

## PRELIMINARY OFFICIAL STATEMENT DATED MAY 3, 2022

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "Tax Exemption" herein.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

**New Issue**

**Rating Application Made: S&P Global Ratings**

### CITY OF WHITE BEAR LAKE, MINNESOTA (Ramsey and Washington Counties)

### \$3,025,000\* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2022A

**PROPOSAL OPENING:** May 10, 2022, 10:00 A.M., C.T.

**CONSIDERATION:** May 10, 2022, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$3,025,000\* General Obligation Improvement Bonds, Series 2022A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, by the City of White Bear Lake, Minnesota (the "City") for the purpose of financing the 2022 street improvement projects within the City. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

**DATE OF BONDS:** June 2, 2022

**MATURITY:** February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	\$180,000	2029	\$195,000	2034	\$210,000
2025	185,000	2030	195,000	2035	215,000
2026	185,000	2031	200,000	2036	220,000
2027	185,000	2032	205,000	2037	225,000
2028	190,000	2033	205,000	2038	230,000

**MATURITY ADJUSTMENTS:** \* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**TERM BONDS:** See "Term Bond Option" herein.

**INTEREST:** February 1, 2023 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on February 1, 2032 and thereafter are subject to call for prior optional redemption on February 1, 2031 and any date thereafter, at a price of par plus accrued interest.

**MINIMUM PROPOSAL:** \$2,988,700.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$60,500 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** Bond Trust Services Corporation

**BOND COUNSEL:** Kennedy & Graven, Chartered

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

**BOOK-ENTRY-ONLY:** See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Preliminary Official Statement:** This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

**Review Period:** This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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## **CITY OF WHITE BEAR LAKE CITY COUNCIL**

		<u>Term Expires</u>
Dan Louismet	Mayor	January 2026
Kevin Edberg	Council Member	January 2026
Steven Engstran	Council Member	January 2024
Heidi Hughes	Council Member	January 2026
Dan Jones	Council Member	January 2024
Bill Walsh	Council Member	January 2024

## **ADMINISTRATION**

Lindy Crawford, City Manager  
Kerri Kindsvater, Finance Director

## **PROFESSIONAL SERVICES**

Kennedy & Graven, Chartered, Bond Counsel and City Attorney, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other offices located in Waukesha, Wisconsin and Denver, Colorado)*



# INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of White Bear Lake, Minnesota (the "City") and the issuance of its \$3,025,000\* General Obligation Improvement Bonds, Series 2022A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on May 10, 2022.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link and following the directions at the top of the site.

## THE BONDS

### GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of June 2, 2022. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

\*Preliminary, subject to change.

**OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

**AUTHORITY; PURPOSE**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, by the City for the purpose of financing the 2022 street improvement projects.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	\$3,025,000	
Prepaid Assessments	<u>117,954</u>	
<b>Total Sources</b>		<b>\$3,142,954</b>
<b>Uses</b>		
Total Underwriter's Discount (1.200%)	\$36,300	
Costs of Issuance	50,000	
Deposit to Capitalized Interest (CIF) Fund	57,051	
Deposit to Construction Fund	2,995,424	
Rounding Amount	<u>4,179</u>	
<b>Total Uses</b>		<b>\$3,142,954</b>

\*Preliminary, subject to change.

**SECURITY**

The Bonds are general obligations of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. The City anticipates that the debt service will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Bonds and from ad valorem property taxes. Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy additional taxes for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

## **RATING**

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA+" by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if assigned, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Prior continuing disclosure undertakings entered into by the City included language stating that an Annual Report including the City's audited financial statements and operating data would be filed "as soon as available." Although the City did not provide financial statements "as soon as available", the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Other than what is described in this paragraph, the City believes it has complied in all material respects with its prior disclosure undertakings under the Rule in the last five years. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL OPINION**

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

## **TAX EXEMPTION**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation and is excludable from taxable net income of individuals, estates and trusts for purposes of State of Minnesota income taxation, but is subject to State of Minnesota franchise taxes measured by income that are imposed upon corporations, including financial institutions.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and taxable net income (for State of Minnesota tax purposes) of the owners thereof. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

## **Legislative proposals**

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2020 have been audited by Abdo, Eick & Meyers, LLP, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

## RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**State Economy; State Aids:** State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of

the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

**Impact of the Spread of COVID-19:** In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.



# VALUATIONS

## OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2019/20	2020/21	2021/22
Residential homestead <sup>1</sup>	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead <sup>1</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% <sup>2</sup> Over \$1,880,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% <sup>2</sup> Over \$1,900,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% <sup>2</sup> Over \$1,890,000 - 1.00% <sup>2</sup>
Agricultural non-homestead	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>
Seasonal recreational residential	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$162,000 - .75% Over \$162,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%
Industrial/Commercial/Utility <sup>5</sup>	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$100,000 - 1.50% Over \$150,000 - 2.00%

<sup>1</sup> A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

<sup>2</sup> Applies to land and buildings. Exempt from referendum market value tax.

<sup>3</sup> Exempt from referendum market value tax.

<sup>4</sup> Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

<sup>5</sup> The estimated market value of utility property is determined by the Minnesota Department of Revenue.

## CURRENT PROPERTY VALUATIONS

2020/21 Economic Market Value<sup>1</sup>

\$3,158,818,078<sup>2</sup>

### 2021/22 Assessor's Estimated Market Value

	<b>Ramsey County</b>	<b>Washington County</b>	<b>Total</b>
Real Estate	\$3,086,692,000	\$47,763,800	\$3,134,455,800
Personal Property	22,022,500	120,900	22,143,400
Total Valuation	<u>\$3,108,714,500</u>	<u>\$47,884,700</u>	<u>\$3,156,599,200</u>

### 2021/22 Net Tax Capacity

	<b>Ramsey County</b>	<b>Washington County</b>	<b>Total</b>
Real Estate	\$35,367,531	\$563,422	\$35,930,953
Personal Property	423,196	2,418	425,614
Net Tax Capacity	<u>\$35,790,727</u>	<u>\$565,840</u>	<u>\$36,356,567</u>
Less: Captured Tax Increment Tax Capacity <sup>3</sup>	(603,972)	0	(603,972)
Fiscal Disparities Contribution <sup>4</sup>	<u>(3,744,898)</u>	<u>(48,459)</u>	<u>(3,793,357)</u>
Taxable Net Tax Capacity	\$31,441,857	\$517,381	\$31,959,238
Plus: Fiscal Disparities Distribution <sup>4</sup>	<u>4,656,474</u>	<u>71,535</u>	<u>4,728,009</u>
Adjusted Taxable Net Tax Capacity	<u>\$36,098,331</u>	<u>\$588,916</u>	<u>\$36,687,247</u>

<sup>1</sup> Most recent value available from the Minnesota Department of Revenue.

<sup>2</sup> According to the Minnesota Department of Revenue, the 2020/21 Assessor's Estimated Market Value (the "AEMV") for the City in Ramsey County is about 98.72% of the actual selling prices of property most recently sold in the City and the portion of the City located in Washington County is about 94.79%. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in a 2020/21 Economic Market Value ("EMV") for the City of \$3,158,818,078.

<sup>3</sup> The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

<sup>4</sup> Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

## 2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$18,759,789	51.60%
Commercial/industrial	8,968,882	24.67%
Railroad operating property	223,722	0.62%
Non-homestead residential	7,950,090	21.87%
Commercial & residential seasonal/rec.	28,470	0.08%
Personal property	425,614	1.17%
Total	<u>\$36,356,567</u>	<u>100.00%</u>

## TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity <sup>1</sup>	Adjusted Taxable Net Tax Capacity <sup>2</sup>	Percent Increase/Decrease in Estimated Market Value
2017/18	\$2,558,489,600	\$2,226,082,600	\$29,093,314	\$29,423,150	8.24%
2018/19	2,736,553,900	2,428,404,100	31,378,681	31,622,630	6.96%
2019/20	2,916,917,900	2,626,951,400	33,431,934	33,574,636	6.59%
2020/21	3,108,858,300	3,001,474,100	35,885,404	35,900,146	6.58%
2021/22	3,156,599,200	3,051,027,300	36,356,567	36,687,247	1.54%

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<sup>1</sup> Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

<sup>2</sup> Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

## LARGER TAXPAYERS

<b>Taxpayer</b>	<b>Type of Property</b>	<b>2021/22 Net Tax Capacity</b>	<b>Percent of City's Total Net Tax Capacity</b>
Timberland White Bear Woods LLC	Apartments	\$627,000	1.72%
Xcel Energy	Utility	526,656	1.45%
Menard Inc.	Commercial	342,754	0.94%
WSL of White Bear Lake Prop Owner LLC	Apartments	327,540	0.90%
Birch Lake Townhomes LLC	Residential	310,036	0.85%
Roberts Commercial Properties	Commerical	275,432	0.76%
CSM Investors Inc.	Commercial	275,416	0.76%
KTJ 255 LLC	Commercial	279,336	0.77%
Boatworks Commons LLC	Apartments	239,210	0.66%
White Bear Shopping Center Inc.	Commercial	232,576	0.64%
Total		<u>\$3,435,956</u>	<u>9.45%</u>
City's Total 2021/22 Net Tax Capacity		\$36,356,567	

**Source:** Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Ramsey and Washington Counties.

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes (includes the Bonds)*	\$12,700,000
Total G.O. debt secured by tax abatement revenues	2,950,000
Total G.O. debt secured by tax increment revenues	2,045,000
Total G.O. debt secured by taxes	3,150,000
Total G.O. debt secured by utility revenues	3,290,000
Total General Obligation Debt*	<u>\$24,135,000</u>

\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.

City of White Bear Lake, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Special Assessments and Taxes  
(As of 06/02/2022)

Dated Amount	Improvement Bonds Series 2012B		Improvement Bonds 1) Series 2018A		Improvement Bonds Series 2019A		Improvement Bonds 2) Series 2020A		Improvement Bonds 3) Series 2021A	
	12/19/2012 \$2,555,000	02/01	06/14/2018 \$3,995,000	02/01	07/18/2019 \$1,925,000	02/01	07/16/2020 \$2,450,000	02/01	06/17/2021 \$1,335,000	02/01
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	0	7,043	0	57,200	0	29,700	0	28,925	0	13,400
2023	165,000	12,806	170,000	111,000	105,000	57,300	140,000	55,750	120,000	25,300
2024	160,000	10,208	175,000	104,100	105,000	53,100	140,000	51,550	120,000	22,300
2025	155,000	7,531	180,000	97,900	110,000	48,800	145,000	47,275	120,000	19,600
2026	150,000	4,788	185,000	92,425	110,000	44,400	145,000	42,925	120,000	17,200
2027	100,000	2,400	190,000	86,800	110,000	40,000	145,000	38,575	125,000	14,750
2028	70,000	700	190,000	81,100	110,000	35,600	150,000	34,150	125,000	12,250
2029			195,000	75,325	115,000	31,100	150,000	29,650	125,000	9,750
2030			200,000	69,400	115,000	27,075	150,000	25,150	130,000	7,200
2031			205,000	63,325	95,000	23,925	155,000	21,350	130,000	4,600
2032			210,000	56,969	100,000	21,000	100,000	18,800	130,000	2,325
2033			215,000	50,328	100,000	18,000	105,000	16,750	90,000	675
2034			215,000	43,475	100,000	15,000	105,000	14,650		
2035			225,000	36,325	100,000	12,000	105,000	12,550		
2036			230,000	28,788	65,000	9,525	110,000	10,400		
2037			235,000	20,941	65,000	7,575	90,000	8,400		
2038			240,000	12,775	70,000	5,550	90,000	6,600		
2039			245,000	4,288	75,000	3,375	95,000	4,750		
2040					75,000	1,125	95,000	2,850		
2041							95,000	950		
	800,000	45,475	3,505,000	1,092,463	1,725,000	484,150	2,310,000	472,000	1,335,000	149,350

1) This represents the \$3,995,000 Improvement portion of the \$5,850,000 General Obligation Bonds, Series 2018A.

2) This represents the \$2,450,000 Improvement portion of the \$4,440,000 General Obligation Bonds, Series 2020A.

3) This represents the \$1,335,000 Improvement portion of the \$4,280,000 General Obligation Bonds, Series 2021A.

—Continued on next page

City of White Bear Lake, Minnesota  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Special Assessments and Taxes  
(As of 06/02/2022)

Improvement Bonds  
Series 2022A

Dated Amount	Maturity	06/02/2022 \$3,025,000*		Estimated Interest				Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
		Principal	Interest		Total Principal	Total Interest					
2022		0	0		0	136,268		136,268	12,700,000	.00%	2022
2023		0	100,019		700,000	362,175		1,062,175	12,000,000	5.51%	2023
2024		180,000	84,090		880,000	325,348		1,205,348	11,120,000	12.44%	2024
2025		185,000	80,118		895,000	301,224		1,196,224	10,225,000	19.49%	2025
2026		185,000	75,678		895,000	277,415		1,172,415	9,330,000	26.54%	2026
2027		185,000	70,914		855,000	253,439		1,108,439	8,475,000	33.27%	2027
2028		190,000	65,850		835,000	229,650		1,064,650	7,640,000	39.84%	2028
2029		195,000	60,508		780,000	206,333		986,333	6,860,000	45.98%	2029
2030		195,000	54,999		790,000	183,824		973,824	6,070,000	52.20%	2030
2031		200,000	49,320		785,000	162,520		947,520	5,285,000	58.39%	2031
2032		205,000	43,396		745,000	142,490		887,490	4,540,000	64.25%	2032
2033		205,000	37,298		715,000	123,051		838,051	3,825,000	69.88%	2033
2034		210,000	31,020		630,000	104,145		734,145	3,195,000	74.84%	2034
2035		215,000	24,485		645,000	85,360		730,360	2,550,000	79.92%	2035
2036		220,000	17,743		625,000	66,455		691,455	1,925,000	84.84%	2036
2037		225,000	10,789		615,000	47,704		662,704	1,310,000	89.69%	2037
2038		230,000	3,623		630,000	28,548		658,548	680,000	94.65%	2038
2039					415,000	12,413		427,413	265,000	97.91%	2039
2040					170,000	3,975		173,975	95,000	99.25%	2040
2041					95,000	950		95,950	0	100.00%	2041
		3,025,000	809,846		12,700,000	3,053,284		15,753,284			

\* Preliminary, subject to change.

**City of White Bear Lake, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by  
(As of 06/02/2022)**

**Tax Abatement Bonds  
Series 2018B**

Dated Amount	06/14/2018 \$3,330,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	0	46,800	0	46,800	46,800	2,950,000	.00%	2022
2023	135,000	91,575	135,000	91,575	226,575	2,815,000	4.58%	2023
2024	140,000	87,450	140,000	87,450	227,450	2,675,000	9.32%	2024
2025	145,000	83,175	145,000	83,175	228,175	2,530,000	14.24%	2025
2026	150,000	78,750	150,000	78,750	228,750	2,380,000	19.32%	2026
2027	150,000	74,250	150,000	74,250	224,250	2,230,000	24.41%	2027
2028	155,000	69,675	155,000	69,675	224,675	2,075,000	29.66%	2028
2029	160,000	64,950	160,000	64,950	224,950	1,915,000	35.08%	2029
2030	165,000	60,075	165,000	60,075	225,075	1,750,000	40.68%	2030
2031	170,000	55,050	170,000	55,050	225,050	1,580,000	46.44%	2031
2032	175,000	49,766	175,000	49,766	224,766	1,405,000	52.37%	2032
2033	180,000	44,219	180,000	44,219	224,219	1,225,000	58.47%	2033
2034	190,000	38,319	190,000	38,319	228,319	1,035,000	64.92%	2034
2035	195,000	32,063	195,000	32,063	227,063	840,000	71.53%	2035
2036	200,000	25,519	200,000	25,519	225,519	640,000	78.31%	2036
2037	205,000	18,684	205,000	18,684	223,684	435,000	85.25%	2037
2038	215,000	11,463	215,000	11,463	226,463	220,000	92.54%	2038
2039	220,000	3,850	220,000	3,850	223,850	0	100.00%	2039
	2,950,000	935,631	2,950,000	935,631	3,885,631			



City of White Bear Lake, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Tax Incremental Revenues  
(As of 06/02/2022)

		Tax Increment Refunding Bonds Series 2012A		Tax Increment Revenue Bonds Series 2016A					
Dated Amount		04/03/2012 \$2,650,000		03/10/2016 \$2,275,000					
Maturity		02/01		02/01					
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	Calendar Year Ending
2022	0	1,700	0	23,481	0	25,181	25,181	2,045,000	2022
2023	170,000	1,700	90,000	45,613	260,000	47,313	307,313	1,785,000	2023
2024			95,000	42,838	95,000	42,838	137,838	1,690,000	2024
2025			100,000	39,913	100,000	39,913	139,913	1,590,000	2025
2026			105,000	37,363	105,000	37,363	142,363	1,485,000	2026
2027			110,000	35,213	110,000	35,213	145,213	1,375,000	2027
2028			115,000	32,963	115,000	32,963	147,963	1,260,000	2028
2029			120,000	30,553	120,000	30,553	150,553	1,140,000	2029
2030			125,000	27,918	125,000	27,918	152,918	1,015,000	2030
2031			130,000	25,048	130,000	25,048	155,048	885,000	2031
2032			135,000	21,933	135,000	21,933	156,933	750,000	2032
2033			140,000	18,563	140,000	18,563	158,563	610,000	2033
2034			145,000	15,000	145,000	15,000	160,000	465,000	2034
2035			150,000	11,125	150,000	11,125	161,125	315,000	2035
2036			155,000	6,931	155,000	6,931	161,931	160,000	2036
2037			160,000	2,400	160,000	2,400	162,400	0	2037
	170,000	3,400	1,875,000	416,850	2,045,000	420,250	2,465,250		

City of White Bear Lake, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 06/02/2022)

Equipment Certificates 1) Series 2018A										Equipment Certificates 2) Series 2020A										Equipment Certificates 3) Series 2021A									
Dated Amount		06/14/2018 \$1,855,000								07/16/2020 \$1,130,000								06/17/2021 \$480,000											
Maturity		02/01								02/01								02/01											
Calendar Year Ending		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Outstanding	% Paid	Calendar Year Ending										
2022		0	26,928	0	15,300	0	5,050	0	5,050	0	0	0	0	47,278	47,278	3,150,000	3,150,000	.00%	2022										
2023		75,000	52,356	115,000	28,875	50,000	9,475	50,000	9,475	50,000	9,475	50,000	9,475	240,000	90,706	330,706	2,910,000	7.62%	2023										
2024		75,000	49,356	120,000	25,350	120,000	8,225	120,000	8,225	120,000	8,225	120,000	8,225	245,000	82,931	327,931	2,665,000	15.40%	2024										
2025		80,000	46,656	120,000	21,750	120,000	7,100	120,000	7,100	120,000	7,100	120,000	7,100	250,000	75,506	325,506	2,415,000	23.33%	2025										
2026		80,000	44,256	125,000	18,075	125,000	6,100	125,000	6,100	125,000	6,100	125,000	6,100	255,000	68,431	323,431	2,160,000	31.43%	2026										
2027		85,000	41,781	130,000	14,250	130,000	5,050	130,000	5,050	130,000	5,050	130,000	5,050	270,000	61,081	331,081	1,890,000	40.00%	2027										
2028		90,000	39,156	135,000	10,275	135,000	3,950	135,000	3,950	135,000	3,950	135,000	3,950	280,000	53,381	333,381	1,610,000	48.89%	2028										
2029		90,000	36,456	135,000	6,225	135,000	2,850	135,000	2,850	135,000	2,850	135,000	2,850	280,000	45,531	325,531	1,330,000	57.78%	2029										
2030		95,000	33,681	140,000	2,100	140,000	1,750	140,000	1,750	140,000	1,750	140,000	1,750	290,000	37,531	327,531	1,040,000	66.98%	2030										
2031		95,000	30,831	140,000		140,000	600	140,000	600	140,000	600	140,000	600	290,000	37,531	327,531	1,040,000	71.90%	2031										
2032		100,000	27,844	140,000		140,000		140,000		140,000		140,000		100,000	27,844	127,844	785,000	75.08%	2032										
2033		100,000	24,719	140,000		140,000		140,000		140,000		140,000		100,000	24,719	124,719	685,000	78.25%	2033										
2034		105,000	21,450	140,000		140,000		140,000		140,000		140,000		105,000	21,450	126,450	580,000	81.59%	2034										
2035		110,000	17,956	140,000		140,000		140,000		140,000		140,000		110,000	17,956	127,956	470,000	85.08%	2035										
2036		110,000	14,313	140,000		140,000		140,000		140,000		140,000		110,000	14,313	124,313	360,000	88.57%	2036										
2037		115,000	10,516	140,000		140,000		140,000		140,000		140,000		115,000	10,516	125,516	245,000	92.22%	2037										
2038		120,000	6,475	140,000		140,000		140,000		140,000		140,000		120,000	6,475	126,475	125,000	96.03%	2038										
2039		125,000	2,188	140,000		140,000		140,000		140,000		140,000		125,000	2,188	127,188	0	100.00%	2039										
		1,650,000	526,919	1,020,000	142,200	480,000	50,150	480,000	50,150	480,000	50,150	480,000	50,150	3,150,000	719,269	3,869,269													

1) This represents the \$1,855,000 Equipment Certificates portion of the \$5,850,000 General Obligation Bonds, Series 2018A.

2) This represents the \$1,130,000 Equipment Certificates portion of the \$4,440,000 General Obligation Bonds, Series 2020A.

3) This represents the \$480,000 Equipment Certificates portion of the \$4,280,000 General Obligation Bonds, Series 2021A.

City of White Bear Lake, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Utility Revenues  
(As of 06/02/2022)

		Utility Revenue Bonds 1) Series 2020A				Utility Revenue Bonds 2) Series 2021A							
Dated Amount		07/16/2020 \$860,000				06/17/2021 \$2,465,000							
Maturity		02/01				02/01							
Calendar Year Ending		Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending		
2022		0	9,750	0	22,974	0	32,724	32,724	3,290,000	.00%	2022		
2023		35,000	18,975	140,000	44,198	175,000	63,173	238,173	3,115,000	5.32%	2023		
2024		35,000	17,925	145,000	40,635	180,000	58,560	238,560	2,935,000	10.79%	2024		
2025		35,000	16,875	150,000	37,323	185,000	54,198	239,198	2,750,000	16.41%	2025		
2026		35,000	15,825	155,000	34,273	190,000	50,098	240,098	2,560,000	22.19%	2026		
2027		40,000	14,700	155,000	31,173	195,000	45,873	240,873	2,365,000	28.12%	2027		
2028		40,000	13,500	160,000	28,023	200,000	41,523	241,523	2,165,000	34.19%	2028		
2029		40,000	12,300	160,000	24,823	200,000	37,123	237,123	1,965,000	40.27%	2029		
2030		40,000	11,100	165,000	21,573	205,000	32,673	237,673	1,760,000	46.50%	2030		
2031		45,000	10,050	170,000	18,223	215,000	28,273	243,273	1,545,000	53.04%	2031		
2032		45,000	9,150	170,000	15,248	215,000	24,398	239,398	1,330,000	59.57%	2032		
2033		45,000	8,250	175,000	12,660	220,000	20,910	240,910	1,110,000	66.26%	2033		
2034		45,000	7,350	175,000	10,035	220,000	17,385	237,385	890,000	72.95%	2034		
2035		45,000	6,450	180,000	7,373	225,000	13,823	238,823	665,000	79.79%	2035		
2036		50,000	5,500	180,000	4,538	230,000	10,038	240,038	435,000	86.78%	2036		
2037		50,000	4,500	185,000	1,526	235,000	6,026	241,026	200,000	93.92%	2037		
2038		50,000	3,500			50,000	3,500	53,500	150,000	95.44%	2038		
2039		50,000	2,500			50,000	2,500	52,500	100,000	96.96%	2039		
2040		50,000	1,500			50,000	1,500	51,500	50,000	98.48%	2040		
2041		50,000	500			50,000	500	50,500	0	100.00%	2041		
		825,000	190,200	2,465,000	354,593	3,290,000	544,793	3,834,793					

1) This represents the \$860,000 Utility Revenue portion of the \$4,440,000 General Obligation Bonds, Series 2020A.

2) This represents the \$2,465,000 Utility Revenue portion of the \$4,280,000 General Obligation Bonds, Series 2021A.

**DEBT LIMIT**

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property (includes the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the City; and other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2021/22 Assessor's Estimated Market Value	\$3,156,599,200
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	<u>\$94,697,976</u>
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	<u>(3,150,000)</u>
Unused Debt Limit	<u><u>\$91,547,976</u></u>

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2021/22 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt <sup>2</sup>	City's Proportionate Share
Counties of:				
Ramsey	\$736,796,858	4.8994%	\$138,095,000	\$6,765,826
Washington	381,159,791	0.1545%	101,020,000	156,076
School Districts of:				
I.S.D. No. 622 (North St. Paul-Maplewood-Oakdale)	172,349,635	0.0067%	418,170,000 <sup>3</sup>	28,017
I.S.D. No. 624 (White Bear Lake Area Schools)	127,987,869	28.2045%	375,050,000 <sup>4</sup>	105,780,977
I.S.D. No. 832 (Mahtomedi)	28,854,921	2.0410%	45,165,000	921,818
Special District of:				
Metropolitan Council	5,197,211,231	0.7059%	166,860,000 <sup>4</sup>	1,177,865
City's Share of Total Overlapping Debt				<u><u>\$114,830,579</u></u>

<sup>1</sup> Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

<sup>2</sup> Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

<sup>3</sup> Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

<sup>4</sup> The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios sections.

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Economic Market Value \$3,158,818,078</b>	<b>Debt/ Per Capita 25,718<sup>1</sup></b>
Direct G.O. Debt Secured By:			
Special Assessments & Taxes*	\$12,700,000		
Tax Abatement Revenues	2,950,000		
Tax Increment Revenues	2,045,000		
Taxes	3,150,000		
Utility Revenues	3,290,000		
Total General Obligation Debt (includes the Bonds)*	\$24,135,000		
Less: G.O. Debt Paid Entirely from Revenues <sup>2</sup>	(3,290,000)		
Tax Supported General Obligation Debt*	\$20,845,000	0.66%	\$810.52
City's Share of Total Overlapping Debt	\$114,830,579	3.64%	\$4,464.99
Total*	\$135,675,579	4.30%	\$5,275.51

\*Preliminary, subject to change.

## DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

## FUTURE FINANCING

The City has tentative plans to issue approximately \$6,590,000 Capital Improvement Bonds for half of the renovation of the Public Safety Facility which adds a Police Department Garage and improves the Fire Department apparatus bay in late 2022 and approximately \$7,050,000 Capital Improvement Bonds to finish the Public Safety Building, \$863,000 Equipment Certificates for a fire truck and approximately \$2,075,000 Improvement Bonds for annual street reconstruction projects in Spring 2023.

<sup>1</sup> 2020 U.S. Census population.

<sup>2</sup> Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

## TAX RATES, LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy <sup>1</sup>	Total Collected Following Year	Collected to Date <sup>2</sup>	% Collected
2017/18	\$5,612,543	\$5,569,288	\$5,602,131	99.81%
2018/19	6,264,478	6,215,217	6,284,616	100.00%
2019/20	6,893,697	6,855,781	6,892,331	99.98%
2020/21	7,344,863	7,306,532	7,306,783	99.48%
2021/22	8,209,786	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.<sup>3</sup> Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. The City cannot predict whether and how much payment of property taxes will be impacted. The 2020 delinquencies were not materially higher than in prior years. It is not anticipated that the current year will be significantly different. The City has sufficient financial resources to absorb any shortfalls.

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<sup>1</sup> This reflects the Final Levy Certification of the City after all adjustments have been made.

<sup>2</sup> Collections are through December 31, 2021 for Ramsey and Washington Counties.

<sup>3</sup> Second half tax payments on agricultural property are due on November 15th of each year.

## TAX CAPACITY RATES<sup>1</sup>

	2017/18	2018/19	2019/20	2020/21	2021/22
Ramsey County w/Library	53.962%	52.879%	52.302%	47.760%	48.067%
Washington County w/Library	29.983%	29.682%	28.944%	27.435%	27.532%
City of White Bear Lake	19.058%	20.190%	20.629%	20.355%	22.271%
I.S.D. No. 622 (North St. Paul-Maplewood-Oakdale)	30.089%	29.039%	32.504%	31.840%	32.173%
I.S.D. No. 624 (White Bear Lake Area Schools)	23.685%	26.081%	36.777%	37.074%	34.805%
I.S.D. No. 832 (Mahtomedi)	32.162%	31.894%	29.926%	29.555%	29.032%
Metropolitan Council (portion in Ramsey County)	2.153%	2.098%	2.003%	1.809%	
Metropolitan Council (portion in Washington County)	0.816%	0.651%	0.584%	0.628%	0.630%
Metro Mosquito (portion in Ramsey County)	0.440%	0.423%	0.403%	0.366%	
Metro Mosquito (portion in Washington County)	0.440%	0.424%	0.390%	0.379%	0.361%
Metro Watershed	3.746%	3.387%	3.248%	2.938%	2.893%
Transit District 509	1.226%	1.322%	1.243%	1.139%	1.056%
Washington County CDA	1.469%	1.423%	1.356%	1.289%	1.287%
Ramsey County Regional Rail Authority	3.830%	3.886%	3.918%	3.825%	4.054%
Regional Rail 519	0.224%	0.175%	0.165%	0.157%	0.149%
Rice Creek Watershed	1.838%	1.858%	1.926%	1.822%	1.805%
Valley Branch Watershed	2.101%	3.652%	3.019%	3.673%	3.747%

### *Referendum Market Value Rates:*

I.S.D. No. 622 (North St. Paul-Maplewood-Oakdale)	0.19486%	0.18694%	0.18509%	0.16749%	0.15595%
I.S.D. No. 624 (White Bear Lake Area Schools)	0.22280%	0.23240%	0.22380%	0.18064%	0.19261%
I.S.D. No. 832 (Mahtomedi)	0.24118%	0.27421%	0.25901%	0.25362%	0.28696%
Washington County w/Library	0.00353%	0.00330%	0.00342%	0.00325%	0.00308%

**Source:** Tax Levies and Collections and Tax Capacity Rates have been furnished by Ramsey and Washington Counties.

<sup>1</sup> After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.



