

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2004

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
WHITE BEAR TOWNSHIP, MINNESOTA
YEAR ENDED DECEMBER 31, 2004**

Prepared by

William Short, Township Clerk - Treasurer

Tom Kelly, Finance Officer

White Bear Township

1281 Hammond Road

White Bear Township, Minnesota 55110

**WHITE BEAR TOWNSHIP, MINNESOTA
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I.
INTRODUCTORY
SECTION



WHITE BEAR TOWNSHIP

1858
RAMSEY COUNTY
MINNESOTA

Board of Supervisors
ROBERT J. WEISENBURGER, *Chairman*
RICHARD A. SAND
WILLIAM R. MAMPLE

1281 HAMMOND ROAD
WHITE BEAR TOWNSHIP, MN 55110

651-429-5827

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May 25, 2005

Town Board of Supervisors and Township Clerk-Treasurer
Citizens of White Bear Township

Minnesota statutes require townships with a population of more than 2,500 to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive financial report of White Bear Township for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of White Bear Township. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of White Bear Township has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of White Bear Township's financial statements in conformity with U.S. generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, White Bear Township's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, 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 Larson, Allen, Weishair and Company, LLP a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of White Bear Township for the fiscal year ended December 31, 2004, are free of 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 used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that White Bear Township's financial statements for the fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. White Bear Township's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

White Bear Township has been an unincorporated township since 1858. The Township is a northern Saint 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 now is fragmented into four parcels covering an area of approximately 9.3 square miles (approximately 6,000 acres). White Bear Township has the largest population of the 1,800 townships within the state. The 2000 U.S. Census population for the Township is 11,293 and a current estimated population of 11,664. White Bear Township is empowered to levy a property tax on both real and personal properties located within its boundaries.

Profile of the Government (Continued)

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, adopting the budget, 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.

White Bear Township provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; water and sewer services and park maintenance.

The annual budget serves as the foundation for White Bear Township's financial planning and control. All departments and agencies of White Bear Township submit requests for appropriation to the clerk-treasurer in June of each year. The clerk-treasurer uses these requests as the starting point for developing a proposed budget. The clerk-treasurer then presents this proposed budget to the board of supervisors for review prior to August 31. The board of supervisors are required to hold a town meeting on the proposed budget and have residents adopt a final budget by no later than December 31, the close of White Bear Township's fiscal year.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the board of supervisors. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 44. For the Economic Development Authority Special Revenue Fund, this comparison is presented on page 45.

Factors Affecting Financial Condition

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

Local economy. White Bear Township currently enjoys a favorable economic environment and local indicators point to continued stability and improvement, in conjunction with an improving national economy. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within White Bear Township's boundaries or in close proximity include the largest fishing tackle manufacturer, vacuum formed plastics, computer components, a major cement pump manufacturer and several automobile dealerships.

The region (which includes White Bear Township and the surrounding incorporated area within Ramsey County) has an employed labor force of approximately 292,310, which is expected to grow at a rate of 3 percent each year for the next several years. White Bear Township is nearing full residential development, but still has approximately 128 acres available for commercial/industrial development.

Long-term financial planning. White Bear Township began construction of the Township's community park in 2000 and has continued to add improvements to the park as funds become available. In 2004 the Township added a picnic shelter between the two soccer fields and additional lights for the baseball fields are planned in 2005.

In September, 2004, voters approved a bond issuance of \$2.5 million to expand the existing Public Works Facility and site improvements to the outside storage area. Construction is expected to begin in the spring of 2005.

The Township is also working 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 to include walking pathways into the projects. Funding for transportation improvements will come from state, county and federal sources, with some portion supported by the local taxpayers. White Bear Township is also working with the state to upgrade major sewer lines within the Township and neighboring communities. Funding for this project will need to come from state sources.

Factors Affecting Financial Condition (Continued)

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the US Treasury, commercial paper, and government agencies. The maturities of the investments range from 35 days to 18 years, with an average maturity of 3.5 years. The investment income return for 2004 on all investments was 3.07 percent. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that White Bear Township intends to hold to maturity.

Risk Management. White Bear Township uses an internal service fund (Risk Management Fund) for certain risk management activities. The Township purchases various insurance policies through the League of Minnesota Cities Insurance Trust and Auto Owners Insurance Company. The Risk Management Fund is used to track costs paid for insurance policies, as well as losses that fall under the Township's insurance deductible.

Pension and other postemployment benefits. White Bear Township participates in a multiple employer cost-sharing pension plan administered by the Public Employee Retirement Association (PERA).

White Bear Township does not provide postretirement health care benefits for retirees.

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

Awards and Acknowledgements

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, 2003. This was the 8th consecutive year the Township has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Township also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2004. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated services of the Finance and Administration Department Staff. I would like to express my appreciation to all members of the staff who assisted and contributed to the preparation of this report. Credit also must be given to the Town Board of Supervisors for their unflinching support for maintaining the highest standards of professionalism in the management of White Bear Township's finances.

Respectfully submitted,

William F. Short
Clerk-Treasurer

Thomas R. Kelly
Finance Officer

**WHITE BEAR TOWNSHIP, MINNESOTA
TOWNSHIP OFFICIALS AND PERSONNEL
DECEMBER 31, 2004**

WHITE BEAR TOWNSHIP
1281 Hammond Road
White Bear Township, Minnesota 55110

Phone (651) 429-5827
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.

TOWN BOARD

Bob Weisenburger
Chair

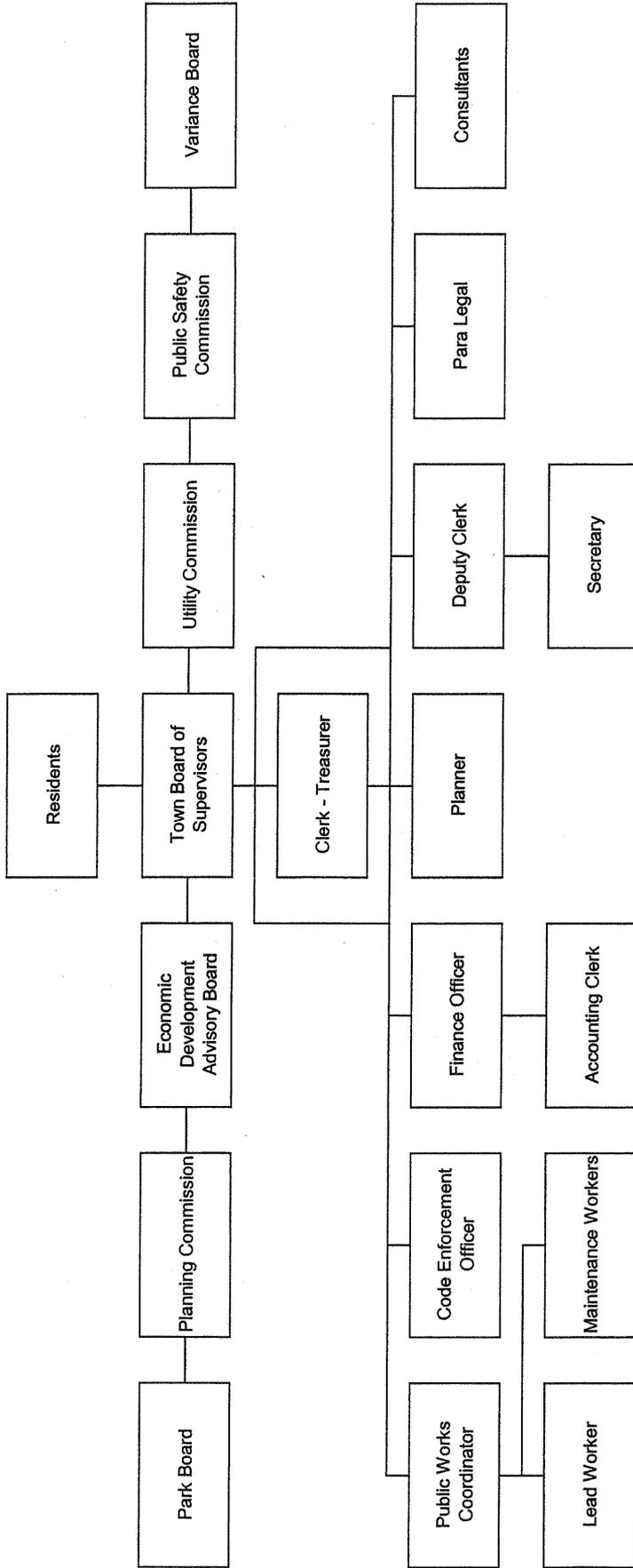
Dick Sand
Supervisor

Bill Mample
Supervisor

TOWNSHIP STAFF

Bill Short, Clerk Treasurer
Jan Reagan, Deputy Clerk
Mike Johnson, Building Inspector
Judy Williams, Administrative Secretary
Patti Walstad, Administrative Secretary/Para Legal
Tom Kelly, Finance Officer
Judy Moll, Accounting Clerk
Tom Riedesel, Planner
Bill LaBore, Public Works Coordinator
Mike Cash, Public Works Lead Person
Mike Kalisch, Public Works Maintenance Person
Reed Walstad, Public Works Maintenance Person
Rick Lillie, Public Works Maintenance Person
Paul Peltier, Public Works Maintenance Person
Peter Tholen, Public Works Maintenance Person
Randy Miller, Public Works Maintenance Person

WHITE BEAR TOWNSHIP, MINNESOTA
 ORGANIZATIONAL CHART
 DECEMBER 31, 2004



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, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

II.
FINANCIAL
SECTION

LarsonAllenSM

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

Town Board of Supervisors
White Bear Township, Minnesota

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, Minnesota as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the White Bear Township, Minnesota as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in the notes to the financial statements, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended and interpreted, as of December 31, 2004.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the White Bear Township, Minnesota's basic financial statements. The introductory section, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Larson, Allen, Weishair & Co., LLP

LARSON, ALLEN, WEISHAIR & CO., LLP

Minneapolis, Minnesota
April 27, 2005

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

As management of White Bear Township, we offer readers of White Bear Township's financial statements this narrative overview and analysis of the financial activities of White Bear Township for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

Financial Highlights

- The assets of White Bear Township exceeded its liabilities at the close of the most recent fiscal year by \$36,469,147 (Net assets). Of this amount, \$6,354,411 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Township's fund designations and fiscal policies.
- The Township's total net assets from operations increased by \$2,729,242.
- As of the close of the current fiscal year, White Bear Township's governmental funds reported combined ending fund balances of \$6,940,306. 70.33 percent of this total amount, \$4,880,833, is available for use within the Township's designations and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,564,933, or 58.48 percent of total general fund expenditures.
- White Bear Township's total bonded debt decreased by \$165,000 during the current fiscal year. The key factors in addition to regularly scheduled debt service payments were the issuance of \$2,500,000 in public facility bonds and the redemption of the municipal building and water revenue bonds in the amount of \$1,510,000.

