

WHITE BEAR TOWNSHIP, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

This page left intentionally blank.

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
WHITE BEAR TOWNSHIP, MINNESOTA
YEAR ENDED DECEMBER 31, 2013**

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

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

This page left intentionally blank.

**WHITE BEAR TOWNSHIP, MINNESOTA
TABLE OF CONTENTS
DECEMBER 31, 2013**

I. INTRODUCTORY SECTION

Letter of Transmittal	1
Township Officials and Personnel	7
Organization Chart	8
GFOA Certificate of Achievement for Excellence in Financial Reporting	9

II. FINANCIAL SECTION

Independent Auditors' Report	10
Management's Discussion and Analysis	12
<u>Basic Financial Statements</u>	
Statement of Net Position	22
Statement of Activities	23
Balance Sheet – Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Governmental Activities	27
Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	28
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance to the Statement of Activities – Governmental Activities	30
Statement of Net Position – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Notes to Financial Statements	34
<u>Required Supplementary Information – Budgetary Comparison Information</u>	
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	53
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – Economic Development Authority Special Revenue Fund	54
Notes to Required Supplementary Information	55

This page left intentionally blank.

**WHITE BEAR TOWNSHIP, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2013**

II. FINANCIAL SECTION (CONTINUED)

Combining Fund Financial Statements

Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	58

III. STATISTICAL SECTION (UNAUDITED)

Net Position by Component – Last Nine Fiscal Years	60
Change in Net Position – Last Nine Fiscal Years	61
Fund Balance, Governmental Funds – Last Ten Fiscal Years	62
Changes in Fund Balance, Governmental Funds – Last Ten Fiscal Years	64
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	66
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	67
Principal Property Taxpayers – Current Year and Nine Years Ago	69
Property Tax Levies and Collections – Last Ten Fiscal Years	71
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	73
Direct and Overlapping Governmental Activities Debt	75
Legal Debt Margin Information – Last Ten Fiscal Years	76
Demographic and Economic Statistics – Last Ten Calendar Years	78
Principal Employers – Current Year and Nine Years Ago	80
Full-Time Equivalent Employees by Type – Last Ten Fiscal Years	81
Operating Indicators by Function / Program – Last Ten Years	83
Capital Assets Statistics by Function / Program – Last Ten Years	85

IV. OTHER REQUIRED REPORTS

Independent Auditors' Report on Minnesota Legal Compliance	87
Schedule of Minnesota Legal Compliance Findings and Responses	88

This page left intentionally blank.

I.
INTRODUCTORY
SECTION

This page left intentionally blank.



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

1281 HAMMOND ROAD
WHITE BEAR TOWNSHIP, MN 55110

651-747-2750
FAX 651-426-2258
Email: wbt@ci.white-bear-township.mn.us

June 16, 2014

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, 2013 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, 2013 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, 2013, 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 auditor's 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 three-year staggered terms, with one board member elected each year. 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 budget and 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 53-55 as part of the required supplementary information.

FACTORS AFFECTING FINANCIAL CONDITION

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

LOCAL ECONOMY

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

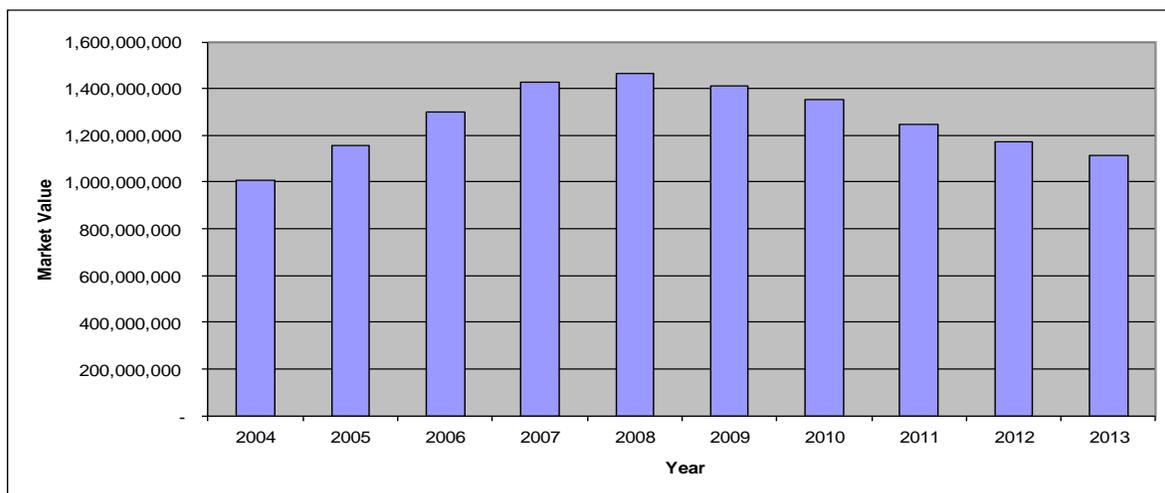
The Township is located in a region with varied economic base which has resulted in an unemployment rate that has consistently remained near or below national and state averages. While the national unemployment rate is 6.7% and the state's unemployment rate is 4.8%, the Township has a regional unemployment rate of 4.1% according to the Minnesota Department of Economic Security. Unemployment is expected to remain at or below the state average.

DEVELOPMENT ACTIVITY

Residential and commercial/industrial new construction decreased during 2013 which was due to the fact the Township is near full development and has less land available for new construction and development. The Township issued 13 permits during 2013 for new single-family home construction valued at \$2,092,000. Five new permits for construction of commercial/industrial were issued in 2013 and there were several permits issued for remodel/additions with construction valued at \$6,756,075. The Township expects construction activity for 2014 to be similar to 2013 totals due to the amount of available land for new construction within the Township. Residential property experienced 259 renovation permits totaling \$2.2 million valuation increase. Combined, commercial and residential construction added over \$11.0 million in market growth compared to \$10.9 million of market growth in 2012.

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 2004 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 2013 with revenues being \$55,884 more than projected. This resulted from higher than anticipated building permit activity from new commercial construction, and charges for Services related to the construction activity, however, a decline in investment earnings resulted in lower than anticipated revenues. Property taxes were \$45,849 more than budgeted. The Township realized lower interest rates, along with the purchase of investments with accrued interest and premiums resulted in investment earnings being \$74,072 below budget.

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 2013 budget process, the Township adopted 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. 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.

During 2009 the Township became a partner in a regional YMCA redevelopment by contributing monies over a 5-year period to rehabilitate and complete enhancements of an existing facility in a neighboring community. The business venture did not utilize tax dollars with funding pledged from new cell tower and antenna leases and billboard revenues over the 5-year period. The regional YMCA provides programs and activities to White Bear Township residents from young children to senior citizens.

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 began the installation of water meters to all residential properties beginning in 2008 with a cost in excess of \$1,200,000 and was completed during 2011. Prior to the installation of meters, Township residents had paid a flat rate for water and sewer services. The project, which had been in the making for over 10 years, will assist the Township in complying with water conservation rules and regulations and in helping residents with water conservation as well as more fairly allocating the cost of the water service to the benefactors of that service. The Township completed a water utility rate study in 2011 which incorporated not only current costs but also recognizes future system upgrades and repairs and maintenance costs over time. The new metered rate was implemented with the winter usage quarterly billing (December 2011 – February 2012). Residents were provided with consumption information for the two previous quarters and received this information before the implementation of actual usage rates.

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 4.3% of its obligations that have general property taxes as the sole source of revenue. The Township has approximately 95% of its legal debt limit, or \$32,754,245 available for debt bonding as of December 31, 2013.

The Township continued to lower its debt limit percentage from 12.06% in 2006 to 4.26% in 2013. 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, 2013 was \$7,090,000 compared to \$8,090,000 at the end of 2012. The Township did not issue any new debt or refund any existing debt in 2013.

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) and the Public Employees Police and Fire Fund (PEPFF) which are cost sharing, multiple-employer retirement plans.

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

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

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

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

STATISTICAL SECTION

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

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

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

AWARD FOR ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to White Bear Township for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the seventeenth 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, 2013 financial report will be submitted to the GFOA to determine its eligibility for another certificate.

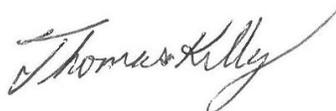
ACKNOWLEDGMENTS

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, 2013**

WHITE BEAR TOWNSHIP

1281 Hammond Road
White Bear Township, Minnesota 55110

Phone (651) 747-2750

Fax (651) 426-2258

Website: www.ci.white-bear-township.mn.us
E-Mail Address: wbt@ci.white-bear-township.mn.us

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

TOWNSHIP BOARD OF SUPERVISORS

Bill Mample
Chair

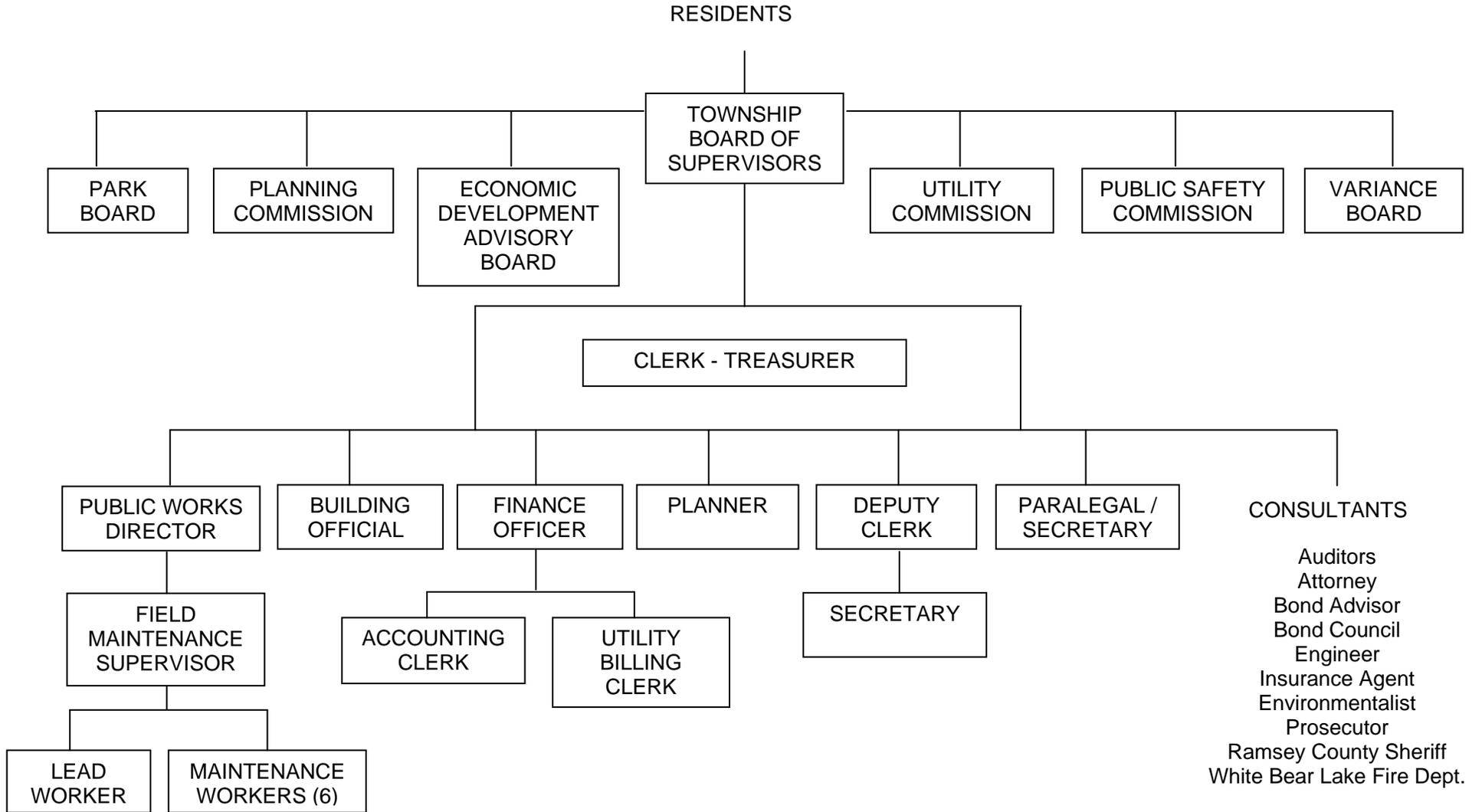
Ed Prudhon
Supervisor

Bob Kermes
Supervisor

TOWNSHIP STAFF

Bill Short, Clerk-Treasurer
Jan Reagan, Deputy Clerk
Mike Johnson, Code Enforcement Officer
Patti Walstad, Administrative Secretary/Para Legal
Tom Kelly, Finance Officer
Judy Moll, Accounting Clerk
Luana Kuehn, Utility Billing Clerk
Tom Riedesel, Planner
Dale Reed, Public Works Director
Peter Tholen, Public Works Superintendent
Mike Cash, Public Works Lead Person
Karl Struemke, Public Works Maintenance Person
Reed Walstad, Public Works Maintenance Person
Rick Lillie, Public Works Maintenance Person
Paul Peltier, Public Works Maintenance Person
G.T. Magnuson, Public Works Maintenance Person
Joe Riel, Public Works Maintenance Person

**WHITE BEAR TOWNSHIP, MINNESOTA
ORGANIZATIONAL CHART
DECEMBER 31, 2013**



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



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, 2012

Executive Director/CEO

This page left intentionally blank.

II.
FINANCIAL
SECTION

This page left intentionally blank.

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, 2013, 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, 2013, 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 and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 16, 2014

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

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, 2013. 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 of White Bear Township exceeded its liabilities at the close of the most recent fiscal year by \$42,458,849 (net position). Of this amount, \$11,392,090 (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 \$554,825 during 2013.
- As of the close of the current fiscal year, White Bear Township's governmental funds reported combined ending fund balances of \$8,117,208. 59% of this total amount, \$4,820,360, 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 \$3,015,703, or 88% 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, 2013**

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 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 34-52 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 53 and 54. Combining statements referred to earlier in conjunction with non-major governmental funds can be found on pages 56-59.

