

WHITE BEAR TOWNSHIP, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
WHITE BEAR TOWNSHIP, MINNESOTA
YEAR ENDED DECEMBER 31, 2017**

**Prepared by
William Short, Township Clerk - Treasurer
Tom Kelly, Finance Officer**

**White Bear Township
1281 Hammond Road
White Bear Township, Minnesota 55110**

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I.
INTRODUCTORY
SECTION

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

1281 HAMMOND ROAD
WHITE BEAR TOWNSHIP, MN 55118
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June 20, 2018

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, 2017 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, 2017 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, 2017, 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.

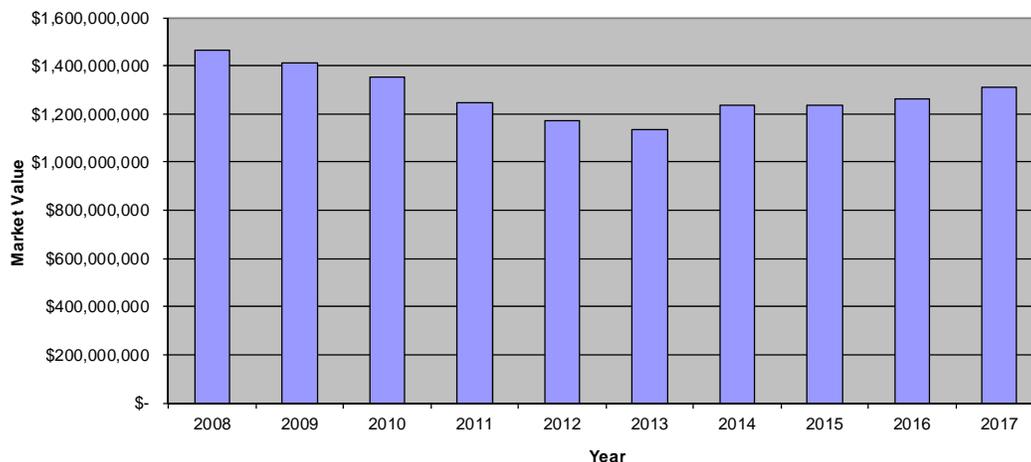
The Township is located in a region with varied economic base which has resulted in an unemployment rate that has consistently remained close to the national and state averages. While the national unemployment rate is 4.1% and the state's unemployment rate is 3.3%, the Township has a regional unemployment rate of 5.0% according to the Minnesota Department of Economic Security. Unemployment is expected to decrease in the future closer to the state average.

DEVELOPMENT ACTIVITY

Residential construction increased during 2017 due to the construction of new residential houses in the new Pine Hill subdivision. The Township issued 22 permits during 2017 for new single-family home construction valued at \$5,143,000. New permits for construction of public building and commercial/industrial were issued in 2017 and there were several permits issued for remodel/additions with construction valued at \$4,370,300. The Township expects construction activity for 2018 to increase over 2017 totals due to a new residential development and proposed new commercial/industrial construction already in the works within the Township. Residential property experienced 539 renovation permits totaling \$6.9 million valuation increase. Combined, commercial and residential construction added over \$16.4 million in market growth compared to \$13.9 million of market growth in 2016.

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 2017 with revenues being \$102,986 more than projected. This resulted from higher than anticipated investment earnings and miscellaneous revenue. Property taxes were \$10,263 less 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 its water, sanitary sewer, and storm water rates to assure 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 analysis 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 2.48% of its obligations that have general property taxes as the sole source of revenue. The Township has approximately 97.5% of its legal debt limit, or \$28,375,445 available for debt bonding as of December 31, 2017.

The Township continued to lower its debt limit percentage from 4.78% in 2006 to 2.48% in 2017. 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, 2017 was \$2,290,000 compared to \$3,375,000 at the end of 2016. The Township did not issue any new debt or refund any existing debt in 2017.

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.

POSTEMPLOYMENT 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. 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, 2016. This was the 21st 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, 2017 financial report will be submitted to the GFOA to determine its eligibility for another certificate.

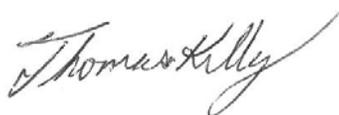
ACKNOWLEDGMENTS

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, 2017**

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

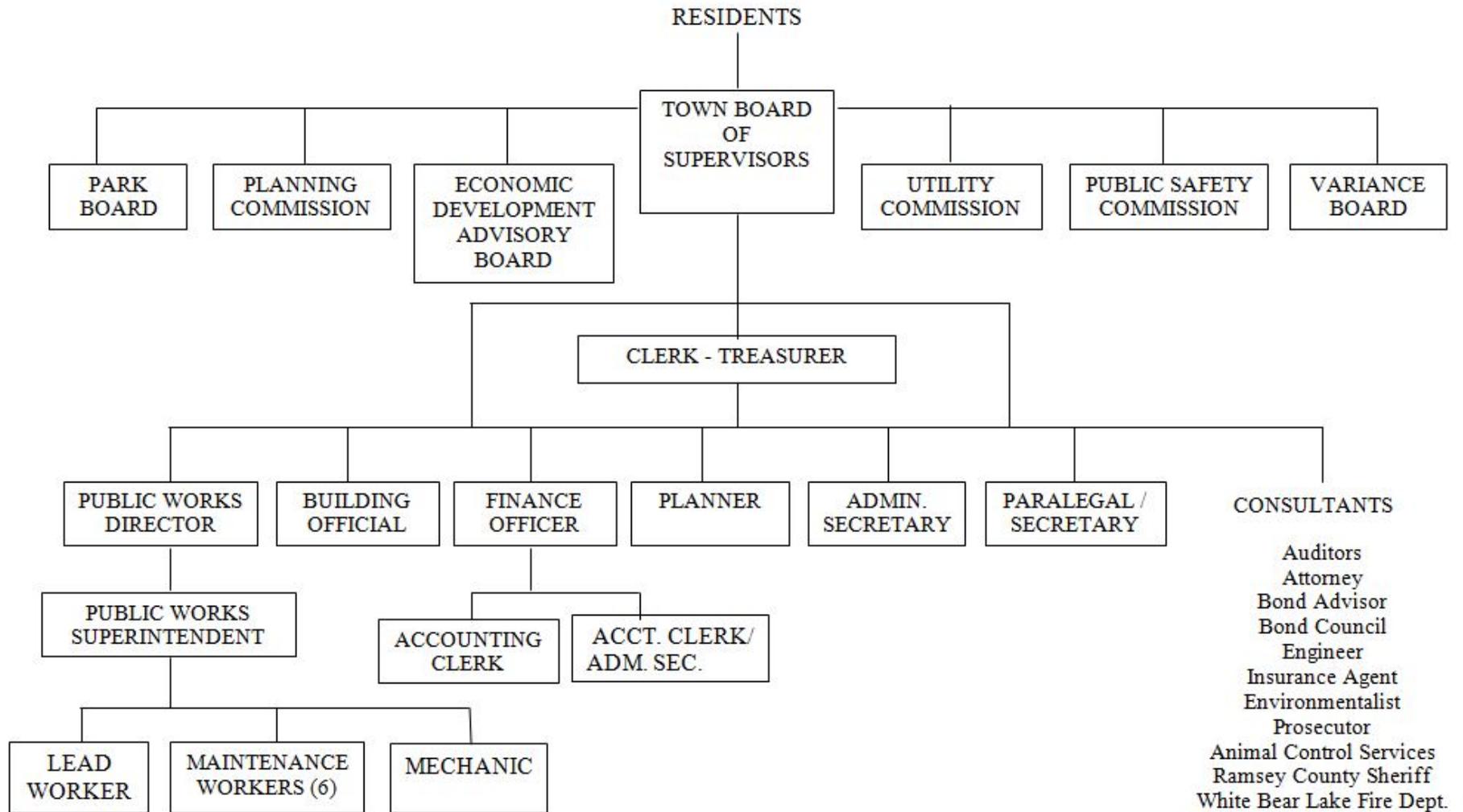
Steve Ruzek
Supervisor

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
Lynette Olinger, Accounting Clerk
Tori Leonhardt, Administrative Secretary/Accounting Clerk
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
Corey Triemert, Public Works Maintenance Person
Paul Peltier, Public Works Lead Person
Matt Schneider, Public Works Maintenance Person
Greg Horst, Public Works Maintenance Person
Gerald Magnuson, Mechanic

**WHITE BEAR TOWNSHIP, MINNESOTA
ORGANIZATION CHART
DECEMBER 31, 2017**



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, 2016

Christopher P. Morill

Executive Director/CEO

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II.
FINANCIAL
SECTION

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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, 2017, 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, 2017, 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 White Bear Township's basic financial statements. The combining 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 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

Minneapolis, Minnesota
June 20, 2018

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 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, 2017. 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 \$40,938,176 (net position). Of this amount, \$8,174,504 (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 decreased by \$319,474 during 2017.
- As of the close of the current fiscal year, White Bear Township's governmental funds reported combined ending fund balances of \$8,172,323. 71% of this total amount, \$5,808,673, 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 \$3,750,841, or 96.4% 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 activities 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

FUND FINANCIAL STATEMENTS

Our analysis of White Bear Township's major funds begins with the funds financial statements and provides detailed information 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 governmental 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 can 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 Economic 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 \$40,938,176 at the close of the fiscal year ended December 31, 2017. By far the largest portion of White Bear Township's net position (\$30,038,072) 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Table 1
STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 11,106,742	\$ 10,923,485	\$ 3,359,599	\$ 5,119,494	\$ 14,466,341	\$ 16,042,979
Capital Assets	15,014,799	15,493,138	17,312,769	16,334,233	32,327,568	31,827,371
Total Assets	<u>26,121,541</u>	<u>26,416,623</u>	<u>20,672,368</u>	<u>21,453,727</u>	<u>46,793,909</u>	<u>47,870,350</u>
Deferred Outflows of Resources	202,787	422,140	124,966	262,976	327,753	685,116
Noncurrent Liabilities Outstanding	2,131,244	3,058,501	1,610,420	2,116,423	3,741,664	5,174,924
Other Liabilities	1,794,503	1,540,041	388,373	374,225	2,182,876	1,914,266
Total Liabilities	<u>3,925,747</u>	<u>4,598,542</u>	<u>1,998,793</u>	<u>2,490,648</u>	<u>5,924,540</u>	<u>7,089,190</u>
Deferred Inflows of Resources	<u>160,215</u>	<u>128,547</u>	<u>98,731</u>	<u>80,079</u>	<u>258,946</u>	<u>208,626</u>
Net Position:						
Net Investment in Capital Assets	14,045,226	14,289,017	15,992,846	14,876,547	30,038,072	29,165,564
Restricted	2,725,600	3,364,485	-	-	2,725,600	3,364,485
Unrestricted	5,467,540	4,458,172	2,706,964	4,269,429	8,174,504	8,727,601
Total Net Position	<u>\$ 22,238,366</u>	<u>\$ 22,111,674</u>	<u>\$ 18,699,810</u>	<u>\$ 19,145,976</u>	<u>\$ 40,938,176</u>	<u>\$ 41,257,650</u>

Restricted net position comprises \$2,725,600 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 \$8,174,504, which represents 19.97% 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 decreased \$319,474, or 0.8% during the current fiscal year, as shown on the following table. The governmental activities experienced an increase of \$126,692 in net position for that period and the business-type activities experienced a \$446,166 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 increased operating expenses related to the water fund for the north east water tower reconditioning.

