-
Spearman Real Estate	-		-
All Other Taxpayers	11,960,864		88.3
Total	$ 13,541,247		100.0 %

Source: Department of Property Records and Revenue, Ramsey County.

2007		
2007 Tax Capacity	Rank	Percentage of Total City Taxable Assessed Value
$ 172,252	5	1.1 %
111,090	9	0.7
-		-
232,336	2	1.5
129,250	7	0.8
221,084	3	1.4
198,250	4	1.3
145,032	6	0.9
-		-
246,772	1	1.6
126,434	8	0.8
109,250	10	0.7
14,083,967		89.3
$ 15,775,717		100.0 %

WHITE BEAR TOWNSHIP, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy	
Year	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy
2007	$ 2,466,626	$ 90,000	$ 2,556,626	$ 2,425,568	94.9 %
2008	2,557,642	88,000	2,645,642	2,503,087	94.6
2009	2,550,337	100,000	2,650,337	2,491,321	94.0
2010	2,525,033	105,000	2,630,033	2,423,326	92.1
2011	2,722,297	110,000	2,832,297	2,650,697	93.6
2012	2,789,071	115,000	2,904,071	2,912,863	100.3
2013	2,774,002	85,000	2,859,002	2,798,836	97.9
2014	2,761,232	55,000	2,816,232	2,800,636	99.4
2015	2,793,283	65,000	2,858,283	2,823,745	98.8
2016	2,933,926	-	2,933,926	2,926,189	99.7

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
$ 131,058	$ 2,556,626	100.0 %	$ -	0.0 %
143,498	2,646,585	100.0	(943)	0.0
157,288	2,648,609	99.9	1,728	0.1
203,609	2,626,935	99.9	3,098	0.1
175,256	2,825,953	99.8	6,344	0.2
(11,989)	2,900,874	99.9	3,197	0.1
55,388	2,854,224	99.8	4,778	0.2
4,748	2,805,384	99.6	15,596	0.4
-	2,823,745	98.8	34,538	1.2
-	2,926,189	99.7	7,737	0.3

WHITE BEAR TOWNSHIP, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Governmental Activities			Business-Type Activities
Fiscal Year	General Obligation Bonds	General Obligation Special Assessment Bonds	Capital Lease	General Obligation Revenue Bonds
2007	$ 5,265,000	$ -	$ -	$ 1,250,000
2008	5,249,182	-	-	2,775,818
2009	4,754,182	-	-	2,535,818
2010	4,347,514	-	-	2,107,486
2011	6,407,058	-	-	3,172,942
2012	5,324,708	-	-	2,765,292
2013	4,645,399	-	-	2,444,801
2014	3,802,119	-	-	2,121,405
2015	2,310,496	-	-	1,779,977
2016	1,948,456	-	-	1,421,676

Notes:
Details regarding the District's outstanding debt can be found in the notes to the financial statements.

See the Demographic and Economic Statistics on schedule 12 for personal income and population data.

Total Primary Government	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income	Per Capita
$ 6,515,000	0.33	1.2 %	$ 546
8,025,000	0.32	1.4	680
7,290,000	0.29	1.4	621
6,455,000	0.28	1.3	590
9,580,000	0.45	1.8	871
8,090,000	0.42	1.4	730
7,090,200	0.39	1.2	639
5,923,524	0.31	1.0	534
4,090,473	0.17	1.2	369
3,370,132	0.14	0.6	304

WHITE BEAR TOWNSHIP, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2016
(UNAUDITED)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:			
Ramsey County	$ 176,702,000	2.069 %	$ 3,655,570
County Library	33,160,000	4.776	1,583,649
Metro Watershed	4,926,865	-	-
I.S.D. #621	88,300,000	0.027	24,043
I.S.D. #624	86,195,000	16.408	14,142,854
S.I.S.D. #916	80,750,000	4.796	3,873,002
Metro Council	1,445,126,482	0.332	4,792,980
Metro Airports Commission	-	-	-
Total Overlapping			28,072,098
White Bear Township Direct Debt	1,948,456	100.000	1,948,456
Total Direct and Overlapping Debt			$ 30,020,554

Sources: Taxable value data used to estimate applicable percentages provided by the County Property Appraiser. Debt outstanding data provided by Ramsey County Department of Property Records & Revenue.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Township. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Township. This process recognizes that, when considering the Township's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

WHITE BEAR TOWNSHIP, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2007	2008	2009	2010
Debt Limit	$ 28,511,052	$ 43,976,736	$ 42,417,546	$ 40,545,888
Total Net Debt Applicable to Limit	2,845,000	2,100,000	1,955,000	1,805,000
Legal Debt Margin	$ 25,666,052	$ 41,876,736	$ 40,462,546	$ 38,740,888
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.98%	4.78%	4.61%	4.45%