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 exceeded liabilities by \$42,458,849 at the close of the fiscal year ended December 31, 2013. By far the largest portion of White Bear Township's net position (62.9%) 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, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Table 1
STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 11,195,300	\$ 10,673,883	\$ 7,279,938	\$ 7,745,571	\$ 18,475,238	\$ 18,419,454
Capital Assets	15,561,961	16,120,282	17,010,320	17,223,689	32,572,281	33,343,971
Total Assets	26,757,261	26,794,165	24,290,258	24,969,260	51,047,519	51,763,425
Noncurrent Liabilities Outstanding	4,754,149	5,440,353	2,520,393	2,846,791	7,274,542	8,287,144
Other Liabilities	848,151	364,415	465,977	98,192	1,314,128	462,607
Total Liabilities	5,602,300	5,804,768	2,986,370	2,944,983	8,588,670	8,749,751
Net Position:						
Net Investment in Capital Assets	12,139,083	12,258,761	14,551,539	14,445,266	26,690,622	26,704,027
Restricted	4,376,137	4,427,242	-	-	4,376,137	4,427,242
Unrestricted	4,639,741	4,303,394	6,752,349	7,579,011	11,392,090	11,882,405
Total Net Position	\$ 21,154,961	\$ 20,989,397	\$ 21,303,888	\$ 22,024,277	\$ 42,458,849	\$ 43,013,674

Restricted net position comprises 10.3% 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 \$11,392,090, which represents 26.8% 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 \$554,825, or 1.3% during the current fiscal year, as shown on the following table. The governmental activities experienced an increase of \$165,564 in net position for that period and the business-type activities experienced a \$720,389 decrease. The increase in the governmental activities is due to increases in permit activity, charge for services and property tax collections. The decrease in the business-type activities net position was due to sewer and storm water revenues not being adjusted to meet expenses.

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, 2013**

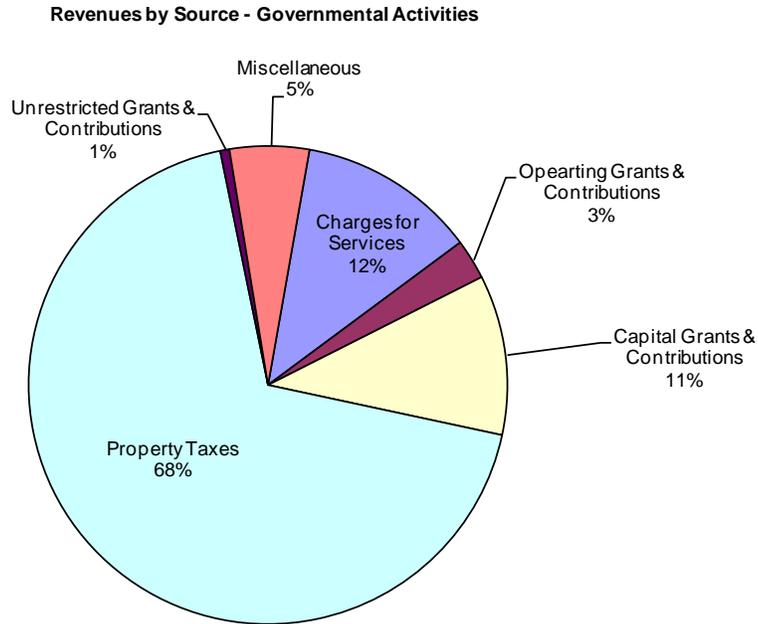
CHANGES IN NET POSITION (CONTINUED)

**Table 2
STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program Revenues:						
Charges for Services	\$ 630,468	\$ 673,124	\$ 2,854,682	\$ 3,431,630	\$ 3,485,150	\$ 4,104,754
Operating Grants and Contributions	141,853	141,219	-	-	141,853	141,219
Capital Grants and Contributions	565,608	34,941	675	-	566,283	34,941
General Revenues:						
Property Taxes	3,561,781	3,612,679	-	-	3,561,781	3,612,679
Contributions Not Restricted to Specific Programs	32,434	4,266	-	-	32,434	4,266
Unrestricted Investment Earnings	(125,572)	147,737	(135,643)	145,704	(261,215)	293,441
Miscellaneous	298,534	266,851	-	-	298,534	266,851
Total Revenues	<u>5,105,106</u>	<u>4,880,817</u>	<u>2,719,714</u>	<u>3,577,334</u>	<u>7,824,820</u>	<u>8,458,151</u>
EXPENSES						
General Government	881,583	913,141	-	-	881,583	913,141
Public Safety	1,108,193	1,090,602	-	-	1,108,193	1,090,602
Public Service	1,852,916	1,486,743	-	-	1,852,916	1,486,743
Parks, Recreation and Forestry	452,089	403,408	-	-	452,089	403,408
Community Development	517,466	376,014	-	-	517,466	376,014
Interest and Fiscal Charges	226,435	177,338	-	-	226,435	177,338
Water Utility	-	-	1,577,742	1,241,287	1,577,742	1,241,287
Sewer Utility	-	-	1,502,337	1,686,562	1,502,337	1,686,562
Storm Sewer Utility	-	-	260,884	171,971	260,884	171,971
Total Expenses	<u>5,038,682</u>	<u>4,447,246</u>	<u>3,340,963</u>	<u>3,099,820</u>	<u>8,379,645</u>	<u>7,547,066</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	66,424	433,571	(621,249)	477,514	(554,825)	911,085
Transfers	99,140	108,905	(99,140)	(108,905)	-	-
CHANGE IN NET POSITION	<u>165,564</u>	<u>542,476</u>	<u>(720,389)</u>	<u>368,609</u>	<u>(554,825)</u>	<u>911,085</u>
Net Position - Beginning of Year	<u>20,989,397</u>	<u>20,446,921</u>	<u>22,024,277</u>	<u>21,655,668</u>	<u>43,013,674</u>	<u>42,102,589</u>
NET POSITION - END OF YEAR	<u>\$ 21,154,961</u>	<u>\$ 20,989,397</u>	<u>\$ 21,303,888</u>	<u>\$ 22,024,277</u>	<u>\$ 42,458,849</u>	<u>\$ 43,013,674</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

GOVERNMENTAL ACTIVITIES



The Governmental Activities net position increased by \$165,564, which represents a .8% 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, 2013, the Township's governmental funds reported combined fund balances of \$8,117,208. Of this total, \$4,820,360 or 59% is unrestricted and assigned fund balance. The remaining \$3,296,848 of fund balance is either nonspendable or restricted as follows:

- Prepaid Items of \$23,879
- Land Held for Resale of \$354,556
- Debt Retirement of \$1,714,015
- Economic Development Activities of \$1,198,013
- Park Improvements of \$6,385

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Fund level governmental revenues decreased \$232,946, or 4.3% compared to 2012. Key elements of this change are as follows:

- Charges for services increased \$41,701, or 32.2%. The increase was due to revenues received for commercial/industrial building activities.
- Equipment rental increase \$41,050, or 31.2%. This increase was direct result of the operating budget for 2013. The Township Board adopted a budget that increased the amount for equipment rental from governmental activities for 2013. This increase was not extended to business-type activities.
- Licenses and permits decreased \$55,322, or 24.8%. The decrease is due to decreased residential building activity in 2013.
- Special assessments increased \$57,293, or 10.0%. The increase was due to new special assessment levies for improvement projects complete in the past two years.
- Investment earnings decreased \$262,652. The decrease is the result of lower interest rates and decreased market values of investments held by the Township.
- Miscellaneous revenues decreased \$61,481, or 13.9%. This decrease was due to special assessment adjustment in prior years.

Fund level expenditures increased by \$847,881, or 23.6%, compared to 2012, not including principal debt payments. Key elements of this net change are as follows:

- Community Development expenditures increased \$158,451 due to an increase in contractual services related to capital projects funded through tax increment payments in 2013.
- Capital expenditures increased \$624,356 compared to 2012. The majority of the increase was due to the construction and completion of the White Bear Parkway/Birch Lake Boulevard road improvement project. The balance of the increase is from increased equipment purchases in 2013.

General Fund. The General Fund is the chief operating fund of the Township. In 2013, fund balance in the General Fund decreased by \$122,951 or 3.9%, whereas in the prior year, fund balance in the General Fund increased \$476,766 or 17.7%. Key differences between the current and prior year change in General Fund fund balance include the following:

- Licenses and permits decreased \$55,322 due to decreased residential building permit activity in 2013.
- Investment earnings decreased \$107,545 due to lower interest rates and decreased market value of Township investments.
- Equipment rental increased which was done for budget purposes to reduce the property tax levy.
- General fund expenditures increased by \$338,078, primarily due to increased capital outlay expenditures.

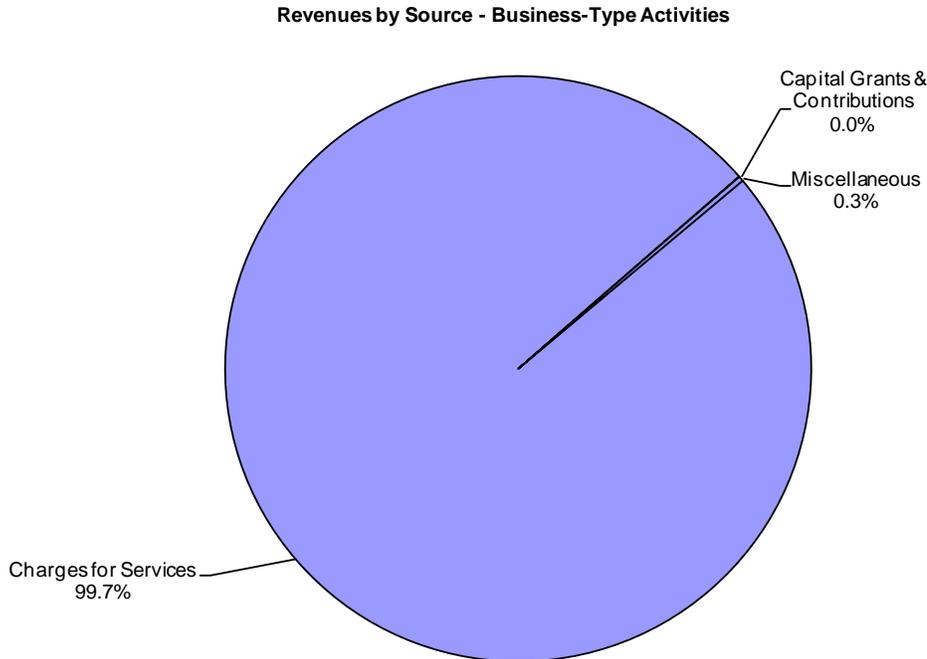
Economic Development Fund. The fund balance of the Economic Development Fund increased by \$145,385 or 10.3% as a result of property taxes collected and projects funded from those revenues.

2011 G.O. Improvement Bonds Fund. The 2011 G.O. Improvement Bonds Fund was a new fund in 2011 and ended with a fund balance of \$641,989 due to the continued collection of special assessments.

Improvement Fund. The increase of \$47,407 in the fund balance of the Improvement Fund was due to the collection of special assessments.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

BUSINESS-TYPE ACTIVITIES



Net position of the business-type activities decreased by \$720,389. This results from net position in the water fund, sewer fund and storm water fund operations decreasing. The change across business-type activities is as follows:

Water	\$ (274,748)
Sewer	(329,778)
Storm Water	(115,863)

- The Water Fund net position decrease reflects a change in the Township's water rate structure and the use of less water by users which resulted in decreased revenue which resulted in expenses exceeding by revenues \$87,104
- The Sewer Fund net position decrease reflects expenses exceeding revenues by \$297,635 before transfers out of \$69,808. Operating revenue decreased by \$59,604 due to a grant received in 2012 to reduce clean water infiltration into the system and charges related to new construction. Operational expenses decreased \$195,464 due mainly to an decrease in M.C.E.S. sewage treatment charges and in 2012 the Township performed rehabilitation on two liftstations.
- Storm Water Fund net position decrease reflects expenses exceeding revenues by \$115,863. Operational expenses increased \$83,393 over 2012 levels primarily from the replacement of storm water drainage culverts.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

BUSINESS-TYPE ACTIVITIES (CONTINUED)

The business-type activities operating expense increased by \$212,732 from fiscal year 2012 compared to 2013 and included the following funds changes in operating expense:

<u>Activity</u>	<u>Change</u>
Water	\$ 324,803
Sewer	(195,464)
Storm Water	83,393

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 2013. Rather these changes were absorbed by excess revenues or shifting and reprioritizing of expenditures throughout the year.

General Fund actual revenues were \$55,884 over the adopted budget amounts. The overage in actual revenues were directly attributable to better than expected commercial/industrial building permit activity and charges for services related to that building activity such as plan review, engineering, and administration charges. However, these overages were off set by miscellaneous revenues and interest revenues being below their corresponding budgets for 2013.

General Fund actual expenditures were \$355,734 below the adopted budget amounts for 2013. Most expenditure categories came in below budget with the exception of General Government, Elections, and Public Works which exceeded budget by \$7,723, \$1,721, and \$24,504, respectively.

- Code Enforcement actual expenditures for 2013 were \$47,457 below budget. This was primarily due to budgeting an expenditure for the hiring of an administrative secretary position, which instead was left vacant in 2013.
- Township Buildings actual expenditures for 2013 were \$31,427 below budget, a result of lower than budgeted energy costs and repair maintenance expenditures.
- Parks, Recreation and Forestry were \$30,322 below budgeted amounts. This was due primarily to lower part-time summer help costs and less chemicals used in playing areas.
- Capital outlay expenditures were \$220,206 below the 2013 budgeted amounts. This was due to the costs of equipment purchased in 2013 costing less than had been anticipated in the budget and delaying the purchase or construction of the majority of budgeted items.

Fund balance in the General Fund would have increased \$380,570 for 2013, however, the Township continued to maintain its fund balance within its fund balance policy levels at the end of 2013 by transferring out \$676,475 to other funds. These transfers result in the fund balance of the General Fund decreasing \$122,951 for 2013.