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

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

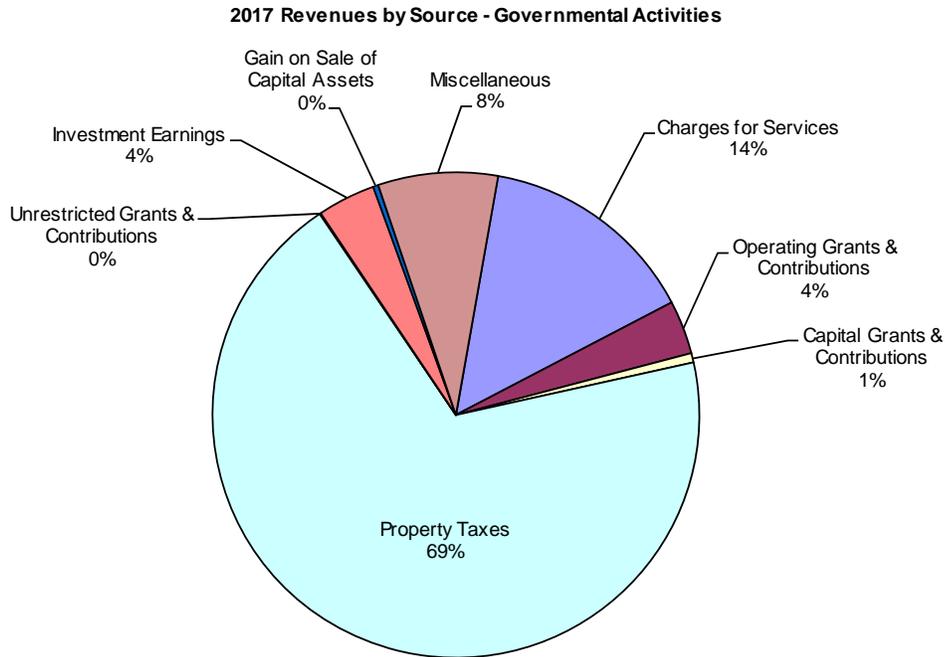
CHANGES IN NET POSITION (CONTINUED)

**Table 2
STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for Services	\$ 755,834	\$ 643,666	\$ 4,507,397	\$ 3,091,149	\$ 5,263,231	\$ 3,734,815
Operating Grants and Contributions	185,255	235,545	-	-	185,255	235,545
Capital Grants and Contributions	32,714	264,934	-	-	32,714	264,934
General Revenues:						
Property Taxes	3,585,171	3,674,932	-	-	3,585,171	3,674,932
Contributions Not Restricted to Specific Programs	4,281	4,283	-	-	4,281	4,283
Unrestricted Investment Earnings	199,915	118,314	22,984	40,974	222,899	159,288
Miscellaneous	431,286	468,636	-	-	431,286	468,636
Total Revenues	<u>5,194,456</u>	<u>5,410,310</u>	<u>4,530,381</u>	<u>3,132,123</u>	<u>9,724,837</u>	<u>8,542,433</u>
EXPENSES						
General Government	1,015,785	902,593	-	-	1,015,785	902,593
Public Safety	1,220,765	1,159,394	-	-	1,220,765	1,159,394
Public Service	1,599,838	1,560,387	-	-	1,599,838	1,560,387
Parks, Recreation, and Forestry	631,597	720,489	-	-	631,597	720,489
Community Development	560,489	349,687	-	-	560,489	349,687
Interest and Fiscal Charges	39,290	58,771	-	-	39,290	58,771
Water Utility	-	-	2,682,754	1,748,513	2,682,754	1,748,513
Sewer Utility	-	-	2,048,861	1,714,216	2,048,861	1,714,216
Storm Sewer Utility	-	-	244,932	201,909	244,932	201,909
Total Expenses	<u>5,067,764</u>	<u>4,751,321</u>	<u>4,976,547</u>	<u>3,664,638</u>	<u>10,044,311</u>	<u>8,415,959</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	126,692	658,989	(446,166)	(532,515)	(319,474)	126,474
Capital Contributions	-	-	-	-	-	-
Transfers	-	(200,000)	-	200,000	-	-
CHANGE IN NET POSITION	126,692	458,989	(446,166)	(332,515)	(319,474)	126,474
Net Position - Beginning of Year	22,111,674	21,652,685	19,145,976	19,478,491	41,257,650	41,131,176
NET POSITION - END OF YEAR	<u>\$ 22,238,366</u>	<u>\$ 22,111,674</u>	<u>\$ 18,699,810</u>	<u>\$ 19,145,976</u>	<u>\$ 40,938,176</u>	<u>\$ 41,257,650</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

GOVERNMENTAL ACTIVITIES



The Governmental Activities net position increased by \$126,692, which represents a 0.6% 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, 2017, the Township's governmental funds reported combined fund balances of \$8,172,323. Of this total, \$5,808,673, or 71%, is unrestricted and assigned fund balance. The remaining \$2,363,650 of fund balance is either nonspendable or restricted as follows:

- Prepaid Items of \$17,462
- Debt Retirement of \$759,492
- Economic Development Activities of \$1,586,696

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Fund level governmental revenues decreased \$279,302, or 4.8% compared to 2016. Key elements of this change are as follows:

- General property taxes decreased \$48,506 or 1.3%. The decrease was due to less delinquent collections during 2017 compared to 2016.
- Intergovernmental revenues decreased \$48,502 or 20.4%. The decrease was due to decrease in cable TV franchise fees.
- Charges for services decreased \$8,087, or 4.3%. The decrease was due to less commercial/industrial building activities and development activities resulting in fewer fees and charges.
- Special Assessment revenues decreased \$305,189 or 50.1%. The decrease was due to a small development prepaying its special assessment balances in 2016.
- Equipment rental revenues increased \$52,700, or 23.4%. This increase was due to increased equipment charges to Township departments and external customers (other cities).
- Miscellaneous revenues increased \$21,676, or 5%. This increase was due to an increase in facility rental fees in 2017.

Fund level expenditures, excluding debt service payments, decreased by \$926,580, or 17%, compared to 2016. Key elements of this net change are as follows:

- Public Works expenditures decreased \$47,391, or 5.0%, due to decreased expenditures for chemicals to treat the roads during snow events and street repair materials..
- Parks, Recreation, and Forestry expenditures decreased \$29,158, or 6.5%, due to fewer projects in 2017 related to repairing and replacing playground equipment and park improvements.
- Community Development expenditures increased \$213,131, or 63.1%, due to increased expenditures related to a new commercial development that took place in 2017.
- Capital Outlay expenditures decreased \$1,128,190, or 71.7%, due to infrastructure improvement to the new Pine Hill residential development project that occurred during 2016.

General Fund. The General Fund is the chief operating fund of the Township. In 2017, fund balance in the General Fund increased by \$346,267 or 10%, whereas in the prior year, fund balance in the General Fund decreased by \$148,425 or 4.1%. Key differences between the current and prior year change in General Fund fund balance include the following:

- General property taxes increased \$1,816 or 0.1%. The increase was due to an increase in the amount of property taxes levied.
- Intergovernmental revenues decreased \$48,502 or 20.4%. The decrease was due to an decrease in cable TV franchise fees based on a one-time change in the cable franchise agreement.
- Charges for services decreased \$11,087, or 6%. The decrease was due to less development activities in 2017.
- General fund expenditures increased by \$24,040, 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 halfway through 2016.
- General Fund transfers out decreased \$503,159 or 75.7%. The decrease was due to transfers to other Township funds to lower the General Fund's reserves down according to the Township's fund balance policy in 2016.

Economic Development Fund. The fund balance of the Economic Development Fund decreased by \$361,873 or 18.6% as a result of a decrease in tax increment payments to developers.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

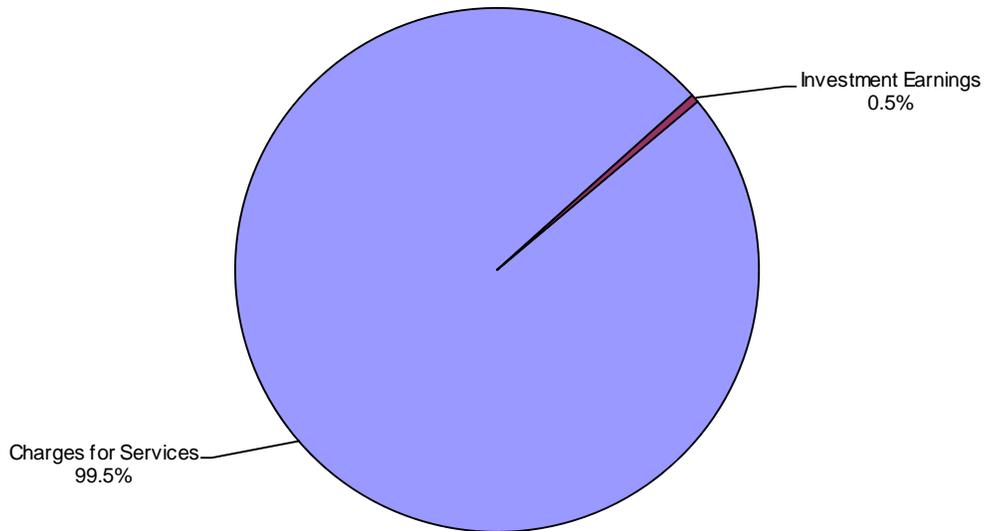
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

2011 G.O. Improvement Bonds Fund. The 2011 G.O. Improvement Bonds Fund ended with a fund balance of \$560,772 due to the continued collection of special assessments and debt service payments.

Improvement Fund. The increase of \$294,602 in the fund balance of the Improvement Fund was due to a transfer in from the 2005B TIF Bonds Fund since the bonds were paid off in February 2017.

BUSINESS-TYPE ACTIVITIES

2017 Revenues by Source - Business-Type Activities



Net position of the business-type activities decreased by \$464,487. 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	\$ (1,164,187)
Sewer	417,425
Storm Water	300,596

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

BUSINESS-TYPE ACTIVITIES (CONTINUED)

- The Water Fund net position decrease reflects expenses exceeding revenues by \$1,164,187. Operating revenue increased by \$67,386 due to increased water rates. Operational expenses increased \$943,926 due to increased expense for the NE Water Tower maintenance project that occurred during 2017.
- The Sewer Fund net position increase reflects revenues exceeding expense by \$417,425. Operating revenue increased by \$1,210,211 due to a rate increase designed to cover system costs. Operational expenses increased \$335,552 due mainly to personnel changes and the sewer lining project.
- Storm Water Fund net position increase reflects revenues exceeding expense by \$300,596. Operating revenue increased by \$147,464 due to a rate increase designed to fund operations and future improvements. Operational expenses increased \$43,469 primarily due to the change in personnel staff.

The business-type activities operating expense increased by \$1,322,947 for fiscal year 2017 compared to 2016 and included the following funds changes in operating expense:

<u>Activity</u>	<u>Change</u>
Water	\$ 943,926
Sewer	335,552
Storm Water	43,469

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 2017. Rather these changes were absorbed by excess revenues or shifting and reprioritizing of expenditures throughout the year.

General Fund actual revenues were \$102,986 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, greater investment earnings 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.

General Fund actual expenditures were \$267,721 below the adopted budget amounts for 2017. All expenditure categories came in below budget, except for general government elections by \$904, general government code enforcement by \$25,440, public works road and bridge by \$5,139, and community development by \$10,184 along with transfers out exceeded budget by \$90,801. These transfers were to maintain a fund balance consistent with the Township's fund balance policy.

Fund balance in the General Fund would have increased \$466,455 for 2017, however, the Township continued to maintain its fund balance within its fund balance policy levels at the end of 2017 by transferring out \$161,801 to other funds. These transfers result in the fund balance of the General Fund increase \$324,547 for 2017.

