

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2005**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF  
WHITE BEAR TOWNSHIP, MINNESOTA  
YEAR ENDED DECEMBER 31, 2005**

**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

April 14, 2006

To the Town Board and 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, 2005.

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, 2005, 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, 2005, 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 11,850. 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, 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 45 is part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, are shown on page 46.

## 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 288,465, 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 2005 the Township constructed park signs and awarded contracts to light a baseball field in early 2006.

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 began in 2005 with the building expansion and the new salt/sand storage shelter completed. The outside storage improvements and parking improvement are schedule to be completed in the spring of 2006.

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 it own roads and when possible include pathways into improvements. Funding for transportation improvements will come from state, county and federal sources, with some portion supported by the local taxpayers.

**Factors Affecting Financial Condition (Continued)**

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.

**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 4.0 years. The investment income return for 2005 on all investments was 3.98 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, 2004. This was the 9<sup>th</sup> 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, 2005. 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 unfailing 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, 2005**

**WHITE BEAR TOWNSHIP**

1281 Hammond Road  
White Bear Township, Minnesota 55110

Phone (651) 747-2750  
Fax (651) 426-2258

Website: [www.ci.white-bear-township.mn.us](http://www.ci.white-bear-township.mn.us)  
E-Mail Address: [wbt@ci.white-bear-township.mn.us](mailto:wbt@ci.white-bear-township.mn.us)

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

**TOWN BOARD**

Bob Weisenburger  
Chair

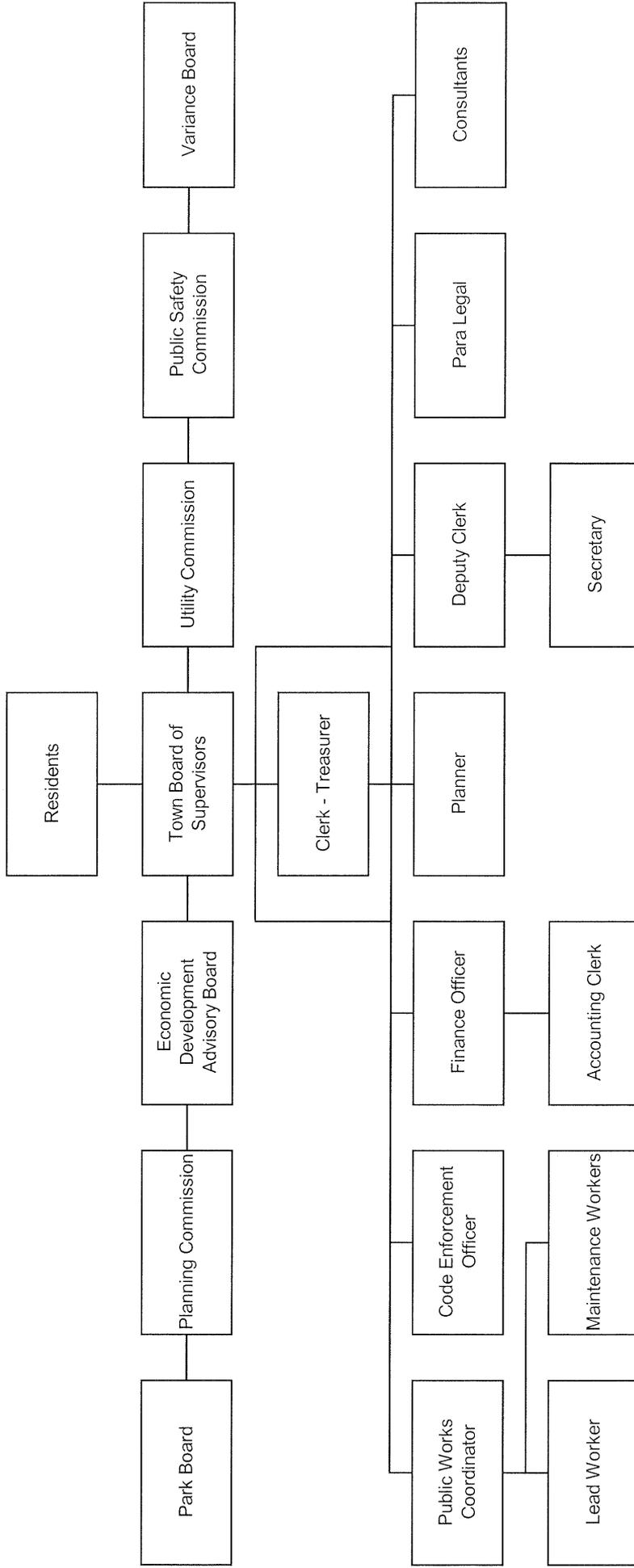
Dick Sand  
Supervisor

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, 2005



# 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, 2004

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.



*Carla E. Fudge*

President

*Jeffrey R. Emer*

Executive Director

II.  
FINANCIAL  
SECTION

## 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, 2005, 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, 2005, 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.

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**

Minneapolis, Minnesota  
March 15, 2006

**WHITE BEAR TOWNSHIP, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

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, 2005. 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 \$37,638,772 (Net assets). Of this amount, \$7,634,499 (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 decreased by \$38,893.
- As of the close of the current fiscal year, White Bear Township's governmental funds reported combined ending fund balances of \$5,158,407. 81.09 percent of this total amount, \$4,182,827, 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 \$1,686,788, or 63.56 percent of total general fund expenditures.
- White Bear Township's total bonded debt decreased by \$390,000 during the current fiscal year. The key factors in addition to regularly scheduled debt service payments were the issuance of \$755,000 in special assessment improvement bonds, \$515,000 in tax increment bonds for the purchase of land and the redemption of the 1998C tax increment bonds, 1999B improvement refunding bonds and 2001A improvement bonds in the amount of \$1,295,000.

**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 15-17 of this report.

**WHITE BEAR TOWNSHIP, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

***Financial Highlights (Continued)***

**Overview of the Financial Statements (Continued)**

**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 nonmajor 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 18-23 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 governmental-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 24-26 of this report.

**WHITE BEAR TOWNSHIP, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

***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 27-44 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 45-46 of this report.

**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 (74.04 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**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	\$ 8,117,917	\$ 9,367,709	\$ 6,381,649	\$ 5,653,654	\$ 14,499,566	\$ 15,021,363
Capital Assets	13,808,518	13,245,365	18,788,500	19,005,831	32,597,018	32,251,196
Total Assets	<u>21,926,435</u>	<u>22,613,074</u>	<u>25,170,149</u>	<u>24,659,485</u>	<u>47,096,584</u>	<u>47,272,559</u>
Noncurrent Liabilities Outstanding	6,490,782	6,663,793	1,741,876	1,967,847	8,232,658	8,631,640
Other Liabilities	1,063,033	796,356	162,121	166,897	1,225,154	963,253
Total Liabilities	<u>7,553,815</u>	<u>7,460,149</u>	<u>1,903,997</u>	<u>2,134,744</u>	<u>9,457,812</u>	<u>9,594,893</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	10,590,125	9,585,327	17,046,624	17,005,831	27,636,749	26,591,158
Restricted	2,367,524	4,732,097	-	-	2,367,524	4,732,097
Unrestricted	1,414,971	835,501	6,219,528	5,518,910	7,634,499	6,354,411
Total Net Assets	<u>\$ 14,372,620</u>	<u>\$ 15,152,925</u>	<u>\$ 23,266,152</u>	<u>\$ 22,524,741</u>	<u>\$ 37,638,772</u>	<u>\$ 37,677,666</u>

**WHITE BEAR TOWNSHIP, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

**Government-Wide Financial Analysis (Continued)**

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 (\$7,634,499) 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 decreased by \$780,305. 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 \$1,414,971 at December 31, 2005.

The Township's capital assets increase was due primarily to the public works building expansion project as well as an 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 \$741,412. Unrestricted net assets increased by \$469,100. The increase was due primarily to an increase in revenues related to the water rate increase implemented at the end of 2004.