** In years prior to 2008, the statutory debt limit was 2% of estimated market value.

Legal Debt Margin Calculation for Fiscal Year 2016:

Estimated Market Value	$1,260,201,700
Debt Limit (3% of Estimated Market Value) **	37,806,051
Debt Applicable to Limit	1,209,096
Legal Debt Margin	$ 36,596,955

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 37,464,972	$ 35,083,242	$ 34,084,245	$ 37,074,708	$ 37,122,204	$ 37,806,051
1,650,000	1,495,000	1,330,000	1,168,938	1,442,725	1,209,096
$ 35,814,972	$ 33,588,242	$ 32,754,245	$ 35,905,770	$ 35,679,479	$ 36,596,955
4.40%	4.26%	3.90%	3.15%	3.89%	3.20%

WHITE BEAR TOWNSHIP, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)

Fiscal Year	Population (1)	Personal Income *(thousands of dollars)*	Per Capita Personal Income (2)
2007	11,923	$ 534,127	$ 44,798
2008	11,802	564,856	47,861
2009	11,745	525,965	44,782
2010	10,949	499,888	45,656
2011	11,000	546,601	49,691
2012	11,089	561,869	50,669
2013	11,089	579,034	52,217
2014	11,089	594,260	53,590
2015	11,072	349,576	31,573
2016	11,078	536,807	48,457

Source:

(1) Sources for 2010 is U.S. Census Bureau; all other years are estimates from the Metropolitan Council.

(2) U.S. Department of Commerce, Bureau of Economic Analysis.

(3) Minnesota Office of State Demographer.

(4) Independent School District No. 624.

Construction						
Commercial and Industrial		Residential				
Number of Units	Value	Number of Units	Value	Median Age (3)	School Enrollment K Thru 12 (4)	Average Unemployment Rate (2)
45	$ 3,265,342	477	$ 5,990,791	33.7	8,425	4.4
15	3,704,609	580	7,006,738	26.8	8,232	6.6
23	247,604	434	5,007,147	37.5	8,121	7.4
33	1,258,735	347	4,472,908	37.4	8,020	6.9
15	4,102,800	329	3,447,476	37.4	8,231	5.7
11	988,149	373	9,986,083	37.4	8,005	4.9
13	6,756,075	272	4,270,649	37.4	8,035	4.1
19	8,925,205	330	4,298,663	37.4	8,056	4.7
15	642,940	854	11,548,136	41.3	8,829	5.1
14	4,148,455	543	9,786,792	41.1	8,043	3.5

WHITE BEAR TOWNSHIP, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2016			2007		
Employer	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Heraeus Medical Components	400	1	13.4 %	-		- %
Schwing America Inc.	300	2	10.0	502	1	19.3
Water Gremlin Company	219	3	7.3	210	4	8.1
Pentair (Porous Media Corporation)	215	4	7.2	183	5	7.0
Wilbert Plastics Inc. (Thermorform)	200	5	6.7	250	2	9.6
Cub Foods	171	6	5.7	225	3	8.7
Cortec Corporation	170	7	5.7	147	7	5.7
Specialty Manufacturing Inc.	158	8	5.3	176	6	6.8
Herold Precision Metals	78	9	2.6	100	8	3.8
First Student (Rehbein Transit)	70	10	2.3	-		-
Muller Family Theatres	-		-	76	9	2.9
E.P.I	-		-	70	10	2.7
All Other Employers	1,013		33.8	661		25.4
Total	2,994		100.0 %	2,600		100.0 %

Source: Business Licenses, White Bear Township.

WHITE BEAR TOWNSHIP, MINNESOTA
FULL-TIME-EQUIVALENT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

	Full-Time-Equivalent Employees as of December 31,				
	2007	2008	2009	2010	2011
General Government					
Administration	2.00	2.00	1.96	1.96	1.96
Code Enforcement	2.15	2.15	2.20	2.20	2.20
Town Buildings	0.20	0.20	0.36	0.49	0.21
Total General Government	4.35	4.35	4.52	4.65	4.37
Public Works					
Recycle	0.10	0.10	0.05	0.05	0.05
Public Works	0.80	0.80	0.80	0.88	0.90
Road and Bridge	2.53	2.53	2.21	2.32	2.66
Total Public Works	3.43	3.43	3.06	3.25	3.61
Parks, Recreation and Forestry	2.53	2.53	2.72	2.09	2.99
Community Development					
Community Development	1.44	1.44	1.50	1.50	1.50
Economic Development Authority	0.69	0.69	-	0.00	0.00
Total Community Development	2.13	2.13	1.50	1.50	1.50
Water	3.01	3.01	3.43	3.64	3.27
Sewer	1.75	1.75	1.72	1.97	2.68
Storm Sewer	0.38	0.38	0.35	0.45	0.7
Total	17.58	17.58	17.30	17.55	19.12