CAPITAL ASSETS

The Township's investment in Capital Assets for its governmental and business-type activities as of December 31, 2013 totals \$32,572,281 (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 decrease (including additions and deletions) of \$771,690 compared to 2012.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

CAPITAL ASSETS (CONTINUED)

The decrease in net capital assets is due to 2013 depreciation exceeding the value for the 2013 capital asset additions.

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

- Governmental funds infrastructure totaling \$558,350
- Governmental funds buildings totaling \$78,048
- Governmental funds vehicles and equipment totaling \$211,623
- Business-type infrastructure totaling \$496,443
- Business-type buildings totaling \$193,541
- Business-type vehicles and equipment totaling \$57,573

A summary of the net changes in capital assets for 2013 is shown on the following chart:

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 4,016,102	\$ 4,016,102	\$ -	\$ -	\$ 4,016,102	\$ 4,016,102
Construction in Progress	96,316	-	395,439	-	491,755	-
Buildings	2,781,159	2,859,207	2,332,301	2,525,842	5,113,460	5,385,049
Vehicles and Equipment	838,793	792,101	375,227	418,805	1,214,020	1,210,906
Machinery and Shop Equipment	711,069	744,687	-	-	711,069	744,687
Office Furniture and Equipment	89,186	120,499	-	-	89,186	120,499
Infrastructure	7,029,336	7,587,686	13,907,353	14,279,042	20,936,689	21,866,728
Capital Assets, Net	15,561,961	16,120,282	17,010,320	17,223,689	32,572,281	33,343,971

Additional information on the Township's capital assets can be found in Note 3 on pages 47-48 of this report.

LONG-TERM DEBT

White Bear Township's Outstanding Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
G.O. Bonds	\$ 4,645,199	\$ 5,324,708	\$ -	\$ -	\$ 4,645,199	\$ 5,324,708
G.O. Revenue Bonds	-	-	2,444,801	2,765,292	2,444,801	2,765,292
Compensated Absences Payable	116,991	123,832	61,612	68,368	178,603	192,200
Total Outstanding Debt	\$ 4,762,190	\$ 5,448,540	\$ 2,506,413	\$ 2,833,660	\$ 7,268,603	\$ 8,282,200

White Bear Township has \$7,090,000 in bonds outstanding at December 31, 2013 compared to \$8,090,000 last year. The decrease results from the payment of the annual principal balance, which totaled \$1,000,000.

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.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013**

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, 2013 was \$34,084,245 compared to \$35,083,242 for 2012. The outstanding balance of \$1,330,000 on the Public Facilities Bond issued in 2004 represents 3.90% of the total debt limit and is chargeable against the total debt limit and results in a Legal Debt Margin for 2013 of \$32,754,245.

Additional information on White Bear Township's long-term debt can be found in Note 4 on pages 46-47 of this report.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The Township's appointed officials considered many factors when developing the 2014 budget and establishing the 2013 tax levy collectible in 2014 and appropriate fees that will be charged by business-type activities. With the focus on sustainability, the 2014 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 first time since 2008 when the recession began the Township's tax base increased due to increased home values. This increase places pressure on Township officials to keep the property tax levy 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

This page left intentionally blank.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 8,590,434	\$ 6,549,490	\$ 15,139,924
Accrued Interest Receivable	34,512	30,926	65,438
Accounts Receivable	49,962	625,668	675,630
Due from Other Governments	40,280	-	40,280
Taxes Receivable	122,452	-	122,452
Special Assessments Receivable	1,979,225	-	1,979,225
Prepaid Items	23,879	73,854	97,733
Land Held for Resale	354,556	-	354,556
Capital Assets:			
Land	4,016,102	-	4,016,102
Construction in Progress	96,316	395,439	491,755
Other Capital Assets, Net of Depreciation	11,449,543	16,614,881	28,064,424
Total Assets	26,757,261	24,290,258	51,047,519
LIABILITIES			
Accounts Payable	317,910	69,148	387,058
Salaries Payable	38,712	23,298	62,010
Contracts Payable	-	330,515	330,515
Accrued Interest Payable	53,600	27,512	81,112
Due to Other Governments	420,671	-	420,671
Unearned Revenue	17,258	15,504	32,762
Noncurrent Liabilities:			
Due Within One Year	920,165	378,289	1,298,454
Due in More Than One Year	3,833,984	2,142,104	5,976,088
Total Liabilities	5,602,300	2,986,370	8,588,670
NET POSITION			
Net Investment in Capital Assets	12,139,083	14,551,539	26,690,622
Restricted for:			
Debt Service	2,810,021	-	2,810,021
Economic Development Activities	1,559,731	-	1,559,731
Park Improvements	6,385	-	6,385
Unrestricted	4,639,741	6,752,349	11,392,090
Total Net Position	\$ 21,154,961	\$ 21,303,888	\$ 42,458,849

See accompanying Notes to the Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 881,583	\$ 576,218	\$ 87,296	\$ -
Public Safety	1,108,193	29,349	31,609	-
Public Works	1,852,916	-	22,373	565,608
Parks, Recreation and Forestry	452,089	8,853	575	-
Community Development	517,466	16,048	-	-
Interest on Long-Term Debt	226,435	-	-	-
Total Governmental Activities	<u>5,038,682</u>	<u>630,468</u>	<u>141,853</u>	<u>565,608</u>
BUSINESS-TYPE ACTIVITIES				
Water	1,577,742	1,414,141	-	-
Sewer	1,502,337	1,282,750	-	-
Storm Sewer	260,884	157,791	-	675
Total Business-Type Activities	<u>3,340,963</u>	<u>2,854,682</u>	<u>-</u>	<u>675</u>
Total	<u>\$ 8,379,645</u>	<u>\$ 3,485,150</u>	<u>\$ 141,853</u>	<u>\$ 566,283</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

Transfers

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (218,069)	\$ -	\$ (218,069)
(1,047,235)	-	(1,047,235)
(1,264,935)	-	(1,264,935)
(442,661)	-	(442,661)
(501,418)	-	(501,418)
(226,435)	-	(226,435)
<u>(3,700,753)</u>	<u>-</u>	<u>(3,700,753)</u>
-	(163,601)	(163,601)
-	(219,587)	(219,587)
-	(102,418)	(102,418)
<u>-</u>	<u>(485,606)</u>	<u>(485,606)</u>
(3,700,753)	(485,606)	(4,186,359)
3,561,781	-	3,561,781
32,434	-	32,434
(125,572)	(135,643)	(261,215)
5,454	-	5,454
293,080	-	293,080
99,140	(99,140)	-
<u>3,866,317</u>	<u>(234,783)</u>	<u>3,631,534</u>
165,564	(720,389)	(554,825)
<u>20,989,397</u>	<u>22,024,277</u>	<u>43,013,674</u>
<u>\$ 21,154,961</u>	<u>\$ 21,303,888</u>	<u>\$ 42,458,849</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Economic Development Authority	GO Improvement Bonds 2011A	Improvement Fund
ASSETS				
Cash and Investments	\$ 3,006,255	\$ 1,380,773	\$ 628,988	\$ 1,262,358
Accrued Interest Receivable	13,335	5,481	2,592	4,356
Accounts Receivable	49,962	-	-	-
Due from Other Governmental Units	40,280	-	-	-
Taxes Receivable:				
Delinquent	47,113	7,162	-	-
Current	64,882	-	-	-
Special Assessments Receivable:				
Delinquent	8,101	-	127,502	260,360
Other	47,825	-	919,363	502,792
Prepaid Items	23,879	-	-	-
Land Held for Resale	-	354,556	-	-
Total Assets	<u>\$ 3,301,632</u>	<u>\$ 1,747,972</u>	<u>\$ 1,678,445</u>	<u>\$ 2,029,866</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 147,841	\$ 151,072	\$ -	\$ -
Salaries Payable	38,712	-	-	-
Due to Other Governments	5,125	37,169	-	378,377
Unearned Revenue	17,258	-	-	-
Total Liabilities	<u>208,936</u>	<u>188,241</u>	<u>-</u>	<u>378,377</u>
Deferred Inflows of Resources:				
Unavailable Revenue	46,365	7,162	1,036,456	749,538
Fund Balances:				
Nonspendable:				
Prepaid Items	23,879	-	-	-
Land Held for Resale	-	354,556	-	-
Restricted for:				
Debt Service	-	-	641,989	-
Economic Development Activities	-	1,198,013	-	-
Park Improvements	-	-	-	-
Assigned for:				
Public Safety	1,749	-	-	-
Compensation	5,000	-	-	-
Park Development	-	-	-	-
Polar Lakes Park Development	-	-	-	-
Capital Improvements	-	-	-	901,951
Unassigned	3,015,703	-	-	-
Total Fund Balances	<u>3,046,331</u>	<u>1,552,569</u>	<u>641,989</u>	<u>901,951</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,301,632</u>	<u>\$ 1,747,972</u>	<u>\$ 1,678,445</u>	<u>\$ 2,029,866</u>

See accompanying Notes to the Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,963,895	\$ 8,242,269
7,476	33,240
-	49,962
-	40,280
1,480	55,755
1,815	66,697
467	396,430
112,815	1,582,795
-	23,879
-	354,556
<u>\$ 2,087,948</u>	<u>\$ 10,845,863</u>
\$ 430	\$ 299,343
-	38,712
-	420,671
-	17,258
<u>430</u>	<u>775,984</u>
113,150	1,952,671
-	23,879
-	354,556
1,072,026	1,714,015
-	1,198,013
6,385	6,385
-	1,749
-	5,000
643,797	643,797
252,160	252,160
-	901,951
-	3,015,703
<u>1,974,368</u>	<u>8,117,208</u>
<u>\$ 2,087,948</u>	<u>\$ 10,845,863</u>

This page left intentionally blank.

**WHITE BEAR TOWNSHIP, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 8,117,208

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	
Construction in Progress	96,316	
Buildings, Net of Accumulated Depreciation	2,781,159	
Vehicles, Net of Accumulated Depreciation	838,793	
Machinery and Shop Equipment, Net of Accumulated Depreciation	711,069	
Office Furniture and Equipment, Net of Accumulated Depreciation	89,186	
Infrastructure, Net of Accumulated Depreciation	<u>7,029,336</u>	15,561,961

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.

1,952,671

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.

(53,600)

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:

330,870

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	(4,645,199)	
Unamortized Premiums	(12,555)	
Unamortized Discounts	20,596	
Compensated Absence Payable	<u>(116,991)</u>	<u>(4,754,149)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 21,154,961**

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	General	Economic Development Authority	GO Improvement Bonds 2011A	Improvement Fund
REVENUE				
General Property Taxes	\$ 2,815,835	\$ 694,750	\$ -	\$ -
Licenses and Permits	167,323	-	-	-
Intergovernmental	173,712	-	-	-
Charges for Services	160,587	10,340	-	-
Investment Earnings (Losses)	(50,523)	(12,954)	(13,574)	(10,683)
Fines and Forfeits	11,516	-	-	-
Park and Recreation Fees	-	-	-	-
Special Assessments	-	-	184,294	388,572
Equipment Rental	172,625	-	-	-
Miscellaneous	348,857	50	-	3,041
Total Revenue	<u>3,799,932</u>	<u>692,186</u>	<u>170,720</u>	<u>380,930</u>
EXPENDITURES				
Current:				
General Government	874,877	-	-	-
Public Safety	1,107,462	-	-	-
Public Works	634,706	-	-	154,985
Parks, Recreation and Forestry	368,132	-	-	-
Community Development	184,710	300,634	-	-
Capital Outlay	249,475	-	-	368,538
Debt Service:				
Principal	-	-	210,000	-
Interest and Fiscal Charges	-	-	23,547	-
Total Expenditures	<u>3,419,362</u>	<u>300,634</u>	<u>233,547</u>	<u>523,523</u>
REVENUE OVER (UNDER) EXPENDITURES	380,570	391,552	(62,827)	(142,593)
OTHER FINANCING SOURCES (USES)				
Transfer In	167,500	-	-	190,000
Transfer Out	(676,475)	(246,167)	(28,147)	-
Sale of Property	5,454	-	-	-
Total Other Financing Sources (Uses)	<u>(503,521)</u>	<u>(246,167)</u>	<u>(28,147)</u>	<u>190,000</u>
NET CHANGE IN FUND BALANCE	(122,951)	145,385	(90,974)	47,407
Fund Balance - Beginning of Year	<u>3,169,282</u>	<u>1,407,184</u>	<u>732,963</u>	<u>854,544</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,046,331</u>	<u>\$ 1,552,569</u>	<u>\$ 641,989</u>	<u>\$ 901,951</u>

See accompanying Notes to the Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 85,176	\$ 3,595,761
-	167,323
-	173,712
-	170,927
(33,015)	(120,749)
-	11,516
7,000	7,000
40,845	613,711
-	172,625
47,504	399,452
<u>147,510</u>	<u>5,191,278</u>
-	874,877
-	1,107,462
-	789,691
329	368,461
-	485,344
45,344	663,357
469,509	679,509
117,639	141,186
<u>632,821</u>	<u>5,109,887</u>
(485,311)	81,391
665,414	1,022,914
(22,985)	(973,774)
-	5,454
<u>642,429</u>	<u>54,594</u>
157,118	135,985
<u>1,817,250</u>	<u>7,981,223</u>
<u>\$ 1,974,368</u>	<u>\$ 8,117,208</u>

**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, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 135,985

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

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	\$	289,700	
Gain on Disposal of Capital Assets		5,454	
Proceeds from Sales of Capital Assets		(5,454)	
Depreciation Expense		<u>(848,021)</u>	(558,321)

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		679,509	
Change in Accrued Interest Expense for General Obligation Bonds		7,224	
Write Off of Bond Issuance Costs		(92,327)	
Amortization of Bond Premium		2,738	
Amortization of Bond Discount		<u>(2,884)</u>	594,260

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, 2012		2,039,474	
Deferred Inflows of Resources - December 31, 2013		<u>1,952,671</u>	(86,803)

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.

6,841

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.

