



AGENDA
REGULAR MEETING OF THE CITY COUNCIL OF
THE CITY OF WHITE BEAR LAKE, MINNESOTA
TUESDAY, JUNE 23, 2020
7:00 P.M. IN THE COUNCIL CHAMBERS

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF MINUTES

A. Minutes of the Regular City Council Meeting on June 9, 2020

3. APPROVAL OF THE AGENDA

4. VISITORS AND PRESENTATIONS

Nothing scheduled

5. PUBLIC HEARINGS

Nothing scheduled

6. LAND USE

Nothing scheduled

7. UNFINISHED BUSINESS

Nothing scheduled

8. ORDINANCES

Nothing scheduled

9. NEW BUSINESS

A. Resolution accepting White Bear Lions Club donation for an All Abilities Park

B. Resolution accepting bids and awarding contract for the 2020 Miscellaneous Concrete Project, City Project No. 20-05

C. Resolution approving a General Obligation Bond Sale

10. CONSENT

A. Acceptance of April Minutes of the White Bear Lake Conservation District

B. Resolution accepting the 2019 Comprehensive Annual Finance Report (CAFR)

- C. Resolution accepting work and authorizing final payment to Forest Lake Contracting, Inc. for the completion of the 2018 Street Reconstruction Project, City Project No; 17-04, 18-01 & 18-06

11. DISCUSSION

- A. Manitou Days

12. COMMUNICATIONS FROM THE CITY MANAGER

- A. License Bureau Services

13. ADJOURNMENT



**MINUTES
REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF WHITE BEAR LAKE, MINNESOTA
TUESDAY, JUNE 9, 2020
7:00 P.M. IN THE COUNCIL CHAMBERS**

1. CALL TO ORDER AND ROLL CALL

Mayor Jo Emerson called the meeting to order at 7:00 p.m. under MN Statute Section 13D.021, in which the City Council will be conducting its meetings during this emergency by electronic means until further notice. The clerk took roll call attendance for Councilmembers: Doug Biehn, Kevin Edberg, Steven Engstran, Dan Jones and Bill Walsh. Staff in attendance were City Manager Ellen Hiniker, Assistant City Manager Rick Juba, Community Development Director Anne Kane, Housing and Economic Development Coordinator Tracy Shimek, Public Works Director/City Engineer Paul Kauppi, Finance Director Kerri Kindsvater, City Clerk Kara Coustry and City Attorney Troy Gilchrist.

2. APPROVAL OF MINUTES

A. Minutes of the Regular City Council Meeting on May 26, 2020

It was moved by Councilmember **Biehn** seconded by Councilmember **Jones**, to approve the Minutes of the Regular City Council Meeting on May 26, 2020.

Walsh Aye
Biehn Aye
Jones Aye
Edberg Aye
Engstran Aye

Motion carried unanimously.

3. APPROVAL OF THE AGEND

Mayor Emerson added events of the past couple of weeks under Discussion.

Councilmember Walsh moved 10D to 9C.

It was moved by Councilmember **Walsh** seconded by Councilmember **Jones**, to approve the Agenda as amended.

Walsh Aye
Biehn Aye
Jones Aye
Edberg Aye
Engstran Aye

Motion carried unanimously.

4. VISITORS AND PRESENTATIONS

A. Brad Falteysek – 2019 Audit Report

Brad Falteysek, the City’s Auditor from Abdo, Eick & Meyers, presented the City’s Audit report whereby a clean, unmodified opinion was issued. As reported in prior years, Mr. Falteysek noted the City’s tax rate, tax per capita, debt per capita and debt service rates are much lower than the City’s peers.

In response to Councilmember Walsh, Mr. Falteysek assured Council the audit reviews the controls put in place to ensure checks and balances over the banking process.

5. PUBLIC HEARINGS

Nothing scheduled

6. LAND USE

A Consent

1. Consideration of a Planning Commission recommendation for approval of a request by Therese Faison for a Special Home Occupation Permit at 4445 Lincoln Avenue (Case No. 20-1-SHOP). **Resolution 12593**

It was moved by Councilmember **Biehn**, seconded by Councilmember **Jones** to adopt the Land Use Consent Agenda.

Walsh Aye
Biehn Aye
Jones Aye
Edberg Aye
Engstran Aye

Motion carried unanimously.

B. Non-Consent

Nothing scheduled

7. UNFINISHED BUSINESS

Nothing scheduled

8. ORDINANCES

Nothing scheduled

9. NEW BUSINESS

A. Resolution authorizing Century Hills Housing Revenue Conduit Debt

Finance Director Kindsvater provided the following report:

The Century Hills Partners Limited Partnership has owned a multifamily affordable rental housing project within the City for many years. The City Council adopted a resolution for preliminary approval of conduit debt issuance for the rehabilitation and equipment of the housing facility at the December 11, 2018 council meeting. To complete the process, the City issued revenue conduit bonds with an aggregate principal amount of \$6,000,000 on May 8, 2019 to provide short-term tax-exempt financing for the project.

The project did not move forward due to an increase in project costs. Century Hills Partners is now asking the City to issue additional conduit revenue bonds on a tax-exempt basis in an amount not to exceed \$250,000 for them to complete the project.

To begin the process of securing additional funding, the resolution presented tonight gives preliminary approval of the conduit bond issuance and allows Century Hills to amend their housing program application and submit a request to obtain additional bonding authority allocation from the State of Minnesota.

If the State of Minnesota grants the additional bonding authority, there will need to be a new public hearing regarding the project and another City Council resolution authorizing the issuance of conduit bonds in an amount not to exceed \$6,250,000 to refinance the short-term financing of the prior note with the additional project costs.

Just as a reminder regarding conduit debt issuances, the federal tax code allows for a tax exemption that must flow through cities in the form of conduit debt in order to give non-profit organizations a break on their interest rate. The reason behind the tax exemption is to promote non-profit activities.

Century Hills is not a non-profit agency; however, there is a provision in the tax code that permits this exemption for for-profit developers if they are doing something for the public good. In this case, providing affordable housing to low income renters is considered being for the public good.

It was moved by Councilmember **Jones**, seconded by Councilmember **Engstran** to adopt **Resolution No. 12594** authorizing Century Hills Housing Revenue Conduit Debt.

Walsh Aye
Biehn Aye
Jones Aye
Edberg Aye
Engstran Aye

Motion carried unanimously.

B. Resolution accepting bids and awarding contract for the 2020 Sanitary Sewer Lining, City Project No. 20-07

Public Works Director/City Engineer Kauppi forwarded the Engineering Department's recommendation to line $\frac{3}{4}$ of a mile of sewer for the 2020 Sanitary Sewer Lining Projects. He explained that out of 124 total miles of sewer, 20 are non-concerning PVC and this year's recommended sewer lining projects will bring the City up to 15 miles lined since 1994.

Mr. Kauppi said this year a pressure grouting process will be used in Cottage Park due to its proximity to the lake and because the pipes are in great shape, but the joints have been infiltrated. He explained that a machine pushes a cement-like material under pressure through the joints, which hardens on contact with water. Mr. Kauppi said this process is very economical compared to a full lining of the pipe.

Mr. Kauppi reported that four (4) bids were received with Visu-Sewer, Inc. submitting the lowest, responsible base bid of \$67,776.25 plus bid alternates A1 and A2 in the amount of \$13,542.00 for a total contract of \$81,318.25. He forwarded staff's recommendation to accept the bid and award the 2020 Sanitary Sewer Lining Project to them.

It was moved by Councilmember **Biehn**, seconded by Councilmember **Engstran** to adopt **Resolution No. 12595** accepting bids and awarding contract for the 2020 Sanitary Sewer Lining, City Project No. 20-07.

Walsh Aye
Biehn Aye
Jones Aye
Edberg Aye
Engstran Aye

Motion carried unanimously.

C. Resolution approving a gambling premises license for Ski Otters at Admiral D's

City Manager Hiniker reported the City received a gambling endorsement from Midwest Ski Otters in accordance with state statutes. She explained, the City's ordinance provides for up to three endorsed locations per organization, which if approved, Admiral D's would be the third location in addition to Cabin 61 and Hollihan's Pub. She reported that approval of the premises license is conditioned upon City's receipt of an application and license fee from Admiral D's.

Councilmember Walsh inquired as to any strife behind this expansion, to which Ms. Hiniker offered assurance this request falls within the guidelines of three premises, whereas others have asked for gambling in a fourth location.

It was moved by Councilmember **Walsh**, seconded by Councilmember **Biehn** to adopt **Resolution No. 12597** approving a gambling premises license for Ski Otters at Admiral D's.

Walsh Aye
Biehn Aye
Jones Aye
Edberg Aye
Engstran Aye

Motion carried unanimously.

10. CONSENT

- A. Acceptance of Minutes: April Environmental Advisory Commission, April Park Commission, May Planning Commission
- B. Resolution certifying miscellaneous private property assessment for recovery of City expenses. **Resolution No. 12596**
- C. Resolution approving massage establishment licenses. **Resolution No. 12598**
- D. Resolution approving extension to compliance deadlines for a subsurface sewage treatment system. **Resolution No. 12599**

It was moved by Councilmember **Jones** seconded by Councilmember **Walsh**, to approve the Consent Agenda as amended.

11. DISCUSSION

A. Racial Equity

Rather than make a statement, Mayor Emerson preferred action to words and proposed a time-defined taskforce comprised of citizens to review what is working and what is not working in the City. She wanted to hear first-hand accounts of issues that people experience in hopes of identifying policy changes to facilitate racial equity.

City Manager Hiniker noted staff is eager to engage in this work. She forwarded emails to the Council from residents who asked for community-wide conversations to discuss racial equity issues such as implicit bias. Ms. Hiniker referenced other emails in support of the Police Department, as well as data requests for arrest and traffic statistics, and welcomed a public dialog regarding the Police Department and general city-wide practices. She expressed full confidence in the dedicated men and women serving in the Police Department, with a progressive and thoughtful Police Chief overseeing the department. She also acknowledged opportunities for growth and awareness in all areas of public service.

Ms. Hiniker recalled the 2017, year-long racial equity cohort, attended by the Mayor, Police Chief, Captains, a Sergeant, Code Enforcement and Management and through deep reflection have identified internal practices that the City continues to address. She mentioned the Police Chief provides yearly officer training and recently arranged for a city-wide training related to refugees and asylees.

Ms. Hiniker recognized the need for continued community awareness and conversation. She mentioned that the Rotary Club and Greater White Bear Lake Community Foundation are also having discussions about equity and inclusion work.

Mayor Emerson recommended the book, *A Good Time for the Truth: Race in Minnesota*, which is comprised of short essays about personal experiences that provide insight to the experiences of black, indigenous and other people of color in Minnesota.

Councilmember Biehn was interested in learning more about the bias awareness and crisis intervention training provided to our police officers. He suggested participating in, or gaining an overview of the training so he can better convey that experience to constituents. He mentioned in his 40-year law enforcement career, junior officers are not trained on how to intervene with a senior officer, which is what would have been needed in the George Floyd case.

Councilmember Edberg requested the following actions:

1. Council adopt a formal charge/scope of work for the committee, which includes resources, staff time and access to data.
2. Consider two public conversations with the community to help define that charge to avoid a white-dominant culture telling itself how to evaluate its work.
3. Systemic racism exists in all parts of society, not just police, he suggested a broader review of all department policies for racism and implicit bias.
4. Each should challenge your own commitment to learning, reflecting and engaging.

Councilmember Jones said racism is written into the constitution and while he finds value in community conversation, he does not believe it will change those who are racist. He cautioned about a knee jerk response and suggested polling the residents to find out what is broken, citing .005 % use of force response rate in White Bear Lake.

Mayor Emerson said she knows the City can do more and looks forward to working through identifying policy changes to make processes easier.

12. COMMUNICATIONS FROM THE CITY MANAGER

- Memorial Beach buoys were placed 100 feet from the swimming area, which created tension with boaters last year, and may again this year. The Ramsey County Sheriff's Department will be enforcing what staff feels is justified placement of buoys.
- Placement of picnic tables in expanded public downtown spaces has been well-received. Continued provision of temporary public spaces will be balanced with parking needs expressed by the businesses.
- ReGrow White Bear Lake campaign is growing. Lisa Beecroft created a website for local businesses that are open and providing services. Tracy Shimek and Ms. Beecroft will also be working on webinars for local businesses.
- All services are handled by appointment only system and operations continue to be monitored daily.

13. ADJOURNMENT

There being no further business before the Council, it was moved by Councilmember **Jones** seconded by Councilmember **Engstran** to adjourn the regular meeting at 8:15 p.m.

Walsh Aye
Biehn Aye
Jones Aye
Edberg Aye
Engstran Aye

Motion carried unanimously

Jo Emerson, Mayor

ATTEST:

Kara Coustry, City Clerk



City of White Bear Lake
City Manager's Office

MEMORANDUM

To: Mayor and Council

From: Ellen Hiniker, City Manager

Date: June 10, 2020

Subject: Donation from the White Bear Lions Club – All Abilities Park

BACKGROUND / SUMMARY

In July 2019, the White Bear Lake Lion's Club, through its gambling proceeds, donated \$25,000 to the City of White Bear Lake's Park Improvement Fund and is prepared to donate an additional \$25,000 this year. The donations are designated for the establishment of an All Abilities Park.

Parks Department staff has been meeting with a representative from the Lions Club to develop an equipment and trail layout, which will be located near the existing playground at Lakewood Hills. At an estimated cost of \$200,000, the project is still a few years out.

RECOMMENDED COUNCIL ACTION

Staff recommends the Council adopt the attached resolution to formally recognize the White Bear Lake Lions Club donation of funds to the Park Improvement Fund for the construction of an All Abilities Park.

ATTACHMENTS

Resolution

RESOLUTION NO.

A RESOLUTION ACCEPTING A DONATION FROM THE WHITE BEAR LAKE LION'S CLUB TO THE CITY OF WHITE BEAR LAKE

WHEREAS, the City of White Bear Lake is generally authorized to accept donations of real and personal property pursuant to Minnesota Statutes Section 465.03 for the benefit of its citizens, and is specifically authorized to accept gifts; and

WHEREAS, in July, 2019, the White Bear Lions Club contributed \$25,000 to the City of White Bear Lake Park Improvement Fund to go toward the construction of an All Abilities Park; and

WHEREAS, the White Bear Lions Club contributed another \$25,000 to the City of White Bear Lake Park Improvement Fund to go toward the construction of an All Abilities Park; and

WHEREAS, all such donations have been contributed to the City for the benefit of its citizens, as allowed by law; and

WHEREAS, the City Council finds that it is appropriate to accept the donation offered.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of White Bear Lake that the \$25,000 donation is accepted and shall be allocated to the All Abilities Park Project.

The foregoing resolution offered by Councilmember **X** and supported by Councilmember **X**, was declared carried on the following vote:

Ayes:

Nays:

Passed:

Jo Emerson, Mayor

ATTEST:

Kara Coustry, City Clerk



City of White Bear Lake
City Engineer's Office

MEMORANDUM

To: Ellen Hiniker, City Manager

From: Paul Kauppi, Public Works Director/City Engineer

Date: June 23, 2020

Subject: **Awarding Contract for the 2020 Miscellaneous Concrete Project
City Project 20-05**

BACKGROUND / SUMMARY

Quotes were received on June 17, 2020 for the 2020 Miscellaneous Concrete Project. The miscellaneous concrete contract includes removing and repairing existing sections of concrete throughout the City. The City undertakes miscellaneous concrete projects on a regular basis to improve the overall appearance and safety of the concrete sidewalks, curbs and other concrete surfaces throughout the City.

Five quotes were received with L'Allier Concrete Inc. of Hugo, MN submitting the lowest quote of \$58,744.00. This contract amount is well within the 2020 Miscellaneous Concrete budget of \$65,000 and \$15,000 from the Municipal Building fund for repairs to the Fire Station 2 driveway entrance.

RECOMMENDED COUNCIL ACTION

Staff recommends the City Council receive the bids and award a contract to L'Allier Concrete Inc. for \$58,744.00 for the 2020 Miscellaneous Concrete Project.

ATTACHMENTS

Resolution

RESOLUTION NO.:_____

**RESOLUTION ACCEPTING QUOTES AND AWARDING CONTRACT
FOR THE 2020 MISCELLANEOUS CONCRETE PROJECT
CITY PROJECT NO. 20-05**

WHEREAS, the Engineering Department prepared specifications for construction of the 2020 Miscellaneous Concrete Project; and

WHEREAS, the following quotes complying with the request for proposals and specifications were received, opened, and tabulated according to law:

CONTRACTOR	QUOTE
L'Allier Concrete Inc.	\$58,744.00
Pember Companies Inc.	\$62,779.20
Ti-Zack Concrete, Inc.	\$69,719.50
Blackstone Contractors, LLC	\$99,698.50
Ebert, Inc.	\$124,715.00

WHEREAS, it appears that L'Allier Concrete Inc. is the lowest responsible respondent.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of White Bear Lake, Minnesota that:

1. The Mayor and City Clerk are hereby authorized and directed to enter into contract with L'Allier Concrete Inc. in the amount of \$58,744.00 as approved by the City Council and on file in the office of the City Engineer.
2. The City Clerk is hereby authorized and directed to return forthwith to all respondents the deposits made with their quotes, except that the deposits of the successful respondent and the next lowest respondent shall be retained until a contract has been signed.

The foregoing resolution offered by Council Member _____ and supported by Council

Member _____ was declared carried on the following vote:

Ayes:
Nays:
Passed:

Jo Emerson, Mayor

ATTEST:

Kara Coustry, City Clerk



City of White Bear Lake
Finance Department
MEMORANDUM

To: Ellen Hiniker, City Manager
From: Kerri Kindsvater, Finance Director
Date: June 18, 2020
Subject: Resolution awarding the sale of general obligation bonds

BOND RATING

City staff participated in a bond-rating interview with Shelly Eldridge of Ehlers and Associates and Augustin Kazakevicius of S&P Global Ratings on Thursday, June 4, 2020 as part of the current bond sale process.

On June 12, 2020, S&P Global Ratings assigned its AA+ long-term rating to the City of White Bear Lake's general obligation (GO) bonds, series 2020A and affirmed their AA+ long-term rating on the city's outstanding GO debt. They stated their outlook is stable.

These strong ratings are attributed to the City Council's accomplishments in developing and implementing long-range financial plans and policies in recent years. The City's AA+ bond rating remains one-step below the highest possible rating of AAA.

The report noted that they believe the city maintains sufficient reserves to mitigate immediate pressures associated with the uncertainties of COVID-19 and the subsequent recession due to consecutive years of surplus operating results. The following items contributed to the rating and its classification of a stable outlook for the rating:

1. Very strong economy, with access to a broad and diverse metropolitan statistical area.
2. Strong management, with good financial policies and practices under the S&P Global Ratings Financial Management Assessment methodology.
3. Adequate budgetary performance, with operating results that they expect could deteriorate in the near term relative to fiscal 2019, which closed with operating surpluses in the general fund and at the total governmental fund level.
4. Very strong budgetary flexibility, with an available fund balance in fiscal 2019 of 45% of operating expenditures.
5. Very strong liquidity, with total government available cash at 2.0x total governmental fund expenditures and 33.1x governmental debt service, and access to external liquidity we consider strong.
6. Weak debt and contingent liability profile, with debt service carrying charges at 6.1% of expenditures and net direct debt that is 110.6% of total governmental fund revenue, as well as significant medium-term debt plans.

7. Strong institutional framework score.

A copy of the rating report is included in the attached.

BOND SALE

The City, through its municipal adviser, Ehlers and Associates, will receive bids on the bond sale at 10:00am on Tuesday, June 23, 2020. At that time, a report and related resolution will be prepared and distributed for the City Council to consider at its meeting that evening.

PRELIMINARY OFFICIAL STATEMENT

Attached for Council's information is the Preliminary Official Statement for the:

\$4,880,000 General Obligation Bonds, Series 2020A

RatingsDirect®

Summary:

White Bear Lake, Minnesota; General Obligation

Primary Credit Analyst:

Augustin Kazakevicius, Centennial + 1 (303) 721 4782; augustin.kazakevicius@spglobal.com

Secondary Contact:

Jessica Akey, Chicago + 1 (312) 233 7068; jessica.akey@spglobal.com

Table Of Contents

Rating Action

Stable Outlook

Credit Opinion

Related Research

Summary:

White Bear Lake, Minnesota; General Obligation

Credit Profile

US\$4.88 mil GO bnds ser 2020A due 02/01/2041

Long Term Rating AA+/Stable New

White Bear Lake GO

Long Term Rating AA+/Stable Affirmed

Rating Action

S&P Global Ratings assigned its 'AA+' long-term rating to White Bear Lake, Minn.'s general obligation (GO) bonds, series 2020A. At the same time, we affirmed our 'AA+' long-term rating on the city's outstanding GO debt. The outlook is stable.

Proceeds from the bonds will be used to finance street improvement and infrastructure projects, and capital equipment purchases. Securing the bonds is the city's full faith, credit, and unlimited taxing powers. The city anticipates that debt service payments will be paid from special assessments, utility revenues, and ad valorem property taxes. We rate to the GO pledge.

Credit overview

The city has experienced some minimal impacts from the COVID-19 pandemic and the recession, though we note that uncertainties regarding further effects on state funding or tax-based revenues could affect the city's financial performance. We believe the city maintains sufficient reserves to mitigate immediate pressure from these uncertainties. Located in the Minneapolis-St. Paul metropolitan statistical area (MSA), its local economy experiences continued residential and commercial development, despite some smaller businesses closing due to the economic situation. Consecutive years of surplus operating results have sustained very strong reserves. We do note that the city's additional debt plans, unless postponed, could increase its debt burden, resulting in a weaker overall debt profile. Based on these factors, we anticipate the city's credit profile will remain relatively stable in the near term.

The rating further reflects our view of White Bear Lake's:

- Very strong economy, with access to a broad and diverse MSA;
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Adequate budgetary performance, with operating results that we expect could deteriorate in the near term relative to fiscal 2019, which closed with operating surpluses in the general fund and at the total governmental fund level;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2019 of 45% of operating expenditures;
- Very strong liquidity, with total government available cash at 2.0x total governmental fund expenditures and 33.1x governmental debt service, and access to external liquidity we consider strong;

- Weak debt and contingent liability profile, with debt service carrying charges at 6.1% of expenditures and net direct debt that is 110.6% of total governmental fund revenue, as well as significant medium-term debt plans; and
- Strong institutional framework score.

Environmental, social, and governance factors

Our rating incorporates our view regarding the health and safety risks posed by the COVID-19 pandemic. Absent the implications of COVID-19, we note that the city of White Bear Lake is one of just six cities to participate in the Climate-Smart Municipalities Exchange Program, which is a program pairing selected cities with German counterparts to develop goals and strategies for community efforts in the areas of conservation, renewable energy, transportation, waste reduction, water supply, and natural resources. We believe opportunities from further development and research in environmental projects could benefit the city's local economy and reduce future environmental costs. In our view, the city's environmental efforts reflect social opportunities that we consider in line with sector peers. We note that ongoing protests and property damage to the Minneapolis area and certain suburbs has not affected White Bear Lake, but we will continue to monitor for potential emerging social risks in this area. The city's governance risks align with our view of the sector on the whole.

Stable Outlook

Downside scenario

If the city's financial performance were to weaken due to imbalance or recession, resulting in reserves that are no longer comparable with those of similarly rated peers, we could lower the rating.

Upside scenario

If the city's local economy were to improve, demonstrated by higher income indicators, comparable with those of higher-rated peers, we could raise the rating.

Credit Opinion

Very strong economy

We consider White Bear Lake's economy very strong. The city, with an estimated population of 25,875, is located in Ramsey and Washington counties in the Minneapolis-St. Paul-Bloomington, Minn.-Wis., MSA, which we consider broad and diverse. The city has a projected per capita effective buying income of 120% of the national level and per capita market value of \$111,326. The city's market value grew by 7.4% over the past year to \$2.9 billion in 2019. The weighted-average unemployment rate of the counties was 3.0% in 2019.

The city's net tax capacity is very diverse, composed primarily of residential (72.6%) and commercial/industrial (25.1%), with the top 10 taxpayers accounting for 9% of the net tax capacity. Overall, the city has seen net tax capacity grow approximately 14.5% over the past three years.

The city has experienced some impacts from the COVID-19 pandemic and the recession. Management indicates that some small businesses have closed permanently but that the city is actively working with economic development

groups to promote the regrowth of the community. Its largest employers and taxpayers have remained relatively stable due in part to increased sales for grocery stores and rapid adaptability to an online model for Century College, the city's second-largest employer (1,000 employees).

We understand that the city has continued to experience fairly sizable economic developments and that future developments are expected to include commercial and residential. Management also indicated the continued development of the metropolitan transit system with bus lines being extended further into the city. Residents have access to ample employment throughout the MSA, and robust opportunities exist within the city.

While management expects continued growth, due to continued residential and commercial development, we believe it could experience some slowdown if effects from the pandemic and the recession were prolonged.

Strong management

We view the city's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or regularly monitor all of them.

The city uses two to five years of historical data and available outside sources when preparing budgets. Budget-to-actual reports are shared with the council monthly. The city also maintains a 10-year long-term financial plan and a five-year capital improvement plan, both updated annually. Officials have indicated they are currently incorporating the long-term financial plan into more council meetings and discussions. The city has a formal investment management policy and shares investment holdings with the council monthly. The city maintains a formal fund balance policy of 35% to 50% of expenditures and adheres to state guidelines for its debt management policy.

Adequate budgetary performance

White Bear Lake's budgetary performance is adequate, in our opinion. The city had operating surpluses of 10.4% of expenditures in the general fund and of 6.8% across all governmental funds in fiscal 2019. Our assessment accounts for the fact that we expect budgetary results could deteriorate somewhat from 2019 results in the near term.

While the city is experiencing some effects from the COVID-19 pandemic and the recession, it has not yet had to make significant adjustments to its budget. Initial revenues came in slightly lower than last year, but that variance is mainly due to a recoding of revenue items. Building permits have continued to be high and are projected to outpace last year's permits. Any loss in revenues has been mitigated by savings in expenditures, due to cancelled staff trainings and other savings. Given these factors, the city continues to budget for a break-even result in fiscal 2020 and current estimates are in line with projections. Management continues to look proactively at further expenditure cuts if needed.