Overview of the Financial Statements

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 comprise 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.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of White Bear Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of White Bear Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of White Bear Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused flex leave).

Both of the government-wide financial statements distinguish functions of White Bear Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of White Bear Township include general government, public safety, public works, economic development and park maintenance. The business-type activities of White Bear Township include water, sanitary sewer, and storm drainage.

The government-wide financial statements can be found on pages 14-16 of this report.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. White Bear Township, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of White Bear Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the Township's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

White Bear Township maintains five individual major government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, economic development authority special revenue fund, miscellaneous bond debt service fund, closed construction capital projects fund, and improvement capital projects fund, all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

White Bear Township adopts an annual appropriated budget for its general fund and economic development authority special revenue fund. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds. White Bear Township maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. White Bear Township uses enterprise funds to account for its sanitary sewer, water, and storm drainage operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among White Bear Township's various functions. White Bear Township uses internal service funds to account for its risk management and equipment replacement. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer, water, and storm drainage operations. All of which are considered to be major funds of White Bear Township. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 44-45 of this report.

Comparative Data

Certain comparative information between the current (2004) and prior year (2003) is required to be presented in the MD&A. However, since this is the first year of implementation of the new reporting model contained in GASB Statement No. 34, we have elected not to prepare comparative data for the financial statements of 2003. In subsequent years, this section will discuss and analyze significant differences.

Government-wide Financial Analysis:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. By far the largest portion of White Bear Township's net assets (69.60 percent) 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 White Bear 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.

**Table 1
STATEMENT OF NET ASSETS**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Current and Other Assets	\$ 9,367,709	\$ 5,653,654	\$ 15,021,363
Capital Assets	11,764,535	19,278,142	31,042,677
Total Assets	<u>21,132,244</u>	<u>24,931,796</u>	<u>46,064,040</u>
Noncurrent Liabilities Outstanding	6,663,793	1,967,847	8,631,640
Other Liabilities	796,356	166,897	963,253
Total Liabilities	<u>7,460,149</u>	<u>2,134,744</u>	<u>9,594,893</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	8,104,497	17,278,142	25,382,639
Restricted	4,732,097	-	4,732,097
Unrestricted	835,501	5,518,910	6,354,411
Total Net Assets	<u>\$ 13,672,095</u>	<u>\$ 22,797,052</u>	<u>\$ 36,469,147</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

A portion of White Bear Township's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$4,880,833) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, White Bear Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Net assets of the Township's governmental activities increased by \$2,366,382 or 20.93%. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirement was \$835,501 at December 31, 2004.

The Township's capital assets increase was due primarily to increased investment in infrastructure assets, which was done primarily for continued replacement of the Township's aging infrastructure system.

Business-Type Activities

The net assets of our business-type activities increased by \$362,860 or 1.62%. Unrestricted net assets decreased by \$729,200 or 13.21%. The decrease was due primarily to an increase in the Township's investment in capital infrastructure, bond interest expense and in depreciation expense.

The following table indicates the changes in net assets for the Township's governmental and business-type activities:

**Table 2
STATEMENT OF ACTIVITIES**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
REVENUES			
Program Revenues			
Charges for Services	\$ 585,193	\$ 1,997,704	\$ 2,582,897
Operating Grants and Contributions	79,224	-	79,224
Capital Grants and Contributions	1,539,673	-	1,539,673
General Revenues			
Property Taxes	3,175,590	-	3,175,590
Contributions Not Restricted to Specific Programs	119,938	-	119,938
Unrestricted Investment Earnings	69,458	93,889	163,347
Miscellaneous	92,253	-	92,253
Total Revenues	<u>5,661,329</u>	<u>2,091,593</u>	<u>7,752,922</u>
EXPENSES			
General Government	784,823	-	784,823
Public Safety	847,531	-	847,531
Public Service	461,052	-	461,052
Parks, Recreation and Forestry	224,700	-	224,700
Community Development	518,968	-	518,968
Interest and Fiscal Charges	168,208	-	168,208
Water Utility	-	1,210,433	1,210,433
Sewer Utility	-	762,828	762,828
Storm Sewer Utility	-	45,137	45,137
Total Expenses	<u>3,005,282</u>	<u>2,018,398</u>	<u>5,023,680</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS	<u>2,656,047</u>	<u>73,195</u>	<u>2,729,242</u>
Transfers	(289,665)	289,665	-
CHANGE IN NET ASSETS	<u>2,366,382</u>	<u>362,860</u>	<u>2,729,242</u>
Net Assets - Beginning of Year	11,305,713	22,434,192	33,739,905
NET ASSETS - END OF YEAR	<u>\$ 13,672,095</u>	<u>\$ 22,797,052</u>	<u>\$ 36,469,147</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

Governmental Activities

Revenues for the Township's governmental activities exceeded expenses by \$2,366,382. The major components of this increase in net assets are explained as follows:

- Property tax revenues increased as the Township's tax base continued to grow and to make up for reductions in State aids.
- Timing of revenue recognized for special assessments as compared to the related expenses incurred during fiscal year 2004.

Business-Type Activities

Revenues for the Township's business-type activities exceeded expenses by \$362,860. The major component of this increase in net assets is explained as follows:

- The majority of this increase was due to an increase in user fees for the water, and storm water utility rates.

Financial Analysis of the Township's Funds

General Fund – The change in the Township's general fund balance was minimal for 2004. The small increase in the general fund balance of \$44,394 was attributed to lower permit revenues than in the past and an operating transfer to capital projects according to the Township's reserve policy.

Economic Development Fund – The decrease of \$1,287,671 in fund balance is due to the termination of two tax increment districts, which resulted in the Township refunding excess increments to Ramsey County to be redistributed as property taxes to the various taxing districts and the retirement of tax increment debt.

Miscellaneous Bond Fund – The increase in fund balance of \$22,729 is due to special assessment payments by property owners for infrastructure projects that have been completed the last few years.

Municipal Building Improvement Fund – The increase of \$2,502,519 in fund balance is due to the issuance of a public improvement bond, series 2004A in the amount of \$2,500,000.

Improvement Fund – The decrease in fund balance of \$562,133 is due to various infrastructure projects taking place within the Township. The fund balance will be restored when the projects are completed and project costs are assessed to the various property owners.

General Fund Budgetary Highlights

Over the course of the year, the Board of Supervisors did not revise the Township's budget. Instead, revenue shortfalls were offset by reduced expenditures or by other revenue sources that exceeded budget amounts.

**WHITE BEAR TOWNSHIP, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

Capital Asset and Debt Administration

Capital Assets

At the end of 2004, the Township had \$31,042,677 invested in a broad range of capital assets net of related accumulated depreciation. Refer to Note 3 of the basic financial statements for a schedule showing the Township's capital asset activity. This amount represents a net increase (including additions and deductions) of approximately \$2,096,000 over last year.

Long-Term Debt

At year-end the Township, has \$8,525,000 in bonds outstanding. During 2004 the Township issued debt of \$2,500,000 to expand the Township's public works facility, while \$2,665,000 in debt was retired. Refer to Note 4 of the basic financial statements for a schedule showing the Township's long-term debt activity.

The Township general obligation bond rating continues to carry an "A-1" bond rating from Moody's Investor's Service.

State statutes limit the amount of general obligation debt a government entity may issue to 2% of total Estimated Market Value. The current debt limitation for White Bear Township is \$18,602,107.

Economic Factors and Next Year's Budget

The Township's appointed officials considered many factors when setting the fiscal year 2004 budget and rates and fees that will be charged for the business-type activities. The major factor accounted for when adopting the General Fund budget was a normal inflationary increase in expenditures of around 2% and an additional loss in state aids. In 2003, the State of Minnesota faced a large revenue shortfall. The Township anticipates being affected by this shortfall through possible elimination of about \$64,000 in state aid in 2004. The Township has subsequently taken measures to reduce any adverse impact that this might have on the Township's 2004 and future years' budgets.

Contact Information

This annual report is designed to provide a general overview of the Township's finances for citizens, customers and others. Questions concerning any of the information contained in this report and request for additional information should be addressed to the 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 651-429-5827.

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BASIC FINANCIAL STATEMENTS

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 7,421,446	\$ 5,286,422	\$ 12,707,868
Accrued Interest Receivable	24,710	28,375	53,085
Accounts Receivable	7,754	338,317	346,071
Due from Other Governments	10,775	-	10,775
Taxes Receivable	36,381	-	36,381
Special Assessments Receivable	1,548,675	-	1,548,675
Notes Receivable	274,233	-	274,233
Prepaid Items	43,735	540	44,275
Capital Assets			
Land	3,293,408	-	3,293,408
Construction in Progress	1,505,309	419,276	1,924,585
Other Capital Assets, Net of Depreciation	6,965,818	18,858,866	25,824,684
Total Assets	<u>21,132,244</u>	<u>24,931,796</u>	<u>46,064,040</u>
LIABILITIES			
Accounts Payable	629,576	76,782	706,358
Salaries Payable	24,260	3,734	27,994
Accrued Interest Payable	82,950	25,327	108,277
Deferred Revenue	59,570	61,054	120,624
Noncurrent Liabilities			
Due Within One Year	580,621	230,000	810,621
Due in More Than One Year	6,083,172	1,737,847	7,821,019
Total Liabilities	<u>7,460,149</u>	<u>2,134,744</u>	<u>9,594,893</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,104,497	17,278,142	25,382,639
Restricted for			
Debt Service	4,732,097	-	4,732,097
Unrestricted	835,501	5,518,910	6,354,411
Total Net Assets	<u>\$ 13,672,095</u>	<u>\$ 22,797,052</u>	<u>\$ 36,469,147</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 784,823	\$ 533,289	\$ 28,122	\$ -
Public Safety	847,531	25,952	34,492	-
Public Services	461,052	-	15,825	1,539,673
Parks, Recreation and Forestry	224,700	17,937	785	-
Community Development	518,968	8,015	-	-
Interest on Long-Term Debt	168,208	-	-	-
Total Governmental Activities	3,005,282	585,193	79,224	1,539,673
BUSINESS-TYPE ACTIVITIES				
Water	1,210,433	793,756	-	-
Sewer	762,828	1,054,724	-	-
Storm Sewer	45,137	149,224	-	-
Total Business-Type Activities	2,018,398	1,997,704	-	-
Total	\$ 5,023,680	\$ 2,582,897	\$ 79,224	\$ 1,539,673