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

**Table 2  
STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 694,814	\$ 585,193	\$ 2,290,666	\$ 1,997,704	\$ 2,985,480	\$ 2,582,897
Operating Grants and Contributions	85,250	79,224	-	-	85,250	79,224
Capital Grants and Contributions	987,304	1,539,673	-	-	987,304	1,539,673
General Revenues						
Property Taxes	3,137,255	3,175,590	-	-	3,137,255	3,175,590
Contributions Not Restricted to Specific Programs	141,738	119,938	-	-	141,738	119,938
Unrestricted Investment Earnings	144,727	69,458	104,847	93,889	249,574	163,347
Miscellaneous	29,138	92,253	-	-	29,138	92,253
Total Revenues	5,220,226	5,661,329	2,395,513	2,091,593	7,615,739	7,752,922
<b>EXPENSES</b>						
General Government	379,547	784,823	-	-	379,547	784,823
Public Safety	885,898	847,531	-	-	885,898	847,531
Public Service	1,724,702	461,052	-	-	1,724,702	461,052
Parks, Recreation and Forestry	179,270	224,700	-	-	179,270	224,700
Community Development	2,249,824	518,968	-	-	2,249,824	518,968
Interest and Fiscal Charges	229,618	168,208	-	-	229,618	168,208
Water Utility	-	-	1,200,345	1,210,433	1,200,345	1,210,433
Sewer Utility	-	-	744,766	762,828	744,766	762,828
Storm Sewer Utility	-	-	60,662	45,137	60,662	45,137
Total Expenses	5,648,859	3,005,282	2,005,773	2,018,398	7,654,632	5,023,680
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS</b>	(428,633)	2,656,047	389,740	73,195	(38,893)	2,729,242
Transfers	(351,672)	(289,665)	351,672	289,665	-	-
<b>CHANGE IN NET ASSETS</b>	(780,305)	2,366,382	741,412	362,860	(38,893)	2,729,242
Net Assets - Beginning of Year, as Previously Stated	13,672,095	11,305,713	22,797,052	22,434,192	36,469,147	33,739,905
Prior Period Adjustment	1,480,830	-	(272,312)	-	1,208,518	-
Net Assets - Beginning of Year, as Restated	15,152,925	11,305,713	22,524,740	22,434,192	37,677,665	33,739,905
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 14,372,620</b>	<b>\$ 13,672,095</b>	<b>\$ 23,266,152</b>	<b>\$ 22,797,052</b>	<b>\$ 37,638,772</b>	<b>\$ 36,469,147</b>

**WHITE BEAR TOWNSHIP, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

**Government-Wide Financial Analysis (Continued)**

***Governmental Activities***

Expenses for the Township's governmental activities exceeded revenues by \$780,305. The most significant impact to governmental net assets is due to the effect of accounting for net assets under the full accrual basis. Under the full accrual accounting, current year outlay for capital assets is expensed over the estimated useful life of the asset. Since capital assets is the most significant component of net assets, the related activity has the most impact on the change in net assets.

***Business-Type Activities***

Revenues for the Township's business-type activities exceeded expenses by \$741,412. The major component of this increase in net assets is explained as follows:

- The majority of this increase was due to an increase in the user fee for the water utility rate at the end of 2004 which was in full effect for all of 2005.

**Financial Analysis of the Township's Funds**

*General Fund* – The Township's general fund balance increased \$110,929 for 2005. The increase in the general fund balance was attributed to increased property tax revenues, lower permit revenues than in the past, decreased capital outlay and an operating transfer to capital projects according to the Township's reserve policy.

*Economic Development Fund* – The increase of \$193,170 in fund balance is due to decreased property tax incentive expenditures related to the various tax increment districts and the issuance of \$515,000 of debt, which will be used to purchase land in early 2006.

*Miscellaneous Bond Fund* – The decrease in fund balance of \$861,559 is mainly the result of transfers out to fund the early call date redemption of the 1999B improvement refunding bond and 2001A improvement bond as well as the internal funding of some infrastructure projects.

*Improvement Bonds 2001A* – The decrease in fund balance of \$974,272 is the results of retiring the remaining principal balance of the debt.

*Improvement Bonds 2005A* – The fund balance increased \$102,308 is from the collection of special assessments, which were levied against properties affected by infrastructure projects.

*Municipal Building Improvement Fund* – The decrease of \$1,465,514 in fund balance is due to increase in capital outlay expenditures due to the construction of the public works building expansion.

*Improvement Fund* – The increase in fund balance of \$1,194,264 is due to the transfer in of funds from the Miscellaneous Bond Fund and the issuance of debt to finance the various infrastructure projects taking place within the Township.

**General Fund Budgetary Highlights**

The Board of Supervisors did have a small revision within the activity budgets, but the General Fund budget in total remained unchanged. The budget for the Parks, Recreation and Forestry activity was reduced \$6,000 and the Public Works activity was increased \$6,000. The budget was revised to cover increased cost of street repair material.

**WHITE BEAR TOWNSHIP, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

**Capital Asset and Debt Administration**

***Capital Assets***

At the end of 2005, the Township had \$32,597,018 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 \$345,822 over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 3,661,752	\$ 3,293,408	\$ -	\$ -	\$ 3,661,752	\$ 3,293,408
Construction in progress	2,221,467	1,505,309	824,576	419,276	3,046,043	1,924,585
Buildings	615,348	632,525	3,457,351	3,640,960	4,072,699	4,273,485
Vehicles	559,341	476,506	26,145	28,324	585,486	504,830
Machinery and Shop Equipment	638,937	661,899	32,049	35,320	670,986	697,219
Office Furniture and Equipment	70,735	72,532	48,445	51,258	119,180	123,790
Infrastructure	6,040,938	6,603,186	14,399,934	14,830,693	20,440,872	21,433,879
Capital Assets, Net	<u>\$ 13,808,518</u>	<u>\$ 13,245,365</u>	<u>\$ 18,788,500</u>	<u>\$ 19,005,831</u>	<u>\$ 32,597,018</u>	<u>\$ 32,251,196</u>

***Long-Term Debt***

At year-end the Township, has \$8,135,000 in bonds outstanding. During 2005 the Township issued debt of \$755,000 to finance infrastructure improvements and \$515,000 to purchase land, while \$1,660,000 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 "Aa-3" 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 \$20,687,049.

White Bear Township's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
G.O. Bonds	6,365,000	5,360,000	-	-	6,365,000	5,360,000
G.O. Special Assessment Bonds	-	1,165,000	-	-	-	1,165,000
G.O. Revenue Bonds	-	-	1,770,000	2,000,000	1,770,000	2,000,000
Compensated Absences Payable	126,493	116,259	-	-	126,493	116,259
Total Outstanding Debt	<u>\$ 6,491,493</u>	<u>\$ 6,641,259</u>	<u>\$ 1,770,000</u>	<u>\$ 2,000,000</u>	<u>\$ 8,261,493</u>	<u>\$ 8,641,259</u>

**Economic Factors and Next Year's Budget**

The Township's appointed officials considered many factors when setting the fiscal year 2005 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 the continued elimination of about \$64,000 in state aid in 2005. The Township has subsequently taken measures to reduce any adverse impact that this might have on the Township's 2005 and future years' budgets.

**WHITE BEAR TOWNSHIP, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005**

**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](mailto:wbt@ci.white-bear-township.mn.us) or by phone at 651-747-2750.

## **BASIC FINANCIAL STATEMENTS**

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2005**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 5,874,630	\$ 5,998,509	\$ 11,873,139
Accrued Interest Receivable	36,854	33,177	70,031
Accounts Receivable	11,514	349,963	361,477
Due from Other Governments	7,463	-	7,463
Taxes Receivable	24,688	-	24,688
Special Assessments Receivable	1,853,315	-	1,853,315
Notes Receivable	212,402	-	212,402
Prepaid Items	97,051	-	97,051
Capital Assets			
Land	3,661,752	-	3,661,752
Construction in Progress	2,221,467	824,576	3,046,043
Other Capital Assets, Net of Depreciation	7,925,299	17,963,924	25,889,223
Total Assets	<u>21,926,435</u>	<u>25,170,149</u>	<u>47,096,584</u>
<b>LIABILITIES</b>			
Accounts Payable	887,335	72,887	960,222
Salaries Payable	24,779	4,403	29,182
Accrued Interest Payable	91,349	23,517	114,866
Deferred Revenue	59,570	61,314	120,884
Noncurrent Liabilities			
Due Within One Year	335,496	255,000	590,496
Due in More Than One Year	6,155,286	1,486,876	7,642,162
Total Liabilities	<u>7,553,815</u>	<u>1,903,997</u>	<u>9,457,812</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	10,590,125	17,046,624	27,636,749
Restricted for			
Debt Service	2,367,524	-	2,367,524
Unrestricted	1,414,971	6,219,528	7,634,499
Total Net Assets	<u>\$ 14,372,620</u>	<u>\$ 23,266,152</u>	<u>\$ 37,638,772</u>

See accompanying Notes to the Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2005**