Although budgetary performance has generated net positive results in the past three fiscal years, we believe the pressures resulting from the pandemic and recession could pose budgetary challenges in the near term. The budgetary performance score of adequate reflects our view of budgetary uncertainty facing the city in the current economic climate. Impacts could materialize in cuts to state funding or tax-based weaknesses. In fiscal 2019, property taxes represented 56.6% of general fund revenues, followed by intergovernmental revenues at 22% of general fund revenues.

In fiscal 2019, the surplus operating result of approximately \$1.1 million resulted from a combination of conservative revenue budgeting and savings across departments. Building permit revenues came in better than budgeted, and some

staff vacancies remained unfilled.

Very strong budgetary flexibility

White Bear Lake's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2019 of 45% of operating expenditures, or \$4.9 million. We expect the available fund balance to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

City officials have indicated that they do not intend to draw down general fund reserves in the next few years. We believe the city is well positioned to mitigate some immediate pressures from the COVID-19 pandemic and the recession.

Very strong liquidity

In our opinion, White Bear Lake's liquidity is very strong, with total government available cash at 2.0x total governmental fund expenditures and 33.1x governmental debt service in 2019. In our view, the city has strong access to external liquidity if necessary.

At the close of fiscal 2019, the city had approximately \$32.3 million in cash and cash equivalents across total government funds and \$1.9 million in its enterprise funds. We believe that the city has strong access to external liquidity because it has issued GO debt regularly over the past 20 years, which demonstrates access to capital markets. We do not believe the city's investment practices are aggressive, as it has a formal investment management policy that restricts the authorized investments. The city does not have any direct placement obligations or contingent liabilities that could impair its liquidity.

Weak debt and contingent liability profile

In our view, White Bear Lake's debt and contingent liability profile is weak. Total governmental fund debt service is 6.1% of total governmental fund expenditures, and net direct debt is 110.6% of total governmental fund revenue. Negatively affecting our view of the city's debt profile are its significant medium-term debt plans.

Following the 2020A issuance, the city will have approximately \$19.4 million in debt outstanding. City officials indicated that they are considering additional debt plans of up to \$21.5 million in the next two years. Depending on the current economic conditions and potential effects from the recession, the city could choose to postpone some of these plans. With the city's current estimates for additional borrowing needs, we believe the debt profile could approach a level we consider very weak. The city does not use alternative financing.

Pension and other postemployment benefit (OPEB) obligations

White Bear Lake's pension and OPEB contributions totaled 5.9% of total governmental fund expenditures in 2018. The city made 100% of its annual required pension contribution in 2018.

- We do not believe that pension liabilities represent a medium-term credit pressure, as contributions are only a modest share of the budget and we believe the city has the capacity to absorb higher costs without pressuring operations.
- The city's two largest multiple-employer, defined-benefit pension plans have seen improvements in funded status in recent years, though plan statutory contributions have regularly fallen short of actuarial recommendations. Along with certain plan-specific actuarial assumptions and methods, this introduces some long-term risk of funding

volatility and cost acceleration.

- Although the city funds its OPEBs on a pay-as-you-go basis, exposing it to cost acceleration and volatility, we expect that medium-term costs will remain only a small share of total spending and, therefore, not a significant budgetary pressure.

The city participates in the following defined-benefit plans:

- Minnesota General Employees Retirement Fund (GERF): 80.2% funded (as of June 30, 2019), with a city proportionate share of the plan's net pension liability, estimated at \$3.6 million;
- Minnesota Police and Fire Fund (PEPFF): 89.3% funded (June 30, 2019), with a proportionate share of \$3.4 million;
- A single-employer pension plan for members of the White Bear Lake Fire Department: 100% funded with a net pension asset of \$1.7 million approximately; and
- A single-employer OPEB plan, which is funded on a pay-as-you-go basis with a net OPEB liability of \$1.3 million.

Total contributions to GERF and PEPFF were 89.02% and 93.72%, respectively, of our minimum funding progress metric in 2019 and were just above static funding in both cases. Annual contributions are based on a statutory formula that has typically produced contributions less than the actuarially determined contribution for each plan, which we think increases risk of underfunding over time if future funding shortfalls are not met with offsetting adjustments by the state legislature. Other key risks include a 7.5% investment rate of return assumption (for both plans) that indicates some exposure to cost acceleration due to market volatility, and an amortization method that significantly defers contributions into the future through a lengthy, closed amortization period based on a level 3.25% payroll growth assumption. Regardless, costs remain only a modest share of total spending and, in our view, are unlikely to pressure the city's medium-term operational health.

Strong institutional framework

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019
- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020
- 2019 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of June 12, 2020)		
White Bear Lake GO tax abatement bnds		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
White Bear Lake GO tax incre rev bnds (Boathouse Redevelopment Tax Incre Proj)		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

Summary: White Bear Lake, Minnesota; General Obligation

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2020 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 11, 2020

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)

\$4,880,000* GENERAL OBLIGATION BONDS, SERIES 2020A

PROPOSAL OPENING: June 23, 2020, 10:00 A.M., C.T.

CONSIDERATION: June 23, 2020, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,880,000* General Obligation Bonds, Series 2020A (the "Bonds") are being issued pursuant to Minnesota Statutes, Section 410.32 and 412.301 and Chapters 429, 444 and 475, by the City of White Bear Lake, Minnesota (the "City") for the purposes of financing: (i) the construction of various assessable public improvements; (ii) the construction of various utility system improvements; and (iii) the acquisition of capital equipment. 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: July 16, 2020

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2022	\$340,000	2029	\$355,000	2036	\$165,000
2023	335,000	2030	355,000	2037	145,000
2024	335,000	2031	205,000	2038	155,000
2025	340,000	2032	155,000	2039	155,000
2026	340,000	2033	155,000	2040	160,000
2027	345,000	2034	160,000	2041	165,000
2028	350,000	2035	165,000		

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, 2021 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2031 and thereafter are subject to call for prior optional redemption on February 1, 2030 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$4,821,440.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$97,600 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 nor shall there be any sale of 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.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT.	1	FINANCIAL STATEMENTS.	A-1
THE BONDS.	1	FORM OF LEGAL OPINION.	B-1
GENERAL.	1	BOOK-ENTRY-ONLY SYSTEM.	C-1
OPTIONAL REDEMPTION.	2	FORM OF CONTINUING DISCLOSURE CERTIFICATE.	D-1
AUTHORITY; PURPOSE.	2	TERMS OF PROPOSAL.	E-1
ESTIMATED SOURCES AND USES.	2		
SECURITY.	3		
RATING.	4		
CONTINUING DISCLOSURE.	4		
LEGAL OPINION.	5		
TAX EXEMPTION.	5		
QUALIFIED TAX-EXEMPT OBLIGATIONS.	6		
MUNICIPAL ADVISOR.	6		
MUNICIPAL ADVISOR AFFILIATED COMPANIES.	6		
INDEPENDENT AUDITORS.	7		
RISK FACTORS.	7		
VALUATIONS.	10		
OVERVIEW.	10		
CURRENT PROPERTY VALUATIONS.	11		
2019/20 NET TAX CAPACITY BY CLASSIFICATION.	12		
TREND OF VALUATIONS.	12		
LARGER TAXPAYERS.	13		
DEBT.	14		
DIRECT DEBT.	14		
SCHEDULES OF BONDED INDEBTEDNESS.	15		
DEBT LIMIT.	20		
OVERLAPPING DEBT.	21		
DEBT RATIOS.	22		
DEBT PAYMENT HISTORY.	22		
FUTURE FINANCING.	22		
TAX RATES, LEVIES AND COLLECTIONS.	23		
TAX LEVIES AND COLLECTIONS.	23		
TAX CAPACITY RATES.	24		
LEVY LIMITS.	24		
THE ISSUER.	25		
CITY GOVERNMENT.	25		
EMPLOYEES; PENSIONS; UNIONS.	25		
POST EMPLOYMENT BENEFITS.	25		
LITIGATION.	25		
MUNICIPAL BANKRUPTCY.	26		
FUNDS ON HAND.	26		
ENTERPRISE FUNDS.	27		
SUMMARY GENERAL FUND INFORMATION.	29		
GENERAL INFORMATION.	30		
LOCATION.	30		
LARGER EMPLOYERS.	30		
BUILDING PERMITS.	31		
U.S. CENSUS DATA.	32		
EMPLOYMENT/UNEMPLOYMENT DATA.	32		

CITY OF WHITE BEAR LAKE CITY COUNCIL

		<u>Term Expires</u>
Jo Emerson	Mayor	January 2022
Doug Biehn	Council Member	January 2022
Kevin Edberg	Council Member	January 2022
Steven Engstran	Council Member	January 2024
Dan Jones	Council Member	January 2024
Bill Walsh	Council Member	January 2024

ADMINISTRATION

Ellen Hiniker, 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 \$4,880,000* General Obligation Bonds, Series 2020A (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 June 23, 2020.

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 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 July 16, 2020. 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, 2021, 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 2022 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, 2031 shall be subject to optional redemption prior to maturity on February 1, 2030 or any date thereafter, at a price of par plus accrued interest.

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, Section 410.32 and 412.301 and Chapters 429, 444 and 475, by the City, for the purposes of financing: (i) construction of the 2020 Street Improvement Projects (the "Improvement Portion"); (ii) the construction of water system improvements (the "Utility Revenue Portion"); and (iii) the acquisition of capital equipment (the "Equipment Portion").

All equipment financed with the proceeds of the Equipment Portion has an expected useful life at least as long as the term of the Equipment Portion of the Bonds. The par amount of the Equipment Portion of the Bonds does not exceed 0.25% of the estimated market value of taxable property within the City. The estimated market value of taxable property within the City for taxes collectible in 2020 is \$2,916,971,900. Therefore, the maximum par amount of the Equipment Portion of the Bonds cannot exceed \$7,292,295.

ESTIMATED SOURCES AND USES*

Sources	Improvement Portion	Utility Revenue Portion	Equipment Portion	Total Bond Issue
Par Amount of Bonds	\$2,675,000	\$930,000	\$1,275,000	\$4,880,000
Prepaid Assessments	151,781	-	-	151,781
Cash Contribution	<u>938,000</u>	<u>-</u>	<u>-</u>	<u>938,000</u>
Total Sources	\$3,764,781	\$930,000	\$1,275,000	\$5,969,781
Uses				
Total Underwriter's Discount (1.200%)	\$32,100	\$11,160	\$15,300	\$58,560
Costs of Issuance	43,852	15,246	20,902	80,000
Deposit to Capitalized Interest (CIF) Fund	29,797	-	12,043	41,840
Deposit to Project Construction Fund	3,657,196	904,350	1,225,000	5,786,546
Rounding Amount	<u>1,835</u>	<u>(756)</u>	<u>1,756</u>	<u>2,835</u>
Total Uses	\$3,764,781	\$930,000	\$1,275,000	\$5,969,781

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Improvement Portion	Utility Revenue Portion	Equipment Portion	Total Bond Issue
2/01/2022	\$165,000	\$40,000	\$135,000	\$340,000
2/01/2023	160,000	40,000	135,000	335,000
2/01/2024	160,000	40,000	135,000	335,000
2/01/2025	160,000	40,000	140,000	340,000
2/01/2026	160,000	40,000	140,000	340,000
2/01/2027	160,000	40,000	145,000	345,000
2/01/2028	160,000	45,000	145,000	350,000
2/01/2029	160,000	45,000	150,000	355,000
2/01/2030	160,000	45,000	150,000	355,000
2/01/2031	160,000	45,000	-	205,000
2/01/2032	110,000	45,000	-	155,000
2/01/2033	110,000	45,000	-	155,000
2/01/2034	110,000	50,000	-	160,000
2/01/2035	115,000	50,000	-	165,000
2/01/2036	115,000	50,000	-	165,000
2/01/2037	95,000	50,000	-	145,000
2/01/2038	100,000	55,000	-	155,000
2/01/2039	100,000	55,000	-	155,000
2/01/2040	105,000	55,000	-	160,000
2/01/2041	<u>110,000</u>	<u>55,000</u>	<u>-</u>	<u>165,000</u>
Total	\$2,675,000	\$930,000	\$1,275,000	\$4,880,000

*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 on the Improvement Portion of the Bonds 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.

The City anticipates that the debt service on the Utility Revenue Portion of the Bonds will be paid entirely from net revenues of the water system ("utility revenues") which is owned and operated by the City. Receipt of net utility revenues will be sufficient to provide not less than 105% of principal and interest on the Utility Revenue Portion of the Bonds as required by Minnesota law.

The City anticipates that the debt service on the Equipment Portion of the Bonds will be paid from ad valorem property taxes. Ad valorem taxes will be levied in an amount 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 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 always comply with this requirement, 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 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 excluded from gross income of the owners thereof for purposes of federal income taxation and is excluded from taxable net income of individuals, estates or 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. For purposes hereof, the applicable percentage is 5.25% divided by the highest rate in effect under Section 11(b) of the Code.

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, 2019 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. The City expects delivery of the draft basic financial statements for Fiscal Year 2019 to be presented and subject to final approval by the City Council on June 9, 2020.

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 and utility revenues) 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 President Trump declaring 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. After notifying the Legislature on April 13, 2020 and again on May 13, 2020, the Governor issued Executive Orders extending the peacetime emergency declared in Emergency Executive Order 20-01. On April 23, 2020, the Governor also signed Emergency Executive Order 20-41 which directed the Commissioner of Education to extend the Distance Learning Period for Minnesota's students through the end of the 2019-2020 school year. On June 5, 2020, the Governor signed Emergency Executive Order 20-74 which outlines guidelines for continuing to safely reopen Minnesota's economy and ensuring safe non-work activities during the COVID-19 peacetime emergency. This order is effective as of June 10, 2020 and outlines the guidelines for continuing to lift the restrictions that were identified in prior Executive Orders signed by the Governor.

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	2017/18	2018/19	2019/20
Residential homestead ¹	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 ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% ² Over \$1,940,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
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 ⁴ - 1.25% Affordable Rental: First \$121,000 - .75% Over \$121,000 - .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 ⁴ - 1.25% Affordable Rental: First \$139,000 - .75% Over \$139,000 - .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 ⁴ - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

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

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ 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.

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

CURRENT PROPERTY VALUATIONS

2018/19 Economic Market Value¹ \$2,880,555,996²

2019/20 Assessor's Estimated Market Value

	Ramsey County	Washington County	Total
Real Estate	\$2,839,462,300	\$45,752,500	\$2,885,214,800
Personal Property	<u>31,254,500</u>	<u>448,600</u>	<u>31,703,100</u>
Total Valuation	<u><u>\$2,870,716,800</u></u>	<u><u>\$46,201,100</u></u>	<u><u>\$2,916,917,900</u></u>

2019/20 Net Tax Capacity

	Ramsey County	Washington County	Total
Real Estate	\$32,277,372	\$537,572	\$ 32,814,944
Personal Property	<u>608,018</u>	<u>8,972</u>	<u>616,990</u>
Net Tax Capacity	\$32,885,390	\$546,544	\$ 33,431,934
Less: Captured Tax Increment Tax Capacity ³	(529,588)	0	(529,588)
Fiscal Disparities Contribution ⁴	<u>(3,414,814)</u>	<u>(50,229)</u>	<u>(3,465,043)</u>
Taxable Net Tax Capacity	\$28,940,988	\$496,315	\$ 29,437,303
Plus: Fiscal Disparities Distribution ⁴	<u>4,074,417</u>	<u>62,916</u>	<u>4,137,333</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$33,015,405</u></u>	<u><u>\$559,231</u></u>	<u><u>\$ 33,574,636</u></u>

¹ Most recent value available from the Minnesota Department of Revenue.

² According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the portion of the City in Ramsey County is about 95.03% 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 94.10%. 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 an Economic Market Value ("EMV") for the City of \$2,880,555,996.

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

⁴ 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.

2019/20 NET TAX CAPACITY BY CLASSIFICATION

	2019/20 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$17,540,265	52.47%
Commercial/industrial	8,392,923	25.10%
Railroad operating property	151,668	0.45%
Non-homestead residential	6,714,817	20.09%
Commercial & residential seasonal/rec.	15,271	0.05%
Personal property	616,990	1.85%
Total	<u>\$33,431,934</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent +/- in Estimated Market Value
2015/16	\$2,208,426,900	\$2,067,827,600	\$24,679,181	\$24,913,258	+3.28%
2016/17	2,363,681,200	2,227,082,600	26,661,124	27,133,307	+7.03%
2017/18	2,558,489,600	2,428,404,100	29,188,259	29,521,650	+8.24%
2018/19	2,736,553,900	2,613,069,100	31,402,196	31,648,353	+6.96%
2019/20	2,916,917,900	2,802,689,800	33,431,934	33,574,636	+6.59%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

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

LARGER TAXPAYERS

Taxpayer	Type of Property	2019/20 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Timberland White Bear Woods LLC	Apartments	\$ 559,129	1.67%
Xcel Energy	Utility	472,362	1.41%
Menard, Inc.	Commercial	320,388	0.96%
Ventas White Bear LLC	Apartments	266,310	0.80%
CSM Investors, Inc.	Commercial	259,912	0.78%
WSL of White Bear Lake	Apartments	250,000	0.75%
Roberts Commercial Properties	Commercial	238,052	0.71%
Birch Lake Townhomes	Residential	231,250	0.69%
KTJ 255 LLC	Commercial	209,500	0.63%
Boatworks Commons LLC	Commercial	207,207	0.62%
Total		<u><u>\$3,014,110</u></u>	<u><u>9.02%</u></u>

City's Total 2019/20 Net Tax Capacity \$33,431,934

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 DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes (includes the Improvement Portion of the Bonds)*	\$ 9,590,000
Total G.O. debt secured by tax abatement revenues	3,205,000
Total G.O. debt secured by tax increment revenues	2,560,000
Total G.O. debt secured by taxes (includes the Equipment Portion of the Bonds)*	3,065,000
Total G.O. debt secured by utility revenues (includes the Utility Revenue Portion of the Bonds)*	930,000
Total General Obligation Debt*	<u>\$ 19,350,000</u>

*Preliminary, subject to change.

¹ 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 07/16/2020)

Dated Amount	Improvement Bonds Series 2012B		Improvement Bonds Series 2018A		Improvement Bonds Series 2019A		Improvement Bonds Series 2020A		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	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 \$2,675,000*	02/01				
Maturity	02/01	02/01	02/01	02/01	02/01	02/01	02/01	02/01	Total Principal	Total Interest	Total P & I	Calendar Year Ending
2020	0	0	0	0	0	0	0	0	0	106,068	106,068	2020
2021	180,000	165,000	165,000	100,000	100,000	100,000	0	57,302	445,000	263,837	708,837	2021
2022	175,000	165,000	165,000	100,000	100,000	100,000	165,000	53,855	605,000	248,265	853,265	2022
2023	165,000	170,000	170,000	105,000	105,000	105,000	160,000	51,540	600,000	232,646	832,646	2023
2024	160,000	175,000	175,000	105,000	105,000	105,000	160,000	49,180	600,000	216,588	816,588	2024
2025	155,000	180,000	180,000	110,000	110,000	110,000	160,000	46,740	605,000	200,971	805,971	2025
2026	150,000	185,000	185,000	110,000	110,000	110,000	160,000	44,140	605,000	185,753	790,753	2026
2027	100,000	190,000	190,000	110,000	110,000	110,000	160,000	41,300	560,000	170,500	730,500	2027
2028	70,000	190,000	190,000	110,000	110,000	110,000	160,000	38,260	530,000	155,660	685,660	2028
2029		195,000	195,000	115,000	115,000	115,000	160,000	35,060	470,000	141,485	611,485	2029
2030		200,000	200,000	115,000	115,000	115,000	160,000	31,700	475,000	128,175	603,175	2030
2031		205,000	205,000	95,000	95,000	95,000	160,000	28,220	460,000	115,470	575,470	2031
2032		210,000	210,000	100,000	100,000	100,000	110,000	25,195	420,000	103,164	523,164	2032
2033		215,000	215,000	100,000	100,000	100,000	110,000	22,638	425,000	90,966	515,966	2033
2034		215,000	215,000	100,000	100,000	100,000	110,000	20,025	425,000	78,500	503,500	2034
2035		225,000	225,000	100,000	100,000	100,000	115,000	17,296	440,000	65,621	505,621	2035
2036		230,000	230,000	65,000	65,000	65,000	115,000	14,479	410,000	52,791	462,791	2036
2037		235,000	235,000	65,000	65,000	65,000	95,000	11,883	395,000	40,398	435,398	2037
2038		240,000	240,000	70,000	70,000	70,000	100,000	9,445	410,000	27,770	437,770	2038
2039		245,000	245,000	75,000	75,000	75,000	100,000	6,920	420,000	14,583	434,583	2039
2040				75,000	75,000	75,000	105,000	4,280	180,000	5,405	185,405	2040
2041							110,000	1,458	110,000	1,458	111,458	2041
	1,155,000	3,835,000	3,835,000	1,925,000	1,925,000	1,925,000	2,675,000	610,915	9,590,000	2,646,072	12,236,072	

* Preliminary, subject to change.

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

2) This represents the \$2,675,000 Improvement portion of the \$4,880,000 General Obligation Bonds, Series 2020A.

**City of White Bear Lake, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Abatement Revenues
(As of 07/16/2020)**

**Tax Abatement Bonds
Series 2018B**

Dated	06/14/2018
Amount	\$3,330,000
Maturity	02/01

Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2020	0	50,625	0	50,625	50,625	3,205,000	.00%	2020
2021	125,000	99,375	125,000	99,375	224,375	3,080,000	3.90%	2021
2022	130,000	95,550	130,000	95,550	225,550	2,950,000	7.96%	2022
2023	135,000	91,575	135,000	91,575	226,575	2,815,000	12.17%	2023
2024	140,000	87,450	140,000	87,450	227,450	2,675,000	16.54%	2024
2025	145,000	83,175	145,000	83,175	228,175	2,530,000	21.06%	2025
2026	150,000	78,750	150,000	78,750	228,750	2,380,000	25.74%	2026
2027	150,000	74,250	150,000	74,250	224,250	2,230,000	30.42%	2027
2028	155,000	69,675	155,000	69,675	224,675	2,075,000	35.26%	2028
2029	160,000	64,950	160,000	64,950	224,950	1,915,000	40.25%	2029
2030	165,000	60,075	165,000	60,075	225,075	1,750,000	45.40%	2030
2031	170,000	55,050	170,000	55,050	225,050	1,580,000	50.70%	2031
2032	175,000	49,766	175,000	49,766	224,766	1,405,000	56.16%	2032
2033	180,000	44,219	180,000	44,219	224,219	1,225,000	61.78%	2033
2034	190,000	38,319	190,000	38,319	228,319	1,035,000	67.71%	2034
2035	195,000	32,063	195,000	32,063	227,063	840,000	73.79%	2035
2036	200,000	25,519	200,000	25,519	225,519	640,000	80.03%	2036
2037	205,000	18,684	205,000	18,684	223,684	435,000	86.43%	2037
2038	215,000	11,463	215,000	11,463	226,463	220,000	93.14%	2038
2039	220,000	3,850	220,000	3,850	223,850	0	100.00%	2039
	3,205,000	1,134,381	3,205,000	1,134,381	4,339,381			

City of White Bear Lake, Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Tax Incremental Revenues
 (As of 07/16/2020)

Dated Amount	Tax Increment Refunding Bonds Series 2012A		Tax Increment Revenue Bonds Series 2016A		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	04/03/2012 \$2,650,000	02/01	03/10/2016 \$2,275,000	02/01				
Maturity	Principal	Interest	Principal	Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2020	0	5,100	0	26,106	31,206	2,560,000	.00%	2020
2021	170,000	8,500	85,000	50,938	314,438	2,305,000	9.96%	2021
2022	170,000	5,100	90,000	48,313	313,413	2,045,000	20.12%	2022
2023	170,000	1,700	90,000	45,613	307,313	1,785,000	30.27%	2023
2024			95,000	42,838	137,838	1,690,000	33.98%	2024
2025			100,000	39,913	139,913	1,590,000	37.89%	2025
2026			105,000	37,363	142,363	1,485,000	41.99%	2026
2027			110,000	35,213	145,213	1,375,000	46.29%	2027
2028			115,000	32,963	147,963	1,260,000	50.78%	2028
2029			120,000	30,553	150,553	1,140,000	55.47%	2029
2030			125,000	27,918	152,918	1,015,000	60.35%	2030
2031			130,000	25,048	155,048	885,000	65.43%	2031
2032			135,000	21,933	156,933	750,000	70.70%	2032
2033			140,000	18,563	158,563	610,000	76.17%	2033
2034			145,000	15,000	160,000	465,000	81.84%	2034
2035			150,000	11,125	161,125	315,000	87.70%	2035
2036			155,000	6,931	161,931	160,000	93.75%	2036
2037			160,000	2,400	162,400	0	100.00%	2037
	510,000	20,400	2,050,000	518,725	3,099,125			

City of White Bear Lake, Minnesota
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 07/16/2020)

Dated Amount	Equipment Certificates 1) Series 2018A		Equipment Certificates 2) Series 2020A		Estimated Interest	Principal	Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	06/14/2018 \$1,855,000	02/01	07/16/2020 \$1,275,000*	02/01							
Maturity	02/01										
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	
2020	0	29,378	0	0	0	29,378	29,378	3,065,000	.00%	2020	
2021	70,000	57,706	0	23,159	70,000	80,865	150,865	2,995,000	2.28%	2021	
2022	70,000	55,256	135,000	21,288	205,000	76,544	281,544	2,790,000	8.97%	2022	
2023	75,000	52,356	135,000	19,364	210,000	71,720	281,720	2,580,000	15.82%	2023	
2024	75,000	49,356	135,000	17,373	210,000	66,729	276,729	2,370,000	22.68%	2024	
2025	80,000	46,656	140,000	15,275	220,000	61,931	281,931	2,150,000	29.85%	2025	
2026	80,000	44,256	140,000	13,000	220,000	57,256	277,256	1,930,000	37.03%	2026	
2027	85,000	41,781	145,000	10,469	230,000	52,250	282,250	1,700,000	44.54%	2027	
2028	90,000	39,156	145,000	7,714	235,000	46,870	281,870	1,465,000	52.20%	2028	
2029	90,000	36,456	150,000	4,763	240,000	41,219	281,219	1,225,000	60.03%	2029	
2030	95,000	33,681	150,000	1,613	245,000	35,294	280,294	980,000	68.03%	2030	
2031	95,000	30,831			95,000	30,831	125,831	885,000	71.13%	2031	
2032	100,000	27,844			100,000	27,844	127,844	785,000	74.39%	2032	
2033	100,000	24,719			100,000	24,719	124,719	685,000	77.65%	2033	
2034	105,000	21,450			105,000	21,450	126,450	580,000	81.08%	2034	
2035	110,000	17,956			110,000	17,956	127,956	470,000	84.67%	2035	
2036	110,000	14,313			110,000	14,313	124,313	360,000	88.25%	2036	
2037	115,000	10,516			115,000	10,516	125,516	245,000	92.01%	2037	
2038	120,000	6,475			120,000	6,475	126,475	125,000	95.92%	2038	
2039	125,000	2,188			125,000	2,188	127,188	0	100.00%	2039	
	1,790,000	642,331	1,275,000	134,015	3,065,000	776,347	3,841,347				

* Preliminary, subject to change.