73,602

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 165,564

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2013	Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 3,209,284	\$ 3,024,467	\$ 315,739	\$ 6,549,490	\$ 348,165
Accounts Receivable	315,355	271,041	39,272	625,668	-
Accrued Interest Receivable	14,202	14,518	2,206	30,926	1,272
Prepaid Items	4,824	66,482	2,548	73,854	-
Total Current Assets	<u>3,543,665</u>	<u>3,376,508</u>	<u>359,765</u>	<u>7,279,938</u>	<u>349,437</u>
NONCURRENT ASSETS					
Capital Assets:					
Construction in Progress	-	395,439	-	395,439	-
Buildings	6,177,719	-	-	6,177,719	-
Vehicles	15,440	340,037	-	355,477	-
Machinery and Shop Equipment	6,280	5,228	-	11,508	-
Office Furniture and Equipment	203,633	56,373	942	260,948	-
Infrastructure	11,339,568	12,542,825	994,871	24,877,264	-
Total Capital Assets	<u>17,742,640</u>	<u>13,339,902</u>	<u>995,813</u>	<u>32,078,355</u>	<u>-</u>
Less: Accumulated Depreciation	(9,067,907)	(5,764,822)	(235,306)	(15,068,035)	-
Total Noncurrent Assets	<u>8,674,733</u>	<u>7,575,080</u>	<u>760,507</u>	<u>17,010,320</u>	<u>-</u>
Total Assets	12,218,398	10,951,588	1,120,272	24,290,258	349,437
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	51,148	8,977	9,023	69,148	18,567
Salaries Payable	11,305	9,501	2,492	23,298	-
Contracts Payable	-	330,515	-	330,515	-
Unearned Revenue	9,253	6,251	-	15,504	-
Accrued Interest Payable	23,523	2,675	1,314	27,512	-
Bonds Payable - Current Maturities	262,459	48,341	23,745	334,545	-
Compensated Absences Payable - Current	20,900	18,272	4,572	43,744	-
Total Current Liabilities	<u>378,588</u>	<u>424,532</u>	<u>41,146</u>	<u>844,266</u>	<u>18,567</u>
NONCURRENT LIABILITIES					
Bonds Payable - Long Term	1,499,806	418,745	205,685	2,124,236	-
Compensated Absences Payable - Long Term	8,139	7,956	1,773	17,868	-
Total Liabilities	<u>1,886,533</u>	<u>851,233</u>	<u>248,604</u>	<u>2,986,370</u>	<u>18,567</u>
NET POSITION					
Net Investment in Capital Assets	6,912,468	7,107,994	531,077	14,551,539	-
Unrestricted	3,419,397	2,992,361	340,591	6,752,349	330,870
Total Net Position	<u>10,331,865</u>	<u>10,100,355</u>	<u>871,668</u>	<u>21,303,888</u>	<u>330,870</u>
Total Liabilities and Net Position	<u>\$ 12,218,398</u>	<u>\$ 10,951,588</u>	<u>\$ 1,120,272</u>	<u>\$ 24,290,258</u>	<u>\$ 349,437</u>

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2013	Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ 1,254,069	\$ 1,247,044	\$ 157,791	\$ 2,658,904	\$ 134,725
Water and Sewer Availability Charges	154,202	30,600	-	184,802	-
Total Operating Revenues	<u>1,408,271</u>	<u>1,277,644</u>	<u>157,791</u>	<u>2,843,706</u>	<u>134,725</u>
OPERATING EXPENSES					
Personnel Services	298,441	263,929	68,566	630,936	35,879
Other Services and Charges	235,757	759,579	100,087	1,095,423	70,421
Materials and Supplies	517,834	174,505	62,541	754,880	-
Depreciation	443,343	284,339	19,875	747,557	-
Total Operating Expenses	<u>1,495,375</u>	<u>1,482,352</u>	<u>251,069</u>	<u>3,228,796</u>	<u>106,300</u>
OPERATING INCOME (LOSS)	(87,104)	(204,708)	(93,278)	(385,090)	28,425
OTHER INCOME (EXPENSE)					
Investment Earnings (Losses)	(44,150)	(78,048)	(13,445)	(135,643)	(4,823)
Miscellaneous Nonoperating Income (Expense)	5,870	5,106	675	11,651	-
Interest and Fiscal Agent Fees	(71,957)	(13,824)	(6,790)	(92,571)	-
Bond Discount Amortization Expense	(10,410)	(6,161)	(3,025)	(19,596)	-
Total Other Income (Expense)	<u>(120,647)</u>	<u>(92,927)</u>	<u>(22,585)</u>	<u>(236,159)</u>	<u>(4,823)</u>
INCOME (DEFICIT) BEFORE TRANSFERS	(207,751)	(297,635)	(115,863)	(621,249)	23,602
TRANSFERS					
Transfers In	2,811	37,665	-	40,476	50,000
Transfers Out	(69,808)	(69,808)	-	(139,616)	-
Total Transfers	<u>(66,997)</u>	<u>(32,143)</u>	<u>-</u>	<u>(99,140)</u>	<u>50,000</u>
CHANGE IN NET POSITION	(274,748)	(329,778)	(115,863)	(720,389)	73,602
Net Position - Beginning of Year	10,606,613	10,430,133	987,531	22,024,277	257,268
NET POSITION - END OF YEAR	<u>\$ 10,331,865</u>	<u>\$ 10,100,355</u>	<u>\$ 871,668</u>	<u>\$ 21,303,888</u>	<u>\$ 330,870</u>

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2013	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Receipts from Customers	\$ 1,537,236	\$ 1,271,866	\$ 157,627	\$ 2,966,729	\$ 134,725
Cash Paid to Suppliers	(720,305)	(918,781)	(155,585)	(1,794,671)	(31,643)
Cash Paid to Employees	(301,144)	(265,630)	(69,045)	(635,819)	(35,879)
Net Cash Provided (Used) by Operating Activities	515,787	87,455	(67,003)	536,239	67,203
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	2,811	37,665	-	40,476	50,000
Transfers Out	(69,808)	(69,808)	-	(139,616)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(66,997)	(32,143)	-	(99,140)	50,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Bonds	(251,840)	(46,038)	(22,613)	(320,491)	-
Interest and Fiscal Agent Fees	(87,261)	(26,960)	(9,844)	(124,065)	-
Acquisition of Capital Assets	(12,045)	(64,923)	(116,979)	(193,947)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(351,146)	(137,921)	(149,436)	(638,503)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income (Loss)	(47,700)	(78,660)	(13,410)	(139,770)	(5,051)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,944	(161,269)	(229,849)	(341,174)	112,152
Cash and Cash Equivalents - Beginning of Year	3,159,340	3,185,736	545,588	6,890,664	236,013
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,209,284</u>	<u>\$ 3,024,467</u>	<u>\$ 315,739</u>	<u>\$ 6,549,490</u>	<u>\$ 348,165</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (87,104)	\$ (204,708)	\$ (93,278)	\$ (385,090)	\$ 28,425
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	443,343	284,339	19,875	747,557	-
Miscellaneous Other Income	5,870	5,106	675	11,651	-
Change in Assets and Liabilities:					
Accounts Receivable	99,097	(10,372)	(839)	87,886	-
Prepaid Items	255	(3,548)	(6)	(3,299)	36,880
Other Assets	23,836	13,522	6,641	43,999	-
Accounts Payable	33,031	5,329	408	38,768	1,898
Salaries Payable	916	766	191	1,873	-
Compensated Absences	(3,619)	(2,467)	(670)	(6,756)	-
Unearned Revenue	162	(512)	-	(350)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 515,787</u>	<u>\$ 87,455</u>	<u>\$ (67,003)</u>	<u>\$ 536,239</u>	<u>\$ 67,203</u>
Schedule of Non-cash Capital Activities					
Capital Assets on Account	\$ -	\$ (330,515)	\$ -	\$ (330,515)	\$ -
Amortization of Premium/(Discount)	(811)	(26)	(12)	(849)	-

See accompanying Notes to the Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 because the governing board is the Township's Board of Supervisors. 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.

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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

1. Government-Wide Statements (Continued)

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.

In 2013, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This resulted in the write off of \$92,327 and \$43,999 of bond issue costs in governmental and business-type activities, respectively, which had been considered assets under previous standards.

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 is used to internally fund infrastructure improvements within the Township through the issuance of the 2011A G.O. Improvement Bonds.

Improvement Fund

The improvement capital projects fund accounts for improvement project activity.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

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.

3. Change in Accounting Principle

The Township adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, retroactive to January 1, 2013. This statement requires certain items that were previously reported as assets and liabilities to be reported as deferred outflows of resources or deferred inflows of resources in the year incurred or received.

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, 2013**

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 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 not overspend budgeted amounts without Township Board of Supervisors approval.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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 fair value as of the balance sheet date. Interest earnings are accrued at the balance sheet date.

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

G. PREPAID ITEMS

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

H. PROPERTY TAX CREDITS

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

I. PROPERTY TAX REVENUE RECOGNITION

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

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. PROPERTY TAX REVENUE RECOGNITION (CONTINUED)

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

The Township's property tax revenue includes payments from the Metropolitan Revenue Distribution (Fiscal Disparities Formula) per *Minnesota Statute 473F*. This statute provides a means of spreading a portion of the taxable valuation of commercial/industrial real property to various taxing authorities within the defined metropolitan area. The valuation "shared" is a portion of commercial/industrial property valuation growth since 1971. Property taxes paid to the Township through this formula for 2013 totaled \$254,778. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

J. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

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

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

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. No deferred outflows of resources are reported in these financial statements in the current year.

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, 2013**

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. DEFERRED INFLOWS OF RESOURCES

The Township's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an acquisition of net position or fund balance that applies to a future period. At the fund level, the Township will not recognize the deferred inflow of resources because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The Township does not have deferred inflows of resources to report in its government-wide or proprietary fund financial statements in the current year.

Q. 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.

R. 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 also delegates 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. FUND BALANCE (CONTINUED)

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.

S. 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.

All Interfund transactions are eliminated except for activity between governmental activities and business-type activities for presentation in the entity-wide statements of net position and statements of activities.

T. OTHER POST-EMPLOYMENT BENEFITS

In 2009, the Township implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. It was determined that the Township's liability under this standard is immaterial, therefore, the Township has not recorded a liability as of December 31, 2013.

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, 2013, but utilized a sweep account to move deposits into overnight investments.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
- General obligations rated “A” or better; revenue obligations rated “AA” or better.
- General obligations of the Minnesota Housing Finance Agency rate “A” or better.
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- 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.

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, 2013, all of the Township’s investments are insured and registered, and are held by the counterparty’s agent in the Township’s name.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Minnesota Municipal Money Market Fund Trust	\$ 2,818,754	\$ 2,818,754	\$ -	\$ -	\$ -
Marketable Certificates of Deposit	4,571,432	556,442	1,470,515	1,033,622	1,510,853
Municipal Bonds	5,842,265	-	821,273	3,142,401	1,878,591
Federal Home Loan	761,905	-	-	-	761,905
Federal National Mortgage Association	589,468	-	-	-	589,468
Government National Mortgage Association	5,600	-	-	-	5,600
Government Money Market Mutual Funds	550,500	550,500	-	-	-
Total	<u>\$ 15,139,924</u>	<u>\$ 3,925,696</u>	<u>\$ 2,291,788</u>	<u>\$ 4,176,023</u>	<u>\$ 4,746,417</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 as rated by Moody's Investors Service:

Type	Credit Quality Rating	Amount
Minnesota Municipal Money Market Fund Trust	Aa2	\$ 2,818,754
Marketable Certificates of Deposit	N/R	4,571,432
Government Money Market Mutual Funds	N/R	550,500
Municipal Bonds	A	5,842,265
Federal Home Loan	AA	761,905
Federal National Mortgage Association	AA	589,468
Government National Mortgage Association	AA	5,600
Total		<u>\$ 15,139,924</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, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Credit Risk

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, 2013.

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 2013.

Investment	Amount	Percentage
Federal Home Loan Bank Bond	\$ 761,905	5.03%

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,016,102	\$ -	\$ -	\$ 4,016,102
Construction in Progress	-	96,316	-	96,316
Total Capital Assets, not Being Depreciated	4,016,102	96,316	-	4,112,418
Capital Assets, Being Depreciated:				
Buildings	3,699,502	-	-	3,699,502
Vehicles	1,390,474	132,166	-	1,522,640
Machinery and Shop Equipment	1,258,721	24,399	(2,552)	1,280,568
Office Furniture and Equipment	448,341	36,819	-	485,160
Infrastructure	21,474,224	-	-	21,474,224
Total Capital Assets, Being Depreciated	28,271,262	193,384	(2,552)	28,462,094
Accumulated Depreciation for:				
Buildings	(840,295)	(78,048)	-	(918,343)
Vehicles	(598,373)	(85,474)	-	(683,847)
Machinery and Shop Equipment	(514,034)	(58,017)	2,552	(569,499)
Office Furniture and Equipment	(327,842)	(68,132)	-	(395,974)
Infrastructure	(13,886,538)	(558,350)	-	(14,444,888)
Total Accumulated Depreciation	(16,167,082)	(848,021)	2,552	(17,012,551)
Total Capital Assets, Being Depreciated, Net	12,104,180	(654,637)	-	11,449,543
Governmental Activities Capital Assets, Net	\$ 16,120,282	\$ (558,321)	\$ -	\$ 15,561,961

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	\$ 48,916
Public Safety	282
Public Works	741,080
Parks, Recreation and Forestry	56,685
Community Development	1,058
Total Depreciation Expense, Governmental Activities	<u>\$ 848,021</u>

Capital asset activity for the year ended December 31, 2013 was as follows (Continued):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ 395,439	\$ -	\$ 395,439
Capital Assets, Being Depreciated:				
Buildings	6,177,719	-	-	6,177,719
Vehicles and Equipment	613,938	13,995	-	627,933
Infrastructure	24,752,510	124,754	-	24,877,264
Total Capital Assets, Being Depreciated	<u>31,544,167</u>	<u>138,749</u>	-	<u>31,682,916</u>
Accumulated Depreciation for:				
Buildings	(3,651,877)	(193,541)	-	(3,845,418)
Vehicles and Equipment	(195,133)	(57,573)	-	(252,706)
Infrastructure	(10,473,468)	(496,443)	-	(10,969,911)
Total Accumulated Depreciation	<u>(14,320,478)</u>	<u>(747,557)</u>	-	<u>(15,068,035)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,223,689</u>	<u>(608,808)</u>	-	<u>16,614,881</u>
Business-Type Activities Capital Assets, Net	<u>\$ 17,223,689</u>	<u>\$ (213,369)</u>	<u>\$ -</u>	<u>\$ 17,010,320</u>