General Revenues

Taxes

Property Taxes, Levied for General Purpose

Grants and Contributions not Restricted to Specific Programs

Unrestricted Investment Earnings

Gain on Disposal of Capital Assets

Other

Transfers

Total General Revenues and Transfers

CHANGE IN NET ASSETS

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (223,412)	\$ -	\$ (223,412)
(787,087)	-	(787,087)
1,094,446	-	1,094,446
(205,978)	-	(205,978)
(510,953)	-	(510,953)
(168,208)	-	(168,208)
<u>(801,192)</u>	<u>-</u>	<u>(801,192)</u>
-	(416,677)	(416,677)
-	291,896	291,896
-	104,087	104,087
<u>-</u>	<u>(20,694)</u>	<u>(20,694)</u>
<u>(801,192)</u>	<u>(20,694)</u>	<u>(821,886)</u>
\$ 3,175,590	\$ -	\$ 3,175,590
119,938	-	119,938
69,458	93,889	163,347
25,402	-	25,402
66,851	-	66,851
<u>(289,665)</u>	<u>289,665</u>	<u>-</u>
<u>3,167,574</u>	<u>383,554</u>	<u>3,551,128</u>
2,366,382	362,860	2,729,242
11,305,713	22,434,192	33,739,905
<u>\$ 13,672,095</u>	<u>\$ 22,797,052</u>	<u>\$ 36,469,147</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	General	Economic Development Authority	Miscellaneous Bond Fund	Municipal Building Improvement Fund
ASSETS				
Cash and Investments	\$ 389,229	\$ 312,126	\$ 925,781	\$ 2,594,688
Accrued Interest Receivable	8,260	1,225	3,740	1,475
Accounts Receivable	7,754	-	-	-
Due from Other Governmental Units	10,775	-	-	-
Interfund Receivable	1,440,733	-	-	-
Taxes Receivable				
Delinquent	18,550	-	-	-
Due from County	17,340	-	-	-
Special Assessments Receivable				
Delinquent	-	-	17,904	-
Deferred	-	-	1,378,683	-
Notes Receivable	-	274,233	-	-
Prepaid Items	16,239	-	-	-
Total Assets	\$ 1,908,880	\$ 587,584	\$ 2,326,108	\$ 2,596,163
LIABILITIES AND FUND BALANCES				
Liabilities				
Interfund Payable	\$ -	\$ -	\$ -	\$ -
Accounts Payable	231,276	389,577	-	4,500
Salaries Payable	22,361	1,899	-	-
Deferred Revenue	64,820	-	1,392,075	-
Total Liabilities	318,457	391,476	1,392,075	4,500
Fund Balances				
Reserved				
Reserved for Debt Retirement	-	-	-	-
Reserved for Note Receivable	-	274,233	-	-
Reserved for Prepaid Items	16,239	-	-	-
Unreserved				
Designated				
General Fund	9,251	-	-	-
Special Revenue Funds	-	-	-	-
Undesignated Reported in				
General Fund	1,564,933	-	-	-
Special Revenue Funds	-	(78,125)	-	-
Debt Service Funds	-	-	934,033	-
Capital Projects Funds	-	-	-	2,591,663
Total Equity and Fund Balances	1,590,423	196,108	934,033	2,591,663
Total Liabilities and Fund Balances	\$ 1,908,880	\$ 587,584	\$ 2,326,108	\$ 2,596,163

See accompanying Notes to the Financial Statements.

Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,072,370	\$ 7,294,194
(6,546)	15,797	23,951
-	-	7,754
-	-	10,775
-	-	1,440,733
-	-	18,550
-	491	17,831
-	-	17,904
-	152,088	1,530,771
-	-	274,233
-	-	16,239
<u>\$ (6,546)</u>	<u>\$ 3,240,746</u>	<u>\$ 10,652,935</u>

\$ 1,440,733	\$ -	\$ 1,440,733
-	-	625,353
-	-	24,260
-	165,388	1,622,283
<u>1,440,733</u>	<u>165,388</u>	<u>3,712,629</u>

-	1,747,810	1,747,810
-	-	274,233
-	-	16,239
-	-	9,251
-	11,940	11,940
-	-	1,564,933
-	499,229	421,104
-	-	934,033
(1,447,279)	816,379	1,960,763
<u>(1,447,279)</u>	<u>3,075,358</u>	<u>6,940,306</u>
<u>\$ (6,546)</u>	<u>\$ 3,240,746</u>	<u>\$ 10,652,935</u>

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WHITE BEAR TOWNSHIP, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS **\$ 6,940,306**

Total net assets reported for governmental activities in the statement of net assets 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	\$ 3,293,408	
Construction in Progress	1,505,309	
Buildings, Net of \$627,738 Accumulated Depreciation	360,213	
Vehicles, Net of \$420,988 Accumulated Depreciation	476,506	
Machinery and Shop Equipment, Net of \$284,167 Accumulated Depreciation	661,899	
Equipment, Net of \$137,676 Accumulated Depreciation	72,532	
Infrastructure, Net of \$8,975,467 Accumulated Depreciation	5,394,668	11,764,535

Some of the City'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 revenue in the governmental funds. 1,562,713

Bond issuance costs are reported as expenditures in the governmental funds. A total of \$27,650 costs have been incurred and are shown net of \$154 accumulated amortization on the statement of net assets as prepaid items. 27,496

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 assets. (82,950)

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 assets. Internal service fund net assets at year-end are: 123,788

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 assets. Balances at year-end

Bonds Payable	(6,525,000)	
Unamortized Premiums	(22,534)	
Compensated Absence Payable	(116,259)	(6,663,793)

TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 13,672,095**

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2004

	General	Economic Development Authority	Miscellaneous Bond Fund	Building Improvement Fund
REVENUE				
General Property Taxes	\$ 1,978,127	\$ 987,669	\$ 21,110	\$ -
Licenses and Permits	215,991	-	-	-
Intergovernmental	181,888	-	-	-
Charges for Services	124,035	-	-	-
Investment Earnings	28,503	(14,644)	(13,927)	7,816
Fines and Forfeits	15,169	-	-	-
Park and Recreation Fees	-	-	-	-
Special Assessments	-	-	613,141	-
Equipment Rental	125,125	-	-	-
Miscellaneous	123,319	43	1,687	500
Total Revenue	<u>2,792,157</u>	<u>973,068</u>	<u>622,011</u>	<u>8,316</u>
EXPENDITURES				
Current				
General Government	764,586	-	-	-
Public Safety	836,647	-	-	-
Public Works	561,570	-	-	28,457
Parks, Recreation and Forestry	223,573	-	-	-
Community Development	81,867	1,827,256	-	-
Capital Outlay	207,812	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>2,676,055</u>	<u>1,827,256</u>	<u>-</u>	<u>28,457</u>
REVENUE OVER (UNDER) EXPENDITURES	116,102	(854,188)	622,011	(20,141)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	33,967	88,142	-
Transfer Out	(80,000)	(561,597)	(687,424)	-
Sale of Property	8,292	94,147	-	-
Issuance of Debt	-	-	-	2,500,000
Premium on Bonds Issued	-	-	-	22,660
Total Other Financing Sources (Uses)	<u>(71,708)</u>	<u>(433,483)</u>	<u>(599,282)</u>	<u>2,522,660</u>
NET INCREASE (DECREASE) IN FUND BALANCE	44,394	(1,287,671)	22,729	2,502,519
Fund Balance - Beginning of Year	<u>1,546,029</u>	<u>1,483,779</u>	<u>911,304</u>	<u>89,144</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,590,423</u>	<u>\$ 196,108</u>	<u>\$ 934,033</u>	<u>\$ 2,591,663</u>

See accompanying Notes to the Financial Statements.

Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 218,712	\$ 3,205,618
-	-	215,991
-	-	181,888
-	-	124,035
(41,995)	100,481	66,234
-	-	15,169
-	18,722	18,722
-	322,384	935,525
-	-	125,125
-	28,896	154,445
(41,995)	689,195	5,042,752
-	-	764,586
-	-	836,647
177,497	990	768,514
-	41,379	264,952
-	-	1,909,123
938,179	8,420	1,154,411
-	1,250,000	1,250,000
-	209,911	209,911
1,115,676	1,510,700	7,158,144
(1,157,671)	(821,505)	(2,115,392)
595,538	1,065,611	1,783,258
-	(267,789)	(1,596,810)
-	-	102,439
-	-	2,500,000
-	-	22,660
595,538	797,822	2,811,547
(562,133)	(23,683)	696,155
(885,146)	3,099,041	6,244,151
\$ (1,447,279)	\$ 3,075,358	\$ 6,940,306

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**WHITE BEAR TOWNSHIP, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 696,155

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 capital outlays exceeded depreciation in the current period.

Capital Outlays	3,127,512	
Proceeds from Sales of Capital Assets	(77,037)	
Depreciation Expense	(725,618)	
		2,324,857

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, 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 issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized 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:

Issuance of General Obligation Bonds	(2,500,000)	
Bond Premium	(22,660)	
Bond Issuance Costs	27,650	
Repayment of Bond Principal	1,250,000	
Change in Accrued Interest Expense for General Obligation Bonds	14,081	
Amortization of Bond Issuance Costs	(154)	
Amortization of Bond Premium	126	
		(1,230,957)

Delinquent and deferred 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 deferred in the governmental funds.