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

2) This represents the \$1,275,000 Equipment Certificates portion of the \$4,880,000 General Obligation Bonds, Series 2020A.

**City of White Bear Lake, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 07/16/2020)**

**Utility Revenue Bonds 1)
Series 2020A**

Dated Amount	Maturity	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
07/16/2020 \$930,000*	02/01								
2021		0	21,036	0	21,036	21,036	930,000	.00%	2021
2022		40,000	19,915	40,000	19,915	59,915	890,000	4.30%	2022
2023		40,000	19,345	40,000	19,345	59,345	850,000	8.60%	2023
2024		40,000	18,755	40,000	18,755	58,755	810,000	12.90%	2024
2025		40,000	18,145	40,000	18,145	58,145	770,000	17.20%	2025
2026		40,000	17,495	40,000	17,495	57,495	730,000	21.51%	2026
2027		40,000	16,785	40,000	16,785	56,785	690,000	25.81%	2027
2028		45,000	15,976	45,000	15,976	60,976	645,000	30.65%	2028
2029		45,000	15,076	45,000	15,076	60,076	600,000	35.48%	2029
2030		45,000	14,131	45,000	14,131	59,131	555,000	40.32%	2030
2031		45,000	13,153	45,000	13,153	58,153	510,000	45.16%	2031
2032		45,000	12,140	45,000	12,140	57,140	465,000	50.00%	2032
2033		45,000	11,094	45,000	11,094	56,094	420,000	54.84%	2033
2034		50,000	9,965	50,000	9,965	59,965	370,000	60.22%	2034
2035		50,000	8,753	50,000	8,753	58,753	320,000	65.59%	2035
2036		50,000	7,528	50,000	7,528	57,528	270,000	70.97%	2036
2037		50,000	6,290	50,000	6,290	56,290	220,000	76.34%	2037
2038		55,000	4,978	55,000	4,978	59,978	165,000	82.26%	2038
2039		55,000	3,589	55,000	3,589	58,589	110,000	88.17%	2039
2040		55,000	2,173	55,000	2,173	57,173	55,000	94.09%	2040
2041		55,000	729	55,000	729	55,729	0	100.00%	2041
		930,000	257,049	930,000	257,049	1,187,049			

* Preliminary, subject to change.

1) This represents the \$930,000 Utility Revenue portion of the \$4,880,000 General Obligation Bonds, Series 2020A.

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 payable wholly or partly from special assessments levied against benefitted property (includes the Improvement Portion of the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences (includes the Utility Revenue Portion of the Bonds); (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 issued to pay judgments against the City; and (8) 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.

2019/20 Assessor's Estimated Market Value	\$2,916,917,900
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$ 87,507,537
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Equipment Portion of the Bonds)*	<u>(3,065,000)</u>
Unused Debt Limit*	<u><u>\$ 84,442,537</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2019/20 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt²	City's Proportionate Share
Ramsey County	\$ 663,489,369	4.9760%	\$160,510,000	\$ 7,986,978
Washington County	344,797,210	0.1622%	125,410,000	203,415
I.S.D. No. 622 (North St. Paul-Maplewood-Oakdale)	108,300,930	0.0101%	366,000,000 ³	36,966
I.S.D. No. 624 (White Bear Lake Area Schools)	96,839,739	34.0816%	315,530,000 ³	107,537,672
I.S.D. No. 832 (Mahtomedi)	27,198,229	2.0561%	42,470,000	873,226
Metropolitan Council	4,576,187,142	0.7337%	221,800,000 ⁴	<u>1,627,347</u>
City's Share of Total Overlapping Debt				<u><u>\$118,265,603</u></u>

¹ 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. 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.

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

³ 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.

⁴ 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

	G.O. Debt	Debt/Economic Market Value (\$2,880,555,996)	Debt/ Current Population Estimate (25,752)
Direct G.O. Debt Secured By:			
Special Assessments & Taxes*	\$ 9,590,000		
Tax Abatement Revenues	3,205,000		
Tax Increment Revenues	2,560,000		
Taxes*	3,065,000		
Utility Revenues*	930,000		
Total General Obligation Debt (includes the Bonds)*	<u>\$ 19,350,000</u>		
Less: G.O. Debt Paid Entirely from Revenues ¹	<u>(930,000)</u>		
Tax Supported General Obligation Debt*	\$ 18,420,000	0.64%	\$715.28
City's Share of Total Overlapping Debt	<u>\$ 118,265,603</u>	<u>4.11%</u>	<u>\$4,592.48</u>
Total*	<u><u>\$ 136,685,603</u></u>	<u><u>4.75%</u></u>	<u><u>\$5,307.77</u></u>

*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 plans to issue approximately \$6,425,000 General Obligation Bonds for additional financing in the next 12 months.

¹ 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 ¹	Total Collected Following Year	Collected to Date ²	% Collected
2015/16	\$ 4,916,903	\$ 4,879,571	\$ 4,912,623	99.91%
2016/17	5,153,829	5,099,051	5,146,319	99.85%
2017/18	5,613,338	5,569,289	5,596,693	99.70%
2018/19	6,264,478	6,215,217	6,215,217	99.21%
2019/20	7,023,088	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ 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. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The City cannot predict whether and how much payment of property taxes will be impacted. Although the County has allowed for waiver of penalties on certain properties in the county through July 15, 2020, the current estimates from the County on collections indicate that the delinquency rate is between 3% and 5%. The City has sufficient financial resources to absorb that shortfall.

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

² Collections are through December 31, 2019 for Ramsey and Washington Counties.

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

TAX CAPACITY RATES¹

	2015/16	2016/17	2017/18	2018/19	2019/20
Ramsey County w/Library	58.885%	55.850%	53.962%	52.879%	52.302%
Washington County w/Library	30.564%	30.448%	29.983%	29.682%	28.944%
City of White Bear Lake	19.690%	18.969%	19.058%	20.190%	20.629%
I.S.D. No. 622 (North St. Paul-Maplewood-Oakdale)	35.569%	33.582%	30.089%	29.039%	32.504%
I.S.D. No. 624 (White Bear Lake Area Schools)	26.236%	23.476%	23.685%	26.081%	36.777%
I.S.D. No. 832 (Mahtomedi)	34.107%	34.093%	32.162%	31.894%	29.926%
Metropolitan Council	2.379%	2.243%	2.153%	2.098%	2.587%
Metro Mosquito	0.962%	0.918%	0.880%	0.847%	0.793%
Metro Watershed	4.214%	3.813%	3.746%	3.387%	3.248%
Transit District 509	1.373%	1.307%	1.226%	1.322%	1.243%
Washington County CDA	1.529%	1.475%	1.469%	1.423%	1.356%
Ramsey County Regional Rail Authority	4.091%	3.875%	3.830%	3.886%	3.918%
Rice Creek Watershed	2.192%	2.088%	1.838%	1.858%	1.926%
Valley Branch Watershed	1.479%	1.643%	2.101%	3.652%	3.019%

Referendum Market Value Rates:

I.S.D. No. 622 (North St. Paul-Maplewood-Oakdale)	0.13668%	0.21590%	0.19486%	0.18694%	0.18509%
I.S.D. No. 624 (White Bear Lake Area Schools)	0.23536%	0.22996%	0.22280%	0.23240%	0.22380%
I.S.D. No. 832 (Mahtomedi)	0.26630%	0.25378%	0.24118%	0.27421%	0.25901%
Washington County w/Library	0.00390%	0.00378%	0.00353%	0.00330%	0.00342%

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

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.

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

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 105 full-time, 60 part-time, and 8 seasonal 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

Bargaining Unit	Expiration Date of Current Contract
Law Enforcement Labor Services Local 286	December 31, 2020
Law Enforcement Labor Services Local 169	December 31, 2020
International Operating Engineers Local 49	December 31, 2020
International Association of Firefighters-Local 5202	December 31, 2020

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 \$1,341,760 as of December 31, 2019. 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 April 30, 2020)

Fund	Total Cash and Investments
General	\$ 3,143,199
Special Revenue	3,642,760
Debt Service	990,631
Capital Projects	17,292,408
Enterprise Funds	1,723,518
Internal Service Funds	4,361,677
Escrow	626,344
Total Funds on Hand	<u><u>\$31,780,537</u></u>

ENTERPRISE FUNDS

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

	2017	2018	2019
Water			
Total Operating Revenues	\$ 1,346,252	\$ 1,626,814	\$ 1,624,983
Less: Operating Expenses	<u>(1,487,422)</u>	<u>(1,531,286)</u>	<u>(1,395,121)</u>
Operating Income	\$ (141,170)	\$ 95,528	\$ 229,862
Plus: Depreciation	<u>88,623</u>	<u>89,543</u>	<u>123,710</u>
Revenues Available for Debt Service	<u><u>\$ (52,547)</u></u>	<u><u>\$ 185,071</u></u>	<u><u>\$ 353,572</u></u>
Sewer			
Total Operating Revenues	\$ 2,737,128	\$ 3,137,600	\$ 3,301,230
Less: Operating Expenses	<u>(2,794,915)</u>	<u>(2,716,422)</u>	<u>(2,906,673)</u>
Operating Income	\$ (57,787)	\$ 421,178	\$ 394,557
Plus: Depreciation	<u>105,955</u>	<u>91,488</u>	<u>103,408</u>
Revenues Available for Debt Service	<u><u>\$ 48,168</u></u>	<u><u>\$ 512,666</u></u>	<u><u>\$ 497,965</u></u>
Refuse			
Total Operating Revenues	\$ 1,313,995	\$ 1,345,304	\$ 1,422,619
Less: Operating Expenses	<u>(1,236,535)</u>	<u>(1,292,771)</u>	<u>(1,396,203)</u>
Operating Income	\$ 77,460	\$ 52,533	\$ 26,416
Plus: Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$ 77,460</u></u>	<u><u>\$ 52,533</u></u>	<u><u>\$ 26,416</u></u>
Ambulance			
Total Operating Revenues	\$ 1,819,326	\$ 1,617,467	\$ 1,991,667
Less: Operating Expenses	<u>(1,282,847)</u>	<u>(1,892,708)</u>	<u>(2,160,914)</u>
Operating Income	\$ 536,479	\$ (275,241)	\$ (169,247)
Plus: Depreciation	<u>80,888</u>	<u>81,554</u>	<u>131,770</u>
Revenues Available for Debt Service	<u><u>\$ 617,367</u></u>	<u><u>\$ (193,687)</u></u>	<u><u>\$ (37,477)</u></u>

ENTERPRISE FUNDS CONTINUED

	2017	2018	2019
License Bureau Fund¹			
Total Operating Revenues	\$ 970,816	\$ 972,005	N/A
Less: Operating Expenses	<u>(742,296)</u>	<u>(855,380)</u>	<u>N/A</u>
Operating Income	\$ 228,520	\$ 116,625	\$ 0
Plus: Depreciation	<u>724</u>	<u>584</u>	<u>N/A</u>
Revenues Available for Debt Service	<u><u>\$ 229,244</u></u>	<u><u>\$ 117,209</u></u>	<u><u>\$ 0</u></u>

¹ 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 2018 audited financial statements.

	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited	2018 Audited	2019 Audited	2020 Adopted Budget 2)
COMBINED STATEMENT					
Revenues					
General property taxes	\$4,549,911	\$4,828,315	\$5,116,594	\$5,863,634	\$6,325,068
Licenses and permits	637,247	687,808	775,165	880,242	758,300
Fine and forfeits	92,968	89,062	78,357	87,063	93,000
Intergovernmental	2,204,002	2,431,199	2,604,171	2,276,710	2,225,297
Charges for services	455,529	489,299	562,967	660,085	723,400
Franchise fees	287,580	301,463	308,569	330,154	325,000
Investment income	0	0	90,000	169,651	115,000
Rental income	67,113	71,613	45,485	42,070	35,650
Refunds and reimbursements	9,823	7,726	9,677	4,117	3,500
Donations	3,593	2,767	2,311	2,620	2,000
Miscellaneous	9	0	1,292	46,939	3,000
Total Revenues	\$8,307,775	\$8,909,252	\$9,594,588	\$10,363,285	\$10,609,215
Expenditures					
Current:					
General government	\$1,303,029	\$1,409,774	\$1,536,389	\$1,665,419	\$1,737,872
Public safety	5,700,923	6,053,454	6,346,758	6,285,623	6,951,182
Public works	861,309	958,737	1,259,543	1,903,426	2,096,166
Parks and recreation	612,415	645,562	644,981	666,214	753,505
Community development	304,212	371,016	302,335	330,796	370,673
Debt service	0	0	0	0	0
Capital outlay	2,477	0	0	0	0
Total Expenditures	\$8,784,365	\$9,438,543	\$10,090,006	\$10,851,478	\$11,909,398
Excess of revenues over (under) expenditures	(\$476,590)	(\$529,291)	(\$495,418)	(\$488,193)	(\$1,300,183)
Other Financing Sources (Uses)					
Sale of capital asset	\$626	\$5,549	\$2,384	\$1,643	\$1,000
Transfers in	673,985	710,000	686,921	1,640,000	1,325,000
Transfers (out)	(30,000)	(25,000)	(25,000)	(25,000)	(25,000)
Total Other Financing Sources (Uses)	644,611	690,549	664,305	1,616,643	1,301,000
Net changes in Fund Balances	\$168,021	\$161,258	\$168,887	\$1,128,450	\$817
General Fund Balance January 1	\$3,275,500	\$3,443,521	\$3,604,779	\$3,773,666	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$3,443,521	\$3,604,779	\$3,773,666	\$4,902,116	
DETAILS OF DECEMBER 31 FUND BALANCE					
Unassigned	\$3,443,521	\$3,604,779	\$3,773,666	\$4,902,116	
Total	\$3,443,521	\$3,604,779	\$3,773,666	\$4,902,116	

1 The 2020 budget was adopted on December 10, 2019.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 23,797 and a current population estimate of 25,752, 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 EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 624 (White Bear Lake Area Schools)	Elementary and secondary education	1,338 ²
Century College	Post-secondary education	1,000
Trane	HVAC distributor	360 ³
Cerenity Care Center of White Bear Lake	Nursing home and senior living facilities	350
Life Time Fitness	Health club	200
Sam's Club	Discount retail store	180
City of White Bear Lake	Municipal and government services	173
Taymark Corporation	Marketing supplies	160
Saputo Dairy	Dairy products	155
International Paper	Corrugated box plant	122

Source: *ReferenceUSA, written and telephone survey (May 2020), and the Minnesota Department of Employment and Economic Development.*

¹ 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").

² Reflects total number of employees, including those outside City limits.

³ Employee count is as of May 2019.

BUILDING PERMITS

	2016	2017	2018	2019	2020 ¹
<u>New Single Family Homes</u>					
No. of building permits	9	11	12	13	1
Valuation	\$4,200,569	\$3,615,276	\$5,004,653	\$12,575,730	\$700,000
<u>New Multiple Family Buildings</u>					
No. of building permits	3	0	0	1	0
Valuation	\$15,950,000	\$0	\$0	\$25,000,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	2	4	7	0	1
Valuation	\$1,859,645	\$9,056,975	\$12,219,962	\$0	\$8,600,000
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	2,348	2,602	2,959	2,671	622
Valuation	\$20,532,848	\$27,313,169	\$31,019,963	\$27,752,697	\$9,560,613

Source: The City of White Bear Lake.

¹ As of April 30, 2020.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census population	24,325
2010 U.S. Census population	23,797
Percent of Change 2000 - 2010	-2.17%
2019 Preliminary Metropolitan Council Estimate	25,752

Income and Age Statistics

	The City	Ramsey County	State of Minnesota	United States
2018 per capita income	\$37,166	\$34,049	\$36,245	\$32,621
2018 median household income	\$70,012	\$62,304	\$68,411	\$60,293
2018 median family income	\$88,159	\$82,925	\$86,204	\$73,965
2018 median gross rent	\$1,077	\$969	\$944	\$1,023
2018 median value owner occupied units	\$215,800	\$219,400	\$211,800	\$204,900
2018 median age	42.2 yrs.	34.9 yrs.	37.9 yrs.	37.9 yrs.

	State of Minnesota	United States
City % of 2018 per capita income	102.54%	113.93%
City % of 2018 median family income	102.27%	119.19%

Housing Statistics

	<u>The City</u>		Percent of Change
	2010	2019	
All Housing Units	10,479	11,505	9.79%

Source: *The City, 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>) and 2019 Preliminary Population Estimates, Metropolitan Council (<https://metro council.org/>).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Ramsey County		Ramsey County	State of Minnesota
2016	272,995		3.6%	3.9%
2017	277,726		3.2%	3.4%
2018	281,072		2.7%	2.9%
2019	283,379		3.0%	3.2%
2020, April	260,527		9.2%	8.6%

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, 2019

CITY OF WHITE BEAR LAKE, MINNESOTA

PREPARED BY
FINANCE DEPARTMENT

Kerri Kindsvater
Finance Director

Jessica Saari
Assistant Finance Director

(Member of the Government Finance Officer's Association
of the United States and Canada)

Cover photo features the fishing pier at Veteran's Memorial Park on the shore of White Bear Lake

**CITY OF WHITE BEAR LAKE, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019**

TABLE OF CONTENTS

INTRODUCTORY SECTION	
Elected and Administrative Officials.....	11
Organizational Chart.....	12
Geographical Location.....	13
Informational Map.....	14
Historical Beginnings.....	15
Legend of White Bear Lake.....	15
Letter of Transmittal.....	17
Certificate of Achievement for Excellence in Financial Reporting.....	23
FINANCIAL SECTION	
Independent Auditor's Report.....	27
Management's Discussion and Analysis.....	31
BASIC FINANCIAL STATEMENTS	
Government - Wide Financial Statements	
Statement of Net Position.....	45
Statement of Activities.....	46
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	50
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	53
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	54
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities.....	57
Statement of Net Position - Proprietary Funds.....	58
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	62
Statement of Cash Flows - Proprietary Funds.....	64
Statement of Fiduciary Net Position.....	68
Statement of Changes in Fiduciary Net Position.....	69
Notes to Financial Statements.....	71
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund.....	112
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund.....	112
Notes to Required Supplemental Information - General Employees Retirement Fund.....	113
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund.....	115
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund.....	115
Notes to Required Supplemental Information - Public Employees Police and Fire Fund.....	116
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios.....	118
Schedule of Employer's Fire Relief Association Contributions.....	119
Schedule of Changes in Total OPEB Liability and Related Ratios.....	119
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund.....	121
Notes to Required Supplemental Information.....	126

**CITY OF WHITE BEAR LAKE, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019**

TABLE OF CONTENTS (continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Combining Balance Sheet - Non-Major Governmental Funds.....	128
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds.....	132
Combining Statement of Net Position - Non-Major Proprietary Funds.....	136
Combining Statement of Revenues, Expenses, and Changes in Net Position - Non-Major Proprietary Funds.....	137
Combining Statement of Cash Flows - Non-Major Proprietary Funds.....	138
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Army Fund.....	139
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Surface Water Pollution Prevention Fund.....	140
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Marina Fund.....	141
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Forfeiture Fund.....	142
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Sports Center Fund.....	143
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Economic Development Fund.....	144
Combining Statement of Net Position - Internal Service Funds.....	145
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds.....	146
Combining Statement of Cash Flows - Internal Service Funds.....	147
STATISTICAL SECTION (UNAUDITED)	
Statistical Section Overview.....	151
Financial Trends	
Net Position by Component.....	152
Changes in Net Position.....	154
Fund Balances, Governmental Funds.....	158
Changes in Fund Balances, Governmental Funds.....	160
Revenue Capacity	
Assessed Tax Capacity and Market Value of Property.....	162
Property Tax Rates - Direct and Overlapping Governments.....	164
Principal Property Taxpayers.....	165
Property Tax Levies and Collections.....	167
Debt Capacity	
Ratios of Outstanding Debt by Type.....	168
Ratios of General Bonded Debt Outstanding.....	170
Computation of Direct and Overlapping Bonded and Comparative Debt Ratios.....	173
Legal Debt Margin Information.....	174
Revenue Bond Coverage - Sports Center.....	176
Demographics and Economic Information	
Demographic and Economic Statistics.....	178
Principal Employment Industries.....	179
Full-time Equivalent City Government Employees by Function/Department.....	180
Operating Information	
Operating Indicators by Function/Program.....	182
Capital Asset Statistics by Function.....	184

CITY OF WHITE BEAR LAKE, MINNESOTA

Elected and Administrative Officials

December 31, 2019

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

INTRODUCTORY SECTION

CITY OF WHITE BEAR LAKE
WHITE BEAR LAKE, MINNESOTA

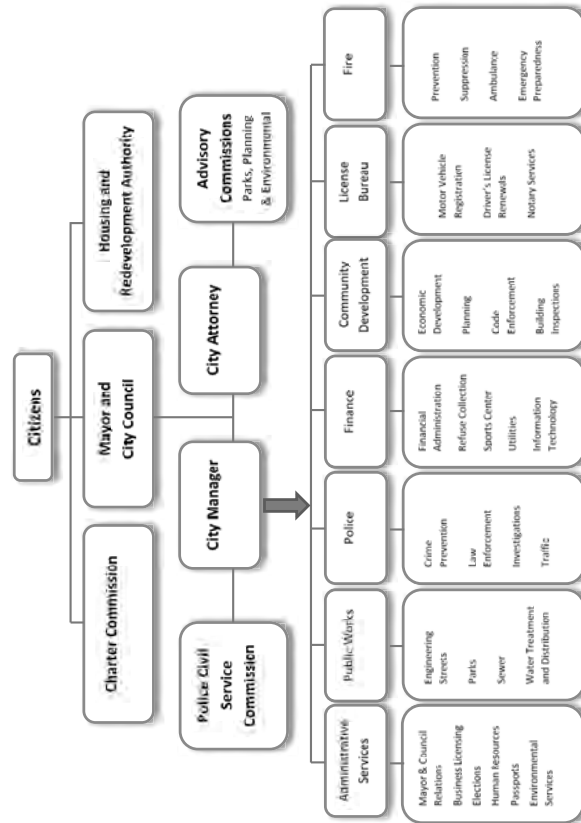
FOR THE YEAR ENDED
DECEMBER 31, 2019

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

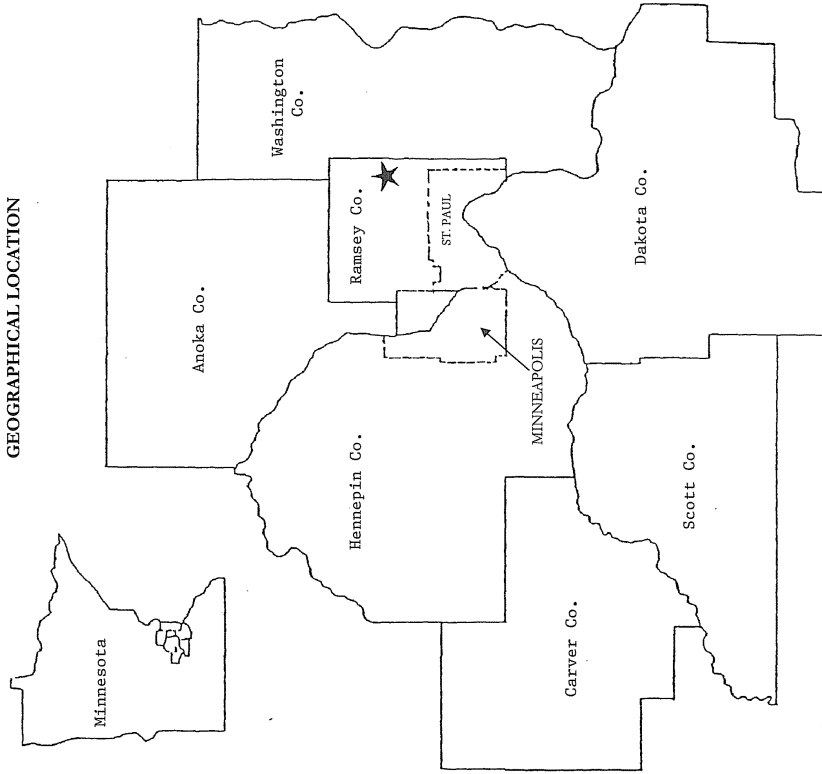


City of White Bear Lake, Minnesota Organizational Chart



CITY OF WHITE BEAR LAKE

GEOGRAPHICAL LOCATION



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

Historical Beginnings

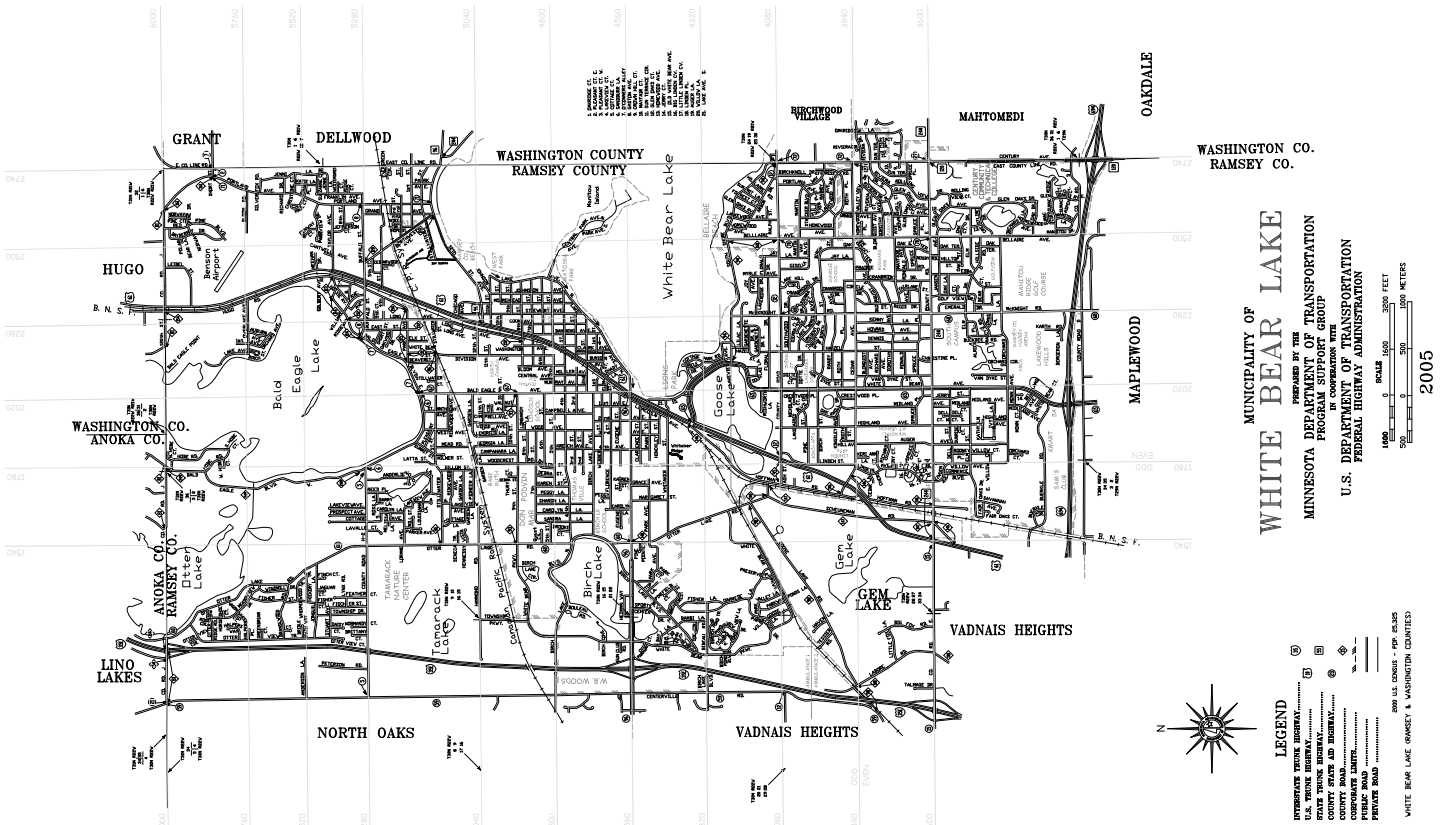
The earliest inhabitants of the White Bear Lake area were the Dakota and Ojibwa Indians who used it for their migratory hunting and harvesting grounds. The United States government designated the area as Dakota land in an 1825 treaty, but later purchased all Dakota Territory east of the Mississippi to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