CAPITAL ASSETS

The Township's investment in Capital Assets for its governmental and business-type activities as of December 31, 2017 totals \$32,327,568 (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 \$500,197 compared to 2016.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

CAPITAL ASSETS (CONTINUED)

The increase in net capital assets is due to the value of 2017 capital asset additions exceeding 2017 depreciation.

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

- Governmental funds infrastructure totaling \$446,425
- Governmental funds buildings totaling \$86,931
- Governmental funds vehicles and equipment totaling \$256,782
- Business-type infrastructure totaling \$523,798
- Business-type buildings totaling \$165,866
- Business-type vehicles and equipment totaling \$44,846

A summary of the net changes in capital assets for 2017 is shown on the following chart:

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,016,102	\$ 4,016,102	\$ -	\$ -	\$ 4,016,102	\$ 4,016,102
Construction in Progress	1,115,609	1,046,534	1,671,712	589,556	2,787,321	1,636,090
Buildings	2,752,282	2,740,903	1,649,159	1,815,025	4,401,441	4,555,928
Vehicles and Equipment	973,669	1,026,461	488,162	533,008	1,461,831	1,559,469
Machinery and Shop Equipment	721,306	765,309	-	-	721,306	765,309
Office Furniture and Equipment	67,351	82,924	-	-	67,351	82,924
Infrastructure	5,368,480	5,814,905	13,503,736	13,396,644	18,872,216	19,211,549
Capital Assets, Net	<u>\$ 15,014,799</u>	<u>\$ 15,493,138</u>	<u>\$ 17,312,769</u>	<u>\$ 16,334,233</u>	<u>\$ 32,327,568</u>	<u>\$ 31,827,371</u>

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	
	2017	2016	2017	2016	2017	2016
G.O. Bonds	\$ 1,238,905	\$ 1,959,096	\$ -	\$ -	\$ 1,238,905	\$ 1,959,096
G.O. Revenue Bonds	-	-	1,051,095	1,415,904	1,051,095	1,415,904
Net Pension Liability	809,722	1,015,586	498,984	632,673	1,308,706	1,648,259
Compensated Absences Payable	91,053	94,459	57,455	62,074	148,508	156,533
Total Outstanding Debt	<u>\$ 2,139,680</u>	<u>\$ 3,069,141</u>	<u>\$ 1,607,534</u>	<u>\$ 2,110,651</u>	<u>\$ 3,747,214</u>	<u>\$ 5,179,792</u>

White Bear Township has \$2,290,000 in bonds outstanding at December 31, 2017 compared to \$3,375,000 last year. The decrease results from the payment of the annual principal balance, which totaled \$1,085,000.

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.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

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, 2017 was \$39,349,350 compared to \$37,807,051 for 2016. The outstanding balance of \$973,905 on the Public Facilities Bond issued in 2004 represents 2.48% of the total debt limit and is chargeable against the total debt limit and results in a Legal Debt Margin for 2017 of \$38,375,445.

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

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WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 9,126,064	\$ 1,899,661	\$ 11,025,725
Accrued Interest Receivable	46,002	15,214	61,216
Accounts Receivable	173,802	728,344	902,146
Interfund Balances	118,234	(118,234)	-
Due from Other Governments	59,960	-	59,960
Taxes Receivable	76,366	-	76,366
Special Assessments Receivable	737,077	749,564	1,486,641
Prepaid Items	17,462	85,050	102,512
Land Held for Resale	751,775	-	751,775
Capital Assets:			
Land	4,016,102	-	4,016,102
Construction in Progress	1,115,609	1,671,712	2,787,321
Other Capital Assets, Net of Depreciation	9,883,088	15,641,057	25,524,145
Total Assets	26,121,541	20,672,368	46,793,909
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	202,787	124,966	327,753
LIABILITIES			
Accounts Payable	631,999	56,718	688,717
Salaries Payable	18,700	11,774	30,474
Contracts Payable	-	265,942	265,942
Accrued Interest Payable	18,365	12,136	30,501
Due to Other Governments	9,653	-	9,653
Unearned Revenue	1,115,786	41,803	1,157,589
Noncurrent Liabilities:			
Due Within One Year			
Compensated Absences	73,043	43,116	116,159
Bonds Payable	317,085	332,915	650,000
Due in More Than One Year			
Compensated Absences	18,010	14,339	32,349
Bonds Payable	913,384	721,066	1,634,450
Net Pension Liability	809,722	498,984	1,308,706
Total Liabilities	3,925,747	1,998,793	5,924,540
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	160,215	98,731	258,946
NET POSITION			
Net Investment in Capital Assets	14,045,226	15,992,846	30,038,072
Restricted for:			
Debt Service	1,127,924	-	1,127,924
Economic Development Activities	1,597,676	-	1,597,676
Unrestricted	5,467,540	2,706,964	8,174,504
Total Net Position	\$ 22,238,366	\$ 18,699,810	\$ 40,938,176

See accompanying Notes to Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,015,785	\$ 718,469	\$ 123,792	\$ -
Public Safety	1,220,765	22,804	32,352	-
Public Works	1,599,838	-	29,111	32,714
Parks, Recreation, and Forestry	631,597	3,100	-	-
Community Development	560,489	11,461	-	-
Interest on Long-Term Debt	39,290	-	-	-
Total Governmental Activities	<u>5,067,764</u>	<u>755,834</u>	<u>185,255</u>	<u>32,714</u>
BUSINESS-TYPE ACTIVITIES				
Water	2,682,754	1,513,555	-	-
Sewer	2,048,861	2,485,352	-	-
Storm Sewer	244,932	508,490	-	-
Total Business-Type Activities	<u>4,976,547</u>	<u>4,507,397</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,044,311</u>	<u>\$ 5,263,231</u>	<u>\$ 185,255</u>	<u>\$ 32,714</u>

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

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

**WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2017**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (173,524)	\$ -	\$ (173,524)
(1,165,609)	-	(1,165,609)
(1,538,013)	-	(1,538,013)
(628,497)	-	(628,497)
(549,028)	-	(549,028)
(39,290)	-	(39,290)
<u>(4,093,961)</u>	<u>-</u>	<u>(4,093,961)</u>
-	(1,169,199)	(1,169,199)
-	436,491	436,491
-	263,558	263,558
<u>-</u>	<u>(469,150)</u>	<u>(469,150)</u>
(4,093,961)	(469,150)	(4,563,111)
3,585,171	-	3,585,171
4,281	-	4,281
199,915	22,984	222,899
18,091	-	18,091
413,195	-	413,195
<u>4,220,653</u>	<u>22,984</u>	<u>4,243,637</u>
126,692	(446,166)	(319,474)
<u>22,111,674</u>	<u>19,145,976</u>	<u>41,257,650</u>
<u>\$ 22,238,366</u>	<u>\$ 18,699,810</u>	<u>\$ 40,938,176</u>

See accompanying Notes to Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Economic Development Authority	G.O. Improvement Bonds 2011A
ASSETS			
Cash and Investments	\$ 3,742,608	\$ 958,736	\$ 549,091
Accrued Interest Receivable	18,035	3,403	2,581
Accounts Receivable	10,457	163,345	-
Due from Other Governmental Units	59,960	-	-
Interfund Receivable	118,234	-	-
Taxes Receivable:			
Delinquent	26,258	11,363	-
Current	37,762	983	-
Special Assessments Receivable:			
Delinquent	4,636	-	98,637
Other	70,160	-	274,478
Prepaid Items	17,462	-	-
Land Held for Resale	-	751,775	-
Total Assets	\$ 4,105,572	\$ 1,889,605	\$ 924,787
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 211,387	\$ 291,929	\$ -
Salaries Payable	18,700	-	-
Due to Other Governments	9,653	-	-
Unearned Revenue	64,661	-	-
Total Liabilities	304,401	291,929	-
Deferred Inflows of Resources:			
Unavailable Revenue - Taxes	26,258	10,980	-
Unavailable Revenue - Special Assessments	-	-	364,015
	26,258	10,980	364,015
Fund Balances:			
Nonspendable:			
Prepaid Items	17,462	-	-
Restricted for:			
Debt Service	-	-	560,772
Economic Development Activities	-	1,586,696	-
Assigned for:			
Public Safety	1,610	-	-
Compensation	5,000	-	-
Park Development	-	-	-
Town Hall Improvements	-	-	-
Polar Lakes Park Development	-	-	-
Capital Improvements	-	-	-
Unassigned	3,750,841	-	-
Total Fund Balances	3,774,913	1,586,696	560,772
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,105,572	\$ 1,889,605	\$ 924,787

See accompanying Notes to Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,121,050	\$ 1,272,033	\$ 8,643,518
11,664	7,227	42,910
-	-	173,802
-	-	59,960
-	-	118,234
-	-	37,621
-	-	38,745
49,412	-	152,685
224,565	15,189	584,392
-	-	17,462
-	-	751,775
<u>\$ 2,406,691</u>	<u>\$ 1,294,449</u>	<u>\$ 10,621,104</u>
\$ 71,689	\$ 56,994	\$ 631,999
-	-	18,700
-	-	9,653
1,051,125	-	1,115,786
<u>1,122,814</u>	<u>56,994</u>	<u>1,776,138</u>
-	-	37,238
256,740	14,650	635,405
<u>256,740</u>	<u>14,650</u>	<u>672,643</u>
-	-	17,462
-	198,720	759,492
-	-	1,586,696
-	-	1,610
-	-	5,000
-	769,312	769,312
-	60,000	60,000
-	194,773	194,773
1,027,137	-	1,027,137
-	-	3,750,841
<u>1,027,137</u>	<u>1,222,805</u>	<u>8,172,323</u>
<u>\$ 2,406,691</u>	<u>\$ 1,294,449</u>	<u>\$ 10,621,104</u>

See accompanying Notes to Financial Statements.

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**WHITE BEAR TOWNSHIP, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 8,172,323

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	2,752,282	
Vehicles, Net of Accumulated Depreciation	973,669	
Machinery and Shop Equipment, Net of Accumulated Depreciation	721,306	
Office Furniture and Equipment, Net of Accumulated Depreciation	67,351	
Infrastructure, Net of Accumulated Depreciation	5,368,480	15,014,799

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. 672,643

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. (18,365)

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: 485,638

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	(809,722)	
Deferred Inflows of Resources - Pensions	(160,215)	
Deferred Outflows of Resources - Pensions	202,787	(767,150)

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	(1,238,905)	
Unamortized Premiums	(623)	
Unamortized Discounts	9,059	
Compensated Absence Payable	(91,053)	(1,321,522)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 22,238,366**

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General	Economic Development Authority	GO Improvement Bonds 2011A
REVENUE			
General Property Taxes	\$ 2,989,737	\$ 596,526	\$ -
Licenses and Permits	233,907	-	-
Intergovernmental	189,536	-	-
Charges for Services	174,699	6,600	-
Investment Earnings (Losses)	80,103	(13,105)	11,079
Fines and Forfeits	12,184	-	-
Park and Recreation Fees	-	-	-
Special Assessments	-	-	167,836
Equipment Rental	278,055	-	-
Miscellaneous	398,645	983	203
Total Revenue	<u>4,356,866</u>	<u>591,004</u>	<u>179,118</u>
EXPENDITURES			
Current:			
General Government	977,656	-	-
Public Safety	1,215,198	-	-
Public Works	762,130	-	-
Parks, Recreation, and Forestry	421,578	-	-
Community Development	227,580	323,129	-
Capital Outlay	286,269	-	-
Debt Service:			
Principal	-	-	185,000
Interest and Fiscal Charges	-	-	16,892
Total Expenditures	<u>3,890,411</u>	<u>323,129</u>	<u>201,892</u>
REVENUE OVER (UNDER) EXPENDITURES	466,455	267,875	(22,774)
OTHER FINANCING SOURCES (USES)			
Transfer In	20,801	-	-
Transfer Out	(161,801)	(629,748)	-
Proceeds from Sale of Property	20,812	-	-
Total Other Financing Sources (Uses)	<u>(120,188)</u>	<u>(629,748)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	346,267	(361,873)	(22,774)
Fund Balance - Beginning of Year	<u>3,428,646</u>	<u>1,948,569</u>	<u>583,546</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,774,913</u>	<u>\$ 1,586,696</u>	<u>\$ 560,772</u>

See accompanying Notes to Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,586,263
-	-	233,907
-	-	189,536
-	-	181,299
66,389	37,262	181,728
-	-	12,184
-	3,100	3,100
118,522	17,323	303,681
-	-	278,055
1,313	51,740	452,884
<u>186,224</u>	<u>109,425</u>	<u>5,422,637</u>
-	-	977,656
-	-	1,215,198
138,260	-	900,390
-	1,260	422,838
-	-	550,709
850	164,850	451,969
-	535,191	720,191
-	22,998	39,890
<u>139,110</u>	<u>724,299</u>	<u>5,278,841</u>
47,114	(614,874)	143,796
247,488	1,377,433	1,645,722
-	(854,173)	(1,645,722)
-	-	20,812
<u>247,488</u>	<u>523,260</u>	<u>20,812</u>
294,602	(91,614)	164,608
<u>732,535</u>	<u>1,314,419</u>	<u>8,007,715</u>
<u>\$ 1,027,137</u>	<u>\$ 1,222,805</u>	<u>\$ 8,172,323</u>

See accompanying Notes to Financial Statements.