<b>FUNCTIONS/PROGRAMS</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 379,547	\$ 575,032	\$ 36,042	\$ -
Public Safety	885,898	14,161	32,258	-
Public Works	1,724,702	-	15,335	987,304
Parks, Recreation and Forestry	179,270	94,043	1,615	-
Community Development	2,249,824	11,578	-	-
Interest on Long-Term Debt	229,618	-	-	-
Total Governmental Activities	<u>5,648,859</u>	<u>694,814</u>	<u>85,250</u>	<u>987,304</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water	1,200,345	1,059,624	-	-
Sewer	744,766	1,082,307	-	-
Storm Sewer	60,662	148,735	-	-
Total Business-Type Activities	<u>2,005,773</u>	<u>2,290,666</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,654,632</u>	<u>\$ 2,985,480</u>	<u>\$ 85,250</u>	<u>\$ 987,304</u>

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, as Previously Stated

Prior Period Adjustment

Net Assets - Beginning of Year, as Restated

**NET ASSETS - END OF YEAR**

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 231,527	\$ -	\$ 231,527
(839,479)	-	(839,479)
(722,063)	-	(722,063)
(83,612)	-	(83,612)
(2,238,246)	-	(2,238,246)
(229,618)	-	(229,618)
(3,881,491)	-	(3,881,491)
-	(140,721)	(140,721)
-	337,541	337,541
-	88,073	88,073
-	284,893	284,893
(3,881,491)	284,893	(3,596,598)
3,137,255	-	3,137,255
141,738	-	141,738
144,727	104,847	249,574
3,756	-	3,756
25,382	-	25,382
(351,672)	351,672	-
3,101,186	456,519	3,557,705
(780,305)	741,412	(38,893)
13,672,095	22,797,052	36,469,147
1,480,830	(272,312)	1,208,518
15,152,925	22,524,740	37,677,665
\$ 14,372,620	\$ 23,266,152	\$ 37,638,772

**WHITE BEAR TOWNSHIP, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	General	Economic Development Authority	Miscellaneous Bond Fund	Improvement Bonds 2001A
<b>ASSETS</b>				
Cash and Investments	\$ 1,568,111	\$ 535,255	\$ -	\$ -
Accrued Interest Receivable	8,651	-	-	-
Accounts Receivable	11,514	-	-	-
Due from Other Governmental Units	7,463	-	-	-
Interfund Receivable	266,144	-	-	-
Taxes Receivable				
Delinquent	24,046	-	-	-
Due from County	-	-	-	-
Special Assessments Receivable				
Delinquent	-	-	94,282	-
Deferred	-	-	1,184,460	-
Notes Receivable	-	212,402	-	-
Prepaid Items	14,564	-	-	-
	<u>\$ 1,900,493</u>	<u>\$ 747,657</u>	<u>\$ 1,278,742</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Interfund Payable	\$ -	\$ -	\$ 25,149	\$ -
Accounts Payable	104,183	356,412	-	-
Salaries Payable	22,812	1,967	-	-
Deferred Revenue	72,146	-	1,181,119	-
Total Liabilities	<u>199,141</u>	<u>358,379</u>	<u>1,206,268</u>	<u>-</u>
Fund Balances				
Reserved				
Reserved for Debt Retirement	-	-	-	-
Reserved for Note Receivable	-	212,402	-	-
Reserved for Prepaid Items	14,564	-	-	-
Unreserved				
Designated				
General Fund	9,115	-	-	-
Special Revenue Funds	-	-	-	-
Undesignated Reported in				
General Fund	1,677,673	-	-	-
Special Revenue Funds	-	176,876	-	-
Debt Service Funds	-	-	72,474	-
Capital Projects Funds	-	-	-	-
Total Equity and Fund Balances	<u>1,701,352</u>	<u>389,278</u>	<u>72,474</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,900,493</u>	<u>\$ 747,657</u>	<u>\$ 1,278,742</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

Improvement Bonds 2005A	Municipal Building Improvement Fund	Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 102,232	\$ 1,427,387	\$ -	\$ 2,117,369	\$ 5,750,354
76	14,897	-	12,322	35,946
-	-	-	-	11,514
-	-	-	-	7,463
-	-	-	-	266,144
-	-	-	-	24,046
-	-	-	642	642
-	-	-	-	94,282
477,721	-	-	96,852	1,759,033
-	-	-	-	212,402
-	-	-	-	14,564
<u>\$ 580,029</u>	<u>\$ 1,442,284</u>	<u>\$ -</u>	<u>\$ 2,227,185</u>	<u>\$ 8,176,390</u>
\$ -	\$ -	\$ 240,995	\$ -	\$ 266,144
-	316,135	12,020	97,330	886,080
-	-	-	-	24,779
477,721	-	-	109,994	1,840,980
<u>477,721</u>	<u>316,135</u>	<u>253,015</u>	<u>207,324</u>	<u>3,017,983</u>
102,308	-	-	625,251	727,559
-	-	-	-	212,402
-	-	-	-	14,564
-	-	-	-	9,115
-	-	-	11,940	11,940
-	-	-	-	1,677,673
-	-	-	527,815	704,691
-	-	-	-	72,474
-	1,126,149	(253,015)	854,855	1,727,989
<u>102,308</u>	<u>1,126,149</u>	<u>(253,015)</u>	<u>2,019,861</u>	<u>5,158,407</u>
<u>\$ 580,029</u>	<u>\$ 1,442,284</u>	<u>\$ -</u>	<u>\$ 2,227,185</u>	<u>\$ 8,176,390</u>

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**WHITE BEAR TOWNSHIP, MINNESOTA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
**GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2005**

**TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS** **\$ 5,158,407**

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	\$ 3,661,752	
Construction in Progress	2,221,467	
Buildings, Net of Accumulated Depreciation	615,348	
Vehicles, Net of Accumulated Depreciation	559,341	
Machinery and Shop Equipment, Net of Accumulated Depreciation	638,937	
Office Furniture and Equipment, Net of Accumulated Depreciation	70,735	
Infrastructure, Net of Accumulated Depreciation	6,040,938	13,808,518

Some of the Township's property taxes and special assessments will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the governmental funds. 1,781,410

Bond issuance costs are reported as expenditures in the governmental funds. A total of \$66,021 costs have been incurred and are shown net of \$2,629 accumulated amortization on the statement of net assets as prepaid items. 63,392

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. (91,349)

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: 143,024

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	\$ (6,365,000)	
Unamortized Premiums	(21,023)	
Unamortized Discounts	21,734	
Compensated Absence Payable	(126,493)	(6,490,782)

**TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 14,372,620**

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2005**

	General	Economic Development Authority	Miscellaneous Bond Fund	Improvement Bonds 2001A
<b>REVENUE</b>				
General Property Taxes	\$ 2,115,840	\$ 760,677	\$ -	\$ -
Licenses and Permits	199,941	-	-	-
Intergovernmental	225,374	-	-	-
Charges for Services	151,484	-	-	-
Investment Earnings	21,868	(14,765)	(45,820)	(31,166)
Fines and Forfeits	11,767	-	-	-
Park and Recreation Fees	-	-	-	-
Special Assessments	-	-	873,893	(1,700)
Equipment Rental	137,875	-	-	-
Miscellaneous	105,437	12,000	1,350	-
Total Revenue	<u>2,969,586</u>	<u>757,912</u>	<u>829,423</u>	<u>(32,866)</u>
<b>EXPENDITURES</b>				
Current				
General Government	747,172	-	-	-
Public Safety	881,203	-	-	-
Public Works	555,698	-	-	-
Parks, Recreation and Forestry	234,740	-	-	-
Community Development	81,128	587,572	-	-
Capital Outlay	139,634	343,219	-	-
Debt Service				
Principal	-	-	-	845,000
Interest and Fiscal Charges	-	17,950	-	15,581
Total Expenditures	<u>2,639,575</u>	<u>948,741</u>	<u>-</u>	<u>860,581</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	330,011	(190,829)	829,423	(893,447)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	40,000	76,317	402
Transfer Out	(225,000)	(161,989)	(1,767,299)	(81,227)
Sale of Property	5,918	-	-	-
Issuance of Debt	-	515,000	-	-
Discount on Bonds Issued	-	(9,012)	-	-
Total Other Financing Sources (Uses)	<u>(219,082)</u>	<u>383,999</u>	<u>(1,690,982)</u>	<u>(80,825)</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	110,929	193,170	(861,559)	(974,272)
Fund Balance - Beginning of Year	<u>1,590,423</u>	<u>196,108</u>	<u>934,033</u>	<u>974,272</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,701,352</u>	<u>\$ 389,278</u>	<u>\$ 72,474</u>	<u>\$ -</u>

See accompanying Notes to the Financial Statements.