## **LEVY LIMITS**

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

## THE ISSUER

### CITY GOVERNMENT

The City was organized as a municipality in 1881. The City operates under a home rule charter form of government consisting of a six-member City Council of which the Mayor is not a voting member. The City Manager and Finance Director are responsible for administrative details and financial records.

### EMPLOYEES; PENSIONS; UNIONS

The City currently has 116 full-time and 48 part-time employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

#### Recognized and Certified Bargaining Units

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
Law Enforcement Labor Services Local 286	December 31, 2022
International Operating Engineers Local 49	December 31, 2022
International Association of Firefighters Local 5202	December 31, 2022
Minnesota Public Employees Association Police Officers	December 31, 2022

### POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$2,086,348 as of December 31, 2021. The City has been funding these obligations on a pay-as-you-go basis.

**Source:** The City's most recent actuarial study.

### LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

## MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

## FUNDS ON HAND (As of February 28, 2022)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$6,479,746
Special Revenue	3,982,741
Debt Service	877,431
Capital Projects	20,021,105
Enterprise Funds	4,506,550
Internal Service Funds	4,547,295
Escrow	417,414
<b>Total Funds on Hand</b>	<b><u><u>\$40,832,282</u></u></b>

## ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2018	2019	2020
<b>Water</b>			
Total Operating Revenues	\$1,626,814	\$1,624,983	\$1,941,190
Less: Operating Expenses	<u>(1,531,286)</u>	<u>(1,395,121)</u>	<u>(2,409,716)</u>
Operating Income	\$95,528	\$229,862	(\$468,526)
Plus: Depreciation	<u>89,543</u>	<u>123,710</u>	<u>118,978</u>
Revenues Available for Debt Service <sup>1</sup>	<u><u>\$185,071</u></u>	<u><u>\$353,572</u></u>	<u><u>(\$349,548)</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$3,137,600	\$3,301,230	\$3,284,394
Less: Operating Expenses	<u>(2,716,422)</u>	<u>(2,906,673)</u>	<u>(3,029,584)</u>
Operating Income	\$421,178	\$394,557	\$254,810
Plus: Depreciation	<u>91,488</u>	<u>103,408</u>	<u>104,633</u>
Revenues Available for Debt Service	<u><u>\$512,666</u></u>	<u><u>\$497,965</u></u>	<u><u>\$359,443</u></u>
<b>Refuse</b>			
Total Operating Revenues	\$1,345,304	\$1,422,619	\$1,626,462
Less: Operating Expenses	<u>(1,292,771)</u>	<u>(1,396,203)</u>	<u>(1,599,189)</u>
Operating Income	\$52,533	\$26,416	\$27,273
Plus: Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$52,533</u></u>	<u><u>\$26,416</u></u>	<u><u>\$27,273</u></u>
<b>Ambulance</b>			
Total Operating Revenues	\$1,617,467	\$1,991,667	\$1,738,260
Less: Operating Expenses	<u>(1,892,708)</u>	<u>(2,160,914)</u>	<u>(2,124,223)</u>
Operating Income	(\$275,241)	(\$169,247)	(\$385,963)
Plus: Depreciation	<u>81,554</u>	<u>131,770</u>	<u>139,489</u>
Revenues Available for Debt Service	<u><u>(\$193,687)</u></u>	<u><u>(\$37,477)</u></u>	<u><u>(\$246,474)</u></u>

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<sup>1</sup> Includes a periodic major maintenance project.

**ENTERPRISE FUNDS CONTINUED**

	2018	2019	2020
<b>License Bureau Fund<sup>1</sup></b>			
Total Operating Revenues	\$972,005	N/A	N/A
Less: Operating Expenses	<u>(855,380)</u>	<u>N/A</u>	<u>N/A</u>
Operating Income	\$116,625	\$0	\$0
Plus: Depreciation	<u>584</u>	<u>N/A</u>	<u>N/A</u>
Revenues Available for Debt Service	<u><u>\$117,209</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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<sup>1</sup> Beginning in Fiscal Year 2019, the License Bureau Fund was classified as a Non-major enterprise fund.

## SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2020 audited financial statements.

	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Unaudited <sup>1</sup>	2022 Adopted Budget <sup>2</sup>
<b>COMBINED STATEMENT</b>					
Revenues					
General property taxes	\$5,116,594	\$5,863,634	\$6,428,061	\$6,667,935	\$7,216,000
Licenses and permits	775,165	880,242	827,378	1,393,967	1,006,690
Fine and forfeits	78,357	87,063	60,489	78,008	66,000
Intergovernmental	2,604,171	2,276,710	3,900,062	2,481,616	2,143,315
Charges for services	562,967	660,085	748,825	730,177	782,251
Franchise fees	308,569	330,154	294,079	307,570	315,000
Investment income	90,000	169,651	73,380	(25,701)	80,000
Rental income	45,485	42,070	29,386	50,392	37,650
Refunds and reimbursements	9,677	4,117	2,302	4,028	3,000
Donations	2,311	2,620	800	1,175	
Miscellaneous	1,292	46,939	20,517	20,133	5,000
<b>Total Revenues</b>	<b>\$9,594,588</b>	<b>\$10,363,285</b>	<b>\$12,385,279</b>	<b>\$11,709,300</b>	<b>\$11,654,906</b>
Expenditures					
Current:					
General government	\$1,536,389	\$1,665,419	\$1,721,609	\$1,732,265	\$1,963,530
Public safety	6,346,758	6,285,623	6,539,777	7,070,825	7,538,582
Public works	1,259,543	1,903,426	1,845,723	1,911,791	2,335,909
Parks and recreation	644,981	666,214	595,022	609,424	716,092
Community development	302,335	330,796	344,825	374,622	375,393
Debt service	0	0	0		
Capital outlay	0	0	0		
<b>Total Expenditures</b>	<b>\$10,090,006</b>	<b>\$10,851,478</b>	<b>\$11,046,956</b>	<b>\$11,698,927</b>	<b>\$12,929,506</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(\$495,418)</b>	<b>(\$488,193)</b>	<b>\$1,338,323</b>	<b>\$10,373</b>	<b>(\$1,274,600)</b>
<b>Other Financing Sources (Uses)</b>					
Sale of capital asset	\$2,384	\$1,643	\$443	\$3,123	
Transfers in	686,921	1,640,000	1,378,150	1,432,100	1,293,000
Transfers (out)	(25,000)	(25,000)	(1,814,375)	(600,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>664,305</b>	<b>1,616,643</b>	<b>(435,782)</b>	<b>835,223</b>	<b>1,293,000</b>
<b>Net changes in Fund Balances</b>	<b>\$168,887</b>	<b>\$1,128,450</b>	<b>\$902,541</b>	<b>\$845,596</b>	<b>\$18,400</b>
General Fund Balance January 1	\$3,604,779	\$3,773,666	\$4,902,116	\$5,804,657	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	<b>\$3,773,666</b>	<b>\$4,902,116</b>	<b>\$5,804,657</b>	<b>\$6,650,253</b>	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$0	\$0	\$15	\$0	
Unassigned	3,773,666	4,902,116	5,804,642	6,650,253	
<b>Total</b>	<b>\$3,773,666</b>	<b>\$4,902,116</b>	<b>\$5,804,657</b>	<b>\$6,650,253</b>	

<sup>1</sup> Unaudited data is as of March 28, 2022.

<sup>2</sup> The 2022 budget was adopted on December 14, 2021.

## GENERAL INFORMATION

### LOCATION

The City, with a 2010 U.S. Census population of 23,797 and a 2020 U.S. Census population of 25,718, comprising an area of 10.06 square miles, is located in the Minneapolis-St. Paul metropolitan area, approximately 10 miles northeast of the City of St. Paul, Minnesota.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
I.S.D. No. 624 (White Bear Lake Area Schools)	Elementary and secondary education	1,338 <sup>2</sup>
Century College	Post-secondary education	600
Trane	HVAC distributor	360 <sup>3</sup>
Cerenity Care Center of White Bear Lake	Nursing home and senior living facilities	277
Life Time Fitness	Health club	200
Sam's Club	Discount retail store	180
The City	Municipal and government services	164
Saputo Dairy	Dairy products	150
International Paper	Corrugated box plant	130
Taymark Corporation	Marketing supplies	100

**Source:** *Data Axle Reference Solutions, written and telephone survey (March 2022), and the Minnesota Department of Employment and Economic Development.*

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

<sup>2</sup> Reflects total number of employees, including those outside City limits.

<sup>3</sup> Total number of employees is as of May 2020.

## BUILDING PERMITS

	2018	2019	2020	2021	2022 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	12	13	4	9	0
Valuation	\$5,004,653	\$12,575,730	\$2,540,000	\$7,006,960	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$25,000,000	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	7	0	1	0	0
Valuation	\$12,219,962	\$0	\$8,600,000	\$0	\$0
<u>All Building Permits</u> (including additions and remodelings)					
No. of building permits	2,959	2,671	2,594	2,808	298
Valuation	\$31,019,963	\$27,752,697	\$43,590,496	\$130,569,243	\$25,187,067

**Source:** The City.

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<sup>1</sup> As of February 28, 2022.



## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census population	23,797
2020 U.S. Census population	25,718
Percent of Change 2010 - 2020	8.07%

### Income and Age Statistics

	<b>The City</b>	<b>Ramsey County</b>	<b>State of Minnesota</b>	<b>United States</b>
2020 per capita income	\$38,452	\$36,598	\$38,881	\$35,384
2020 median household income	\$70,981	\$67,238	\$73,382	\$64,994
2020 median family income	\$91,908	\$89,518	\$92,692	\$80,069
2020 median gross rent	\$1,215	\$1,060	\$1,010	\$1,096
2020 median value owner occupied units	\$241,400	\$239,000	\$235,700	\$229,800
2020 median age	43.2 yrs.	35.2 yrs.	38.1 yrs.	38.2 yrs.

	<b>State of Minnesota</b>	<b>United States</b>
City % of 2020 per capita income	98.90%	108.67%
City % of 2020 median family income	99.15%	114.79%

### Housing Statistics

	<b><u>The City</u></b>		
	<b>2010</b>	<b>2020</b>	<b>Percent of Change</b>
All Housing Units	9,855	11,349	15.16%

**Source:** 2010 and 2020 Census of Population and Housing, and 2020 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

<b>Year</b>	<b><u>Average Employment</u></b>	<b><u>Average Unemployment</u></b>	
	<b>Ramsey County</b>	<b>Ramsey County</b>	<b>State of Minnesota</b>
2018	281,072	2.7%	3.0%
2019	283,379	3.0%	3.2%
2020	270,946	6.5%	6.2%
2021	271,719	4.0%	3.4%
2022, March	279,286	2.6%	2.8%

**Source:** Minnesota Department of Employment and Economic Development.

### **FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
**For the Fiscal Year Ended December 31, 2020**

**CITY OF WHITE BEAR LAKE, MINNESOTA**

**PREPARED BY  
FINANCE DEPARTMENT**

**Kerri Kindsvater  
Finance Director**

**Jessica Saari  
Assistant Finance Director**

**(Member of the Government Finance Officers Association  
of the United States and Canada)**

**Cover photo features the City's newly refurbished Centerville Road water tower**

CITY OF WHITE BEAR LAKE, MINNESOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2020

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**CITY OF WHITE BEAR LAKE, MINNESOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2020**

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INTRODUCTORY SECTION  
CITY OF WHITE BEAR LAKE  
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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**CITY OF WHITE BEAR LAKE, MINNESOTA**

**Elected and Administrative Officials**

December 31, 2020

**ELECTED OFFICIALS**

Mayor, Jo Emerson

**Council Members:**

- 1st Ward, Bill Walsh
- 2nd Ward, Doug Biehn
- 3rd Ward, Dan Jones
- 4th Ward, Kevin Edberg
- 5th Ward, Steven Engstran

**TERMS EXPIRE**

January, 2022

- January, 2024
- January, 2022
- January, 2024
- January, 2022
- January, 2024

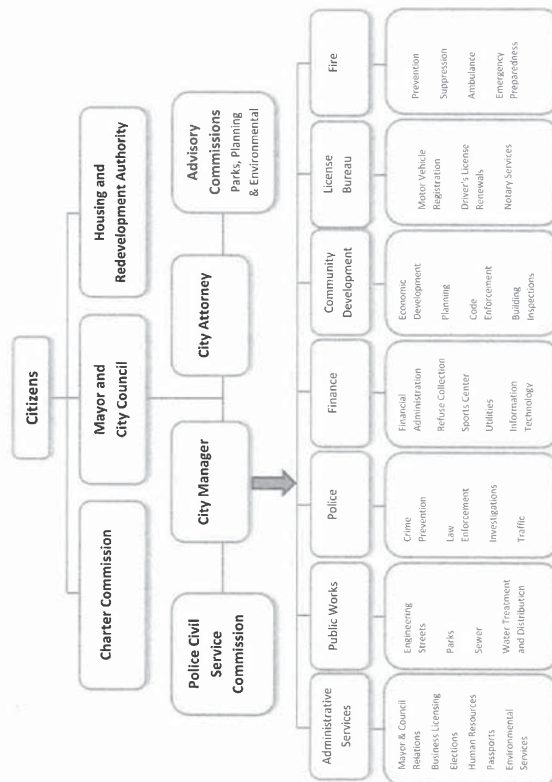
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**ADMINISTRATIVE OFFICIALS**

- City Manager, Ellen Hiniker
- Community Development Director, Anne Kane
- City Engineer, Paul Kauppi
- Finance Director, Kerri Kindsvater
- Police Chief, Julie Swanson
- Fire Chief, Greg Peterson



## City of White Bear Lake, Minnesota Organizational Chart



## CITY OF WHITE BEAR LAKE

### GEOGRAPHICAL LOCATION





## White Bear Lake....The City of Lakes and Legends

### Historical Beginnings

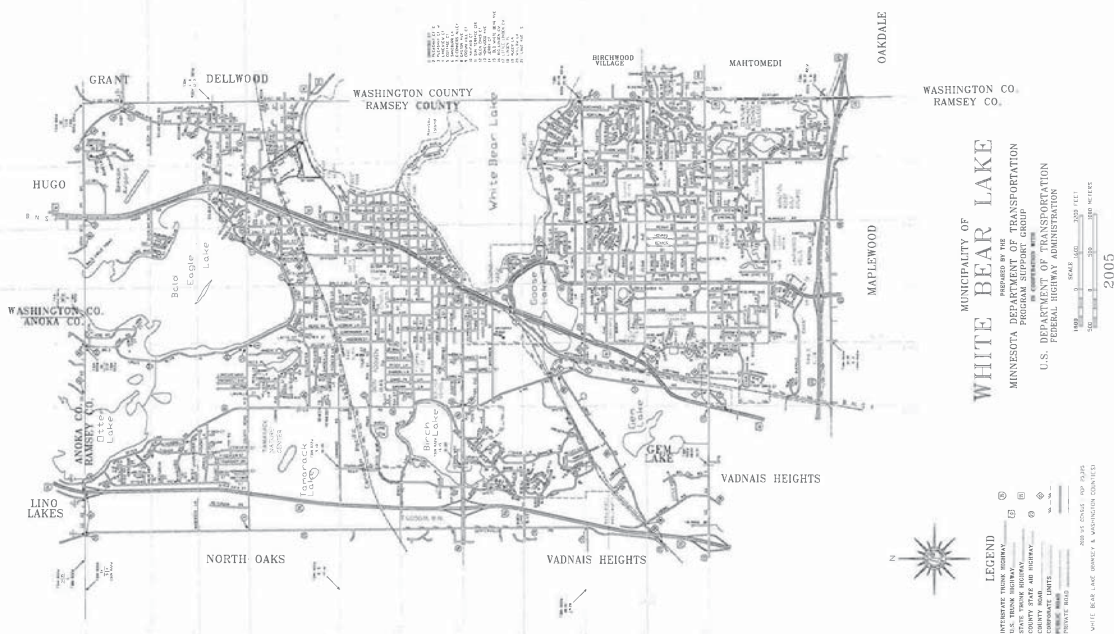
The earliest inhabitants of the White Bear Lake area were the Dakota and Ojibwa Indians who used it for their migratory hunting and harvesting grounds. The United States government designated the area as Dakota land in an 1825 treaty, but later purchased all Dakota Territory east of the Mississippi to open it for European-American settlement.

Rich land, abundant game, and scenic lakes attracted the early pioneers to this area. In 1858, the year Minnesota became a state, these first European-American settlers established White Bear Township, which consisted of 36 square miles of land. As work of its scenic landscape spread, the town grew into a popular resort area, attracting visitors from all along the Mississippi River. People would travel up the Mississippi by steamboat and then to White Bear Lake by train. Soon resorts and hotels lined the shores of the lake while restaurants, theaters and stores set up shop in the downtown to accommodate visitors. The extension of the Lake Superior and the Mississippi Railroad to White Bear Lake in 1868 turned what used to be a three-hour buggy ride from S. Paul into a twenty-minute trip. Rail service provided new and exciting opportunities for business and industry in the area, eventually connecting to Duluth in 1871.

As the resort era faded shortly after the turn of the century, other industries, including farming and lumbering, continued to prosper. In keeping pace with this steady growth and development, leaders of the community officially incorporated the City of White Bear Lake in 1921. At that time, the city was 2 1/4 square miles with a population of just over 2,000. The 1950's and 1960's were times of rapid residential expansion. By 1960, the city's area had grown to 7 square miles with a population of about 13,000 people. During the 1970's and 1980's, large parcels of land opened for development through the city's effort to extend roads and utilities. The city's aggressive economic development program led to extensive growth in its tax base and employment levels. Several nationally known companies have moved into the area while downtown redevelopment efforts continue to make great strides in expanding. Over the years, the White Bear Lake area has continued to grow and prosper. Today the city's 24,000 residents enjoy the advantages of being part of a major metropolitan area while residing in a community that has maintained its small hometown appeal.

### Legend of White Bear Lake

The legend of White Bear Lake is one of forbidden love and courage. Like all folklore, some parts of the story may be true, however, all of it is interesting and captivating. It seems that every spring, people from the Dakota Indian tribe visited the island in the middle of White Bear Lake to make maple sugar. Tradition says that on the island, now called Manitou Island, an Indian princess and an Indian brave fell in love. They could not marry since the princess' father, the chief, thought the young brave cowardly. One night, the young lovers met secretly and sat around the branches of a large elm tree that hung over the lake. As they sat there, a large albino bear, thinking perhaps, that polar snows and dismal winter weather extended everywhere, took up his journey southward. He approached the northern shore of the lake, walked down the bank and made his way noiselessly through the deep, heavy snow toward the island. As the princess and the brave were returning to camp in time to avoid suspicion, the bear leaped out and attacked the princess. The princess screamed for help. Bounding toward the young brave, she caught his blanket and fell, bearing the blanket with her into the great arms of the ferocious monster. Upon hearing the screams, every man, woman and child of the tribe ran to the bank to see the commotion, however, all were unarmed and could not save the princess. While the savage beast held the breathless woman in his huge grasp, the brave sprang to his feet, dashed to his wigwam for his knife and returned almost in a single bound. Springing with the fury of a mad panther, he pounced on his prey and killed him. The Indian Chief allowed the brave and the maiden to marry, and for many years their children played upon the skin of the white bear from which the lake derives its name.





April 21, 2021

White Bear Lake Residents, Honorable Mayor and  
Members of the City Council  
City of White Bear Lake, Minnesota

In accordance with Minnesota State Statutes and White Bear Lake City Charter provisions, we respectfully submit the Comprehensive Annual Financial Report of the City of White Bear Lake as of December 31, 2020 and for the year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures supporting schedules, and statistical tables rests with the City. Your management staff believes that the information as presented herein is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of City operations as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

The City's financial statements have been audited by Abdo, Eick & Meyers, LLP, Certified Public Accountants appointed by the City Council. The independent audit is conducted to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2020 are free of material misstatement.

The independent audit involved examining evidence on a test basis to support both the amounts and disclosures in the financial statements; assessing the accounting principles and significant estimates used by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor rendered an unmodified or "clean" opinion that the City's financial statements, for the year ended December 31, 2020, are presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report.

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

#### THE REPORTING ENTITY AND ITS SERVICE

In accordance with GASB pronouncements, the City's financial statements include all funds and account groups of the City of White Bear Lake, as well as all component units.

The City provides a full range of municipal services to its citizens. These services include, but are not limited to general administration; planning; building and code enforcement; police and fire protection; construction and maintenance of streets; parks and recreational facilities; surface water pollution prevention; economic development; water and sanitary sewer utilities; refuse collection and disposal; ambulance service, and deputy registrar services.

The White Bear Lake Housing and Redevelopment Authority (HRA) is considered a blended component unit of the City. Although the HRA is a legally separate unit, it was created by the City Council to carry out responsibilities associated with redevelopment within the City's tax increment districts. The HRA governing body consists of the five council members with the city manager serving as the executive director. The HRA financial statements are prepared in conjunction with the City's annual report and are included as a Capital Project Fund of the city. The HRA does not publish a separate financial statement.

#### PROFILE OF THE CITY

The City of White Bear Lake is a second-tier St. Paul suburban community within two counties. The majority of the City is in northeast Ramsey County; however, a small section of the southeast area lies within western Washington County. The City incorporates an area of approximately 10 square miles, with a 2019 final population of 25,752, according data from the Metropolitan Council. The City is approximately 12 miles from downtown St. Paul and 20 miles from the Minneapolis/St. Paul International Airport.

The City operates under the Council-Manager form of government through its home rule charter adopted in 1922. Policy-making and legislative authority are vested in the governing Council consisting of a Mayor and five council members.

The city charter presents the mayor as the chief executive officer of the City with the position responsible for the enforcement of provisions of the city charter and ordinances. The mayor does not have a vote on the council but does have veto authority over council actions. The council may reconsider any vetoed action at the next regular meeting and override the mayor's veto with a four-fifths vote of all members.

An at-large election occurs for the mayor position, which is a four-year term. The five council members are elected by wards and serve four-year staggered terms. The elections for mayor, wards two and four coincide with each other and two years later the elections for wards one, three and five coincide with each other. The council is elected on a non-partisan basis.

The council establishes policies, passes ordinances for municipal regulation, adopts the budget, appoints committee members, and hires both the city's manager and attorney. The city manager is responsible for executing the ordinances and policies of the city council, overseeing the day-to-day operations of the government, appointing department supervisors, recommending and enforcing the budget, and keeping the mayor and city council advised as to the financial needs and condition of the City.

The City utilizes a long-range financial management plan, a capital improvement plan and cash flow projection sheets to create the annual budget. The budget incorporates the data from these three sources into one overall document that aligns with the City's policies for operations, financial management, debt management, reserves, investments, and amendments. Budget preparations begin early each year with departments updating their capital improvement plans. This information flows into the financial management plan for discussion on funding for large-scale purchases and projects with the City Council each April. Each city department submits their operating budget requests to the finance department in July. These requests combine with projected revenue data and results from the financial management plan discussion to begin development of the budget. The city manager and finance director present a preliminary balanced budget to the council prior to September 15 each year. At that time, the council sets the preliminary tax levy. The adopted budget may utilize a levy lower than what is set; however, the levy may not increase above the preliminary tax levy set in September. The city council holds budget work sessions and a formal public hearing before adopting the final budget and tax levy before December 20. The city manager has expenditure discretion within expenditure categories; however, adjustments between departments or funds require a budget amendment adopted by the city council.

While events of 2020 presented many challenges, they also created opportunities to review our service delivery models, creatively adapt policies and practices to meet the needs of the community, incorporate flexibility into our internal processes and expand the technology used in daily operations. Many of the subsequent changes and improvements increased operational productivity within the organization. The city council and staff also remained nimble in its creation of grant and relief programs to support residents, businesses and community non-profits in a year of unprecedented economic challenges.

### FACTORS AFFECTING FINANCIAL CONDITION

This report provides the reader with a clear understanding of the City's financial condition and data needed to conduct their analysis. However, the City's fiscal soundness is influenced by more than the results of its financial operations and balance sheet. The information presented in the financial statements is best understood when it is considered within the context of the external economic environment.

#### LOCAL ECONOMY

As part of the Minneapolis/St. Paul metropolitan area, the City is immersed in an economically diverse urban environment. Through the years, the metropolitan area has built a vibrant business base, including companies involved in manufacturing electronics, leading-edge medical technology, milling, machine and product manufacturing, food processing, banking, higher education and research, graphic arts and performing arts, and professional athletics. These businesses, and others, have helped make the Twin Cities area one of the largest commercial and cultural centers between Chicago and the West Coast. This economic diversity and the tourism/hospitality industry's comparatively smaller portion of the economy as a whole for the region has allowed the greater metropolitan area fare better than many other areas in the country during these difficult times.

White Bear Lake residents and businesses benefit from the following community assets: a highly educated work force; moderately priced housing; access to advanced technology; available capital and an excellent transportation system including two major state highways and two federal interstate highways, which allow easy mobility in any direction. This transportation network is a very positive factor in making White Bear Lake an ideal location for commercial/industrial development and redevelopment. In addition, the White Bear Lake area is considered a regional entertainment and tourist destination, with a quaint downtown shopping district, attractive outdoor recreation opportunities with the lake, bike trails and parks, a growing Arts District, and many community events throughout the year.

The community's approval of a referendum in 2019 to finance a \$326 million multi-year improvement plan for additions and renovations to the White Bear Lake Area School District buildings will make our community an even more attractive place to younger families and provide a renewed economic energy in downtown as we see more events at the new 9-12 grade high school located adjacent to the downtown.

The outbreak of COVID-19 in early 2020 lead to the steepest economic downturn on record as state leaders instituted mandatory lockdowns and closed non-essential businesses in response to the pandemic. The City created grant programs to support local residents, businesses and non-profit organizations with demonstrated economic impact from COVID-19. In addition to the direct financial support, the City engaged a consultant to coordinate marketing and non-financial assistance to area businesses. "Regrow White Bear Lake" focused on sustaining the local economy and providing the public information on opportunities to support local businesses and restaurants in our community, offering resources and training to small businesses in the area to help them survive and thrive, and planning family-friendly contests and activities benefiting the local businesses. The City also collaborated with other community stakeholders such as the White Bear Lake Economic Development Corporation, White Bear Area Chamber of Commerce, White Bear Lake Main Street Inc, and the Explore White Bear group to communicate with local businesses about federal, state and regional programs such as the relief grants and the Paycheck Protection Program. The creative efforts and community outpouring sustained the small businesses through the difficult times.

With shifts in business service models and a growing understanding of the COVID-19 virus, the economic predictions improved in late 2020. At that time, market analysts predicted economic growth at 2.8% in 2021; however, recent predictions anticipate the growth for 2021 and 2022 to be higher. If the growth level remains at the higher level through 2021, the economy would be back to the pre-pandemic trend in 2022. This message is consistent with communications from the Federal Reserve that indicate an expectation of faster economic growth in 2021 that will drive unemployment down and prices up as economic activities deferred during the pandemic resume and consumer spending increases.

According to the Bureau of Labor Statistics, the unemployment rate within the community spiked to 10.4% in May 2020 and finished the year at 4.5% in December 2020. Though this is higher than most months in 2018 and 2019, the rate is close to the January 2019 statistic of 4.0%. The diverse labor market within the Minneapolis/St. Paul metropolitan area, which includes White Bear Lake, outperformed the nation as a whole, which recorded an unemployment rate high of 14.8% in April 2020 and 6.7% as of December 2020.

Though lower than the 2019 levels, the 2020 residential and commercial/industrial construction and redevelopment activity remained steady through the mandatory shutdown periods.

	2019	2020
Total permits	2,687	2,599
Total permit valuations all types	\$ 65,328,427	\$ 54,730,496
Total new construction activities only	\$ 37,575,730	\$ 11,140,000



The City anticipates 2021 construction activity to return to the 2019 levels based on planned construction projects and the multi-year improvement plan for additions and renovations to the White Bear Lake Area School District buildings.

The County Assessor's valuation of the median value home within the community increased 5.3% to \$256,000 in the 2020. The housing market remained extremely competitive during 2020 with homes selling quickly when placed on the market causing a low inventory of available homes for sale in the community. Per the Minneapolis Area Realtors Association, September 2020 was the last time the City had more than a month's supply of for sale housing available. The group considers a 5 month supply of available housing to be a balanced market. As of February 2021, the rolling 12 month period median home sales price in White Bear Lake was \$285,000.

#### REDEVELOPMENT ACTIVITIES

While the City Council understands the importance to maintaining the City's tax base, economic stability, and providing employment opportunities through the promotion of its commercial and industrial sectors, a strong residential housing market is equally important to the City's economic and social vitality. During 2019, the City invested in a comprehensive market assessment to gain an understanding of the opportunities, challenges and demographic trend impacting housing needs. Results show that in the next 10 years, the City will experience population and household growth, but with a decreasing average household size, the household growth will be exponentially higher. A lack of supply and a robust demand in White Bear Lake (and the Twin cities in general) is causing both owner and renter occupied housing costs to increase. Since a post-recession low in 2011, the median home sale price has increased 72% as of September 2019 and from the 2<sup>nd</sup> Quarter 2018 to the 2<sup>nd</sup> Quarter 2019 rent prices increased 7%. Information gained through the assessment will assist the council in making decisions that influence housing regulations, ordinances and other homebuyer programs. The City delayed their planned 2020 work analyzing the housing data with the newly created housing task force until 2021 due to challenges created by the pandemic.

Construction of a 189-unit market-rate apartment complex at the northwest corner of County Road E and Linden Avenue commenced in the fall of 2019, with occupation planned in 2021. The City anticipates an application from the same developer to construct workforce housing immediately west of this site as part of its total 10-acre redevelopment project.

In the summer of 2019, the City purchased four parcels of land located north of the current Public Works facility. The City subsequently sold half of the land in the spring of 2020 to Saputo, Inc., a dairy company located next to the parcels of land. The City's site is providing storage for material and equipment previously stored at the former Public Works facility, with the eventual intent to prepare the former facility for future redevelopment. Saputo has not yet indicated definitive plans for its newly obtained property.