Deferred Revenue - December 31, 2003	972,761	
Deferred Revenue - December 31, 2004	1,562,713	
		589,952

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 fiscal year 2004, compensated absence payable increased. (14,860)

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. 1,235

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 2,366,382

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Storm Water	Totals 2004	Activities
					Internal Service Fund
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 1,299,399	\$ 3,732,772	\$ 254,251	\$ 5,286,422	\$ 127,252
Accounts Receivable	126,484	181,413	30,420	338,317	-
Accrued Interest Receivable	7,045	20,208	1,122	28,375	759
Prepaid Items	-	540	-	540	-
Total Current Assets	<u>1,432,928</u>	<u>3,934,933</u>	<u>285,793</u>	<u>5,653,654</u>	<u>128,011</u>
NONCURRENT ASSETS					
Capital Assets					
Construction in Progress	419,276	-	-	419,276	-
Buildings	5,825,581	-	-	5,825,581	-
Vehicles	975	42,600	-	43,575	-
Machinery and Shop Equipment	60,693	-	-	60,693	-
Office Furniture and Equipment	109,811	6,465	-	116,276	-
Infrastructure	21,537,946	-	-	21,537,946	-
Total Capital Assets	<u>27,954,282</u>	<u>49,065</u>	<u>-</u>	<u>28,003,347</u>	<u>-</u>
Less: Accumulated Depreciation	<u>(8,704,147)</u>	<u>(21,058)</u>	<u>-</u>	<u>(8,725,205)</u>	<u>-</u>
Net Capital Assets	<u>19,250,135</u>	<u>28,007</u>	<u>-</u>	<u>19,278,142</u>	<u>-</u>
Total Assets	20,683,063	3,962,940	285,793	24,931,796	128,011
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	18,296	58,113	373	76,782	4,223
Salaries Payable	1,988	1,272	474	3,734	-
Deferred Revenue	7,054	54,000	-	61,054	-
Accrued Interest Payable	25,327	-	-	25,327	-
Bonds Payable - Current Maturities	230,000	-	-	230,000	-
Total Current Liabilities	<u>282,665</u>	<u>113,385</u>	<u>847</u>	<u>396,897</u>	<u>4,223</u>
NONCURRENT LIABILITIES					
Bonds Payable - Long-Term	<u>1,737,847</u>	<u>-</u>	<u>-</u>	<u>1,737,847</u>	<u>-</u>
Total Liabilities	<u>2,020,512</u>	<u>113,385</u>	<u>847</u>	<u>2,134,744</u>	<u>4,223</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	17,282,288	28,007	-	17,310,295	-
Unrestricted	1,380,263	3,821,548	284,946	5,486,757	123,788
Total Net Assets	<u>\$18,662,551</u>	<u>\$ 3,849,555</u>	<u>\$ 284,946</u>	<u>\$22,797,052</u>	<u>\$ 123,788</u>

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Storm Water	Totals 2004	Internal Service Fund
OPERATING REVENUES					
Charges for Services	\$ 618,532	\$ 1,009,340	\$ 149,224	\$ 1,777,096	\$ 69,262
Water and Sewer Availability Charges	132,998	30,500	-	163,498	-
Total Operating Revenue	<u>751,530</u>	<u>1,039,840</u>	<u>149,224</u>	<u>1,940,594</u>	<u>69,262</u>
OPERATING EXPENSES					
Personnel Services	122,708	79,718	28,363	230,789	-
Other Services and Charges	138,763	580,664	5,508	724,936	71,250
Materials and Supplies	171,726	100,292	11,266	283,284	-
Depreciation	705,862	2,154	-	708,016	-
Total Operating Expenses	<u>1,139,059</u>	<u>762,828</u>	<u>45,137</u>	<u>1,947,025</u>	<u>71,250</u>
OPERATING INCOME (LOSS)	(387,529)	277,012	104,087	(6,431)	(1,988)
OTHER INCOME (EXPENSE)					
Investment Earnings	13,395	74,398	6,096	93,889	3,223
Miscellaneous Non-Operating Income	42,226	14,884	-	57,110	-
Interest and Fiscal Agent Fees	(67,295)	-	-	(67,295)	-
Bond Discount Amortization Expense	(4,079)	-	-	(4,079)	-
Total Other Income (Expense)	<u>(15,753)</u>	<u>89,282</u>	<u>6,096</u>	<u>79,625</u>	<u>3,223</u>
Income (Deficit) Before Operating Transfers	(403,282)	366,294	110,183	73,195	1,235
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	476,113	-	-	476,113	-
Transfers Out	(127,495)	(58,953)	-	(186,448)	-
Total Contributions Transfers	<u>348,618</u>	<u>(58,953)</u>	<u>-</u>	<u>289,665</u>	<u>-</u>
CHANGE IN NET ASSETS	(54,664)	307,341	110,183	362,860	1,235
Net Assets - Beginning of Year	<u>18,717,215</u>	<u>3,542,214</u>	<u>174,763</u>	<u>22,434,192</u>	<u>122,553</u>
NET ASSETS - END OF YEAR	<u>\$ 18,662,551</u>	<u>\$ 3,849,555</u>	<u>\$ 284,946</u>	<u>\$ 22,797,052</u>	<u>\$ 123,788</u>

See accompanying Notes to the Financial Statements.

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2004

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2004	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Receipts from Customers	\$ 782,252	\$ 1,051,664	\$ 144,960	\$ 1,978,876	\$ 69,262
Cash Paid to Suppliers	(360,619)	(636,142)	(17,340)	(1,014,101)	(47,447)
Cash Paid to Employees	(121,706)	(79,124)	(28,161)	(228,991)	-
Net Cash Flows from Operating Activities	<u>299,927</u>	<u>336,398</u>	<u>99,459</u>	<u>735,784</u>	<u>21,815</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers Out	(127,495)	(58,953)	-	(186,448)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Paid on Bonds	(1,415,000)	-	-	(1,415,000)	-
Interest and Fiscal Agent Fees	(88,497)	-	-	(88,497)	-
Acquisition of Capital Assets	(2,732)	-	-	(2,732)	-
Net Cash Flows from Capital and Related Financing Activities	<u>(1,506,229)</u>	<u>-</u>	<u>-</u>	<u>(1,506,229)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	18,872	76,274	5,775	100,921	3,329
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(1,314,925)	353,719	105,234	(855,972)	25,144
Cash and Cash Equivalents - Beginning of Year	<u>2,614,324</u>	<u>3,379,053</u>	<u>149,017</u>	<u>6,142,394</u>	<u>102,108</u>
CASH AND CASH EQUIVALENTS - END OF YEAR					
	<u>\$ 1,299,399</u>	<u>\$ 3,732,772</u>	<u>\$ 254,251</u>	<u>\$ 5,286,422</u>	<u>\$ 127,252</u>
Non-Cash Transactions Affecting Financial Position					
Contributions of Capital Assets Received	<u>\$ 476,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,113</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities					
Operating Income (Loss)	\$ (387,529)	\$ 277,012	\$ 104,087	\$ (6,430)	\$ (1,988)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities					
Depreciation	705,862	2,154	-	708,016	-
Miscellaneous Nonoperating Income	42,226	14,884	-	57,110	-
Change in Assets and Liabilities:					
Accounts Receivable	(11,797)	(3,060)	(4,264)	(19,121)	-
Prepaid Items	-	(540)	-	(540)	19,580
Accounts Payable	(50,130)	45,354	(566)	(5,342)	4,223
Salaries Payable	1,002	594	202	1,798	-
Deferred Revenue	293	-	-	293	-
Net Cash Flows from Operating Activities	<u>\$ 299,927</u>	<u>\$ 336,398</u>	<u>\$ 99,459</u>	<u>\$ 735,784</u>	<u>\$ 21,815</u>

See accompanying Notes to the Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

White Bear 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 U.S. generally accepted accounting principles 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 U.S. generally accepted accounting principles, 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 U.S. generally accepted accounting principles, 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 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 assets 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 government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

1. Government-Wide Statements (Continued)

In the government-wide statement of net assets, 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 assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

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

The Township reports the following major governmental funds:

General Fund

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

Economic Development Authority

The economic development authority 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.

Miscellaneous Bond Fund

The miscellaneous bond fund is used to internally fund infrastructure improvements within the Township. Property owners are assessed the cost of the project, which are this fund's revenue source.

Municipal Building Improvement Fund

The municipal building improvement fund accounts for improvement project activity associated with the Township's buildings.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIC FINANCIAL STATEMENTS (CONTINUED)

2. Fund Financial Statements (Continued)

Improvement Fund

This fund records all revenues and expenditures related to infrastructure improvements within the Township, except those projects paid from business type activities (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 Sewer Fund

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

Additionally, the Township reports the following fund:

Internal Service Fund

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide, proprietary fund, and fiduciary 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.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector guidance.

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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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 connections 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 U.S. generally accepted accounting principles. 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 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 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

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

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 assets 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 Fund considers 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. 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. PROPERTY TAX REVENUE RECOGNITION

The Township Board 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.

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 revenue because it is not available to finance current expenditures. Deferred revenue in governmental activities is 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 State 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 2004 totaled \$266,477. Receipt of property taxes from this "fiscal disparities pool" does not increase or decrease total tax revenue.

I. 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, deferred and special deferred assessments receivable in governmental funding are completely offset by deferred revenues. Deferred revenue in governmental activities is susceptible to full accrual on the government-wide statements.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. SPECIAL ASSESSMENT REVENUE RECOGNITION (CONTINUED)

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 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 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.

J. 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 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.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. COMPENSATED ABSENCES

It is the Township's policy to permit employees to accumulate earned but unused flex leave benefits. 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.

L. 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 deferred and amortized over the life of the bonds using the straight-line method. Bond issue costs, if material, are reported as prepaid items and amortized over the term of the related debt using the straight-line method.

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.

M. FUND EQUITY

In the governmental fund financial statements, reservations of fund balance represent those portions of fund equity not appropriable for expenditure or legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources that are subject to change.

N. 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 assets and statements of activities.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 2 DEPOSITS AND INVESTMENTS

DEPOSITS

In accordance with Minnesota Statutes, the Township maintains deposits at those depository banks authorized by the Township Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all Township deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes the legal investments described below and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the Township Treasurer or in a financial institution other than that furnishing the collateral.

At year-end, the carrying amount of the Township's deposits was \$247,177 and the bank balance was \$268,665. The entire bank balance was covered by Federal depository insurance or by collateral held by the Township's agent in the Township's name.