Improvement Bonds 2005A	Municipal Building Improvement Fund	Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 42,042	\$ 2,918,559
-	-	-	-	199,941
-	-	-	-	225,374
-	-	-	-	151,484
731	121,871	43,557	45,466	141,742
-	-	-	-	11,767
-	-	-	29,658	29,658
101,577	-	-	8,027	981,797
-	-	-	-	137,875
-	500	3,300	74,007	196,594
<u>102,308</u>	<u>122,371</u>	<u>46,857</u>	<u>199,200</u>	<u>4,994,791</u>
-	-	-	-	747,172
-	-	-	-	881,203
-	239,667	354,430	-	1,149,795
-	-	-	20,444	255,184
-	-	-	-	668,700
-	1,363,218	734,531	113,220	2,693,822
-	-	-	585,000	1,430,000
-	-	20,575	204,030	258,136
-	<u>1,602,885</u>	<u>1,109,536</u>	<u>922,694</u>	<u>8,084,012</u>
102,308	(1,480,514)	(1,062,679)	(723,494)	(3,089,221)
-	15,000	1,515,155	689,210	2,336,084
-	-	-	(46,941)	(2,282,456)
-	-	-	-	5,918
-	-	755,000	-	1,270,000
-	-	(13,212)	-	(22,224)
-	<u>15,000</u>	<u>2,256,943</u>	<u>642,269</u>	<u>1,307,322</u>
102,308	(1,465,514)	1,194,264	(81,225)	(1,781,899)
-	<u>2,591,663</u>	<u>(1,447,279)</u>	<u>2,101,086</u>	<u>6,940,306</u>
<u>\$ 102,308</u>	<u>\$ 1,126,149</u>	<u>\$ (253,015)</u>	<u>\$ 2,019,861</u>	<u>\$ 5,158,407</u>

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2005**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ (1,781,899)

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	\$	1,266,882	
Gain on Disposal of Capital Assets		3,756	
Proceeds from Sales of Capital Assets		(5,918)	
Depreciation Expense		<u>(701,567)</u>	563,153

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		(1,270,000)	
Bond Discount		22,224	
Bond Issuance Costs		38,525	
Repayment of Bond Principal		1,430,000	
Change in Accrued Interest Expense for General Obligation Bonds		(8,399)	
Amortization of Bond Issuance Costs		(2,629)	
Amortization of Bond Premium		1,511	
Amortization of bond discount		<u>(490)</u>	210,742

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, 2004		1,562,713	
Deferred Revenue - December 31, 2005		<u>1,781,410</u>	218,697

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During the year the balance of compensated absence payable increased. (10,234)

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. 19,236

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ (780,305)

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2005**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Storm Water	Totals 2005	Internal Service Fund
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 1,557,442	\$ 4,120,799	\$ 320,268	\$ 5,998,509	\$ 124,276
Accounts Receivable	134,062	186,021	29,880	349,963	-
Accrued Interest Receivable	7,360	24,082	1,735	33,177	908
Prepaid Items	-	-	-	-	19,095
Total Current Assets	<u>1,698,864</u>	<u>4,330,902</u>	<u>351,883</u>	<u>6,381,649</u>	<u>144,279</u>
<b>NONCURRENT ASSETS</b>					
Capital Assets					
Construction in Progress	824,576	-	-	824,576	-
Buildings	5,808,270	-	-	5,808,270	-
Vehicles	975	42,600	-	43,575	-
Machinery and Shop Equipment	62,034	-	-	62,034	-
Office Furniture and Equipment	110,197	6,465	-	116,662	-
Infrastructure	21,537,946	-	-	21,537,946	-
Total Capital Assets	<u>28,343,998</u>	<u>49,065</u>	<u>-</u>	<u>28,393,063</u>	<u>-</u>
Less: Accumulated Depreciation	(9,581,351)	(23,212)	-	(9,604,563)	-
Net Capital Assets	<u>18,762,647</u>	<u>25,853</u>	<u>-</u>	<u>18,788,500</u>	<u>-</u>
Total Assets	<u>20,461,511</u>	<u>4,356,755</u>	<u>351,883</u>	<u>25,170,149</u>	<u>144,279</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	24,832	46,882	1,173	72,887	1,255
Salaries Payable	2,428	1,588	387	4,403	-
Deferred Revenue	7,314	54,000	-	61,314	-
Accrued Interest Payable	23,517	-	-	23,517	-
Bonds Payable - Current Maturities	255,000	-	-	255,000	-
Total Current Liabilities	<u>313,091</u>	<u>102,470</u>	<u>1,560</u>	<u>417,121</u>	<u>1,255</u>
<b>NONCURRENT LIABILITIES</b>					
Bonds Payable - Long-Term	1,486,876	-	-	1,486,876	-
Total Liabilities	<u>1,799,967</u>	<u>102,470</u>	<u>1,560</u>	<u>1,903,997</u>	<u>1,255</u>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	17,020,771	25,853	-	17,046,624	-
Unrestricted	1,640,773	4,228,432	350,323	6,219,528	143,024
Total Net Assets	<u>\$ 18,661,544</u>	<u>\$ 4,254,285</u>	<u>\$ 350,323</u>	<u>\$ 23,266,152</u>	<u>\$ 143,024</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, 2005**

	Business-Type Activities - Enterprise Funds				Governmental
				Totals	Internal
	Water	Sewer	Storm Water	2005	Service Fund
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 791,609	\$ 1,033,155	\$ 148,735	\$ 1,973,499	\$ 85,118
Water and Sewer Availability Charges	208,500	20,950	-	229,450	-
Total Operating Revenue	1,000,109	1,054,105	148,735	2,202,949	85,118
<b>OPERATING EXPENSES</b>					
Personnel Services	156,698	101,406	26,080	284,184	25,071
Other Services and Charges	145,990	532,624	10,362	688,976	43,793
Materials and Supplies	213,443	108,582	24,220	346,245	-
Depreciation	622,204	2,154	-	624,358	-
Total Operating Expenses	1,138,335	744,766	60,662	1,943,763	68,864
<b>OPERATING INCOME (LOSS)</b>	(138,226)	309,339	88,073	259,186	16,254
<b>OTHER INCOME (EXPENSE)</b>					
Investment Earnings	18,226	78,689	7,932	104,847	2,982
Miscellaneous Non-Operating Income	59,515	28,202	-	87,717	-
Interest and Fiscal Agent Fees	(57,982)	-	-	(57,982)	-
Bond Discount Amortization Expense	(4,028)	-	-	(4,028)	-
Total Other Income	15,731	106,891	7,932	130,554	2,982
Income (Deficit) Before Operating Transfers	(122,495)	416,230	96,005	389,740	19,236
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>					
Capital Contributions	405,300	-	-	405,300	-
Transfers Out	(11,500)	(11,500)	(30,628)	(53,628)	-
Total Capital Contributions and Transfers	393,800	(11,500)	(30,628)	351,672	-
<b>CHANGE IN NET ASSETS</b>	271,305	404,730	65,377	741,412	19,236
Net Assets - Beginning of Year, as Previously Stated	18,662,551	3,849,555	284,946	22,797,052	123,788
Prior Period Adjustment	(272,312)	-	-	(272,312)	-
Net Assets - Beginning of Year, as Restated	18,390,239	3,849,555	284,946	22,524,740	123,788
<b>NET ASSETS - END OF YEAR</b>	<u>\$18,661,544</u>	<u>\$ 4,254,285</u>	<u>\$ 350,323</u>	<u>\$23,266,152</u>	<u>\$ 143,024</u>

See accompanying Notes to the Financial Statements.