Source: Township Records

Full-Time-Equivalent Employees as of December 31,				
2012	2013	2014	2015	2016
2.05	2.00	1.90	1.90	1.90
1.60	1.00	2.15	2.15	2.15
0.58	0.58	0.22	0.27	0.27
4.23	3.58	4.27	4.32	4.32
0.05	0.05	0.05	0.05	0.05
0.90	0.90	0.90	1.00	1.00
2.65	2.60	2.73	3.21	3.21
3.6	3.55	3.68	4.26	4.26
3.07	3.02	3.25	4.03	4.03
1.50	1.50	1.50	1.50	1.50
0.00	0.00	0.00	0.00	0.00
1.50	1.50	1.50	1.50	1.50
3.17	3.07	3.18	3.45	3.45
2.65	2.55	2.65	2.9	2.9
0.76	0.71	0.77	0.84	0.84
18.98	17.98	19.30	21.30	21.30

WHITE BEAR TOWNSHIP, MINNESOTA
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN YEARS
(UNAUDITED)

Function/Program	Fiscal Year 2007	2008	2009	2010
General Government				
Elections	1	3	1	3
Number of Votes Cast	671	8,993	225	7,228
Public Safety				
Police:	(A)	(A)	(A)	(A)
Crimes Investigated	527	587	531	570
Administrative Citations Collection	0	0	0	$ 10,602
Animal Impounds	94	71	56	6
Neighborhood Watch Groups	25	25	25	25
Fire:	(B)	(B)	(B)	(B)
Fire	420	558	488	567
Average Response Time (minutes)	5.0	7.0	6.4	7.2
Total Dollar Loss	$986,500	$1,148,400	$1,853,150	$ 300,850
Inspections:				
Building Permits	523	595	457	375
Value of Building Permits	$9,256,133	$10,711,347	$5,254,751	$ 5,731,643
Public Works				
Vehicles Maintained	23	25	25	26
Miles of Streets	70.50	70.50	70.50	70.50
Snow Removal (events)	25	27	32	36
Parks, Recreation and Forestry				
Parks:				
Number of Parks	26	26	25	25
Acres of Parks	172.22	172.22	191.65	191.65
Utilities				
Miles of Water Mains	65.83	65.83	65.83	65.83
Water Customers	4,550	4,573	4,656	4,651
Miles of Sewer Mains	64.42	64.42	64.42	64.42
Sewer Customers	4,496	4,511	4,552	4,567

Source: Various City Departments

Notes:
(A) = Police protection provided by Ramsey County Sheriffs Department by contract.
(B) = Fire protection provided by the City of White Bear Lake Fire Department by contract.

Fiscal Year					
2011	2012	2013	2014	2015	2016
1	3	1	1	0	1
364	7,486	179	5,296	0	7,375
(A)	(A)	(A)	(A)	(A)	(A)
459	594	532	416	475	533
$ 10,541	$ 10,818	$ 16,109	$ 12,865	$ 4,910	$ 7,600
12	87	7	10	23	15
25	16	16	16	16	25
(B)	(B)	(B)	(B)	(B)	(B)
487	496	530	476	480	482
7.3	5.9	6	5.8	5.5	5.6
$ 1,108,300	$1,015,850	$344,000	$663,200	$1,000,000	$783,200
344	389	285	349	869	869
$ 7,550,276	$10,974,232	$11,026,724	$13,223,868	$12,191,076	$12,191,076
27	27	27	27	27	27
70.50	70.5	70.5	70.5	70.5	70.5
15	9	22	15	15	18
25	25	25	25	25	25
191.65	191.65	191.65	191.65	191.65	191.65
65.83	65.83	65.83	65.83	65.83	65.83
4,663	4,675	4,682	4,760	4,779	4,783
64.42	64.42	64.42	64.42	64.42	64.42
4,556	4,568	4,575	4,661	4,661	4,783