INVESTMENTS

Minnesota Statutes authorize the Township to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) General obligations of the State of Minnesota or any of its municipalities.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements 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; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Cash and Investment balances as of December 31, 2004 are as follows:

	Custodial Credit Risk Category			Carrying and Fair Value
	1	2	3	
Negotiable Certificates of Deposit	\$ 3,546,616	\$ -	\$ -	\$ 3,546,616
Commercial Paper	3,876,028	-	-	3,876,028
Municipal Bonds	190,285	-	-	190,285
U.S. Government and Agency Securities	4,482,657	-	-	4,482,657
	<u>\$ 12,095,586</u>	<u>\$ -</u>	<u>\$ -</u>	12,095,586
Investments not Subject to Categorization				
Mutual Funds				24,909
Money Market Funds				340,196
Total Investments				<u>12,460,691</u>
Deposits				247,177
Total Cash and Investments				<u>\$ 12,707,868</u>
Reconciliation of Cash and Investments to the Balance Sheet				
Cash and Investments - Governmental Balance Sheet				\$ 7,294,194
Cash and Investments - Statement of Net Assets - Internal Service Fund				127,252
Cash and Investments - Statement of Net Assets - Proprietary Funds				5,286,422
Total Cash and Investments				<u>\$ 12,707,868</u>

The Township's investments are categorized above to give an indication of the level of custodial credit risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Township's name.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,787,986	\$ 581,922	\$ (76,500)	\$ 3,293,408
Construction in Progress	-	1,505,309	-	1,505,309
Total Capital Assets, not Being Depreciated	2,787,986	2,087,231	(76,500)	4,798,717
Capital Assets, Being Depreciated				
Buildings	878,530	109,421	-	987,951
Vehicles	822,479	91,914	(16,900)	897,493
Machinery and Shop Equipment	955,164	11,502	(20,600)	946,066
Office Furniture and Equipment	197,857	21,765	(9,414)	210,208
Infrastructure	13,564,457	805,679	-	14,370,136
Total Capital Assets, Being Depreciated	16,418,487	1,040,281	(46,914)	17,411,854
Accumulated Depreciation for				
Buildings	(594,041)	(33,697)	-	(627,738)
Vehicles	(382,720)	(55,167)	16,900	(420,987)
Machinery and Shop Equipment	(259,107)	(45,160)	20,100	(284,167)
Office Furniture and Equipment	(128,966)	(18,087)	9,377	(137,676)
Infrastructure	(8,401,961)	(573,507)	-	(8,975,468)
Total Accumulated Depreciation	(9,766,795)	(725,618)	46,377	(10,446,036)
Total Capital Assets, Being Depreciated, Net	6,651,692	314,663	(537)	6,965,818
Governmental Activities Capital Assets, Net	<u>\$ 9,439,678</u>	<u>\$ 2,401,894</u>	<u>\$ (77,037)</u>	<u>\$11,764,535</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	\$ 47,618
Public Safety	3,407
Public Services	583,122
Parks, Recreation and Forestry	65,989
Community Development	25,482
Total Depreciation Expense, Governmental Activities	<u>\$ 725,618</u>

WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

Note 3 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2004 was as follows (Continued):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 588,401	\$ 476,114	\$ (645,239)	\$ 419,276
Capital Assets, Being Depreciated				
Buildings	5,180,341	645,240	-	5,825,581
Vehicles	58,457	-	(14,882)	43,575
Machinery and Shop Equipment	57,961	2,732	-	60,693
Office Furniture and Equipment	116,276	-	-	116,276
Infrastructure	21,537,946	-	-	21,537,946
Total Capital Assets, Being Depreciated	<u>26,950,981</u>	<u>647,972</u>	<u>(14,882)</u>	<u>27,584,071</u>
Accumulated Depreciation for				
Buildings	(1,655,662)	(256,648)	-	(1,912,310)
Vehicles	(12,780)	(17,353)	14,882	(15,251)
Machinery and Shop Equipment	(21,207)	(4,166)	-	(25,373)
Office Furniture and Equipment	(25,905)	(39,113)	-	(65,018)
Infrastructure	(6,316,517)	(390,736)	-	(6,707,253)
Total Accumulated Depreciation	<u>(8,032,071)</u>	<u>(708,016)</u>	<u>14,882</u>	<u>(8,725,205)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,918,910</u>	<u>(60,044)</u>	<u>-</u>	<u>18,858,866</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,507,311</u>	<u>\$ 416,070</u>	<u>\$ (645,239)</u>	<u>\$ 19,278,142</u>

Note 4 TOWNSHIP INDEBTEDNESS

Township indebtedness at December 31, 2004 is composed of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable 12/31/2004
General Obligation Bonds					
1998C Tax Increment Bonds	5/1/1998	2/1/2008	5.90% - 6.40%	\$ 235,000	\$ 130,000
1999D Tax Increment Bonds	9/1/1999	2/1/2008	4.10% - 5.15%	2,390,000	1,860,000
2001C Tax Increment Bonds	10/1/2001	2/1/2020	3.75% - 5.00%	870,000	870,000
2004A Public Facility Bonds	11/1/2004	2/1/2020	3.75%	2,500,000	2,500,000
Total General Obligation Bonds				<u>5,995,000</u>	<u>5,360,000</u>
Special Assessment Bonds					
1999B Improvement Refunding Bonds	1/1/1999	2/1/2009	3.50% - 4.20%	815,000	320,000
2001A Improvement Bonds	10/1/2001	2/1/2007	2.50% - 3.50%	1,350,000	845,000
Total Special Assessment Bonds				<u>2,165,000</u>	<u>1,165,000</u>
Revenue Bonds					
1998B G.O. Water Revenue Bonds	5/1/1998	2/1/2014	3.85% - 5.00%	505,000	385,000
2001B G.O. Water Revenue Bonds	10/1/2001	2/1/2017	3.75% - 5.00%	430,000	390,000
2003A G.O. Water Revenue Refunding Bonds	11/4/2003	2/1/2010	1.20% - 2.90%	1,225,000	1,225,000
Total Revenue Bonds				<u>2,160,000</u>	<u>2,000,000</u>
Total - All Bonds				<u>10,320,000</u>	<u>8,525,000</u>
Compensated Absences Payable				N/A	<u>116,259</u>
Total Indebtedness				<u>\$ 10,320,000</u>	<u>\$ 8,641,259</u>

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 4 TOWNSHIP INDEBTEDNESS (CONTINUED)

The following is a schedule of changes in Township indebtedness for the year ended December 31, 2004:

	Payable 12/31/2003	Issues	Payments	Payable 12/31/2004	Due Within One Year
Bonded Debt					
General Obligation	\$ 3,405,000	\$ 2,500,000	\$ 545,000	\$ 5,360,000	\$ 165,000
General Obligation Special Assessment	1,870,000	-	705,000	1,165,000	350,000
Compensated Absences Payable – Net	101,398	83,697	68,836	116,259	65,621
Total General Long-Term Debt	5,376,398	2,583,697	1,318,836	6,641,259	580,621
Proprietary Fund					
Revenue Bond	3,415,000	-	1,415,000	2,000,000	230,000
Total	\$ 8,791,398	\$ 2,583,697	\$ 2,733,836	\$ 8,641,259	\$ 810,621

All long-term bonded indebtedness outstanding at December 31, 2004 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:

Years ending December 31,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2005	\$ 515,000	\$ 233,245	\$ 230,000	\$ 58,613	\$ 1,036,858
2006	645,000	242,465	255,000	53,763	1,196,228
2007	685,000	216,265	265,000	47,829	1,214,094
2008	440,000	192,786	270,000	40,915	943,701
2009	420,000	173,820	275,000	33,141	901,961
2010 - 2014	2,165,000	589,998	595,000	74,905	3,424,903
2015 - 2019	1,345,000	206,800	110,000	8,023	1,669,823
2020 - 2021	310,000	6,406	-	-	316,406
Total	\$ 6,525,000	\$ 1,861,785	\$ 2,000,000	\$ 317,189	\$ 10,703,974

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.

Special Assessment Bonds – These bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. However, some issues are partly financed by ad valorem levies.

The liability for compensated absences represents vested benefits earned by governmental fund employees through the end of the year which will be paid or used in future periods. For the governmental activities, compensated absences are generally liquidated by the general fund.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

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 Public Employees Retirement Fund (PERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 and 356.

PERF 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. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

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.

Two methods are used to compute benefits for PERF'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 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For PERF 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 normal 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 web at 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.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 5 DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)

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. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.10% respectively, of their annual covered salary. The Commission is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, and 5.53% for Coordinated Plan PERF members. The Township's contributions to the Public Employees Retirement Fund for the years ending December 31, 2004, 2003, and 2002 were \$49,284, \$47,295, and \$44,521, respectively. The Township's contributions were equal to the contractually required contributions for each year as set by state statute.

Note 6 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances

The Township has a deficit fund balance at December 31, 2004 in the following fund:

	Fund Balance Deficit
Improvement Fund	\$ (1,447,279)

The Township intends to fund this deficit through future tax levies, special assessment levies, tax increments, transfers from other funds, and various other sources.

Note 7 COMMITMENTS AND CONTINGENCIES

Litigation - The Township attorney has indicated that existing and pending lawsuits, claims and other actions in which the Township is a defendant are covered either by insurance; of an immaterial amount; or, in the judgment of the Township attorney, remotely recoverable by plaintiffs.

Federal and State Funds - The Township receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Township at December 31, 2004.

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 contract is five years, commencing January 1, 1992, and renews automatically. Related expenditures for fiscal year 2004 were approximately \$199,800.

Law Enforcement Services – The Township has entered into an agreement with Ramsey County to provide law enforcement services for three years commencing January 1, 2004. 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 2004 were approximately \$616,000.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 8 DESIGNATIONS AND RESERVATIONS OF FUND EQUITY

At December 31, 2004, the Township had designated and reserved portions of its various fund equities through legal restriction and Township Board authorization. Major fund equity appropriations at December 31, 2004 are shown on the various balance sheets as segregations of the fund equity. A summary of such designations is as follows:

General Fund	
Reserved for Prepaid Items	\$ 16,239
Designated for Public Safety	9,251
Special Revenue Fund	
Reserved for Notes Receivable	274,233
Designated for Recreation Programs	11,940
Debt Service Funds	
Reserved for Debt Retirement	1,747,810

Note 9 INTERFUND RECEIVABLE AND PAYABLE

Individual fund receivable and payable balances at December 31, 2004 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,440,733	\$ -
Capital Projects Funds		
Improvement Fund	-	1,440,733
	<u>\$ 1,440,733</u>	<u>\$ 1,440,733</u>

Interfund receivable and payable balances represent the elimination of negative cash between funds.