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2005**

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Storm Water	Totals 2005	Activities Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Receipts from Customers	\$ 1,052,306	\$ 1,077,699	\$ 149,275	\$ 2,279,280	\$ 85,118
Cash Paid to Suppliers	(352,897)	(651,897)	(33,782)	(1,038,576)	(90,927)
Cash Paid to Employees	(156,258)	(101,090)	(26,167)	(283,515)	-
Net Cash Flows from Operating Activities	543,151	324,712	89,326	957,189	(5,809)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers Out	(11,500)	(11,500)	(30,628)	(53,628)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal Paid on Bonds	(230,000)	-	-	(230,000)	-
Interest and Fiscal Agent Fees	(59,791)	-	-	(59,791)	-
Acquisition of Capital Assets	(1,728)	-	-	(1,728)	-
Net Cash Flows from Capital and Related Financing Activities	(291,519)	-	-	(291,519)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Income	17,911	74,815	7,319	100,045	2,833
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	258,043	388,027	66,017	712,087	(2,976)
Cash and Cash Equivalents - Beginning of Year	1,299,399	3,732,772	254,251	5,286,422	127,252
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,557,442</u>	<u>\$ 4,120,799</u>	<u>\$ 320,268</u>	<u>\$ 5,998,509</u>	<u>\$ 124,276</u>
Noncash Transactions Affecting Financial Position					
Contributions of Capital Assets Received	<u>\$ 405,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,300</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ (138,226)	\$ 309,339	\$ 88,073	\$ 259,186	\$ 16,254
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Depreciation	622,204	2,154	-	624,358	-
Miscellaneous Nonoperating Income	59,515	28,202	-	87,717	-
Change in Assets and Liabilities:					
Accounts Receivable	(7,578)	(4,608)	540	(11,646)	-
Prepaid Items	-	540	-	540	(19,095)
Accounts Payable	6,536	(11,231)	800	(3,895)	(2,968)
Salaries Payable	440	316	(87)	669	-
Deferred Revenue	260	-	-	260	-
Net Cash Flows from Operating Activities	<u>\$ 543,151</u>	<u>\$ 324,712</u>	<u>\$ 89,326</u>	<u>\$ 957,189</u>	<u>\$ (5,809)</u>

See accompanying Notes to the Financial Statements.

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**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**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, 2005**

**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.

Improvement Bonds 2001A

The improvement bonds 2002A fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

Improvement Bonds 2005A

The improvement bonds 2005A fund accounts for the accumulation of resources for, and the payment of, interest, principal and related costs on general long-term debt.

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. BASIC FINANCIAL STATEMENTS (CONTINUED)**

2. Fund Financial Statements (Continued)

Municipal Building Improvement Fund

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

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, 2005**

**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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating item. Operating revenues and expenses generally result from providing services and producing and delivering goods in 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, 2005**

**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, 2005**

**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 2005 totaled \$184,880. 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, 2005**

**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.

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

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net 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, 2005**

**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.

**O. STEWARDSHIP AND ACCOUNTABILITY – BUDGETS**

The General Fund and Economic Development Authority Special Revenue Fund budgets are legally adopted on a basis consistent with U.S. generally accepted accounting principles. Actual expenditures exceeded budgets during 2005 as follows:

	Final Budget	Actual	Excess
Economic Development Authority	\$ 449,698	\$ 948,741	\$ (499,043)

The expenditures in excess of budget were deemed to be critical to Township operations and all related expenditures were approved by the Board.

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 2 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

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

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

The Township's deposits in banks at June 30, 2005 in the amount of \$4,016,679 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota statutes.

**B. INVESTMENTS**

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

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

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. INVESTMENTS (CONTINUED)**

At December 31, 2005, the Township's investment balances were as follows:

**Investments Held with Broker –**

***Interest Rate Risk.***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal investment policy which specifically addressed interest rate risk. Information about the sensitivity of the fair values of the Township's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the Township's investments by maturity:

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	\$ 1,036,331	\$ 1,036,331	\$ -	\$ -	\$ -
Minnesota Municipal Money Market Fund Trust	52,761	52,761	-	-	-
Municipal Bonds	187,120	-	-	-	187,120
Commercial Paper	2,997,722	2,997,722	-	-	-
Certificate of Accrual	474,700	-	-	-	474,700
Federal Home Loan Bank	3,480,627	259,506	1,041,145	595,593	1,584,383
Federal National Mortgage Association	797,850	194,438	-	-	603,412
Government National Mortgage Association	9,364	-	-	-	9,364
Total	<u>\$ 9,036,474</u>	<u>\$ 4,540,758</u>	<u>\$ 1,041,145</u>	<u>\$ 595,593</u>	<u>\$ 2,858,979</u>

***Credit Risk.***

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

Type	Credit Quality Rating	Amount
Minnesota Municipal Money Market Fund Trust	See Below	\$ 52,761
Municipal Bonds	Aaa	187,120
Commercial Paper	P-1	2,997,722
Certificate of Accrual	Aaa	474,700
Federal Home Loan Bank	Aaa	3,480,627
Federal National Mortgage Association	Aaa	797,850
Government National Mortgage Association	Aaa	9,364
Total		<u>\$ 8,000,143</u>

The Minnesota Municipal Money Market Fund Trust is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under Minnesota statutes as described on the previous page. Its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**Note 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. INVESTMENTS (CONTINUED)**

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

**Concentration of Credit Risk.**

The Township places no limit on the amount that the District may invest in any one issuer. The following is a list of investments which individually comprise more than 5 percent of the Township's total investments:

Type	Amount	Percentage
Certificate of Accrual	\$ 474,700	5.93%
General Electric Capital Commercial Paper	2,018,532	25.23%
Federal Home Loan Bank	3,480,627	43.51%
Federal National Mortgage Association	797,850	9.97%

**Note 3 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 3,293,408	\$ 368,344	\$ -	\$ 3,661,752
Construction in Progress	1,505,309	716,158	-	2,221,467
Total Capital Assets, not Being Depreciated	4,798,717	1,084,502	-	5,883,219
Capital Assets, Being Depreciated				
Buildings	(1) 1,005,263	-	-	1,005,263
Vehicles	897,493	141,766	(38,900)	1,000,359
Machinery and Shop Equipment	946,066	24,380	(9,490)	960,956
Office Furniture and Equipment	210,208	16,234	(5,977)	220,465
Infrastructure	(1) 15,578,654	-	-	15,578,654
Total Capital Assets, Being Depreciated	18,637,684	182,380	(54,367)	18,765,697
Accumulated Depreciation for				
Buildings	(1) (372,738)	(17,177)	-	(389,915)
Vehicles	(420,987)	(58,931)	38,900	(441,018)
Machinery and Shop Equipment	(284,167)	(46,393)	8,541	(322,019)
Office Furniture and Equipment	(137,676)	(16,818)	4,764	(149,730)
Infrastructure	(8,975,468)	(562,248)	-	(9,537,716)
Total Accumulated Depreciation	(10,191,036)	(701,567)	52,205	(10,840,398)
Total Capital Assets, Being Depreciated, Net	8,446,648	(519,187)	(2,162)	7,925,299
Governmental Activities Capital Assets, Net	<u>\$ 13,245,365</u>	<u>\$ 565,315</u>	<u>\$ (2,162)</u>	<u>\$ 13,808,518</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	\$ 31,536
Public Safety	2,493
Public Works	571,920
Parks, Recreation and Forestry	71,400
Community Development	24,218
Total Depreciation Expense, Governmental Activities	<u>\$ 701,567</u>

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**Note 3 CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended December 31, 2005 was as follows (Continued):

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 419,276	\$ 405,300	\$ -	\$ 824,576
Capital Assets, Being Depreciated				
Buildings	(1) 5,808,270	-	-	5,808,270
Vehicles	43,575	-	-	43,575
Machinery and Shop Equipment	60,693	1,341	-	62,034
Office Furniture and Equipment	116,276	386	-	116,662
Infrastructure	21,537,946	-	-	21,537,946
Total Capital Assets, Being Depreciated	27,566,760	1,727	-	27,568,487
Accumulated Depreciation for				
Buildings	(1) (2,167,310)	(183,609)	-	(2,350,919)
Vehicles	(15,251)	(2,179)	-	(17,430)
Machinery and Shop Equipment	(25,373)	(4,612)	-	(29,985)
Office Furniture and Equipment	(65,018)	(3,199)	-	(68,217)
Infrastructure	(6,707,253)	(430,759)	-	(7,138,012)
Total Accumulated Depreciation	(8,980,205)	(624,358)	-	(9,604,563)
Total Capital Assets, Being Depreciated, Net	18,586,555	(622,631)	-	17,963,924
Business-Type Activities Capital Assets, Net	\$ 19,005,831	\$ (217,331)	\$ -	\$ 18,788,500

(1) See Note 13 regarding restatement of beginning balances.