The downtown area remains active with minimal vacancies, year-round occupancies and considerable investment in building façade improvements. Renovation to a historic building on Washington Avenue in 2019 created a two-story, full-service restaurant. This business expanded both inside capacity and a rooftop bar area in 2020. Restoration of another historic building at the corner of Third Street and Clark Avenue in downtown is creating unique office spaces for local small businesses.

#### FUTURE DEVELOPMENT

The County Road E Corridor remains a primary focus of the White Bear Lake Economic Development Corporation as there are opportunities for redevelopment and intensification of key intersections, vacant or underutilized sites, and infill properties. The City was awarded funding through a Ramsey County Corridor Improvement Program to develop a comprehensive plan for revitalization of this corridor and plans to launch this work in the fall of 2021. The City's Revolving Loan and Grant Program expanded in 2018 to include County Road E area as an incentive for business improvements.

The Housing and Economic Competitiveness components of the 2040 Comprehensive Plan were incorporated into the City's comprehensive plan. Much of this work is expected to create new investment opportunities for White Bear Lake, generate new resources for homeowners and businesses, and help create an economic development plan to guide the community through 2040.

The future Rush Line transit corridor continues to spur market interest from residential developers along the planned transit area. The Metropolitan Council, the agency supporting the project, is working on the station area planning as the process moves toward the Rush Line transit opening in 2025. Staff anticipates continued interest in this Rush Line corridor along Highway 61 and the perimeter of Downtown White Bear Lake.

As previously mentioned, in November 2019, voters in the White Bear Lake Area School District approved a \$326 million building bond request to address building needs across the district. The multi-year improvement plan will include additions and renovations to current buildings. The plan is both complex and comprehensive as it touches each of the District's buildings in some way. Initial stages of the project began in late 2020 and will continue in 2021 and 2022.

#### **LONG-TERM FINANCIAL PLANNING**

As previously mentioned the City utilizes a Financial Management Plan and a Capital Improvement Program for long-term planning.

The Financial Management Plan allows the City to project expected revenues and expenditures over a 10-year period to help anticipate financial requirements in future years. Annual updates to the forecast include each year's final audit results, approved budget amounts, and updated capital improvement plan data. It only assumes known decisions and does not presume future decisions of the Council.

The Capital Improvement Plan provides 5-year information on major maintenance and replacement needs for all City structures, equipment, parks, and transportation projects. Staff will change this document to a 10-year plan in 2021 to align with the duration of the Financial Management Plan. Continuous replacement of the City's infrastructure is scheduled to occur at the rate of approximately two to three percent per year; matching the rate of need. Preliminary estimates anticipate annual street reconstruction and mill overlay costs in the range of \$3.4 - \$4.1 million over the next five-year period.

The City analyzes each capital budget through the Financial Management Plan to determine if sufficient resources are in place to meet future infrastructure improvements. General Fund balances in excess of requirements are allocated to Capital Construction budgets, specifically the Municipal Building and Interim Construction Funds.

#### FISCAL STEWARDSHIP

The City's Fiscal Policy provides that one-time revenue sources should fund capital improvements or non-recurring expenses rather than operations and that sufficient cash reserves be maintained to maintain operational efficiencies, thus avoiding any need for short-term borrowing to meet operational requirements.

The City's General Fund reserve for cash flow totals \$4,010,000 and represents approximately one-half of the City's projected property tax collection, local government aid, and police aid payments; significant operating revenue sources not received until the second half of the fiscal year.

The City's computations of its direct debt and its legal debt margin reports that it \$3,205,000 in debt obligation that has general property taxes as its sole source of revenue. The City has 97% of its legal debt limit, or \$90,293,804 available for debt bonding as of December 31, 2020.

The City has \$18,050,000 outstanding in Tax Increment, Special Assessment, and Tax Abatement debt as of December 31, 2020.

The City anticipates incurring debt obligation in 2021 for the financing of the 2021 street improvement projects, residential water meter replacement program, and capital equipment.

#### PENSION REPORTING

The City's Comprehensive Annual Financial Report dated December 31, 2020 incorporates GASB Statement No. 68 "Accounting and Financial Reporting for Pensions". The Statement requires the City to report a net pension liability of \$3,945,203. The City calculates this liability by comparing its share of the Statewide plan (PERA) of \$6,529,878 with its share of the local Fire Relief Association credit (over 100% funded) of \$2,584,675.

State Statutes do not require any local governmental unit to be responsible for any state-wide pension funding deficit. The State legislature has previously utilized its state-wide funding resources to ensure local pensions be made sufficiently funded rather than requiring the local governmental unit to fund its pension deficits.

#### AWARDS FOR ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of White Bear Lake for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the thirty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement in Excellence Reporting, the City must publish an easily readable and effectively organized annual report. This report satisfies both the General Accepted Accounting Principal and legal requirements.

A Certificate of Achievement for Excellence in Financial Report is valid for a period of one year only. The City will submit the December 31, 2020 financial report to the Government Finance Officers Association to determine its eligibility for another certificate.

In addition, the government also received the Government Finance Officers Association's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2020, which represents the nineteenth consecutive year the City has received the award. 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.

#### ACKNOWLEDGMENTS

We would like to express our appreciation to all members of the finance department who assisted and contributed to the preparation of this report. Special recognition to Jessica Saari, Assistant Finance Director, who diligently prepared the audit work papers, developed the finance report, and the statistical section. Recognition is also extended to the mayor and city council for their responsible and progressive policies involving the City's financial operations, along with their solidarity in placing long-range and infrastructure needs ahead of popular expenditures and careful consideration of staff recommendations.

Respectfully Submitted,



City Manager



Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of White Bear Lake  
Minnesota**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morrell*

Executive Director/CEO

FINANCIAL SECTION  
CITY OF WHITE BEAR LAKE  
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of White Bear Lake, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of White Bear Lake, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 33, the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual, the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions and the Schedule of Funding Progress for Other Post-Employment Benefit Plan starting on page 118 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

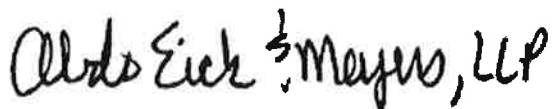
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund financial statements, schedules, and statistical section are presented for purposes of additional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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
April 21, 2021

People  
+ Process  
Going  
Beyond the  
Numbers

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## CITY OF WHITE BEAR LAKE, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents an overview of the financial activities and financial position for the City of White Bear Lake for the year ended December 31, 2020. The discussion and analysis is intended to be read in conjunction with the transmittal letter in the Introductory Section, and the City's financial statements presented in this report.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$101,413,863 (net position). Of this amount, \$35,272,777 (unrestricted net position) may be used to meet the government's obligations to citizens and creditors according to City policy.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,114,382, an increase of \$2,332,377. Although expenditures exceeded revenues by \$1,241,008, the issuance of \$3,580,000 in bonds and transfers in of \$4,281,435 resulted in an increase in fund balance.
- At the end of the current fiscal year, the General Fund's unassigned fund balance totaled \$5,804,642. The General fund unassigned balance represents 52.5% of the total General Fund expenditures for the current fiscal year.
- The City's total debt increased by \$4,047,686 during the current fiscal year. The City issued 2020A G.O. Bonds for the financing of street construction, capital equipment acquisition, and construction of water system improvements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to provide an introduction to the City's basic financial statements. The City'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 supplemental 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 the City's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the City 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 the City include general government, community development, public safety, public works, and parks and recreation. The business-type activities of the City include water, sewer, refuse, ambulance, license bureau, and Pioneer Manor, a senior apartment complex.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate White Bear Lake Housing and Redevelopment Authority (the Authority) for which the City is financially accountable. The Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on starting on page 45 of this report.

### 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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 resource, 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 City'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.

The City maintains seven individual major governmental 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, Non-Bonded Debt Fund, Construction Fund, Municipal Building Fund, HRA Tax Increment Pool Fund, Economic Development Fund, and Community Reinvestment Fund, which are considered to be major funds.

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and six special revenue funds.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 54 through 61 of this report.

## PROPRIETARY FUNDS

The City maintains two different types of proprietary funds, enterprise funds, and internal service funds. Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for Insurance and Employment Expense. Because these services predominantly benefit governmental rather than business-type functions, it has 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 Water, Sewer, Refuse, Ambulance, the License Bureau, and Pioneer Manor.

The basic proprietary fund financial statements can be found on pages 62 through 71 of this report.

## FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own program. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 72 and 73 of this report.

## NOTES TO 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 financial statements can be found on pages 75 through 116 of this report.

## OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 118 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 136 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of the City's financial position over time. The City's assets exceeded liabilities by \$101,413,863 at the close of the most recent fiscal year.

### Statements of Net Position (In Thousands)

	Business Type			Total	
	Governmental	2019	2020	2019	2020
Current/Other Asset	\$ 44,582	\$ 41,228	\$ 6,559	\$ 5,434	\$ 46,662
Capital Assets	77,138	78,030	5,320	4,875	82,458
Total Assets	121,730	119,258	11,879	10,309	133,609
Deferred Outflows of resources	3,953	4,852	1,033	1,104	4,986
Long-term liabilities	27,805	23,245	3,029	1,681	30,834
Other liabilities	1,137	1,220	530	468	1,688
Total Liabilities	28,942	24,465	3,559	2,149	32,501
Deferred inflows of resources	3,804	5,739	876	1,431	4,680
Net Position					
Net Investment in Capital assets	59,069	62,562	4,401	4,875	63,470
Restricted	2,671	1,847	-	-	2,671
Unrestricted	31,197	29,497	4,076	2,958	35,273
Total	\$ 92,937	\$ 93,906	\$ 8,477	\$ 7,833	\$ 101,414
					\$ 101,739

By far, the largest portion of the City's net position (62.6 percent) is reflected in 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. The City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the City'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 cannot themselves be utilized to liquidate these liabilities.

Restricted net position comprises 2.5 percent of total net position. These assets are subject to external restrictions on how they may be used. The restrictions are related to legal bond covenants and State Statutes. The remaining balance totals \$35,272,777, which represents 34.8 percent of the net position. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Deferred outflows of resources decreased \$969,280 from 2019 as a result of changes in actuarial assumptions relating to the pension and OPEB plans. Deferred inflows of resources also decreased \$2,489,232 as a result of changes in actuarial assumptions relating to pension plans.

## CHANGES IN NET POSITION

The City's net position totaled \$101,413,863 at December 31, 2020 compared to \$101,739,751 as of December 31, 2019. This represents a decrease of \$325,888 for fiscal year 2020. The decrease is attributable to an increase in expenses as compared to 2019 amounts combined with an decrease in revenues.

Governmental activities net investment in capital assets decreased \$3,493,189. Governmental net capital assets decreased by \$892,046, however the net investment in capital assets was decreased even further by depreciation expense. Another factor impacting governmental activities is the depreciation of streets and storm sewers (20-25 years).

Business-type net position increased \$643,657 or approximately 0.1 percent. This increase is mainly due to the increase in charges for services and operating grants and contributions exceeding the increase in expenses.

### Statements of Changes in Net Position (In Thousands)

	Governmental			Business type			Total	
	2020	2019		2020	2019		2020	2019
<b>Revenues:</b>								
Program Revenues:								
Charges for Services	\$ 4,079	\$ 5,834	\$	9,549	\$ 9,721	\$	13,628	\$ 15,555
Operating grants and contributions	3,580	1,817		210	279		3,790	2,096
Capital grants and contributions	1,502	235		379	2		1,881	237
General revenues:								
Property Taxes	6,884	6,210		-	-		6,884	6,210
Other Taxes	593	543		-	-		593	543
Grants and contributions not restricted to specific programs	1,588	1,588		-	-		1,588	1,588
Sale of Capital Assets	394	51		40	40		434	91
Other	554	976		47	29		601	1,005
<b>Total Revenue</b>	<b>19,174</b>	<b>17,254</b>		<b>10,225</b>	<b>10,071</b>		<b>29,399</b>	<b>27,325</b>
<b>Expenses:</b>								
General government	2,280	1,780		-	-		2,280	1,780
Public Safety	6,699	8,108		-	-		6,699	8,108
Public Works	5,913	4,982		-	-		5,913	4,982
Community Development	2,017	914		-	-		2,017	914
Parks and Recreation	2,141	2,111		-	-		2,141	2,111
Interest on long-term debt	576	587		-	-		576	587
Water and Sewer	-	-		5,403	4,284		5,403	4,284
Refuse	-	-		1,596	1,385		1,596	1,385
Ambulance	-	-		2,152	2,178		2,152	2,178
Senior Housing	-	-		340	317		340	317
License Bureau	-	-		607	869		607	869
<b>Total Expenses</b>	<b>19,626</b>	<b>18,482</b>		<b>10,098</b>	<b>9,043</b>		<b>29,724</b>	<b>27,525</b>
Excess (deficiency) before transfers	(452)	(1,228)		127	1,028		(325)	(200)
Internal capital transfers	-	(10)		-	10		-	-
Internal transfers	(517)	480		517	(480)		-	-
Change in net position	(969)	(758)		644	558		(325)	(200)
<b>Net position - January 1</b>	<b>93,906</b>	<b>94,684</b>		<b>7,833</b>	<b>7,275</b>		<b>101,739</b>	<b>101,939</b>
<b>Net position - December 31</b>	<b>\$ 92,937</b>	<b>\$ 93,926</b>		<b>\$ 8,477</b>	<b>\$ 7,833</b>		<b>\$ 101,414</b>	<b>\$ 101,739</b>

## GOVERNMENTAL ACTIVITIES

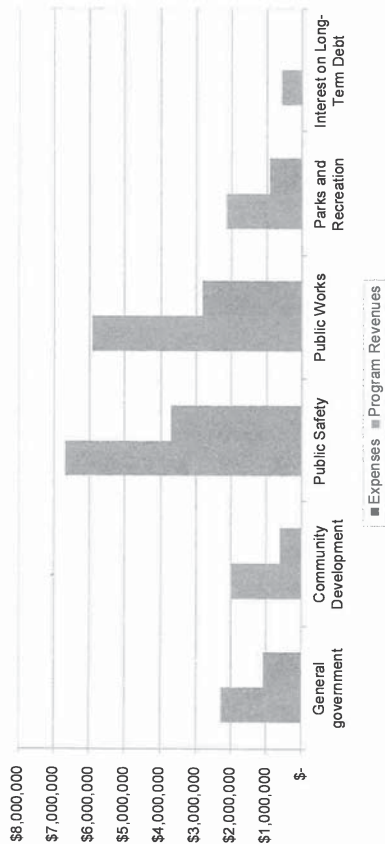
The governmental activities decreased the City's net position by \$969,545 thereby accounting for the overall decrease in the net position of the City. Key elements of this decrease, as well as other highlights of the governmental activities, are as follows:

- Charges for services decreased by \$1,755,000 compared to 2019. A majority of this decrease is due to reimbursements received from other governments in 2019 for trail and seal coat projects, as well as a decrease in Sports Center revenue due to COVID-19 closures.
- Operating grants and contributions increased by \$1,763,000 from 2019 with the receipt of over \$1.9 million in COVID-19 relief funding from the federal government.
- Capital grants and contributions decreased by \$1,267,000 in 2020. The decrease was attributable to the closure of the Water Improvement Fund and the Sewer Improvement Fund in 2020, which were both governmental funds. All connection fee charges for water and sewer are now recorded in the Water Fund and Sewer Fund, which are business-type funds.
- Governmental expenses increased by \$1,144,000 compared to 2019, which was in part due to granting COVID-19 relief aid to local businesses, non-profits, and residents and increased spending on COVID-19 related supplies and equipment.

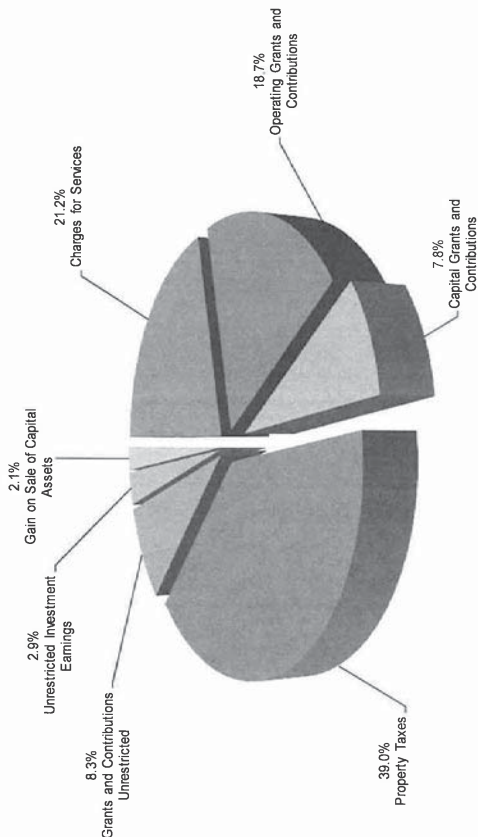


The following graphs depict various governmental activities and shows program revenues and expenses directly related to those activities.

**Expenses and Program Revenues - Governmental Activities**



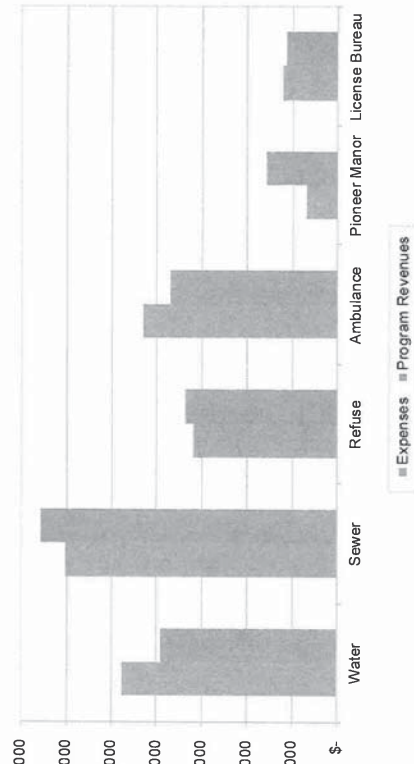
**Program Revenues - Governmental Activities**



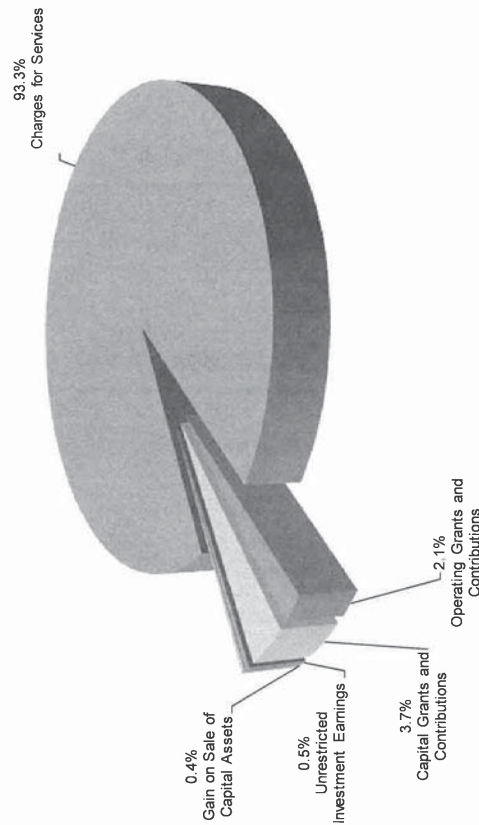
## BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$643,657. The majority of the increase in net position can be largely attributed to an increase in capital grants and contributions.

**Expenses and Program Revenues - Business-type Activities**



**Program Revenues - Business-type Activities**





## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,114,382, an increase of \$2,332,377 in comparison with the prior year. Approximately 19.3% of this total amount, \$5,804,642, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance of \$24,309,740 is not available for new spending because it is either 1) nonspendable (\$3,278), 2) restricted (\$1,583,740), 3) committed (\$16,969,105) or 4) assigned (\$5,753,617). For further classification, refer to note 11 on page 110 of this report.

The General Fund expenditures exceeded revenues by \$1,338,323, but after including the other financing sources and uses, the net increase in fund balance was \$902,541. There was a decrease in the net change in fund balance due to the transfer of money to the Economic Development Fund to allocate COVID-19 relief. The General Fund had a fund balance of \$5,804,657 at year-end.

The Non-Bonded Debt Fund had a fund balance of \$502,976 at year-end, an increase of \$98,215 from 2019. The 2020 revenues collected in this fund are special assessments of \$680,777 used to finance street construction costs, investment income of \$11,271, and a \$76,913 payment on the loan agreement for the Sports Center from the White Bear Lake Area Hockey Association. The increase in fund balance was mainly due to a decrease in transfers out in 2020.

The Construction fund balance increased \$3,818. The fund balance at year-end was \$4,404,356.

The Municipal Building fund balance decreased \$7,592 in 2020. The fund balance at year-end was \$917,283.

HRA Tax Increment Pool fund balance increased \$363,730 as a result of a decrease in expenditures due to paying off an interfund loan balance with Tax Increment Financing District 25 in 2019. The ending fund balance at year-end was \$305,922.

The Economic Development fund balance increased \$799,345. The increase was due to a large transfer from the General Fund to allocate COVID-19 relief. In addition, the City sold land in the amount of \$415,020 during 2020. The fund balance at year-end was \$4,058,573.

In 2020, the Community Reinvestment fund balance decreased by \$101,820 to \$7,702,264 due to a decrease in investment income and an increase in transfers out to provide funding for street, park, and municipal building improvements.

### PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total net position in the respective proprietary funds are: Water Fund, \$2,909,681; Sewer Fund, \$2,491,320; Refuse Fund, \$192,693; Ambulance Fund, \$480,353; License Bureau, negative \$192,464; Pioneer Manor, \$1,966,426.

The change in net position of the Water Fund was decrease of \$158,530. The majority of this decrease was due to the water tower painting project done in 2020.

The change in net position of the Sewer Fund was \$662,007. This increase was mainly attributable to the transfer in made in 2020 to close the Sewer Improvement Fund and the related connection fee revenues that are now being collected in the sewer fund.

The Ambulance fund balance decreased \$50,412. The decrease was mainly attributable to a decrease in charges for services in 2020 due to a reduction of calls during the beginning of the COVID-19 pandemic.

The License Bureau Fund saw a decrease in fund balance of \$89,663. This was a direct result of a loss in revenues due to COVID-19 related closures and process changes to comply with the State's COVID-19 guidelines.

The Pioneer Manor fund balance increased by \$288,717 in 2020 which was attributable to a federal grant received in 2020 for the window replacement project.

The Refuse Fund had a \$16,129 decrease to its fund balance during 2020 due to higher refuse disposal fees.

### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues came in over budget by \$398,243. The majority of this variance was due to building permits and plan reviews coming in higher than anticipated as there were some large construction permits that were received towards the end of the year. The City also anticipated refunding on-sale liquor licenses in 2020 to provide some relief to businesses struggling during the COVID-19 pandemic; however, the City chose to refund a prorated portion of the 2020 license fees and waived the total 2021 license fees. Expenditures were \$408,137 under budget. This was primarily due to salaries and wages coming in less than budgeted in multiple departments due to position vacancies and supplies and other services and charges coming in much less than budgeted in the streets department.

There were amendments to the original budget for the General Fund in 2020. The revenue budget was increased by \$1,377,821 to total \$11,987,036, and the expenditure budget was decreased by \$454,306 to total \$11,455,093. Other financing sources (uses) were amended to increase sale of property and transfers in by \$27,557 and to increase transfers out by \$1,789,375. Net changes to the budget resulted in a budgeted surplus of \$71,125.

## ECONOMIC DEVELOPMENT FUND BUDGETARY HIGHLIGHTS

Economic Development Fund revenues came in \$73,893 over budget. The majority of this variance was due to rental income coming in \$64,706 over budget. Due to the economic impact that the COVID-19 pandemic had on local business, the City authorized business owners who held a lease with the City to negotiate an agreement to defer their lease payments. One of these local businesses negotiated to defer their remaining 2020 rent payments until the beginning of 2021; however, shortly before year-end in 2020, they made a lump sum payment of their deferred rent, which was not accounted for in the budget. In addition, this fund did not budget for interest income, which came in at \$42,931 in 2020. These over-budget revenues were offset by loan repayments coming in \$54,840 under budget. This was because the City budgets for the loan repayments as revenue, but they are actually reclassified at year-end to decrease the City's loan receivable amount. Expenditures were \$302,696 under budget. The City budgeted for \$768,500 to be allocated to create grant programs for local residents, business, and non-profit organizations who were able to demonstrate economic impact from COVID-19. Actual expenditures related to these grant programs were \$597,820. In addition, the City budgeted \$69,000 for Economic Development loans to businesses to be set up during the year, but there were none in 2020.

There were amendments to the original budget for the Economic Development Fund in 2020. The revenue budget was increased by \$23,104 to total \$584,404, and the expenditure budget was increased by \$952,027 to total \$1,739,523. Other financing sources (uses) were amended to increase the sale of capital assets by \$858 and to add transfers in of \$1,489,375 and transfers out of \$262,890.

## CAPITAL ASSETS

The City's investment in capital assets for its government and business-type activities as of December 31, 2020 totals \$82,458,430 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, equipment, park facilities, streets, storm sewers, and water and sewer basins.

Major capital asset additions, excluding previously constructed infrastructure, during the current fiscal year include the following:

- Acquisition of a building totaling \$212,707
- Addition of work-in-process for the first installment payment of a fire truck totaling \$607,664. The second installment payment will be made in early 2021 when the fire truck is completed and received by the City.
- Acquisition of a vector truck totaling \$464,521
- Pioneer Manor Window Replacement Project totaling \$376,522

## CITY OF WHITE BEAR LAKE'S CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities		Business-type Activities	
	2020	2019	Increase (Decrease)	Increase (Decrease)
Land and improvements	\$ 9,666,893	\$ 10,067,751	\$ (400,858)	\$ 490,275
Work in process	698,736	20,351	678,385	-
Buildings and improvements	11,388,946	11,984,361	(595,415)	1,173,938
Other improvements	4,155,698	4,663,861	(508,163)	367,038
Furniture and equipment	4,030,787	4,544,802	(514,015)	1,201,166
Distribution/Collection System	-	-	-	2,009,934
Infrastructure	42,597,047	42,073,112	523,935	-
Streets	4,800,716	4,676,031	(124,685)	-
Storm Sewer	-	-	-	-
Total	\$ 77,138,223	\$ 78,030,269	\$ (892,046)	\$ 5,320,207
				\$ 4,875,313
				\$ 444,894

Additional information on the City of White Bear Lake's capital assets can be found in the financial statements Note 6 of the report.

## LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt outstanding of \$19,516,166. They are all backed by the full faith and credit of the City.

## CITY OF WHITE BEAR LAKE'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities	
	2020	2019	Increase (Decrease)	Increase (Decrease)
Tax Increment Bonds	\$ 2,560,000	\$ 2,800,000	\$ (240,000)	\$ -
Special Assessment Bonds	12,285,000	9,115,000	3,170,000	-
Tax Abatement Bonds	3,205,000	3,330,000	(125,000)	-
Utility Revenue Bonds	-	-	-	860,000
Premium on bonds	546,777	223,480	323,297	59,389
Total	\$ 18,596,777	\$ 15,468,480	\$ 3,128,297	\$ 919,389

Standard & Poor's Rating Services raised the City's bond rating to AA+ in May 2018 and the rating remains unchanged.

State statutes limit the amount of general obligation debt a Minnesota city may issue up to 3% of total Estimated Market Value. The current debt limitation for the City of White Bear Lake is \$93,504,588. The City had \$3,210,784 of debt applicable to this limit at year-end. Additional information of the City of White Bear Lake's long-term debt can be found in the financial statement Note 5 of the report.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- Ramsey County had an annual average unemployment rate at the end of 2020 of 4.7%. This compares with unemployment rates of 4.9% for the State of Minnesota and 6.5% for the United States.
- The City's local tax capacity will increase by 7.6% for property taxes payable in 2021.
- City population is expected to remain stable or increase in 2021.

These factors were considered in preparing the City's budget for the 2021 fiscal year. The City's adopted 2021 budget includes a property tax levy of \$7,370,000, which is 6.7% more than the prior year's levy.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at City of White Bear Lake, 4701 Highway 61 North, White Bear Lake, Minnesota 55110-3227, (651-429-8526).

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GOVERNMENT-WIDE FINANCIAL STATEMENTS  
CITY OF WHITE BEAR LAKE  
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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City of White Bear Lake, Minnesota  
Statement of Net Position  
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 35,158,717	\$ 2,980,409	\$ 38,139,126
Interest receivable	57,468	-	57,468
Accounts and loans/notes receivable, net	2,149,675	2,590,751	4,740,426
Taxes receivable	243,000	-	243,000
Special assessments receivable	4,728,125	352,911	5,081,036
Intergovernmental receivable	295,685	4,408	300,093
Internal balances	(628,958)	628,958	-
Prepaid expenses	3,278	1,100	4,378
Net pension asset	2,584,675	-	2,584,675
Capital assets, net of accumulated depreciation:			
Land and improvements	9,666,893	490,275	10,157,168
Buildings and improvements	11,388,346	1,090,951	12,479,297
Other improvements	4,155,698	367,038	4,522,736
Furniture and equipment	4,030,787	1,471,257	5,502,044
Infrastructure	47,197,763	-	47,197,763
Distribution / Collection system	-	1,900,686	1,900,686
Work in progress	698,736	-	698,736
Total assets	<u>121,729,888</u>	<u>11,878,744</u>	<u>133,608,632</u>
<b>Deferred outflows of resources</b>			
Deferred pension resources	3,533,479	1,033,043	4,566,522
Deferred OPEB resources	420,340	-	420,340
Total deferred outflows of resources	<u>3,953,819</u>	<u>1,033,043</u>	<u>4,986,862</u>
<b>Liabilities</b>			
Interest payable	223,147	9,350	232,497
Accounts payable	310,141	370,555	680,696
Contracts payable	-	44,871	44,871
Accrued wages payable	376,199	-	376,199
Intergovernmental payable	171	55,997	56,168
Deposits payable	179,324	33,355	212,679
Unearned revenue	48,009	15,571	63,580
Noncurrent liabilities:			
Due within one year			
Long-term liabilities	1,488,315	2,957	1,491,272
Due in more than one year			
Long-term liabilities	18,322,322	916,432	19,238,754
Net pension liability	6,529,878	2,109,801	8,639,679
Other postemployment benefit obligation	1,464,554	-	1,464,554
Total liabilities	<u>28,942,060</u>	<u>3,558,889</u>	<u>32,500,949</u>
<b>Deferred inflows of resources</b>			
Deferred pension resources	3,782,718	875,931	4,658,649
Deferred other postemployment benefit resources	22,033	-	22,033
Total deferred inflows of resources	<u>3,804,751</u>	<u>875,931</u>	<u>4,680,682</u>
<b>Net Position</b>			
Net investment in capital assets	59,068,600	4,400,818	63,469,418
Restricted for debt service	2,265,278	-	2,265,278
Restricted for economic development	324,051	-	324,051
Restricted for public safety	82,339	-	82,339
Unrestricted	31,196,628	4,076,149	35,272,777
Total net position	<u>\$ 92,936,896</u>	<u>\$ 8,476,967</u>	<u>\$ 101,413,863</u>

The notes to financial statements are an integral part of this statement.