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

Business-Type Activities	
Water	\$ 443,343
Sewer	284,339
Storm Sewer	19,875
Total Depreciation Expense, Business-Type Activities	<u>\$ 747,557</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 4 TOWNSHIP INDEBTEDNESS

Township indebtedness at December 31, 2013 is composed of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Balance 12/31/13
Governmental Activities:					
General Obligation Bonds:					
*G.O. Tax Increment Refund - 2006A	6/1/2006	2/1/2014	4.00%	\$ 1,155,000	\$ 170,000
G.O. Public Facilities 2004A	11/1/2004	2/1/2020	3.75%	2,500,000	1,330,000
G.O. Improvement 2005A	6/1/2005	2/1/2021	3.00%-4.13%	755,000	160,000
*G.O. Tax Increment - 2005B	12/15/2005	2/1/2021	5.00%-5.25%	515,000	465,000
G.O. Improvement - 2008A	12/15/2005	2/1/2019	3.50%-4.00%	479,182	300,199
G.O. Improvement - 2011A	10/1/2011	2/1/2022	0.45%-2.15%	1,850,000	1,640,000
*G.O. Tax Increment Refund - 2011C	11/1/2011	2/1/2020	0.50%-2.00%	650,000	580,000
Total Bonds				<u>7,904,182</u>	<u>4,645,199</u>
Unamortized Bond Discount				(36,089)	(20,596)
Unamortized Bond Premium				33,839	12,555
Compensated Absences Payable				N/A	116,991
Total Governmental Activities				<u>\$ 7,901,932</u>	<u>\$ 4,754,149</u>
<i>*Represents non-capital 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	\$ 1,160,000
2008A Improvement and Utility Revenue Bonds	12/15/2005	2/1/2019	3.50%-4.00%	2,050,818	1,284,801
Total Bonds				<u>3,340,818</u>	<u>2,444,801</u>
Unamortized Bond Discount				(17,849)	(450)
Unamortized Bond Premium				29,101	14,430
Compensated Absences Payable				N/A	61,612
Total Business-Type Activities				<u>\$ 3,352,070</u>	<u>\$ 2,520,393</u>

The following is a schedule of changes in Township indebtedness for the year ended December 31, 2013:

	Payable 12/31/12	Additions	Reductions	Payable 12/31/13	Due Within One Year
Governmental Activities:					
Bonded Debt:					
General Obligation Bonds	\$ 5,324,708	\$ -	\$ 679,509	\$ 4,645,199	\$ 835,456
Unamortized Bond Discount	(23,480)	-	(2,884)	(20,596)	-
Unamortized Bond Premium	15,293	-	2,738	12,555	-
Compensated Absences Payable	123,832	107,490	114,331	116,991	84,709
Total Governmental Activities	<u>5,440,353</u>	<u>107,490</u>	<u>793,694</u>	<u>4,754,149</u>	<u>920,165</u>
Business-Type Activities:					
Revenue Bonds	2,765,292	-	320,491	2,444,801	334,545
Unamortized Bond Discount	(4,185)	-	(3,735)	(450)	-
Unamortized Bond Premium	17,316	-	2,886	14,430	-
Compensated Absences Payable	68,368	60,474	67,230	61,612	43,744
Total Business-Type Activities	<u>2,846,791</u>	<u>60,474</u>	<u>386,872</u>	<u>2,520,393</u>	<u>378,289</u>
Total	<u>\$ 8,287,144</u>	<u>\$ 167,964</u>	<u>\$ 1,180,566</u>	<u>\$ 7,274,542</u>	<u>\$ 1,298,454</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 4 TOWNSHIP INDEBTEDNESS (CONTINUED)

All long-term bonded indebtedness outstanding at December 31, 2013 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:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 835,456	\$ 153,240	\$ 334,545	\$ 25,815	\$ 1,349,056
2015	501,403	130,318	338,596	23,229	993,546
2016	544,244	87,734	355,756	44,311	1,032,045
2017	575,191	73,101	364,809	34,285	1,047,386
2018	587,085	56,690	332,915	23,926	1,000,616
2019-2022	1,601,820	95,903	718,180	24,295	2,440,198
Total	<u>\$ 4,645,199</u>	<u>\$ 596,986</u>	<u>\$ 2,444,801</u>	<u>\$ 175,861</u>	<u>\$ 7,862,847</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 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

All full-time and certain part-time employees of the Township are covered by defined benefit pension 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. This plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

A. PLAN DESCRIPTION (CONTINUED)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of 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 10 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 10 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 GERS members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree, no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The Township makes annual contributions to the pension plans equal to the amount required by state statutes. GERS Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2013. The Township is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, and 7.25% for Coordinated Plan PERF members. The Township's contributions to the Public Employees Retirement Fund for the years ended December 31, 2013, 2012, and 2011 were \$86,734, \$89,746, and \$87,956, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by state statute.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 6 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Actual expenditures exceeded budgets during 2013 as follows:

	Final Budget	Actual	Excess
General Fund:			
General Government:			
General Government	\$ 271,545	\$ 279,268	\$ (7,723)
Elections	22,620	24,341	(1,721)
Public Works:			
Public Works	200,069	224,573	(24,504)
Transfers Out	66,749	676,475	(609,726)

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 2013 were approximately \$228,910.

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 2013 were approximately \$878,552.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

Note 8 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2013 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activity:		
General Fund	\$ 167,500	\$ (676,475)
Economic Development Authority	-	(246,167)
Improvement Fund	190,000	-
Debt Service Funds:		
Tax Increment Bonds 1999D	90,297	-
Tax Increment Bonds 2001C	71,925	-
Tax Increment Bonds 2004A	302,116	-
GO Improvement Bonds 2005A	7,100	-
Tax Increment Bonds 2005B	45,829	-
GO Improvement and Utility Revenue Bonds 2008A	-	(28,147)
Capital Projects Funds:		
Park Acquisition Fund	20,000	-
Community Park Improvement Fund	100,000	(22,985)
2010 Street Improvement Fund	28,147	-
Internal Service Funds	50,000	-
Total Governmental Activity	<u>1,072,914</u>	<u>(973,774)</u>
Business-Type Activity:		
Water Fund	2,811	(69,808)
Sewer Fund	37,665	(69,808)
	<u>\$ 1,113,390</u>	<u>\$ (1,113,390)</u>

During 2013, the Township made routine interfund transfers to allocate financial resources to the funds that received benefit from services provided by another fund 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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, 2013 is as follows:

<u>Enterprises</u>	<u>Purpose</u>	<u>Balance at December 31, 2013</u>
N.A. Ternes & Associates	Construction of a Facility	\$ 465,000
St. Croix Valley Hardwoods	Construction of a Facility	18,149
Cerenity Care Center	Construction of a Facility	7,595,000
White Bear Leased Housing Associates II	Construction of a Facility	1,300,000

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON INFORMATION**

WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUE				
General Property Taxes	\$ 2,769,986	\$ 2,769,986	\$ 2,815,835	\$ 45,849
Licenses and Permits	112,125	112,125	167,323	55,198
Intergovernmental	136,308	136,308	173,712	37,404
Charges for Services	89,065	89,065	160,587	71,522
Investment Earnings (Losses)	23,549	23,549	(50,523)	(74,072)
Fines and Forfeits	12,000	12,000	11,516	(484)
Equipment Rental	175,625	175,625	172,625	(3,000)
Miscellaneous	425,390	425,390	348,857	(76,533)
Total Revenue	<u>3,744,048</u>	<u>3,744,048</u>	<u>3,799,932</u>	<u>55,884</u>
EXPENDITURES				
Current:				
General Government				
General Government	271,545	271,545	279,268	(7,723)
Administration	266,293	266,293	255,359	10,934
Board of Supervisors	39,356	39,356	37,921	1,435
Elections	22,620	22,620	24,341	(1,721)
Code Enforcement	195,014	195,014	147,557	47,457
Town Buildings	161,858	161,858	130,431	31,427
Total General Government	<u>956,686</u>	<u>956,686</u>	<u>874,877</u>	<u>81,809</u>
Public Safety:				
Police and Traffic Control	896,918	896,918	878,552	18,366
Fire Protection	234,844	234,844	228,910	5,934
Total Public Safety	<u>1,131,762</u>	<u>1,131,762</u>	<u>1,107,462</u>	<u>24,300</u>
Public Works:				
Road and Bridge	405,330	405,330	392,095	13,235
Public Works	200,069	200,069	224,573	(24,504)
Recycling	26,214	26,214	18,038	8,176
Total Public Works	<u>631,613</u>	<u>631,613</u>	<u>634,706</u>	<u>(3,093)</u>
Parks, Recreation and Forestry	398,454	398,454	368,132	30,322
Community Development	186,900	186,900	184,710	2,190
Capital Outlay	469,681	469,681	249,475	220,206
Total Expenditures	<u>3,775,096</u>	<u>3,775,096</u>	<u>3,419,362</u>	<u>355,734</u>
REVENUE OVER (UNDER) EXPENDITURES	(31,048)	(31,048)	380,570	411,618
OTHER FINANCING SOURCES (USES)				
Transfer in	49,195	49,195	167,500	118,305
Transfer Out	(66,749)	(66,749)	(676,475)	(609,726)
Sale of Property	13,000	13,000	5,454	(7,546)
Total Other Financing Uses	<u>(4,554)</u>	<u>(4,554)</u>	<u>(503,521)</u>	<u>(498,967)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (35,602)</u>	<u>\$ (35,602)</u>	(122,951)	<u>\$ (87,349)</u>
Fund Balance - Beginning of Year			<u>3,169,282</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,046,331</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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUE				
General Property Taxes	\$ 656,145	\$ 656,145	\$ 694,750	\$ 38,605
Charges for Services	6,000	6,000	10,340	4,340
Investment Earnings (Losses)	8,050	8,050	(12,954)	(21,004)
Miscellaneous	-	-	50	50
Total Revenue	<u>670,195</u>	<u>670,195</u>	<u>692,186</u>	<u>21,991</u>
EXPENDITURES				
Current:				
Community Development	<u>307,561</u>	<u>307,561</u>	<u>300,634</u>	<u>6,927</u>
REVENUE OVER (UNDER) EXPENDITURES	362,634	362,634	391,552	28,918
OTHER FINANCING USES				
Transfer Out	<u>(277,862)</u>	<u>(277,862)</u>	<u>(246,167)</u>	<u>31,695</u>
NET CHANGE IN FUND BALANCE	<u>\$ 84,772</u>	<u>\$ 84,772</u>	145,385	<u>\$ 60,613</u>
Fund Balance - Beginning of Year			<u>1,407,184</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,552,569</u>	

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2013**

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 2013 as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund:			
General Government:			
General Government	\$ 271,545	\$ 279,268	\$ (7,723)
Elections	22,620	24,341	(1,721)
Public Works:			
Public Works	200,069	224,573	(24,504)
Transfers Out	66,749	676,475	(609,726)

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

COMBINING FUND FINANCIAL STATEMENTS

**WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Debt Service					G.O.	
	Tax Increment Bonds 1999D	Tax Increment Bonds 2001C	Public Facility Bonds 2004A	Improvements Bonds 2005A	Tax Increment Bonds 2005B	Improvement and Utility Revenue Bonds 2008A	Debt Service Subtotal
ASSETS							
Cash and Investments	\$ 66,286	\$ 142,322	\$ 454,429	\$ 131,878	\$ 60,109	\$ 210,481	\$ 1,065,505
Accrued Interest Receivable	112	383	1,188	634	250	957	3,524
Taxes Receivable:							
Delinquent	550	-	930	-	-	-	1,480
Due from County	773	-	1,042	-	-	-	1,815
Special Assessments Receivable:							
Delinquent	-	-	-	322	-	145	467
Other	-	13,574	-	11,333	-	87,908	112,815
Total Assets	\$ 67,721	\$ 156,279	\$ 457,589	\$ 144,167	\$ 60,359	\$ 299,491	\$ 1,185,606
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ -	\$ 350	\$ -	\$ 80	\$ 430
Deferred Inflows of Resources:							
Unavailable Revenue	552	13,574	932	11,581	-	86,511	113,150
Fund Balance:							
Restricted for:							
Debt Service	67,169	142,705	456,657	132,236	60,359	212,900	1,072,026
Park Improvements	-	-	-	-	-	-	-
Assigned for:							
Park Development	-	-	-	-	-	-	-
Polar Lakes Park Development	-	-	-	-	-	-	-
Total Fund Balance	67,169	142,705	456,657	132,236	60,359	212,900	1,072,026
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 67,721	\$ 156,279	\$ 457,589	\$ 144,167	\$ 60,359	\$ 299,491	\$ 1,185,606

Special Revenue	Capital Projects			
Park Acquisition Fund	Community Park Improvement Fund	2010 Street Improvement Fund	Capital Projects Subtotal	Totals 2013
\$ 647,030	\$ 251,360	\$ -	\$ 251,360	\$ 1,963,895
3,152	800	-	800	7,476
-	-	-	-	1,480
-	-	-	-	1,815
-	-	-	-	467
-	-	-	-	112,815
<u>\$ 650,182</u>	<u>\$ 252,160</u>	<u>\$ -</u>	<u>\$ 252,160</u>	<u>\$ 2,087,948</u>
\$ -	\$ -	\$ -	\$ -	\$ 430
-	-	-	-	113,150
-	-	-	-	1,072,026
6,385	-	-	-	6,385
643,797	-	-	-	643,797
-	252,160	-	252,160	252,160
<u>650,182</u>	<u>252,160</u>	<u>-</u>	<u>252,160</u>	<u>1,974,368</u>
<u>\$ 650,182</u>	<u>\$ 252,160</u>	<u>\$ -</u>	<u>\$ 252,160</u>	<u>\$ 2,087,948</u>

WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	Debt Service						Debt Service Subtotal
	Tax Increment Bonds 1999D	Tax Increment Bonds 2001C	Public Facility Bonds 2004A	Improvement Bonds 2005A	Tax Increment Bonds 2005B	G.O. Improvement and Utility Revenue Bonds 2008A	
REVENUE							
General Property Taxes	\$ 30,102	\$ -	\$ 55,074	\$ -	\$ -	\$ -	\$ 85,176
Investment Earnings (Losses)	(39)	(4,643)	(3,080)	(3,320)	(57)	(5,905)	(17,044)
Park and Recreation Fees	-	-	-	-	-	-	-
Special Assessments	-	5,800	-	4,005	-	31,040	40,845
Miscellaneous	-	-	(5)	4,849	-	30	4,874
Total Revenue	30,063	1,157	51,989	5,534	(57)	25,165	113,851
EXPENDITURES							
Current:							
Parks, Recreation and Forestry	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal	160,000	70,000	165,000	20,000	10,000	44,509	469,509
Interest and Fiscal Charges	10,432	8,654	53,400	7,579	24,742	12,832	117,639
Total Expenditures	170,432	78,654	218,400	27,579	34,742	57,341	587,148
REVENUE OVER (UNDER) EXPENDITURES	(140,369)	(77,497)	(166,411)	(22,045)	(34,799)	(32,176)	(473,297)
OTHER FINANCING SOURCES (USES)							
Transfers In	90,297	71,925	302,116	7,100	45,829	-	517,267
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	90,297	71,925	302,116	7,100	45,829	-	517,267
NET CHANGE IN FUND BALANCE	(50,072)	(5,572)	135,705	(14,945)	11,030	(32,176)	43,970
Fund Balance - Beginning of Year	117,241	148,277	320,952	147,181	49,329	245,076	1,028,056
FUND BALANCE - END OF YEAR	\$ 67,169	\$ 142,705	\$ 456,657	\$ 132,236	\$ 60,359	\$ 212,900	\$ 1,072,026

Special Revenue	Capital Projects			
Park Acquisition Fund	Community Park Improvement Fund	2010 Street Improvement Fund	Capital Projects Subtotal	Totals 2013
\$ -	\$ -	\$ -	\$ -	\$ 85,176
(15,695)	(276)	-	(276)	(33,015)
7,000	-	-	-	7,000
-	-	-	-	40,845
-	42,630	-	42,630	47,504
(8,695)	42,354	-	42,354	147,510
329	-	-	-	329
12,728	32,616	-	32,616	45,344
-	-	-	-	469,509
-	-	-	-	117,639
13,057	32,616	-	32,616	632,821
(21,752)	9,738	-	9,738	(485,311)
20,000	100,000	28,147	128,147	665,414
-	(22,985)	-	(22,985)	(22,985)
20,000	77,015	28,147	105,162	642,429
(1,752)	86,753	28,147	114,900	157,118
651,934	165,407	(28,147)	137,260	1,817,250
<u>\$ 650,182</u>	<u>\$ 252,160</u>	<u>\$ -</u>	<u>\$ 252,160</u>	<u>\$ 1,974,368</u>

This page left intentionally blank.

III.

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net Investment in Capital Assets	\$ 8,104,497	\$ 10,590,125	\$ 12,051,346	\$ 14,215,146	\$ 14,351,955	\$ 13,569,362	\$ 13,201,804	\$ 12,902,768	\$ 12,258,761	\$ 12,139,083
Restricted	4,732,097	2,367,524	3,577,932	3,666,021	3,290,443	3,291,589	1,149,715	4,649,117	4,427,242	4,376,137
Unrestricted	835,501	1,414,971	(297,869)	(338,758)	886,188	1,836,756	4,149,416	2,895,036	4,303,394	4,639,741
Total Governmental Activities Net Position	<u>\$ 13,672,095</u>	<u>\$ 14,372,620</u>	<u>\$ 15,331,409</u>	<u>\$ 17,542,409</u>	<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>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 17,278,142	\$ 17,046,624	\$ 17,727,768	\$ 17,911,320	\$ 17,692,311	\$ 16,464,691	\$ 16,162,163	\$ 15,271,382	\$ 14,445,266	\$ 14,551,539
Unrestricted	5,518,910	6,219,528	6,190,223	6,431,508	6,114,260	6,407,612	6,207,441	6,384,286	7,579,011	6,752,349
Total Business-Type Activities Net Position	<u>\$ 22,797,052</u>	<u>\$ 23,266,152</u>	<u>\$ 23,917,991</u>	<u>\$ 24,342,828</u>	<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>
Primary Government:										
Net Investment in Capital Assets	\$ 25,382,639	\$ 27,636,749	\$ 29,779,114	\$ 32,126,466	\$ 32,044,266	\$ 30,034,053	\$ 29,363,967	\$ 28,174,150	\$ 26,704,027	\$ 26,690,622
Restricted	4,732,097	2,367,524	3,577,932	3,666,021	3,290,443	3,291,589	1,149,715	4,649,117	4,427,242	4,376,137
Unrestricted	6,354,411	7,634,499	5,892,354	6,092,750	7,000,448	8,244,368	10,356,857	9,279,322	11,882,405	11,392,090
Total Primary Government Net Position	<u>\$ 36,469,147</u>	<u>\$ 37,638,772</u>	<u>\$ 39,249,400</u>	<u>\$ 41,885,237</u>	<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>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
General Government	\$ 784,823	\$ 379,547	\$ 646,066	\$ 821,104	\$ 819,309	\$ 905,477	\$ 934,274	\$ 889,444	\$ 913,141	\$ 881,583
Public Safety	847,531	885,898	934,373	972,081	995,844	1,028,345	1,031,533	1,052,716	1,090,602	1,108,193
Public Works	461,052	1,724,702	1,457,884	1,162,665	1,456,160	1,317,693	1,237,007	1,396,533	1,486,743	1,852,916
Parks, Recreation and Forestry	224,700	179,270	337,611	83,002	246,966	237,266	342,767	304,424	403,408	452,089
Community Development	518,968	2,249,824	1,197,358	1,626,198	833,115	652,991	667,331	1,708,220	376,014	517,466
Interest on Long-Term Debt	168,208	229,618	271,642	250,376	178,950	207,360	189,773	155,488	177,338	226,435
Total Governmental Activities Expenses	<u>3,005,282</u>	<u>5,648,859</u>	<u>4,844,934</u>	<u>4,915,426</u>	<u>4,530,344</u>	<u>4,349,132</u>	<u>4,402,685</u>	<u>5,506,825</u>	<u>4,447,246</u>	<u>5,038,682</u>
Business-Type Activities:										
Water	1,210,433	1,200,345	1,381,176	1,421,524	1,699,874	1,848,649	1,406,671	1,345,217	1,241,287	1,577,742
Sewer	762,828	744,766	868,204	914,986	1,137,302	1,283,429	1,240,584	1,422,937	1,686,562	1,502,337
Storm Sewer	45,137	60,662	91,606	71,334	167,314	92,992	107,974	137,694	171,971	260,884
Total Business-Type Activities	<u>2,018,398</u>	<u>2,005,773</u>	<u>2,340,986</u>	<u>2,407,844</u>	<u>3,004,490</u>	<u>3,225,070</u>	<u>2,755,229</u>	<u>2,905,848</u>	<u>3,099,820</u>	<u>3,340,963</u>
Total Primary Government Expenses	<u>\$ 5,023,680</u>	<u>\$ 7,654,632</u>	<u>\$ 7,185,920</u>	<u>\$ 7,323,270</u>	<u>\$ 7,534,834</u>	<u>\$ 7,574,202</u>	<u>\$ 7,157,914</u>	<u>\$ 8,412,673</u>	<u>\$ 7,547,066</u>	<u>\$ 8,379,645</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 533,289	\$ 575,032	\$ 544,179	\$ 592,391	\$ 709,725	\$ 531,817	\$ 493,481	\$ 511,269	\$ 627,481	\$ 576,218
Public Safety	25,952	14,161	22,517	18,500	28,733	21,542	21,742	23,367	28,593	29,349
Public Works	-	-	-	-	-	-	16,500	-	-	-
Parks, Recreation and Forestry	17,937	94,043	53,221	51,219	57,986	36,204	5,500	5,853	8,890	8,853
Community Development	8,015	11,578	11,598	12,529	4,313	4,945	12,192	14,108	8,160	16,048
Operating Grants and Contributions	79,224	85,250	91,188	96,832	100,513	135,718	136,648	797,209	141,219	141,853
Capital Grants and Contributions	1,539,673	987,304	1,781,789	614,792	771,599	175,451	87,886	1,936,557	34,941	565,608
Total Governmental Activities Program Revenues	<u>2,204,090</u>	<u>1,767,368</u>	<u>2,504,492</u>	<u>1,386,263</u>	<u>1,672,869</u>	<u>905,677</u>	<u>773,949</u>	<u>3,288,363</u>	<u>849,284</u>	<u>1,337,929</u>
Business-Type Activities:										
Charges for Services:										
Water	793,756	1,059,624	986,137	987,098	1,148,012	941,586	935,467	962,730	1,939,379	1,414,141
Sewer	1,054,724	1,082,307	1,107,334	1,137,220	1,202,267	1,136,027	1,178,584	1,219,541	1,337,167	1,282,750
Storm Sewer	149,224	148,735	152,058	149,734	156,408	155,413	155,175	155,886	155,084	157,791
Capital Grants and Contributions	-	-	-	-	-	50,000	-	717	-	675
Total Business-Type Activities Program Revenues	<u>1,997,704</u>	<u>2,290,666</u>	<u>2,245,529</u>	<u>2,274,052</u>	<u>2,506,687</u>	<u>2,283,026</u>	<u>2,269,226</u>	<u>2,338,874</u>	<u>3,431,630</u>	<u>2,855,357</u>
Total Primary Government Program Revenues	<u>\$ 4,201,794</u>	<u>\$ 4,058,034</u>	<u>\$ 4,750,021</u>	<u>\$ 3,660,315</u>	<u>\$ 4,179,556</u>	<u>\$ 3,188,703</u>	<u>\$ 3,043,175</u>	<u>\$ 5,627,237</u>	<u>\$ 4,280,914</u>	<u>\$ 4,193,286</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (801,192)	\$ (3,881,491)	\$ (2,340,442)	\$ (3,529,163)	\$ (2,857,475)	\$ (3,443,455)	\$ (3,628,736)	\$ (2,218,462)	\$ (3,597,962)	\$ (3,700,753)
Business-Type Activities	(20,694)	284,893	(95,457)	(133,792)	(497,803)	(942,044)	(486,003)	(566,974)	331,810	(485,606)
Total Primary Government Net Expense	<u>\$ (821,886)</u>	<u>\$ (3,596,598)</u>	<u>\$ (2,435,899)</u>	<u>\$ (3,662,955)</u>	<u>\$ (3,355,278)</u>	<u>\$ (4,385,499)</u>	<u>\$ (4,114,739)</u>	<u>\$ (2,785,436)</u>	<u>\$ (3,266,152)</u>	<u>\$ (4,186,359)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 3,175,590	\$ 3,137,255	\$ 3,181,931	\$ 3,265,438	\$ 3,221,451	\$ 3,561,781	\$ 3,015,729	\$ 3,449,241	\$ 3,612,679	\$ 3,561,781
Unrestricted Grants and Contributions	119,938	141,738	285,507	102,196	109,441	32,434	17,623	38,957	4,266	32,434
Unrestricted Investment Earnings	69,458	144,727	131,222	216,904	162,393	(125,572)	73,651	68,405	147,737	(125,572)
Gain on Sale of Capital Assets	25,402	3,756	-	-	-	5,454	10,243	246	-	5,454
Miscellaneous	66,851	25,382	149,503	61,183	123,106	293,080	207,560	385,777	266,851	293,080
Transfers	(289,665)	(351,672)	(448,932)	98,603	227,261	153,183	107,158	221,822	108,905	99,140
Total Governmental Activities	<u>3,167,574</u>	<u>3,101,186</u>	<u>3,299,231</u>	<u>3,744,324</u>	<u>3,843,652</u>	<u>3,920,360</u>	<u>3,431,964</u>	<u>4,164,448</u>	<u>4,140,438</u>	<u>3,866,317</u>
Business-Type Activities:										
Unrestricted Investment Earnings	93,889	104,847	298,364	187,955	188,807	160,959	90,462	74,860	145,704	(135,643)
Contributed Capital	-	-	-	-	-	-	-	-	-	-
Transfers	289,665	351,672	448,932	(98,603)	(227,261)	(153,183)	(107,158)	(221,822)	(108,905)	(99,140)
Total Business-Type Activities	<u>383,554</u>	<u>456,519</u>	<u>747,296</u>	<u>89,352</u>	<u>(38,454)</u>	<u>7,776</u>	<u>(16,696)</u>	<u>(146,962)</u>	<u>36,799</u>	<u>(234,783)</u>
Total Primary Government	<u>\$ 3,551,128</u>	<u>\$ 3,557,705</u>	<u>\$ 4,046,527</u>	<u>\$ 3,833,676</u>	<u>\$ 3,805,198</u>	<u>\$ 3,928,136</u>	<u>\$ 3,415,268</u>	<u>\$ 4,017,486</u>	<u>\$ 4,177,237</u>	<u>\$ 3,631,534</u>
Change in Net Position										
Governmental Activities	\$ 2,366,382	\$ (780,305)	\$ 958,789	\$ 215,161	\$ 986,177	\$ 476,905	\$ (196,772)	\$ 1,945,986	\$ 542,476	\$ 165,564
Business-Type Activities	362,860	741,412	651,839	(44,440)	(536,257)	(934,268)	(502,699)	(713,936)	368,609	(720,389)
Total Primary Government	<u>\$ 2,729,242</u>	<u>\$ (38,893)</u>	<u>\$ 1,610,628</u>	<u>\$ 170,721</u>	<u>\$ 449,920</u>	<u>\$ (457,363)</u>	<u>\$ (699,471)</u>	<u>\$ 1,232,050</u>	<u>\$ 911,085</u>	<u>\$ (554,825)</u>