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, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 164,608

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	\$	335,332	
Loss on Disposal of Capital Assets		(2,720)	
Proceeds from Sales of Capital Assets		(20,812)	
Depreciation Expense		<u>(790,138)</u>	(478,338)

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		720,191	
Change in Accrued Interest Expense for General Obligation Bonds		2,804	
Amortization of Bond Premium		680	
Amortization of Bond Discount		<u>(2,884)</u>	720,791

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, 2016		(916,292)	
Deferred Inflows of Resources - December 31, 2017		<u>672,643</u>	(243,649)

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:

3,406

Pension expenditures 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.

(45,157)

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.

5,031

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 126,692**

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Total	Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 978,656	\$ 3,170	\$ 917,835	\$ 1,899,661	\$ 482,546
Accounts Receivable	303,132	311,638	113,574	728,344	-
Special Assessments Receivable	-	749,564	-	749,564	-
Accrued Interest Receivable	7,741	2,633	4,840	15,214	3,092
Prepaid Items	3,428	78,589	3,033	85,050	-
Total Current Assets	<u>1,292,957</u>	<u>1,145,594</u>	<u>1,039,282</u>	<u>3,477,833</u>	<u>485,638</u>
NONCURRENT ASSETS					
Capital Assets:					
Construction in Progress	99,755	1,571,957	-	1,671,712	-
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	12,040,964	13,231,795	1,250,886	26,523,645	-
Total Capital Assets	<u>18,460,875</u>	<u>15,647,865</u>	<u>1,251,828</u>	<u>35,360,568</u>	<u>-</u>
Less: Accumulated Depreciation	(10,781,524)	(6,936,628)	(329,647)	(18,047,799)	-
Total Noncurrent Assets	<u>7,679,351</u>	<u>8,711,237</u>	<u>922,181</u>	<u>17,312,769</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - Pensions	58,404	51,392	15,170	124,966	-
Total Assets and Deferred Outflows of Resources	<u>9,030,712</u>	<u>9,908,223</u>	<u>1,976,633</u>	<u>20,915,568</u>	<u>485,638</u>
LIABILITIES					
CURRENT LIABILITIES					
Due to Other Fund	-	118,234	-	118,234	-
Accounts Payable	45,129	7,969	3,620	56,718	-
Salaries Payable	5,492	4,833	1,449	11,774	-
Contracts Payable	31,138	234,804	-	265,942	-
Unearned Revenue	9,821	31,982	-	41,803	-
Accrued Interest Payable	9,137	2,011	988	12,136	-
Bonds Payable - Current Maturities	257,397	50,643	24,875	332,915	-
Compensated Absences Payable - Current	21,228	17,627	4,261	43,116	-
Total Current Liabilities	<u>379,342</u>	<u>468,103</u>	<u>35,193</u>	<u>882,638</u>	<u>-</u>
NONCURRENT LIABILITIES					
Bonds Payable - Long Term	394,966	218,684	107,416	721,066	-
Net Pension Liability - Long Term	233,200	205,208	60,576	498,984	-
Compensated Absences Payable - Long Term	6,721	6,375	1,243	14,339	-
Total Noncurrent Liabilities	<u>634,887</u>	<u>430,267</u>	<u>169,235</u>	<u>1,234,389</u>	<u>-</u>
Total Liabilities	<u>1,014,229</u>	<u>898,370</u>	<u>204,428</u>	<u>2,117,027</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Pensions	46,142	40,603	11,986	98,731	-
NET POSITION					
Net Investment in Capital Assets	6,995,850	8,207,106	789,890	15,992,846	-
Unrestricted	974,491	762,144	970,329	2,706,964	485,638
Total Net Position	<u>7,970,341</u>	<u>8,969,250</u>	<u>1,760,219</u>	<u>18,699,810</u>	<u>485,638</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 9,030,712</u>	<u>\$ 9,908,223</u>	<u>\$ 1,976,633</u>	<u>\$ 20,915,568</u>	<u>\$ 485,638</u>

See accompanying Notes to Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Total	Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ 1,364,614	\$ 1,345,102	\$ 508,490	\$ 3,218,206	\$ 168,988
Water and Sewer Availability Charges	155,975	33,000	-	188,975	-
Special Assessments	-	1,107,250	-	1,107,250	-
Total Operating Revenues	<u>1,520,589</u>	<u>2,485,352</u>	<u>508,490</u>	<u>4,514,431</u>	<u>168,988</u>
OPERATING EXPENSES					
Personnel Services	356,110	322,185	95,268	773,563	31,579
Other Services and Charges	524,575	1,009,566	83,654	1,617,795	150,565
Materials and Supplies	1,372,950	411,326	38,088	1,822,364	-
Depreciation	408,340	300,730	25,440	734,510	-
Total Operating Expenses	<u>2,661,975</u>	<u>2,043,807</u>	<u>242,450</u>	<u>4,948,232</u>	<u>182,144</u>
OPERATING INCOME (LOSS)	(1,141,386)	441,545	266,040	(433,801)	(13,156)
OTHER INCOME (EXPENSE)					
Investment Earnings (Expense)	5,012	(19,066)	37,038	22,984	18,187
Miscellaneous Nonoperating Expense	(7,034)	-	-	(7,034)	-
Interest and Fiscal Agent Fees	(23,665)	(5,054)	(2,482)	(31,201)	-
Bond Discount Amortization Expense	2,886	-	-	2,886	-
Total Other Income (Expense)	<u>(22,801)</u>	<u>(24,120)</u>	<u>34,556</u>	<u>(12,365)</u>	<u>18,187</u>
CHANGE IN NET POSITION	(1,164,187)	417,425	300,596	(446,166)	5,031
Net Position - Beginning of Year	<u>9,134,528</u>	<u>8,551,825</u>	<u>1,459,623</u>	<u>19,145,976</u>	<u>480,607</u>
NET POSITION - END OF YEAR	<u>\$ 7,970,341</u>	<u>\$ 8,969,250</u>	<u>\$ 1,760,219</u>	<u>\$ 18,699,810</u>	<u>\$ 485,638</u>

See accompanying Notes to Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Receipts from Customers	\$ 1,451,826	\$ 1,685,499	\$ 472,885	\$ 3,610,210	\$ 168,988
Cash Paid to Suppliers	(2,076,490)	(1,339,015)	(124,097)	(3,539,602)	-
Cash Paid to Employees	(346,342)	(315,315)	(92,089)	(753,746)	(182,144)
Net Cash Provided (Used) by Operating Activities	<u>(971,006)</u>	<u>31,169</u>	<u>256,699</u>	<u>(683,138)</u>	<u>(13,156)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Bonds	(289,291)	(50,643)	(24,875)	(364,809)	-
Interest and Fiscal Agent Fees	(27,602)	(5,297)	(2,601)	(35,500)	-
Acquisition of Capital Assets	(94,900)	(1,279,213)	(109,001)	(1,483,114)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(411,793)</u>	<u>(1,335,153)</u>	<u>(136,477)</u>	<u>(1,883,423)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	10,616	(13,397)	35,273	32,492	14,206
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,372,183)	(1,317,381)	155,495	(2,534,069)	1,050
Cash and Cash Equivalents - Beginning of Year	2,350,839	1,320,551	762,340	4,433,730	477,773
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 978,656</u>	<u>\$ 3,170</u>	<u>\$ 917,835</u>	<u>\$ 1,899,661</u>	<u>\$ 478,823</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (1,141,386)	\$ 441,545	\$ 266,040	\$ (433,801)	\$ (13,156)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	408,340	300,730	25,440	734,510	-
Miscellaneous Other Expense	(7,034)	-	-	(7,034)	-
Change in Assets and Liabilities:					
Accounts Receivable	(62,048)	(49,033)	(35,605)	(146,686)	-
Special Assessments Receivable	-	(749,564)	-	(749,564)	-
Prepaid Items	(593)	(5,425)	352	(5,666)	-
Deferred Outflows - Pensions	64,331	57,351	16,328	138,010	-
Interfund Payable	-	118,234	-	118,234	-
Accounts Payable	(178,373)	(30,932)	(2,707)	(212,012)	-
Salaries Payable	703	565	195	1,463	-
Compensated Absences	(1,955)	(2,127)	(537)	(4,619)	-
Unearned Revenue	320	(1,256)	-	(936)	-
Net Pension Liability	(62,079)	(56,408)	(15,202)	(133,689)	-
Deferred Inflows - Pensions	8,768	7,489	2,395	18,652	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (971,006)</u>	<u>\$ 31,169</u>	<u>\$ 256,699</u>	<u>\$ (683,138)</u>	<u>\$ (13,156)</u>
Schedule of Noncash Capital Activities:					
Capital Assets on Account	\$ (31,138)	\$ (234,804)	\$ -	\$ (265,942)	\$ -
Amortization of Premium/(Discount)	2,779	-	-	2,779	-

See accompanying Notes to Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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:

General Fund

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.

Economic Development Authority

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.

G.O. Improvement Bonds 2011A

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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.
5. 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.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 as an expense or expenditure over the periods benefitted. That portion of the relevant funds' balances equal to material prepaid items has been classified as nonspendable in the governmental funds.