City of White Bear Lake, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2020

Function/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,280,521	\$ 721,261	\$ 366,591	\$ -
Community development	2,017,503	575,201	52,350	-
Public safety	6,698,809	1,710,271	1,985,824	-
Public works	5,913,052	150,297	1,174,078	1,499,352
Parks and recreation	2,141,183	921,978	987	3,079
Interest on long-term debt	575,748	-	-	-
Total governmental activities (See Note 1)	<u>19,626,816</u>	<u>4,079,008</u>	<u>3,579,830</u>	<u>1,502,431</u>
Business-type activities:				
Water	2,389,924	1,949,067	13,428	-
Sewer	3,014,410	3,284,394	2,147	-
Refuse	1,596,463	1,626,462	62,339	-
Ambulance	2,152,677	1,738,264	115,608	-
Pioneer Manor	339,860	405,800	494	379,351
License Bureau	606,698	545,311	16,060	-
Total business-type activities	<u>10,100,032</u>	<u>9,549,298</u>	<u>210,076</u>	<u>379,351</u>
Total government	<u>\$ 29,726,848</u>	<u>\$ 13,628,306</u>	<u>\$ 3,789,906</u>	<u>\$ 1,881,782</u>

General revenues:

Property taxes levied for general purpose  
Property taxes levied for tax increments  
Grants and contributions not restricted to specific programs  
Investment income  
Gain on sale of capital assets  
Internal transfers  
Total general revenues and internal transfers

Change in net position

Net position - beginning

Net position - ending

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,192,669)	\$ -	\$ (1,192,669)
(1,389,952)	-	(1,389,952)
(3,002,714)	-	(3,002,714)
(3,089,325)	-	(3,089,325)
(1,215,139)	-	(1,215,139)
(575,748)	-	(575,748)
<u>(10,465,547)</u>	<u>-</u>	<u>(10,465,547)</u>
-	(427,429)	(427,429)
-	272,131	272,131
-	92,338	92,338
-	(298,805)	(298,805)
-	445,785	445,785
-	(45,327)	(45,327)
<u>-</u>	<u>38,693</u>	<u>38,693</u>
<u>(10,465,547)</u>	<u>38,693</u>	<u>(10,426,854)</u>
6,883,703	-	6,883,703
593,063	-	593,063
1,588,195	-	1,588,195
554,412	47,455	601,867
394,010	40,128	434,138
(517,381)	517,381	-
<u>9,496,002</u>	<u>604,964</u>	<u>10,100,966</u>
(969,545)	643,657	(325,888)
<u>93,906,441</u>	<u>7,833,310</u>	<u>101,739,751</u>
<u>\$ 92,936,896</u>	<u>\$ 8,476,967</u>	<u>\$ 101,413,863</u>

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FUND FINANCIAL STATEMENTS

CITY OF WHITE BEAR LAKE  
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of White Bear Lake, Minnesota  
Balance Sheet  
Governmental Funds  
December 31, 2020

	General	Non-Bonded Debt	Construction	Municipal Building
<b>Assets</b>				
Cash	\$ 5,646,348	\$ 585,532	\$ 4,420,854	\$ 973,443
Receivables:				
Unremitted tax collections	104,725	-	-	-
Delinquent tax collections	79,814	-	-	-
Unremitted special assessments	-	43,444	-	-
Delinquent special assessments	-	12,893	-	-
Unavailable special assessments	-	2,952,165	235,729	-
Other unavailable special assessments	-	99,898	-	-
Loan/Notes receivable	-	1,781,947	-	-
Accounts, net	5,998	-	2,579	2,000
Interest	-	-	-	-
Intergovernmental	274,865	-	-	-
Prepaid items	15	-	-	-
Advances to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 6,111,765</b>	<b>\$ 5,475,879</b>	<b>\$ 4,659,162</b>	<b>\$ 975,443</b>
<b>Liabilities:</b>				
Accounts payable	\$ 166,515	\$ -	\$ 18,943	\$ 58,160
Intergovernmental payable	-	-	134	-
Advances from other funds	-	126,000	-	-
Deposits payable	57,279	-	-	-
Unearned revenue - other	3,500	-	-	-
<b>Total liabilities</b>	<b>227,294</b>	<b>126,000</b>	<b>19,077</b>	<b>58,160</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue -				
Property taxes	79,814	-	-	-
Special assessments	-	3,064,956	235,729	-
Loan/Notes receivable	-	1,781,947	-	-
<b>Total deferred inflows of resources</b>	<b>79,814</b>	<b>4,846,903</b>	<b>235,729</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	15	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	917,283
Assigned	-	502,976	4,404,356	-
Unassigned	5,804,642	-	-	-
<b>Total fund balances</b>	<b>5,804,657</b>	<b>502,976</b>	<b>4,404,356</b>	<b>917,283</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,111,765</b>	<b>\$ 5,475,879</b>	<b>\$ 4,659,162</b>	<b>\$ 975,443</b>

The notes to financial statements are an integral part of this statement.

HRA Tax Increment Pool	Community Reinvestment	Economic Development	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,058,409	\$ 7,644,796	\$ 2,937,071	\$ 6,579,765	\$ 29,846,218
-	-	33,432	6,900	145,057
18,129	-	-	-	97,943
-	-	3,036	26,325	72,805
-	-	2,484	918	16,295
-	-	59,205	1,292,028	4,539,127
-	-	-	-	99,898
-	-	337,982	-	2,119,929
-	-	7,716	4,464	22,757
-	57,468	-	-	57,468
-	-	637	4,250	279,752
-	-	-	3,263	3,278
-	-	750,000	-	750,000
<u>\$ 1,076,538</u>	<u>\$ 7,702,264</u>	<u>\$ 4,131,563</u>	<u>\$ 7,917,913</u>	<u>\$ 38,050,527</u>
\$ 2,487	\$ -	\$ 10,799	\$ 40,527	\$ 297,431
-	-	2	35	171
750,000	-	-	-	876,000
-	-	500	121,545	179,324
-	-	-	44,509	48,009
<u>752,487</u>	<u>-</u>	<u>11,301</u>	<u>206,616</u>	<u>1,400,935</u>
18,129	-	-	-	97,943
-	-	61,689	1,292,946	4,655,320
-	-	-	-	1,781,947
<u>18,129</u>	<u>-</u>	<u>61,689</u>	<u>1,292,946</u>	<u>6,535,210</u>
-	-	-	3,263	3,278
305,922	-	-	1,277,818	1,583,740
-	7,702,264	4,058,573	4,290,985	16,969,105
-	-	-	846,285	5,753,617
-	-	-	-	5,804,642
<u>305,922</u>	<u>7,702,264</u>	<u>4,058,573</u>	<u>6,418,351</u>	<u>30,114,382</u>
<u>\$ 1,076,538</u>	<u>\$ 7,702,264</u>	<u>\$ 4,131,563</u>	<u>\$ 7,917,913</u>	<u>\$ 38,050,527</u>

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City of White Bear Lake, Minnesota  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Governmental Funds  
December 31, 2020

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

Total fund balances - governmental funds	\$ 30,114,382
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.	
Capital assets	121,627,042
Less accumulated depreciation	(44,488,819)
Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.	6,535,210
Governmental funds do not report long-term amounts related to pensions	
Deferred outflows of pension resources	3,533,479
Net pension asset	2,584,675
Net pension liability	(6,529,878)
Deferred inflows of pension resources	(3,782,718)
Internal service funds are used by the City to charge the costs of certain activities, such as insurance, employee benefits to individual funds and maintenance of City vehicles. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,163,447
Governmental funds do not report a liability for accrued interest until due and payable	(223,147)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds payable	(18,050,000)
Bond premiums are reported as a liability within the Statement of Net Position and are reported as an other financing source in the year the debt is issued in governmental funds	(546,777)
Net position of governmental activities	<u>\$ 92,936,896</u>

The notes to financial statements are an integral part of this statement.

City of White Bear Lake, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2020

	General	Non-Bonded Debt	Construction	Municipal Building
<b>Revenues</b>				
General property taxes	\$ 6,428,061	\$ -	\$ 25,000	\$ -
Tax increment	-	-	-	-
Franchise fees	294,079	-	-	-
Licenses and permits	827,378	-	-	-
Fines and forfeits	60,489	-	-	-
Intergovernmental	3,900,062	-	931,370	122,398
Charges for services	748,825	-	-	-
Special assessments	-	680,777	496,306	-
Investment income	73,380	11,271	75,738	16,598
Rental and lease income	29,386	-	-	6,000
Refunds and reimbursements	2,302	76,913	72,615	-
Donations	800	-	-	-
Dedicated fees	-	-	-	-
Miscellaneous	20,517	-	3,986	-
Total revenues	12,385,279	768,961	1,605,015	144,996
<b>Expenditures</b>				
Current				
General government	1,721,609	-	-	45,907
Public safety	6,539,777	-	-	27,199
Public works	1,845,723	-	233,131	14,616
Parks and recreation	595,022	-	-	8,899
Community development	344,825	-	-	-
Capital outlay				
General government	-	-	-	54,904
Public safety	-	-	-	97,010
Public works	-	-	3,375,449	26,513
Parks and recreation	-	-	-	-
Community development	-	-	-	-
Debt service				
Principal retired on bonded debt	-	-	-	-
Interest and other expenditures	-	23,746	51,836	-
Total expenditures	11,046,956	23,746	3,660,416	275,048
Excess (deficiency) of revenues over (under) expenditures	1,338,323	745,215	(2,055,401)	(130,052)
<b>Other financing sources (uses)</b>				
Sale of capital assets	443	-	404	-
Bonds issued	-	-	2,416,390	-
Premium on bonds issued	-	-	204,425	-
Transfers from other funds	1,378,150	-	188,000	122,460
Transfers (to) other funds	(1,814,375)	(647,000)	(750,000)	-
Total other financing sources (uses)	(435,782)	(647,000)	2,059,219	122,460
Net change in fund balance	902,541	98,215	3,818	(7,592)
Fund balance - beginning	4,902,116	404,761	4,400,538	924,875
Fund balance - ending	\$ 5,804,657	\$ 502,976	\$ 4,404,356	\$ 917,283

The notes to financial statements are an integral part of this statement.

HRA Tax Increment Pool	Community Reinvestment	Economic Development	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 422,939	\$ 6,876,000
593,063	-	3,019	-	596,082
-	-	-	-	294,079
-	-	-	18,255	845,633
-	-	-	-	60,489
-	-	52,350	301,845	5,308,025
-	-	11,060	373,853	1,133,738
-	-	65,773	181,269	1,424,125
13,021	137,080	42,931	102,045	472,064
-	-	436,721	871,866	1,343,973
-	-	32,280	264,790	448,900
-	-	-	2,000	2,800
-	-	-	1,279	1,279
-	-	15,672	13,660	53,835
606,084	137,080	659,806	2,553,801	18,861,022
-	-	-	140,824	1,908,340
-	-	-	95,036	6,662,012
-	-	-	99,751	2,193,221
-	-	-	762,126	1,366,047
54,854	-	1,224,120	-	1,623,799
-	-	-	15,631	70,535
-	-	-	872,880	969,890
-	-	-	179,376	3,581,338
-	-	-	178,432	178,432
-	-	212,707	-	212,707
-	-	-	775,000	775,000
-	-	-	485,127	560,709
54,854	-	1,436,827	3,604,183	20,102,030
551,230	137,080	(777,021)	(1,050,382)	(1,241,008)
-	-	415,020	44,704	460,571
-	-	-	1,163,610	3,580,000
-	-	-	137,545	341,970
-	-	1,511,875	1,080,950	4,281,435
(187,500)	(238,900)	(350,529)	(1,102,287)	(5,090,591)
(187,500)	(238,900)	1,576,366	1,324,522	3,573,385
363,730	(101,820)	799,345	274,140	2,332,377
(57,808)	7,804,084	3,259,228	6,144,211	27,782,005
\$ 305,922	\$ 7,702,264	\$ 4,058,573	\$ 6,418,351	\$ 30,114,382

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City of White Bear Lake, Minnesota  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2020

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

Net change in fund balances - total governmental funds	\$ 2,332,377
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays were below depreciation in the current period.	
Capital outlay	2,724,497
Depreciation expense	(3,539,803)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(76,740)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent taxes	4,684
Special assessments	(220,383)
Notes receivable	(18,053)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Proceeds from long-term debt	(3,580,000)
Debt issuance premium	(341,970)
Principal repayments	775,000
Interest payments	(33,712)
Long-term pension activity is not reported in governmental funds.	
Pension expense	630,268
Pension revenue	75,274
Premiums are recognized when debt is issued in the governmental funds but amortized over the life of the debt in the Statement of Activities	18,673
Internal service funds are used by the City to charge the costs of certain activities, such as insurance, employee benefits to individual funds, and maintenance of City vehicles. The net revenue (expense) of the internal service funds is reported in governmental activities.	280,343
Changes in net position of governmental activities	<u>\$ (969,545)</u>

The notes to financial statements are an integral part of this statement.

City of White Bear Lake, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2020

	Water	Sewer	Refuse
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 1,015,805	\$ 979,511	\$ 218,420
Receivables:			
Unremitted special assessments	8,709	-	-
Delinquent special assessments	42,077	-	-
Unavailable special assessments	295,995	6,130	-
Accounts, net	1,337,455	317,880	132,400
Intergovernmental	-	4,408	-
Prepaid expenses	-	-	-
Advances to other funds	-	-	-
Total current assets	<u>2,700,041</u>	<u>1,307,929</u>	<u>350,820</u>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land	79,990	-	-
Buildings	2,092,171	109,501	-
Other improvements	-	-	-
Equipment	1,162,940	1,343,278	-
Wells	747,187	-	-
Distribution system	4,865,878	-	-
Collection system	-	5,087,041	-
Less accumulated depreciation	<u>(7,395,399)</u>	<u>(4,974,589)</u>	<u>-</u>
Total net capital assets	<u>1,552,767</u>	<u>1,565,231</u>	<u>-</u>
Total assets	<u>4,252,808</u>	<u>2,873,160</u>	<u>350,820</u>
<b>Deferred outflows of resources</b>			
Deferred pension resources	19,032	14,780	94
Deferred other postemployment benefit resources	-	-	-
Total deferred outflows of resources	<u>19,032</u>	<u>14,780</u>	<u>94</u>

The notes to financial statements are an integral part of this statement.

Ambulance	Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 246,470	\$ 520,203	\$ 2,980,409	\$ 5,312,499
-	-	8,709	-
-	-	42,077	-
-	-	302,125	-
802,971	45	2,590,751	6,989
-	-	4,408	15,933
-	1,100	1,100	-
-	-	-	126,000
1,049,441	521,348	5,929,579	5,461,421
-	410,285	490,275	-
-	2,442,894	4,644,566	-
-	376,522	376,522	-
1,239,352	181,592	3,927,162	-
-	-	747,187	-
-	-	4,865,878	-
-	-	5,087,041	-
(788,674)	(1,659,762)	(14,818,424)	-
450,678	1,751,531	5,320,207	-
1,500,119	2,272,879	11,249,786	5,461,421
973,789	25,348	1,033,043	-
-	-	-	420,340
973,789	25,348	1,033,043	420,340

(Continued)

City of White Bear Lake, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2020

	Water	Sewer	Refuse
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 59,555	\$ 82,452	\$ 148,650
Contracts payable	44,871	-	-
Accrued wages payable	-	-	-
Accrued interest payable	9,350		
Intergovernmental payable	821	47,215	7,955
Deposits payable	-	-	-
Unearned revenue	1,526	13,280	-
Compensated absences payable	-	-	-
Bonds payable	2,957	-	-
<b>Total current liabilities</b>	<b>119,080</b>	<b>142,947</b>	<b>156,605</b>
<b>Noncurrent Liabilities</b>			
Bonds payable (net of unamortized premiums and discounts)	916,432	-	-
Net pension liability	291,407	226,306	1,442
Compensated absences payable	-	-	-
Net other post employment benefits (OPEB) liability	-	-	-
<b>Total noncurrent liabilities</b>	<b>1,207,839</b>	<b>226,306</b>	<b>1,442</b>
<b>Total liabilities</b>	<b>1,326,919</b>	<b>369,253</b>	<b>158,047</b>
<b>Deferred inflows of resources</b>			
Deferred pension resources	35,240	27,367	174
Deferred other postemployment benefit resources	-	-	-
<b>Total deferred inflows of resources</b>	<b>35,240</b>	<b>27,367</b>	<b>174</b>
<b>Net Position</b>			
Net Investment in capital assets	633,378	1,565,231	-
Unrestricted net assets	2,276,303	926,089	192,693
<b>Total net position</b>	<b>\$ 2,909,681</b>	<b>\$ 2,491,320</b>	<b>\$ 192,693</b>

The notes to financial statements are an integral part of this statement.

Ambulance	Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 24,799	\$ 55,099	\$ 370,555	\$ 12,710
-	-	44,871	-
-	-	-	376,199
-	-	9,350	-
-	6	55,997	-
-	33,355	33,355	-
-	765	15,571	-
-	-	-	565,624
-	-	2,957	-
24,799	89,225	532,656	954,533
-	-	916,432	-
1,202,540	388,106	2,109,801	-
-	-	-	648,236
-	-	-	1,464,554
1,202,540	388,106	3,026,233	2,112,790
1,227,339	477,331	3,558,889	3,067,323
766,216	46,934	875,931	-
-	-	-	22,033
766,216	46,934	875,931	22,033
450,678	1,751,531	4,400,818	-
29,675	22,431	3,447,191	2,792,405
\$ 480,353	\$ 1,773,962	\$ 7,848,009	\$ 2,792,405

Total net position of enterprise  
funds \$ 7,848,009

Adjustment to report the cumulative  
internal balance for the net effect of  
the activity between the internal  
service funds and the enterprise  
funds over time 628,958

Net position of business-type  
activities \$ 8,476,967

City of White Bear Lake, Minnesota  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2020

	Water	Sewer	Refuse
Operating revenues			
Charges for services	\$ 1,926,435	\$ 3,278,209	\$ 1,618,091
Penalties	3,622	-	-
Rent	-	-	-
Premium reimbursement	-	-	-
Other	11,133	6,185	8,371
Total operating revenues	<u>1,941,190</u>	<u>3,284,394</u>	<u>1,626,462</u>
Operating expenses			
Personal services	460,194	391,559	1,087
Supplies	265,908	33,637	529
Other services and charges	1,460,926	213,268	127,738
Disposal charges	103,710	2,286,487	1,469,835
Depreciation	118,978	104,633	-
Total operating expenses	<u>2,409,716</u>	<u>3,029,584</u>	<u>1,599,189</u>
Operating income (loss)	<u>(468,526)</u>	<u>254,810</u>	<u>27,273</u>
Nonoperating revenues (expenses)			
Investment income	10,457	20,145	4,259
Intergovernmental	13,428	2,147	62,339
Miscellaneous revenues	7,877	-	-
Interest expense	(7,995)	-	-
Gain (loss) on disposal of assets	34,106	(1,737)	-
Total nonoperating revenues	<u>57,873</u>	<u>20,555</u>	<u>66,598</u>
Income (loss) before capital contributions and transfers	<u>(410,653)</u>	<u>275,365</u>	<u>93,871</u>
Capital contributions	-	-	-
Transfers from other funds	372,123	496,642	-
Transfers (to) other funds	<u>(120,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>
Change in net position	<u>(158,530)</u>	<u>662,007</u>	<u>(16,129)</u>
Net position - beginning	<u>3,068,211</u>	<u>1,829,313</u>	<u>208,822</u>
Net position - ending	<u>\$ 2,909,681</u>	<u>\$ 2,491,320</u>	<u>\$ 192,693</u>

The notes to financial statements are an integral part of this statement.

Ambulance	Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 1,738,141	\$ 540,622	\$ 9,101,498	\$ 3,569,861
-	-	3,622	-
-	401,600	401,600	-
-	-	-	104,711
119	5,689	31,497	-
<u>1,738,260</u>	<u>947,911</u>	<u>9,538,217</u>	<u>3,674,572</u>
1,704,701	546,527	3,104,068	3,359,505
104,307	40,430	444,811	648
175,728	259,610	2,237,270	417,960
-	-	3,860,032	-
139,487	90,425	453,523	-
<u>2,124,223</u>	<u>936,992</u>	<u>10,099,704</u>	<u>3,778,113</u>
(385,963)	10,919	(561,487)	(103,541)
2,333	10,261	47,455	82,348
115,608	16,554	210,076	14,890
4	3,200	11,081	36
-	-	(7,995)	-
7,759	-	40,128	2,502
<u>125,704</u>	<u>30,015</u>	<u>300,745</u>	<u>99,776</u>
(260,259)	40,934	(260,742)	(3,765)
-	379,351	379,351	-
349,847	13,769	1,232,381	291,775
<u>(140,000)</u>	<u>(235,000)</u>	<u>(715,000)</u>	<u>-</u>
(50,412)	199,054	635,990	288,010
530,765	1,574,908	7,212,019	2,504,395
<u>\$ 480,353</u>	<u>\$ 1,773,962</u>	<u>\$ 7,848,009</u>	<u>\$ 2,792,405</u>

Change in net position from  
enterprise funds \$ 635,990

Adjustment for the net effect of the  
current year activity between the  
internal service funds and the  
enterprise funds. 7,667

Changes in net position of business-  
type activities \$ 643,657

City of White Bear Lake, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020

	Water	Sewer	Refuse
Cash flows from operating activities			
Receipts from customers	\$ 1,833,161	\$ 3,265,042	\$ 1,637,044
Receipts from other funds	-	-	-
Payments to vendors	(1,696,351)	(168,696)	(1,662,386)
Payments to employees	(460,194)	(391,559)	(1,087)
Payments to other governments	(113,595)	(2,276,597)	(1,291)
Other receipts	19,010	6,185	8,371
Net cash provided (used) by operating activities	<u>(417,969)</u>	<u>434,375</u>	<u>(19,349)</u>
Cash flows from noncapital financing activities			
Intergovernmental receipts	13,428	2,147	62,339
Proceeds from (payments on) advances to other funds	-	-	-
Transfers from other funds	372,123	496,642	-
Transfers (to) other funds	(120,000)	(110,000)	(110,000)
Net cash provided (used) by noncapital financing activities	<u>265,551</u>	<u>388,789</u>	<u>(47,661)</u>
Cash flows from capital financing activities			
Intergovernmental receipts	-	-	-
Purchase of property and equipment	(9,497)	(519,320)	-
Proceeds from sale of bonds	860,000	-	-
Premium on bonds	60,744	-	-
Proceeds from the sale of capital assets	34,106	-	-
Net cash provided (used) by capital financing activities	<u>945,353</u>	<u>(519,320)</u>	<u>-</u>
Cash flows from investing activities			
Investment income received	<u>10,457</u>	<u>20,145</u>	<u>4,259</u>
Increase (decrease) in cash and cash equivalents	803,392	323,989	(62,751)
Cash and cash equivalents at beginning of year	<u>212,413</u>	<u>655,522</u>	<u>281,171</u>
Cash and cash equivalents at end of year	<u>\$ 1,015,805</u>	<u>\$ 979,511</u>	<u>\$ 218,420</u>

The notes to financial statements are an integral part of this statement.



Ambulance	Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 1,769,480	\$ 947,841	\$ 9,452,568	\$ -
-	-	-	3,562,872
(281,710)	(305,340)	(4,114,483)	(1,815,854)
(1,647,176)	(662,583)	(3,162,599)	(152,953)
-	(204)	(2,391,687)	(1,552,152)
119	5,689	39,374	104,747
(159,287)	(14,597)	(176,827)	146,660
115,608	16,554	210,076	14,890
(245,985)	245,985	-	274,000
349,847	13,769	1,232,381	291,775
(140,000)	(235,000)	(715,000)	-
79,470	41,308	727,457	580,665
-	379,351	379,351	-
-	(376,522)	(905,339)	-
-	-	860,000	-
-	-	60,744	-
12,944	-	47,050	2,502
12,944	2,829	441,806	2,502
2,333	10,261	47,455	82,348
(64,540)	39,801	1,039,891	812,175
311,010	480,402	1,940,518	4,500,324
\$ 246,470	\$ 520,203	\$ 2,980,409	\$ 5,312,499

(Continued)

City of White Bear Lake, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020

	Water	Sewer	Refuse
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (468,526)	\$ 254,810	\$ 27,273
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	118,978	104,633	-
Miscellaneous	7,877	-	-
(Increase) decrease in assets/deferred outflows of resources			
Accounts receivable	(109,667)	(27,980)	(3,300)
Special assessments	11,245	1,533	-
Due from governments	-	(2,784)	22,253
Prepaid expenses	-	-	-
Deferred outflows in OPEB resources	-	-	-
Deferred outflows in pension resources	14,508	9,173	165
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	(14,388)	78,209	(64,284)
Contracts payable	44,871	-	-
Wages payable	-	-	-
Due to governments	(742)	-	(369)
Deposits payable	-	-	-
Deferred inflows in pension resources	(51,295)	(34,434)	(494)
Deferred inflows in OPEB resources	-	-	-
Unearned revenue	1,526	13,280	-
Net pension liability	27,644	37,935	(593)
Post employment health care	-	-	-
Compensated absences	-	-	-
Net cash provided (used) by operating activities	\$ (417,969)	\$ 434,375	\$ (19,349)
Noncash capital and related financing activities			
Amortization of bond premium	\$ (1,355)	\$ -	\$ -
Book values of disposed assets	\$ -	\$ 1,737	\$ -

The notes to financial statements are an integral part of this statement.

Ambulance	Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ (385,963)	\$ 10,919	\$ (561,487)	\$ (103,541)
139,487	90,425	453,523	-
4	3,200	11,081	36
31,335	1,479	(108,133)	(6,989)
-	-	12,778	-
-	-	19,469	(2,537)
-	(1,100)	(1,100)	2,610
-	-	-	(67,569)
16,806	30,321	70,973	-
(1,675)	(4,206)	(6,344)	(23,979)
-	-	44,871	-
-	-	-	97,632
-	(198)	(1,309)	-
-	930	930	-
(372,441)	(96,695)	(555,359)	-
-	-	-	(2,850)
-	10	14,816	-
413,160	(49,682)	428,464	-
-	-	-	122,794
-	-	-	131,053
\$ (159,287)	\$ (14,597)	\$ (176,827)	\$ 146,660
\$ -	\$ -	\$ (1,355)	\$ -
\$ 5,185	\$ -	\$ 6,922	\$ -

City of White Bear Lake, Minnesota  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2020

	<u>Custodial Funds</u>
Assets	
Cash	<u>\$ 362,039</u>
Liabilities	
Deposits payable	<u>323,427</u>
Net position	
Restricted for individuals, organizations, and other governments	<u>\$ 38,612</u>

The notes to financial statements are an integral part of this statement.

City of White Bear Lake, Minnesota  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2020

	<u>Custodial Funds</u>
Additions	
Geographic information system fees collections	\$ 31,608
Fireworks contributions collections	12,060
Manitou Days event contributions collections	5,250
Manitou Days parade fees collections	4,725
Deputy Registrar collections	38,897,341
Total revenues	<u>38,950,984</u>
Deductions	
Geographic information system fee disbursements	25,926
Fireworks disbursements	506
Manitou Days events disbursements	1,649
Manitou Days parade disbursements	1,427
Deputy Registrar disbursements	38,905,338
Total expenditures	<u>38,934,846</u>
Net increase (decrease) in fiduciary net position	16,138
Net position - beginning	<u>22,474</u>
Net position - ending	<u><u>\$ 38,612</u></u>

The notes to financial statements are an integral part of this statement.

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**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 1: Summary of Significant Accounting Policies**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The City of White Bear Lake (the City) is established as a chartered "home rule" city as permitted under the laws of the State of Minnesota. The charter provides for a council/manager form of government. Within this form, the City is a municipal corporation governed by an elected mayor and five-member council. The City provides the following services: general administration, planning, zoning, public safety, streets, parks, public improvements, water, sewer and refuse utilities, ambulance services, sport center facility, senior housing facility and motor vehicle registration, vehicle licensing, and passport services.

As required by generally accepted accounting principles, these financial statements present the City of White Bear Lake and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Therefore, data from these units are combined with data of the primary government.

**Blended Component Unit.** The White Bear Lake Housing and Redevelopment Authority (the Authority) was created by the City to carry out the responsibilities associated with housing and redevelopment. The Authority provides this assistance through the administration of various programs. The Authority is governed by a five-member council comprised of the White Bear Lake five ward council members and the Authority's Executive Director is the City Manager. Because the City Council ward members also serve as the Authority's governing body, the Authority is reported as a blended component unit of the City and has operational responsibility for the component unit. The Authority does not issue separate financial statements. The Authority's financial activity is reported in a separate fund within the City's Capital Project Funds.