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 ¼ 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 Manitow 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 far 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.



June 2, 2020

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, 2019 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, 2019 are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles 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, 2019, are presented in conformity with GAAP.

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

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

THE REPORTING ENTITY AND ITS SERVICE

In accordance with GASB pronouncements, the City's financial statement includes 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: police and fire protection; ambulance service; parks and recreational facilities; construction and maintenance of streets; water and sanitary sewer utilities; surface water pollution prevention; refuse collection and disposal; economic development, planning and general administrative 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 is made up of the five council members and the city manager serves 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 considered a second-tier St. Paul suburban community in northeast Ramsey County. The City incorporates an area of approximately 10 square miles. The City is approximately 12 miles from downtown St. Paul and 20 miles from the Minneapolis/St. Paul International Airport. The 2019 preliminary data from the Metropolitan Council estimates the City's population to be 25,752.

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 provides that the mayor is the chief executive officer of the City and is 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. The mayor is elected at-large to serve a four-year term. The five council members are elected by wards and serve four-year staggered terms. Wards one, three, and five elections coincide with each other. The elections for mayor, wards two and four coincide with each other. The council is elected on a non-partisan basis.

The council is responsible, among other things, for establishing policy, passing ordinances, adopting the budget, appointing committees, and hiring both the city's manager and attorney. The City's manager is responsible for carrying out the policies of the city council, for overseeing the day-to-day operations of the government, for appointing the heads of the various departments, recommending and enforcing the budget and ordinances 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 City's financial policies related to operations, financial management, debt management, reserves, investments, and amendments into one overall document. Budget preparations begin early each year with departments updating their capital improvement plans. This information flows into the financial management plan for discussion with the City Council each April. City departments submit their operating budget requests to the finance department in July. These requests combine with projected revenue data and the financial management plan to begin development of the budget. The city manager and finance director present a preliminary balanced budget to the council prior to September 15th 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 set preliminary tax levy. The city council holds budget work sessions and a formal public hearing before adopting the final budget and tax levy before December 20th. The city manager has expenditure discretion within expenditure categories; however, adjustments between departments or funds require a budget amendment adopted by the city council.

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 from the broader perspective of the economic environment within which the City of White Bear Lake operates.

LOCAL ECONOMY

As part of the Minneapolis/St. Paul metropolitan area, the City is immersed in an economically diverse urban environment. The metropolitan area has 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.

The diverse labor market within the Minneapolis/St. Paul metropolitan area which includes White Bear Lake continues to outperform the nation as a whole. The Minneapolis/St. Paul unemployment rate at December 31, 2019 stood at 3.0%. This rate is 0.4% below the national average.

Employment growth has remained widespread with particular gains in education, health care, retail trade and financial services. Improved construction activity in both homebuilding and commercial areas has pushed the State's unemployment rate to the lowest levels since the early 2000s. This rate represents the lowest rate among states with major metropolitan areas. The City has benefited from being part of the metropolitan area. The economy has benefited from a lower inflationary pattern as measured by the Consumers Price Index. The CPI was measured 2.3% in 2019, slightly more than the Federal Reserve's benchmark goal of 2.0% annual CPI growth.

The robust local economy benefits from the following community assets: a highly educated work force; moderately priced housing; access to high 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.

Mayor/City Council

June 2, 2020

Residential and commercial/industrial construction and redevelopment activity during 2019 was vibrant. The valuation of the 2019 total building permits was \$65.3 million with \$37.5 million related to new construction for commercial, industrial and residential units. The City anticipates 2020 construction activity to remain at this intense level due to planned construction projects, including the \$326 million multi-year improvement plan for additions and renovations to the White Bear Lake Area School District buildings.

The Federal Reserve's 2020 economic forecasting had maintained a relatively favorable outlook for the region's economy based upon its large and diverse economic base. It was projected that GDP would increase from 1.7% in 2019 to 2.3% in 2020. But in March 2020, the outbreak of COVID-19 led to the steepest economic downturn on record. According to the Congressional Budget Office's Director, it is likely that the U.S. economy as a whole will shrink by 12% in the second quarter of 2020 and by 40% if the economic shutdowns persist for the rest of the year. U.S. GDP in 2020 is expected to contract 5.6% from 2019. However, economic activity is expected to recover gradually, and GDP is predicted to grow by 2.8% in 2021.

REDEVELOPMENT ACTIVITIES

While the City recognizes the value of commercial/industrial development and its importance to maintaining the City's tax base, economic stability, and providing employment opportunities, 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 2nd Quarter 2018 to the 2nd 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.

In the fall of 2018, the City re-acquired 4.6 acres at the northwest corner of County Road E and Linden Avenue from "Commercial" to "High Density Residential", which included five parcels comprised of two vacant lots and three single-family residences. Construction of a 189-unit market-rate apartment complex commenced in the fall of 2019. The City also 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.

Downtown remains vibrant with nearly 100% year-round occupancy and considerable investment in building façade improvements. Renovation of an historic building on Washington Avenue resulted in a two-story, full-service restaurant which opened in December 2019.

FUTURE DEVELOPMENT

The County Road E Corridor is a primary focus of the White Bear Lake Economic Development Corporation and there are opportunities for redevelopment and intensification of key intersections, vacant or underutilized sites, and infill properties. Staff will seek funding through a new Ramsey County Corridor Improvement Pilot Program to develop a comprehensive plan for revitalization of this corridor and anticipates many of the corridor efforts by the EDC to continue into 2020, along with private investment.

Mayor/City Council

June 2, 2020

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 have been 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 is already spurring market interest from residential developers along the planned transit area. Station area planning is underway 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.

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.

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. Updates to the forecast occur to include each year's final audit results and budgeted information for the next year. 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. 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 provide operational efficiencies, thus avoiding any need for short-term borrowing to meet operational requirements.

The City's General Fund reserve for cash flow totals \$3,860,000 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 has no obligation that has general property taxes as its sole source of revenue. The City has 100% of its legal debt limit, or \$87,849,879 available for debt bonding as of December 31, 2019.

The City has \$15,245,000 outstanding in Tax Increment, Special Assessment, and Tax Abatement debt as of December 31, 2019.

Mayor/City Council

June 2, 2020

The City anticipates incurring debt obligation in 2020 for the financing of the 2020 street improvement projects, water tower improvements in the City, and capital equipment.

PENSION REPORTING

The City's Comprehensive Annual Financial Report dated December 31, 2019, incorporates GASB Statement No. 68 Accounting and Financial Reporting for Pensions. The Statement requires the City to report a pension liability totaling \$5,366,935. This liability results from the City reporting its share of the Statewide plan (PERA) totaling \$7,033,225 and its share of the local Fire Relief Association credit (over 100% funded) totaling \$1,666,290.

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, 2018. This was the thirty-second 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 December 31, 2019 financial report will be submitted to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2019, which represents the eighteenth 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 is extended to Jessica Saari, Assistant Finance Director, who diligently prepared the appropriate audit work papers as well as development of the finance report including the entire 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,

Ellen Steinhilber
City Manager

Kerri L. Kudsowater
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, 2018

Christopher P. Morill
Executive Director/CEO

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

FOR THE YEAR ENDED
DECEMBER 31, 2019

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, 2019, 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, 2019, 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.

Change in Accounting Standards

As described in Note 8 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, for the year ended December 31, 2019. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this.

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 31, 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 112 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

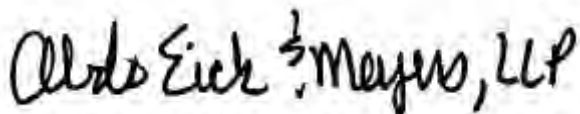
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund financial statements, schedules, and statistical section are presented for purposes of additional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

The combining and individual fund financial statements, schedules, and statistical section 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 June 2, 2020, 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
June 2, 2020

**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, 2019. 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 \$101,739,751 (net position). Of this amount, \$32,455,388 (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 \$27,782,005, an increase of \$783,722. Although expenditures exceeded revenues by \$2,062,843, the issuance of \$1,925,000 in bonds and transfers in of \$5,119,617 resulted in an increase in fund balance.
- At the end of the current fiscal year, the General Fund's unassigned fund balance totaled \$4,902,116. The General fund balance represents 45.2% of the total General Fund expenditures for the current fiscal year.
- The City's total debt increased by \$1,660,899 during the current fiscal year. The City issued 2019A G.O. Improvement Bonds for the financing of street construction.

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, G.O. Building Debt Fund, Non-Bonded Debt Fund, Interim Construction Fund, Municipal Building Fund, HRA Tax Increment Pool 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 50 through 57 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 58 through 67 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 68 and 69 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 71 through 110 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 post-employment benefits to its employees. Required supplementary information can be found starting on page 112 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found starting on page 128 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 \$101,739,751 at the close of the most recent fiscal year.

**Statements of Net Position
(In Thousands)**

	Governmental			Business Type			Total
	2019	2018	2019	2018	2019	2018	
Current/Other Asset	\$ 41,228	\$ 41,521	\$ 5,434	\$ 4,322	\$ 46,662	\$ 45,943	
Capital Assets	78,030	77,291	4,875	5,071	82,905	82,362	
Total Assets	119,258	118,812	10,309	9,393	129,567	128,205	
Deferred Outflows of resources	4,852	4,988	1,104	327	5,956	5,315	
Long-term liabilities	23,245	20,907	1,681	1,588	24,926	22,495	
Other liabilities	1,221	1,524	468	426	1,689	1,950	
Total Liabilities	24,466	22,431	2,149	2,014	26,615	24,445	
Deferred Inflows of resources	5,739	6,706	1,431	431	7,170	7,137	
Net Position	62,562	63,484	4,875	5,071	67,437	68,555	
Net Investment in Capital assets	1,847	153	-	-	1,847	153	
Restricted	29,497	31,026	2,958	2,204	32,455	33,230	
Unrestricted	\$ 83,906	\$ 94,663	\$ 7,833	\$ 7,275	\$ 101,739	\$ 101,939	

By far, the largest portion of the City's net position (66.3 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 1.8 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 \$32,455,388, which represents 31.9 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 increased \$641,055 over 2018 as a result of changes in actuarial assumptions relating to the pension and OPEB plans. Deferred inflows of resources also increased \$33,373 as a result of changes in actuarial assumptions relating to pension plans.

CHANGES IN NET POSITION

The City's net position totaled \$101,739,751 at December 31, 2019 compared to \$101,938,364 as of December 31, 2018. This represents a decrease of \$198,613 for fiscal year 2019. The majority of the decrease is attributable to an increase in expenses as compared to 2018 amounts.

Governmental activities net investment in capital assets decreased \$922,087. Governmental net capital assets increased by \$738,812 but were significantly offset by the issuance of \$1,925 million in long-term debt, which caused an overall decrease in net investment in capital assets. Another factor impacting governmental activities is the depreciation of streets and storm sewers (30 – 45 years).

Business-type net position increased \$558,514 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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,834	\$ 6,170	\$ 9,721	\$ 9,095	\$ 15,555	\$ 15,265
Operating grants and contributions	1,817	2,530	279	61	2,096	2,591
Capital grants and contributions	235	2,786	2	-	237	2,786
General revenues:						
Property taxes	6,210	5,671	-	-	6,210	5,671
Other Taxes	543	490	-	-	543	490
Grants and contributions not restricted to specific programs	1,588	1,587	-	-	1,588	1,587
Sale of Capital Assets	51	84	40	17	91	101
Other	976	556	29	-	1,005	556
Total Revenue	17,254	19,874	10,071	9,173	27,325	29,047
Expenses:						
General government	1,780	2,230	-	-	1,780	2,230
Public Safety	8,108	6,938	-	-	8,108	6,938
Public Works	4,982	3,477	-	-	4,982	3,477
Community Development	914	996	-	-	914	996
Parks and Recreation	2,111	2,444	-	-	2,111	2,444
Interest on long-term debt	587	583	-	-	587	583
Water and Sewer	-	-	4,284	4,249	4,284	4,249
Refuse	-	-	1,395	1,292	1,395	1,292
Ambulance	-	-	2,178	1,901	2,178	1,901
Senior Housing	-	-	317	265	317	265
License Bureau	-	-	869	861	869	861
Total Expenses	18,482	16,668	9,043	8,568	27,525	25,236
Excess (deficiency) before transfers	(1,228)	3,206	1,028	605	(200)	3,811
Internal capital transfers	(10)	(1,460)	10	1,460	-	-
Internal transfers	480	1,057	(480)	(1,057)	-	-
Change in net position	(758)	2,803	538	1,008	(200)	3,811
Net position - January 1	94,664	92,737	7,275	6,267	101,939	99,004
Change in Accounting Principle	-	(877)	-	-	-	(877)
Net position - December 31	\$ 93,906	\$ 94,863	\$ 7,813	\$ 7,275	\$ 101,739	\$ 101,938

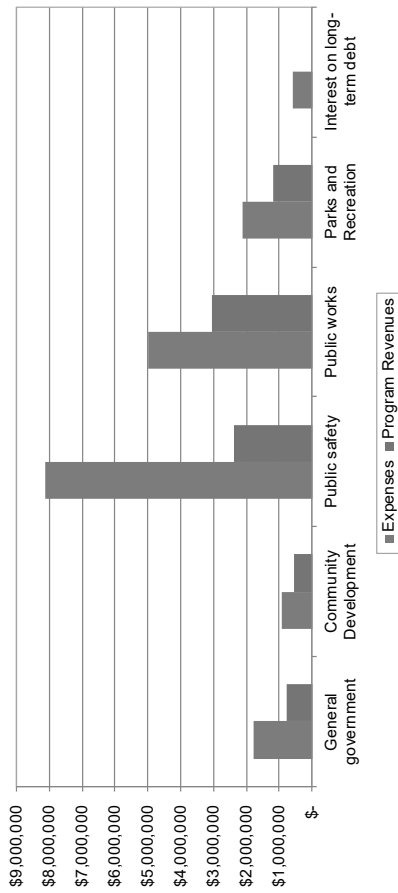
GOVERNMENTAL ACTIVITIES

The governmental activities decreased the City's net position by \$757,127 thereby accounting for 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:

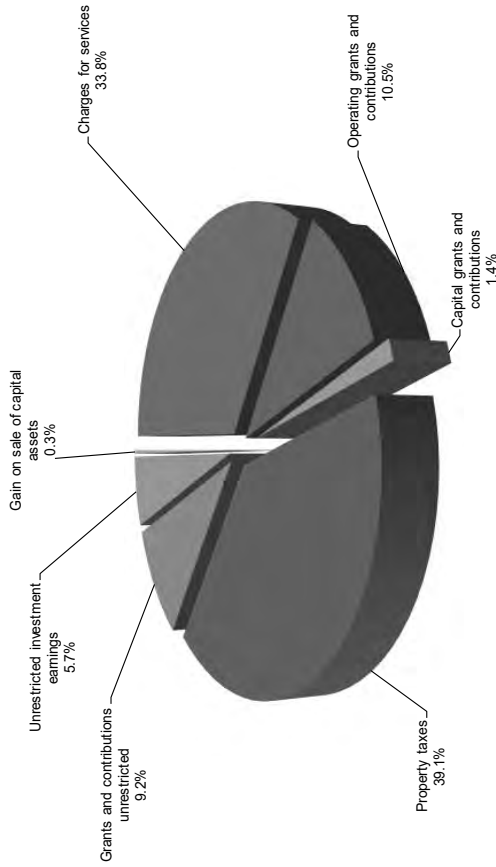
- Charges for services decreased by \$136,000 compared to 2018. The majority of this decrease is attributable to a refund that was received from the county for their portion of the Centerville Road Traffic Signal project in 2018, as well as an increase in unavailable revenue for special assessments.
- Operating grants and contributions decreased by \$713,000 under 2018 with the receipt of a one-time livable communities grant in 2018. Additionally, the City received decreased intergovernmental revenue in 2019. This was mainly due to the City's Fire Relief switching from their own pension plan to the State's pension plan on January 1, 2019. In the past, the City would receive the State fire aid and pass it on to the Fire Relief. After the switch to the State's pension plan in 2019, the State fire aid went directly to the pension plan with the State.
- Capital grants and contributions decreased by \$2,751,000 in 2019. The decrease was attributable to a one-time \$500,000 contribution and \$2,000,000 note receivable from the White Bear Lake Area Hockey Association for the Sports Center Renovation Project in 2018.
- Governmental expenses increased by \$1,814,000 compared to 2018, which was largely due to an increase in pension expense.

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

Expenses and Program Revenues - Governmental Activities



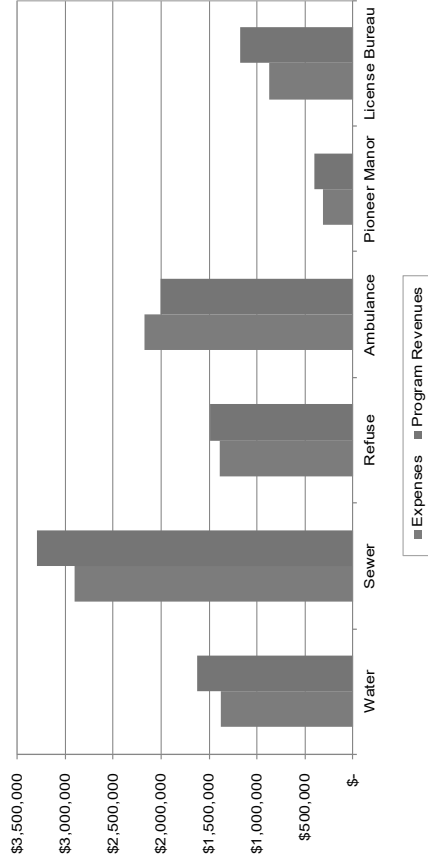
Program Revenues - Governmental Activities



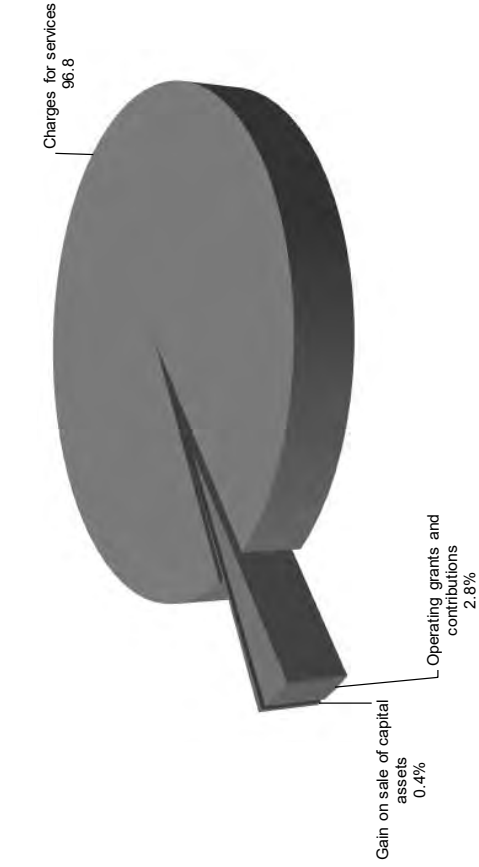
BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$558,514. The majority of the increase in net position can be largely attributed to an increase in charges for services revenue.

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 \$27,782,005, an increase of \$783,722 in comparison with the prior year. Approximately 17.4% of this total amount, \$4,844,308, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remaining fund balance of \$22,937,697 is not available for new spending because it is either 1) nonspendable (\$2,400), 2) restricted (\$1,148,411), 3) committed (\$16,146,533) or 4) assigned (\$5,640,353). For further classification, refer to note 11 on page 104 of this report.

The General Fund expenditures exceeded revenues by \$488,193, but after including the other financing sources and uses, the net increase in fund balance was \$1,128,450. There was an increase in the net change in fund balance due to the transfer of money for administrative overhead expenses related to Business-Type activities, the HRA Tax Increment Pool, Interim Construction, and the Marina to the General Fund as reimbursement for the amounts paid on their behalf. The General Fund had a fund balance of \$4,902,116 at year-end.

The General Obligation Building Debt Service fund balance was closed during 2019 and the remaining fund balance was transferred to the Non-Bonded Debt Fund.

The Non-Bonded Debt Fund had a fund balance of \$404,761 at year-end, a decrease of \$981,330 from 2018. The 2019 revenues collected in this fund are special assessments of \$804,050 used to finance street construction costs, investment income of \$58,616, and a \$200,000 payment on the loan agreement for the Sports Center from the White Bear Lake Area Hockey Association. The decrease in fund balance was mainly due to a large transfer out to write off the interfund loan with the G.O. Building Debt Fund.

The Interim Construction fund balance decreased \$690,830 due to revenues and transfers in exceeding expenditures and transfers out. The fund balance at year-end was \$4,400,538.

The Municipal Building fund balance decreased \$136,131 in 2019 due to capital expenditures. The fund balance at year-end was \$924,875.

HRA Tax Increment Pool fund balance increased \$115,750 as a result of higher tax increment collection in 2019. The ending fund balance deficit at year-end was \$57,808.

In 2019, the Community Reinvestment fund balance increased by \$149,084 to \$7,804,084. In 2019, the City modified how it allocates interest income, which resulted in a higher allocation to this fund.

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, \$3,068,211; Sewer Fund, \$1,829,313; Refuse Fund, \$208,822; Ambulance Fund, \$530,765; License Bureau, negative \$102,801; Pioneer Manor, \$1,677,709.

The change in net position of the Water and Sewer Funds were \$22,861 and \$291,769, respectively. The majority of these increases in both funds were due to rate increases in 2019.

The Ambulance fund balance increased \$153,732. The increase was mainly attributable to a transfer in of \$200,000 from the Non-Bonded Fund to help stabilize the fund balance and a \$235,200 transfer in from the Equipment Acquisition Fund to provided funding for the purchase of capital equipment.

The License Bureau Fund saw an increase in fund balance of \$173,285. This was a direct result of a \$204,171 payment from the State to recognize the financial challenges the State's new Minnesota Licensing and Registration System (MNILARS) implementation caused for the Deputy Registrar offices.

The Pioneer Manor fund balance decreased by \$71,039 in 2019 which was attributable to higher building repair costs.