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.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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. Property taxes 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 2017 totaled \$266,957. 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 governmental 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. Special assessments 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.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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 POSTEMPLOYMENT 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, 2017.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017, 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

- 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.
- 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:

<u>Investment Type</u>	<u>Fair Value</u>
Marketable Certificates of Deposit	\$ 2,774,259
Municipal Bonds	6,525,473
Federal Home Loan Mortgage Corporation	157,347
Government National Mortgage Association	2,964
	<u>\$ 9,460,043</u>

<u>Investment Type</u>	<u>Amortized Cost</u>
Minnesota Municipal Money Market Fund Trust	\$ 887,120
Marketable Certificates of Deposit	648,000
Government Money Market Mutual Funds	30,562
	<u>\$ 1,565,682</u>

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, 2017, 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:

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Minnesota Municipal Money Market Fund Trust	\$ 887,120	\$ 887,120	\$ -	\$ -	\$ -
Marketable Certificates of Deposit	3,422,259	1,495,922	800,310	397,002	729,025
Municipal Bonds	6,525,473	1,008,245	-	785,330	4,731,898
Federal Home Loan Mortgage Corporation Government National Mortgage Association	157,347 2,964	- -	- -	- 2,964	157,347 -
Government Money Market Mutual Funds	30,562	30,562	-	-	-
Total	<u>\$ 11,025,725</u>	<u>\$ 3,421,849</u>	<u>\$ 800,310</u>	<u>\$ 1,185,296</u>	<u>\$ 5,618,270</u>

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	\$ 887,120
Marketable Certificates of Deposit	NR	Moody's/S&P	3,422,259
Government Money Market Mutual Funds	NR	Moody's/S&P	30,562
Municipal Bonds	Baa2/A	Moody's/S&P	6,525,473
Federal Home Loan Mortgage Corporation	AAA/AA+	Moody's/S&P	157,347
Government National Mortgage Association	NR	Moody's/S&P	2,964
Total			<u>\$ 11,025,725</u>

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, 2017.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

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 2017.

Investment	Amount	Percentage
Commerce, CA Community Development Commission	\$ 811,091	7.36%
Minneapolis, MN School District Construction Bonds	557,810	5.06%

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	\$ 157,347	\$ -	\$ -	\$ 157,347
Government National Mortgage Association	2,964	-	-	2,964
Marketable Certificates of Deposit	-	2,774,259	-	2,774,259
Municipal Bonds	-	6,525,473	-	6,525,473
	<u>\$ 160,311</u>	<u>\$ 9,299,732</u>	<u>\$ -</u>	<u>9,460,043</u>
Investments Measured at Amortized Cost				1,565,682
Total				<u>\$ 11,025,725</u>
Cash and Investments - Statement of Net Position				<u>\$ 11,025,725</u>

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,016,102	\$ -	\$ -	\$ 4,016,102
Construction in Progress	1,046,534	69,075	-	1,115,609
Total Capital Assets, not Being Depreciated	<u>5,062,636</u>	<u>69,075</u>	<u>-</u>	<u>5,131,711</u>
Capital Assets, Being Depreciated:				
Buildings	3,902,864	98,310	-	4,001,174
Vehicles	1,877,499	96,969	(93,908)	1,880,560
Machinery and Shop Equipment	1,517,194	59,743	(22,062)	1,554,875
Office Furniture and Equipment	436,594	11,234	-	447,828
Infrastructure	<u>21,785,098</u>	<u>-</u>	<u>-</u>	<u>21,785,098</u>
Total Capital Assets, Being Depreciated	<u>29,519,249</u>	<u>266,256</u>	<u>(115,970)</u>	<u>29,669,535</u>
Accumulated Depreciation for:				
Buildings	(1,161,961)	(86,931)	-	(1,248,892)
Vehicles	(851,038)	(134,590)	78,737	(906,891)
Machinery and Shop Equipment	(751,885)	(95,385)	13,701	(833,569)
Office Furniture and Equipment	(353,670)	(26,807)	-	(380,477)
Infrastructure	<u>(15,970,193)</u>	<u>(446,425)</u>	<u>-</u>	<u>(16,416,618)</u>
Total Accumulated Depreciation	<u>(19,088,747)</u>	<u>(790,138)</u>	<u>92,438</u>	<u>(19,786,447)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,430,502</u>	<u>(523,882)</u>	<u>(23,532)</u>	<u>9,883,088</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,493,138</u>	<u>\$ (454,807)</u>	<u>\$ (23,532)</u>	<u>\$ 15,014,799</u>
Governmental Activities:				
General Government				\$ 14,516
Public Safety				5,165
Public Works				679,515
Parks, Recreation, and Forestry				90,718
Community Development				<u>224</u>
Total Depreciation Expense, Governmental Activities				<u>\$ 790,138</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 589,556	\$ 1,613,772	\$ (531,616)	\$ 1,671,712
Capital Assets, Being Depreciated:				
Buildings	6,233,536	-	-	6,233,536
Vehicles and Equipment	931,675	-	-	931,675
Infrastructure	25,892,755	630,890	-	26,523,645
Total Capital Assets, Being Depreciated	33,057,966	630,890	-	33,688,856
Accumulated Depreciation for:				
Buildings	(4,418,511)	(165,866)	-	(4,584,377)
Vehicles and Equipment	(398,667)	(44,846)	-	(443,513)
Infrastructure	(12,496,111)	(523,798)	-	(13,019,909)
Total Accumulated Depreciation	(17,313,289)	(734,510)	-	(18,047,799)
Total Capital Assets, Being Depreciated, Net	15,744,677	(103,620)	-	15,641,057
Business-Type Activities Capital Assets, Net	<u>\$ 16,334,233</u>	<u>\$ 1,510,152</u>	<u>\$ (531,616)</u>	<u>\$ 17,312,769</u>

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

Business-Type Activities	
Water	\$ 408,340
Sewer	300,730
Storm Sewer	25,440
Total Depreciation Expense, Business-Type Activities	<u>\$ 734,510</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 TOWNSHIP INDEBTEDNESS

Township indebtedness at December 31, 2017 is composed of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Balance 12/31/17
Governmental Activities:					
General Obligation Bonds:					
G.O. Improvement - 2008A	12/15/2005	2/1/2019	3.50%-4.00%	\$ 479,182	\$ 108,905
G.O. Improvement - 2011A	10/1/2011	2/1/2022	0.45%-2.15%	1,850,000	865,000
*G.O. Tax Increment Refund - 2011C	11/1/2011	2/1/2020	0.50%-2.00%	650,000	265,000
Total Bonds				<u>2,979,182</u>	<u>1,238,905</u>
Unamortized Bond Discount				(22,224)	(9,059)
Unamortized Bond Premium				27,039	623
Compensated Absences Payable				N/A	91,053
Total Governmental Activities				<u>\$ 2,983,997</u>	<u>\$ 1,321,522</u>
<i>*Represents noncapital related debt</i>					
Business-Type Activities:					
Revenue Bonds:					
G.O. Water Rev Ref. - 2011B	11/1/2011	2/1/2022	0.45%-2.15%	\$ 1,290,000	\$ 585,000
2008A Improvement and Utility					
Revenue Bonds	12/15/2005	2/1/2019	3.50%-4.00%	<u>2,050,818</u>	<u>466,095</u>
Total Bonds				3,340,818	1,051,095
Unamortized Bond Premium				29,101	2,886
Compensated Absences Payable				N/A	57,455
Total Business-Type Activities				<u>\$ 3,352,070</u>	<u>\$ 1,111,436</u>

The following is a schedule of changes in Township indebtedness for the year ended December 31, 2017:

	Payable 12/31/16	Additions	Reductions	Payable 12/31/17	Due Within One Year
Governmental Activities:					
Bonded Debt:					
General Obligation Bonds	\$ 1,959,096	\$ -	\$ 720,191	\$ 1,238,905	\$ 317,085
Unamortized Bond Discount	(11,943)	-	(2,884)	(9,059)	-
Unamortized Bond Premium	1,303	-	680	623	-
Compensated Absences Payable	94,459	96,402	99,808	91,053	73,043
Total Governmental Activities	<u>2,042,915</u>	<u>96,402</u>	<u>817,795</u>	<u>1,321,522</u>	<u>390,128</u>
Business-Type Activities:					
Revenue Bonds	1,415,904	-	364,809	1,051,095	332,915
Unamortized Bond Premium	5,772	-	2,886	2,886	-
Compensated Absences Payable	62,074	63,804	68,423	57,455	43,116
Total Business-Type Activities	<u>1,483,750</u>	<u>63,804</u>	<u>436,118</u>	<u>1,111,436</u>	<u>376,031</u>
Total	<u>\$ 3,526,665</u>	<u>\$ 160,206</u>	<u>\$ 1,253,913</u>	<u>\$ 2,432,958</u>	<u>\$ 766,159</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 TOWNSHIP INDEBTEDNESS (CONTINUED)

All long-term bonded indebtedness outstanding at December 31, 2017 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:

Year Ending December 31,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2018	\$ 317,085	\$ 21,664	\$ 332,915	\$ 23,925	\$ 695,589
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	5,248	120,000	3,888	299,136
2022	165,000	1,774	125,000	1,344	293,118
Total	<u>\$ 1,238,905</u>	<u>\$ 53,442</u>	<u>\$ 1,051,095</u>	<u>\$ 48,220</u>	<u>\$ 2,391,662</u>

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 2017 operating revenues were \$1,598,555, \$1,875,828, and \$540,969 for the Water, Sewer, and Storm Water funds, respectively. 2017 principal and interest payments on the bonds required approximately 18%, 3%, and 5% of 2017 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 benefitting 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 \$108,649 and \$62,988, respectively for a total of \$171,638 for the year ended December 31, 2017.

General Employees Fund Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2017. The Township was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2017. The Township contributions to the General Employees Fund for the year ended December 31, 2017, were \$99,882. The Township contributions were equal to the required contributions as set by state statute.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

D. PENSION COSTS

At December 31, 2017, the Township reported a liability of \$ 1,308,706 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 during PERA's fiscal year ending June 30, 2017. The State of Minnesota is considered a nonemployer 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 \$16,447. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2017, the Township's proportion was .0205%, which was an increase of .0002% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Township recognized pension expense of \$168,213 for its proportionate share of the General Employees Plan's pension expense.

At December 31, 2017, 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	\$ 43,131	\$ 84,192
Changes in Actuarial Assumptions	217,274	131,198
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	8,452	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	8,472	43,556
City Contributions Subsequent to the Measurement Date	50,424	-
Total	<u>\$ 327,753</u>	<u>\$ 258,946</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

D. PENSION COSTS (CONTINUED)

A total of \$50,424 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2018	\$ 29,625
2019	66,269
2020	(21,959)
2021	(55,552)

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2017, 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, 2017 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 2017:

General Employees Fund

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

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds/Fixed Income	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Totals	100%	

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2017 was 7.5%, no change from the rate used in 2016. 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	\$ 2,029,901	\$ 1,308,706	\$ 718,278

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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Actual expenditures exceeded budgets during 2017 as follows:

	Final Budget	Actual	Excess
General Fund:			
General Government:			
Elections	\$ 28,755	\$ 29,659	\$ (904)
Code Enforcement	177,322	202,762	(25,440)
Road and Bridge	492,434	497,573	(5,139)
Community Development	217,396	227,580	(10,184)
Transfers Out	71,000	161,801	(90,801)
Economic Development Authority	\$ 218,978	\$ 323,129	\$ (104,151)

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 2017 were approximately \$236,896.