**C. Basis of Presentation - Government Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has one blended component unit. While the White Bear Lake Housing and Redevelopment Authority is not considered a major component unit, it is a blended component shown in a separate column in the governmental fund financial statements. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

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Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the inter-fund services provided and the charges between other functions of the government. Elimination of these charges would distort costs and program revenues reported for the various functions.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for the fund categories of governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds. The non-major funds are presented in separate columns in the Combining statements and schedules sections of the report.

The City reports the following major governmental funds:

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

The Non-Bonded Debt fund provides for street construction costs that will be financed through special assessments not associated with a specific debt issue.

The Construction fund accounts for transactions pertaining to public improvement construction projects.

The Municipal Building fund accounts for capital improvement project costs to municipal facilities.

The HRA Tax Increment Pool fund accounts for tax increment proceeds that are dedicated to fund specific economic development and redevelopment projects within the area wide district.

The Economic Development fund accounts for costs to support economic activities.

The Community Reinvestment fund provides constant funding for street, park, and municipal building improvements and is governed by City ordinance.

The City reports the following major proprietary funds:

The Water and Sewer funds account for the activities related to the City's water and sewer services.

The Refuse fund accounts for weekly collection and disposal of residential garbage, yard waste, and recyclable materials.

The Ambulance fund accounts for transactions related to providing ambulance service to the White Bear Lake service area.

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Additionally, the City reports the following fund types:

Internal service funds account for the activities provided to other departments of the City on a cost reimbursement basis for insurance and employment expenses.

Custodial funds report fiduciary activities that are not held in a trust or equivalent arrangement. The City's custodial funds account for activities of deputy registrar activities and miscellaneous funds held for other organizations.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. However, interfund services provided and used are not eliminated in the process of consolidation.

Furthermore, activities occur during the year which involve transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services.

Operating expenses for enterprise funds and internal service 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 non-operating revenues and expenses.

**E. Measurement Focus and Basis of Accounting**

The government-wide 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.

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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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is actually received by the government.

**F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position / Fund Balance**

**1. Cash and cash equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. The proprietary funds portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for the purposes of the Statement of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, certificates of deposit, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.



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Minnesota Statutes also authorize the City to invest in long-term equities. The City must maintain the highest bond rating by a national bond rating agency to qualify for this investment authority. The law limits the equity investment to index mutual funds that are held for long-term capital plans or long-term obligations. The amount invested cannot exceed 15 percent of the sum of unassigned cash, cash equivalents, deposits and investments. Equity investments are limited to mutual funds indexed to the S & P 500, Dow Jones U.S. Total Stock Market Index or investments with the State Board of Investment.

Certain investments for the City are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2020:

- Government Agency securities of \$10,796,367 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$14,552,025 are valued using a matrix pricing model (Level 2 inputs)

Brokered certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

## 2. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## 3. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure (i.e., streets, sidewalks, distribution systems, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical records exist.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not increase asset value or materially extend asset lives are not capitalized. Donated capital assets are valued at their acquisition value on the date received.

Land and construction in progress are not depreciated. Buildings, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

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Assets	Years
Buildings and improvements	10 - 50 years
Furnitures and fixtures	5 - 15 years
Machinery and equipment	5 - 20 years
Distribution and collection systems	25 years
Streets	20 years
Storm sewers	25 years
Intangibles	5 - 20 years

## 4. Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred OPEB resources, are reported only in the statement of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

## 5. Deferred inflows of resources

In addition to liabilities, the statement of net position and fund financial statements will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items which qualify for reporting in this category. Delinquent property taxes are reported as deferred inflows of resources of the General Fund and HRA Tax Increment Pool Fund because the date of collection is unknown. Unavailable special assessments are reported in the Non-Bonded Debt Fund, Construction Fund, Economic Development Fund, and Non-Major Governmental Funds as deferred inflows because the actual collection is legally delayed between one and twenty years. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Loan/notes receivable are reported as deferred inflows of resources of the Non-Bonded Debt Fund because the collection is delayed according to the payment schedule in the loan agreement. Deferred pension resources and deferred OPEB resources are reported only in the statements of net position and results from actuarial calculations.

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**6. Net position flow assumption**

The City on occasion will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's position to consider restricted net position to have been depleted before unrestricted net position is applied.

**7. Fund balance policies**

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

**Non-spendable** - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

**Restricted** - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

**Committed** - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

**Assigned** - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General Fund, assigned fund balance represents all remaining amounts that are not classified as non-spendable and are neither restricted nor committed. In the General Fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

**Unassigned** - The residual classification for the General Fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of one-half of the City's General Fund major revenue sources which are property taxes, local government aid and police state aid. Property taxes and local government payments are not received until July and December each year. Police state aid is not received until November. The reserve funding provides sufficient resources to meet cash flow needs.

**G. Revenues and Expenditures / Expenses**

**1. Program revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources, are reported as general revenues rather than as program revenues.

**2. Property taxes**

Property tax levies are set by the City Council in December each year, and are certified to Ramsey and Washington Counties for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The Counties spread all levies over assessable property; the taxes become a lien on January 1st and are recorded as receivables by the City on that date. Property taxes are paid by taxpayers in two equal installments, May 15th and October 15th, without penalty. Personal property taxes are payable in one installment on May 15th.

The Counties remit collections to the City three times a year: January, July and December. Revenues are accrued and recognized in the government-wide financial statements in the current period. In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes and fully offset by deferred inflows of resources, because it is not known when they will be available to finance current expenditures.

**3. Special assessments**

Special assessments are levied against the benefited properties for the assessable costs of improvement projects in accordance with State Statutes. The City generally adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related or proposed bond issue. Collection of annual installments (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

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The City recognizes special assessment revenue in the government-wide financial statements when the assessment rolls are levied. In the fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments, which remain unpaid at December 31, are classified as delinquent receivables and, together with deferred assessments, are fully offset by deferred inflows of resources because it is not known when they will be available to finance current expenditures.

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits. The accumulation of unused vacation and comp time is limited based upon employee classification. Upon separation, the City will reimburse the employee for accumulated vacation and comp time not to exceed established maximums. The amount of unused sick leave accumulation is not limited. Upon retirement, or upon separation in good standing for employees, the City reimburses eligible employees a portion of unused sick leave according to the personnel policy and contractual agreements. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

All liabilities for vacation leave and severance, both current and long-term portions, are recorded in the Employment Expense Fund, which is an Internal Service Fund. No liability is recorded for unpaid accumulated sick leave, except for the portion that is payable to employees as severance.

Each year, compensated absence expenditures and expenses are recorded in the governmental and enterprise funds based on the total amount accrued by the employees during the year. These charges are offset by a corresponding transfer of assets from the home departments to the Employment Expense Fund to fund the liability. The personnel policy and union contracts limit the annual accumulation of benefits that can be accumulated from year to year and the amount of severance available. The City estimates \$565,624 will be due within the next fiscal year and \$648,236 will be due in more than one year.

5. Long-term obligations

Long-term obligations are recorded in the City's government-wide statement of net position when they become a liability of the City.

The obligations are recognized as a liability of a governmental fund only when payment is due or when resources have been accumulated in a debt service fund for payment early in the following year. Long-term obligations financed through proprietary funds are accounted for in those funds.

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6. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP, PEPFP, DCP and the White Bear Lake Fire Department Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)				Total All Plans
	GERP	PEPFP	DCP	Fire Relief Association	
Pension expense	\$ 107,108	\$ 686,580	\$ 2,723	\$ (83,645)	\$ 712,766

7. Bond discounts / premiums / issuance costs

In governmental fund types, bond discounts / premiums are recognized in the current period. Bond discounts/premiums for proprietary fund types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest rate method. Bond discounts are presented as a reduction of the face amount of bonds payable and premiums are presented as an increase of the full amount of bonds payable. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Inter-fund transactions

Internal services provided and used between the funds are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Other inter-fund transactions are reported as transfers.

Inter-fund transactions within the respective categories of governmental activities and business-type activities in the government-wide statement of activities are eliminated. The internal balances caption on the government-wide statement of net position represents inter-fund receivables or payables between the governmental and business-type activities.

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**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary basis of accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The City Charter grants the City Council full authority over the financial affairs of the City. The City Manager is charged with the responsibility of preparing the annual budget estimates and enforcing the financial management provisions specified in the budget. Upon adoption of the annual budget resolution by the Council, the budget becomes the formal appropriation for City operations. Legal compliance is adhered to as budgetary and actual amounts are presented in the Required Supplementary Information according to Generally Accepted Accounting Principles (GAAP). Once the budget resolution is adopted, the Council can increase the budget only if actual receipts exceed the budgeted estimates, or by a four/fifths vote authorizing the transfer of sums from the previous fiscal year's assigned or unassigned fund balances.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments corresponding to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The City has no outstanding encumbrances as of December 31, 2020. The City amended the General Fund budget during the year increasing revenues and other financing sources by \$1,405,378 and increasing expenditures and other financing uses by \$1,335,069. The City amended the Economic Development fund budget during the year increasing revenues and other financing sources by \$1,513,337 and increasing expenditures and other financing uses by \$1,214,917.

**B. Deficit Fund Equity**

At December 31, 2020, individual funds with deficit fund balances are as follows:

Fund	Amount
Enterprise	
License Bureau	\$ 192,464
Internal Service Fund	
Employment Expense Fund	236,605

Deficits will be eliminated with future charges for services.

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**Note 3: Cash Deposits and Investments with Financial Institutions**

**A. Deposits**

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by Minnesota Statutes. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized below.

**Custodial Credit Risk - Deposits:** The City addresses custodial credit risk by having the authority from the City Council to maintain deposits with various financial institutions that are members of the Federal Reserve System.

As required by Minnesota Statutes, any of the City's deposits are to be protected by \$250,000 of federal depository insurance and pledged collateral. The market value of pledged collateral must equal 110% of the deposits not covered by insurance or bonds.

As of December 31, 2020, the City was not exposed to custodial credit risk because deposits were fully collateralized. The City had deposits of \$1,736,498 as of December 31, 2020. The City's book balance for cash as of December 31, 2020 was \$1,400,152.

**B. Investments**

The following chart summarizes the City's deposits and investments using segmented time distribution.

Types of Investments	Credit Quality/Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled investments at amortized costs					
4M Fund	N/A	Less than 1 year	\$ 2,134,099		
Brokered money market funds	N/A	Less than 1 year	1,001,013		
Brokered insured cash sweep	N/A	Less than 1 year	8,614,859		
Non-pooled investments at fair value					
Government agency securities	AAA	Less than 1 year	5,541,429	\$ 5,541,429	\$ -
Government agency securities	AAA	1 to 3 years	4,454,737	4,454,737	-
Government agency securities	AAA	3 to 5 years	800,201	800,201	-
Negotiable certificates of deposits	N/A	Less than 1 year	7,732,207	-	7,732,207
Negotiable certificates of deposits	N/A	1 to 3 years	6,324,572	-	6,324,572
Negotiable certificates of deposits	N/A	3 to 5 years	495,246	-	495,246
<b>Total investments</b>			<b>\$ 37,998,363</b>	<b>\$ 10,796,367</b>	<b>\$ 14,552,025</b>



**CITY OF WHITE BEAR LAKE, MINNESOTA**  
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**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.

**Custodial Credit Risk:** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. As of December 31, 2020, the City is in compliance with its investment policy. The City had invested 5% or more of its total investment portfolio in the following issuers: FNMA (9%), FHLM (6%), FHLMC (5%) and FFCB (21%).

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. Also, no more than 30 percent of the portfolio should have maturities exceeding 5 years.

**C. Cash and Investments Summary**

A reconciliation of cash and investments as reported on the statement of net position follows:

Bank Deposits	\$ 1,400,152
Investments	
Government Agency Securities	10,796,367
Negotiable Certificates of Deposits	14,552,025
Minnesota Mutual Money Market Fund	2,134,099
Brokered Money Market	1,001,013
Insured Cash Sweep	8,614,859
Other	37,098,363
Petty Cash and Change Fund	2,650
Total Cash and Temporary Investments	\$ 38,501,165
Classification per financial statements	
Cash and Temporary Investments - Statement of Net Position	\$ 38,139,126
Cash in Fiduciary Net Position	362,039
Total	\$ 38,501,165

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**Note 4: Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not depreciated	\$ 10,067,751	\$ -	\$ 400,858	\$ 9,666,893
Land & improvements	20,351	698,735	20,350	698,736
Work in process	10,088,102	698,735	421,208	10,365,629
Total capital assets, not depreciated				
Capital assets being depreciated	26,750,759	341,286	6,233	27,085,812
Buildings & improvements	8,786,683	95,576	9,772	8,872,487
Other improvements	10,277,285	370,368	331,249	10,316,404
Furniture & equipment	55,978,674	1,639,740	139,859	57,478,555
Infrastructure	7,508,155	-	-	7,508,155
Streets	109,301,556	2,446,970	487,113	111,261,413
Storm sewer				
Total capital assets, depreciated				
Less accumulated depreciation	14,766,398	933,873	2,805	15,697,466
Buildings & improvements	4,122,822	603,739	9,772	4,716,789
Other improvements	5,732,483	822,600	269,466	6,285,617
Furniture & equipment	13,905,562	1,104,276	128,330	14,881,508
Infrastructure	2,832,124	75,315	-	2,907,439
Streets	41,359,389	3,539,803	410,373	44,488,819
Storm sewer				
Total accumulated depreciation				
Total capital assets, depreciated net	67,942,167	(1,092,833)	76,740	66,772,594
Governmental activities				
Capital assets, net	\$ 78,030,269	\$ (394,098)	\$ 497,948	\$ 77,138,223

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**Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not depreciated				
Land	\$ 490,275	\$ -	\$ -	\$ 490,275
Capital assets being depreciated				
Buildings	4,644,566	-	-	4,644,566
Other improvements	-	376,522	-	376,522
Equipment	3,432,659	528,817	34,314	3,927,162
Distribution / collection system	10,700,106	-	-	10,700,106
Total capital assets	18,777,331	905,339	34,314	19,648,356
Less accumulated depreciation				
Buildings	3,470,628	82,987	-	3,553,615
Other improvements	-	9,484	-	9,484
Equipment	2,231,493	251,804	27,392	2,455,905
Distribution / collection system	8,690,172	109,248	-	8,799,420
Total accumulated depreciation	14,392,293	453,523	27,392	14,818,424
Total capital assets, depreciated net	4,385,038	451,816	6,922	4,829,932
Business-type activities				
Capital assets, net	\$ 4,875,313	\$ 451,816	\$ 6,922	\$ 5,320,207

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**Capital Assets (Continued)**

Depreciation expense was charged to City functions as follows:	
Governmental activities:	
General government	\$ 378,722
Public safety	407,180
Public works	1,980,177
Parks and recreation	773,724
Total depreciation expense - governmental activities	<u>\$ 3,539,803</u>
Business-type activities:	
Water	\$ 118,978
Sewer	104,633
Ambulance	139,487
Pioneer manor	90,084
License bureau	341
Total depreciation expense - business-type activities	<u>\$ 453,523</u>

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**Note 5: Long-Term Debt**

**A. General Obligation Debt**

The City issues general obligation bonds to provide funds for the acquisition and redevelopment of property, construction of streets and utilities, financing acquisition of capital equipment, and the construction of major capital facilities. The entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

As of December 31, 2020, the long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rate	Issue Date	Final Maturity	Original Issue	Principal Outstanding
<b>Governmental activities</b>					
G.O. Tax Increment Bonds					
G.O. Tax Increment Refunding Bonds, Series 2012A	2.00%	4/3/2012	2/1/2023	\$ 2,650,000	\$ 510,000
G.O. Tax Increment Revenue Bonds, Series 2016A	2.00 - 3.00%	3/10/2016	2/1/2037	2,275,000	2,050,000
Total G.O. Tax Increment Bonds					2,560,000
<b>G.O. Special Assessment Bonds</b>					
G.O. Improvement Bonds, Series 2012B	0.40 - 2.00%	12/19/2012	2/1/2028	2,555,000	1,155,000
G.O. Bonds, Series 2016A	3.00 - 4.00%	6/14/2016	2/1/2039	5,850,000	5,625,000
G.O. Improvement Bonds, Series 2019A	3.00 - 4.00%	7/18/2019	2/1/2040	1,925,000	1,925,000
G.O. Improvement and Equipment Certificate Bonds, Series 2020A	2.00 - 3.00%	7/16/2020	2/1/2041	3,580,000	3,580,000
Total G.O. Special Assessment Bonds					12,285,000
<b>G.O. Tax Abatement Bonds</b>					
G.O. Tax Abatement Bonds, Series 2018B	3.00 - 3.36%	6/14/2018	2/1/2039	3,330,000	3,205,000
Bond premium					
Compensated absences payable					546,777
Total governmental indebtedness					1,213,860
					\$ 19,810,637
<b>Business-type activities</b>					
G.O. Utility Revenue Bonds, Series 2020A	2.00 - 3.00%	7/16/2020	2/1/2041	860,000	\$ 860,000
Bond premium					59,389
Total business-type indebtedness					\$ 919,389
Total City indebtedness					\$ 20,730,026

The above G.O. Utility Revenue Bonds will be repaid with revenues from the City's municipal water system and with the full faith and credit and taxing powers of the City. Annual revenues from operating revenues were \$1,941,190 and principal and interest payments totaled \$7,995. The percentage of revenues covering principal and interest payments was 24,280% for 2020.

**B. Minimum Debt Payments**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	G.O. Tax Increment Bonds		Governmental Activities		G.O. Tax Abatement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 255,000	\$ 59,438	\$ 515,000	\$ 364,189	\$ 125,000	\$ 99,375
2022	260,000	53,413	760,000	341,866	130,000	95,550
2023	260,000	47,313	770,000	318,088	135,000	91,575
2024	95,000	42,838	775,000	293,664	140,000	87,450
2025	100,000	39,913	790,000	269,913	145,000	83,175
2026 - 2030	575,000	164,008	3,685,000	1,007,819	780,000	347,700
2031 - 2035	700,000	91,668	2,645,000	547,247	910,000	219,416
2036 - 2040	315,000	9,331	2,250,000	160,431	840,000	59,516
2041	-	-	95,000	950	-	-
	\$ 2,560,000	\$ 507,919	\$ 12,285,000	\$ 3,304,167	\$ 3,205,000	\$ 1,083,756

Year	Business-type Activities	
	Principal	Interest
2021	\$ -	\$ 21,406
2022	35,000	20,025
2023	35,000	18,975
2024	35,000	17,925
2025	35,000	16,875
2026 - 2030	195,000	67,425
2031 - 2035	225,000	41,250
2036 - 2040	250,000	17,500
2041	50,000	500
	\$ 860,000	\$ 221,881

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**C. Changes in Long-Term Liabilities**

Long-term debt activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Tax Increment Bonds	\$ 2,800,000	\$ -	\$ 240,000	\$ 2,560,000	\$ 255,000
Special Assessment Bonds	9,115,000	3,580,000	410,000	12,285,000	515,000
Tax Abatement Bonds	3,330,000	-	125,000	3,205,000	125,000
Premium	223,480	341,970	18,673	546,777	27,691
Compensated absences	1,082,807	765,232	634,179	1,213,860	585,624
Total governmental activities	\$ 16,551,287	\$ 4,687,202	\$ 1,427,852	\$ 19,810,637	\$ 1,488,315
long-term liabilities					
Business-type activities					
Utility Revenue Bonds	\$ -	\$ 860,000	\$ -	\$ 860,000	\$ -
Premium	-	60,744	1,355	59,389	2,957
Total business-type activities	\$ -	\$ 920,744	\$ 1,355	\$ 919,389	\$ 2,957
activities long-term liabilities					

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**Note 6: Defined Benefit Pension Plan - Statewide**

**A. Plan description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**B. Benefits provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.



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Benefit increases are provided to benefit recipients each January. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

*Minnesota statutes* chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City contributions to the General Employees Fund for the year ended December 31, 2020, 2019, and 2018 were \$337,960, \$343,333, and \$357,270, respectively. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund contributions

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019, and 2018 were \$746,128, \$657,326, and \$474,595, respectively.

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**D. Pension costs**

General Employees Fund pension costs

At December 31, 2020, the City reported a liability of \$3,843,088 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$118,549. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2020, the City's proportionate share was 0.0641 percent, which was a decrease of 0.0008 percent from its proportion measured as of June 30, 2019.

City's proportionate share of the net pension liability	\$ 3,843,088
State of Minnesota's proportionate share of the net pension liability associated with the City	118,549
Total	<u>\$ 3,961,637</u>

For the year ended December 31, 2020, the City recognized pension expense of \$96,791 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$10,317 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 67,116	\$ 18,162
Changes in Actuarial Assumptions	15,375	161,406
Net Difference Between Projected and Actual Earnings on Plan Investments	196	-
Changes in Proportion	-	285,179
Contributions Paid to PERA Subsequent to the Measurement Date	168,312	-
<b>Total</b>	<b>\$ 250,999</b>	<b>\$ 464,747</b>

The \$168,312 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (384,938)
2022	(150,703)
2023	60,730
2024	92,851
2025	-
<b>Total</b>	<b>\$ (382,060)</b>

**Police and Fire fund pension costs**

At December 31, 2020, the City reported a liability of \$4,796,591 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3639 percent, which was an increase of 0.0403 percent from its proportion measured as of June 30, 2019.

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The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized a pension expense of \$651,822 for its proportionate share of Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$34,758 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 200,519	\$ 369,162
Changes in Actuarial Assumptions	1,698,983	2,774,767
Net Difference Between Projected and Actual Earnings on Plan Investments	366,659	-
Changes in Proportion	1,379,937	6,525
Contributions to PEPFF Subsequent to the Measurement Date	373,968	-
<b>Total</b>	<b>\$ 4,020,066</b>	<b>\$ 3,150,454</b>

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The \$373,968 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$	57,599
2021	(628,561)	
2022	431,185	
2023	518,128	
2024	117,293	
Total	\$	495,644

**E. Actuarial assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled annuitants were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

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The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.50 %	5.10 %
International Stocks	17.50	5.30
Bonds (Fixed Income)	20.00	0.75
Alternative Assets (Private Markets)	25.00	5.90
Cash	2.00	-
<b>Total</b>	<b>100.00 %</b>	

**F. Discount rate**

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension liability sensitivity**

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 6,159,137	\$ 3,843,088	\$ 1,932,534
Police and Fire Fund	9,560,297	4,796,591	855,460

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**H. Pension plan fiduciary net position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**Note 7: Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Three part-time ambulance personnel of the City of White Bear Lake are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by PERA. The DCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. *Minnesota statutes*, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1 percent (0.25 percent) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City during the fiscal year 2020 were:

	Contribution Amount		Percentage of Covered Payroll		Required Rate
	Employee	Employer	Employee	Employer	
\$	2,723	\$ 2,723	5.00%	5.00%	5.00%

The City and member's contributions to the DCP plan for the years ending December 31, 2020, 2019 and 2018 were \$2,723, \$5,198 and \$12,083, respectively.

**Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by the City of White Bear Lake and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

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**Note 8: Defined Benefit Pension Plan - Fire Relief Association**

**A. Plan description**

The White Bear Lake Fire Department (the Department) participates in the Statewide Volunteer Firefighter Retirement Plan (Volunteer Firefighter Plan) accounted for in the Volunteer Firefighter Fund, an agent multiple-employer monthly defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2020, the plan covered 34 active firefighters and 56 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota statutes, chapter 353g.

**B. Benefits provided**

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a monthly retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

**C. Contributions**

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions. The State of Minnesota contributed \$263,728 in fire state aid to the fund for the year ended December 31, 2020. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2020, were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable. In addition, the City made no voluntary contributions to the plan.

**D. Pension costs**

At December 31, 2020, the City reported a net pension asset of \$2,584,675 for the plan. The net pension liability (asset) was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Gabriel Roeder Smith & Company applying an actuarial formula to specific census data certified by the Department as of December 31, 2020. The following table presents the changes in net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2019	\$ 4,693,283	\$ 6,359,573	\$ (1,666,290)
Changes for the Year			
Service cost	114,923	-	114,923
Interest on pension liability (asset)	267,297	-	267,297
Projected investment return	-	1,129,252	(1,129,252)
Contributions (employer)	-	248,007	(248,007)
Benefit payments	(706,520)	(706,520)	-
Administrative expenses	-	(17,118)	17,118
Other	-	(59,536)	59,536
Total Net Changes	(324,300)	594,085	(918,385)
Ending Balance December 31, 2019	\$ 4,368,983	\$ 6,953,658	\$ (2,584,675)

For the year ended December 31, 2020, the City recognized negative pension expense of \$347,373.



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At December 31, 2020, the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		
Changes in Actuarial Assumptions	\$ 31,729	\$ 375,982
Net Difference Between Projected and Actual Earnings on Plan Investments		246,934
Contributions to Plan Subsequent to the Measurement Date	263,728	420,532
Total	<u>\$ 295,457</u>	<u>\$ 1,043,448</u>

Deferred outflows of resources totaling \$263,728 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2021	\$ (300,200)
2022	(291,400)
2023	(127,501)
2024	(292,618)
2025	-
Thereafter	-
Total	<u>\$ (1,011,719)</u>

**E. Actuarial assumptions**

The total pension liability at December 31, 2019 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Active Firefighters are assumed to retire at the later of age 53 and 20 years of service	N/A
Salary increases	6.00%
Investment rate of return	3.00%
Inflation rate of return	3.00%

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The 20-year municipal bond yield actuarial assumption changed from 3.71% in 2018 to 2.75% in 2019. There were no other changes in actuarial assumptions in 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.00 %	5.10 %
International Stocks	15.00	5.30
Bonds	45.00	0.75
Unallocated Cash	5.00	-
Total	<u>100.00 %</u>	

**F. Discount rate**

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension liability sensitivity**

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined benefit plan	\$ (2,123,111)	\$ (2,584,675)	\$ (2,971,704)

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
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**H. Pension plan fiduciary net position**

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2019, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org)

**Note 9: Inter-fund Receivables, Payables, and Transfers**

**A. Due To and Due From Other Funds**

The internal balances amount on the Statement of Net Position represents the consolidation of internal service fund activities related to governmental and enterprise fund activities. This is a reconciliation adjustment and is not a formal due to and due from fund.

The Non-Bonded Fund and the HRA Tax Increment Pool Fund have internal advances from various funds as follows:

Fund	Receivable	Payable
Insurance Fund	\$ 126,000	\$ -
Non-Bonded Debt Fund	-	126,000
Economic Development Fund	750,000	-
HRA Tax Increment Pool Fund	-	750,000
<b>Total</b>	<b>\$ 876,000</b>	<b>\$ 876,000</b>

**B. Transfers**

The composition of inter-fund transfers for the year ended December 31, 2020 is as follows:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Water Fund	\$ 126,000	(1)
	Sewer Fund	110,000	(1)
	Refuse Fund	110,000	(1)
	Ambulance Fund	140,000	(1)
	Economic Development Fund	53,150	(4)
	Construction Fund	750,000	(1)
	Non-Major Governmental Funds	70,000	(1)
	HRA Tax Increment Pool	25,000	(1)
		<u>1,378,150</u>	
Economic Development Fund	General Fund	1,488,376	(4)
	HRA Tax Increment Pool	22,500	(7)
		<u>1,511,875</u>	
Interim Construction Fund	Community Reinvestment Fund	113,000	(2)
	Non-Major Enterprise Funds	75,000	(2)
		<u>188,000</u>	
Municipal Building Fund	Non-Major Governmental Funds	10,000	(6)
	Economic Development Fund	62,460	(4)
	Community Reinvestment Fund	50,000	(2)
		<u>122,460</u>	
Water Fund	Non-Major Governmental Funds	370,689	(8),(12)
	Economic Development Fund	1,434	(4)
		<u>372,123</u>	
Sewer Fund	Non-Major Governmental Funds	496,598	(9)
	Economic Development Fund	44	(4)
		<u>496,642</u>	
Ambulance Fund	Economic Development Fund	149,847	(4)
	Non-Bonded Debt Fund	200,000	(3)
		<u>349,847</u>	
Non-Major Governmental Funds	General Fund	325,000	(5),(12)
	Economic Development Fund	64,060	(4)
	Community Reinvestment Fund	75,900	(2)
	HRA Tax Increment Pool	1,000	(7)
	Non-Bonded Debt Service Fund	206,000	(7)
	Non-Major Governmental Funds	111,000	(10)
	Non-Major Enterprise Funds	160,000	(7)
		<u>1,080,960</u>	
Non-Major Business-Type Fund	Economic Development Fund	13,769	(4)
Insurance Fund	Non-Bonded Debt Fund	242,000	(7)
	Non-Major Governmental Funds	44,000	(11)
		<u>286,000</u>	
Employment Expense Fund	Economic Development Fund	5,775	(4)
<b>Total Transfers</b>		<u>\$ 5,605,591</u>	

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
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- 1) Provide funding for professional and administrative services
- 2) Provide funding for various capital improvement projects
- 3) Provide funding to stabilize fund balance
- 4) Allocate COVID-19 relief
- 5) Provide funding for Armory operations
- 6) Contribute resources to build reserves for future facility improvements
- 7) Provide funding for debt service payment obligations
- 8) Close out the Water Improvement Fund
- 9) Close out the Sewer Improvement Fund
- 10) Additional revenue to support the tax levy in paying the debt service payment
- 11) Prepay a portion of the 2021 principal amount of the internal loan repayment for the GO Tax Abatement Bonds for the Sports Center Renovations
- 12) Provide funding for the purchase of capital equipment

**Note 10: Note Receivable / Loans Receivable**

On December 11, 2017, the City entered into an agreement with the White Bear Lake Area Hockey Association to share the cost of the Sports Center Renovation. The Association agreed to provide up to \$2,500,000 in cost sharing for the project, \$500,000 of which was fronted as an initial contribution to the project. The annual interest rate is 3.27%. Annual principal and interest payments are due December 1 of each year and are summarized below:

Year Ending December 31	Principal	Interest	Total
2021	\$ 79,540	\$ 58,270	\$ 137,810
2022	82,141	55,669	137,810
2023	84,827	52,983	137,810
2024	87,601	50,209	137,810
2025	90,465	47,344	137,810
2026 - 2030	498,682	190,366	689,048
2031 - 2035	585,726	103,322	689,048
2036 - 2038	272,966	13,997	286,963
Total	\$ 1,781,947	\$ 572,158	\$ 2,354,105

In addition, the City has economic development loans outstanding totaling \$337,982

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**Note 11: Components of Fund Balance**

At December 31, 2020, portions of the City's fund balance are not available for appropriation due either not being in spendable form (Non-spendable); a prepaid item or has legal restrictions (Restricted); and/or being held because of City Council action (Committed). The following is a summary of the components of fund balance:

	General	Non-Bonded Debt	Construction	Municipal Building	HRA Tax Increment	Community Reinvestment	Economic Development	Non-Major	Total
Nonspendable									
Prepaid Items	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,263	\$ 3,278
Restricted									
Economic Development	-	-	-	-	305,922	-	-	-	305,922
Debt Service	-	-	-	-	-	-	-	1,186,479	1,186,479
Total Restricted	-	-	-	-	305,922	-	-	1,186,479	1,591,401
Committed									
Armory	-	-	-	-	-	-	-	27,809	27,809
Maria	-	-	-	-	-	-	-	279,702	279,702
Fortitude	-	-	-	-	-	-	-	-	-
Sports Center	-	-	-	-	-	-	-	83,660	83,660
Capital Improvement	-	-	-	-	-	-	750,000	-	750,000
Economic Development	-	-	-	917,283	-	7,702,284	-	3,893,814	12,513,381
Total Committed	-	-	-	917,283	-	7,702,284	3,308,573	4,260,565	16,988,105
Assigned									
Capital Improvement	-	-	4,404,356	-	-	-	-	-	4,404,356
Surface Water	-	502,976	-	-	-	-	-	846,285	1,349,261
Debt Service	-	502,976	4,404,356	-	-	-	-	846,285	5,753,617
Total Assigned	-	1,005,952	4,404,356	-	-	-	-	1,692,570	6,912,878
Unassigned	5,804,842	-	-	-	-	-	-	-	5,804,842
Total	\$ 5,804,857	\$ 502,976	\$ 4,404,356	\$ 917,283	\$ 305,922	\$ 7,702,284	\$ 4,058,573	\$ 6,336,012	\$ 30,032,043

**Note 12: Other Commitments and Contingencies**

In connection with the normal conduct of its affairs, the City is involved in various claims, litigation and judgments. It is expected that the final settlement of these matters will not materially affect the financial condition of the City.