The Refuse Fund had little change to its fund balance during 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues came in over budget by \$323,964. 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. Interest income also came in higher than budgeted due to a modification in how the City allocates its interest. Expenditures were \$343,332 under budget. This was primarily due to salaries and wages coming in less than budgeted in multiple departments with police and fire having the largest variances as a result of conservative budgeting and a new staffing model for the Fire Department in 2019.

There were amendments to the original budget for the General Fund in 2019. The revenue budget was decreased by \$27,676 to total \$10,039,321, and the expenditure budget was decreased by \$128,194 to total \$11,194,810. Other financing sources (uses) were not amended. Net changes to the budget resulted in a budgeted surplus of \$460,511.

CAPITAL ASSETS

The City's investment in capital assets for its government and business-type activities as of December 31, 2019 totals \$82,905,582 (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 land totaling \$863,019
- Acquisition of a fire truck totaling \$539,545

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

	Governmental Activities		Business-type Activities		Increase (Decrease)
	2019	2018	2019	2018	
Land and improvements	\$ 10,067,751	\$ 9,190,957	\$ 876,794	\$ 490,275	\$ -
Work in process	20,351	27,129	(6,778)	-	-
Buildings and improvements	11,984,361	12,877,998	(893,637)	1,258,768	(84,830)
Other improvements	4,663,861	5,166,831	(502,970)	-	-
Furniture and equipment	4,544,802	4,468,134	76,668	1,195,084	6,082
Distribution/Collection System	-	-	2,009,934	2,126,579	(116,645)
Infrastructure					
Streets	42,073,112	40,809,267	1,263,845	-	-
Storm Sewer	4,676,031	4,751,141	(75,110)	-	-
Total	\$ 78,030,269	\$ 77,291,457	\$ 738,812	\$ 4,875,313	\$ (195,393)

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 \$15,468,480. They are all backed by the full faith and credit of the City.

CITY OF WHITE BEAR LAKE'S OUTSTANDING DEBT

	Governmental Activities		Increase (Decrease)
	2019	2018	
Tax Increment Bonds	\$ 2,800,000	\$ 3,035,000	\$ (235,000)
Special Assessment Bonds	9,115,000	7,375,000	1,740,000
Tax Abatement Bonds	3,330,000	3,330,000	-
Premium on bonds	223,480	67,581	155,899
Total	\$ 15,468,480	\$ 13,807,581	\$ 1,660,899

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 \$87,849,879. The City had no 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 2019 of 2.9%. This compares with unemployment rates of 3.5% for the State of Minnesota and 3.4% for the United States.
- The City's local tax capacity will increase by 6.8% for property taxes payable in 2020.
- City population is expected to remain stable or increase in 2020.

These factors were considered in preparing the City's budget for the 2020 fiscal year. The City's adopted 2020 budget includes a property tax levy of \$6,908,000, which is 8.9% 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).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WHITE BEAR LAKE
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of White Bear Lake, Minnesota
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 32,288,401	\$ 1,940,518	\$ 34,228,919
Interest receivable	102,279	-	102,279
Accounts and loans/notes receivable, net	2,279,347	2,482,618	4,761,965
Taxes receivable	168,562	-	168,562
Special assessments receivable	4,947,517	365,689	5,313,206
Intergovernmental receivable	392,060	23,877	415,937
Internal balances	(621,291)	621,291	-
Prepaid expenses	5,010	-	5,010
Net pension asset	1,666,290	-	1,666,290
Capital assets, net of accumulated depreciation:			
Land and improvements	10,067,751	490,275	10,558,026
Buildings and improvements	11,984,361	1,173,938	13,158,299
Other improvements	4,663,861	-	4,663,861
Furniture and equipment	4,544,802	1,201,166	5,745,968
Infrastructure	46,749,143	-	46,749,143
Distribution / Collection system	-	2,009,934	2,009,934
Work in progress	20,351	-	20,351
Total assets	<u>119,258,444</u>	<u>10,309,306</u>	<u>129,567,750</u>
Deferred outflows of resources			
Deferred pension resources	4,499,355	1,104,016	5,603,371
Deferred OPEB resources	352,771	-	352,771
Total deferred outflows of resources	<u>4,852,126</u>	<u>1,104,016</u>	<u>5,956,142</u>
Liabilities			
Interest payable	189,435	-	189,435
Accounts payable	478,872	376,899	855,771
Contracts payable	46,329	-	46,329
Accrued wages payable	278,567	-	278,567
Intergovernmental payable	488	57,306	57,794
Deposits payable	167,826	32,425	200,251
Unearned revenue	59,053	755	59,808
Noncurrent liabilities:			
Due within one year	1,277,001	-	1,277,001
Due in more than one year	15,274,286	-	15,274,286
Net pension liability	5,351,888	1,681,337	7,033,225
Other postemployment benefits liability	1,341,760	-	1,341,760
Total liabilities	<u>24,465,505</u>	<u>2,148,722</u>	<u>26,614,227</u>
Deferred inflows of resources			
Deferred pension resources	5,713,741	1,431,290	7,145,031
Deferred other postemployment benefit resources	24,883	-	24,883
Total deferred inflows of resources	<u>5,738,624</u>	<u>1,431,290</u>	<u>7,169,914</u>
Net Position			
Net investment in capital assets	62,561,789	4,875,313	67,437,102
Restricted for debt service	1,847,261	-	1,847,261
Unrestricted	29,497,391	2,957,997	32,455,388
Total net position	<u>\$ 93,906,441</u>	<u>\$ 7,833,310</u>	<u>\$ 101,739,751</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, 2019

Function/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,780,202	\$ 753,993	\$ -	\$ 3,712
Community development	913,745	549,179	-	-
Public safety	8,107,785	1,669,572	701,135	3,200
Public works	4,982,461	1,741,350	1,107,282	179,420
Parks and recreation	2,110,546	1,119,472	8,245	48,613
Interest on long-term debt	586,792	-	-	-
Total governmental activities (See Note 1)	<u>18,481,531</u>	<u>5,833,566</u>	<u>1,816,662</u>	<u>234,945</u>
Business-type activities:				
Water	1,383,570	1,630,455	-	-
Sewer	2,900,620	3,301,230	-	-
Refuse	1,394,947	1,422,623	66,997	-
Ambulance	2,177,945	1,991,667	8,250	2,453
Pioneer Manor	316,986	402,734	-	-
License Bureau	869,093	972,466	204,171	-
Total business-type activities	<u>9,043,161</u>	<u>9,721,175</u>	<u>279,418</u>	<u>2,453</u>
Total government	<u>\$ 27,524,692</u>	<u>\$ 15,554,741</u>	<u>\$ 2,096,080</u>	<u>\$ 237,398</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 capital transfers
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
\$ (1,022,497)	\$ -	\$ (1,022,497)
(364,566)	-	(364,566)
(5,733,878)	-	(5,733,878)
(1,954,409)	-	(1,954,409)
(934,216)	-	(934,216)
(586,792)	-	(586,792)
<u>(10,596,358)</u>	<u>-</u>	<u>(10,596,358)</u>
-	246,885	246,885
-	400,610	400,610
-	94,673	94,673
-	(175,575)	(175,575)
-	85,748	85,748
-	307,544	307,544
<u>-</u>	<u>959,885</u>	<u>959,885</u>
<u>(10,596,358)</u>	<u>959,885</u>	<u>(9,636,473)</u>
6,210,984	-	6,210,984
542,960	-	542,960
1,588,195	-	1,588,195
975,843	28,826	1,004,669
50,949	40,103	91,052
(9,500)	9,500	-
479,800	(479,800)	-
<u>9,839,231</u>	<u>(401,371)</u>	<u>9,437,860</u>
(757,127)	558,514	(198,613)
<u>94,663,568</u>	<u>7,274,796</u>	<u>101,938,364</u>
<u>\$ 93,906,441</u>	<u>\$ 7,833,310</u>	<u>\$ 101,739,751</u>

FUND FINANCIAL STATEMENTS

CITY OF WHITE BEAR LAKE
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of White Bear Lake, Minnesota
Balance Sheet
Governmental Funds
December 31, 2019

	General	G.O. Building Debt	Non-Bonded Debt	Interim Construction
Assets				
Cash	\$ 4,872,931	\$ -	\$ 743,193	\$ 4,363,745
Receivables:				
Unremitted tax collections	71,288	-	-	-
Delinquent tax collections	85,404	-	-	-
Unremitted special assessments	-	-	61,568	-
Delinquent special assessments	-	-	86,577	-
Unavailable special assessments	-	-	3,449,133	244,863
Other unavailable special assessments	-	-	90,732	-
Loan/Notes receivable	-	-	1,800,000	-
Accounts, net	5,058	-	-	1,906
Interest	-	-	-	-
Intergovernmental	286,904	-	-	84,886
Prepaid items	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 5,321,585	\$ -	\$ 6,231,203	\$ 4,695,400
Liabilities:				
Accounts payable	\$ 209,789	\$ -	\$ -	\$ 3,290
Contracts payable	-	-	-	46,329
Intergovernmental payable	-	-	-	380
Advances from other funds	-	-	400,000	-
Deposits payable	118,681	-	-	-
Unearned revenue - other	5,595	-	-	-
Total liabilities	334,065	-	400,000	49,999
Deferred Inflows of Resources				
Unavailable revenue -				
Property taxes	85,404	-	-	-
Special assessments	-	-	3,626,442	244,863
Loan/Notes receivable	-	-	1,800,000	-
Total deferred inflows of resources	85,404	-	5,426,442	244,863
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	404,761	4,400,538
Unassigned	4,902,116	-	-	-
Total fund balances	4,902,116	-	404,761	4,400,538
Total liabilities, deferred inflows of resources and fund balances	\$ 5,321,585	\$ -	\$ 6,231,203	\$ 4,695,400

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

Municipal Building	HRA Tax Increment Pool	Community Reinvestment	Non-Major Governmental Funds	Total Governmental Funds
\$ 966,382	\$ 690,205	\$ 7,701,805	\$ 8,449,816	\$ 27,788,077
-	4,016	-	-	75,304
-	7,854	-	-	93,258
-	-	-	10,246	71,814
-	-	-	10,295	96,872
-	-	-	994,103	4,688,099
-	-	-	-	90,732
-	-	-	394,554	2,194,554
684	-	-	77,145	84,793
-	-	102,279	-	102,279
-	-	-	6,874	378,664
-	-	-	2,400	2,400
-	-	-	750,000	750,000
\$ 967,066	\$ 702,075	\$ 7,804,084	\$ 10,695,433	\$ 36,416,846
\$ 42,191	\$ 2,029	\$ -	\$ 184,884	\$ 442,183
-	-	-	-	46,329
-	-	-	108	488
-	750,000	-	-	1,150,000
-	-	-	49,145	167,826
-	-	-	53,459	59,054
42,191	752,029	-	287,596	1,865,880
-	7,854	-	-	93,258
-	-	-	1,004,398	4,875,703
-	-	-	-	1,800,000
-	7,854	-	1,004,398	6,768,961
-	-	-	2,400	2,400
-	-	-	1,148,411	1,148,411
924,875	-	7,804,084	7,417,574	16,146,533
-	-	-	835,054	5,640,353
-	(57,808)	-	-	4,844,308
924,875	(57,808)	7,804,084	9,403,439	27,782,005
\$ 967,066	\$ 702,075	\$ 7,804,084	\$ 10,695,433	\$ 36,416,846

City of White Bear Lake, Minnesota
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 Governmental Funds
 December 31, 2019

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

Total fund balances - governmental funds	\$ 27,782,005
<p>Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.</p>	
Capital assets	119,389,658
Less accumulated depreciation	(41,359,389)
<p>Other long-term assets are not available to pay current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>	
	6,768,962
<p>Governmental funds do not report long-term amounts related to pensions</p>	
Deferred outflows of pension resources	4,499,355
Net pension asset	1,666,290
Net Pension liability	(5,351,888)
Deferred inflows of pension resources	(5,713,741)
<p>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.</p>	
	1,883,104
<p>Governmental funds do not report a liability for accrued interest until due and payable</p>	
	(189,435)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
Bonds payable	(15,245,000)
<p>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</p>	
	(223,480)
Net position of governmental activities	\$ 93,906,441

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, 2019

	General	G. O. Building Debt	Non-Bonded Debt	Interim Construction
Revenues				
General property taxes	\$ 5,863,634	\$ 132,000	\$ -	\$ 25,000
Tax Increment	-	-	-	-
Franchise fees	330,154	-	-	-
Licenses and permits	880,242	-	-	-
Fines and forfeits	87,063	-	-	-
Intergovernmental	2,276,710	-	-	709,885
Charges for services	660,085	-	-	-
Special assessments	-	-	804,050	170,566
Investment income	169,651	2,307	58,616	121,873
Rental and lease income	42,070	-	-	-
Refunds and reimbursements	4,117	-	200,000	91,607
Donations	2,620	-	-	-
Dedicated fees	-	-	-	-
Miscellaneous	46,939	-	-	68,650
Total revenues	<u>10,363,285</u>	<u>134,307</u>	<u>1,062,666</u>	<u>1,187,581</u>
Expenditures				
Current				
General government	1,665,419	-	-	-
Public safety	6,285,623	-	-	-
Public works	1,903,426	-	-	203,127
Parks and recreation	666,214	-	-	-
Community development	330,796	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	3,105,460
Parks and recreation	-	-	-	-
Community development	-	-	-	-
Debt service				
Principal retired on bonded debt	-	-	-	-
Interest and other expenditures	-	70,000	28,061	-
Total expenditures	<u>10,851,478</u>	<u>70,000</u>	<u>28,061</u>	<u>3,308,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(488,193)</u>	<u>64,307</u>	<u>1,034,605</u>	<u>(2,121,006)</u>
Other financing sources (uses)				
Sale of capital assets	1,643	-	-	834
Bonds issued	-	-	-	1,839,782
Premium on bonds issued	-	-	-	157,060
Transfers from other funds	1,640,000	1,555,000	329,341	497,500
Transfers (to) other funds	(25,000)	(204,341)	(2,345,276)	(1,065,000)
Total other financing sources (uses)	<u>1,616,643</u>	<u>1,350,659</u>	<u>(2,015,935)</u>	<u>1,430,176</u>
Net change in fund balance	1,128,450	1,414,966	(981,330)	(690,830)
Fund balance - beginning	<u>3,773,666</u>	<u>(1,414,966)</u>	<u>1,386,091</u>	<u>5,091,368</u>
Fund balance - ending	<u>\$ 4,902,116</u>	<u>\$ -</u>	<u>\$ 404,761</u>	<u>\$ 4,400,538</u>

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

Municipal Building	HRA Tax Increment Pool	Community Reinvestment	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 220,000	\$ 6,240,634
-	542,960	-	46,091	589,051
-	-	-	-	330,154
-	-	-	12,034	892,276
-	-	-	-	87,063
100,000	-	-	307,397	3,393,992
-	-	-	607,597	1,267,682
-	-	-	473,849	1,448,465
31,191	7,299	284,084	180,592	855,613
6,000	-	-	1,304,390	1,352,460
34,612	-	-	312,982	643,318
-	-	-	22,424	25,044
-	-	-	217,054	217,054
-	-	-	32,697	148,286
171,803	550,259	284,084	3,737,107	17,491,092
25,470	-	-	88,791	1,779,680
48,918	-	-	163,461	6,498,002
8,975	-	-	178,754	2,294,282
-	-	-	838,056	1,504,270
-	252,009	-	510,612	1,093,417
69,244	-	-	13,976	83,220
72,242	-	-	687,681	759,923
62,612	-	-	236,022	3,404,094
30,473	-	-	213,860	244,333
-	-	-	865,794	865,794
-	-	-	420,000	420,000
-	22,500	-	486,359	606,920
317,934	274,509	-	4,703,366	19,553,935
(146,131)	275,750	284,084	(966,259)	(2,062,843)
-	-	-	39,953	42,430
-	-	-	85,218	1,925,000
-	-	-	7,275	164,335
10,000	-	-	1,087,776	5,119,617
-	(160,000)	(135,000)	(470,200)	(4,404,817)
10,000	(160,000)	(135,000)	750,022	2,846,565
(136,131)	115,750	149,084	(216,237)	783,722
1,061,006	(173,558)	7,655,000	9,619,676	26,998,283
\$ 924,875	\$ (57,808)	\$ 7,804,084	\$ 9,403,439	\$ 27,782,005

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, 2019

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

Net change in fund balances - total governmental funds	\$ 783,722
<p>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.</p>	
Capital outlay	4,286,085
Depreciation expense	(3,487,322)
Capital contributions to enterprise funds	(9,500)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.</p>	
	(50,451)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Delinquent taxes	(75,741)
Special assessments	(151,930)
Notes receivable	(200,000)
<p>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.</p>	
Proceeds from long-term debt	(1,925,000)
Debt issuance premium	(164,335)
Principal repayments	420,000
Interest payments	11,692
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(44,239)
Pension revenue	40,454
<p>Premiums are recognized when debt is issued in the governmental funds but amortized over the life of the bed in the Statement of Activities</p>	
	8,436
<p>Equity transfer from internal service fund to governmental activities</p>	
	(431,303)
<p>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.</p>	
	<u>232,305</u>
Changes in net position of governmental activities	<u>\$ (757,127)</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, 2019

	Water	Sewer	Refuse
Assets			
Current Assets			
Cash	\$ 212,413	\$ 655,522	\$ 281,171
Receivables:			
Unremitted special assessments	11,310	-	-
Delinquent special assessments	3,921	-	-
Unavailable special assessments	342,795	7,663	-
Accounts, net	1,227,788	289,900	129,100
Intergovernmental	-	1,624	22,253
Advances to other funds	-	-	-
Prepaid expenses	-	-	-
Total current assets	<u>1,798,227</u>	<u>954,709</u>	<u>432,524</u>
Noncurrent Assets			
Advances to other funds	-	-	-
Capital Assets			
Land	79,990	-	-
Buildings	2,092,172	109,501	-
Wells	747,187	-	-
Equipment	1,153,441	830,459	-
Distribution system	4,865,877	-	-
Collection system	-	5,087,041	-
Less accumulated depreciation	(7,276,419)	(4,874,720)	-
Total net capital assets	<u>1,662,248</u>	<u>1,152,281</u>	<u>-</u>
Total noncurrent assets	<u>1,662,248</u>	<u>1,152,281</u>	<u>-</u>
Total assets	<u>3,460,475</u>	<u>2,106,990</u>	<u>432,524</u>
Deferred outflows of resources			
Deferred pension resources	33,540	23,953	259
Deferred other postemployment benefit resources	-	-	-
Total deferred outflows of resources	<u>33,540</u>	<u>23,953</u>	<u>259</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
\$ 311,010	\$ 480,402	\$ 1,940,518	\$ 4,500,324
-	-	11,310	-
-	-	3,921	-
-	-	350,458	-
834,306	1,524	2,482,618	-
-	-	23,877	13,396
-	245,985	245,985	-
-	-	-	2,610
<u>1,145,316</u>	<u>727,911</u>	<u>5,058,687</u>	<u>4,516,330</u>
-	-	-	400,000
-	410,285	490,275	-
-	2,442,894	4,644,567	-
-	-	747,187	-
1,267,167	181,592	3,432,659	-
-	-	4,865,877	-
-	-	5,087,041	-
(671,817)	(1,569,337)	(14,392,293)	-
<u>595,350</u>	<u>1,465,434</u>	<u>4,875,313</u>	-
<u>595,350</u>	<u>1,465,434</u>	<u>4,875,313</u>	<u>400,000</u>
<u>1,740,666</u>	<u>2,193,345</u>	<u>9,934,000</u>	<u>4,916,330</u>
990,595	55,669	1,104,016	-
-	-	-	352,771
<u>990,595</u>	<u>55,669</u>	<u>1,104,016</u>	<u>352,771</u>

(Continued)

City of White Bear Lake, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2019

	Water	Sewer	Refuse
Liabilities			
Current Liabilities:			
Accounts payable	\$ 73,943	\$ 4,243	\$ 212,934
Accrued wages payable	-	-	-
Intergovernmental payable	1,563	47,215	8,324
Advances from other funds	-	-	-
Deposits payable	-	-	-
Unearned revenue	-	-	-
Compensated absences payable	-	-	-
Total current liabilities	75,506	51,458	221,258
Noncurrent Liabilities			
Pension liability	263,763	188,371	2,035
Compensated absences payable	-	-	-
Net other post employment benefits (OPEB) liability	-	-	-
Total noncurrent liabilities	263,763	188,371	2,035
Total liabilities	339,269	239,829	223,293
Deferred inflows of resources			
Deferred pension resources	86,535	61,801	668
Deferred other postemployment benefit resources	-	-	-
Total deferred inflows of resources	86,535	61,801	668
Net Position			
Investment in capital assets	1,662,248	1,152,281	-
Unrestricted net assets	1,405,963	677,032	208,822
Total net position	\$ 3,068,211	\$ 1,829,313	\$ 208,822

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
\$ 26,474	\$ 59,305	\$ 376,899	\$ 36,689
-	-	-	278,567
-	204	57,306	-
245,985	-	245,985	-
-	32,425	32,425	-
-	755	755	-
-	-	-	490,958
<u>272,459</u>	<u>92,689</u>	<u>713,370</u>	<u>806,214</u>
789,380	437,788	1,681,337	-
-	-	-	591,849
-	-	-	1,341,760
<u>789,380</u>	<u>437,788</u>	<u>1,681,337</u>	<u>1,933,609</u>
1,061,839	530,477	2,394,707	2,739,823
1,138,657	143,629	1,431,290	-
-	-	-	24,883
<u>1,138,657</u>	<u>143,629</u>	<u>1,431,290</u>	<u>24,883</u>
595,350	1,465,434	4,875,313	-
(64,585)	109,474	2,336,706	2,504,395
<u>\$ 530,765</u>	<u>\$ 1,574,908</u>	<u>\$ 7,212,019</u>	<u>\$ 2,504,395</u>

Total net position of enterprise funds \$ 7,212,019

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 621,291

Net position of business-type activities \$ 7,833,310

City of White Bear Lake, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Water	Sewer	Refuse
Operating revenues			
Charges for services	\$ 1,613,129	\$ 3,293,973	\$ 1,402,438
Penalties	4,071	-	-
Rent	-	-	-
Premium reimbursement	-	-	-
Other	7,783	7,257	20,181
Total operating revenues	<u>1,624,983</u>	<u>3,301,230</u>	<u>1,422,619</u>
Operating expenses			
Personal services	478,923	372,499	3,471
Supplies	252,930	24,709	1,073
Other services and charges	458,028	127,128	134,149
Disposal charges	81,530	2,278,929	1,257,510
Depreciation	123,710	103,408	-
Total operating expenses	<u>1,395,121</u>	<u>2,906,673</u>	<u>1,396,203</u>
Operating income (loss)	<u>229,862</u>	<u>394,557</u>	<u>26,416</u>
Nonoperating revenues			
Investment income	-	7,212	10,774
Intergovernmental	-	-	66,997
Miscellaneous revenues	5,472	-	4
Gain on disposal of assets	23,027	-	-
Total nonoperating revenues	<u>28,499</u>	<u>7,212</u>	<u>77,775</u>
Income (loss) before capital contributions and transfers	258,361	401,769	104,191
Capital contributions from other funds	9,500	-	-
Transfer from other funds	-	-	-
Transfers (to) other funds	<u>(245,000)</u>	<u>(110,000)</u>	<u>(110,000)</u>
Change in net position	22,861	291,769	(5,809)
Net position - beginning	<u>3,045,350</u>	<u>1,537,544</u>	<u>214,631</u>
Net position - ending	<u>\$ 3,068,211</u>	<u>\$ 1,829,313</u>	<u>\$ 208,822</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
\$ 1,982,105	\$ 970,729	\$ 9,262,374	\$ 3,497,301
-	-	4,071	-
-	399,896	399,896	-
-	-	-	75,260
9,562	1,069	45,852	-
<u>1,991,667</u>	<u>1,371,694</u>	<u>9,712,193</u>	<u>3,572,561</u>
1,760,618	811,286	3,426,797	3,188,359
100,162	35,430	414,304	507
168,364	250,120	1,137,789	479,143
-	-	3,617,969	-
131,770	81,129	440,017	-
<u>2,160,914</u>	<u>1,177,965</u>	<u>9,036,876</u>	<u>3,668,009</u>
(169,247)	193,729	675,317	(95,448)
-	10,840	28,826	84,149
8,250	204,171	279,418	17,350
2,453	3,506	11,435	20,016
17,076	-	40,103	3,650
<u>27,779</u>	<u>218,517</u>	<u>359,782</u>	<u>125,165</u>
(141,468)	412,246	1,035,099	29,717
-	-	9,500	-
435,200	-	435,200	431,303
<u>(140,000)</u>	<u>(310,000)</u>	<u>(915,000)</u>	<u>(235,000)</u>
153,732	102,246	564,799	226,020
<u>377,033</u>	<u>1,472,662</u>	<u>6,647,220</u>	<u>2,278,375</u>
\$ 530,765	\$ 1,574,908	\$ 7,212,019	\$ 2,504,395

Change in net position from
enterprise funds \$ 564,799

Adjustment for the net effect of the
current year activity between the
internal service funds and the
enterprise funds. (6,285)