**WHITE BEAR TOWNSHIP, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

Note 10 INTERFUND TRANSFERS

Individual fund transfers for fiscal year 2004 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activity		
General Fund	\$ -	\$ (80,000)
Special Revenue Funds		
Economic Development Authority	33,967	(561,597)
Debt Service Funds		
Tax Increment Bonds 1999D	523,109	-
Tax Increment Bonds 1998C	34,430	-
Miscellaneous Bonds Fund	88,142	(687,424)
1999B Refunding Bond	60,600	-
1999C Improvement Bond	1,586	(19,600)
Municipal Building Bond 1996C	325,171	-
Tax Increment Bonds 2001C	40,715	-
2001A Improvement Bond	-	(163,891)
Capital Projects Funds		
Closed Construction Fund	40,000	(8,124)
Community Park Improvement Fund	40,000	-
Construction Fund	595,538	-
Park Improvement Fund	-	(76,174)
Total Governmental Activity	<u>1,783,258</u>	<u>(1,596,810)</u>
Business-Type Activity		
Water Fund	-	(127,495)
Sewer Fund	-	(58,953)
	<u>\$ 1,783,258</u>	<u>\$ (1,783,258)</u>

Transfer Purpose

- Transfer Water and Sewer Operating funds share of 1996C Municipal Building Bond.
- Transfer from the EDA Fund to cover the actual Tax Increment Bond payments.
- Transfer from the Miscellaneous Bond Fund to close the Bond Funds which were called.
- Transfer from the Community Park Debt Fund to cover the actual Tax Increment Bond payments.
- Transfer from the EDA Fund to the TIF Bond for the purchase of land for billboards.
- Correction of a prior year TIF Bond payment which was made from the EDF Fund, but should have been paid from the Community Park Debt Fund.
- Transfer from the Water Operating Fund's portion of the Pine Ridge water main over sizing.
- Transfer from the EDA Fund for funds committed by Various TIF projects for the 1999D TIF Bond.
- Transfer from the Construction Fund to close out various completed construction projects.

Note 11 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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

Note 12 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, 2004, is as follows:

<u>Enterprises</u>	<u>Purpose</u>	<u>Balance at December 31, 2004</u>
Porous Media	Construction of a Facility	\$ 1,290,000
N.A. Ternes & Associates	Construction of a Facility	1,535,000
Contal Machine	Construction of a Facility	212,736
St. Croix Valley Hardwoods	Construction of a Facility	117,505

REQUIRED SUPPLEMENTARY INFORMATION

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE				
General Property Taxes	\$ 1,958,075	\$ 1,958,075	\$ 1,978,127	\$ 20,052
Licenses and Permits	163,800	163,800	215,991	52,191
Intergovernmental	210,325	210,325	181,888	(28,437)
Charges for Services	96,006	96,006	124,035	28,029
Investment Earnings	39,703	39,703	28,503	(11,200)
Fines and Forfeits	13,000	13,000	15,169	2,169
Equipment Rental	125,125	125,125	125,125	-
Miscellaneous	107,447	107,447	123,319	15,872
Total Revenue	2,713,481	2,713,481	2,792,157	78,676
EXPENDITURES				
Current				
General Government	817,847	817,847	764,586	53,261
Public Safety	835,675	835,675	836,647	(972)
Public Works	580,863	580,863	561,570	19,293
Parks, Recreation and Forestry	226,910	226,910	223,573	3,337
Community Development	83,768	83,768	81,867	1,901
Capital Outlay	195,260	195,260	207,812	(12,552)
Total Expenditures	2,740,323	2,740,323	2,676,055	64,268
REVENUE OVER (UNDER) EXPENDITURES	(26,842)	(26,842)	116,102	142,944
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	-	(80,000)	(80,000)
Sale of Property	-	-	8,292	8,292
Total Other Financing Sources (Uses)	-	-	(71,708)	(71,708)
NET INCREASE (DECREASE) IN FUND BALANCE	\$ (26,842)	\$ (26,842)	44,394	\$ 71,236
Fund Balance - Beginning of Year			1,546,029	
FUND BALANCE - END OF YEAR			\$ 1,590,423	

WHITE BEAR TOWNSHIP, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2004

	2004			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUE				
General Property Taxes	\$ 1,198,354	\$ 1,198,354	\$ 987,669	\$ (210,685)
Investment Earnings	26,761	26,761	(14,644)	(41,405)
Miscellaneous	-	-	43	43
Total Revenue	1,225,115	1,225,115	973,068	(252,047)
 EXPENDITURES				
Current				
Community Development	626,697	626,697	1,827,256	(1,200,559)
 REVENUE OVER (UNDER) EXPENDITURES	598,418	598,418	(854,188)	948,512
 OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	33,967	33,967
Transfer Out	-	-	(561,597)	(561,597)
Sale of Property	-	-	94,147	94,147
Total Other Financing Sources (Uses)	-	-	(433,483)	(433,483)
 NET INCREASE (DECREASE) IN FUND BALANCE	\$ 598,418	\$ 598,418	(1,287,671)	\$ (1,886,089)
 Fund Balance - Beginning of Year			1,483,779	
 FUND BALANCE - END OF YEAR			\$ 196,108	

COMBINING FUND FINANCIAL STATEMENTS

**WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	Special Revenue	Debt Service		
	Park Acquisition Fund	Municipal Building Bonds 1996C	Refunding Bonds 1999B	Improvement Bonds 1999C
ASSETS				
Cash and Investments	\$ 508,236	\$ -	\$ 36,747	\$ -
Accrued Interest Receivable	2,933	-	63	-
Taxes Receivable				
Due from County	-	-	-	-
Special Assessments Receivable				
Deferred	-	-	46,431	-
Total Assets	<u>\$ 511,169</u>	<u>\$ -</u>	<u>\$ 83,241</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Deferred Revenue	\$ -	\$ -	\$ 46,431	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>46,431</u>	<u>-</u>
Fund Balance (Deficit)				
Reserved for Debt Retirement	-	-	36,810	-
Reserved for Prepaid Items	-	-	-	-
Unreserved				
Designated				
Park Improvements	11,940	-	-	-
Undesignated	499,229	-	-	-
Total Fund Balance (Deficit)	<u>511,169</u>	<u>-</u>	<u>36,810</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 511,169</u>	<u>\$ -</u>	<u>\$ 83,241</u>	<u>\$ -</u>

Debt Service (continued)

Improvement Bonds 2001A	Improvement Bonds 1998C	Tax Increment Bonds 1999D	Tax Increment Bonds 2001C	Debt Service Subtotal
\$ 968,913	\$ -	\$ 733,293	\$ -	\$ 1,738,953
5,359	-	2,944	-	8,366
-	-	491	-	491
-	-	-	-	46,431
<u>\$ 974,272</u>	<u>\$ -</u>	<u>\$ 736,728</u>	<u>\$ -</u>	<u>\$ 1,794,241</u>
\$ -	\$ -	\$ -	\$ -	\$ 46,431
-	-	-	-	46,431
974,272	-	736,728	-	1,747,810
-	-	-	-	-
-	-	-	-	-
<u>974,272</u>	<u>-</u>	<u>736,728</u>	<u>-</u>	<u>1,747,810</u>
<u>\$ 974,272</u>	<u>\$ -</u>	<u>\$ 736,728</u>	<u>\$ -</u>	<u>\$ 1,794,241</u>

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**WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2004**

	Capital Projects				Totals 2004
	Closed Construction Fund	Community		Capital Projects Subtotal	
		Park Improvement Fund	Park Improvement Fund		
ASSETS					
Cash and Investments	\$ 342,483	\$ 146,458	\$ 336,240	\$ 825,181	\$ 3,072,370
Accrued Interest Receivable	1,763	775	1,960	4,498	15,797
Taxes Receivable					
Due from County	-	-	-	-	491
Special Assessments Receivable					
Deferred	-	-	105,657	105,657	152,088
Total Assets	\$ 344,246	\$ 147,233	\$ 443,857	\$ 935,336	\$ 3,240,746
LIABILITIES AND FUND BALANCE					
Liabilities					
Deferred Revenue	\$ 13,300	\$ -	\$ 105,657	\$ 118,957	\$ 165,388
Total Liabilities	13,300	-	105,657	118,957	165,388
Fund Balance (Deficit)					
Reserved for Debt Retirement	-	-	-	-	1,747,810
Unreserved					
Designated					
Park Improvements	-	-	-	-	11,940
Undesignated	330,946	147,233	338,200	816,379	1,315,608
Total Fund Balance (Deficit)	330,946	147,233	338,200	816,379	3,075,358
Total Liabilities and Fund Balance	\$ 344,246	\$ 147,233	\$ 443,857	\$ 935,336	\$ 3,240,746

WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2004

	Special Revenue	Debt Service	
	Park Acquisition Fund	Municipal Building Bonds 1996C	Refunding Bonds 1999B
	Fund	1996C	1999B
REVENUE			
General Property Taxes	\$ -	\$ 24,318	\$ -
Investment Earnings	13,587	(1,612)	6,820
Park and Recreation Fees	18,722	-	-
Special Assessments	-	-	28,398
Miscellaneous	-	-	-
Total Revenue	<u>32,309</u>	<u>22,706</u>	<u>35,218</u>
EXPENDITURES			
Current			
Public Works	-	-	-
Parks, Recreation and Forestry	6,460	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	385,000	80,000
Interest and Fiscal Charges	-	10,208	14,861
Total Expenditures	<u>6,460</u>	<u>395,208</u>	<u>94,861</u>
REVENUE OVER (UNDER) EXPENDITURES	25,849	(372,502)	(59,643)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	325,171	60,600
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>325,171</u>	<u>60,600</u>
NET INCREASE (DECREASE) IN FUND BALANCE	25,849	(47,331)	957
Fund Balance - Beginning of Year	<u>485,320</u>	<u>47,331</u>	<u>35,853</u>
FUND BALANCE - END OF YEAR	<u>\$ 511,169</u>	<u>\$ -</u>	<u>\$ 36,810</u>

Debt Service (continued)

Improvement Bonds 1999C	Improvement Bonds 2001A	Improvement Bonds 1998C	Tax Increment Bonds 1999D	Tax Increment Bonds 2001C	Debt Service Subtotal
\$ -	\$ -	\$ -	\$ 194,394	\$ -	\$ 218,712
2,005	38,368	-	22,307	-	67,888
-	-	-	-	-	-
-	268,554	-	-	-	296,952
-	-	-	-	-	-
<u>2,005</u>	<u>306,922</u>	<u>-</u>	<u>216,701</u>	<u>-</u>	<u>583,552</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
360,000	265,000	25,000	135,000	-	1,250,000
8,503	31,572	9,430	94,622	40,715	209,911
<u>368,503</u>	<u>296,572</u>	<u>34,430</u>	<u>229,622</u>	<u>40,715</u>	<u>1,459,911</u>
(366,498)	10,350	(34,430)	(12,921)	(40,715)	(876,359)
1,586	-	34,430	523,109	40,715	985,611
(19,600)	(163,891)	-	-	-	(183,491)
<u>(18,014)</u>	<u>(163,891)</u>	<u>34,430</u>	<u>523,109</u>	<u>40,715</u>	<u>802,120</u>
(384,512)	(153,541)	-	510,188	-	(74,239)
<u>384,512</u>	<u>1,127,813</u>	<u>-</u>	<u>226,540</u>	<u>-</u>	<u>1,822,049</u>
<u>\$ -</u>	<u>\$ 974,272</u>	<u>\$ -</u>	<u>\$ 736,728</u>	<u>\$ -</u>	<u>\$ 1,747,810</u>