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



**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Financial Statements**  
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**Note 13: Federally Assisted Programs - Compliance Audits**

The City 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 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 City at December 31, 2020.

**Note 14: Risk Management**

The City established the Insurance Fund to account for losses related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disaster. The Insurance Fund provides for losses up to \$25,000 for each claim (annual aggregate is \$100,000). The City purchases commercial insurance coverage above the deductible amount through the League of Minnesota Insurance Trust with other cities in the State. This is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the League for its insurance coverage. The League of Minnesota Cities Insurance Trust is self-sustaining through member premiums and re-insures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies. The amount of the deductibles is considered immaterial to the financial statements.

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.

The City's workers compensation insurance is a deductible premium option. Transactions related to workers compensation insurance are reported in the Employment Expense Fund.

The Insurance and Employment Expense Funds are presented as internal service funds. All funds of the City participate in the programs and make payments to the Insurance and Employment Expense fund based on historical cost information. At December 31, 2020, there is no liability reported in the funds based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 15: Other Post-Employment Benefits**

**A. Plan description**

The City's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Medica. Dental coverage is administered by Health Partners. It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. No assets are accumulated in a trust.

**B. Benefits provided**

The plan is required by State Statute to provide healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Retirees reimburse the city of the total cost of their healthcare insurance, plus a two percent administrative fee.

**C. Contributions**

Retirees contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica and Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2020, the City contributed \$0 to the plan.

For the governmental activities, the net OPEB obligation is generally liquidated by the General Fund.

**D. Members**

As of December 31, 2020, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits

Active employees

Total

	11
	75
	86

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Financial Statements**  
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**E. Actuarial assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Investment rate of return	3.50%, net of investment expense
Salary increases	3.25% to 11.25% for General Employees; 3.25% to 12.25% for Police and Fire Employees
Inflation	2.50%
Healthcare cost trend increases	8.25% initially, gradually decreasing to an ultimate rate of 3.5% in year 10
Mortality assumption	RP-2014 annuitant generational mortality table, projected with scale MP-2018 from a base year of 2014 (MP-2016 from a base year of 2006 for Police and Fire employees)

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2019 - December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.00% based on the estimated yield of 20-Year-AA-rated municipal bonds.

**F. Total OPEB liability**

The City's total OPEB liability of \$1,464,554 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
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Changes in the total OPEB liability are as follows:

Balances at January 1, 2020	Total OPEB Liability
	<u>\$ 1,341,760</u>
Changes for the year	
Service cost	59,639
Interest	36,519
Differences between expected and actual economic experience	24,185
Changes of assumptions	89,717
Benefit payments	<u>(87,266)</u>
Net changes	122,794
Balances at December 31, 2020	<u>\$ 1,464,554</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% in 2019 to 2.00% in 2020.

**G. OPEB liability sensitivity**

The following presents the City's total OPEB liability calculated using the discount rate of 2.00% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability/(Asset)		
1% decrease (1.00%)	Current (2.00%)	1% increase (3.00%)
<u>\$ 1,594,994</u>	<u>\$ 1,464,554</u>	<u>\$ 1,346,330</u>

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Financial Statements**  
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The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability/(Asset)			
	1% decrease	Current	1% increase
(7.25% decreasing to 2.5%)		(8.25% decreasing to 3.5%)	(9.25% decreasing to 4.5%)
\$ 1,307,065	\$ 1,464,554	\$ 1,647,611	

**H. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended December 31, 2020, the City recognized OPEB expense of \$52,375. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 174,962	\$ 2,109
Changes of assumptions	245,378	19,924
Total	\$ 420,340	\$ 22,033

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Financial Statements**  
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Total
2021	\$ 43,483
2022	43,483
2023	43,483
2024	43,483
2025	43,483
2026	43,483
2027	43,483
Thereafter	93,926
Total	\$ 398,307

**Note 16: Conduit Debt Obligations**

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City. The outstanding balance of conduit debt at December 31, 2020, is \$49,389,012.

**Note 17: COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability		Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(a)	(b)			(a+b)	(c)	
6/30/2020	0.0641 %	\$ 3,843,088	\$ 118,549	\$ 3,961,637	\$ 4,570,467	\$ 3,961,637	\$ 4,570,467	79.0 %
6/30/2019	0.0649	3,588,176	111,495	3,699,671	4,708,610	3,699,671	4,708,610	80.2
6/30/2018	0.0723	4,010,908	131,615	4,142,523	4,743,584	4,142,523	4,743,584	84.6
6/30/2017	0.0734	4,685,808	58,907	4,744,715	4,549,468	4,744,715	4,549,468	103.0
6/30/2016	0.0684	5,553,741	72,541	5,626,282	4,421,512	5,626,282	4,421,512	125.6
6/30/2015	0.0717	3,715,866	-	3,715,866	4,381,773	3,715,866	4,381,773	84.8
								78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

**Schedule of Employer's PERA Contributions - General Employees Fund**

Year Ending	Contributions in Relation to the			City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
12/31/2020	\$ 337,960	\$ 337,960	-	\$ 4,506,133	7.5 %
12/31/2019	343,333	343,333	-	4,577,773	7.5
12/31/2018	357,270	357,270	-	4,763,600	7.5
12/31/2017	355,409	355,409	-	4,738,783	7.5
12/31/2016	328,868	328,868	-	4,384,906	7.5
12/31/2015	327,158	327,158	-	4,362,107	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WHITE BEAR LAKE  
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
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**Notes to the Required Supplementary Information - General Employees Fund**

Changes in actuarial assumptions

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2.5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

Changes in plan provisions

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - No changes noted.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

**Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	Total		City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				(a+b)	(b)			
6/30/2020	0.3539 %	\$ 4,796,591	\$ 112,977	\$ 4,909,568	\$ 4,269,713	111.8 %	87.2 %	
6/30/2019	0.3236	3,445,049	-	3,445,049	3,277,385	105.1	89.3	
6/30/2018	0.2543	2,710,576	-	2,710,576	2,808,744	96.5	88.8	
6/30/2017	0.2540	3,429,302	-	3,429,302	2,514,962	136.4	85.4	
6/30/2016	0.2500	10,032,935	-	10,032,935	2,503,201	400.8	63.9	
6/30/2015	0.2530	2,874,672	-	2,874,672	2,114,755	135.5	86.6	

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

**Schedule of Employer's PERA Contributions - Police and Fire Fund**

Year Ending	Contributions in Relation to the				City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Statutorily Required Contribution	Statutorily Required Contribution	Contribution Deficiency (Excess)			
	(a)	(b)	(a-b)	(c)	(b/c)	%
12/31/2020	\$ 746,128	\$ 746,128	\$ -	\$ 4,401,935		17.0
12/31/2019	657,326	657,326	-	3,878,029		17.0
12/31/2018	474,595	474,595	-	2,929,599		16.2
12/31/2017	408,224	408,224	-	2,519,899		16.2
12/31/2016	402,054	402,054	-	2,481,816		16.2
12/31/2015	400,740	400,740	-	2,473,704		16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

**Notes to the Required Supplementary Information - Public Employees Police and Fire Fund**

Changes in actuarial assumptions

- 2020 - The mortality projection scale was changed from MP-2018 to MP-2019.
- 2019 - The mortality projection scale was changed from MP-2017 to MP-2018.
- 2018 - The mortality projection scale was changed from MP-2016 to MP-2017.
- 2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.
- 2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.
- 2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.



**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

Changes in plan provisions

2020 - No changes noted

2019 - No changes noted

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - No changes noted

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios**

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 114,923	\$ 185,301	\$ 151,749	\$ 137,576	\$ 133,569	\$ 145,189
Interest cost	267,291	257,291	253,714	251,107	240,002	247,887
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(466,686)	-	(194,578)	-	(14,592)
Changes of assumptions	(370,400)	(370,400)	-	-	190,378	-
Benefit payments	(1,026,520)	(1,026,520)	(956,037)	(929,811)	(913,510)	(909,812)
Net change in total pension liability	(324,306)	(431,235)	(99,557)	(24,811)	133,775	138,668
Total pension liability - January 1	4,663,293	5,098,518	5,194,075	5,220,886	5,087,111	4,947,445
Total pension liability - December 31 (a)	4,338,987	4,663,283	5,094,518	5,196,075	5,220,886	5,086,111
Plan fiduciary net position						
Plan investment income	\$45,007	241,145	221,134	221,529	220,853	218,807
Benefit payments, including refunds of employee contributions	(708,520)	(381,789)	(505,020)	(239,516)	(239,816)	(239,816)
Administrative expense	(17,118)	(45,208)	(29,980)	(24,886)	(32,365)	(29,243)
Net change in plan fiduciary net position	(660,631)	(185,852)	(313,866)	(42,873)	275,775	137,757
Plan fiduciary net position - January 1	6,259,572	7,024,488	6,337,694	6,064,703	6,413,462	6,187,311
Plan fiduciary net position - December 31 (b)	5,598,941	6,838,636	6,023,828	5,921,830	6,689,237	6,325,068
Fire Relief's net pension liability (asset) - December 31 (a-b)	(1,238,934)	(774,653)	(1,026,970)	(1,104,245)	(868,369)	(898,251)
Fire Relief's net pension liability (asset) as a percentage of the total pension liability (b/a)	159.16%	135.50%	137.81%	122.38%	112.71%	126.22%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit changes: There have been no plan changes since the January 1, 2018 valuation.

Changes of assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. In 2018, amounts reported as changes of assumptions resulted from an adjustment to the 20-year municipal bond rate. The assumed rate of investment was changed from 5.00 percent to 6.00 percent. The base mortality table for healthy and disabled annuitants was changed from ten RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2017.

Note: Schedule is intended to show 15-year trend. Additional years will be reported as they become available.

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/19	\$ 7,094	\$ 248,007	\$ (240,913)
12/31/18	87,554	241,116	(153,562)
12/31/17	83,385	232,194	(148,809)
12/31/16	55,672	231,628	(175,956)
12/31/15	53,021	229,853	(176,832)
12/31/14	130,890	216,807	(85,917)

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**Schedule of Changes in Total OPEB Liability and Related Ratios**

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 59,639	\$ 46,821	\$ 48,139
Interest	36,519	34,686	31,391
Difference between expected and actual experience	24,185	187,941	(2,928)
Changes of assumptions	89,717	201,075	(27,655)
Benefit payments	(87,266)	(80,547)	(42,950)
Net change in total OPEB liability	122,794	389,976	5,997
Beginning of year	1,341,760	951,784	945,787
End of year	\$ 1,464,554	\$ 1,341,760	\$ 951,784
Covered payroll	\$ 6,599,353	\$ 6,264,746	\$ 5,796,259
Total OPEB liability as a percentage of covered - employee payroll	22.19%	21.42%	16.42%



City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	Budget		Actual		Variances with Final Budget
	Original	Final			
Revenues					
Property taxes	\$ 8,325,068	\$ 6,325,685	\$ 6,428,061	\$ 102,376	
Franchise fees	325,000	294,079	294,079	-	
License and permits					
Business license and permits	140,300	46,765	127,351	80,586	
Non-Business license and permits	618,000	539,000	700,027	161,027	
Total license and permits	758,300	585,765	827,378	241,613	
Fines	93,000	54,485	60,489	6,004	
Intergovernmental					
Federal grants	172,000	1,825,290	1,819,365	(5,925)	
State grants	1,867,297	1,878,327	1,904,482	26,155	
County grants	31,000	21,000	21,215	215	
Local grants	155,000	155,000	155,000	-	
Total intergovernmental	2,225,297	3,879,617	3,900,062	20,445	
Charges for services					
General government	500	45	45	-	
Public safety	581,100	580,260	555,117	(5,143)	
Public works	1,800	-	-	-	
Other	-	-	13,695	13,695	
Inspection services	140,000	140,000	179,968	39,968	
Total charges for services	723,400	700,305	748,825	48,520	
Interest	115,000	115,000	73,380	(41,620)	
Rental income	35,650	25,415	29,386	3,971	
Refunds and reimbursements	3,500	3,510	2,302	(1,208)	
Donations	2,000	800	800	-	
Miscellaneous	3,000	2,375	20,517	18,142	
Total revenues	10,609,215	11,987,036	12,385,279	398,243	
Expenditures					
General government					
Mayor and Council					
Personal services	98,180	98,085	95,659	(2,426)	
Supplies	7,500	12,805	2,707	(10,098)	
Other services and charges	48,887	44,057	40,220	(3,837)	
Total Mayor and Council	154,567	154,947	138,586	(16,361)	
					(Continued)

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	Budget		Actual		Variances with Final Budget
	Original	Final			
City Manager					
Personal services	\$ 370,450	\$ 377,582	\$ 377,253	\$ (329)	
Supplies	1,000	600	356	(244)	
Other services and charges	21,251	13,976	13,169	(807)	
Total city manager	392,701	392,158	390,778	(1,380)	
Finance					
Personal services	514,543	520,605	519,514	(1,091)	
Supplies	1,950	1,250	277	(973)	
Other services and charges	108,745	110,085	113,672	3,577	
Total finance	625,238	631,950	633,463	1,513	
Legal counselor					
Other services and charges	65,869	83,469	69,612	(13,857)	
City hall					
Personal services	176,604	176,207	175,905	(302)	
Supplies	20,450	24,335	28,650	4,315	
Other services and charges	127,313	126,498	131,057	4,559	
Total city hall	324,367	327,040	335,612	8,572	
Elections					
Other services and charges	59,911	59,936	59,412	(524)	
Total general government	1,622,653	1,649,500	1,627,463	(22,037)	
Community development					
Planning					
Personal services	343,185	324,469	324,490	21	
Supplies	2,125	1,720	357	(1,363)	
Other services and charges	25,363	22,148	19,978	(2,170)	
Total community development	370,673	348,337	344,825	(3,512)	
					(Continued)

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	Budget		Actual	Variances with Final Budget
	Original	Final		
<b>Public safety</b>				
Police				
Personal services	\$ 4,494,347	\$ 4,294,982	\$ 4,272,415	\$ (22,567)
Supplies	179,075	165,846	163,602	(2,244)
Other services and charges	242,311	236,989	243,610	6,621
Total police	4,915,733	4,697,817	4,679,627	(18,190)
Dispatch				
Other services and charges	213,000	213,000	214,530	1,530
Animal control				
Personal services	14,653	15,970	10,511	(5,459)
Supplies	1,050	475	302	(173)
Other services and charges	6,715	5,815	3,301	(2,514)
Total animal control	22,418	22,260	14,114	(8,146)
Legal prosecution				
Personal services	1,163	1,356	1,507	151
Other services and charges	152,600	152,600	151,967	(633)
Total legal prosecution	153,763	153,956	153,174	(782)
Fire				
Personal services	717,565	706,680	641,866	(64,814)
Supplies	81,670	81,520	67,530	(13,990)
Other services and charges	197,890	195,835	163,181	(32,654)
Total fire	997,125	984,035	872,577	(111,458)
Emergency preparedness				
Supplies	7,265	3,500	1,198	(2,302)
Other services and charges	9,599	9,099	5,729	(3,370)
Total emergency preparedness	16,864	12,599	6,927	(5,672)

(Continued)

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	Budget		Actual	Variances with Final Budget
	Original	Final		
<b>Building and code enforcement</b>				
Personal services	\$ 534,100	\$ 526,349	\$ 503,085	\$ (23,264)
Supplies	11,500	11,250	6,568	(4,682)
Other services and charges	86,678	89,678	89,175	(503)
Total building / code enforcement	632,278	627,277	598,828	(28,449)
Total public safety	6,951,181	6,710,944	6,539,777	(171,167)
<b>Public works</b>				
Shop				
Personal services	88,591	81,848	79,918	(1,930)
Supplies	14,850	18,720	32,955	14,235
Other services and charges	94,030	94,190	86,408	(7,782)
Total shop	197,471	194,758	199,281	4,523
Engineering				
Personal services	675,353	589,439	581,809	(7,630)
Supplies	8,450	7,960	5,277	(2,683)
Other services and charges	68,972	62,722	55,462	(7,240)
Total engineering	752,775	660,121	642,568	(17,553)
Garage				
Personal services	91,737	91,737	81,713	(10,024)
Supplies	29,150	29,650	21,751	(7,899)
Other services and charges	25,920	26,030	16,815	(9,215)
Total garage	146,807	147,417	120,279	(27,138)
Streets				
Personal services	326,249	336,482	323,325	(13,157)
Supplies	89,345	98,560	62,086	(36,474)
Other services and charges	139,647	149,072	118,123	(30,949)
Total streets	555,241	584,114	503,534	(80,580)
Snow and ice removal				
Personal services	105,826	100,070	82,027	(18,043)
Supplies	107,826	107,826	85,220	(22,606)
Other services and charges	38,818	45,818	36,505	(9,313)
Total snow and ice removal	252,470	253,714	203,752	(49,962)
Street lighting				
Personal services	10,303	10,303	10,303	-
Supplies	13,100	13,100	8,164	(4,936)
Other services and charges	168,000	167,200	157,842	(9,358)
Total street lighting	191,403	190,603	176,309	(14,294)
Total public works	2,096,167	2,030,727	1,845,723	(185,004)
<b>Parks and recreation</b>				
Personal services	564,917	445,682	452,570	6,888
Supplies	84,205	83,545	67,013	(16,532)
Other services and charges	104,383	103,953	75,439	(28,514)
Total parks and recreation	753,505	633,180	595,022	(38,158)

(Continued)

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	Budget		Actual		Variances with Final Budget
	Original	Final			
Non-departmental					
General services	\$ 101,000	\$ 82,405	\$ 82,405	\$ -	
Contingency	14,220	11,741	11,741	11,741	
Total non-departmental	115,220	82,405	94,146	11,741	
Total expenditures	11,909,399	11,455,093	11,046,956	(408,137)	
Excess (deficiency) of revenues over (under) expenditures	(1,300,184)	531,943	1,338,323	806,380	
Other financing sources (uses)					
Sale of property	1,000	440	443	3	
Transfers in	1,325,000	1,353,117	1,378,150	25,033	
Transfers out	(25,000)	(1,814,375)	(1,814,375)	-	
Total other financing sources (uses)	1,301,000	(460,818)	(435,782)	25,036	
Net change in fund balance	816	71,125	902,541	831,416	
Fund balance - beginning	4,234,176	4,910,975	4,902,116	(8,859)	
Fund balance - ending	\$ 4,234,992	\$ 4,982,100	\$ 5,804,657	\$ 822,557	

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Economic Development Fund  
For the Year Ended December 31, 2020

	Budget		Actual		Variances with Final Budget
	Original	Final			
Revenues					
Tax increment	\$ 20,000	\$ 1,510	\$ 3,019	\$ -	
Intergovernmental	-	68,926	52,350	(16,576)	
Charges for services					
Farmer's Market	5,000	3,530	5,400	1,870	
Loan repayments	72,500	60,500	5,660	(54,840)	
Special assessments	62,200	55,015	65,773	10,758	
Rental income	400,500	372,015	436,721	64,706	
Miscellaneous	1,100	5,080	15,672	10,592	
Interest income	-	-	42,931	42,931	
Refunds and reimbursements	-	17,828	32,280	14,452	
Total revenues	561,300	584,404	659,806	73,893	
Expenditures					
Community Development					
Personal services	160,403	177,855	185,863	(11,992)	
Materials and supplies	30,360	829,465	630,658	(198,807)	
Other services and charges	449,733	516,996	427,599	(89,397)	
Capital outlay	147,000	215,207	212,707	(2,500)	
Total expenditures	787,496	1,739,523	1,436,827	(302,696)	
Excess (deficiency) of revenues over (under) expenditures	(226,196)	(1,155,119)	(777,021)	378,098	
Other financing sources					
Sale of capital assets	400,000	400,858	415,020	22,500	
Transfers from other funds	-	1,489,375	1,511,875	22,500	
Transfers (to) other funds	-	(262,890)	(350,529)	(87,639)	
Total other financing sources	400,000	1,627,343	1,576,366	(50,977)	
Net change in fund balance	173,804	472,224	799,345	327,121	
Fund balance - beginning	1,950,987	2,114,674	3,259,228	1,144,554	
Fund balance - ending	\$ 2,124,791	\$ 2,586,898	\$ 4,058,573	\$ 1,471,675	

**CITY OF WHITE BEAR LAKE, MINNESOTA**  
**Notes to Required Supplemental Information**  
**December 31, 2020**

**1. Budgetary Reporting**

**A. The Schedule**

The budgetary comparison schedule presents the comparison of the original and legally amended budget with actual amounts on a departmental level for the General and Special Revenue funds. The departmental level budgets are adopted on a basis consistent with generally accepted accounting principles. The fund balance reports revenue in the period in which they become measurable and available.

**B. Summary of Significant Budget Policies**

The City Charter, Sections 5.03 through 5.09, sets forth the requirements that the City Manager must prepare and submit an annual budget to the City Council. The Council conducts informal budget discussions with the City Manager on an on-going basis. The Mayor, City Council, and citizens are asked to convey budget priorities to the City Manager prior to preparation of the proposed budget. The White Bear Lake City Charter requires the City Manager to enforce the provisions of the budget upon adoption. Minnesota State Law requires that the preliminary budget and proposed tax levy be approved by the City Council prior to September 30 of each year. State statutes require the preliminary property tax levy be certified to the County Auditor by September 30. Once the City adopts the proposed tax levy, the final tax levy can be decreased, but not increased, over the certified proposed tax levy. The City Council is required to adopt the final tax levy and submit the levy to the County Auditor by December 28.

**C. Budget Amendments**

After the budget resolution has been adopted, the Council, under Section 5.09 of the City Charter, shall have no power to increase the amounts fixed in the budget resolution, by insertion of new items or otherwise, beyond the estimated revenues, unless actual receipts exceed the estimates and then not beyond the actual receipts. The Council may at any time, by resolution, reduce the sums appropriated for any purpose by the budget resolution. The Council may, by four-fifths majority vote, authorize the transfer of sums from unencumbered balances of appropriations in the budget resolution to other purposes, except from dedicated funds, and subject to the limitations of the City Charter.

**D. Budgetary Compliance**

There were no budgetary compliance violations for the fiscal year ending December 31, 2020.

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City of White Bear Lake, Minnesota  
Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2020

	Special Revenue Funds			
	Surface Water			
	Armory	Pollution Prevention	Marina	
Assets				
Cash	\$ 40,007	\$ 847,030	\$ -	279,702
Receivables:				
Unremitted tax collections	-	-	-	-
Unremitted special assessments	-	-	-	-
Delinquent special assessments	-	-	-	-
Unavailable special assessments	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	4,250	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 44,257	\$ 847,030	\$ -	279,702
Liabilities:				
Accounts payable	1,237	745	-	-
Deposits payable	350	-	-	-
Intergovernmental payable	-	-	-	-
Unearned revenue - other	14,861	-	-	-
Total liabilities	16,448	745	-	-
Deferred Inflows of Resources				
Unavailable revenue -	-	-	-	-
Special assessments	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	27,809	-	-	279,702
Assigned	-	846,285	-	-
Total fund balances	27,809	846,285	-	279,702
Total liabilities, deferred inflows of resources, and fund balances	\$ 44,257	\$ 847,030	\$ -	279,702

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES  
CITY OF WHITE BEAR LAKE  
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of White Bear Lake, Minnesota  
Combining Balance Sheet  
Non-Major Governmental Funds  
December 31, 2020

Special Revenue Funds		Debt Service Funds			
Forfeiture	Sports Center	2012 Special Assessment	2012 Refunding Tax Increment	2016 Tax Increment	
\$ 100,587	\$ 103,835	\$ 29,220	\$ 72,794	\$ 31,181	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	4,464	-	-	-	
-	-	-	-	-	
-	3,263	-	-	-	
\$ 100,587	\$ 111,562	\$ 29,220	\$ 72,794	\$ 31,181	
\$ 460	\$ 12,744	\$ -	\$ -	\$ -	
-	35	-	-	-	
17,788	11,860	-	-	-	
18,248	24,639	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
82,339	3,263	29,220	72,794	31,181	
-	83,660	-	-	-	
82,339	86,923	29,220	72,794	31,181	
\$ 100,587	\$ 111,562	\$ 29,220	\$ 72,794	\$ 31,181	

(Continued)

		Debt Service Funds			
		2018	2018 Tax Abatement	2019 Improvement Bonds	2020 General Obligation Bonds
Assets					
Cash		\$ 381,384	\$ 151,273	\$ 443,958	\$ 52,444
Receivables:					
Unremitted tax collections		3,491	2,094	1,315	-
Unremitted special assessments		8,342	-	17,983	-
Delinquent special assessments		330	-	588	-
Unavailable special assessments		350,641	-	392,992	548,395
Accounts		-	-	-	-
Intergovernmental		-	-	-	-
Prepaid expenses		-	-	-	-
Total assets		\$ 744,188	\$ 153,367	\$ 856,836	\$ 600,839
Liabilities:					
Accounts payable		\$ -	\$ -	\$ -	\$ -
Deposits payable		-	-	-	-
Intergovernmental payable		-	-	-	-
Unearned revenue - other		-	-	-	-
Total liabilities		-	-	-	-
Deferred Inflows of Resources					
Unavailable revenue -					
Special assessments		350,971	-	393,580	548,395
Fund Balances:					
Nonspendable		-	-	-	-
Restricted		393,217	153,367	463,256	52,444
Committed		-	-	-	-
Assigned		-	-	-	-
Total fund balances		393,217	153,367	463,256	52,444
Total liabilities, deferred inflows of resources, and fund balances		\$ 393,217	\$ 153,367	\$ 463,256	\$ 52,444

City of White Bear Lake, Minnesota  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Governmental Funds  
For the Year Ended December 31, 2020

	Capital Projects Funds			Total Non-Major Governmental Funds		
	Park Improvement	Equipment Acquisition	Sewer Improvement	Water Improvement		
\$	1,707,389	\$ 2,338,961	\$ -	\$ -	\$ 6,579,765	
	-	-	-	-	6,900	
	-	-	-	-	26,325	
	-	-	-	-	918	
	-	-	-	-	1,292,028	
	-	-	-	-	4,464	
	-	-	-	-	4,250	
	-	-	-	-	3,263	
\$	1,707,389	\$ 2,338,961	\$ -	\$ -	\$ 7,917,913	
\$	10,969	\$ 14,372	\$ -	\$ -	\$ 40,527	
	84,145	37,050	-	-	121,545	
	-	-	-	-	35	
	95,114	51,422	-	-	44,509	
	-	-	-	-	206,616	
	-	-	-	-	1,292,946	
	-	-	-	-	3,263	
	1,612,275	2,287,539	-	-	1,277,818	
	-	-	-	-	4,290,985	
	1,612,275	2,287,539	-	-	846,285	
\$	1,707,389	\$ 2,338,961	\$ -	\$ -	\$ 7,917,913	

	Special Revenue Funds			
	Armory	Surface Water Pollution Prevention	Marina	
Revenues				
General property taxes	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-
Intergovernmental	-	91,525	-	-
Charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	1,094	15,184	-	4,919
Rental and lease income	23,628	-	-	402,188
Refunds and reimbursements	2,041	-	-	-
Donations	-	-	-	-
Dedicated fees	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	26,763	106,709	-	407,107
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	95,478	-	-
Parks and recreation	62,345	-	-	99,914
Capital outlay	-	-	-	-
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	24,651
Debt service	-	-	-	-
Principal retired on bonded debt	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	62,345	95,478	-	124,565
Excess (deficiency) of revenues over (under) expenditures	(35,582)	11,231	-	282,542
Other financing sources (uses)				
Sale of capital assets	-	-	-	-
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in from other funds	25,231	-	-	-
Transfers (to) other funds	(10,000)	-	-	(225,000)
Total other financing sources (uses)	15,231	-	-	(225,000)
Net change in fund balance	(20,351)	11,231	-	57,542
Fund balance - beginning	48,160	835,054	-	222,160
Fund balance - ending	\$ 27,809	\$ 846,285	\$ -	\$ 279,702