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 2017 were approximately \$982,560.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2017 are as follows:

	Transfer In	Transfer Out
Governmental Activity:		
General Fund	\$ 20,801	\$ (161,801)
Economic Development Authority Improvement Fund	-	(629,748)
	247,488	-
Nonmajor Funds:		
Special Revenue Funds:		
Park Acquisition Fund	-	(677,685)
Debt Service Funds:		
Tax Increment Bonds 2001C	73,150	-
Tax Increment Bonds 2005B	536,599	(176,488)
Capital Projects Funds:		
Community Park Improvement Fund	40,000	-
Park Acquisition Fund	677,684	-
Park Improvement Fund	50,000	-
Total Governmental Activity	\$ 1,645,722	\$ (1,645,722)

During 2017, 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, 2017 is as follows:

Enterprises	Purpose	Balance at December 31, 2017
White Bear Leased Housing Associates II	Construction of a Facility	\$ 9,479,285

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON INFORMATION**

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WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUE				
General Property Taxes	\$ 3,000,000	\$ 3,000,000	\$ 2,989,737	\$ (10,263)
Licenses and Permits	161,600	161,600	233,907	72,307
Intergovernmental	189,177	189,177	189,536	359
Charges for Services	149,450	149,450	174,699	25,249
Investment Earnings (Losses)	83,915	83,915	80,103	(3,812)
Fines and Forfeits	10,000	10,000	12,184	2,184
Special Assessments	-	-	(1,090)	(1,090)
Equipment Rental	278,055	278,055	278,055	-
Miscellaneous	381,683	381,683	399,735	18,052
Total Revenue	<u>4,253,880</u>	<u>4,253,880</u>	<u>4,356,866</u>	<u>102,986</u>
EXPENDITURES				
Current:				
General Government:				
General Government	284,060	284,060	256,362	27,698
Administration	299,002	299,002	291,380	7,622
Board of Supervisors	43,975	43,975	40,637	3,338
Elections	28,755	28,755	29,659	(904)
Code Enforcement	177,322	177,322	202,762	(25,440)
Town Buildings	160,749	160,749	156,856	3,893
Total General Government	<u>993,863</u>	<u>993,863</u>	<u>977,656</u>	<u>16,207</u>
Public Safety:				
Police and Traffic Control	982,560	982,560	978,302	4,258
Fire Protection	236,896	236,896	236,896	-
Total Public Safety	<u>1,219,456</u>	<u>1,219,456</u>	<u>1,215,198</u>	<u>4,258</u>
Public Works:				
Road and Bridge	492,434	492,434	497,573	(5,139)
Public Works	250,901	250,901	241,900	9,001
Recycling	27,212	27,212	22,657	4,555
Total Public Works	<u>770,547</u>	<u>770,547</u>	<u>762,130</u>	<u>8,417</u>
Parks, Recreation, and Forestry	530,670	530,670	421,578	109,092
Community Development	217,396	217,396	227,580	(10,184)
Capital Outlay	426,200	426,200	286,269	139,931
Total Expenditures	<u>4,158,132</u>	<u>4,158,132</u>	<u>3,890,411</u>	<u>267,721</u>
REVENUE OVER EXPENDITURES	95,748	95,748	466,455	370,707
OTHER FINANCING SOURCES (USES)				
Transfer In	20,000	20,000	20,801	801
Transfer Out	(71,000)	(71,000)	(161,801)	(90,801)
Sale of Property	3,000	3,000	20,812	17,812
Total Other Financing Sources (Uses)	<u>(48,000)</u>	<u>(48,000)</u>	<u>(120,188)</u>	<u>(72,188)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 47,748</u>	<u>\$ 47,748</u>	346,267	<u>\$ 298,519</u>
Fund Balance - Beginning of Year			<u>3,428,646</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,774,913</u>	

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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUE				
General Property Taxes	\$ 460,490	\$ 460,490	\$ 596,526	\$ 136,036
Charges for Services	7,200	7,200	6,600	(600)
Investment Earnings (Losses)	31,297	31,297	(13,105)	(44,402)
Total Revenue	498,987	498,987	591,004	92,017
EXPENDITURES				
Current:				
Community Development	218,978	218,978	323,129	(104,151)
REVENUE OVER (UNDER) EXPENDITURES	280,009	280,009	267,875	(12,134)
OTHER FINANCING USES				
Transfer Out	(629,749)	(629,749)	(629,748)	1
NET CHANGE IN FUND BALANCE	\$ (349,740)	\$ (349,740)	(361,873)	\$ (12,133)
Fund Balance - Beginning of Year			1,948,569	
FUND BALANCE - END OF YEAR			\$ 1,586,696	

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2017**

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 2017 as follows:

	Final Budget	Actual	Excess
General Fund:			
General Government:			
Elections	\$ 28,755	\$ 29,659	\$ (904)
Code Enforcement	177,322	202,762	(25,440)
Road and Bridge	492,434	497,573	(5,139)
Community Development	217,396	227,580	(10,184)
Transfers Out	71,000	161,801	(90,801)
Economic Development Authority	\$ 218,978	\$ 323,129	\$ (104,151)

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, 2017**

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

	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015	Measurement Date 6/30/2014
Township's Proportion of the Net Pension Liability	0.0205%	0.0203%	0.0213%	0.0229%
Township's Proportionate Share of the Net Pension Liability	\$ 1,308,706	\$ 1,648,256	\$ 1,103,877	\$ 1,075,727
State of Minnesota's Proportionate Share of the Township's Net Pension Liability	\$ 16,447	\$ 21,459	-	-
Total Proportionate Share of the Net Pension Liability	\$ 1,325,153	\$ 1,669,715	\$ 1,103,877	\$ 1,075,727
Township's Covered Payroll	\$ 1,319,960	\$ 1,258,333	\$ 1,253,899	\$ 1,202,869
Township's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	99.15%	130.99%	88.04%	89.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.91%	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 10-year trend. Additional years will be reported as they become available.

**WHITE BEAR TOWNSHIP, MINNESOTA
PERA SCHEDULE OF TOWNSHIP'S CONTRIBUTIONS
DECEMBER 31, 2017**

**General Employees Plan Schedule of Township Contributions
Last Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 99,882	\$ 95,703	\$ 94,393	\$ 92,102
Contributions in Relation to the Statutorily Required Contribution	<u>(99,882)</u>	<u>(95,703)</u>	<u>(94,393)</u>	<u>(92,102)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Township's Covered Payroll	 \$ 1,331,760	 \$ 1,276,040	 \$ 1,258,573	 \$ 1,270,372
 Contributions as a Percentage of Covered Payroll	 7.50%	 7.50%	 7.50%	 7.25%

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 10-year trend. Additional years will be reported as they become available.

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COMBINING FUND FINANCIAL STATEMENTS

**WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	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	\$ 116,085	\$ 3,508	\$ 77,620	\$ 197,213	\$ 4,838
Accrued Interest Receivable	660	-	393	1,053	-
Special Assessments Receivable:					
Other	-	-	15,189	15,189	-
Total Assets	\$ 116,745	\$ 3,508	\$ 93,202	\$ 213,455	\$ 4,838
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 85	\$ 85	\$ -
Deferred Inflows of Resources:					
Unavailable Revenue	-	-	14,650	14,650	-
Fund Balance:					
Restricted for:					
Debt Service	116,745	3,508	78,467	198,720	-
Assigned for:					
Park Development	-	-	-	-	4,838
Town Hall Improvements	-	-	-	-	-
Polar Lakes Park Development	-	-	-	-	-
Total Fund Balance	116,745	3,508	78,467	198,720	4,838
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 116,745	\$ 3,508	\$ 93,202	\$ 213,455	\$ 4,838

**WHITE BEAR TOWNSHIP, MINNESOTA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2017**

Capital Projects				
Community Park Improvement Fund	Park Acquisition Fund	Park Improvement Fund	Capital Projects Subtotal	Totals 2017
\$ 309,544	\$ 710,335	\$ 50,103	\$ 1,069,982	\$ 1,272,033
2,138	4,017	19	6,174	7,227
-	-	-	-	15,189
<u>\$ 311,682</u>	<u>\$ 714,352</u>	<u>\$ 50,122</u>	<u>\$ 1,076,156</u>	<u>\$ 1,294,449</u>
\$ 56,909	\$ -	\$ -	\$ 56,909	\$ 56,994
-	-	-	-	14,650
-	-	-	-	198,720
-	714,352	50,122	764,474	769,312
60,000	-	-	60,000	60,000
194,773	-	-	194,773	194,773
<u>254,773</u>	<u>714,352</u>	<u>50,122</u>	<u>1,019,247</u>	<u>1,222,805</u>
<u>\$ 311,682</u>	<u>\$ 714,352</u>	<u>\$ 50,122</u>	<u>\$ 1,076,156</u>	<u>\$ 1,294,449</u>

WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	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					
Investment Earnings (Losses)	\$ 4,507	\$ 4,532	\$ 258	\$ 9,297	\$ (13,482)
Park and Recreation Fees	-	-	-	-	-
Special Assessments	-	-	17,323	17,323	-
Miscellaneous	-	-	-	-	-
Total Revenue	<u>4,507</u>	<u>4,532</u>	<u>17,581</u>	<u>26,620</u>	<u>(13,482)</u>
EXPENDITURES					
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	85,000	400,000	50,191	535,191	-
Interest and Fiscal Charges	6,363	11,169	5,466	22,998	-
Total Expenditures	<u>91,363</u>	<u>411,169</u>	<u>55,657</u>	<u>558,189</u>	<u>-</u>
REVENUE UNDER EXPENDITURES	(86,856)	(406,637)	(38,076)	(531,569)	(13,482)
OTHER FINANCING SOURCES (USES)					
Transfers In	73,150	536,599	-	609,749	-
Transfers Out	-	(176,488)	-	(176,488)	(677,685)
Total Other Financing Sources (Uses)	<u>73,150</u>	<u>360,111</u>	<u>-</u>	<u>433,261</u>	<u>(677,685)</u>
NET CHANGE IN FUND BALANCE	(13,706)	(46,526)	(38,076)	(98,308)	(691,167)
Fund Balance - Beginning of Year	<u>130,451</u>	<u>50,034</u>	<u>116,543</u>	<u>297,028</u>	<u>696,005</u>
FUND BALANCE - END OF YEAR	<u>\$ 116,745</u>	<u>\$ 3,508</u>	<u>\$ 78,467</u>	<u>\$ 198,720</u>	<u>\$ 4,838</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
 (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2017**

Capital Projects				
Community Park Improvement Fund	Park Acquisition Fund	Park Improvement Fund	Capital Projects Subtotal	Totals 2017
\$ 7,757	\$ 33,568	\$ 122	\$ 41,447	\$ 37,262
-	3,100	-	3,100	3,100
-	-	-	-	17,323
51,740	-	-	51,740	51,740
<u>59,497</u>	<u>36,668</u>	<u>122</u>	<u>96,287</u>	<u>109,425</u>
164,850	-	-	164,850	164,850
-	-	-	-	535,191
-	-	-	-	22,998
<u>166,110</u>	<u>-</u>	<u>-</u>	<u>166,110</u>	<u>724,299</u>
(106,613)	36,668	122	(69,823)	(614,874)
40,000	677,684	50,000	767,684	1,377,433
-	-	-	-	(854,173)
<u>40,000</u>	<u>677,684</u>	<u>50,000</u>	<u>767,684</u>	<u>523,260</u>
(66,613)	714,352	50,122	697,861	(91,614)
321,386	-	-	321,386	1,314,419
<u>\$ 254,773</u>	<u>\$ 714,352</u>	<u>\$ 50,122</u>	<u>\$ 1,019,247</u>	<u>\$ 1,222,805</u>

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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.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 14,045,226
Restricted	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	2,725,600
Unrestricted	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	5,467,540
Total Governmental Activities										
Net Position	<u>\$ 18,528,586</u>	<u>\$ 18,697,707</u>	<u>\$ 18,500,935</u>	<u>\$ 20,446,921</u>	<u>\$ 20,989,397</u>	<u>\$ 21,154,961</u>	<u>\$ 20,893,996</u>	<u>\$ 21,652,685</u>	<u>\$ 22,111,674</u>	<u>\$ 22,238,366</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 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	\$ 15,992,846
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	2,706,964
Total Business-Type Activities										
Net Position	<u>\$ 23,806,571</u>	<u>\$ 22,872,303</u>	<u>\$ 22,369,604</u>	<u>\$ 21,655,668</u>	<u>\$ 22,024,277</u>	<u>\$ 21,303,888</u>	<u>\$ 20,709,829</u>	<u>\$ 19,478,491</u>	<u>\$ 19,145,976</u>	<u>\$ 18,699,810</u>
Primary Government:										
Net Investment in Capital Assets	\$ 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	\$ 30,038,072
Restricted	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	2,725,600
Unrestricted	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	8,174,504
Total Primary Government										
Net Position	<u>\$ 42,335,157</u>	<u>\$ 41,570,010</u>	<u>\$ 40,870,539</u>	<u>\$ 42,102,589</u>	<u>\$ 43,013,674</u>	<u>\$ 42,458,849</u>	<u>\$ 41,603,825</u>	<u>\$ 41,131,176</u>	<u>\$ 41,257,650</u>	<u>\$ 40,938,176</u>