Changes in net position of business-
type activities \$ 558,514

City of White Bear Lake, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Water	Sewer	Refuse
Cash flows from operating activities			
Receipts from customers	\$ 1,472,372	\$ 3,297,310	\$ 1,440,586
Receipts from other funds	-	-	-
Payments to vendors	(691,255)	(154,667)	(1,382,798)
Payments to employees	(478,923)	(372,499)	(3,471)
Payments to other governments	(59,678)	(2,245,246)	808
Other receipts	13,255	7,257	20,185
Net cash provided (used) by operating activities	<u>255,771</u>	<u>532,155</u>	<u>75,310</u>
Cash flows from noncapital financing activities			
Intergovernmental receipts	-	-	66,997
Proceeds from (payments on) advances to other funds	-	-	-
Transfers from other funds	-	-	-
Transfers (to) other funds	(245,000)	(110,000)	(110,000)
Net cash provided (used) by noncapital financing activities	<u>(245,000)</u>	<u>(110,000)</u>	<u>(43,003)</u>
Cash flows from capital financing activities			
Purchase of property and equipment	-	-	-
Proceeds from the sale of capital assets	23,027	-	-
Net cash provided (used) by capital financing activities	<u>23,027</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Investment income received	-	7,212	10,774
Increase (decrease) in cash and cash equivalents	33,798	429,367	43,081
Cash and cash equivalents at beginning of year	178,615	226,155	238,090
Cash and cash equivalents at end of year	<u>\$ 212,413</u>	<u>\$ 655,522</u>	<u>\$ 281,171</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
\$ 1,927,023	\$ 1,377,258	\$ 9,514,549	\$ -
-	-	-	3,501,680
(282,433)	(261,116)	(2,772,269)	(1,521,654)
(1,529,220)	(773,478)	(3,157,591)	(502,345)
-	-	(2,304,116)	(1,492,575)
9,562	1,069	51,328	95,276
124,932	343,733	1,331,901	80,382
8,250	204,171	279,418	17,350
100,675	(100,675)	-	215,000
435,200	-	435,200	-
(140,000)	(310,000)	(915,000)	(235,000)
404,125	(206,504)	(200,382)	(2,650)
(235,123)	-	(235,123)	-
17,076	-	40,103	3,650
(218,047)	-	(195,020)	3,650
-	10,840	28,826	84,149
311,010	148,069	965,325	165,531
-	332,333	975,193	4,334,793
\$ 311,010	\$ 480,402	\$ 1,940,518	\$ 4,500,324

(Continued)

City of White Bear Lake, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Water	Sewer	Refuse
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 229,862	\$ 394,557	\$ 26,416
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	123,710	103,408	-
Miscellaneous	5,472	-	4
(Increase) decrease in assets/deferred outflows of resources			
Accounts receivable	(115,589)	11,000	(13,000)
Special assessments	(29,239)	(7,663)	-
Due from governments	-	(38,544)	51,148
Prepaid expenses	-	-	-
Deferred outflows in OPEB resources	-	-	-
Deferred outflows in pension resources	23,430	14,928	133
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	19,703	(2,830)	9,934
Wages payable	-	-	-
Due to governments	(91)	47,215	394
Deposits payable	-	-	-
Deferred inflows in pension resources	11,442	10,550	151
Deferred inflows in OPEB resources	-	-	-
Unearned revenue	-	-	-
Pension liability	(12,929)	(466)	130
Post employment health care	-	-	-
Compensated absences	-	-	-
Net cash provided (used) by operating activities	<u>\$ 255,771</u>	<u>\$ 532,155</u>	<u>\$ 75,310</u>
Noncash capital and related financing activities			
Acquisition of capital assets through capital contribution	\$ 9,500	\$ -	\$ -
Equity transfer	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
\$ (169,247)	\$ 193,729	\$ 675,317	\$ (95,448)
131,770	81,129	440,017	-
2,453	3,506	11,435	20,016
	-		
(57,535)	3,862	(171,262)	4,379
-	-	(36,902)	-
-	-	12,604	(12,951)
-	-	-	(144)
-	-	-	(352,771)
(854,160)	38,620	(777,049)	-
(13,907)	24,500	37,400	6,152
-	-	-	55,100
-	(66)	47,452	-
-	(800)	(800)	-
958,814	19,341	1,000,298	-
-	-	-	(2,850)
-	65	65	-
126,744	(20,153)	93,326	-
-	-	-	389,976
-	-	-	68,923
<u>\$ 124,932</u>	<u>\$ 343,733</u>	<u>\$ 1,331,901</u>	<u>\$ 80,382</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,500</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,303</u>

City of White Bear Lake, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	<u>Custodial Funds</u>
Assets	
Cash	<u>\$ 344,228</u>
Liabilities	
Deposits payable	<u>321,754</u>
Net position	
Restricted for individuals, organizations, and other governments	<u>\$ 22,474</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, 2019

	<u>Custodial Funds</u>
Additions	
Geographic information system fees collections	\$ 31,493
Fireworks contributions collections	46,250
Manitou Days event contributions collections	10,527
Manitou Days parade fees collections	9,745
Deputy Registrar collections	39,850,755
Total revenues	39,948,770
Deductions	
Geographic information system fee disbursements	26,274
Fireworks disbursements	27,858
Manitou Days events disbursements	7,429
Manitou Days parade disbursements	9,235
Deputy Registrar disbursements	39,992,022
Total expenditures	40,062,818
Net increase (decrease) in fiduciary net position	(114,048)
Net position - beginning	136,522
Net position - ending	\$ 22,474

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

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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. 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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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 G.O. Building Debt fund accounts for repayment of bonds and loans related to public improvements which are not assessable against specific properties.

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

The Interim 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 Community Reinvestment fund provides constant funding for street and park 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.

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, employment expenses, and engineering services.

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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, 2019:

- Government Agency securities of \$13,804,358 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$16,567,703 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:

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Assets	Years
Buildings and improvements	10 - 50 years
Furnitures and fixtures	3 - 15 years
Machinery and equipment	3 - 15 years
Distribution and collection systems	40 years
Streets	50 years
Storm sewers	100 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, Interim Construction 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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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 \$490,958 will be due within the next fiscal year and \$591,849 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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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 to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. 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)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
	Pension expense	\$ 403,066	\$ 789,995		

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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, 2019.

B. Deficit Fund Equity

At December 31, 2019, individual funds with deficit fund balances are as follows:

Fund	Amount
Debt Service	
HRA Tax Increment Pool	\$ (57,808)
Enterprise License Bureau	(102,801)

Deficits will be eliminated with future tax increment revenue and charges for services.

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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, 2019, the City was not exposed to custodial credit risk because deposits were fully collateralized. The City had deposits of \$1,586,843 as of December 31, 2019. The City's book balance for cash as of December 31, 2019 was \$1,459,996.

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)	Fair Value Measurement Using	
			Amount	Level 1 Level 2
Pooled Investments at amortized costs				
4M Fund	N/A	less than 6 months	\$ 2,738,440	
Non-pooled investments at fair value				
Government Agency Securities	AAA	Less than 1 year	5,454,385	\$ -
Government Agency Securities	AAA	1 to 3 years	8,349,973	8,349,973
Negotiable certificates of deposits	N/A	Less than 1 year	7,863,224	-
Negotiable certificates of deposits	N/A	1 to 3 years	8,704,479	8,704,479
Total investments			<u>\$ 33,110,501</u>	<u>\$ 13,804,358</u>
				<u>\$ 16,567,703</u>

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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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, 2019, the City had invested 5.0 percent or more of its total investment portfolio in the following issuers: FNMA (7.0%), FHL (12%), and FFEB (16%).

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 requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. 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	\$ 1,459,996
Investments	
Government Agency Securities	13,804,358
Negotiable Certificates of Deposits	16,567,703
Minnesota Mutual Money Market Fund	2,738,440
	<u>33,110,501</u>
Other	
Petty Cash and Change Fund	2,650
Total Cash and Temporary Investments	<u>\$ 34,573,147</u>
Classification per financial statements	
Cash and Temporary Investments - Statement of Net Position	\$ 34,228,919
Cash in Fiduciary Net Position	<u>344,228</u>
Total	<u>\$ 34,573,147</u>

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not depreciated				
Land & improvements	\$ 9,190,957	\$ 876,794	\$ -	\$ 10,067,751
Work in process	27,129	-	6,778	20,351
Total capital assets, not depreciated	<u>9,218,086</u>	<u>876,794</u>	<u>6,778</u>	<u>10,088,102</u>
Capital assets being depreciated				
Buildings & improvements	26,715,682	35,077	-	26,750,759
Other improvements	8,687,943	98,740	-	8,786,683
Furniture & equipment	9,777,747	950,057	450,519	10,277,285
Infrastructure				
Streets	53,765,739	2,322,695	109,760	55,978,674
Storm sewer	7,508,155	-	-	7,508,155
Total capital assets, depreciated	<u>106,455,266</u>	<u>3,406,569</u>	<u>560,279</u>	<u>109,301,556</u>
Less accumulated depreciation				
Buildings & improvements	13,837,684	928,714	-	14,766,398
Other improvements	3,521,112	601,710	-	4,122,822
Furniture & equipment	5,309,613	825,014	402,144	5,732,483
Infrastructure				
Streets	12,956,472	1,056,774	107,684	13,905,562
Storm sewer	2,757,014	75,110	-	2,832,124
Total accumulated depreciation	<u>38,381,895</u>	<u>3,487,322</u>	<u>509,828</u>	<u>41,359,389</u>
Total capital assets, depreciated net	<u>68,073,371</u>	<u>(80,753)</u>	<u>50,451</u>	<u>67,942,167</u>
Governmental activities				
Capital assets, net	<u>\$ 77,291,457</u>	<u>\$ 796,041</u>	<u>\$ 57,229</u>	<u>\$ 78,030,269</u>

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not depreciated	\$ 490,275	\$ -	\$ -	\$ 490,275
Land				
Capital assets being depreciated	4,644,566	-	-	4,644,566
Buildings	3,418,644	244,624	230,609	3,432,659
Equipment	10,700,106	-	-	10,700,106
Distribution / collection system				
Total capital assets	<u>18,763,316</u>	<u>244,624</u>	<u>230,609</u>	<u>18,777,331</u>
Less accumulated depreciation				
Buildings	3,385,798	84,830	-	3,470,628
Equipment	2,223,560	238,542	230,609	2,231,493
Distribution / collection system	8,573,527	116,645	-	8,690,172
Total accumulated depreciation	<u>14,182,885</u>	<u>440,017</u>	<u>230,609</u>	<u>14,392,293</u>
Total capital assets, depreciated net	4,580,431	(195,393)	-	4,385,038
Business-type activities				
Capital assets, net	<u>\$ 5,070,706</u>	<u>\$ (195,393)</u>	<u>\$ -</u>	<u>\$ 4,875,313</u>

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Capital Assets (Continued)

Depreciation expense was charged to City functions as follows:	
Governmental activities:	
General government	\$ 375,182
Public safety	404,851
Public works	1,945,700
Parks and recreation	761,589
Total depreciation expense - governmental activities	<u>\$ 3,487,322</u>
Business-type activities:	
Water	\$ 123,710
Sewer	103,408
Ambulance	131,770
Pioneer manor	80,545
License bureau	584
Total depreciation expense - business-type activities	<u>\$ 440,017</u>

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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, 2019, the long-term bonded debt of the financial reporting entity consisted of the following:

Governmental activities	Interest Rate	Issue Date	Final Maturity	Original Issue	Principal Outstanding
G.O. Tax Incremental Bonds	2.00%	4/3/2012	2/1/2023	\$ 2,850,000	\$ 670,000
G.O. Tax Incremental Refunding Bonds, Series 2012A				2,275,000	2,130,000
G.O. Tax Incremental Revenue Bonds, Series 2016A	2.00 - 3.00%	3/10/2016	2/1/2037	4,925,000	2,800,000
Total G.O. Tax Incremental Bonds					
G.O. Special Assessment Bonds					
G.O. Improvement Bonds, Series 2012B	0.40 - 2.00%	12/19/2012	2/1/2028	2,555,000	1,340,000
G.O. Bonds, Series 2018A	3.00 - 4.00%	6/14/2018	2/1/2039	5,850,000	5,850,000
G.O. Improvement Bonds, Series 2019A	3.00 - 4.00%	7/18/2019	2/1/2040	1,925,000	1,925,000
Total G.O. Special Assessment Bonds				10,330,000	9,115,000
G.O. Tax Abatement Bonds					
G.O. Tax Abatement Bonds, Series 2018B	3.00 - 3.36%	6/14/2018	2/1/2039	3,330,000	3,330,000
Bond premium				18,585,000	223,480
Total governmental activities bonds					15,468,480
Compensated absences payable					1,082,807
Total City indebtedness					\$ 16,551,287

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

B. Minimum Debt Payments

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

Year Ending December 31,	G.O. Tax Incremental Bonds		Governmental Activities G.O. Special Assessment Bonds		G.O. Tax Abatement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 240,000	\$ 65,213	\$ 410,000	\$ 277,717	\$ 125,000	\$ 103,125
2021	255,000	59,438	515,000	264,241	125,000	99,375
2022	260,000	53,413	510,000	249,666	130,000	95,550
2023	260,000	47,313	515,000	233,463	135,000	91,575
2024	95,000	42,838	515,000	216,764	140,000	87,450
2025 - 2029	550,000	176,003	2,395,000	857,175	760,000	370,800
2030 - 2034	675,000	108,460	2,050,000	527,022	880,000	247,428
2035 - 2039	465,000	20,456	2,130,000	192,588	1,035,000	91,578
2040	-	-	75,000	1,125	-	-
	\$ 2,800,000	\$ 573,131	\$ 9,115,000	\$ 2,819,760	\$ 3,330,000	\$ 1,186,881

C. Changes in Long-Term Liabilities

Long-term debt activity for the year ended December 31, 2019 was as follows:

Governmental	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax Incremental Bonds	\$ 3,035,000	\$ -	\$ 235,000	\$ 2,800,000	\$ 240,000
Special Assessment Bonds	7,375,000	1,925,000	185,000	9,115,000	410,000
Tax Abatement Bonds	3,330,000	-	-	3,330,000	125,000
Premium	67,581	164,335	8,436	223,480	11,043
Compensated Absences	1,013,884	885,752	816,829	1,082,807	490,958
Total Long Term Liabilities	\$ 14,821,465	\$ 2,975,087	\$ 1,245,265	\$ 16,551,287	\$ 1,277,001

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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 (GERP)

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

Public Employees Police and Fire Plan (PEPPF)

The PEPPF, 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 PEPPF 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.

GERP benefits

GERP 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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Annuities, disability benefits, and survivor benefits are increased effective every January 1. 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.

PEPPF 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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 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 2019 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, 2019, 2018, and 2017 were \$343,333, \$357,270, and \$355,409, 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 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the years ending December 31, 2019, 2018, and 2017 were \$657,326, \$474,595, and \$408,224, respectively.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

D. Pension costs

General Employees Fund pension costs

At December 31, 2019, the City reported a liability of \$3,588,176 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 to the fund in 2019. 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 \$111,495. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2019, the City's proportionate share was 0.0649 percent, which was a decrease of 0.0074 percent from its proportion measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$ 3,588,176
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>111,495</u>
Total	<u>\$ 3,699,671</u>

For the year ended December 31, 2019, the City recognized pension expense of \$394,716 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$8,350 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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

At December 31, 2019, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 173,819	\$ 8,015
Changes in Actuarial Assumptions	33,097	339,898
Net Difference Between Projected and Actual Earnings on Plan Investments	-	448,504
Changes in Proportion	76,217	380,789
Contributions to GERP Subsequent to the Measurement Date	<u>173,137</u>	<u>-</u>
Total	<u>\$ 456,270</u>	<u>\$ 1,177,206</u>

The \$173,137 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (254,319)
2021	(439,885)
2022	(205,651)
2023	5,782
2024	<u>-</u>
Total	<u>\$ (894,073)</u>

Police and Fire fund pension costs

At December 31, 2019, the City reported a liability of \$3,445,049 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.3236 percent, which was an increase of 0.0693 percent from its proportion measured as of June 30, 2018.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

For the year ended December 31, 2019, the City recognized a pension expense of \$746,309 for its proportionate share of Police and Fire Plan's pension expense. The City also recognized \$43,686 for the year ended December 31, 2019 as pension expense and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 149,718	\$ 691,318
Changes in Actuarial Assumptions	3,014,539	3,922,162
Net Difference Between Projected and Actual Earnings on Plan Investments	-	546,434
Changes in Proportion Contributions to PEPFF Subsequent to the Measurement Date	339,241	-
Total	\$ 4,529,220	\$ 5,172,965

The \$339,241 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (61,337)
2021	(267,401)
2022	(953,561)
2023	106,185
2024	193,128
Total	\$ (982,986)

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

E. Actuarial assumptions

The total pension liability in the June 30, 2019 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 disability rates 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, 2019 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 most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- 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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	35.50 %	5.10 %
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Equity	17.50	5.90
Cash Equivalents	2.00	-
Total	100.00 %	

F. Discount rate

The discount rate used to measure the total pension liability in 2019 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:

	<u>City Proportionate Share of NPL</u>	
	<u>1 Percent Decrease (6.50%)</u>	<u>1 Percent Increase (8.50%)</u>
General Employees Fund	\$ 5,898,767	\$ 3,588,176
Police and Fire Fund	7,530,237	3,445,049
		1,680,323
		67

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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.

Note 7: 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 2019 were:

	<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$	50	\$ 5,198	5.00%	5.00%	5.00%

The City and member's contributions to the DCP plan for the years ending December 31, 2019, 2018 and 2017 were \$5,198, \$12,083 and \$17,919, 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.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Note 8: Defined Benefit Pension Plan - Fire Relief Association

A. Plan description

All members of the White Bear Lake Fire Department (the Department) are covered by a defined benefit plan administered by the White Bear Lake Fire Department Relief Association (the Association). As of December 31, 2019, the plan covered 34 active firefighters and 56 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits provided

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$248,007 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2019, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2019 were \$0. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

D. Pension costs

At December 31, 2018, the City reported a net pension asset of \$1,666,290 for the plan. The net pension liability (asset) was measured as of December 31, 2018. 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, 2019. 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, 2018	\$ 5,096,518	\$ 7,023,488	\$ (1,926,970)
Changes for the Year			
Service cost	156,301	-	156,301
Interest on pension liability (asset)	253,096	-	253,096
Changes of benefit terms	406,243	-	406,243
Difference between expected and actual experience on pension liability (asset)	(466,686)	-	(466,686)
Changes of assumptions	(370,400)	-	(370,400)
Projected investment return	-	(479,034)	479,034
Contributions (employer)	-	241,116	(241,116)
Benefit payments	(381,789)	(381,789)	-
Administrative expenses	-	(45,208)	45,208
Other	-	1,000	(1,000)
Total Net Changes	<u>(403,235)</u>	<u>(663,915)</u>	<u>260,680</u>
Ending Balance December 31, 2018	<u>\$ 4,693,283</u>	<u>\$ 6,359,573</u>	<u>\$ (1,666,290)</u>

For the year ended December 31, 2019, the City recognized pension expense of \$487,616.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

At December 31, 2019, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 486,193
Changes in Actuarial Assumptions	63,458	308,667
Net Difference Between Projected and Actual Earnings on Plan Investments	306,416	-
Contributions to Plan Subsequent to the Measurement Date	<u>248,007</u>	<u>-</u>
Total	<u>\$ 617,881</u>	<u>\$ 794,860</u>

Deferred outflows of resources totaling \$248,007 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2020	\$ (25,682)
2021	(147,096)
2022	(138,296)
2023	25,603
2024	(139,515)
Thereafter	<u>-</u>
Total	<u>\$ (424,986)</u>

E. Actuarial assumptions

The total pension liability at December 31, 2018 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	5.00%
Investment Rate of Return	3.71%
20-Year Municipal Bond Yield	3.71%

The 20-year municipal bond yield actuarial assumption changed from 3.31% in 2017 to 3.71% in 2018. There were no other changes in actuarial assumptions in 2018.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Fixed Income	30.00 %	1.10 %
International Fixed Income	5.00	1.40
Domestic Equity	45.00	5.00
International Equity	15.00	5.30
Cash	<u>5.00</u>	0.50
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:

	<u>1 Percent Decrease (5.00%)</u>	<u>Current (6.00%)</u>	<u>1 Percent Increase (7.00%)</u>
Defined benefit plan	\$ (1,207,665)	\$ (1,666,290)	\$ (2,050,979)

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

H. Pension plan fiduciary net position

The Association issues a publicly available financial report. The report may be obtained by writing to the White Bear Lake Fire Department Relief Association, 4701 Highway 61 North, White Bear Lake, MN 55110.

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

A. Due To and Due From Other Funds

The City has one interfund receivable/payable as of December 31, 2019. The loan was established to eliminate cash flow deficiencies. These loans are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
License Bureau	\$ 245,985	\$ -
Ambulance	-	245,985
	<u>\$ 245,985</u>	<u>\$ 245,985</u>

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:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Insurance Fund	\$ 400,000	\$ -
Non-Bonded Debt Fund	-	400,000
Economic Development Fund	750,000	-
HRA Tax Increment Pool Fund	-	750,000
Total	<u>\$ 1,150,000</u>	<u>\$ 1,150,000</u>

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

B. Transfers

The composition of inter-fund transfers for the year ended December 31, 2019 is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Fund	\$ 120,000	(1)
	Sewer Fund	110,000	(1)
	Refuse Fund	110,000	(1)
	Ambulance Fund	140,000	(1)
	Interim Construction Fund	1,065,000	(1)
	Non-Major Governmental Funds	70,000	(1)
	HRA Tax Increment Pool	25,000	(1)
		<u>1,640,000</u>	
Non-Bonded Debt Fund	G.O. Building Debt Fund	204,341	(9)
	Water Fund	125,000	(4)
		<u>329,341</u>	
G.O. Building Debt Fund	Non-Bonded Debt Fund	1,400,000	(10)
	Non-Major Governmental Funds	155,000	(8)
		<u>1,555,000</u>	
Interim Construction Fund	Non-Bonded Debt Fund	242,500	(2)
	Community Reinvestment Fund	105,000	(2)
	Non-Major Business-Type Fund	150,000	(2)
		<u>497,500</u>	
Municipal Building	Non-Major Governmental Funds	10,000	(6)
Ambulance Fund	Non-Major Governmental Funds	235,200	(12)
	Non-Bonded Debt Fund	200,000	(3)
		<u>435,200</u>	
Non-Major Governmental Funds	General Fund	25,000	(5)
	Community Reinvestment Fund	30,000	(2)
	HRA Tax Increment Pool	135,000	(7)
	Non-Bonded Debt Service Fund	502,776	(7),(11)
	Insurance Fund	235,000	(7),(12)
	Non-Major Business-Type Fund	160,000	(7)
		<u>1,087,776</u>	
Total Transfers		<u>\$ 5,554,817</u>	

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

- 1) Provide funding for professional and administrative services
- 2) Provide Funding for various capital improvement projects
- 3) Provide funding to stabilize fund balance
- 4) Provide funding to repay a loan to stabilize fund balance
- 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) Provide funding for the YMCA Bond internal funding payment
- 9) Close out the G.O. Building Debt Fund
- 10) Write off interfund loan with the G.O. Building Debt Fund and transfer the remaining balance of the interfund loan between the G.O. Building Debt Fund and the Insurance Fund to the Non-Bonded Debt Fund
- 11) Move special assessments received by the non-bonded debt service fund in 2018 that were applicable to the debt issue
- 12) Provide funding for the purchase of capital equipment

Note 10: Note 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
2020	\$ 78,950	\$ 56,860	\$ 137,810
2021	81,531	56,278	137,810
2022	84,197	53,612	137,810
2023	86,950	50,859	137,810
2024	89,794	48,016	137,810
2024 - 2028	494,981	194,067	689,048
2029 - 2033	581,379	107,669	689,048
2034 - 2038	302,218	16,961	319,179
Total	\$ 1,800,000	\$ 586,322	\$ 2,386,322

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Note 11: Components of Fund Balance

At December 31, 2019, 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	Interim Construct.	Municipal Building	HRA Tax Increment	Comm. Reinvest.	Non-Major	Total
Nonspendable								
Prepaid Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,400	\$ 2,400
Restricted								
Debt Service	-	-	-	-	-	-	1,148,411	1,148,411
Total Restricted	-	-	-	-	-	-	1,148,411	1,148,411
Committed								
Armory	-	-	-	-	-	-	48,160	48,160
Marina	-	-	-	-	-	-	222,160	222,160
Forfeiture	-	-	-	-	-	-	54,045	54,045
Sports Center	-	-	-	-	-	-	284,837	284,837
Advances	-	-	-	-	-	-	750,000	750,000
Capital Improvement	-	-	-	924,875	-	7,804,084	3,569,144	12,298,103
Economic Development	-	-	-	-	-	-	2,509,228	2,509,228
Total Committed	-	-	-	924,875	-	7,804,084	7,417,574	16,146,533
Assigned								
Capital Improvement	-	-	4,400,538	-	-	-	-	4,400,538
Surface Water	-	-	-	-	-	-	835,054	835,054
Debt Service	-	404,761	-	-	-	-	-	404,761
Total Assigned	-	404,761	4,400,538	-	-	-	835,054	5,640,353
Unassigned	4,902,116	-	-	-	(57,808)	-	-	4,844,308
Total	\$ 4,902,116	\$ 404,761	\$ 4,400,538	\$ 924,875	\$ (57,808)	\$ 7,804,084	\$ 9,403,439	\$ 27,782,005

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
December 31, 2019

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, 2019.

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 policy changed from the retrospectively rated premium to a deductible premium option as of February 1, 2019. 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, 2019, 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, 2019

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 2019, the City contributed \$0 to the plan.

D. Members

As of December 31, 2019, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Active employees	<u>75</u>
Total	<u><u>86</u></u>

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

E. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, 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	3.50% to 11.50% for General Employees; 3.50% to 12.50% for Police and Fire Employees
Inflation	2.50%
Healthcare cost trend increases	9.0% 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-2015 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2017.

The discount rate used to measure the total OPEB liability was 2.75% based on the estimated yield of 20-Year-AA-rated municipal bonds.

F. Total OPEB liability

The City's total OPEB liability of \$1,341,760 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at January 1, 2019	\$ 951,784
Changes for the year	
Service cost	46,821
Interest	34,686
Differences between expected and actual economic experience	187,941
Changes of assumptions	201,075
Benefit payments	(80,547)
Net changes	389,976
Balances at December 31, 2019	<u>\$ 1,341,760</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.71% in 2018 to 2.75% in 2019.