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

	Fiscal Year			
	2004	2005	2006	2007
General Fund:				
Reserved	\$ 16,239	\$ 14,564	\$ 17,209	\$ 15,157
Unreserved	1,574,184	1,686,788	1,729,465	1,839,521
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>1,590,423</u>	<u>1,701,352</u>	<u>1,746,674</u>	<u>1,854,678</u>
All Other Governmental Funds:				
Reserved Reported in:				
Special Revenue Funds	274,233	212,402	838,718	834,591
Capital Projects Funds	-	-	-	-
Debt Service Funds	1,747,810	727,559	634,932	330,011
Unreserved Reported in:				
Special Revenue Funds	433,044	716,631	180,366	236,151
Capital Projects Funds	1,960,763	1,727,989	(685,980)	(1,041,884)
Debt Service Funds	934,033	72,474	628,564	1,318,292
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>5,349,883</u>	<u>3,457,055</u>	<u>1,596,600</u>	<u>1,677,161</u>
Total All Funds	<u><u>\$ 6,940,306</u></u>	<u><u>\$ 5,158,407</u></u>	<u><u>\$ 3,343,274</u></u>	<u><u>\$ 3,531,839</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.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 3,756	\$ 27,488	\$ 20,345	\$ -	\$ -	\$ -
2,220,282	2,189,726	2,122,782	-	-	-
-	-	-	25,440	22,644	23,879
-	-	-	6,742	6,511	6,749
-	-	-	2,660,334	3,140,127	3,015,703
<u>2,224,038</u>	<u>2,217,214</u>	<u>2,143,127</u>	<u>2,692,516</u>	<u>3,169,282</u>	<u>3,046,331</u>
632,517	634,155	632,718	632,718	-	-
-	-	-	-	-	-
190,433	201,201	1,007,277	1,007,277	-	-
554,240	1,066,657	1,219,761	1,219,761	-	-
(30,151)	(250,420)	479,884	479,884	-	-
1,006,006	1,487,357	172,532	172,532	-	-
-	-	-	-	354,556	354,556
-	-	-	-	2,820,032	2,918,413
-	-	-	-	1,665,500	1,797,908
-	-	-	-	(28,147)	-
<u>2,353,045</u>	<u>3,138,950</u>	<u>3,512,172</u>	<u>3,512,172</u>	<u>4,811,941</u>	<u>5,070,877</u>
<u>\$ 4,577,083</u>	<u>\$ 5,356,164</u>	<u>\$ 5,655,299</u>	<u>\$ 6,204,688</u>	<u>\$ 7,981,223</u>	<u>\$ 8,117,208</u>

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

	Fiscal Year		
	2004	2005	2006
Revenues:			
Property Taxes	\$ 3,205,618	\$ 2,918,559	\$ 3,168,630
Licenses and Permits	215,991	199,941	165,917
Intergovernmental	181,888	225,374	209,123
Charges for Services	124,035	151,484	106,230
Investment Earnings (Losses)	66,234	141,742	122,577
Fines and Forfeits	15,169	11,767	12,193
Park and Recreation Fees	18,722	29,658	8,905
Special Assessments	935,525	981,797	1,032,397
Equipment Rental	125,125	137,875	145,575
Miscellaneous	154,445	196,594	494,735
Total Revenues	<u>5,042,752</u>	<u>4,994,791</u>	<u>5,466,282</u>
Expenditures:			
Current:			
General Government	764,586	747,172	821,054
Public Safety	836,647	881,203	928,637
Public Works	768,514	1,149,795	1,078,006
Parks, Recreation and Forestry	264,952	255,184	265,267
Community Development	1,909,123	668,700	696,186
Capital Outlay	1,154,411	2,693,822	3,153,859
Debt Service:			
Principal	1,250,000	1,430,000	260,000
Interest and Fiscal Charges	209,911	258,136	277,945
Total Expenditures	<u>7,158,144</u>	<u>8,084,012</u>	<u>7,480,954</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,115,392)	(3,089,221)	(2,014,672)
Other Financing Sources (Uses):			
Sale of Property	102,439	5,918	28,809
Issuance of Debt	2,500,000	1,270,000	1,155,000
Premium on Bonds Issued	22,660	-	4,379
Discount on Bonds Issued	-	(22,224)	-
Payment to Refunded Bond Escrow Agent	-	-	(1,585,000)
Transfer In	1,783,258	2,336,084	1,625,247
Transfer Out	(1,596,810)	(2,282,456)	(1,028,896)
Total Other Financing Sources (Uses)	<u>2,811,547</u>	<u>1,307,322</u>	<u>199,539</u>
Net Change in Fund Balances	<u>\$ 696,155</u>	<u>\$ (1,781,899)</u>	<u>\$ (1,815,133)</u>
Debt Service as a Percentage of Noncapital Expenditures	24.3%	31.3%	9.9%

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 3,247,353	\$ 3,226,216	\$ 3,320,266	\$ 3,025,483	\$ 3,437,304	\$ 3,620,954	\$ 3,595,761
135,275	162,266	92,970	129,311	127,063	222,645	167,323
189,278	209,902	201,737	153,571	835,701	143,846	173,712
170,389	174,069	115,127	132,565	161,596	129,226	170,927
205,902	154,790	62,576	70,023	65,495	141,903	(120,749)
14,404	15,519	16,988	13,631	14,867	9,724	11,516
5,750	18,000	1,500	5,500	4,000	7,000	7,000
1,012,514	699,269	616,415	402,207	795,476	573,307	613,711
155,335	171,200	124,450	149,050	225,500	131,575	172,625
264,964	387,987	267,154	327,617	416,051	442,894	399,452
<u>5,401,164</u>	<u>5,219,218</u>	<u>4,819,183</u>	<u>4,408,958</u>	<u>6,083,053</u>	<u>5,423,074</u>	<u>5,191,278</u>
851,375	856,600	884,291	908,524	961,827	882,843	874,877
966,064	995,444	1,026,176	1,030,499	1,052,119	1,089,601	1,107,462
914,458	1,212,395	623,983	701,375	761,962	725,405	789,691
314,609	286,153	315,828	328,105	337,316	347,512	368,461
770,666	482,857	322,310	432,608	1,577,725	325,743	485,344
945,419	363,385	325,070	232,302	1,966,836	48,727	663,357
410,000	495,000	495,000	406,668	440,456	1,082,350	679,509
230,185	212,303	200,852	189,805	212,844	171,242	141,186
<u>5,402,776</u>	<u>4,904,137</u>	<u>4,193,510</u>	<u>4,229,886</u>	<u>7,311,085</u>	<u>4,673,423</u>	<u>5,109,887</u>
(1,612)	315,081	625,673	179,072	(1,228,032)	749,651	81,391
2,646	4,014	225	12,905	7,443	-	5,454
-	485,982	-	-	2,500,000	-	-
-	-	-	-	-	-	-
-	-	-	-	(13,865)	-	-
-	-	-	-	-	-	-
1,518,980	1,652,269	479,709	1,227,559	1,872,098	840,792	1,022,914
<u>(1,331,449)</u>	<u>(1,412,102)</u>	<u>(326,526)</u>	<u>(1,120,401)</u>	<u>(1,416,489)</u>	<u>(751,887)</u>	<u>(973,774)</u>
<u>190,177</u>	<u>730,163</u>	<u>153,408</u>	<u>120,063</u>	<u>2,949,187</u>	<u>88,905</u>	<u>54,594</u>
<u>\$ 188,565</u>	<u>\$ 1,045,244</u>	<u>\$ 779,081</u>	<u>\$ 299,135</u>	<u>\$ 1,721,155</u>	<u>\$ 838,556</u>	<u>\$ 135,985</u>
14.0%	16.9%	18.1%	15.3%	9.3%	26.8%	17.0%

This page left intentionally blank.

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

Payable Year	Residential Property	Commercial Property	Industrial Property	Utility and Other	Total Taxable Tax Capacity (Assessed) Value	Total Direct Tax Rate	Estimated Actual Market Value	Net Tax Capacity as a Percentage of Market Value
2004	\$ 8,706,052	\$ 761,033	\$ 1,581,915	\$ 253,167	\$ 11,302,167	20.753	\$ 1,009,884,700	1.12
2005	10,808,058	775,958	1,650,675	259,570	13,494,261	19.287	1,155,507,300	1.17
2006	11,440,382	909,777	1,803,815	274,509	14,428,483	17.939	1,299,810,400	1.11
2007	12,836,600	950,078	1,844,053	217,066	15,847,797	17.072	1,425,552,600	1.11
2008	13,073,934	1,112,877	2,146,805	182,294	16,515,910	16.491	1,465,891,200	1.13
2009	12,411,243	1,282,635	2,246,678	197,406	16,137,962	16.926	1,413,918,200	1.14
2010	11,862,056	1,266,037	2,065,192	206,322	15,399,607	17.584	1,351,529,600	1.14
2011	11,036,131	1,122,331	1,906,222	122,618	14,187,302	20.761	1,248,832,400	1.14
2012	9,714,486	1,060,494	1,797,980	119,326	12,692,286	23.767	1,169,441,400	1.09
2013	8,768,510	1,091,778	1,675,100	261,474	11,796,862	25.246	1,136,141,500	1.04

Source: Ramsey County, Minnesota Assessors' Office

**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	Ramsey County
2004	20.045	0.708	20.753	24.347	21.843	0.083	53.135
2005	19.013	0.274	19.287	20.602	22.112	0.075	49.210
2006	17.619	0.320	17.939	17.785	23.419	0.066	46.623
2007	16.805	0.267	17.072	16.887	23.264	-	44.943
2008	16.237	0.254	16.491	15.422	20.380	-	44.023
2009	16.664	0.262	16.926	19.396	22.937	-	46.546
2010	17.310	0.274	17.584	21.772	24.560	-	50.248
2011	20.460	0.301	20.761	22.521	25.573	-	54.678
2012	23.399	0.368	23.767	26.102	29.044	-	61.316
2013	24.947	0.299	25.246	28.622	29.444	-	65.240

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.

<u>Special Districts</u>	<u>Total Overlapping</u>	<u>Total Direct and Overlapping Tax Rate</u>
4.243	103.651	124.404
4.176	96.175	115.462
5.467	93.360	111.299
6.631	91.725	108.797
7.592	87.417	103.908
7.637	96.516	113.442
7.953	104.533	122.117
9.279	112.051	132.812
9.955	126.417	150.184
10.200	133.506	158.752

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

Taxpayer	2013		
	2013 Tax Capacity	Rank	Percentage of Total City Taxable Assessed Value
Specialty Manufacturing Inc.	\$ 239,802	1	2.0 %
Wilbert Plastics, Inc. (Thermoform)	153,452	2	1.3
Muller Family Theatres	149,250	3	1.3
North Oaks Farms Inc	146,986	4	1.2
JMK Limited Partnership	145,474	5	1.2
Schwing America, Inc.	138,944	6	1.2
Chorus Corporation	128,002	7	1.1
Heraeus Vadnais Inc.	119,250	8	1.0
PM Minnesota LLC & CO Pentair	114,200	9	1.0
Spearman Real Estate	103,250	10	0.9
Porus Media, LLC	-		-
EPI Corporation	-		-
Com Tal Machine & Engineering	-		-
Water Gremlin Company	-		-
Sanders CRS Exchange LLC	-		-
All Other Taxpayers	<u>10,358,252</u>		<u>87.8</u>
Total	<u>\$ 11,796,862</u>		<u>100.0 %</u>

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

2004

<u>2004 Tax Capacity</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
\$ 105,512	6	0.9 %
571,300	1	5.0
141,250	4	1.2
		-
98,476	7	0.9
283,586	2	2.5
		-
		-
		-
94,982	8	0.8
152,610	3	1.3
116,346	5	1.0
73,433	9	0.6
67,046	10	0.6
<u>9,655,860</u>		<u>85.0</u>
<u>\$ 11,360,401</u>		<u>100.0 %</u>

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 (1)	Amount	Percentage of Levy
2004	\$ 1,942,314	\$ 66,000	\$ 2,008,314	\$ 1,991,586	99.2
2005	2,142,460	30,000	2,172,460	2,171,147	99.9
2006	2,323,283	40,000	2,363,283	2,332,160	98.7
2007	2,466,626	90,000	2,556,626	2,425,568	94.9
2008	2,557,642	88,000	2,645,642	2,503,087	94.6
2009	2,550,337	100,000	2,650,337	2,491,321	94.0
2010	2,525,033	105,000	2,630,033	2,423,326	92.1
2011	2,722,297	110,000	2,832,297	2,650,697	93.6
2012	2,789,071	115,000	2,904,071	2,882,863	99.3
2013	2,774,002	85,000	2,859,002	2,798,836	97.9

Notes:

- (1) Beginning with payable year 2002, Market Value Homestead Credit is included in the operating levy.

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$ 16,228	\$ 2,007,814	100.0	\$ 18,550	0.9
1,673	2,172,820	100.0	24,689	1.1
18,385	2,350,545	99.5	68,796	2.9
29,983	2,455,551	96.0	55,847	2.2
31,696	2,534,783	95.8	53,682	2.0
23,587	2,514,908	94.9	71,237	2.7
26,334	2,449,660	93.1	74,286	2.8
32,133	2,682,830	94.7	55,649	2.0
18,605	2,901,468	99.9	62,146	2.1
13,292	2,812,128	98.4	48,592	1.7

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

Fiscal Year	Governmental Activities			Less: Accumulated Resources for Debt Repayment
	General Obligation Bonds, Net	General Obligation Special Assessment Bonds	Capital Lease	
2004	\$ 5,360,000	\$ 1,165,000	\$ -	\$ (4,732,097)
2005	6,365,000	-	-	(2,367,524)
2006	5,675,000	-	-	(3,577,932)
2007	5,265,000	-	-	(3,666,021)
2008	5,249,182	-	-	(3,290,443)
2009	4,754,182	-	-	(3,291,589)
2010	4,347,514	-	-	(1,149,715)
2011	6,407,058	-	-	(3,534,472)
2012	5,316,521	-	-	(3,005,201)
2013	4,637,158	-	-	(2,810,021)

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.