## For the Year Ended December 31, 2020

(Continued)





City of White Bear Lake, Minnesota  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Non-Major Proprietary Funds  
For the Year Ended December 31, 2020

	Licenses Bureau	Pioneer Manor	Total Non-Major Enterprise Funds
Operating revenues			
Charges for services	\$ 540,622	\$ -	\$ 540,622
Rent	-	401,600	401,600
Other	2,921	2,768	5,689
Total operating revenues	543,543	404,368	947,911
Operating expenses			
Personal services	546,527	-	546,527
Supplies	4,779	35,651	40,430
Other services and charges	43,188	216,422	259,610
Depreciation	341	90,084	90,425
Total operating expenses	594,835	342,157	936,992
Operating income (loss)	(51,292)	62,211	10,919
Nonoperating revenues			
Investment income	5,861	4,400	10,261
Intergovernmental	16,060	494	16,554
Miscellaneous revenues	1,768	1,432	3,200
Total nonoperating revenues	23,689	6,326	30,015
Income (loss) before transfers	(27,603)	68,537	40,934
Capital contributions	-	379,351	379,351
Transfers from other funds	12,940	829	13,769
Transfers (to) other funds	(75,000)	(180,000)	(235,000)
Change in net position	(89,663)	288,717	199,054
Net position - beginning	(102,801)	1,677,709	1,574,908
Net position - ending	\$ (192,464)	\$ 1,966,426	\$ 1,773,962

City of White Bear Lake, Minnesota  
Combining Statement of Cash Flows  
Non-Major Proprietary Funds  
For the Year Ended December 31, 2020

	Licenses Bureau	Pioneer Manor	Total Non-Major Enterprise Funds
Cash flows from operating activities			
Receipts from customers	\$ 542,390	\$ 405,451	\$ 947,841
Payments to vendors	(44,537)	(260,803)	(305,340)
Payments to employees	(662,583)	-	(662,583)
Payments to other governments	(204)	-	(204)
Other receipts	2,921	2,768	5,689
Net cash provided (used) by operating activities	(162,013)	147,416	(14,597)
Cash flows from noncapital financing activities			
Intergovernmental receipts	16,060	494	16,554
Proceeds from (payments on) advances to other funds	245,985	-	245,985
Transfers from other funds	12,940	829	13,769
Transfers (to) other funds	(75,000)	(160,000)	(235,000)
Net cash provided (used) by noncapital financing activities	199,985	(158,677)	41,308
Cash flows from capital financing activities			
Intergovernmental receipts	-	379,351	379,351
Purchase of property and equipment	-	(376,522)	(376,522)
Net cash provided (used) by capital financing activities	-	2,829	2,829
Cash flows from investing activities			
Investment income received	5,861	4,400	10,261
Increase (decrease) in cash and cash equivalents	43,833	(4,032)	39,801
Cash and cash equivalents at beginning of year	177,115	303,287	480,402
Cash and cash equivalents at end of year	\$ 220,948	\$ 299,255	\$ 520,203
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (51,292)	\$ 62,211	\$ 10,919
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	341	90,084	90,425
Miscellaneous	1,768	1,432	3,200
(Increase) decrease in assets/deferred outflows of resources	-	1,479	1,479
Accounts receivable	(1,100)	-	(1,100)
Prepaid expenses	30,321	-	30,321
Deferred outflows in pension resources	-	-	-
Increase (decrease) in liabilities/deferred inflows of resources	4,530	(8,736)	(4,206)
Accounts payable	(204)	6	(198)
Due to governments	-	930	930
Deposits payable	-	-	-
Deferred inflows in pension resources	(96,685)	-	(96,685)
Unearned revenue	-	10	10
Net pension liability	(49,682)	-	(49,682)
Net cash provided (used) by operating activities	\$ (162,013)	\$ 147,416	\$ (14,597)

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Armory Fund  
For the Year Ended December 31, 2020

	Budget		Actual	Variances with Final Budget
	Original	Final		
<b>Revenues</b>				
Rental income	\$ 43,550	\$ 24,495	\$ 19,378	\$ (5,117)
Lease income	-	-	4,250	4,250
Investment income	-	-	1,094	1,094
Refunds and reimbursements	5,150	2,450	2,041	(409)
Total revenues	48,700	26,945	26,763	(182)
<b>Expenditures</b>				
Parks and recreation				
Personal services	38,053	32,812	30,948	(1,864)
Materials and supplies	3,425	1,840	1,310	(530)
Other services and charges	30,575	21,230	30,087	8,857
Total expenditures	72,053	55,882	62,345	6,463
Excess (deficiency) of revenues over (under) expenditures	(23,353)	(28,937)	(35,582)	(6,645)
<b>Other financing sources (uses)</b>				
Transfers from other funds	25,000	25,000	25,231	231
Transfers (to) other funds	(10,000)	(10,000)	(10,000)	-
Total other financing sources (uses)	15,000	15,000	15,231	231
Net change in fund balance	(8,353)	(13,937)	(20,351)	(6,414)
Fund balance - beginning	47,053	48,160	48,160	-
Fund balance - ending	\$ 38,700	\$ 34,223	\$ 27,809	\$ (6,414)

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Surface Water Pollution Prevention Fund  
For the Year Ended December 31, 2020

	Budget		Actual	Variances with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 90,000	\$ 91,525	\$ 91,525	\$ -
Interest income	-	6,000	15,184	9,184
Refunds and reimbursements	400	-	-	-
Total revenues	90,400	97,525	106,709	9,184
<b>Expenditures</b>				
Public works				
Personal services	56,181	49,987	47,722	(2,265)
Materials and supplies	4,350	7,350	3,978	(3,372)
Other services and charges	181,825	179,625	43,778	(135,847)
Total expenditures	250,356	236,962	95,478	(141,484)
Net change in fund balance	(159,956)	(139,437)	11,231	150,668
Fund balance - beginning	781,840	835,054	835,054	-
Fund balance - ending	\$ 621,884	\$ 695,617	\$ 846,285	\$ 150,668

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Marina Fund  
For the Year Ended December 31, 2020

	Budget			Budget			Variances with Final Budget
	Original	Final		Original	Final		
Revenues							
Rental income	\$ 405,000	\$ 406,188	\$	402,188	\$	(4,000)	
Interest income	-	-		4,919		4,919	
Total revenues	405,000	406,188		407,107		919	
Expenditures							
Parks and recreation							
Personal services	26,810	28,969		24,530		(4,439)	
Materials and supplies	6,500	5,000		1,050		(3,950)	
Other services and charges	93,950	92,835		74,334		(18,501)	
Capital outlay	40,000	24,672		24,651		(21)	
Total expenditures	167,260	151,476		124,565		(26,911)	
Excess (deficiency) of revenues over (under) expenditures	237,740	254,712		282,542		27,830	
Other Financing Uses							
Transfers (to) other funds	(225,000)	(225,000)		(225,000)		-	
Net change in fund balance	12,740	29,712		57,542		27,830	
Fund balance - beginning	195,059	222,160		222,160		-	
Fund balance - ending	\$ 207,799	\$ 251,872	\$	279,702	\$	27,830	

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Forfeiture Fund  
For the Year Ended December 31, 2020

	Budget			Budget			Variances with Final Budget
	Original	Final		Original	Final		
Revenues							
Miscellaneous	\$ 10,000	\$ 24,697	\$	\$ 9,488	\$	(15,209)	
Interest income	-	-		1,427		1,427	
Refunds and reimbursements	30,000	25,600		28,170		2,570	
Total revenues	40,000	50,297		39,085		(11,212)	
Expenditures							
Current							
Public safety							
Materials and supplies	1,000	450		62		(388)	
Other services and charges	39,650	24,475		10,729		(13,746)	
Total expenditures	40,650	24,925		10,791		(14,134)	
Net change in fund balance	(650)	25,372		28,294		2,922	
Fund balance - beginning	39,964	54,045		54,045		-	
Fund balance - ending	\$ 39,314	\$ 79,417	\$	\$ 82,339	\$	2,922	

City of White Bear Lake, Minnesota  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Sports Center Fund  
For the Year Ended December 31, 2020

	Budget		Actual	Variances with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
Charges for services	\$ -	\$ 787	\$ 787	\$ -
Interest income	515,290	395,936	349,568	(46,368)
Rental income	-	3,000	2,843	(157)
Donations	15,500	7,500	3,486	(4,014)
Miscellaneous	-	-	200	200
Total revenues	538,290	411,029	361,056	(49,973)
<b>Expenditures</b>				
Parks and recreation				
Personal services	381,763	362,896	340,176	(22,720)
Materials and supplies	29,580	26,221	21,301	(4,920)
Other services and charges	192,348	166,351	181,729	15,378
Total expenditures	603,691	555,468	543,206	(12,262)
Excess (deficiency) of revenues over (under) expenditures	(65,401)	(144,439)	(182,150)	(37,711)
Other financing sources				
Sale of capital assets	-	-	-	-
Net change in fund balance	(65,401)	(144,439)	(182,150)	(37,711)
Other Financing Sources				
Transfers in	-	1,953	4,236	2,283
Total other financing sources (uses)		1,953	4,236	2,283
Net change in fund balance	(65,401)	(142,486)	(177,914)	(35,428)
Fund balance - beginning	249,017	264,837	264,837	-
Fund balance - ending	\$ 183,616	\$ 122,351	\$ 86,923	\$ (35,428)

City of White Bear Lake, Minnesota  
Combining Statement of Net Position  
Internal Service Funds  
December 31, 2020

	Insurance	Employment Expense	Total Internal Service Funds
<b>Assets</b>			
Current Assets			
Cash	\$ 2,900,203	\$ 2,412,296	\$ 5,312,499
Receivables:			
Accounts	6,989	-	6,989
Intergovernmental	-	15,933	15,933
Advances to other funds	126,000	-	126,000
Total assets	3,033,192	2,428,229	5,461,421
<b>Deferred Outflows of Resources</b>			
Deferred other postemployment benefit resources	-	420,340	420,340
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	4,182	8,528	12,710
Accrued wages payable	-	376,199	376,199
Compensated absences payable	-	565,624	565,624
Total current liabilities	4,182	950,351	954,533
Noncurrent Liabilities:			
Compensated absences payable	-	648,236	648,236
Other postemployment benefits (OPEB) liability	-	1,464,554	1,464,554
Total noncurrent liabilities	-	2,112,790	2,112,790
Total liabilities	4,182	3,063,141	3,067,323
<b>Deferred Inflows of Resources</b>			
Deferred other postemployment benefit resources	-	22,033	22,033
<b>Net Position</b>			
Unrestricted	\$ 3,029,010	\$ (236,605)	\$ 2,792,405

City of White Bear Lake, Minnesota  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
For the Year Ended December 31, 2020

	Insurance	Employment Expense	Total Internal Service Funds
Operating revenues			
Charges for services	\$ 454,106	\$ 3,115,755	\$ 3,569,861
Premium reimbursement	103,633	1,078	104,711
Total operating revenues	557,739	3,116,833	3,674,572
Operating expenses			
Personal services	-	3,359,505	3,359,505
Supplies	648	-	648
Other services and charges	359,915	58,045	417,960
Total operating expenses	360,563	3,417,550	3,778,113
Operating income (loss)	197,176	(300,717)	(103,541)
Nonoperating revenues			
Investment income	42,371	39,977	82,348
Intergovernmental	-	14,890	14,890
Miscellaneous	2,502	36	2,538
Gain on disposal of capital assets	44,873	54,903	99,776
Total nonoperating revenues	242,049	(245,814)	(3,765)
Income (loss) before transfers	286,000	5,775	291,775
Transfers in			
Change in net position	528,049	(240,039)	288,010
Net position - beginning	2,500,961	3,434	2,504,395
Net position - ending	\$ 3,029,010	\$ (236,605)	\$ 2,792,405

City of White Bear Lake, Minnesota  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2020

	Insurance	Employment Expense	Total Internal Service Funds
Cash flows from operating activities			
Receipts from other funds	\$ 447,117	\$ 3,115,755	\$ 3,562,872
Payments to vendors	(376,605)	(1,439,249)	(1,815,854)
Payments to other governments	-	(1,552,152)	(1,552,152)
Payments to employees	-	(152,953)	(152,953)
Other receipts	103,633	1,114	104,747
Net cash provided (used) by operating activities	174,145	(27,485)	146,660
Cash flows from noncapital financing activities			
Intergovernmental receipts	-	14,890	14,890
Decrease in advances to other funds	274,000	-	274,000
Transfers from other funds	286,000	5,775	291,775
Net cash provided (used) by noncapital financing activities	560,000	20,665	580,665
Cash flows from capital financing activities			
Proceeds from the sale of capital assets	2,502	-	2,502
Cash flows from investing activities			
Investment income received	42,371	39,977	82,348
Increase (decrease) in cash and cash equivalents	779,018	33,157	812,175
Cash and cash equivalents at beginning of year	2,121,185	2,379,139	4,500,324
Cash and cash equivalents at end of year	\$ 2,900,203	\$ 2,412,296	\$ 5,312,499
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 197,176	\$ (300,717)	\$ (103,541)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Miscellaneous	-	36	36
(Increase) decrease in assets/deferred outflows of resources	(6,989)	-	(6,989)
Accounts receivable	-	(2,537)	(2,537)
Due from governments	-	2,610	2,610
Prepaid expenses	-	(67,569)	(67,569)
Deferred outflows in OPEB resources	-	-	-
Increase (decrease) in liabilities/deferred inflows of resources	(16,042)	(7,937)	(23,979)
Accounts payable	-	97,632	97,632
Wages payable	-	(2,850)	(2,850)
Deferred inflows in OPEB resources	-	122,794	122,794
OPEB liability	-	131,053	131,053
Compensated absences	-	-	-
Net cash provided (used) by operating activities	\$ 174,145	\$ (27,485)	\$ 146,660

STATISTICAL SECTION (UNAUDITED)  
CITY OF WHITE BEAR LAKE  
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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## City of White Bear Lake, Minnesota

### Statistical Section

This part of the City of White Bear Lake's comprehensive annual financial report presents detailed statistical information. The following five sections provide the reader with historical data that is intended to provide valuable trend information and insight into the City's financial health.

#### Contents

##### Financial Trends

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

##### Revenue Capacity

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

##### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

##### Demographic and Economic Information

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

##### Operating Information

The schedules contain service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## City of White Bear Lake, Minnesota Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Years			
	2011	2012	2013	2014
<b>Governmental activities</b>				
Net investment in capital assets	\$ 56,636,347	\$ 53,729,136	\$ 65,111,033	\$ 70,454,106
Restricted for counseling center	81,200	-	-	-
Restricted for armory	52,622	46,181	-	-
Restricted for stormwater	28,590	4,583	27,464	31,033
Restricted for debt service	346,322	341,258	258,435	192,389
Restricted for economic development	2,359,897	2,409,773	914,455	-
Unrestricted	29,900,926	35,589,459	32,231,764	27,617,496
<b>Total governmental activities net position</b>	<b>\$ 89,405,904</b>	<b>\$ 92,120,390</b>	<b>\$ 98,543,151</b>	<b>\$ 98,295,024</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 5,911,634	\$ 5,829,454	\$ 4,422,893	\$ 4,259,544
Unrestricted	4,988,444	4,691,010	4,459,462	3,953,646
<b>Total business-type activities net position</b>	<b>\$ 10,910,078</b>	<b>\$ 10,520,464</b>	<b>\$ 8,882,355</b>	<b>\$ 8,213,190</b>
<b>Total primary government</b>				
Net investment in capital assets	\$ 62,547,981	\$ 59,558,590	\$ 69,533,926	\$ 74,713,650
Restricted for counseling center	81,200	-	-	-
Restricted for armory	52,622	46,181	-	-
Restricted for stormwater	28,590	4,583	27,464	31,033
Restricted for debt service	346,322	341,258	258,435	192,389
Restricted for economic development	2,359,897	2,409,773	914,455	-
Unrestricted	34,899,370	40,280,469	36,691,226	31,571,142
<b>Total primary government net position</b>	<b>\$ 100,315,962</b>	<b>\$ 102,640,854</b>	<b>\$ 107,425,506</b>	<b>\$ 108,508,214</b>



City of White Bear Lake, Minnesota  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Years			
	2011	2012	2013	2014
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,559,230	\$ 1,323,209	\$ 1,434,549	\$ 1,384,578
Community development	387,494	945,394	1,589,276	2,200,586
Public safety	5,278,869	5,331,485	5,619,039	6,009,046
Public works	3,901,382	3,286,517	2,376,178	3,032,841
Parks and recreation	752,502	793,111	1,383,926	1,513,999
Counseling center	505,904	240,232	-	-
Interest on long-term debt	278,754	226,667	196,259	203,444
Total governmental activities expenses	12,664,135	12,156,615	12,603,227	14,344,494
Business-type activities:				
Water	1,256,581	1,253,619	1,256,185	1,501,481
Sewer	2,480,514	2,331,164	2,432,860	2,356,471
Refuse	1,287,025	1,373,872	1,323,476	1,269,635
Sports Center	563,960	627,507	-	-
Ambulance	1,043,181	1,072,538	1,174,927	1,303,816
Pioneer Manor	235,010	232,459	240,515	231,469
License Bureau	501,068	477,197	545,962	601,184
Total business-type activities expenses	7,367,329	7,368,356	6,973,925	7,204,356
Total primary government expenses	\$ 20,031,464	\$ 19,524,971	\$ 19,583,152	\$ 21,608,850
Program Revenues				
Governmental activities				
Charges for services	\$ 539,811	\$ 667,976	\$ 648,104	\$ 466,380
Community development	1,349,852	1,458,837	1,512,403	1,448,604
Public safety	1,514,084	344,646	2,136,913	1,607,337
Public works	725,387	544,347	1,165,581	1,368,593
Other activities	1,096,891	944,466	1,860,303	969,094
Operating grants and contributions	947,133	2,442,615	1,120,468	3,204,949
Capital grants and contributions	6,173,158	6,402,887	8,445,772	9,064,957
Total governmental activities program revenues				

	Fiscal Years			
	2015	2016	2017	2018
\$ 69,690,757	\$ 66,342,321	\$ 66,079,290	\$ 63,483,876	\$ 62,561,789
\$ 58,068,600	-	-	-	-
31,033	31,033	31,033	31,033	31,033
127,709	103,228	139,623	122,200	1,847,261
-	629,646	464,393	-	2,265,278
29,293,742	28,839,930	26,022,816	31,026,459	29,497,391
\$ 99,143,241	\$ 95,946,158	\$ 92,737,155	\$ 94,663,568	\$ 93,906,441
\$ 92,854,557				
\$ 4,189,988	\$ 4,034,239	\$ 3,935,132	\$ 5,070,706	\$ 4,875,313
2,208,896	1,762,479	2,331,483	2,204,090	2,957,997
\$ 6,398,684	\$ 5,796,718	\$ 6,266,615	\$ 7,274,796	\$ 7,833,310
\$ 4,076,149				
\$ 73,880,745	\$ 70,376,560	\$ 70,014,422	\$ 68,554,582	\$ 67,437,102
\$ 63,469,418	-	-	-	-
31,033	31,033	31,033	31,033	31,033
127,709	103,228	139,623	122,200	1,847,261
-	629,646	464,393	-	2,265,278
31,502,438	30,602,409	28,354,299	33,230,549	32,455,388
\$ 105,541,925	\$ 101,742,876	\$ 99,003,770	\$ 101,936,364	\$ 101,738,751
\$ 101,331,524				

City of White Bear Lake, Minnesota  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Years			
	2011	2012	2013	2014
<b>Business-type activities:</b>				
Charges for services:				
Water	\$ 1,273,691	\$ 1,299,555	\$ 1,116,799	\$ 1,130,966
Sewer	2,348,587	2,439,310	2,355,493	2,266,411
Refuse	1,350,646	1,283,336	1,271,011	1,266,393
Sports Center	518,961	436,610	-	-
Ambulance	1,216,881	1,261,191	1,289,760	1,467,576
Pioneer Manor	363,633	360,017	370,341	374,610
License Bureau	825,609	911,822	903,202	966,451
Operating grants and contributions	96,085	66,381	84,321	52,414
Capital grants and contributions	10,917	30,000	-	-
Total business-type activities program revenues	8,005,010	8,088,222	7,390,927	7,524,811
Total primary government program revenues	\$ 14,178,168	\$ 14,491,109	\$ 13,836,699	\$ 16,589,768
<b>Net (Expense)/Revenue</b>	\$ (6,490,977)	\$ (5,753,728)	\$ (4,163,455)	\$ (5,279,537)
Governmental activities	637,681	719,866	417,002	260,455
Business-type activities	(5,853,296)	(5,033,662)	(3,746,453)	(5,019,082)
Total primary government net expense				
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes	5,020,540	5,380,530	5,693,462	5,101,437
Unrestricted grants and contributions	1,533,186	1,532,871	1,532,542	1,532,454
Investment earnings	455,281	332,283	(46,110)	435,659
Gain on sale of capital assets	-	81,103	1,335,877	5,556
Capital transfers	-	-	-	-
Transfers	747,408	986,417	878,681	929,620
Total governmental activities	7,756,415	8,313,214	9,394,432	8,004,726
Business-type activities:				
Investment earnings	23,065	31,937	-	-
Gain on sale of capital assets	-	-	15,334	-
Capital transfers	-	-	-	-
Transfers	(747,408)	(986,417)	(878,681)	(929,620)
Total business-type activities	(724,343)	(954,480)	(863,327)	(929,620)
Total primary government	\$ 7,032,072	\$ 7,358,734	\$ 8,531,105	\$ 7,075,106
<b>Change in Net Position</b>				
Governmental activities	\$ 1,265,438	\$ 2,559,486	\$ 5,230,977	\$ 2,725,189
Business-type activities	(86,662)	(234,614)	(446,325)	(669,165)
Total primary government	\$ 1,178,776	\$ 2,324,872	\$ 4,784,652	\$ 2,056,024

	Fiscal Years			
	2015	2016	2017	2018
<b>Business-type activities:</b>				
Charges for services:				
Water	\$ 1,289,857	\$ 1,894,885	\$ 2,032,563	\$ 2,229,732
Sewer	976,641	1,274,267	1,303,137	996,161
Refuse	5,866,999	7,344,542	6,938,342	8,107,785
Sports Center	3,316,921	6,081,862	5,136,511	3,477,255
Ambulance	1,673,231	1,949,905	2,196,181	2,443,894
Pioneer Manor	-	216,142	286,638	583,390
License Bureau	201,602	18,761,693	17,856,532	16,668,774
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	13,325,251	18,761,693	17,856,532	16,668,774
Total primary government program revenues				
<b>Net (Expense)/Revenue</b>	\$ 1,218,301	\$ 1,436,895	\$ 1,522,190	\$ 1,530,821
Governmental activities	2,407,703	2,583,293	2,821,396	2,717,434
Business-type activities	1,347,339	1,266,330	1,238,814	1,292,427
Total primary government net expense				
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes	1,561,444	1,401,154	1,300,483	1,900,790
Unrestricted grants and contributions	221,177	231,666	275,119	265,272
Investment earnings	593,088	627,705	758,487	860,555
Gain on sale of capital assets	7,349,052	7,547,144	7,916,489	8,567,299
Capital transfers	-	-	-	-
Transfers	20,674,303	26,308,837	25,773,021	25,236,073
Total governmental activities				
Business-type activities:				
Investment earnings	486,528	552,222	601,369	534,884
Gain on sale of capital assets	1,333,433	1,462,598	1,324,364	1,491,098
Capital transfers	2,852,668	1,198,061	1,248,613	2,545,402
Transfers	1,964,137	1,732,107	1,653,693	1,598,321
Total business-type activities	768,819	2,013,226	1,773,381	2,529,915
Total primary government	1,235,765	236,298	193,819	278,629
Change in Net Position	8,631,350	7,194,512	6,795,239	11,485,859

(Continued)

City of White Bear Lake, Minnesota  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Years			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	3,510,610	3,351,922	3,564,689	3,240,501
Total general fund	3,510,610	3,351,922	3,564,689	3,240,501
All Other Governmental Funds				
Nonspendable	-	-	-	-
Capital improvements	-	-	-	-
Sports center	-	-	-	-
Restricted	-	-	-	-
Counseling center	81,200	-	-	-
Armory	52,622	46,181	-	-
Surface water pollution prevention	28,590	4,583	27,464	31,033
Debt service	346,322	363,341	288,648	218,493
Economic development	2,359,897	2,409,773	914,455	-
Committed	-	-	-	-
Armory	-	-	49,983	54,033
Marina	-	-	188,910	275,010
Sports center	-	-	352,470	348,724
Forfeiture	-	-	-	-
Debt service	721,342	694,662	1,220,207	1,321,100
Advances	2,350,000	2,080,000	1,430,000	1,325,000
Capital improvements	4,843,935	4,930,988	14,367,004	14,179,649
Economic development	1,016,897	1,002,251	915,912	1,116,556
Assigned	-	-	-	-
Surface water pollution prevention	908,041	871,823	744,981	801,349
Capital improvements	11,959,978	14,590,161	4,068,818	3,610,771
Debt service	-	-	-	-
Economic development	1,956,848	2,173,274	2,663,221	2,289,733
Unassigned	(3,190,990)	(2,918,533)	(2,264,286)	(4,213,915)
Total all other governmental funds	23,434,682	26,248,534	24,967,787	21,357,536
Total fund balances	\$ 26,945,292	\$ 29,600,456	\$ 28,532,476	\$ 24,598,037

	Fiscal Years			
	2015	2016	2017	2018
\$	1,033,562	\$ 1,317,467	\$ 1,352,090	\$ 1,631,823
\$	2,278,271	\$ 2,458,993	\$ 2,737,128	\$ 3,137,600
\$	1,331,974	\$ 1,287,837	\$ 1,313,995	\$ 1,345,541
\$	1,533,843	\$ 1,364,463	\$ 1,819,626	\$ 1,617,467
\$	379,942	\$ 379,437	\$ 382,935	\$ 402,734
\$	1,009,610	\$ 1,036,532	\$ 971,880	\$ 972,573
\$	-	\$ 146,693	\$ 77,717	\$ 60,691
\$	-	\$ -	\$ -	\$ 2,453
\$	7,567,202	\$ 7,991,422	\$ 8,655,371	\$ 9,156,131
\$	16,196,552	\$ 15,185,934	\$ 15,450,610	\$ 20,641,950
\$	-	\$ -	\$ -	\$ 17,885,219
\$	-	\$ -	\$ -	\$ 10,003,046
\$	-	\$ -	\$ -	\$ 10,138,725
\$	-	\$ -	\$ -	\$ 19,299,994
\$	(4,693,901)	\$ (11,567,181)	\$ (11,061,293)	\$ (5,182,915)
\$	218,150	\$ 444,278	\$ 738,882	\$ 588,832
\$	(4,475,751)	\$ (11,122,803)	\$ (10,322,411)	\$ (4,594,083)
\$	-	\$ -	\$ -	\$ (9,636,473)
\$	-	\$ -	\$ -	\$ (10,426,854)
\$	5,430,074	\$ 5,425,913	\$ 5,638,926	\$ 6,161,456
\$	1,542,705	\$ 1,542,738	\$ 1,543,705	\$ 1,587,299
\$	275,401	\$ 314,014	\$ 390,231	\$ 556,126
\$	205,885	\$ 39,118	\$ -	\$ 84,222
\$	-	\$ -	\$ -	\$ (1,459,723)
\$	881,506	\$ 1,048,315	\$ 279,428	\$ 1,056,920
\$	8,335,581	\$ 8,370,098	\$ 7,852,290	\$ 7,986,300
\$	-	\$ -	\$ -	\$ 9,839,231
\$	-	\$ -	\$ -	\$ 28,826
\$	12,236	\$ 2,071	\$ 10,443	\$ 16,546
\$	-	\$ -	\$ -	\$ 40,103
\$	(881,505)	\$ (1,048,315)	\$ (279,428)	\$ (1,056,920)
\$	(869,270)	\$ (1,046,244)	\$ (268,985)	\$ (419,349)
\$	7,466,311	\$ 7,323,854	\$ 7,583,305	\$ 8,405,649
\$	-	\$ -	\$ -	\$ 9,437,860
\$	-	\$ -	\$ -	\$ 10,100,966
\$	3,641,680	\$ (3,197,083)	\$ (3,209,003)	\$ 2,803,385
\$	(651,120)	\$ (601,966)	\$ 469,897	\$ 1,008,181
\$	2,990,560	\$ (3,799,049)	\$ (2,739,106)	\$ 3,811,566
\$	-	\$ -	\$ -	\$ (198,613)
\$	-	\$ -	\$ -	\$ (325,888)

(modified accrual basis of accounting)

	Fiscal Years					
	2015	2016	2017	2018	2019	2020
\$	\$	\$	\$	\$	\$	\$
3,275,500	3,443,521	3,604,779	3,773,666	4,902,116	5,804,642	
3,275,500	3,443,521	3,604,779	3,773,666	4,902,116	5,804,657	
-	-	-	-	2,400	3,263	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
31,033	31,033	31,033	31,033	-	-	
149,490	171,524	139,623	323,327	1,148,411	1,195,479	
629,646	629,646	464,393	-	-	305,922	
62,013	68,460	59,643	52,867	48,160	27,809	
408,717	420,002	73,083	166,994	222,160	279,702	
344,004	347,985	283,171	270,792	284,837	83,660	
-	153,554	128,818	61,614	54,045	-	
428,022	899,591	846,323	386,091	-	-	
1,220,000	1,025,000	1,000,000	1,750,000	750,000	750,000	
15,173,631	13,964,494	13,240,444	12,642,847	12,298,103	12,519,361	
1,104,556	1,113,652	2,837,301	3,261,231	2,509,228	3,308,573	
766,754	805,238	822,597	774,977	835,054	846,285	
3,553,171	3,726,267	2,775,587	5,091,368	4,400,538	4,404,356	
2,386,090	1,649,148	-	-	404,761	502,976	
(4,478,829)	(1,828,066)	(1,623,966)	(1,588,524)	(57,808)	-	
21,148,662	23,177,528	21,078,050	23,224,617	22,879,889	24,227,386	
\$ 24,424,152	\$ 26,621,049	\$ 24,682,829	\$ 26,998,283	\$ 27,782,005	\$ 30,032,043	