G. OPEB liability sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 2.75% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	Total OPEB Liability/(Asset)	
	1% decrease (1.75%)	Current (2.75%)
	\$ 1,463,997	\$ 1,341,760
		1% increase (3.75%)
		\$ 1,231,610

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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
		(10.0%
(8.0% decreasing to 2.5%)	(9.0% decreasing to 3.5%)	decreasing to 4.5%)
\$ 1,210,429	\$ 1,341,760	\$ 1,492,912

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$34,355. At December 31, 2019, 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	\$ 170,430	\$ 2,382
Changes of assumptions	182,341	22,501
Total	\$ 352,771	\$ 24,883

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Financial Statements
December 31, 2019

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
2020	\$ 33,395
2021	33,395
2022	33,395
2023	33,395
2024	33,395
2025	33,395
2026	33,395
Thereafter	94,123
Total	<u>\$ 327,888</u>

Note 16: Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial, commercial, and educational facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans.

Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2019, there were twenty-five series of Industrial Revenue Bonds outstanding.

The aggregate principal amount payable for the eighteen series issued after July 1, 1995, was estimated to be \$82,506,579.

The aggregate principal amount payable for the seven series issued prior to July 1, 1995, could not be determined; however, their original amount totaled \$27,105,000.

Note 17: Subsequent Events

On May 12, 2020, the City Council approved the issuance of General Obligation Bonds, Series 2020A in the amount of \$4,880,000 to finance the 2020 Street Improvement Projects, water system improvements, and capital equipment purchases.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the City is unable to determine if it will have a material impact to its operations.

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Required Supplemental Information
December 31, 2019

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 Share of the Net Pension Liability	City's Share of the Net Pension Liability Associated with the City	State's Proportionate Share of the Net Pension Liability		City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				(a)	(b)			
6/30/2019	0.0649 %	\$ 3,588,176	\$ 111,495	3,699,671	\$ 4,708,610	78.6 %	80.2 %	
6/30/2018	0.0723	4,010,908	131,615	4,142,523	4,743,584	87.3	79.5	
6/30/2017	0.0734	4,665,908	58,907	4,744,715	4,549,468	104.3	75.9	
6/30/2016	0.0684	5,553,741	72,541	5,626,282	4,421,512	127.2	68.9	
6/30/2015	0.0717	3,715,866	-	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)		
12/31/2019	\$ 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, 2019

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Required Supplemental Information
December 31, 2019

Notes to the Required Supplementary Information - General Employees Fund

Changes in actuarial assumptions

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, 2019

Changes in plan provisions

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.

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, 2019

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

Changes in actuarial assumptions

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, 2019

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 Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability		City's Covered Payroll (c)	City's Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				(e)	(b)			
6/30/2019	0.2442 %	\$ 3,445,049	-	3,445,049	\$ 3,277,385	105.1 %	88.3 %	
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	135.9	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 Statutorily Required Contribution		Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)	
	(a)	(b)				
12/31/2019	\$ 657,326	\$ 657,326	\$ -	3,878,029	17.0 %	17.0 %
12/31/2018	474,595	474,595	-	2,929,599	16.2	16.2
12/31/2017	408,224	408,224	-	2,519,899	16.2	16.2
12/31/2016	402,054	402,054	-	2,481,816	16.2	16.2
12/31/2015	400,740	400,740	-	2,473,704	16.2	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, 2019

Changes in plan provisions

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.

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, 2019

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 156,301	\$ 151,749	\$ 137,576	\$ 133,569	\$ 145,189
Interest	253,096	253,714	261,707	249,002	247,887
Changes of benefit terms	406,243	-	-	-	-
Differences between expected and actual experience	(466,686)	-	(194,578)	-	(14,592)
Changes of assumptions	(370,400)	-	-	190,378	-
Benefit payments, including refunds of employee contributions	(331,789)	(605,020)	(229,516)	(453,174)	(239,816)
Net change in total pension liability	(403,235)	(96,557)	(24,811)	139,775	138,666
Total pension liability - January 1	5,096,518	5,196,075	5,220,886	5,081,111	4,942,445
Total pension liability - December 31, (a)	\$ 4,693,283	\$ 5,096,518	\$ 5,196,075	\$ 5,220,886	\$ 5,081,111
Plan fiduciary net position					
Contributions - employer	241,116	232,194	231,628	229,853	216,807
Net investment income	(479,034)	966,600	495,777	(293,258)	278,508
Benefit payments, including refunds of employee contributions	(381,789)	(605,020)	(229,516)	(433,174)	(239,816)
Administrative expense	(45,208)	(29,980)	(24,888)	(32,395)	(29,243)
Other	1,000	2,000	-	275	137
Net change in plan fiduciary net position	(663,915)	665,794	472,891	(626,699)	226,391
Plan fiduciary net position - January 1	7,023,488	6,357,694	5,884,703	6,413,402	6,187,011
Plan fiduciary net position - December 31 (b)	\$ 6,359,573	\$ 7,023,488	\$ 6,357,694	\$ 5,884,703	\$ 6,413,402
Fire Relief's net pension liability (asset) - December 31 (a-b)	\$ (1,666,290)	\$ (1,926,970)	\$ (1,161,619)	\$ (663,817)	\$ (1,332,291)
Plan fiduciary net position as a percentage of the total pension liability (b/a)	135.50%	137.81%	122.36%	112.71%	126.22%
Covered payroll	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

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. Ten 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 RP-2000 fully generational table to 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.

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

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, 2019

	Original	Final	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 5,880,000	\$ 5,855,000	\$ 5,863,634	\$ 8,634
Franchise fees	315,000	330,154	330,154	-
License and permits				
Business license and permits	147,400	138,050	141,156	3,106
Non-Business license and permits	603,000	609,100	739,086	129,986
Total license and permits	750,400	747,150	880,242	133,092
Fines	95,000	91,000	87,063	(3,937)
Intergovernmental				
Federal grants	180,000	177,300	198,886	21,586
State grants	1,835,297	1,868,687	1,905,579	36,892
County grants	44,000	34,000	21,265	(12,735)
Local grants	152,000	151,000	151,000	-
Total intergovernmental	2,211,297	2,230,987	2,276,710	45,723
Charges for services				
General government	500	500	445	(55)
Public safety	488,000	484,000	479,580	(4,420)
Public works	1,800	1,800	392	(1,408)
Other	-	-	17,830	17,830
Inspection services	140,000	140,000	161,838	21,838
Total charges for services	630,300	626,300	660,085	33,785
Interest	115,000	115,000	169,651	54,651
Rental Income	65,000	37,315	42,070	4,755
Refunds and reimbursements	3,000	350	4,117	3,767
Donations	2,000	2,000	2,620	620
Miscellaneous	-	4,065	46,939	42,874
Total revenues	10,066,997	10,039,321	10,363,285	323,964
Expenditures				
General government				
Mayor and Council				
Personal services	94,406	96,514	98,205	1,691
Supplies	6,200	6,200	5,806	(394)
Other services and charges	47,919	47,574	46,589	(985)
Total Mayor and Council	148,525	150,288	150,600	312

(Continued)

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Required Supplemental Information
December 31, 2019

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/18	\$ 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)

Schedule of Changes in Total OPEB Liability and Related Ratios

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

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, 2019

	Original	Budget	Final	Actual	Variance with Final Budget
City Manager					
Personal services	\$ 347,416	\$ 357,391	\$ 356,552	\$ 356,552	\$ (839)
Supplies	1,000	1,000	231	231	(769)
Other services and charges	21,471	21,471	20,957	20,957	(514)
Total city manager	369,887	379,862	377,740	377,740	(2,122)
Finance					
Personal services	507,735	501,869	498,262	498,262	(3,607)
Supplies	2,450	2,000	958	958	(1,042)
Other services and charges	103,180	115,285	105,796	105,796	(9,489)
Total finance	613,365	619,154	605,016	605,016	(14,138)
Legal counselor					
Other services and charges	72,169	58,034	46,039	46,039	(11,995)
City hall					
Personal services	170,469	170,354	170,995	170,995	641
Supplies	20,450	19,320	16,241	16,241	(3,079)
Other services and charges	125,163	127,128	118,221	118,221	(8,907)
Total city hall	316,082	316,802	305,457	305,457	(11,345)
Elections					
Other services and charges	58,771	59,911	59,409	59,409	(502)
Total general government	1,578,799	1,584,051	1,544,261	1,544,261	(39,790)
Community development					
Planning					
Personal services	327,003	310,631	310,765	310,765	234
Supplies	2,425	1,825	291	291	(1,534)
Other services and charges	29,208	25,808	19,740	19,740	(6,068)
Total community development	358,636	338,164	330,796	330,796	(7,368)

(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, 2019

	Original	Budget	Final	Actual	Variance with Final Budget
Public safety					
Police					
Personal services	\$ 4,074,213	\$ 4,153,375	\$ 4,038,141	\$ 4,038,141	\$ (115,234)
Supplies	170,755	179,095	176,687	176,687	(2,408)
Other services and charges	226,621	230,626	245,992	245,992	15,366
Total police	4,471,589	4,563,096	4,460,820	4,460,820	(102,276)
Dispatch					
Personal services	126,943	-	-	-	-
Other services and charges	200,000	203,000	204,158	204,158	1,158
Total dispatch	326,943	203,000	204,158	204,158	1,158
Animal control					
Personal services	15,655	14,227	10,760	10,760	(3,467)
Supplies	750	750	120	120	(630)
Other services and charges	7,000	6,050	4,773	4,773	(1,277)
Total animal control	23,405	21,027	15,653	15,653	(5,374)
Legal prosecution					
Personal services	970	970	258	258	(712)
Other services and charges	148,000	148,100	148,150	148,150	50
Total legal prosecution	148,970	149,070	148,408	148,408	(662)
Fire					
Personal services	635,700	662,111	614,936	614,936	(47,175)
Supplies	78,170	80,835	63,048	63,048	(17,787)
Other services and charges	188,725	187,375	176,395	176,395	(10,980)
Total fire	902,595	930,321	854,379	854,379	(75,942)
Emergency preparedness					
Supplies	5,550	6,415	3,763	3,763	(2,632)
Other services and charges	8,599	9,299	7,311	7,311	(1,988)
Total emergency preparedness	14,149	15,714	11,084	11,084	(4,620)

(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, 2019

	Original	Final	Actual	Variance with Final Budget
Building and code enforcement				
Personal services	\$ 520,050	\$ 493,201	\$ 486,068	\$ (7,133)
Supplies	12,200	11,200	9,205	(1,995)
Other services and charges	82,223	81,273	95,838	14,565
Total building / code enforcement	614,473	585,674	591,111	5,437
Total public safety	6,502,124	6,467,902	6,285,623	(182,279)
Public works				
Shop				
Personal services	84,633	85,637	89,028	3,491
Supplies	13,000	15,120	15,610	490
Other services and charges	88,200	93,615	87,957	(5,658)
Total shop	185,833	194,272	192,595	(1,677)
Engineering	674,677	569,777	559,832	(9,945)
Supplies	8,450	9,250	5,030	(4,220)
Other services and charges	71,117	65,717	53,569	(12,148)
Total engineering	754,244	644,744	618,431	(28,313)
Garage				
Personal services	86,099	89,026	87,732	(1,294)
Supplies	35,800	28,150	21,614	(6,536)
Other services and charges	23,570	24,320	13,609	(10,711)
Total garage	145,469	141,496	122,955	(18,541)
Streets				
Personal services	312,799	343,882	332,535	(11,347)
Supplies	75,750	83,675	68,195	(15,480)
Other services and charges	142,477	132,677	122,502	(10,175)
Total streets	531,026	560,234	523,232	(37,002)
Snow and ice removal				
Personal services	98,210	68,391	80,063	11,672
Supplies	98,000	98,400	100,128	1,728
Other services and charges	37,718	78,818	85,156	6,338
Total snow and ice removal	233,928	245,609	265,347	19,738
Street lighting				
Personal services	10,000	10,001	10,251	250
Supplies	13,100	13,100	10,735	(2,365)
Other services and charges	168,000	168,000	159,880	(8,120)
Total street lighting	191,100	191,101	180,866	(10,235)
Total public works	2,041,600	1,977,456	1,903,426	(74,030)
Parks and recreation				
Personal services	533,752	549,904	528,349	(21,555)
Supplies	72,635	74,735	68,650	(6,085)
Other services and charges	126,238	102,278	69,215	(33,063)
Total parks and recreation	732,625	726,917	666,214	(60,703)

(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, 2019

	Original	Final	Actual	Variance with Final Budget
Non-departmental				
General services	\$ 95,000	\$ 86,100	\$ 86,747	\$ 647
Contingency	14,220	14,220	34,411	20,191
Total non-departmental	109,220	100,320	121,158	20,838
Total expenditures	11,323,004	11,194,810	10,851,478	(343,332)
Excess (deficiency) of revenues over (under) expenditures	(1,256,007)	(1,155,489)	(488,193)	667,296
Other financing sources (uses)				
Sale of property	1,000	1,000	1,643	643
Transfers in	1,640,000	1,640,000	1,640,000	-
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	1,616,000	1,616,000	1,616,643	643
Net change in fund balance	359,993	460,511	1,128,450	667,939
Fund balance - beginning	3,614,470	3,773,666	3,773,666	-
Fund balance - ending	\$ 3,974,463	\$ 4,234,177	\$ 4,902,116	\$ 667,939

CITY OF WHITE BEAR LAKE, MINNESOTA
Notes to Required Supplemental Information
December 31, 2019

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, 2019.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF WHITE BEAR LAKE
WHITE BEAR LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of White Bear Lake, Minnesota
 Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2019

	Special Revenue Funds			Special Revenue Funds			Debt Service Funds		
	Armony	Pollution Prevention	Marina	Forfeiture	Sports Center	Economic Development	2012 Special Assessment	2012 Refunding Tax Increment	2016 Tax Increment
Assets									
Cash	\$ 71,525	\$ 835,598	\$ 222,160	\$ 55,887	\$ 241,551	\$ 2,125,859	\$ 30,156	\$ 85,563	\$ 29,427
Receivables:									
Unremitted special assessments	-	-	-	-	-	-	-	-	-
Delinquent special assessments	-	-	-	-	-	9,463	-	-	-
Unavailable special assessments	-	-	-	-	-	106,650	-	-	-
Loans	-	-	-	-	-	394,554	-	-	-
Accounts, net	-	-	-	-	57,424	2,683	-	-	-
Intergovernmental	-	-	-	-	-	637	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	750,000	-	-	-
Total assets	\$ 71,525	\$ 835,598	\$ 222,160	\$ 55,887	\$ 298,975	\$ 3,389,846	\$ 30,156	\$ 85,563	\$ 29,427
Liabilities:									
Accounts payable	\$ 2,790	\$ 544	\$ -	\$ 1,842	\$ 15,102	\$ 14,005	\$ -	\$ -	\$ -
Deposits payable	850	-	-	-	-	500	-	-	-
Intergovernmental	-	-	-	-	108	-	-	-	-
Unearned revenue - other	19,725	-	-	-	18,928	-	-	-	-
Total liabilities	23,365	544	-	1,842	34,138	14,505	-	-	-
Deferred Inflows of Resources									
Unavailable revenue - Special assessments	-	-	-	-	-	116,113	-	-	-
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	30,156	85,563	29,427
Committed	48,160	-	222,160	54,045	264,837	3,259,228	-	-	-
Assigned	-	835,054	-	54,045	-	-	-	-	-
Total fund balances	48,160	835,054	222,160	54,045	264,837	3,259,228	30,156	85,563	29,427
Total liabilities, deferred inflows of resources, and fund balances	\$ 71,525	\$ 835,598	\$ 222,160	\$ 55,887	\$ 298,975	\$ 3,389,846	\$ 30,156	\$ 85,563	\$ 29,427

(Continued)

City of White Bear Lake, Minnesota
 Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2019

	Debt Service Funds			Capital Projects Funds				Total Non-Major Governmental Funds
	2018 General Obligation	2018 Tax Abatement	2019 Improvement Bonds	Park Improvement	Equipment Acquisition	Sewer Improvement	Water Improvement	
Assets								
Cash	\$ 501,973	\$ 145,028	\$ 346,018					
Receivables:								
Unremitted special assessments	8,543	-	1,703					10,246
Delinquent special assessments	832	-	-					10,295
Unavailable special assessments	424,336	-	463,117					994,103
Loans	-	-	-					394,554
Accounts, net	-	-	-	2,232	-	13,280	1,526	77,145
Intergovernmental	-	-	-	-	-	6,237	-	6,874
Prepaid expenses	-	-	-	-	2,400	-	-	2,400
Advances to other funds	-	-	-	-	-	-	-	750,000
Total assets	\$ 935,684	\$ 145,028	\$ 810,838	\$ 1,705,835	\$ 1,100,460	\$ 606,211	\$ 372,240	\$ 10,695,433
Liabilities:								
Accounts payable	-	-	-	6,950	39,078	104,549	24	184,884
Deposits payable	-	-	-	34,145	13,650	-	-	49,145
Intergovernmental	-	-	-	-	-	-	-	108
Unearned revenue - other	-	-	-	-	-	13,280	1,526	53,459
Total liabilities	-	-	-	41,095	52,728	117,829	1,550	287,596
Deferred Inflows of Resources								
Unavailable revenue - Special assessments	425,168	-	463,117	-	-	-	-	1,004,398
Fund Balances:								
Nonspendable	-	-	-	-	2,400	-	-	2,400
Restricted	510,516	145,028	347,721	1,664,740	1,045,332	488,382	370,690	7,417,574
Committed	-	-	-	-	-	-	-	835,054
Assigned	-	-	-	-	-	-	-	-
Total fund balances	510,516	145,028	347,721	1,664,740	1,047,732	488,382	370,690	9,403,439
Total liabilities, deferred inflows of resources, and fund balances	\$ 510,516	\$ 145,028	\$ 347,721	\$ 1,705,835	\$ 1,100,460	\$ 606,211	\$ 372,240	\$ 10,695,433

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, 2019

	Special Revenue Funds			Special Revenue Funds			Debt Service		
	Armory	Surface Water Pollution Prevention	Marina	Forfeiture	Sports Center	Economic Development	2012 Special Assessment	2012 Refunding Tax Increment	2016 Tax Increment
Revenues									
General property taxes	-	-	\$ -	-	-	-	-	-	-
Tax increment	-	-	-	-	-	46,091	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	112,397	-	-	-	-	-	-
Charges for services	-	-	-	-	558,602	36,746	-	-	-
Special assessments	-	-	-	-	-	60,056	-	-	-
Investment income	1,646	-	3,889	1,239	4,683	46,963	325	1,477	790
Rental and lease income	40,901	16,081	389,388	-	16,975	417,801	-	-	-
Refunds and reimbursements	5,019	7,831	-	33,646	-	1,652	-	-	-
Donations	-	-	-	-	153	-	-	-	-
Dedicated fees	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	11,332	6,271	15,094	-	-	-
Total revenues	47,566	136,309	393,277	46,217	586,684	624,403	325	1,477	790
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	53,786	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	67,273	107,265	113,111	-	592,639	-	-	-	-
Community development	-	-	-	-	-	510,612	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	865,794	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Principal retired on bonded debt	-	-	-	-	-	-	185,000	160,000	75,000
Interest and other expenditures	-	-	-	-	-	-	22,153	15,500	56,188
Total expenditures	67,273	107,265	113,111	53,786	592,639	1,376,406	207,153	175,500	131,188
Excess (deficiency) of revenues over (under) expenditures	(19,707)	29,044	280,166	(7,569)	(5,955)	(752,003)	(206,828)	(174,023)	(130,398)
Other financing sources (uses)									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-
Transfer in from other funds	25,000	-	-	-	-	-	225,000	160,000	135,000
Transfer (to) other funds	(10,000)	-	(225,000)	-	-	-	-	-	-
Total other financing sources (uses)	15,000	-	(225,000)	-	-	-	225,000	160,000	135,000
Net change in fund balance	(4,707)	29,044	55,166	(7,569)	(5,955)	(752,003)	18,172	(14,023)	4,602
Fund balance - beginning	52,867	806,010	166,994	61,614	270,792	4,011,231	11,984	99,586	24,825
Fund balance - ending	\$ 48,160	\$ 835,054	\$ 222,160	\$ 54,045	\$ 264,837	\$ 3,259,228	\$ 30,156	\$ 85,563	\$ 29,427

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, 2019

	Debt Service Funds			Capital Projects Funds				Total Non-Major Governmental Funds
	2018 General Obligation	2018 Tax Abatement	2019 Improvement Bonds	Park Improvement	Equipment Acquisition	Sewer Improvement	Water Improvement	
Revenues								
General property taxes	\$ 220,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	220,000
Tax increment	-	-	-	-	-	-	-	46,091
Licenses and permits	-	-	-	12,034	-	-	-	12,034
Intergovernmental	-	-	-	-	195,000	-	-	307,397
Charges for services	-	-	-	12,249	-	-	-	607,597
Special assessments	104,300	-	309,493	-	-	-	-	473,849
Investment income	4,668	3,028	2,093	50,258	37,531	10,414	11,588	180,592
Rental and lease income	-	-	-	2,232	421,012	-	-	1,304,390
Refunds and reimbursements	-	-	-	-	258,597	6,237	-	312,982
Donations	-	-	-	19,071	3,200	-	-	22,424
Dedicated fees	-	-	-	37,634	-	89,040	90,380	217,054
Miscellaneous	-	-	-	-	-	-	-	32,697
Total revenues	328,968	3,028	311,586	133,478	915,340	105,691	101,968	3,737,107
Expenditures								
Current								
General government	-	-	-	-	88,791	-	-	88,791
Public safety	-	-	-	-	109,675	-	-	163,461
Public works	-	-	-	-	19,095	382	52,012	178,754
Parks and recreation	-	-	-	61,994	3,039	-	-	838,056
Community development	-	-	-	-	-	-	-	510,612
Capital outlay	-	-	-	-	-	-	-	-
General government	-	-	-	-	13,976	-	-	13,976
Public safety	-	-	-	-	687,681	-	-	687,681
Public works	-	-	-	-	71,649	119,550	44,823	236,022
Parks and recreation	-	-	-	91,973	121,887	-	-	213,860
Community development	-	-	-	-	-	-	-	865,794
Debt service	-	-	-	-	-	-	-	-
Principal retired on bonded debt	-	-	-	-	-	-	-	420,000
Interest and other expenditures	216,952	119,208	56,358	-	-	-	-	486,359
Total expenditures	216,952	119,208	56,358	153,967	1,115,793	119,932	96,835	4,703,366
Excess (deficiency) of revenues over (under) expenditures	112,016	(116,180)	255,228	(20,489)	(200,453)	(14,241)	5,133	(966,259)
Other financing sources (uses)								
Sale of capital assets	-	-	-	-	39,953	-	-	39,953
Bonds issued	-	-	85,218	-	-	-	-	85,218
Premium on bonds issued	-	-	7,275	-	-	-	-	7,275
Transfer in from other funds	277,776	195,000	-	30,000	40,000	-	-	1,087,776
Transfer (to) other funds	-	-	-	-	(235,200)	-	-	(470,200)
Total other financing sources (uses)	277,776	195,000	92,493	30,000	(155,247)	-	-	750,022
Net change in fund balance	389,792	78,820	347,721	9,511	(355,700)	(14,241)	5,133	(216,237)
Fund balance - beginning	120,724	66,208	-	1,655,229	1,403,432	502,623	365,557	9,619,676
Fund balance - ending	\$ 510,516	\$ 145,028	\$ 347,721	\$ 1,664,740	\$ 1,047,732	\$ 488,382	\$ 370,690	\$ 9,403,439

City of White Bear Lake, Minnesota
 Combining Statement of Net Position
 Non-Major Proprietary Funds
 December 31, 2019

	License Bureau	Pioneer Manor	Total Non-Major Enterprise Funds
Assets			
Current Assets			
Cash	\$ 177,115	\$ 303,287	\$ 480,402
Receivables:			
Accounts, net	245,985	1,524	1,524
Advances to other funds	423,100	304,811	727,911
Total current assets			
Capital Assets			
Land	-	410,285	410,285
Buildings	5,760	2,437,134	2,442,894
Equipment	21,569	160,023	181,592
Less accumulated depreciation	(26,988)	(1,542,349)	(1,569,337)
Total net capital assets	341	1,465,093	1,465,434
Total noncurrent assets	341	1,465,093	1,465,434
Total assets	423,441	1,769,904	2,193,345
Deferred outflows of resources	55,669	-	55,669
Deferred pension resources			
Liabilities			
Current Liabilities:			
Accounts payable	290	59,015	59,305
Intergovernmental payable	204	-	204
Deposits payable	-	32,425	32,425
Unearned revenue	-	755	755
Total current liabilities	494	92,195	92,689
Noncurrent Liabilities			
Pension liability	437,788	-	437,788
Total liabilities	438,282	92,195	530,477
Deferred inflows of resources	143,629	-	143,629
Deferred pension resources			
Net Position			
Investment in capital assets	341	1,465,093	1,465,434
Unrestricted net assets	(103,142)	212,616	109,474
Total net position	\$ (102,801)	\$ 1,677,709	\$ 1,574,908

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, 2019

	License Bureau	Pioneer Manor	Total Non-Major Enterprise Funds
Operating revenues			
Charges for services	\$ 970,729	\$ -	\$ 970,729
Rent	-	399,896	399,896
Other	1,019	50	1,069
Total operating revenues	971,748	399,946	1,371,694
Operating expenses			
Personal services	811,286	-	811,286
Supplies	10,457	24,973	35,430
Other services and charges	37,573	212,547	250,120
Depreciation	584	80,545	81,129
Total operating expenses	859,900	318,065	1,177,965
Operating income (loss)	111,848	81,881	193,729
Nonoperating revenues			
Investment income	6,548	4,292	10,840
Intergovernmental	204,171	-	204,171
Miscellaneous revenues	718	2,788	3,506
Total nonoperating revenues	211,437	7,080	218,517
Income (loss) before transfers	323,285	88,961	412,246
Transfers (to) other funds	(150,000)	(160,000)	(310,000)
Change in net position	173,285	(71,039)	102,246
Net position - beginning	(276,086)	1,748,748	1,472,662
Net position - ending	\$ (102,801)	\$ 1,677,709	\$ 1,574,908

City of White Bear Lake, Minnesota
 Combining Statement of Cash Flows
 Non-Major Proprietary Funds
 For the Year Ended December 31, 2019