WHITE BEAR TOWNSHIP, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2004

	Capital Projects				Totals 2004
	Closed Construction Fund	Community		Capital Projects Subtotal	
		Park Improvement Fund	Park Improvement Fund		
REVENUE					
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 218,712
Investment Earnings	8,192	(275)	11,089	19,006	100,481
Park and Recreation Fees	-	-	-	-	18,722
Special Assessments	-	-	25,432	25,432	322,384
Miscellaneous	12,406	16,490	-	28,896	28,896
Total Revenue	<u>20,598</u>	<u>16,215</u>	<u>36,521</u>	<u>73,334</u>	<u>689,195</u>
EXPENDITURES					
Current					
Public Works	990	-	-	990	990
Parks, Recreation and Forestry	-	34,919	-	34,919	41,379
Capital Outlay	-	8,420	-	8,420	8,420
Debt Service					
Principal	-	-	-	-	1,250,000
Interest and Fiscal Charges	-	-	-	-	209,911
Total Expenditures	<u>990</u>	<u>43,339</u>	<u>-</u>	<u>44,329</u>	<u>1,510,700</u>
REVENUE OVER (UNDER) EXPENDITURES	19,608	(27,124)	36,521	29,005	(821,505)
OTHER FINANCING SOURCES (USES)					
Transfers In	40,000	40,000	-	80,000	1,065,611
Transfers Out	(8,124)	-	(76,174)	(84,298)	(267,789)
Total Other Financing Sources (Uses)	<u>31,876</u>	<u>40,000</u>	<u>(76,174)</u>	<u>(4,298)</u>	<u>797,822</u>
NET INCREASE (DECREASE) IN FUND BALANCE	51,484	12,876	(39,653)	24,707	(23,683)
Fund Balance - Beginning of Year	<u>279,462</u>	<u>134,357</u>	<u>377,853</u>	<u>791,672</u>	<u>3,099,041</u>
FUND BALANCE - END OF YEAR	<u>\$ 330,946</u>	<u>\$ 147,233</u>	<u>\$ 338,200</u>	<u>\$ 816,379</u>	<u>\$ 3,075,358</u>

III.
STATISTICAL
SECTION

**WHITE BEAR TOWNSHIP, MINNESOTA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks and Recreation</u>	<u>Miscellaneous</u>	<u>Debt Service</u>	<u>Total</u>
1995	\$ 454,936	\$ 643,104	\$ 265,001	\$ 144,735	\$ -	\$ 1,641,164	\$ 3,148,940
1996	429,721	691,439	302,393	136,204	43,185	3,517,630	5,120,572
1997	523,293	729,386	324,850	102,545	55,903	2,590,323	4,326,300
1998	543,932	760,099	278,552	180,579	70,573	1,506,379	3,340,114
1999	564,983	779,784	289,867	152,145	24,020	2,318,263	4,129,062
2000	611,321	804,365	389,658	153,500	156,809	1,303,066	3,418,719
2001	666,343	891,433	352,711	228,278	292,192	1,760,902	4,191,859
2002	702,335	873,791	380,627	257,552	51,130	2,751,169	5,016,604
2003	638,381	877,365	564,832	189,331	199,530	2,135,057	4,604,496
2004	764,586	836,647	561,570	230,033	2,116,935	1,459,911	5,969,682

(1) Includes General, Special Revenue and Debt Service Funds.

Source: White Bear Township financial records.

**WHITE BEAR TOWNSHIP, MINNESOTA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
DECEMBER 31, 2004
(UNAUDITED)**

Year	General Property Taxes and Assessments	Licenses and Permits	Inter- Governmental	Charges for Services	Fines and Forfeitures	Miscellaneous	Total
1995	\$ 2,264,138	\$ 218,452	\$ 250,963	\$ 17,749	\$ 16,823	\$ 387,533	\$ 3,155,658
1996	1,903,674	217,910	274,153	19,759	14,034	338,395	2,767,925
1997	2,049,674	245,364	291,322	23,452	14,328	299,506	2,923,646
1998	2,176,247	345,672	317,251	34,732	18,144	464,950	3,356,996
1999	2,774,177	348,485	302,750	5,658	17,486	413,550	3,862,106
2000	3,259,202	478,121	292,995	21,453	15,168	568,203	4,635,142
2001	2,441,031	500,403	291,384	29,739	14,363	593,096	3,870,016
2002	3,265,617	446,199	308,886	19,051	11,955	563,694	4,615,402
2003	3,023,400	376,872	233,075	23,062	12,782	392,092	4,061,283
2004	4,115,711	215,991	181,888	124,035	15,169	350,303	5,003,097

(1) Includes General, Special Revenue and Debt Service Funds.

Source: White Bear Township financial records.

**WHITE BEAR TOWNSHIP, MINNESOTA
TAX CAPACITY AND ESTIMATED MARKET VALUE OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	Tax Capacity	Estimated Market Value	Percent Total Tax Capacity of Market Value
1995	\$ 6,725,875	\$ 434,794,600	1.55 %
1996	8,381,850	494,082,600	1.70
1997	8,516,880	533,487,850	1.60
1998	8,594,944	535,899,150	1.60
1999	8,884,060	579,880,520	1.53
2000	9,744,966	634,035,950	1.54
2001	11,009,665	701,969,000	1.57
2002	8,756,276	779,634,700	1.12
2003	9,866,625	876,861,100	1.13
2004	11,360,401	1,009,884,700	1.12

Source: White Bear Township financial records.

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

Year	Net Tax Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Year's Levy	Total Collections	Percentage of Total Collections to Levy
1995	\$ 912,564	\$ 901,179	98.8 %	\$ 11,032	\$ 912,211	100.0 %
1996	948,451	938,234	98.9	9,397	947,631	99.9
1997	1,078,108	1,066,357	98.9	11,354	1,077,711	100.0
1998	1,131,315	1,121,285	99.1	13,204	1,134,489	100.3
1999	1,221,343	1,206,953	98.8	11,590	1,218,543	99.8
2000	1,252,299	1,239,097	98.9	8,327	1,247,424	99.6
2001	1,361,465	1,344,723	98.8	15,037	1,359,760	99.9
2002	1,569,038	1,556,721	99.2	11,825	1,568,546	100.0
2003	1,794,738	1,779,034	99.1	11,476	1,790,510	99.8
2004	2,008,314	1,991,586	99.2	16,228	2,007,814	100.0

(1) This schedule does not include tax collections associated with tax increment financing districts. Tax increment collections are included with general property taxes on the statement of revenues, expenditures and changes in fund balance - governmental funds.

Source: White Bear Township financial records and Department of Property Records and Revenues, Ramsey County.

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

Year	Township	School District #624	Technical College	Ramsey County	Special Districts	Total
1995	13.674	72.827	1.428	45.885	4.043	137.857
1996	13.533	72.314	0.372	44.692	4.410	135.321
1997	13.622	62.887	0.375	43.785	4.656	125.325
1998	14.032	59.805	0.297	44.226	4.491	122.851
1999	14.319	53.104	0.194	46.246	4.814	118.677
2000	14.473	53.912	0.333	47.021	5.978	121.717
2001	14.280	52.752	0.261	44.839	5.423	117.555
2002	13.958	49.85	0.314	42.166	5.365	111.653
2003	22.007	24.157	0.070	55.366	3.728	105.328
2004	20.753	24.347	0.083	53.135	4.243	102.561

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

**WHITE BEAR TOWNSHIP, MINNESOTA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	Special Assessments Levied	Special Assessments Collected (1)	Delinquent Special Assessments	Total Deferred Special Assessments	Total Delinquent & Deferred Assessments
1995	\$ 349,220	\$ 1,355,963	\$ 424,423	\$ 2,917,136	\$ 3,341,559
1996	297,130	960,302	370,313	2,454,907	2,825,220
1997	627,773	968,520	293,941	2,110,020	2,403,961
1998	363,122	1,034,811	43,005	2,218,024	2,261,029
1999	1,569,853	1,541,531	12,442	1,950,364	1,962,806
2000	704,841	1,950,071	33,401	2,067,527	2,100,928
2001	1,612,747	1,175,504	40,971	2,920,707	2,961,678
2002	219,837	1,691,944	44,290	2,000,305	2,044,595
2003	-	1,126,729	28,582	1,039,591	1,068,173
2004	1,483,922	1,244,580	17,904	1,530,771	1,548,675

(1) Includes prepayments of deferred assessments.

Source: White Bear Township financial records.

WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF THE TEN LARGEST TAXPAYERS AND EMPLOYERS
DECEMBER 31, 2004
(UNAUDITED)

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Market Value</u>	<u>2004 Tax Capacity</u>	<u>Percent of Total</u>
Thermoform Plastics, Inc.	Vacuum Formed Plastics	\$ 16,219,700	\$ 571,300	5.03 %
Schwing America, Inc.	Cement Pump Manufacturing	14,216,800	283,586	2.50
EPI Corporation	Computer Components	7,668,000	152,610	1.34
Muller Family Theatres	Movie Theatre	7,100,000	141,250	1.24
Com Tal Machine & Engineering	Manufacturing	5,854,800	116,346	1.02
Specialty Manufacturing, Inc.	Lawn and Garden Products	5,313,100	105,512	0.93
JMK Limited Partnership	Commercial/Industrial	4,961,300	98,476	0.87
Porous Media Corporation	Filtration Products	4,786,600	94,982	0.84
Water Gremlin Co.	Fishing Tackle	3,780,000	73,433	0.65
Sanders CRS Exchange LLC	Manufacturing	3,389,800	67,046	0.59
All other taxpayers		936,594,600	9,655,860	85.00
		<u>\$1,009,884,700</u>	<u>\$ 11,360,401</u>	100.00

<u>Employer</u>	<u>Product/Services</u>	<u>Approximate Number of Employees</u>
Schwing America, Inc.	Cement Pump Manufacturing	375
Water Gremlin Company	Fishing Tackle	330
Thermoform Plastics, Inc.	Vacuum Formed Plastics	295
Cub Foods	Grocery	220
Com Tal Machine & Engineering	Manufacturing	185
E.P.I.	Computer Components	150
Muller Family Theatres	Movie Theatre	125
Specialty Manufacturing, Inc.	Lawn and Garden Products	120
Porous Media Corporation	Filtration Products	80
Brennan Medical Inc.	Medical Products	75
Cortec Corporation	Manufacturing	75
Herold Precision Metals	Manufacturing	70
Applebee's Bar & Grille	Restaurant	50
Electric Cord Incorporated	Electric Cords	50

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

**WHITE BEAR TOWNSHIP, MINNESOTA
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004
(UNAUDITED)**

Market Value		<u>\$1,009,884,700</u>
Debt Limit: 2% of Market Value		\$ 20,197,694
Total Bonded Debt	\$8,525,000	
Deductions		
1. Amount Available for Retirement of General Obligation Bonds	\$ 904,413	
2. Special Assessment Bonds	1,165,000	
Revenue Bonds	2,000,000	
Tax Increment Bonds	<u>2,860,000</u>	
	<u>6,929,413</u>	
Total Debt Applicable to debt Limit		<u>1,595,587</u>
Legal Debt Margin, December 31, 2004		<u>\$ 18,602,107</u>

Note: (A) M.S.A. Section 475.53

Source: White Bear Township financial records.