WHITE BEAR TOWNSHIP, MINNESOTA
CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM
LAST TEN YEARS
(UNAUDITED)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Correctional Facilities	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Vehicles	22	25	25	26	27	27	27	27	27	27
Miles of Township Streets	70.50	70.50	70.50	70.50	70.50	70.50	70.50	70.50	70.50	70.50
Parks, Recreation and Forestry										
Parks										
Parks	26	25	25	25	25	25	25	25	25	25
Park Acres	172.22	191.65	191.65	191.65	191.65	191.65	191.65	191.65	191.65	191.65
Park Shelters	9	9	9	9	9	9	9	9	9	9
Basketball Courts	3	5	5	5	5	5	5	5	5	5
Sliding Hills	3	3	3	3	3	3	3	3	3	3
Horseshoe Courts	1	1	1	1	1	1	1	1	1	1
Skating Rinks	9	9	9	9	9	9	9	9	9	9
Soccer Fields	3	3	3	3	3	3	3	3	3	3
Ball Fields	10	8	8	8	8	8	8	8	8	8
Swimming Beach	1	1	1	1	1	1	1	1	1	1
Tennis Courts	6	9	9	8	8	8	8	8	8	8
Volleyball Courts	3	3	3	3	3	3	3	3	3	3
Water										
Miles of Water Mains	65.83	65.83	65.83	65.83	65.83	65.83	65.83	65.83	65.83	65.83
Water Connections	4,550	4,573	4,656	4,651	4,663	4,675	4,682	4,760	4,779	4,783
Sewer										
Miles of Sewer Lines	64.42	64.42	64.42	64.42	64.42	64.42	64.42	64.42	64.42	64.42
Sewer Connections	4,496	4,511	4,552	4,567	4,556	4,568	4,575	4,661	4,661	4,783
Storm Sewer										
Miles of Storm Water Lines/Culverts	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00

Source: Various Township Departments.

IV.

OTHER REQUIRED REPORTS

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Township Board of Supervisors
White Bear Township, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of White Bear Township (Township), Minnesota, as of December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 29, 2017.

The *Minnesota Legal Compliance Audit Guide for Towns* covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that White Bear Township failed to comply with provisions of the *Minnesota Legal Compliance Audit Guide for Towns,* except for the item described in detail in the attached Schedule of Findings and Responses as findings 2016-001, 2016-002, and 2016-003. However, our audit was not directed primarily toward obtaining knowledge of obtaining such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding White Bear Township's noncomplaince with the above-referenced provisions.

White Bear Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. White Bear Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Towns*, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 29, 2017

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WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF MINNESOTA LEGAL COMPLIANCE FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

MINNESOTA LEGAL COMPLIANCE FINDINGS

Finding: 2016-001

Acceptance of Gifts - Section 465.03

Finding: Minnesota Statutes Section 465.03 requires every acceptance of a grant or devise of real or personal property to be completed by resolution of the governing body adopted by a two-thirds majority of its members. It was noted that the Town did not formally accept the Township Days donations or the Public Safety Carnival donations during 2016.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings
There is no disagreement with the audit finding.

Actions Planned in Response to Finding:
The Township will ensure that all grants, gifts, and donations are properly accepted going forward.

Official Responsible for Ensuring CAP:
The Finance Office and Township Clerk-Treasurer will be reponsible for ensuring the CAP.

Planned Completion Date for CAP:
The Township will implement the recommended changes by the end of 2017.

Plan to Monitor Completion of CAP:
The Board of Supervisors will be monitoring this corrective action plan.

Finding: 2016-002

Unclaimed Property - Section 345.41, .43

Finding: Minnesota Statutes § 345.41 requires every person holding funds or other property presumed abandoned under sections 345.31 and 345.60 shall report annually to the state Commissioner of Commerce with respect to the property as herinafter provided. Property is presumed to be abandoned if it is held for more than three years. We noted three outstanding checks which were greater than three years old and therefore should have been reported to the state as unclaimed property.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings
There is no disagreement with the audit finding.

Finding: 2016-002 (Continued)

Actions Planned in Response to Finding:
The Township will work to develop proper contract templates and conduct reviews of contracts for such legal compliance requirements.

Official Responsible for Ensuring CAP:
The Finance Office and Township Clerk-Treasurer will be reponsible for ensuring the CAP.

Planned Completion Date for CAP:
The Township will implement the recommended changes by the end of 2016.

Plan to Monitor Completion of CAP:
The Board of Supervisors will be monitoring this corrective action plan.

Finding: 2016-003

Form IC134 or Contractor's Withholding Affidavit Confirmation- Section 270C.66

Finding: Minnesota Statutes § 270C.66 states that before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor and by subcontractors, the entity must obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minn. Stat. § 290.92 These certificates are commonly refered to as a Form IC134 or a Contractor's Withholding Affidavit Confirmation. We noted for one out of the three contracts tested the Township made the final payment before obtaining the proper documentation of compliance. Therefore, the Township was not in compliance with MN state statute 270C.66 and it may result in contractors not complying with withholding requirements.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings
There is no disagreement with the audit finding.

Actions Planned in Response to Finding:
The Township will work to develop procedures to ensure all required documentation is otained before making final settlement with any contractor under a contract requiring the employment of employees for wages.

Official Responsible for Ensuring CAP:
The Finance Office and Township Clerk-Treasurer will be reponsible for ensuring the CAP.

Planned Completion Date for CAP:
The Township will implement the recommended changes by the end of 2017.

Plan to Monitor Completion of CAP:
The Board of Supervisors will be monitoring this corrective action plan.