**Note 4 TOWNSHIP INDEBTEDNESS**

Township indebtedness at December 31, 2005 is composed of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Balance 12/31/05
Governmental Activities:					
General Obligation Bonds					
1999D Tax Increment Bonds	9/1/1999	2/1/2008	4.10% - 5.15%	\$ 2,390,000	\$ 1,725,000
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
2005A Improvement Bonds	11/1/2004	2/1/2020	3.75%	755,000	755,000
2005B Tax Increment Bonds	11/1/2004	2/1/2020	3.75%	515,000	515,000
Total Bonds				7,030,000	6,365,000
Unamortized Bond Discount				(22,224)	(21,734)
Unamortized Bond Premium				22,660	21,023
Compensated Absences Payable				N/A	126,493
Total Governmental Activities				\$ 7,030,436	\$ 6,490,782
Business-Type Activities:					
Revenue Bonds					
1998B G.O. Water Revenue Bonds	5/1/1998	2/1/2014	3.85% - 5.00%	\$ 505,000	\$ 355,000
2001B G.O. Water Revenue Bonds	10/1/2001	2/1/2017	3.75% - 5.00%	430,000	365,000
2003A G.O. Water Revenue Refunding Bonds	11/4/2003	2/1/2010	1.20% - 2.90%	1,225,000	1,050,000
Total Bonds				2,160,000	1,770,000
Unamortized Bond Discount				(60,411)	(28,124)
Total Business-Type Activities				\$ 2,099,589	\$ 1,741,876

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 4 TOWNSHIP INDEBTEDNESS (CONTINUED)**

The following is a schedule of changes in Township indebtedness for the year ended December 31, 2005:

	Payable 12/31/04	Issues	Payments	Payable 12/31/05	Due Within One Year
<b>Governmental Activities:</b>					
Bonded Debt					
General Obligation Bonds	\$ 5,360,000	\$ 1,270,000	\$ 265,000	\$ 6,365,000	\$ 260,000
General Obligation Special Assessment Bonds	1,165,000	-	1,165,000	-	-
Compensated Absences Payable	116,259	85,995	75,761	126,493	75,496
Total Governmental Activities	<u>6,641,259</u>	<u>1,355,995</u>	<u>1,505,761</u>	<u>6,491,493</u>	<u>335,496</u>
<b>Business-Type Activities:</b>					
Revenue Bonds	<u>2,000,000</u>	<u>-</u>	<u>230,000</u>	<u>1,770,000</u>	<u>255,000</u>
<b>Total</b>	<u>\$ 8,641,259</u>	<u>\$ 1,355,995</u>	<u>\$ 1,735,761</u>	<u>\$ 8,261,493</u>	<u>\$ 590,496</u>

All long-term bonded indebtedness outstanding at December 31, 2005 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	
2006	\$ 260,000	\$ 257,025	\$ 255,000	\$ 53,763	\$ 825,788
2007	450,000	251,673	265,000	47,829	1,014,502
2008	550,000	232,615	270,000	40,915	1,093,530
2009	540,000	211,134	275,000	33,141	1,059,275
1010	430,000	190,634	290,000	24,258	934,892
2011 - 2015	2,160,000	652,783	340,000	54,998	3,207,781
2016 - 2020	1,860,000	240,513	75,000	3,673	2,179,186
2021 - 2025	115,000	5,906	-	-	120,906
Total	<u>\$ 6,365,000</u>	<u>\$ 2,042,283</u>	<u>\$ 1,770,000</u>	<u>\$ 258,577</u>	<u>\$ 10,435,860</u>

**Description and Restrictions of Long-Term Debt**

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

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, 2005**

**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 [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**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. Contribution rates in the Coordinated Plan will increase in 2006 to 5.5%. The Township 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. Employer contribution rates for the Coordinated Plan will increase to 6.0% effectively January 1, 2006. The Township's contributions to the Public Employees Retirement Fund for the years ending December 31, 2005, 2004, and 2003 were \$49,156, \$49,284, and \$47,295, 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, 2005 in the following fund:

	Fund Balance Deficit
Improvement Fund	\$ (253,015)

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, 2005.

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 2005 were approximately \$219,918.

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 2005 were approximately \$645,575.

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 8 DESIGNATIONS AND RESERVATIONS OF FUND EQUITY**

At December 31, 2005, 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, 2005 are shown on the various balance sheets as segregations of the fund equity. A summary of such designations is as follows:

	December 31, 2005
General Fund	
Reserved for Prepaid Items	\$ 14,564
Designated for Public Safety	9,115
Special Revenue Fund	
Reserved for Notes Receivable	212,402
Designated for Park Improvements	11,940
Debt Service Funds	
Reserved for Debt Retirement	727,559

**Note 9 INTERFUND RECEIVABLE AND PAYABLE**

Individual fund receivable and payable balances at December 31, 2005 are as follows:

	Interfund Receivable	Interfund Payable
Governmental Activity		
General Fund	\$ 266,144	\$ -
Miscellaneous Bonds Fund	-	25,149
Improvement Fund	-	240,995
Total Governmental Activity	\$ 266,144	\$ 266,144

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

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**Note 10 INTERFUND TRANSFERS**

Individual fund transfers for fiscal year 2005 are as follows:

	Transfer In	Transfer Out
Governmental Activity		
General Fund	\$ -	\$ (225,000)
Economic Development Authority	40,000	(161,989)
Miscellaneous Bonds Fund	76,317	(1,767,299)
Municipal Building Improvement Fund	15,000	-
Improvement Fund	1,515,155	-
Nonmajor Funds:		
Debt Service Funds		
Tax Increment Bonds 1999D	72,230	-
Tax Increment Bonds 1998C	134,759	-
1999B Refunding Bond	293,506	-
Tax Increment Bonds 2001C	40,715	-
Tax Increment Bonds 2001C	48,000	-
2001A Improvement Bond	402	(81,227)
Capital Projects Funds		
Closed Construction Fund	35,000	(6,226)
Community Park Improvement Fund	65,000	-
Park Improvement Fund	-	(40,715)
Total Governmental Activity	2,336,084	(2,282,456)
Business-Type Activity		
Water Fund	-	(11,500)
Sewer Fund	-	(11,500)
Storm Sewer Fund	-	(30,628)
	\$ 2,336,084	\$ (2,336,084)

**Transfer Purpose:**

During 2005 the Township made routine interfund transfers to allocate financial resources to the funds that received benefit from services provided by another fund or to establish or close-out funds.

**Note 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, 2005**

**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, 2005, is as follows:

<u>Enterprises</u>	<u>Purpose</u>	<u>Balance at December 31, 2005</u>
Porous Media	Construction of a Facility	\$ 1,080,000
N.A. Ternes & Associates	Construction of a Facility	1,435,000
St. Croix Valley Hardwoods	Construction of a Facility	109,040

**Note 13 Prior Period Adjustment**

During 2005, adjustments to increase beginning net assets were made to reflect capital asset corrections. The adjustment reflects an increase of \$1,208,519 in infrastructure assets which were omitted in the Township's 2004 GASB 34 implementation. In addition, corrections were recorded to transfer building costs in the amount of \$17,312 from business-type activities to governmental activities and accumulated depreciation in the amount of \$255,000 from governmental activities to business-type activities. These errors had no impact in "Change in Net Assets" as reported in the Township's 2004 Statement of Activities. The following is a summary of the related corrections:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net asset increase (decrease):			
Previously omitted infrastructure	\$ 1,208,519	\$ -	\$ 1,208,519
Building cost correction	17,312	(17,312)	-
Accumulated depreciation correction	255,000	(255,000)	-
Net asset restatement	<u>\$ 1,480,831</u>	<u>\$ (272,312)</u>	<u>\$ 1,208,519</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON INFORMATION**

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUE</b>				
General Property Taxes	\$ 2,127,236	\$ 2,127,236	\$ 2,115,840	\$ (11,396)
Licenses and Permits	146,900	146,900	199,941	53,041
Intergovernmental	230,250	230,250	225,374	(4,876)
Charges for Services	80,725	80,725	151,484	70,759
Investment Earnings	34,542	34,542	21,868	(12,674)
Fines and Forfeits	12,000	12,000	11,767	(233)
Equipment Rental	137,875	137,875	137,875	-
Miscellaneous	110,580	110,580	105,437	(5,143)
Total Revenue	2,880,108	2,880,108	2,969,586	89,478
<b>EXPENDITURES</b>				
Current				
General Government	847,153	847,153	747,172	99,981
Public Safety	893,375	893,375	881,203	12,172
Public Works	598,974	604,974	555,698	49,276
Parks, Recreation and Forestry	252,363	246,363	234,740	11,623
Community Development	87,126	87,126	81,128	5,998
Capital Outlay	205,164	205,164	139,634	65,530
Total Expenditures	2,884,155	2,884,155	2,639,575	244,580
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	(4,047)	(4,047)	330,011	334,058
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	(20,000)	(20,000)	(225,000)	(205,000)
Sale of Property	2,000	2,000	5,918	3,918
Total Other Financing Uses	(18,000)	(18,000)	(219,082)	(201,082)
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<u>\$ (22,047)</u>	<u>\$ (22,047)</u>	110,929	<u>\$ 132,976</u>
Fund Balance - Beginning of Year			1,590,423	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,701,352</u>	