	Fiscal Years			
	2011	2012	2013	2014
<b>Revenues</b>				
Taxes	\$ 5,020,539	\$ 5,380,529	\$ 5,693,462	\$ 5,038,466
Licenses, fees and permits	411,812	481,975	539,126	575,525
Fines and forfeits	123,292	113,751	117,284	142,857
Charges for services	711,342	651,379	1,070,868	965,652
Special assessments	1,275,500	1,160,078	1,340,918	1,479,834
Intergovernmental	3,432,022	3,245,182	4,476,834	3,932,027
Investment earnings	429,018	307,793	(74,110)	402,655
Other revenues	1,824,871	1,832,038	1,962,071	3,476,927
<b>Total revenues</b>	<b>13,228,396</b>	<b>13,172,725</b>	<b>15,146,453</b>	<b>16,013,747</b>
<b>Expenditures</b>				
General government	1,243,838	1,094,681	1,178,625	1,227,203
Public safety	5,005,284	5,014,537	5,127,904	5,485,868
Public works	1,045,742	1,145,039	899,077	1,459,540
Parks and recreation	539,792	587,283	1,115,357	1,243,397
Social and economic development	905,740	949,448	1,592,501	2,186,706
Capital outlay	4,995,085	4,826,366	8,603,081	8,674,837
Debt service				
Principal	395,000	3,070,000	455,000	665,000
Interest	284,294	283,668	186,130	207,953
<b>Total expenditures</b>	<b>14,414,775</b>	<b>16,971,022</b>	<b>19,159,675</b>	<b>21,150,104</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,186,379)</b>	<b>(3,798,297)</b>	<b>(4,013,222)</b>	<b>(5,136,357)</b>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	-	5,205,000	-	-
Premium on bonds issued	-	29,465	-	-
Sale of capital assets	12,765	196,376	1,585,303	6,647
Transfers in	3,680,690	6,539,277	5,694,577	3,756,935
Transfers out	(2,827,490)	(5,516,957)	(4,381,277)	(2,811,435)
<b>Total other financing sources (uses)</b>	<b>865,955</b>	<b>6,453,461</b>	<b>2,898,603</b>	<b>952,147</b>
<b>Net changes in fund balances</b>	<b>\$ (320,414)</b>	<b>\$ 2,655,164</b>	<b>\$ (1,114,619)</b>	<b>\$ (4,184,210)</b>
Debt service as a percentage of noncapital	6.0%	25.3%	6.0%	7.0%

City of White Bear Lake, Minnesota  
Assessed Tax Capacity and Market Value of Property  
Last Ten Fiscal Years

Lewy Year	Fiscal Year	Real Property		Personal Property	
		Assessed Tax Capacity	Market Value	Assessed Tax Capacity	Market Value
2011	2012	\$ 23,638,933	\$ 1,969,224,043	\$ 467,304	\$ 34,055,757
2012	2013	21,941,998	1,967,835,949	488,011	34,031,751
2013	2014	22,166,306	1,984,183,927	495,853	34,314,473
2014	2015	23,397,317	2,103,140,198	495,867	36,371,702
2015	2016	24,139,655	2,170,883,643	539,526	37,543,257
2016	2017	26,067,338	2,323,498,521	593,786	40,182,579
2017	2018	28,577,080	2,514,995,277	622,593	43,494,323
2018	2019	30,809,390	2,692,665,548	659,373	46,566,953
2019	2020	32,814,944	2,756,482,104	616,990	47,670,596
2020	2021	35,249,116	3,063,833,667	743,722	52,985,933

Source: Ramsey County and Washington County

	Fiscal Years			
	2015	2016	2017	2018
\$	5,513,046	\$ 5,410,913	\$ 5,588,926	\$ 6,102,456
	743,511	637,247	696,282	785,141
	106,539	92,968	89,082	78,357
	962,246	1,243,285	989,085	1,035,730
	1,423,952	1,363,846	1,268,893	1,405,265
	3,316,877	3,574,867	3,318,121	4,146,233
	238,901	271,982	350,481	528,626
	3,013,404	2,271,189	2,280,430	3,463,864
	15,318,476	14,866,297	14,581,280	17,545,672
				17,491,092
				18,861,022
	1,179,741	1,396,395	1,617,010	1,653,756
	5,547,655	5,749,040	6,262,229	6,860,710
	1,827,692	1,848,175	3,231,023	2,135,159
	1,461,734	1,403,256	1,718,351	1,854,616
	967,991	1,121,905	1,294,178	1,053,737
	4,896,700	4,216,946	2,451,652	11,211,555
				5,357,364
	680,000	345,000	355,000	420,000
	205,925	169,628	312,139	425,058
	16,767,438	16,250,345	17,241,552	25,614,691
				19,563,935
				20,102,030
	(1,448,962)	(1,384,048)	(2,660,302)	(8,069,019)
				(2,062,843)
				(1,241,008)
		2,275,000	-	9,180,000
		51,960	47,082	67,581
	262,667	4,159,689	5,101,950	79,972
	4,484,192	(2,905,704)	(4,426,950)	3,856,096
	(3,471,752)			5,119,617
	1,275,077	3,960,945	722,082	(2,799,176)
				(4,404,817)
				2,846,565
				3,573,385
\$	(173,895)	\$ 2,196,897	\$ (1,938,220)	\$ 2,315,454
				783,722
	7.4%	3.5%	4.5%	6.0%
				6.7%
				7.7%

## Last Ten Fiscal Years

1927.07

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		0 220

(A) Voter approved referendums are levied against market value rather than tax capacity value of the taxing authority.

City of White Bear Lake, Minnesota  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2020				2011			
	Tax Capacity Value	Rank	Percentage of Total City Tax Capacity Value		Tax Capacity Value	Rank	Percentage of Total City Tax Capacity Value	
White Bear Woods Apartments	\$ 559,129	1	1.55%		\$ 224,813	3	0.95%	
Xcel Energy	476,394	2	1.32%					
White Bear Marketplace	320,388	3	0.89%					
Trane Corporation	272,946	4	0.76%					
The Waters of White Bear Lake	265,000	5	0.74%		266,172	2	1.12%	
Aspen Research	245,654	6	0.68%					
Birch Lake Townhomes	245,125	7	0.68%		176,768	6	0.74%	
White Bear Shopping Center	232,576	8	0.63%		201,262	5	0.85%	
The Pillars of White Bear Lake	226,000	9	0.63%		148,532	9	0.63%	
Taylor Corporation	203,040	10	0.56%		269,250	1	1.13%	
Sam's Club					209,250	4	0.88%	
K Mart Corporation					163,250	7	0.69%	
Festival Foods					155,250	8	0.65%	
Life Time Fitness					133,840	10	0.56%	
Cummins Sales and Services								
Total	\$ 3,046,252		8.46%		\$ 1,948,387		7.64%	
Total Tax Capacity of City	\$ 35,992,838				\$ 23,760,537			

Source: Ramsey County and Washington County

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City of White Bear Lake, Minnesota  
Property Tax Levies and Collections  
For the Last Ten Fiscal Years

Fiscal Year	Total Levy	(1) Collection of Current Year's Levy	Percentage of Levy Collected	Collections/ Refunds in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
2011	\$ 4,666,000	\$ 4,337,357	92.96%	328,643	\$ 4,666,000	100.00%
2012	4,666,000	4,624,251	99.11%	41,749	4,666,000	100.00%
2013	4,755,000	4,734,372	99.57%	20,628	4,755,000	100.00%
2014	4,755,000	4,606,634	96.89%	148,066	4,755,000	100.00%
2015	4,845,000	4,841,359	99.92%	3,641	4,845,000	100.00%
2016	4,927,000	4,876,320	99.01%	44,987	4,923,307	99.93%
2017	5,173,000	5,076,444	98.13%	96,917	5,167,361	99.89%
2018	5,625,000	5,540,565	98.50%	72,126	5,612,691	99.78%
2019	6,345,000	6,236,360	98.32%	91,649	6,330,009	99.76%
2020	6,908,000	6,846,046	99.10%	*	6,846,046	99.10%

(1) Includes state paid property tax credits.

City of White Bear Lake, Minnesota  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	Special Assessment Bonds	Tax Increment Financing Bonds	Tax Abatement Bonds	Revenue Bonds	Bonds		
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,070,000
2012	2,555,000	2,650,000	-	-	-	-	5,205,000
2013	2,555,000	2,195,000	-	-	-	-	4,750,000
2014	2,340,000	1,745,000	-	-	-	-	4,085,000
2015	2,125,000	1,280,000	-	-	-	-	3,405,000
2016	1,920,000	3,415,000	-	-	-	-	5,335,000
2017	1,720,000	3,260,000	-	-	-	-	4,980,000
2018	7,436,187	3,035,000	3,336,394	-	-	-	13,807,581
2019	9,332,390	2,800,000	3,336,090	-	-	-	15,468,480
2020	12,825,993	2,560,000	3,210,784	919,389	-	-	19,516,166

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



City of White Bear Lake, Minnesota  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amount Restricted to Debt Service	Net General Bonded Debt	Market Value of Property	Percentage of Market Value of Property	Assessed Value of Property
2011	\$ 3,070,000	\$ 346,322	\$ 2,723,678	\$2,229,171,400	0.12%	\$ 26,562,635
2012	5,205,000	341,258	4,863,742	2,003,279,800	0.24%	24,106,237
2013	4,750,000	258,435	4,491,565	2,001,867,700	0.22%	22,430,009
2014	4,085,000	192,389	3,892,611	2,018,498,400	0.19%	22,862,159
2015	3,405,000	127,709	3,277,291	2,139,511,900	0.15%	23,883,184
2016	5,335,000	103,228	5,231,772	2,208,426,900	0.24%	24,679,181
2017	4,980,000	139,623	4,840,377	2,558,489,600	0.19%	29,199,673
2018	13,740,000	122,200	13,617,800	2,739,232,500	0.50%	31,468,763
2019	15,468,480	1,847,261	13,621,219	2,804,152,700	0.49%	33,431,934
2020	19,516,166	2,265,278	17,250,888	3,116,819,600	0.55%	35,992,638

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

Personal Income	Percentage of Personal Income	Population	Per Capita
\$ 1,199,083,236	0.26%	23,797	\$ 129.01
1,218,273,900	0.43%	23,820	218.51
1,286,899,744	0.37%	24,074	197.31
1,497,574,000	0.27%	24,100	169.50
1,347,975,564	0.25%	24,159	140.94
1,458,514,512	0.37%	24,138	221.02
1,458,514,512	0.34%	25,001	199.19
1,491,125,376	0.93%	25,512	541.22
1,550,188,536	1.00%	25,752	600.67
1,601,568,384	1.22%	25,752	757.85

Percentage of Assessed Value of Property	Population	Per Capita
10.25%	23,797	\$ 114.45
20.18%	23,820	204.19
20.02%	24,074	186.57
17.18%	24,100	161.52
13.72%	24,159	135.66
21.20%	24,138	216.74
16.58%	25,001	193.61
43.27%	25,512	533.78
40.74%	25,752	528.94
47.93%	25,752	669.89

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City of White Bear Lake, Minnesota  
Computation of Direct and Overlapping  
Bonded Debt and Comparative Debt Ratios  
December 31, 2020

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to Government
<b>Direct Debt:</b>			
Special Assessments	\$ 12,825,993	100.00%	\$ 12,825,993
Tax Increment	2,560,000	100.00%	2,560,000
Tax Abatement	3,210,784	100.00%	3,210,784
Revenue	919,389	100.00%	919,389
Subtotal	<u>19,516,166</u>		<u>19,516,166</u>
City of White Bear Lake	<u>19,516,166</u>	100.00%	<u>19,516,166</u>
<b>Overlapping Debt:</b>			
Ramsey County	145,182,927	4.88%	7,085,092
Washington County	109,689,089	0.14%	151,806
Independent School District #622	(7,878,483)	0.11%	(8,829)
Independent School District #624	296,724,527	33.28%	98,751,677
Independent School District #832	42,358,379	2.08%	880,148
Independent School District #916	75,365,000	7.95%	5,992,465
Metropolitan Council - Parks	(7,114,518)	1.00%	(71,145)
Metropolitan Council - Regional Transit	235,500,146		2,355,001
Total overlapping debt	<u>889,827,067</u>	1.00%	<u>115,136,214</u>
Total direct and overlapping debt	<u>\$ 909,343,233</u>		<u>\$ 134,652,380</u>

Source: Information obtained from Ramsey County and Washington County.

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

City of White Bear Lake, Minnesota  
Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Years		
	2011	2012	2013
Debt limit	\$ 64,046,034	\$ 55,413,426	\$ 60,099,952
Total net debt applicable to limit	-	-	-
Legal debt margin	\$ 64,046,034	\$ 55,413,426	\$ 60,099,952
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	0.00%	0.00%

Market value	\$ 3,116,819,600
Debt limit - 3.00% of market value (Note A)	\$ 93,504,568
Total bonded debt	19,516,166
Less (Note B)	
Tax Increment Bonds	2,560,000
Special Assessment Bonds	12,825,993
Revenue Bonds	919,389
Total debt applicable	16,305,382
Legal debt margin	3,210,784

The debt limit percentage of market value was established at 3.00% beginning in fiscal year 2011.

Note A:

M.S.A. Section 475.53 (Limit on Net Debt)

"Subdivision 1. Generally, except as otherwise provided in Sections 475.51 to 475.75 to municipality, except a school district or a city of the first class shall incur or be subject to a net debt in excess of 3.00% of the market value of taxable property in the municipality.

Note B:

M.S.A. Section 475.51 (Definitions) "Subdivision 4. Net Debt means the amount remaining after deducting from its gross debt the aggregate of the principal of the following":

- Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
- Warrants or orders having no definite or fixed maturity
- Obligations payable wholly from the income from revenue-producing conveniences.
- Obligations issued to create or maintain a permanent improvement revolving funds.
- Obligations issued for the acquisition, and betterment of public water works systems and public lighting, heating or power systems and of any combinations thereof, or for any combination thereof, or for any other public convenience from which a revenue is or may be derived.
- Amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those deductible under this subdivision.
- All other obligations which under the provisions of the law authorizing their issuance are not to be included in computing the net debt of the municipality.

City of White Bear Lake, Minnesota - Water Fund  
Revenue Bond Coverage  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses (A)	Net Revenue Available for Debt Service	Principal	Interest
2011	\$ 1,276,191	\$ 1,162,080	\$ 114,111	\$ -	\$ -
2012	1,325,913	1,176,610	149,303	-	-
2013	1,125,785	1,141,053	(15,268)	-	-
2014	1,130,956	1,385,574	(254,618)	-	-
2015	1,043,648	1,113,192	(69,544)	-	-
2016	1,366,067	1,318,148	47,919	-	-
2017	1,375,334	1,398,799	(23,465)	-	-
2018	1,647,495	1,441,743	205,752	-	-
2019	1,653,482	1,271,411	382,071	-	-
2020	2,007,058	2,290,738	(283,680)	-	7,995

(A) Direct Operating Expenses exclude related depreciation.

	Fiscal Years					
	2015	2016	2017	2018	2019	2020
	\$66,276,306	\$70,917,876	\$ 77,077,101	\$ 82,176,975	\$ 87,849,879	\$ 93,504,588
	-	-	-	-	-	3,210,784
	\$66,276,306	\$70,917,876	\$ 77,077,101	\$ 82,176,975	\$ 87,849,879	\$ 90,293,804
	0.00%	0.00%	0.00%	0.00%	0.00%	3.43%

Total Debt Requirements	Coverage
\$ -	0.00%
-	0.00%
-	0.00%
-	0.00%
-	0.00%
-	0.00%
-	0.00%
-	0.00%
-	0.00%
-	0.00%
7,985	-3548.22%

City of White Bear Lake, Minnesota  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	School District Enrollment (3)	Ramsey County Unemployment Rate (4)
2011	23,797	\$ 1,199,083,236	\$ 50,388	8,000	7.20%
2012	23,820	1,218,273,900	51,145	7,946	6.40%
2013	24,074	1,286,899,744	53,456	8,056	5.30%
2014	24,100	1,497,574,000	62,140	8,019	4.30%
2015	24,159	1,347,975,564	55,796	8,038	3.10%
2016	24,138	1,458,514,512	60,424	8,206	3.50%
2017	25,001	1,458,514,512	58,338	8,551	2.80%
2018	25,512	1,491,125,376	58,448	8,593	2.70%
2019	25,752	1,550,188,536	60,197	8,602	2.90%
2020	25,752	1,601,568,384	62,192	8,602	4.70%

Sources:

- (1) Metropolitan Council
- (2) U.S. Department of Labor
- (3) White Bear Lake Area School District
- (4) Minnesota Department of Economic Development - Ramsey County rate

City of White Bear Lake, Minnesota  
Principal Employment Industries  
Current Year and Nine Years Ago

Employer	2020			2011		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Educational Services	2,034	1	17.40%	1,735	1	15.71%
Retail Trade	1,352	2	11.56%	1,544	2	13.98%
Health Care and Social Assistance Services	1,311	3	11.21%	1,438	3	13.02%
Accommodation and Food Services	1,152	4	9.85%	1,183	4	10.71%
Manufacturing	1,067	5	9.13%	910	5	8.24%
Professional, Scientific and Technical Services	823	6	7.04%	458	8	4.15%
Administrative, Support, Waste Management, and Remediation	761	7	6.51%	614	7	5.56%
Wholesale Trade Services	716	8	6.12%	382	10	3.46%
Other Services (except Public Administration)	678	9	5.80%			0.00%
Finance and Insurance Services	453	10	3.87%	414	9	3.75%
Other Executive Public Administrative				809	6	7.32%
Total Industries Listed	10,347		88.50%	9,487		85.89%
Total City Employment	11,692			11,045		

Source: Minnesota Department of Employment and Economic Development's website [www.mn.gov/deed](http://www.mn.gov/deed)

City of White Bear Lake, Minnesota  
Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

	Fiscal Years			
	2011	2012	2013	2014
General government				
Legislative	0.65	0.65	0.65	0.65
Administration	1.75	1.75	1.75	1.55
Finance	4.80	4.90	4.90	4.90
City Hall	1.00	1.00	1.00	1.00
Elections	0.15	0.15	0.20	0.20
Planning	3.00	3.00	3.00	3.00
Public Safety				
Police	31.75	31.81	31.81	31.81
Dispatch	5.35	5.35	5.75	5.75
Fire	2.75	2.75	2.75	2.75
Building / Code Enforcement	5.00	5.00	5.00	5.00
Public Works				
Streets	4.70	4.70	4.70	4.70
Engineering	6.00	6.00	6.00	6.00
Garage	1.30	1.30	1.30	1.30
Public Works Facility				
Parks and recreation	4.70	5.70	5.70	5.70
Armory	-	-	-	-
Surface Water	-	-	-	-
Sports Center	3.85	3.85	3.85	3.85
Counseling Center	5.60	-	-	-
Economic Development	-	-	-	-
Water	4.80	4.80	4.80	4.80
Sewer	3.50	4.50	4.50	4.50
Refuse	0.60	0.60	0.60	0.35
Ambulance	3.25	3.25	3.25	7.25
License Bureau	7.85	8.35	9.75	9.80
Total	102.35	99.41	101.06	104.86

Note: Details regarding the City's full time equivalents can be found in the City's budget document.

City of White Bear Lake, Minnesota  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

	Fiscal Years			
	2011	2012	2013	2014
Building				
Building permits issued	777	762	795	740
Other permits issued	1,366	1,503	1,401	1,332
Police				
Number of Calls for Service	29,000	27,466	27,659	28,293
Administrative Citations				
City	378	309	338	295
State	273	292	291	455
Total	651	601	629	750
Fire				
Fire calls*	132	115	104	130
Staged responses (Silent)*	286	278	315	361
Rescue calls*	67	103	111	114
Staffed responses*	-	-	-	-
Call-back responses*	-	-	-	-
Parks				
Reservations	279	259	267	268
Water				
Gallons pumped	885,638,000	963,288,000	902,001,000	805,400,000
Water main breaks	11	23	18	23
Refuse				
Accounts serviced each week	7,575	7,579	7,585	7,597
Ambulance				
Ambulance calls	2,786	2,842	2,841	2,971
License Bureau				
Motor Vehicle transactions	92,361	89,623	88,226	88,192
Drivers License transactions	17,859	19,112	18,372	18,547
DNR licenses	6,290	6,719	6,685	6,184
Game and Fish licenses	584	1,049	969	845

Note: Details regarding the City's operating indicators can be found in the annual finance director's summary to the City

\* In 2018, the fire department no longer has staged responses or rescue calls - fire calls are now classified as either staffed responses or call-back responses.

	Fiscal Years			
	2015	2016	2017	2018
	0.65	0.50	0.50	0.50
	1.55	2.30	2.50	2.50
	4.90	5.00	5.00	5.00
	1.00	1.40	2.00	2.00
	0.25	0.40	0.20	-
	3.00	3.00	4.00	3.00
	31.81	32.01	32.01	32.40
	5.75	5.50	5.50	2.75
	2.75	3.00	3.00	1.75
	5.00	5.00	6.00	6.00
	4.70	4.20	4.20	4.00
	6.00	6.00	6.00	6.00
	1.30	1.30	1.30	1.00
	-	-	-	0.80
	5.70	6.40	6.40	6.00
	0.35	0.35	0.35	0.35
	-	0.50	0.50	0.50
	3.50	3.50	3.50	4.15
	-	-	-	-
	-	-	0.50	1.50
	4.80	4.70	4.70	4.70
	4.50	4.40	4.40	4.40
	0.70	-	-	-
	7.25	7.25	7.25	13.75
	8.90	10.10	11.10	11.30
	104.36	106.81	110.31	114.45
				116.95
				112.75

City of White Bear Lake, Minnesota  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

	Fiscal Years			
	2011	2012	2013	2014
Public Safety				
Police				
Stations	1	1	1	1
Patrol Vehicles	17	17	18	18
Fire				
Stations	2	2	2	2
Fire trucks (1)	6	6	6	6
Rescue boats with motors	2	2	2	2
Public Works				
Streets				
Miles	114.81	114.81	114.81	114.81
Street lights	515	515	515	515
Parks and recreation				
Public Docks (1)	9	9	9	9
Outdoor ice rinks	5	5	5	5
Playgrounds	11	11	11	11
Softball fields	13	13	13	13
Basketball court	2	2	2	2
Disc golf course	1	1	1	1
Sports Center				
Indoor ice rink	1	1	1	1
Racquetball courts	4	5	5	5
Water				
Miles of water mains	126.81	126.81	126.81	126.81
Fire hydrants	907	907	907	907
Water tower storage	5,000,000	5,000,000	5,000,000	5,000,000
Sewer				
Miles of storm sewers	49.72	50.02	50.02	50.02
Miles of sanitary sewers	120.36	120.36	120.36	120.36

Sources: Various city departments

Note:

(1) Street miles listed on this report includes City, County, MSA, State and Private mileage within the City limits.

	Fiscal Years				
	2015	2016	2017	2018	2019
968	883	1,156	1,091	1,024	1,024
1,537	1,479	1,461	1,584	1,575	1,575
24,270	26,475	28,491	26,538	27,396	22,499
309	207	44	30	21	10
352	292	383	409	336	137
661	499	427	439	357	147
126	115	229	-	-	-
339	359	226	-	-	-
104	136	129	-	-	-
-	-	-	300	510	822
-	-	-	503	282	120
242	240	311	342	311	175
777,995,000	815,073,000	813,123,000	731,118,167	717,745,028	727,055,858
11	13	16	17	22	9
7,662	7,660	7,654	7,601	7,530	7,539
2,739	2,631	2,948	3,047	3,619	3,289
94,280	94,842	90,085	88,923	80,122	48,739
18,634	18,696	17,724	18,090	20,880	6,609
6,214	6,676	5,747	6,316	5,938	4,162
648	538	500	439	292	55



		Fiscal Years				
2015	2016	2017	2018	2019	2020	
1 17	1 19	1 19	1 20	1 19	1 19	
2 6 2	2 6 2	2 6 2	2 6 2	2 6 2	2 5 2	
114.81 515	114.81 515	114.81 515	114.81 523	114.81 529	114.81 (1) 529	
9 5 11 13 2 2 1	9 5 11 13 2 1	9 5 11 13 2 1	9 5 11 13 5 1	9 5 11 13 5 1	9 5 11 13 5 1	
1 5	1 5	1 5	1 5	1 5	1 5	
126.81 907 5,000,000	126.81 907 5,000,000	126.81 907 5,000,000	126.95 908 5,000,000	127.08 909 5,000,000	127.08 909 5,000,000	
50.61 120.36	50.61 120.36	50.61 120.36	50.97 120.36	51.21 120.36	51.21 120.36	

**FORM OF LEGAL OPINION**

(See following pages)



Offices in  
Minneapolis  
Saint Paul  
St. Cloud

Fifth Street Towers  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402  
(612) 337-9300 telephone  
(612) 337-9310 fax  
kennedy-graven.com  
Affirmative Action, Equal Opportunity Employer

\$ \_\_\_\_\_  
City of White Bear Lake, Minnesota  
General Obligation Improvement Bonds  
Series 2022A

We have acted as bond counsel to the City of White Bear Lake, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement Bonds, Series 2022A (the “Bonds”), originally dated June 2, 2022, and issued in the original aggregate principal amount of \$ \_\_\_\_\_. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from special assessments levied or to be levied on property specially benefited by local improvements and ad valorem taxes for the Issuer’s share of the cost of the improvements, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated June \_\_\_, 2022 at Minneapolis, Minnesota.

WH110-68 (JAE)  
793863v1

## BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

(See following pages)

\$ \_\_\_\_\_  
City of White Bear Lake, Minnesota  
General Obligation Improvement Bonds  
Series 2022A

CONTINUING DISCLOSURE CERTIFICATE

June \_\_, 2022

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of White Bear Lake, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement Bonds, Series 2022A (the “Bonds”), in the original aggregate principal amount of \$ \_\_\_\_\_. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to \_\_\_\_\_ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Improvement Bonds, Series 2022A, issued by the Issuer in the original aggregate principal amount of \$ \_\_\_\_\_.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed Final Official Statement, dated May \_\_, 2022, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;



or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of White Bear Lake, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means \_\_\_\_\_.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

### Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2021, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. U.S. Census Data/Population Trend
5. Employment/Unemployment Data

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

**CITY OF WHITE BEAR LAKE,  
MINNESOTA**

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Mayor

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City Manager

## APPENDIX E

### TERMS OF PROPOSAL

#### **\$3,025,000\* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2022A CITY OF WHITE BEAR LAKE, MINNESOTA**

Proposals for the purchase of \$3,025,000\* General Obligation Improvement Bonds, Series 2022A (the "Bonds") of the City of White Bear Lake, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on May 10, 2022, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

#### **PURPOSE**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, by the City for the purpose of financing various public improvements within the City. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

#### **DATES AND MATURITIES**

The Bonds will be dated June 2, 2022, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$180,000	2029	\$195,000	2034	\$210,000
2025	185,000	2030	195,000	2035	215,000
2026	185,000	2031	200,000	2036	220,000
2027	185,000	2032	205,000	2037	225,000
2028	190,000	2033	205,000	2038	230,000

#### **ADJUSTMENT OPTION**

\* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

#### **TERM BOND OPTION**

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

## INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

## BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

## PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

## OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

## DELIVERY

On or about June 2, 2022, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

## LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

## **SUBMISSION OF PROPOSALS**

Proposals must not be for less than \$2,988,700 plus accrued interest on the principal sum of \$3,025,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

**A good faith deposit ("Deposit") in the amount of \$60,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.



## **AWARD**

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

## **BOND INSURANCE**

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

## **CUSIP NUMBERS**

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

## **QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## **CONTINUING DISCLOSURE**

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

## **NEW ISSUE PRICING**

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5<sup>th</sup>) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

#### **PRELIMINARY OFFICIAL STATEMENT**

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of White Bear Lake, Minnesota

# PROPOSAL FORM

The City Council  
City of White Bear Lake, Minnesota (the "City")

May 10, 2022

RE: \$3,025,000\* General Obligation Improvement Bonds, Series 2022A (the "Bonds")  
DATED: June 2, 2022

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ \_\_\_\_\_ (not less than \$2,988,700) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2024	_____ % due	2029	_____ % due	2034
_____ % due	2025	_____ % due	2030	_____ % due	2035
_____ % due	2026	_____ % due	2031	_____ % due	2036
_____ % due	2027	_____ % due	2032	_____ % due	2037
_____ % due	2028	_____ % due	2033	_____ % due	2038

\* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

**The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

**A good faith deposit ("Deposit") in the amount of \$60,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about June 2, 2022.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.  
YES: \_\_\_\_ NO: \_\_\_\_.

If the competitive sale requirements are not met, we elect to use either the: \_\_\_\_ 10% test, or the \_\_\_\_ hold-the-offering-price rule to determine the issue price of the Bonds.

As set forth in the Terms of Proposal, this proposal shall be cancelled and deemed to be withdrawn in the event that the competitive sale requirements are not satisfied and the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds (such terms are used as described in the Terms of Proposal), unless we affirmatively confirm this proposal and agree to comply with the hold-the-offering-price rule no later than 90 (ninety) minutes after receiving notification that the City has determined to apply the hold-the-offering-price rule to any maturity of the Bonds. If we provide that confirmation orally, we will promptly confirm it in writing. If we do not confirm our proposal within the required time period (as set forth in this paragraph), this proposal shall be cancelled and deemed to be withdrawn. The City thereupon may award the Bonds to another bidder, or the City may cancel the sale of the Bonds, as set forth in the Terms of Proposal.

Account Manager: \_\_\_\_\_ By: \_\_\_\_\_  
Account Members: \_\_\_\_\_

**Award will be on a true interest cost basis.** According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from June 2, 2022 of the above proposal is \$ \_\_\_\_\_ and the true interest cost (TIC) is \_\_\_\_\_ %.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of White Bear Lake, Minnesota, on May 10, 2022.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_