Business-Type Activities					
General Obligation Revenue Bonds, Net	Total Primary Government	Ratio of Net General Bonded Debt to Assessed Value	Percentage of Personal Income	Per Capita	
\$ 2,000,000	\$ 3,792,903	0.34	0.7	325	
1,770,000	5,767,476	0.43	1.1	490	
1,515,000	3,612,068	0.25	0.7	305	
1,250,000	2,848,979	0.18	0.5	239	
2,775,818	4,734,557	0.29	1.0	401	
2,535,818	3,998,411	0.25	0.8	340	
2,107,486	5,305,285	0.34	1.2	485	
3,172,942	6,045,528	0.43	1.2	550	
2,778,423	5,089,743	0.40	1.0	459	
2,458,781	4,285,918	0.36	0.8	387	

WHITE BEAR TOWNSHIP, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2013
(UNAUDITED)

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Ramsey County	\$ 146,361,953	2.518 %	\$ 3,686,001
County Library	17,739,586	4.917	872,296
Metro Watershed	1,552,038	-	-
I.S.D. #621	145,280,271	0.031	44,532
I.S.D. #624	88,371,368	17.897	15,815,909
S.I.S.D. #916	3,834,799	2.469	94,696
Metro Council	1,081,169,561	0.377	4,074,284
Total Overlapping			<u>24,587,718</u>
White Bear Township Direct Debt	2,950,706	100.000	<u>3,547,692</u>
Total Direct and Overlapping Debt			<u><u>\$ 28,135,410</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.

This page left intentionally blank.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 20,197,694	\$ 23,110,146	\$ 25,996,208	\$ 28,511,052
Total Net Debt Applicable to Limit	<u>1,595,587</u>	<u>2,423,097</u>	<u>3,135,000</u>	<u>2,845,000</u>
Legal Debt Margin	<u>\$ 18,602,107</u>	<u>\$ 20,687,049</u>	<u>\$ 22,861,208</u>	<u>\$ 25,666,052</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.90%	10.48%	12.06%	9.98%

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

Legal Debt Margin Calculation for Fiscal Year 2013:

Estimated Market Value	\$ 1,136,141,500
Debt Limit (3% of Estimated Market Value) **	34,084,245
Debt Applicable to Limit, Net	1,338,938
Legal Debt Margin	<u>\$ 32,745,307</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 43,976,736	\$ 42,417,546	\$ 40,545,888	\$ 37,464,972	\$ 35,083,242	\$ 34,084,245
<u>2,100,000</u>	<u>1,955,000</u>	<u>1,805,000</u>	<u>1,650,000</u>	<u>1,495,000</u>	<u>1,338,938</u>
<u>\$ 41,876,736</u>	<u>\$ 40,462,546</u>	<u>\$ 38,740,888</u>	<u>\$ 35,814,972</u>	<u>\$ 33,588,242</u>	<u>\$ 32,745,307</u>
4.78%	4.61%	4.45%	4.40%	4.26%	3.93%

**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)
2004	11,664	\$ 528,892	\$ 45,344
2005	11,778	532,106	45,178
2006	11,830	547,812	46,307
2007	11,923	534,127	44,798
2008	11,802	485,121	41,105
2009	11,745	504,483	42,953
2010	10,949	458,259	41,854
2011	11,000	491,392	44,672
2012	11,089	503,052	45,365
2013	11,089	511,469	46,124

Source:

- (1) Sources for 2010 is U.S. Census Bureau; all other years are estimates from the Metropolitan Council.
- (2) U.S. Department of Commerce, Bureau of Economic Analysis.
- (3) Minnesota Office of State Demographer.
- (4) Independent School District No. 624.

Construction

Commercial and Industrial		Residential		Median Age (3)	School Enrollment K Thru 12 (4)	Average Unemployment Rate (2)
Number Of Units	Value	Number Of Units	Value			
36	\$ 2,601,286	494	\$ 11,025,965	33.7	8,642	4.4
56	8,691,163	440	10,391,940	33.7	8,681	4.3
51	3,611,937	357	6,267,945	33.7	8,529	3.7
45	3,265,342	477	5,990,791	33.7	8,401	4.4
15	3,704,609	580	7,006,738	26.8	8,324	6.6
23	247,604	434	5,007,147	37.5	8,065	7.4
33	1,258,735	347	4,472,908	37.4	8,100	6.9
15	4,102,800	329	3,447,476	37.4	8,250	5.7
11	988,149	373	9,986,083	37.4	8,022	4.9
13	6,756,075	272	4,270,649	35.4	8,686	4.1

This page left intentionally blank.

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Heraeus Medical Components	308	1	11.9 %	-		- %
Water Gremlin Company	208	2	8.0	330	2	11.4
Wilbert Plastics Inc. (Thermorform)	200	3	7.7	295	3	10.2
Porous Media Corporation	200	4	7.7	80	9	2.8
Cub Foods	155	5	6.0	220	4	7.6
Schwing America Inc.	152	6	5.9	375	1	12.9
Cortec Corporation	139	7	5.4	75	10	2.6
Specialty Manufacturing Inc.	125	8	4.8	120	8	4.1
Herold Precision Metals	80	9	3.1	-		-
Veeco Instruments	75	10	2.9	-		-
Muller Family Theatres	-		-	125	7	4.3
Com Tal Machine & Engineering	-		-	185	5	6.4
E.P.I.	-		-	150	6	5.2
Total	1,642		63.3 %	1,955		67.4 %

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,				
	2004	2005	2006	2007	2008
General Government					
Administration	2.17	2.14	2.14	2.00	2.00
Code Enforcement	2.13	2.13	2.15	2.15	2.15
Town Buildings	0.35	0.15	0.15	0.20	0.20
Total General Government	<u>4.65</u>	<u>4.42</u>	<u>4.44</u>	<u>4.35</u>	<u>4.35</u>
Public Works					
Recycle	-	-	0.10	0.10	0.10
Public Works	0.80	1.00	1.00	0.80	0.80
Road and Bridge	3.05	2.62	2.61	2.53	2.53
Total Public Works	<u>3.85</u>	<u>3.62</u>	<u>3.71</u>	<u>3.43</u>	<u>3.43</u>
Parks, Recreation and Forestry	2.70	3.21	3.21	2.53	2.53
Community Development					
Community Development	0.94	0.94	1.10	1.44	1.44
Economic Development Authority	1.22	1.22	0.69	0.69	0.69
Total Community Development	<u>2.16</u>	<u>2.16</u>	<u>1.79</u>	<u>2.13</u>	<u>2.13</u>
Water	2.22	2.61	2.70	3.01	3.01
Sewer	1.12	1.38	1.50	1.75	1.75
Storm Sewer	<u>0.35</u>	<u>0.35</u>	<u>0.40</u>	<u>0.38</u>	<u>0.38</u>
Total	<u><u>17.05</u></u>	<u><u>17.75</u></u>	<u><u>17.75</u></u>	<u><u>17.58</u></u>	<u><u>17.58</u></u>

Source: Township Records

Full-Time-Equivalent Employees as of December 31,

2009	2010	2011	2012	2013
1.96	1.96	1.96	2.05	2.00
2.20	2.20	2.20	1.60	1.00
0.36	0.49	0.21	0.58	0.58
<u>4.52</u>	<u>4.65</u>	<u>4.37</u>	<u>4.23</u>	<u>3.58</u>
0.05	0.05	0.05	0.05	0.05
0.80	0.88	0.90	0.90	0.90
2.21	2.32	2.66	2.65	2.60
<u>3.06</u>	<u>3.25</u>	<u>3.61</u>	<u>3.60</u>	<u>3.55</u>
2.72	2.09	2.99	3.07	3.02
1.50	1.50	1.50	1.50	1.50
-	-	-	-	0.00
<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
3.43	3.64	3.27	3.17	3.07
1.72	1.97	2.68	2.65	2.55
<u>0.35</u>	<u>0.45</u>	<u>0.70</u>	<u>0.76</u>	<u>0.71</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>	<u><u>17.98</u></u>

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
General Government				
Elections	3	1	3	1
Number of Votes Cast	8,160	442	6,814	671
Public Safety				
Police:	(A)	(A)	(A)	(A)
Crimes Investigated	506	539	489	527
Administrative Citations Collection	\$ -	\$ -	\$ -	\$ -
Animal Impounds	81	81	70	94
Neighborhood Watch Groups	25	25	25	25
Fire:	(B)	(B)	(B)	(B)
Fire	410	410	422	420
Average Response Time (minutes)	5.5	5.5	5.5	5.0
Dollar Loss	\$ 498,000	\$ 468,000	\$ 472,300	\$ 475,000
Inspections:				
Building Permits	533	500	413	523
Value of Building Permits	\$ 13,627,251	\$ 19,083,103	\$ 9,879,882	\$ 9,256,133
Public Works				
Vehicles Maintained	21	22	22	23
Miles of Streets	70.00	70.50	70.50	70.50
Snow Removal (events)	25	28	22	25
Parks, Recreation and Forestry				
Parks:				
Number of Parks	26	26	26	26
Acres of Parks	172.22	172.22	172.22	172.22
Utilities				
Miles of Water Mains	63.5	63.5	65.83	65.83
Water Customers	4,431	4,495	4,532	4,550
Miles of Sewer Mains	62	62	64.42	64.42
Sewer Customers	4,377	4,443	4,478	4,496

Source: Various City Departments

Notes:

(A) = Police protection provided by Ramsey County Sheriffs Department by contract.

(B) = Fire protection provided by the City of White Bear Lake Fire Department by contract.

Fiscal Year						
2008	2009	2010	2011	2012	2013	
3	1	3	1	3	1	
8,993	225	7,228	364	7,486	179	
(A)	(A)	(A)	(A)	(A)	(A)	
587	531	570	459	594	532	
\$ -	\$ -	\$ 10,602	\$ 10,541	\$ 10,818	\$ 16,109	
71	56	6	12	87	7	
25	25	25	25	16	16	
(B)	(B)	(B)	(B)	(B)	(B)	
558	488	567	487	496	519	
7.0	6.4	7.2	7.3	5.9	6.8	
\$ 1,148,400	\$ 1,853,150	\$ 300,850	\$ 1,108,300	\$ 1,015,850	\$ 1,085,310	
595	457	375	345	389	286	
\$ 10,711,347	\$ 5,254,751	\$ 5,731,643	\$ 7,550,276	\$ 10,974,232	\$ 11,026,724	
23	22	22	27	27	27	
70.50	70.50	70.50	70.50	70.5	70.5	
27	32	36	15	9	22	
26	25	25	25	25	25	
172.22	191.65	191.65	191.65	191.65	191.65	
65.83	65.83	65.83	65.83	65.83	65.83	
4,573	4,656	4,651	4,663	4,675	4,682	
64.42	64.42	64.42	64.42	64.42	64.42	
4,511	4,552	4,567	4,556	4,568	4,575	

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Public Safety				
Police:				
Stations	1	1	1	1
Correctional Facilities	1	1	1	1
Fire:				
Stations	2	2	2	2
Public Works				
Vehicles	21	22	22	22
Miles of Township Streets	70.50	70.50	70.50	70.50
Parks, Recreation and Forestry				
Parks:				
Parks	26	26	26	26
Park Acres	172.22	172.22	172.22	172.22
Park Shelters	9	9	9	9
Basketball Courts	3	3	3	3
Sliding Hills	3	3	3	3
Horseshoe Courts	1	1	1	1
Skating Rinks	9	9	9	9
Soccer Fields	3	3	3	3
Ball Fields	10	10	10	10
Swimming Beach	1	1	1	1
Tennis Courts	6	6	6	6
Volleyball Courts	3	3	3	3
Water				
Miles of Water Mains	63.50	63.50	65.83	65.83
Water Connections	4,431	4,495	4,532	4,532
Sewer				
Miles of Sewer Lines	62.00	62.00	64.42	64.42
Sewer Connections	4,377	4,443	4,478	4,478
Storm Sewer				
Miles of Storm Water Lines/Culverts	15.00	15.00	15.00	15.00

Source: Various Township Departments.

Fiscal Year					
2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
25	25	26	27	27	27
70.50	70.50	70.50	70.50	70.5	70.5
25	25	25	25	25	25
191.65	191.65	191.65	191.65	191.65	191.65
9	9	9	9	9	9
5	5	5	5	5	5
3	3	3	3	3	3
1	1	1	1	1	1
9	9	9	9	9	9
3	3	3	3	3	3
8	8	8	8	8	8
1	1	1	1	1	1
9	9	8	8	8	8
3	3	3	3	3	3
65.83	65.83	65.83	65.83	65.83	65.83
4,573	4,656	4,651	4,663	4675	4675
64.42	64.42	64.42	64.42	64.42	64.42
4,511	4,552	4,567	4,556	4568	4568
15.00	15.00	15.00	15.00	15.00	15.00

This page left intentionally blank.

IV.

OTHER REQUIRED REPORTS

This page left intentionally blank.

**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, 2013, 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 16, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* 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 Political Subdivisions*, except for the item described in detail in the attached Schedule of Findings and Responses as finding 2013-001. 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 response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. White Bear Township's response was 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 Political Subdivisions*, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 16, 2014

**WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF MINNESOTA LEGAL COMPLIANCE FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2013**

MINNESOTA LEGAL COMPLIANCE FINDINGS

Finding: 2013-001

Prompt Payment to Subcontractors - Section 471.425 subd. 4a

Finding: Minnesota Statutes require that each contract of a municipality must require the prime contractor to pay any subcontractor within ten days of the prime contractor's receipt of payment from the municipality for any undisputed services provided by the subcontractor. The contract must require the prime contractor to pay interest of 1-1/2 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. It was noted that one contract out of two tested did not included this required language in the respective contract.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

During fiscal year 2014, the Township will ensure that all contracts involving both a prime contractor and subsctractors will included the required language.

Official Responsible for Ensuring CAP:

The Township Engineer will be responsible for implementing the CAP, and the Finance Officer and Public Works Director will both review contracts to ensure the proper language is included.

Planned Completion Date for CAP:

The Township implemented the recommended changes beginning in May 2014.

Plan to Monitor Completion of CAP:

The Board of Supervisors will be monitoring this corrective action plan.