**WHITE BEAR TOWNSHIP, MINNESOTA
RATIO OF NET BONDED DEBT TO
TAX CAPACITY AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	Population	Tax Capacity	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Tax Capacity	Net Bonded Debt Per Capita
1995	10,524	\$ 6,752,875	\$ 9,080,000	\$ 3,797,274	\$ 5,282,726	78.23 %	\$ 502
1996	10,703	8,381,850	11,235,000	3,445,214	7,789,786	92.94	728
1997	10,713	8,516,880	8,445,000	2,617,905	5,827,095	6.84	544
1998	10,852	8,594,944	8,325,000	2,933,369	5,391,631	62.73	497
1999	10,925	8,884,060	12,030,000	2,704,181	9,325,819	104.97	854
2000	11,060	9,744,966	10,985,000	3,387,948	7,597,052	77.96	687
2001	11,500	11,009,665	12,075,000	3,482,265	8,592,735	78.05	747
2002	11,700	8,756,276	9,510,000	2,785,522	6,724,478	76.80	575
2003	11,800	9,866,625	8,690,000	2,587,793	6,102,207	61.85	517
2004	11,664	11,360,401	8,525,000	2,595,599	5,929,401	52.19	508

Source: White Bear Township financial records.

WHITE BEAR TOWNSHIP, MINNESOTA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
OBLIGATION DEBT TO TOTAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total General Obligation Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Fund Expenditures</u>
1995	\$ 50,000	\$ 40,445	\$ 90,445	\$ 3,148,940	2.87 %
1996	50,000	40,300	90,300	5,120,572	1.76
1997	50,000	34,858	84,858	4,326,300	1.96
1998	55,000	32,783	87,783	3,340,114	2.63
1999	55,000	30,541	85,541	4,129,062	2.07
2000	60,000	28,140	88,140	3,418,719	2.58
2001	60,000	25,590	85,590	4,191,859	2.04
2002	65,000	22,870	87,870	5,016,604	1.75
2003	65,000	19,978	84,978	4,604,496	1.85
2004	385,000	9,258	394,258	5,969,682	6.60

(1) Does not include tax increment bonds, revenue bonds nor general obligation bonds which are partially supported by special assessments.

(2) Includes General, Special Revenue and Debt Service Funds.

Source: White Bear Township financial records.

**WHITE BEAR TOWNSHIP, MINNESOTA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2004
(UNAUDITED)**

Government Unit	Gross Debt (1)	Sinking Funds	Net Debt	White Bear Township's Share	
				Percent	Amount
Direct Debt					
White Bear Township	\$ 8,525,000	\$ 2,595,599	\$ 5,929,401	100.00 %	\$ 5,929,401
Overlapping Debt					
Ramsey County					
Ramsey County	186,647,000	15,633,756	171,013,244	2.67	4,570,841
County Library	9,750,000	1,192,443	8,557,557	5.04	431,559
Metro Watershed	1,619,376	-	1,619,376	-	-
School District					
White Bear Lake ISD 624	61,490,000	8,195,671	53,294,329	20.07	10,693,752
Mounds View ISD 621	136,058,495	9,088,903	126,969,592	0.02	25,070
Technical College SISD 916	13,885,000	410,795	13,474,205	2.25	302,543
Metropolitan Agencies					
Metro Council	950,797,216	108,642,000	842,155,216	0.43	3,628,683
Metro Airports Commission	432,146,000	72,488,471	359,657,529	0.43	1,549,694
Total Overlapping Debt	1,792,393,087	215,652,039	1,576,741,048	1.34	21,202,142
Total Direct and Overlapping Debt	\$1,800,918,087	\$218,247,638	\$1,582,670,449	1.71	\$27,131,543

(1) Totals for Revenue Bonds & Tax Increment have not been included in bonded debt. Bonded debt totals do include bonds which are financed by ad-valorem tax levy, G.O. Revenue financing and special assessments.

Metro Council has G.O. Revenue debt of \$747,572,216 and Revenue debt of \$11,950,000. Metro Airports Commission has G.O. Revenue debt of \$330,970,000 and Revenue debt of \$1,430,105,000.

Comparative Net Debt Ratios Applicable to White Bear Township

	Total	Direct Debt	Overlapping Debt
Debt to gross tax capacity (\$11,360,401)	238.83%	186.63%	52.19%
Debt to market value (\$1,009,884,700)	2.69%	2.10%	0.59%
Per capita debt (Population 11,664)	\$2,326.09	\$1,817.74	\$508.35

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

WHITE BEAR TOWNSHIP, MINNESOTA
REVENUE BOND COVERAGE FOR WATER REVENUE BONDS
LAST TEN FISCAL YEARS
(UNAUDITED)

Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	\$ 1,340,379	\$ 822,013	\$ 518,366	\$ 65,000	\$ 59,101	\$ 124,101	4.18
1996	1,618,192	981,546	636,646	235,000	92,804	327,804	1.94
1997	1,677,408	1,083,231	594,177	80,000	107,238	187,238	3.17
1998	1,732,457	1,108,898	623,559	120,000	96,215	216,215	2.88
1999	1,729,582	974,826	754,756	125,000	120,219	245,219	3.08
2000	1,928,688	897,012	1,031,676	145,000	108,990	253,990	4.06
2001	1,999,211	1,033,690	965,521	170,000	102,485	272,485	3.54
2002	2,043,161	1,193,697	849,464	175,000	110,441	285,441	2.98
2003	2,072,188	1,362,617	709,571	200,000	105,550	305,550	2.32
2004	2,091,593	1,239,009	852,585	1,415,000	87,522	1,502,522	0.57

(1) Total revenues including interest earnings.

(2) Total operating expenses exclusive of depreciation.

Source: White Bear Township financial records.

**WHITE BEAR TOWNSHIP, MINNESOTA
CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year	Commercial and Industrial Construction		Residential Construction		Bank Deposits (1)
	Number of Units	Value	Number of Units	Value	
1995	17	\$ 11,672,451	438	\$ 9,454,010	N/A
1996	11	1,263,789	409	10,541,855	N/A
1997	17	3,308,836	501	11,599,605	N/A
1998	30	10,999,472	585	14,198,154	N/A
1999	23	6,057,470	523	14,243,291	N/A
2000	56	6,743,846	1,520	23,364,740	N/A
2001	39	5,018,992	994	26,426,112	N/A
2002	38	3,939,124	554	20,782,058	N/A
2003	48	8,557,032	500	16,553,876	N/A
2004	36	2,601,286	494	11,025,965	N/A

(1) There are no banks within the Township.

Source: White Bear Township financial records.

**WHITE BEAR TOWNSHIP, MINNESOTA
SCHEDULE OF INSURANCE IN FORCE
DECEMBER 31, 2004
(UNAUDITED)**

<u>Type of Coverage</u>	<u>Coverage Amount</u>
Blanket Building and Contents	\$7,911,900
Mobile Equipment	353,498
Errors and Omissions	600,000
Commercial Crime - Money and Securities	5,000
General Liability (Bodily Injury, Pollution)	1,000,000
Bonds	
Public Employees	10,000
Finance Officer	100,000
Clerk-Treasurer	10,000
Comprehensive Automobile	1,000,000
Workers Compensation	
Governed by Minnesota State Statute	<u>Statutory</u>
Employee's Liability (Bodily Injury by Accident)	\$ 200,000
Employee's Liability (Bodily Injury by Disease) - Policy Limit	600,000
Employee's Liability (Bodily Injury by Disease) - Individual	600,000

Source: White Bear Township Records

**WHITE BEAR TOWNSHIP, MINNESOTA
MISCELLANEOUS STATISTICAL FACTS
DECEMBER 31, 2004
(UNAUDITED)**

Founded:	1858
Form of Government:	Three Member Township Board
Location:	Northern Ramsey County, North of St. Paul, Minnesota
Area:	9.3 Miles or Approximately 6,000 acres
Fiscal Year Begins:	January 1
Number of Parks:	26
Acres of Parks:	172.22 Acres
Population:	Estimated 2004: 11,664 2000 U.S. Census: 11,293
Registered Voters 2002 General Election:	8,160
Miles of Streets:	70.50 Miles
Utilities:	
Miles of Water Mains	64.00 Miles
Miles of Sewer Lines	62.50 Miles
Miles of Storm Water Lines/Culverts	15.00 Miles
Town Employees:	17.30 Full-Time Equivalents
Police Protection:	Provided by Ramsey County Sheriffs Department by Contract
Fire Protection:	Provided by the City of White Bear Lake Fire Department by Contract
School District:	White Bear Lake School District 624 Mounds View School District 621

Source: White Bear Township records

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IV.

OTHER REQUIRED REPORTS

REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Supervisors
White Bear Township, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the White Bear Township, Minnesota, which collectively comprise the Township's basic financial statements as of and for the year ended December 31, 2004, and have issued our report thereon dated April 27, 2005.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* covers six main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous City provisions. Our study included all of the listed categories.

The results of our tests indicate that, with respect to the items tested, the White Bear Township, Minnesota complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of management, the Board of Supervisors, the Office of the State Auditor, and other state agencies, and is not intended to be and should not be used by anyone other than these specified parties.



LARSON, ALLEN, WEISHAIR & CO., LLP

Minneapolis, Minnesota
April 27, 2005

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