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

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

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 913,141	\$ 881,583	\$ 1,027,778	\$ 862,396	\$ 902,593	\$ 1,015,785
1,090,602	1,108,193	1,129,627	1,125,305	1,159,394	1,220,765
1,486,743	1,852,916	1,691,642	1,695,502	1,560,387	1,599,838
403,408	452,089	437,214	477,652	720,489	631,597
376,014	517,466	1,018,383	400,748	349,687	560,489
177,338	226,435	110,637	64,254	58,771	39,290
<u>4,447,246</u>	<u>5,038,682</u>	<u>5,415,281</u>	<u>4,625,857</u>	<u>4,751,321</u>	<u>5,067,764</u>
1,241,287	1,577,742	1,518,328	1,471,084	1,748,513	2,682,754
1,686,562	1,502,337	1,669,057	1,617,751	1,714,216	2,048,861
171,971	260,884	209,803	187,404	201,909	244,932
<u>3,099,820</u>	<u>3,340,963</u>	<u>3,397,188</u>	<u>3,276,239</u>	<u>3,664,638</u>	<u>4,976,547</u>
<u>\$ 7,547,066</u>	<u>\$ 8,379,645</u>	<u>\$ 8,812,469</u>	<u>\$ 7,902,096</u>	<u>\$ 8,415,959</u>	<u>\$ 10,044,311</u>
\$ 627,481	\$ 576,218	\$ 557,484	\$ 787,071	\$ 599,289	\$ 718,469
28,593	29,349	31,729	18,932	27,697	22,804
-	-	-	-	-	-
8,890	8,853	3,415	21,313	7,101	3,100
8,160	16,048	15,976	38,948	9,579	11,461
141,219	141,853	154,009	202,473	235,545	185,255
34,941	565,608	87,889	272,539	264,934	32,714
<u>849,284</u>	<u>1,337,929</u>	<u>850,502</u>	<u>1,341,276</u>	<u>1,144,145</u>	<u>973,803</u>
1,939,379	1,414,141	1,279,197	1,203,344	1,454,982	1,513,555
1,337,167	1,282,750	1,258,875	1,291,601	1,275,141	2,485,352
155,084	157,791	158,961	280,767	361,026	508,490
-	675	1,494	-	-	-
<u>3,431,630</u>	<u>2,855,357</u>	<u>2,698,527</u>	<u>2,775,712</u>	<u>3,091,149</u>	<u>4,507,397</u>
<u>\$ 4,280,914</u>	<u>\$ 4,193,286</u>	<u>\$ 3,549,029</u>	<u>\$ 4,116,988</u>	<u>\$ 4,235,294</u>	<u>\$ 5,481,200</u>
\$ (3,597,962)	\$ (3,700,753)	\$ (4,564,779)	\$ (3,284,581)	\$ (3,607,176)	\$ (4,093,961)
331,810	(485,606)	(698,661)	(500,527)	(573,489)	(469,150)
<u>\$ (3,266,152)</u>	<u>\$ (4,186,359)</u>	<u>\$ (5,263,440)</u>	<u>\$ (3,785,108)</u>	<u>\$ (4,180,665)</u>	<u>\$ (4,563,111)</u>
\$ 3,612,679	\$ 3,561,781	\$ 3,535,485	\$ 3,655,622	\$ 3,674,932	\$ 3,585,171
4,266	32,434	4,283	4,284	4,283	4,281
147,737	(125,572)	253,245	111,727	118,314	199,915
-	5,454	17,137	-	5,705	18,091
266,851	293,080	412,421	352,088	462,931	413,195
108,905	99,140	81,243	554,375	(200,000)	-
<u>4,140,438</u>	<u>3,866,317</u>	<u>4,303,814</u>	<u>4,678,096</u>	<u>4,066,165</u>	<u>4,220,653</u>
145,704	185,845	185,845	46,809	40,974	22,984
-	-	-	171,391	-	-
(108,905)	(78,432)	(81,243)	(554,375)	200,000	-
<u>36,799</u>	<u>107,413</u>	<u>104,602</u>	<u>(336,175)</u>	<u>240,974</u>	<u>22,984</u>
<u>\$ 4,177,237</u>	<u>\$ 3,973,730</u>	<u>\$ 4,408,416</u>	<u>\$ 4,341,921</u>	<u>\$ 4,307,139</u>	<u>\$ 4,243,637</u>
\$ 542,476	\$ 165,564	\$ (260,965)	\$ 1,393,515	\$ 458,989	\$ 126,692
368,609	(378,193)	(594,059)	(836,702)	(332,515)	(446,166)
<u>\$ 911,085</u>	<u>\$ (212,629)</u>	<u>\$ (855,024)</u>	<u>\$ 556,813</u>	<u>\$ 126,474</u>	<u>\$ (319,474)</u>

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

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

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

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
25,440	22,644	23,879	8,534	20,461	33,616	17,462
6,742	6,511	6,749	6,983	7,315	7,490	6,610
<u>2,660,334</u>	<u>3,140,127</u>	<u>3,015,703</u>	<u>3,168,131</u>	<u>3,549,295</u>	<u>3,387,540</u>	<u>3,750,841</u>
2,692,516	3,169,282	3,046,331	3,183,648	3,577,071	3,428,646	3,774,913
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	2,346,188
-	1,665,500	1,797,908	1,975,981	2,249,058	1,743,541	2,051,222
-	(28,147)	-	(18,807)	-	-	-
<u>3,512,172</u>	<u>4,811,941</u>	<u>5,070,877</u>	<u>4,708,698</u>	<u>4,791,955</u>	<u>4,579,069</u>	<u>4,397,410</u>
<u>\$ 6,204,688</u>	<u>\$ 7,981,223</u>	<u>\$ 8,117,208</u>	<u>\$ 7,892,346</u>	<u>\$ 8,369,026</u>	<u>\$ 8,007,715</u>	<u>\$ 8,172,323</u>

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

	Fiscal Year		
	2008	2009	2010
Revenues:			
Property Taxes	\$ 3,226,216	\$ 3,320,266	\$ 3,025,483
Licenses and Permits	162,266	92,970	129,311
Intergovernmental	209,902	201,737	153,571
Charges for Services	174,069	115,127	132,565
Investment Earnings (Losses)	154,790	62,576	70,023
Fines and Forfeits	15,519	16,988	13,631
Park and Recreation Fees	18,000	1,500	5,500
Special Assessments	699,269	616,415	402,207
Equipment Rental	171,200	124,450	149,050
Miscellaneous	387,987	267,154	327,617
Total Revenues	5,219,218	4,819,183	4,408,958
Expenditures:			
Current:			
General Government	856,600	884,291	908,524
Public Safety	995,444	1,026,176	1,030,499
Public Works	1,212,395	623,983	701,375
Parks, Recreation, and Forestry	286,153	315,828	328,105
Community Development	482,857	322,310	432,608
Capital Outlay	363,385	325,070	232,302
Debt Service:			
Principal	495,000	495,000	406,668
Interest and Fiscal Charges	212,303	200,852	189,805
Total Expenditures	4,904,137	4,193,510	4,229,886
Excess (Deficiency) of Revenues Over Expenditures	315,081	625,673	179,072
Other Financing Sources (Uses):			
Sale of Property	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	1,652,269	479,709	1,227,559
Transfer Out	(1,412,102)	(326,526)	(1,120,401)
Total Other Financing Sources (Uses)	730,163	153,408	120,063
Net Change in Fund Balances	\$ 1,045,244	\$ 779,081	\$ 299,135
Debt Service as a Percentage of Noncapital Expenditures	16.9%	18.1%	15.3%

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 3,437,304	\$ 3,620,954	\$ 3,595,761	\$ 3,547,159	\$ 3,654,850	\$ 3,634,769	\$ 3,586,263
127,063	222,645	167,323	208,418	232,254	245,408	233,907
835,701	143,846	173,712	155,481	205,693	238,038	189,536
161,596	129,226	170,927	198,636	265,938	189,386	181,299
65,495	141,903	(120,749)	240,343	105,183	111,335	181,728
14,867	9,724	11,516	11,622	11,618	10,724	12,184
4,000	7,000	7,000	1,500	19,798	5,756	3,100
795,476	573,307	613,711	588,475	488,226	608,870	303,681
225,500	131,575	172,625	186,925	197,350	225,355	278,055
416,051	442,894	399,452	420,272	493,812	432,298	452,884
<u>6,083,053</u>	<u>5,423,074</u>	<u>5,191,278</u>	<u>5,558,831</u>	<u>5,674,722</u>	<u>5,701,939</u>	<u>5,422,637</u>
961,827	882,843	874,877	1,034,246	886,467	980,674	977,656
1,052,119	1,089,601	1,107,462	1,127,832	1,148,571	1,154,155	1,215,198
761,962	725,405	789,691	843,038	799,260	947,781	900,390
337,316	347,512	368,461	373,204	401,743	451,996	422,838
1,577,725	325,743	485,344	1,016,275	394,203	337,578	550,709
1,966,836	48,727	663,357	540,472	550,159	1,573,156	451,969
440,456	1,082,350	679,509	835,459	1,486,400	364,244	720,191
212,844	171,242	141,186	119,896	89,424	59,371	39,890
<u>7,311,085</u>	<u>4,673,423</u>	<u>5,109,887</u>	<u>5,890,422</u>	<u>5,756,227</u>	<u>5,868,955</u>	<u>5,278,841</u>
(1,228,032)	749,651	81,391	(331,591)	(81,505)	(167,016)	143,796
7,443	-	5,454	25,486	3,810	5,705	20,812
2,500,000	-	-	-	-	-	-
-	-	-	-	-	-	-
(13,865)	-	-	-	-	-	-
-	-	-	-	-	-	-
1,872,098	840,792	1,022,914	478,417	1,320,613	634,022	1,645,722
<u>(1,416,489)</u>	<u>(751,887)</u>	<u>(973,774)</u>	<u>(397,174)</u>	<u>(766,238)</u>	<u>(834,022)</u>	<u>(1,645,722)</u>
<u>2,949,187</u>	<u>88,905</u>	<u>54,594</u>	<u>106,729</u>	<u>558,185</u>	<u>(194,295)</u>	<u>20,812</u>
<u>\$ 1,721,155</u>	<u>\$ 838,556</u>	<u>\$ 135,985</u>	<u>\$ (224,862)</u>	<u>\$ 476,680</u>	<u>\$ (361,311)</u>	<u>\$ 164,608</u>
9.4%	26.8%	17.2%	16.2%	27.4%	7.7%	15.4%

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

<u>Payable Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Utility and Other</u>	<u>Total Taxable Tax Capacity (Assessed) Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Market Value</u>	<u>Net Tax Capacity as a Percentage of Market Value</u>
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
2017	10,857,152	1,048,141	2,014,816	278,432	14,198,541	21.976	1,311,645,000	1.08

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)**

Year	Township Direct Rate			Overlapping Rates		
	Basic Rate	General Obligation Debt Service	Total Direct	School District #624	School District #621	Special School District #916
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	-
2017	21.976		21.976	23.476	25.305	-

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.