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL**  
**ECONOMIC DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND**  
**YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUE</b>				
General Property Taxes	\$ 820,657	\$ 820,657	\$ 760,677	\$ (59,980)
Investment Earnings	13,316	13,316	(14,765)	(28,081)
Miscellaneous	-	-	12,000	12,000
Total Revenue	833,973	833,973	757,912	(76,061)
 <b>EXPENDITURES</b>				
Current				
Community Development	449,698	449,698	587,572	(137,874)
Capital Outlay	-	-	343,219	(343,219)
Debt Service				
Interest and Fiscal Charges	-	-	17,950	(17,950)
Total Expenditures	449,698	449,698	948,741	(499,043)
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	384,275	384,275	(190,829)	422,982
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	40,000	40,000
Transfer Out	(115,533)	(115,533)	(161,989)	(46,456)
Issuance of Debt	-	-	515,000	515,000
Discount on Debt Issued	-	-	(9,012)	(9,012)
Total Other Financing Sources (Uses)	(115,533)	(115,533)	383,999	499,532
 <b>NET INCREASE IN FUND BALANCE</b>	 <b>\$ 268,742</b>	 <b>\$ 268,742</b>	 193,170	 <b>\$ 922,514</b>
Fund Balance - Beginning of Year			196,108	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 389,278</b>	

**WHITE BEAR TOWNSHIP, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2005**

**STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY - BUDGETS**

The General Fund and Economic Development Authority Special Revenue Fund budgets are legally adopted on a basis consistent with U.S. generally accepted accounting principles. Actual expenditures exceeded budgets during 2005 as follows:

	Final Budget	Actual	Excess
Economic Development Authority	\$ 449,698	\$ 948,741	\$ (499,043)

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## **COMBINING FUND FINANCIAL STATEMENTS**

**WHITE BEAR TOWNSHIP, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	Special Revenue	Debt Service	
	Park Acquisition Fund	Refunding Bonds 1999B	Improvement Bonds 1998C
<b>ASSETS</b>			
Cash and Investments	\$ 536,444	\$ -	\$ -
Accrued Interest Receivable	3,311	-	-
Taxes Receivable			
Due from County	-	-	-
Special Assessments Receivable			
Deferred	-	-	-
Total Assets	\$ 539,755	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-
Total Liabilities	-	-	-
Fund Balance (Deficit)			
Reserved for Debt Retirement	-	-	-
Unreserved			
Designated			
Park Improvements	11,940	-	-
Undesignated	527,815	-	-
Total Fund Balance (Deficit)	539,755	-	-
Total Liabilities and Fund Balance	\$ 539,755	\$ -	\$ -

Debt Service (continued)				Capital Projects	
Tax Increment Bonds 1999D	Tax Increment Bonds 2001C	Public Facility Bonds 2004A	Debt Service Subtotal	Closed Construction Fund	Community Park Improvement Fund
\$ 596,283	\$ -	\$ 24,712	\$ 620,995	\$ 387,454	\$ 256,161
3,576	-	38	3,614	2,312	1,087
642	-	-	642	-	-
-	-	-	-	-	-
<u>\$ 600,501</u>	<u>\$ -</u>	<u>\$ 24,750</u>	<u>\$ 625,251</u>	<u>\$ 389,766</u>	<u>\$ 257,248</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,330
-	-	-	-	13,300	-
-	-	-	-	13,300	97,330
600,501	-	24,750	625,251	-	-
-	-	-	-	-	-
-	-	-	-	376,466	159,918
<u>600,501</u>	<u>-</u>	<u>24,750</u>	<u>625,251</u>	<u>376,466</u>	<u>159,918</u>
<u>\$ 600,501</u>	<u>\$ -</u>	<u>\$ 24,750</u>	<u>\$ 625,251</u>	<u>\$ 389,766</u>	<u>\$ 257,248</u>

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**WHITE BEAR TOWNSHIP, MINNESOTA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2005**

	Capital Projects (continued)		
	Park Improvement Fund	Capital Projects Subtotal	Totals 2005
<b>ASSETS</b>			
Cash and Investments	\$ 316,315	\$ 959,930	\$ 2,117,369
Accrued Interest Receivable	1,998	5,397	12,322
Taxes Receivable			
Due from County	-	-	642
Special Assessments Receivable			
Deferred	96,852	96,852	96,852
Total Assets	\$ 415,165	\$ 1,062,179	\$ 2,227,185
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable	\$ -	\$ 97,330	\$ 97,330
Deferred Revenue	96,694	109,994	109,994
Total Liabilities	96,694	207,324	207,324
Fund Balance			
Reserved for Debt Retirement	-	-	625,251
Unreserved			
Designated			
Park Improvements	-	-	11,940
Undesignated	318,471	854,855	1,382,670
Total Fund Balance	318,471	854,855	2,019,861
Total Liabilities and Fund Balance	\$ 415,165	\$ 1,062,179	\$ 2,227,185

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2005**

	Special Revenue	Debt Service	
	Park Acquisition Fund	Refunding Bonds 1999B	Improvement Bonds 1998C
<b>REVENUE</b>			
General Property Taxes	\$ -	\$ -	\$ -
Investment Earnings	9,789	5,400	-
Park and Recreation Fees	29,658	-	-
Special Assessments	-	(8,273)	-
Miscellaneous	-	-	-
Total Revenue	<u>39,447</u>	<u>(2,873)</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
Parks, Recreation and Forestry	8,812	-	-
Capital Outlay	2,049	-	-
Debt Service			
Principal	-	320,000	130,000
Interest and Fiscal Charges	-	7,443	4,759
Total Expenditures	<u>10,861</u>	<u>327,443</u>	<u>134,759</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	28,586	(330,316)	(134,759)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	293,506	134,759
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>293,506</u>	<u>134,759</u>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	28,586	(36,810)	-
Fund Balance - Beginning of Year	<u>511,169</u>	<u>36,810</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 539,755</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service (continued)				Capital Projects	
Tax Increment Bonds 1999D	Tax Increment Bonds 2001C	Public Facility Bonds 2004A	Debt Service Subtotal	Closed Construction Fund	Community Park Improvement Fund
\$ 3,125	\$ -	\$ 38,917	\$ 42,042	\$ -	\$ -
12,089	-	333	17,822	8,739	4,488
-	-	-	-	-	-
(58)	-	-	(8,331)	-	-
-	-	-	-	8,007	66,000
15,156	-	39,250	51,533	16,746	70,488
-	-	-	-	-	11,632
-	-	-	-	-	111,171
135,000	-	-	585,000	-	-
88,613	40,715	62,500	204,030	-	-
223,613	40,715	62,500	789,030	-	122,803
(208,457)	(40,715)	(23,250)	(737,497)	16,746	(52,315)
72,230	40,715	48,000	589,210	35,000	65,000
-	-	-	-	(6,226)	-
72,230	40,715	48,000	589,210	28,774	65,000
(136,227)	-	24,750	(148,287)	45,520	12,685
736,728	-	-	773,538	330,946	147,233
\$ 600,501	\$ -	\$ 24,750	\$ 625,251	\$ 376,466	\$ 159,918

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2005**

	Capital Projects (continued)		
	Park Improvement Fund	Capital Projects Subtotal	Totals 2005
<b>REVENUE</b>			
General Property Taxes	\$ -	\$ -	\$ 42,042
Investment Earnings	4,628	17,855	45,466
Park and Recreation Fees	-	-	29,658
Special Assessments	16,358	16,358	8,027
Miscellaneous	-	74,007	74,007
Total Revenue	20,986	108,220	199,200
<b>EXPENDITURES</b>			
Current			
Parks, Recreation and Forestry	-	11,632	20,444
Capital Outlay	-	111,171	113,220
Debt Service			
Principal	-	-	585,000
Interest and Fiscal Charges	-	-	204,030
Total Expenditures	-	122,803	922,694
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	20,986	(14,583)	(723,494)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	100,000	689,210
Transfers Out	(40,715)	(46,941)	(46,941)
Total Other Financing Sources (Uses)	(40,715)	53,059	642,269
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	(19,729)	38,476	(81,225)
Fund Balance - Beginning of Year	338,200	816,379	2,101,086
<b>FUND BALANCE - END OF YEAR</b>	\$ 318,471	\$ 854,855	\$ 2,019,861

III.  
STATISTICAL  
SECTION  
(UNAUDITED)

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**FISCAL YEARS 2005 AND 2004**  
**(UNAUDITED)**

<u>Fiscal Year (1)</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Services</u>	<u>Parks, Recreation and Forestry</u>	<u>Community Development</u>
2004	\$ 784,823	\$ 847,531	\$ 461,052	\$ 224,700	\$ 518,968
2005	379,547	885,898	1,724,702	179,270	2,249,824

(1) Government-wide expenses are not available for years prior to 2004.