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

Overlapping Rates			Total Direct and Overlapping Tax Rate
Ramsey County	Special Districts	Total Overlapping	
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
55.850	10.385	115.016	136.992

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

Taxpayer	2017 Tax Capacity	Rank	2017 Percentage of Total City Taxable Assessed Value
Specialty Manufacturing Inc.	\$ 265,616	1	1.9 %
Water Gremlin Company	186,857	2	1.3
Northern States Power Company	182,618	3	1.3
Chorus Corporation	169,486	4	1.2
Wilbert Plastics, Inc. (Thermoform)	168,730	5	1.2
JMK Limited Partnership	150,686	6	1.1
Muller Family Theatres	150,570	7	1.1
North Oaks Farms Inc.	147,589	8	1.0
Schwing America, Inc.	128,732	9	0.9
Heraeus Vadnais Inc.	123,752	10	0.9
Porus Media, LLC	-		-
Spearman Real Estate	-		-
All Other Taxpayers	<u>12,523,905</u>		88.2
Total	<u>\$ 14,198,541</u>		<u>100.0 %</u>

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

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

2008		
2008 Tax Capacity	Rank	Percentage of Total City Taxable Assessed Value
\$ 284,772	5	1.7 %
131,365	9	0.8
-		-
193,816	2	1.2
239,928	7	1.5
146,540	3	0.9
224,716	4	1.4
207,244	6	1.3
294,998		1.8
-	1	-
129,996	8	0.8
116,842	10	0.7
14,545,693		88.1
\$ 16,515,910		100.0 %

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

Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy	
	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy
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
2017	3,000,000	-	3,000,000	2,976,501	99.2

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

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$ 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
(2,759)	2,973,742	99.1	26,258	0.9

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

Fiscal Year	Governmental Activities			Business-Type Activities
	General Obligation Bonds	General Obligation Special Assessment Bonds	Capital Lease	General Obligation Revenue Bonds
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
2017	1,230,470	-	-	1,053,981

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.

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

Total Primary Government	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income	Per Capita
\$ 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
2,284,451	0.09	0.3	201

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WHITE BEAR TOWNSHIP, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2017
(UNAUDITED)

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:			
Ramsey County	\$ 162,252,000	1.499 %	\$ 2,432,694
County Library	31,350,000	4.686	1,469,152
Metro Watershed	4,755,770	-	-
I.S.D. #621	99,335,000	0.026	26,046
I.S.D. #624	88,915,000	16.233	14,434,009
S.I.S.D. #916	79,875,000	4.858	3,880,386
Metro Council	1,484,035,432	0.324	4,812,822
Metro Airports Commission	-	-	-
Total Overlapping			<u>27,055,109</u>
White Bear Township Direct Debt	1,230,470	100.000	<u>1,230,470</u>
Total Direct and Overlapping Debt			<u><u>\$ 28,285,579</u></u>

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			
	2008	2009	2010	2011
Debt Limit	\$ 43,976,736	\$ 42,417,546	\$ 40,545,888	\$ 37,464,972
Total Net Debt Applicable to Limit	<u>2,100,000</u>	<u>1,955,000</u>	<u>1,805,000</u>	<u>1,650,000</u>
Legal Debt Margin	<u>\$ 41,876,736</u>	<u>\$ 40,462,546</u>	<u>\$ 38,740,888</u>	<u>\$ 35,814,972</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.78%	4.61%	4.45%	4.40%

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

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

Legal Debt Margin Calculation for Fiscal Year 2017:

Estimated Market Value	\$ 1,311,645,000
Debt Limit (3% of Estimated Market Value) **	39,349,350
Debt Applicable to Limit	973,905
Legal Debt Margin	<u><u>\$ 38,375,445</u></u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 35,083,242	\$ 34,084,245	\$ 37,074,708	\$ 37,122,204	\$ 37,807,051	39,349,350
1,495,000	1,330,000	1,168,938	1,442,725	1,209,096	973,905
\$ 33,588,242	\$ 32,754,245	\$ 35,905,770	\$ 35,679,479	\$ 36,597,955	\$ 38,375,445
4.26%	3.90%	3.15%	3.89%	3.20%	2.48%

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

Fiscal Year	Population (1)	Personal Income <i>(thousands of dollars)</i>	Per Capita Personal Income (2)
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
2017	11,348	654,973	57,717

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.

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

Construction							
Commercial and Industrial		Residential		Median Age (3)	School Enrollment K Thru 12 (4)	Average Unemployment Rate (2)	
Number of Units	Value	Number of Units	Value				
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	
18	4,370,300	561	12,025,922	34.9	8,473	5.0	

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

Employer	2017			2008		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Heraeus Medical Components	450	1	14.3 %	335	2	11.3 %
Schwing America Inc.	295	2	9.4	364	1	12.2
Water Gremlin Company	255	3	8.1	218	3	7.3
Pentair (Porous Media Corporation)	220	4	7.0	174	7	5.9
Cortec Corporation	185	5	5.9	150	8	5.0
Cub Foods	163	6	5.2	185	5	6.2
Pioneer Press	160	7	5.1	-	-	-
Specialty Manufacturing Inc.	157	8	5.0	176	6	5.9
Wilbert Plastics Inc. (Thermoform)	144	9	4.6	210	4	7.1
Herold Precision Metals	85	10	2.7	83	9	2.8
E.P.I.	-		-	81	10	2.7
All Other Employers	1,041		33.0	998		33.6
Total	<u>3,155</u>		<u>100.0 %</u>	<u>2,974</u>		<u>100.0 %</u>

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,				
	2008	2009	2010	2011	2012
General Government					
Administration	2.00	1.96	1.96	1.96	2.05
Code Enforcement	2.15	2.20	2.20	2.20	1.60
Town Buildings	0.20	0.36	0.49	0.21	0.58
Total General Government	<u>4.35</u>	<u>4.52</u>	<u>4.65</u>	<u>4.37</u>	<u>4.23</u>
Public Works					
Recycle	0.10	0.05	0.05	0.05	0.05
Public Works	0.80	0.80	0.88	0.90	0.90
Road and Bridge	2.53	2.21	2.32	2.66	2.65
Total Public Works	<u>3.43</u>	<u>3.06</u>	<u>3.25</u>	<u>3.61</u>	<u>3.6</u>
Parks, Recreation, and Forestry	2.53	2.72	2.09	2.99	3.07
Community Development					
Community Development	1.44	1.50	1.50	1.50	1.50
Economic Development Authority	0.69	-	0.00	0.00	0.00
Total Community Development	<u>2.13</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
Water	3.01	3.43	3.64	3.27	3.17
Sewer	1.75	1.72	1.97	2.68	2.65
Storm Sewer	<u>0.38</u>	<u>0.35</u>	<u>0.45</u>	<u>0.7</u>	<u>0.76</u>
Total	<u><u>17.58</u></u>	<u><u>17.30</u></u>	<u><u>17.55</u></u>	<u><u>19.12</u></u>	<u><u>18.98</u></u>

Source: Township Records

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

Full-Time-Equivalent Employees as of December 31,

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
2.00	1.90	1.90	1.90	1.90
1.00	2.15	2.15	2.15	2.15
0.58	0.22	0.27	0.27	0.27
<u>3.58</u>	<u>4.27</u>	<u>4.32</u>	<u>4.32</u>	<u>4.32</u>
0.05	0.05	0.05	0.05	0.05
0.90	0.90	1.00	1.00	1.00
2.60	2.73	3.21	3.21	3.21
<u>3.55</u>	<u>3.68</u>	<u>4.26</u>	<u>4.26</u>	<u>4.26</u>
3.02	3.25	4.03	4.03	4.03
1.50	1.50	1.50	1.50	1.50
0.00	0.00	0.00	0.00	0.00
<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
3.07	3.18	3.45	3.45	3.45
2.55	2.65	2.9	2.9	2.9
<u>0.71</u>	<u>0.77</u>	<u>0.84</u>	<u>0.84</u>	<u>0.84</u>
<u><u>17.98</u></u>	<u><u>19.30</u></u>	<u><u>21.30</u></u>	<u><u>21.30</u></u>	<u><u>21.30</u></u>

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

Function/Program	Fiscal Year				
	2008	2009	2010	2011	2012
General Government					
Elections	3	1	3	1	3
Number of Votes Cast	8,993	225	7,228	364	7,486
Public Safety					
Police:	(A)	(A)	(A)	(A)	(A)
Crimes Investigated	587	531	570	459	594
Administrative Citations Collection	\$ -	\$ -	\$ 10,602	\$ 10,541	\$ 10,818
Animal Impounds	71	56	6	12	87
Neighborhood Watch Groups	25	25	25	25	16
Fire:	(B)	(B)	(B)	(B)	(B)
Fire	558	488	567	487	496
Average Response Time (Minutes)	7.0	6.4	7.2	7.3	5.9
Total Dollar Loss	\$ 1,148,400	\$ 1,853,150	\$ 300,850	\$ 1,108,300	\$ 1,015,850
Inspections:					
Building Permits	595	457	375	344	389
Value of Building Permits	\$ 10,711,347	\$ 5,254,751	\$ 5,731,643	\$ 7,550,276	\$ 10,974,232
Public Works					
Vehicles Maintained	25	25	26	27	27
Miles of Streets	70.50	70.50	70.50	70.50	70.50
Snow Removal (events)	27	32	36	15	9
Parks, Recreation, and Forestry					
Parks:					
Number of Parks	26	25	25	25	25
Acres of Parks	172.22	191.65	191.65	191.65	191.65
Utilities					
Miles of Water Mains	65.83	65.83	65.83	65.83	65.83
Water Customers	4,573	4,656	4,651	4,663	4,675
Miles of Sewer Mains	64.42	64.42	64.42	64.42	64.42
Sewer Customers	4,511	4,552	4,567	4,556	4,568

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.

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

		Fiscal Year				
		2013	2014	2015	2016	2017
	1		1	-	1	-
	179		5,296	-	7,375	-
	(A)		(A)	(A)	(A)	(A)
	532		416	475	533	496
\$	16,109	\$	12,865	\$ 4,910	\$ 7,600	\$ 8,800
	7		10	23	15	17
	16		16	16	25	25
	(B)		(B)	(B)	(B)	(B)
	530		476	480	482	468
	6.0		5.8	5.5	5.6	5.2
\$	344,000	\$	663,200	\$ 1,000,000	\$ 783,200	\$ 960,100
	285		349	869	869	583
\$	11,026,724	\$	13,223,868	\$ 12,191,076	\$ 12,191,076	\$ 16,396,222
	27		27	27	27	27
	70.50		70.50	70.50	70.50	70.50
	22		15	15	18	18
	25		25	25	25	25
	191.65		191.65	191.65	191.65	191.65
	65.83		65.83	65.83	65.83	65.83
	4,682		4,760	4,779	4,783	4,693
	64.42		64.42	64.42	64.42	64.42
	4,575		4,661	4,661	4,783	4,638

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	25	25	26	27	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	70.5
Parks, Recreation, and Forestry										
Parks										
Parks	25	25	25	25	25	25	25	25	25	25
Park Acres	191.65	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	5	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	8	8	8	8	8	8	8	8	8	8
Swimming Beach	1	1	1	1	1	1	1	1	1	1
Tennis Courts	9	9	8	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	4,573	4,656	4,651	4,663	4,675	4,682	4,760	4,779	4,783	4693
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	4,511	4,552	4,567	4,556	4,568	4,575	4,661	4,661	4,783	4638
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, 2017, 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 20, 2018.

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 finding 2017-001. 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 noncompliance 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 20, 2018

**WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF MINNESOTA LEGAL COMPLIANCE FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017**

MINNESOTA LEGAL COMPLIANCE FINDINGS

Finding: 2017-001

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 2017.

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 responsible 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.