Source: White Bear Township financial records.

Interest on Long-Term Debt	Water	Sewer	Storm Sewer	Total
\$ 168,208	\$ 1,210,433	\$ 762,828	\$ 45,137	\$ 5,023,680
229,618	1,200,345	744,766	60,662	7,654,632

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**GOVERNMENT-WIDE REVENUES BY SOURCE**  
**FISCAL YEARS 2005 AND 2004**  
**(UNAUDITED)**

Fiscal Year (1)	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Property Taxes	Grants and Contributions not Restricted to Specific Programs	Unrestricted Investment Earnings	Other		
2004	\$ 2,582,897	\$ 79,224	\$ 1,539,673	\$ 3,175,590	\$ 119,938	\$ 163,347	\$ 92,253	\$ 7,752,922	
2005	2,985,480	85,250	987,304	3,137,255	141,738	249,574	29,138	7,615,739	

(1) Government-wide expenses are not available for years prior to 2004.

Source: White Bear Township financial records.

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

Year	General Property Taxes and Assessments	Licenses and Permits	Inter- Governmental	Charges for Services	Fines and Forfeitures	Miscellaneous	Total
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
2005	2,918,559	199,941	225,374	151,484	11,767	1,210,218	4,717,343

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

Source: White Bear Township financial records.

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

Year	General Government	Public Safety	Public Works	Parks and Recreation	Miscellaneous	Debt Service	Total
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
2005	747,172	881,203	555,698	243,552	1,153,602	1,667,561	5,248,788

(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
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
2005	12,921,731	1,155,507,300	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
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
2005	2,172,460	2,171,147	99.9	1,673	2,172,820	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
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
2005	19.287	20.602	0.075	49.210	4.176	93.350

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
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
2005	840,626	720,925	94,282	1,759,033	1,853,315

(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, 2005**  
**(UNAUDITED)**

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Market Value</u>	<u>2005 Tax Capacity</u>	<u>Percent of Total</u>
Thermoform Plastics, Inc.	Vacuum formed plastics	\$ 15,500,000	\$ 309,250	2.39 %
Schwing America, Inc.	Cement pump manufacturing	15,166,400	302,578	2.34
EPI Corporation	Computer components	9,614,000	191,530	1.48
Muller Family Theatres	Movie theatre	7,100,000	141,250	1.09
Com Tal Machine & Engineering	Manufacturing	6,368,800	126,626	0.98
Porous Media Corporation	Filtration products	5,823,400	115,718	0.90
Speciality Manufacturing, Inc.	Lawn and garden products	5,374,500	106,740	0.83
JMK Limited Partnership	Commercial/industrial	5,266,200	104,574	0.81
Northern States Power	Utility Company	4,203,200	84,064	0.65
North Oaks Farms Inc	Residential Property	6,954,900	79,861	0.62
All other taxpayers		1,074,135,900	11,359,540	87.91
		<u>\$1,155,507,300</u>	<u>\$ 12,921,731</u>	100.00

<u>Employer</u>	<u>Product/Services</u>	<u>Approximate Number of Employees</u>
Schwing America, Inc.	Cement pump manufacturing	470
Cub Foods	Grocery	350
Water Gremlin Company	Fishing Tackle	250
Thermoform Plastics, Inc.	Vacuum formed plastics	202
Porous Media Corporation	Filtration products	190
E.P.I.	Computer components	150
Rehbein Transit	Transportation	150
Muller Family Theatres	Movie theatre	130
Herold Precision Metals	Manufacturing	90
Midwest Fence	Construction	80
Com Tal Machine & Engineering	Manufacturing	70
Veeco Compound	Manufacturing	65
Speciality Manufacturing, Inc.	Lawn and garden products	55
Cash Register Sales, Inc	Manufacturing	55
Applebee's Bar & Grille	Restaurant	50

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

**WHITE BEAR TOWNSHIP, MINNESOTA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**DECEMBER 31, 2005**  
(UNAUDITED)

Market Value		<u>\$1,155,507,300</u>
Debt Limit: 2% of Market Value		\$ 23,110,146
Total Bonded Debt	\$8,135,000	
Deductions		
1. Amount Available for Retirement of General Obligation Bonds	\$ 76,903	
2. Special Assessment Bonds	755,000	
Revenue Bonds	1,770,000	
Tax Increment Bonds	<u>3,110,000</u>	
	<u>5,711,903</u>	
Total Debt Applicable to debt Limit		<u>2,423,097</u>
Legal Debt Margin, December 31, 2005		<u>\$ 20,687,049</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)**

<u>Year</u>	<u>Population</u>	<u>Tax Capacity</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Tax Capacity</u>	<u>Net Bonded Debt Per Capita</u>
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	68.42	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	11,600	9,866,625	8,690,000	2,587,793	6,102,207	61.85	526
2004	11,664	11,360,401	8,525,000	2,595,599	5,929,401	52.19	508
2005	11,850	12,921,731	8,135,000	689,454	7,445,546	57.62	628

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)**

Year	Principal	Interest	Total General Obligation Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to Total General Fund Expenditures
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
2005	-	62,500	62,500	5,248,788	1.19

(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, 2005**  
**(UNAUDITED)**

Government Unit	Gross Debt (1)	Sinking Funds	Net Debt	White Bear Township's Share	
				Percent	Amount
<b>Direct Debt</b>					
White Bear Township	\$ 8,135,000	\$ 1,068,610	\$ 7,066,390	100.00 %	\$ 7,066,390
<b>Overlapping Debt</b>					
Ramsey County					
Ramsey County	177,227,000	15,617,035	161,609,965	2.77	4,475,076
County Library	9,045,000	1,256,885	7,788,115	5.25	408,734
Metro Watershed	1,494,733	-	1,494,733	-	-
School District					
White Bear Lake ISD 624	58,410,000	8,079,931	50,330,069	20.13	10,132,532
Mounds View ISD 621	132,728,495	1,509,418	131,219,077	0.02	28,847
Technical College SISD 916	13,560,000	383,490	13,176,510	2.30	303,473
Metropolitan Agencies					
Metro Council	1,014,242,184	99,356,050	914,886,134	0.44	4,057,856
Metro Airports Commission	349,327,000	70,391,956	278,935,044	0.44	1,237,179
<b>Total Overlapping Debt</b>	<b>1,756,034,412</b>	<b>196,594,765</b>	<b>1,559,439,647</b>	<b>1.32</b>	<b>20,643,697</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$1,764,169,412</b>	<b>\$197,663,375</b>	<b>\$1,566,506,037</b>	<b>1.77</b>	<b>\$27,710,087</b>

(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 \$793,792,184 and Revenue debt of \$10,760,000. Metro Airports Commission has G.O. Revenue debt of \$303,340,000 and Revenue debt of \$1,678,915,000.

Comparative Net Debt Ratios Applicable to White Bear Township

	Total	Direct Debt	Overlapping Debt
Debt to gross tax capacity (\$11,360,401)	214.45%	159.76%	54.69%
Debt to market value (\$1,009,884,700)	2.40%	1.79%	0.61%
Per capita debt (Population 11,664)	\$2,338.40	\$1,742.08	\$596.32

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	
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	852,584	1,415,000	87,522	1,502,522	0.57
2005	2,395,513	1,319,405	1,076,108	230,000	58,613	288,613	3.73

(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	
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
2005	56	8,691,163	440	10,391,940	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, 2005  
(UNAUDITED)**

Type of Coverage	Coverage Amount
Blanket Building and Contents	\$8,307,020
Mobile Equipment	353,483
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, 2005**  
**(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 2005: 11,850	2000 U.S. Census: 11,293
Registered Voters 2004 General Election:	8,160	
Miles of Township Streets:	70.50 Miles	
Utilities:		
Miles of Water Mains	64.00 Miles	
Miles of Sewer Lines	62.15 Miles	
Miles of Storm Water Lines/Culverts	15.00 Miles	
Town Employees:	17.75 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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## 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, 2005, and have issued our report thereon dated March 15, 2006.

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 seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous city provisions, and tax increment financing districts. 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  
March 15, 2006

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