	License Bureau	Pioneer Manor	Total Non-Major Enterprise Funds
Cash flows from operating activities			
Receipts from customers	\$ 976,732	\$ 400,526	\$ 1,377,258
Payments to vendors	(50,645)	(210,471)	(261,116)
Payments to employees	(773,478)	-	(773,478)
Other receipts	1,019	50	1,069
Net cash provided (used) by operating activities	153,628	190,105	343,733
Cash flows from noncapital financing activities			
Intergovernmental receipts	204,171	-	204,171
Proceeds from (payments on) advances to other funds	(100,675)	-	(100,675)
Transfers (to) other funds	(150,000)	(160,000)	(310,000)
Net cash provided (used) by noncapital financing activities	(46,504)	(160,000)	(206,504)
Cash flows from investing activities			
Investment income received	6,548	4,292	10,840
Increase (decrease) in cash and cash equivalents	113,672	34,397	148,069
Cash and cash equivalents at beginning of year	63,443	268,890	332,333
Cash and cash equivalents at end of year	\$ 177,115	\$ 303,287	\$ 480,402
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 111,848	\$ 81,881	\$ 193,729
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	584	80,545	81,129
Miscellaneous	718	2,788	3,506
(Increase) decrease in assets/deferred outflows of resources			
Accounts receivable	5,285	(1,423)	3,862
Deferred outflows in pension resources	38,620	-	38,620
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	(2,549)	27,049	24,500
Due to governments	(66)	-	(66)
Deposits payable	-	(800)	(800)
Deferred inflows in pension resources	19,341	-	19,341
Unearned revenue	-	65	65
Pension liability	(20,153)	-	(20,153)
Net cash provided (used) by operating activities	\$ 153,628	\$ 190,105	\$ 343,733

City of White Bear Lake, Minnesota
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Armyory Fund
 For the Year Ended December 31, 2019

	Original	Budget	Final	Actual	Variance with Final Budget
Revenues					
Rental income	\$ 38,300	\$ 43,550	\$ 36,032	\$ (7,518)	\$ (7,518)
Lease income	4,250	618	4,869	4,251	4,251
Investment income	-	-	1,646	1,646	1,646
Refunds and reimbursements	2,000	4,300	5,019	719	719
Total revenues	44,550	48,468	47,566	(902)	(902)
Expenditures					
Parks and recreation	35,706	36,822	35,444	(1,378)	(1,378)
Personal services	5,225	3,350	2,554	(796)	(796)
Materials and supplies	26,525	29,110	29,275	165	165
Other services and charges	67,456	69,282	67,273	(2,009)	(2,009)
Total expenditures	(22,906)	(20,814)	(19,707)	1,107	1,107
Excess (deficiency) of revenues over (under) expenditures	25,000	25,000	25,000	-	-
Other financing sources (uses)	(10,000)	(10,000)	(10,000)	-	-
Transfers from other funds	15,000	15,000	15,000	-	-
Transfer (to) other funds	(7,906)	(5,814)	(4,707)	1,107	1,107
Total other financing sources (uses)	51,149	52,867	52,867	-	-
Net change in fund balance	\$ 43,243	\$ 47,053	\$ 48,160	\$ 1,107	\$ 1,107
Fund balance - beginning					
Fund balance - ending					

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, 2019

	Budget		Actual	Variances with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 90,000	\$ 112,400	\$ 112,397	\$ (3)
Interest income	-	-	16,081	16,081
Refunds and reimbursements	-	7,500	7,831	331
Total revenues	<u>90,000</u>	<u>119,900</u>	<u>136,309</u>	<u>16,409</u>
Expenditures				
Public works				
Personal services	51,379	51,296	46,184	(5,112)
Materials and supplies	29,400	5,500	4,271	(1,229)
Other services and charges	48,900	87,275	56,810	(30,465)
Total expenditures	<u>129,679</u>	<u>144,071</u>	<u>107,265</u>	<u>(36,806)</u>
Net change in fund balance	(39,679)	(24,171)	29,044	53,215
Fund balance - beginning	775,419	806,010	806,010	-
Fund balance - ending	<u>\$ 735,740</u>	<u>\$ 781,839</u>	<u>\$ 835,054</u>	<u>\$ 53,215</u>

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, 2019

	Budget		Actual	Variances with Final Budget
	Original	Final		
Revenues				
Rental income	\$ 388,000	\$ 388,000	\$ 389,388	\$ 1,388
Interest income	-	-	3,889	3,889
Total revenues	<u>388,000</u>	<u>388,000</u>	<u>393,277</u>	<u>5,277</u>
Expenditures				
Parks and recreation				
Personal services	10,765	26,030	22,383	(3,647)
Materials and supplies	5,500	6,500	4,033	(2,467)
Other services and charges	93,750	102,405	86,695	(15,710)
Total expenditures	<u>110,015</u>	<u>134,935</u>	<u>113,111</u>	<u>(21,824)</u>
Excess (deficiency) of revenues over (under) expenditures	277,985	253,065	280,166	27,101
Other Financing Uses				
Transfer (to) other funds	(225,000)	(225,000)	(225,000)	-
Net change in fund balance	52,985	28,065	55,166	27,101
Fund balance - beginning	152,633	166,994	166,994	-
Fund balance - ending	<u>\$ 205,618</u>	<u>\$ 195,059</u>	<u>\$ 222,160</u>	<u>\$ 27,101</u>

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, 2019

	Budget		Actual	Variances with Final Budget
	Original	Final		
Revenues				
Miscellaneous	\$ 61,000	\$ 10,000	\$ 11,332	\$ 1,332
Interest income	-	-	1,239	1,239
Refunds and reimbursements	-	30,000	33,646	3,646
Total revenues	<u>61,000</u>	<u>40,000</u>	<u>46,217</u>	<u>6,217</u>
Expenditures				
Current				
Public safety	7,000	23,000	16,170	(6,830)
Materials and supplies	8,000	38,650	37,616	(1,034)
Other services and charges	15,000	61,650	53,786	(7,864)
Total expenditures	<u>30,000</u>	<u>123,300</u>	<u>107,572</u>	<u>(15,728)</u>
Net change in fund balance	46,000	(21,650)	(7,569)	14,081
Fund balance - beginning	56,518	61,614	61,614	-
Fund balance - ending	<u>\$ 102,518</u>	<u>\$ 39,964</u>	<u>\$ 54,045</u>	<u>\$ 14,081</u>

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, 2019

	Budget		Actual	Variances with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 498,000	\$ 500,300	\$ 558,602	\$ 58,302
Interest income	-	-	4,683	4,683
Rental income	3,500	15,500	16,975	1,475
Donations	-	150	153	3
Miscellaneous	11,500	7,500	6,271	(1,229)
Total revenues	<u>513,000</u>	<u>523,450</u>	<u>586,684</u>	<u>63,234</u>
Expenditures				
Parks and recreation				
Personal services	371,821	375,196	369,682	(5,514)
Materials and supplies	30,035	30,478	28,929	(1,549)
Other services and charges	172,513	210,027	194,028	(15,999)
Total expenditures	<u>574,369</u>	<u>615,701</u>	<u>592,639</u>	<u>(23,062)</u>
Net change in fund balance	(61,369)	(92,251)	(5,955)	86,296
Fund balance - beginning	249,017	228,262	270,792	42,530
Fund balance - ending	<u>\$ 187,648</u>	<u>\$ 136,011</u>	<u>\$ 264,837</u>	<u>\$ 128,826</u>

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, 2019

	Original	Budget	Final	Actual	Variances with Final Budget
Revenues	\$	20,000	\$	42,100	\$
Tax increment				5,760	720
Charges for services				30,986	(41,514)
Farmer's Market				60,056	(2,844)
Loan repayments				417,801	20,701
Special assessments				15,094	25
Rental income				46,963	46,963
Miscellaneous				1,652	1,652
Interest income					
Refunds and reimbursements					
Total revenues		548,300		624,403	25,703

Expenditures					
Community Development					
Personal services					
Materials and supplies					
Other services and charges					
Capital outlay					
Total expenditures					
Net change in fund balance					
Fund balance - beginning					
Fund balance - ending					

City of White Bear Lake, Minnesota
Combining Statement of Net Position
Internal Service Funds
December 31, 2019

	Insurance	Employment Expense	Engineering	Total Internal Service Funds
Assets				
Current Assets				
Cash	\$	2,121,185	\$	-
Receivables:				
Intergovernmental				
Prepaid expenses				
Total current assets				
Noncurrent assets				
Advances to other funds				
Total assets				
Deferred Outflows of Resources				
Deferred other postemployment benefit resources				
Liabilities				
Current Liabilities:				
Accounts payable				
Accrued wages payable				
Compensated absences payable				
Total current liabilities				
Noncurrent Liabilities:				
Compensated absences payable				
Net other postemployment benefits (OPEB) liability				
Total noncurrent liabilities				
Total liabilities				
Deferred Inflows of Resources				
Deferred other postemployment benefit resources				
Net Position				
Unrestricted				

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, 2019

	Insurance	Employment Expense	Engineering	Total Internal Service Funds
Operating revenues				
Charges for services	\$ 455,835	\$ 3,041,466	\$ -	\$ 3,497,301
Premium reimbursement	74,227	1,033	-	75,260
Total operating revenues	530,062	3,042,499	-	3,572,561
Operating expenses				
Personal services	-	3,188,359	-	3,188,359
Supplies	507	-	-	507
Other services and charges	436,922	42,221	-	479,143
Total operating expenses	437,429	3,230,580	-	3,668,009
Operating income (loss)	92,633	(188,081)	-	(95,448)
Nonoperating revenues				
Investment income	39,879	44,270	-	84,149
Intergovernmental	-	17,350	-	17,350
Miscellaneous	20,000	16	-	20,016
Gain on disposal of capital assets	3,650	-	-	3,650
Total nonoperating revenues	63,529	61,636	-	125,165
Income (loss) before transfers	156,162	(126,445)	-	29,717
Transfers in	-	-	431,303	431,303
Transfers (out)	(235,000)	-	-	(235,000)
Change in net position	(78,838)	(126,445)	431,303	226,020
Net position - beginning	2,579,799	129,879	(431,303)	2,278,375
Net position - ending	\$ 2,500,961	\$ 3,434	\$ -	\$ 2,504,395

City of White Bear Lake, Minnesota
 Combining Statement of Cash Flows
 Internal Service Funds
 For the Year Ended December 31, 2019

	Insurance	Employment Expense	Engineering	Total Internal Service Funds
Cash flows from operating activities				
Receipts from other funds	\$ 455,835	\$ 3,045,845	\$ -	\$ 3,501,680
Payments to vendors	(436,547)	(1,078,624)	(6,483)	(1,521,654)
Payments to other governments	-	(1,492,575)	-	(1,492,575)
Payments to employees	-	(502,345)	-	(502,345)
Other receipts	94,227	1,049	-	95,276
Net cash provided (used) by operating activities	113,515	(26,650)	(6,483)	80,382
Cash flows from capital financing activities				
Proceeds from the sale of capital assets	3,650	-	-	3,650
Cash flows from investing activities				
Investment income received	39,879	44,270	-	84,149
Cash flows from noncapital financing activities				
Intergovernmental receipts	-	17,350	-	17,350
Decrease in advances to other funds	215,000	-	-	215,000
Transfers (to) other funds	(235,000)	-	-	(235,000)
Net cash provided (used) by noncapital financing activities	(20,000)	17,350	-	(2,650)
Increase (decrease) in cash and cash equivalents	137,044	34,970	(6,483)	165,531
Cash and cash equivalents at beginning of year	1,984,141	2,344,169	6,483	4,334,793
Cash and cash equivalents at end of year	\$ 2,121,185	\$ 2,379,139	\$ -	\$ 4,500,324
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 92,633	\$ (188,081)	\$ -	\$ (95,448)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Miscellaneous	20,000	16	-	20,016
(Increase) decrease in assets/deferred outflows of resources	-	4,379	-	4,379
Accounts receivable	-	(12,951)	-	(12,951)
Due from governments	-	(144)	-	(144)
Prepaid expenses	-	(352,771)	-	(352,771)
Deferred outflows in OPEB resources	-	-	-	-
Increase (decrease) in liabilities/deferred inflows of resources	882	11,753	(6,483)	6,152
Accounts payable	-	55,100	-	55,100
Wages payable	-	(2,850)	-	(2,850)
Deferred inflows in OPEB resources	-	389,976	-	389,976
Net OPEB liability	-	66,923	-	66,923
Compensated absences	-	-	-	-
Net cash provided (used) by operating activities	\$ 113,515	\$ (26,650)	\$ (6,483)	\$ 80,382

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.

STATISTICAL SECTION (UNAUDITED)

**CITY OF WHITE BEAR LAKE
WHITE BEAR LAKE, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

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

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 53,646,800	\$ 56,636,347	\$ 53,729,136	\$ 65,111,033	\$ 70,454,106	\$ 69,690,757	\$ 66,342,321	\$ 66,079,290	\$ 63,483,876	\$ 62,561,789
Restricted	4,096,440	-	-	-	-	-	-	-	-	-
Restricted for counseling center	-	81,200	-	-	-	-	-	-	-	-
Restricted for stormwater	-	52,622	46,181	27,464	31,033	31,033	31,033	31,033	31,033	-
Restricted for debt service	-	28,590	4,583	258,435	192,389	127,709	103,228	139,623	122,200	1,847,261
Restricted for economic development	-	346,322	341,258	914,455	192,389	-	629,646	464,393	-	-
Unrestricted	30,397,226	29,900,926	2,409,773	32,231,764	27,617,496	29,293,742	28,839,930	26,022,816	31,026,459	29,497,391
Total governmental activities net position	\$ 88,140,466	\$ 89,405,904	\$ 92,120,390	\$ 98,543,151	\$ 98,295,024	\$ 99,143,241	\$ 95,946,158	\$ 92,737,155	\$ 94,863,568	\$ 93,906,441
Business-type activities										
Net investment in capital assets	\$ 6,166,474	\$ 5,911,634	\$ 5,829,454	\$ 4,422,893	\$ 4,259,544	\$ 4,189,988	\$ 4,034,239	\$ 3,935,132	\$ 5,070,706	\$ 4,875,313
Unrestricted	4,830,266	4,998,444	4,691,010	4,459,462	3,953,646	2,208,696	1,762,479	2,331,483	2,204,090	2,957,997
Total business-type activities net position	\$ 10,996,740	\$ 10,910,078	\$ 10,520,464	\$ 8,882,355	\$ 8,213,190	\$ 6,398,684	\$ 5,796,718	\$ 6,266,615	\$ 7,274,796	\$ 7,833,310
Total primary government	\$ 99,137,206	\$ 100,315,982	\$ 102,640,854	\$ 107,425,506	\$ 106,508,214	\$ 105,541,925	\$ 101,742,876	\$ 99,003,770	\$ 101,938,364	\$ 101,739,751
Net investment in capital assets	\$ 59,813,274	\$ 62,547,981	\$ 59,558,590	\$ 69,533,926	\$ 74,713,650	\$ 73,880,745	\$ 70,376,560	\$ 70,014,422	\$ 68,554,582	\$ 67,437,102
Restricted	4,096,440	-	-	-	-	-	-	-	-	-
Restricted for counseling center	-	81,200	-	-	-	-	-	-	-	-
Restricted for stormwater	-	52,622	46,181	27,464	31,033	31,033	31,033	31,033	31,033	-
Restricted for debt service	-	28,590	4,583	258,435	192,389	127,709	103,228	139,623	122,200	1,847,261
Restricted for economic development	-	346,322	341,258	914,455	192,389	-	629,646	464,393	-	-
Unrestricted	35,227,492	34,899,370	40,280,469	36,691,226	31,571,142	31,502,438	30,602,409	28,354,299	33,230,549	32,455,388
Total primary government net position	\$ 99,137,206	\$ 100,315,982	\$ 102,640,854	\$ 107,425,506	\$ 106,508,214	\$ 105,541,925	\$ 101,742,876	\$ 99,003,770	\$ 101,938,364	\$ 101,739,751

Note: The city implemented GASB Statement 54 in fiscal year 2011.

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

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 1,761,951	\$ 1,559,230	\$ 1,323,209	\$ 1,434,549	\$ 1,384,578	\$ 1,289,857	\$ 1,894,885	\$ 2,032,563	\$ 2,229,732	\$ 1,780,202
Community development	3,102,640	387,494	945,394	1,599,276	2,200,586	976,641	1,274,267	1,303,137	996,161	913,745
Public safety	5,043,588	5,278,869	5,331,485	5,619,039	6,009,046	5,866,999	7,344,542	6,901,502	6,938,342	8,107,785
Public works	2,247,410	3,901,382	3,296,517	2,376,178	3,032,941	3,316,921	6,081,952	5,136,511	3,477,255	4,982,461
Parks and recreation	852,109	752,502	793,111	1,383,926	1,513,999	1,673,231	1,949,905	2,196,181	2,443,894	2,110,546
Counseling center	681,744	505,904	240,232	-	-	-	-	-	-	-
Interest on long-term debt	135,929	278,754	226,667	196,259	203,444	201,602	216,142	286,638	583,390	586,792
Total governmental activities expenses	13,825,371	12,664,135	12,156,615	12,609,227	14,344,494	13,325,251	18,761,693	17,856,532	16,668,774	18,481,531
Business-type activities:										
Water	1,230,241	1,256,581	1,253,619	1,256,185	1,501,481	1,218,301	1,436,995	1,522,190	1,530,821	1,383,570
Sewer	2,423,828	2,480,514	2,331,164	2,432,860	2,356,471	2,407,703	2,583,293	2,821,396	2,717,434	2,900,620
Refuse	1,285,343	1,287,025	1,373,872	1,323,476	1,269,935	1,347,339	1,266,330	1,238,814	1,292,427	1,394,947
Sports Center	577,809	563,960	627,507	-	-	-	-	-	-	-
Ambulance	1,020,892	1,043,181	1,072,538	1,174,927	1,303,816	1,561,444	1,401,154	1,300,483	1,900,790	2,177,945
Pioneer Manor	277,697	235,010	232,459	240,515	231,469	221,177	231,666	275,119	265,272	316,986
License Bureau	516,445	501,058	477,197	545,962	601,184	593,088	627,705	758,487	860,555	869,093
Total business-type activities expenses	7,332,255	7,367,329	7,368,356	6,973,925	7,264,356	7,349,052	7,547,144	7,916,489	8,567,299	9,043,161
Total primary government expenses	21,157,626	20,031,464	19,524,971	19,583,152	21,608,850	20,674,303	26,308,837	25,773,021	25,236,073	27,524,692

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Governmental activities										
Charges for services	\$ 559,685	\$ 539,811	\$ 667,976	\$ 648,104	\$ 466,380	\$ 486,528	\$ 552,222	\$ 601,369	\$ 534,884	\$ 549,179
Community development	1,178,852	1,349,852	1,458,837	1,512,403	1,448,604	1,333,433	1,462,598	1,324,364	1,491,098	1,669,572
Public safety	1,723,124	1,514,084	344,646	2,138,913	1,607,337	2,852,688	1,198,061	1,248,613	2,545,402	1,741,350
Public works	776,091	725,387	544,347	1,165,561	1,368,593	1,964,137	1,732,107	1,653,693	1,596,321	1,873,465
Other activities	1,300,748	1,096,891	944,466	1,860,303	969,094	758,819	2,013,226	1,773,381	2,529,915	1,816,662
Operating grants and contributions	1,038,643	947,133	2,442,615	1,120,488	3,204,949	1,235,765	236,298	193,819	2,786,239	234,945
Capital grants and contributions	6,577,143	6,173,158	6,402,887	8,445,772	9,064,957	8,631,350	7,194,512	6,795,239	11,485,659	7,865,173
Total governmental activities program revenues										

(Continued)

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

	Fiscal Years											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Business-type activities:												
Charges for services:												
Water	\$ 1,399,473	\$ 1,273,691	\$ 1,299,555	\$ 1,116,799	\$ 1,130,956	\$ 1,033,562	\$ 1,317,467	\$ 1,352,090	\$ 1,631,823	\$ 1,630,455		
Sewer	2,251,182	2,348,587	2,439,310	2,355,493	2,266,411	2,278,271	2,458,993	2,737,128	3,137,600	3,301,230		
Refuse	1,200,355	1,350,646	1,283,336	1,271,011	1,266,393	1,331,974	1,287,837	1,313,995	1,345,541	1,422,623		
Sports Center	488,821	518,961	436,610	-	-	-	-	-	-	-		
Ambulance	1,156,028	1,216,881	1,261,191	1,289,760	1,467,576	1,533,843	1,364,463	1,819,626	1,617,467	1,991,667		
Pioneer Manor	351,276	363,633	360,017	370,341	374,610	379,942	379,437	382,935	390,436	402,734		
License Bureau	743,680	825,609	911,822	903,202	966,451	1,009,610	1,036,532	971,880	972,573	972,466		
Operating grants and contributions	61,382	96,085	66,381	84,321	52,414	-	146,693	77,717	60,691	279,418		
Capital grants and contributions	94,526	10,917	30,000	-	-	-	-	-	-	2,453		
Total business-type activities program revenues	<u>7,746,723</u>	<u>8,005,010</u>	<u>8,088,222</u>	<u>7,390,927</u>	<u>7,524,811</u>	<u>7,567,202</u>	<u>7,991,422</u>	<u>8,655,371</u>	<u>9,156,131</u>	<u>10,003,046</u>		
Total primary government program revenues	<u>\$ 14,323,866</u>	<u>\$ 14,176,168</u>	<u>\$ 14,491,109</u>	<u>\$ 15,836,689</u>	<u>\$ 16,589,768</u>	<u>\$ 16,198,552</u>	<u>\$ 15,185,934</u>	<u>\$ 15,450,610</u>	<u>\$ 20,641,990</u>	<u>\$ 17,888,219</u>		

Net (Expense)/Revenue												
Governmental activities	\$ (7,248,228)	\$ (6,490,977)	\$ (5,753,728)	\$ (4,163,455)	\$ (5,279,537)	\$ (4,693,901)	\$ (11,567,181)	\$ (11,061,293)	\$ (5,182,915)	\$ (10,596,358)		
Business-type activities	414,468	637,681	719,866	417,002	260,455	218,150	444,278	738,882	588,832	959,885		
Total primary government net expense	<u>(6,833,760)</u>	<u>(5,853,296)</u>	<u>(5,033,862)</u>	<u>(3,746,453)</u>	<u>(5,019,082)</u>	<u>(4,475,751)</u>	<u>(11,122,903)</u>	<u>(10,322,411)</u>	<u>(4,594,083)</u>	<u>(9,636,473)</u>		

General Revenues and Other Changes in Net Position

	Fiscal Years											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Governmental activities:												
Taxes	4,788,335	5,020,540	5,380,530	5,693,462	5,101,437	5,430,074	5,425,913	5,638,926	6,161,456	6,753,944		
Unrestricted grants and contributions	1,532,448	1,533,186	1,532,871	1,532,542	1,532,454	1,542,705	1,542,738	1,543,705	1,587,299	1,588,195		
Investment earnings	395,275	455,281	332,293	(46,110)	435,659	275,401	314,014	390,231	556,126	975,843		
Gain on sale of capital assets	13,328	-	81,103	1,335,877	5,556	205,895	39,118	-	84,222	50,949		
Capital transfers	-	-	-	-	-	-	-	-	(1,459,723)	(9,500)		
Transfers	873,474	747,408	986,417	878,661	929,620	881,506	1,048,315	279,428	1,056,920	479,800		
Total governmental activities	<u>7,602,860</u>	<u>7,756,415</u>	<u>8,313,214</u>	<u>9,394,432</u>	<u>8,004,726</u>	<u>8,335,581</u>	<u>8,370,098</u>	<u>7,852,290</u>	<u>7,986,300</u>	<u>9,839,231</u>		
Business-type activities:												
Taxes	147,000	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	33,615	23,065	31,937	15,334	-	12,236	2,071	10,443	16,546	40,103		
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-		
Capital transfers	(873,474)	(747,408)	(986,417)	(878,661)	(929,620)	(881,506)	(1,048,315)	(279,428)	(1,056,920)	(479,800)		
Transfers	(692,859)	(724,343)	(954,480)	(663,327)	(929,620)	(869,270)	(1,046,244)	(268,985)	(419,349)	(401,371)		
Total business-type activities	<u>(692,859)</u>	<u>(724,343)</u>	<u>(954,480)</u>	<u>(663,327)</u>	<u>(929,620)</u>	<u>(869,270)</u>	<u>(1,046,244)</u>	<u>(268,985)</u>	<u>(419,349)</u>	<u>(401,371)</u>		
Total primary government	<u>\$ 6,910,001</u>	<u>\$ 7,032,072</u>	<u>\$ 7,358,734</u>	<u>\$ 8,731,105</u>	<u>\$ 7,075,106</u>	<u>\$ 7,466,311</u>	<u>\$ 7,323,854</u>	<u>\$ 7,583,305</u>	<u>\$ 8,405,649</u>	<u>\$ 9,437,860</u>		

Change in Net Position												
Governmental activities	\$ 354,632	\$ 1,265,438	\$ 2,559,486	\$ 5,230,977	\$ 2,725,189	\$ 3,641,680	\$ (3,197,083)	\$ (3,209,003)	\$ 2,803,385	\$ (757,127)		
Business-type activities	(278,391)	(86,662)	(234,614)	(446,325)	(669,165)	(651,120)	(601,966)	469,897	1,008,181	558,514		
Total primary government	<u>\$ 76,241</u>	<u>\$ 1,178,776</u>	<u>\$ 2,324,872</u>	<u>\$ 4,784,652</u>	<u>\$ 2,056,024</u>	<u>\$ 2,990,560</u>	<u>\$ (3,799,049)</u>	<u>\$ (2,739,106)</u>	<u>\$ 3,811,566</u>	<u>\$ (198,613)</u>		

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

	Fiscal Years		Fiscal Years		Fiscal Years		Fiscal Years		Fiscal Years	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Unassigned	\$ 2,830,000	-	\$ 3,351,922	\$ 3,564,689	\$ 3,240,501	\$ 3,275,500	\$ 3,443,521	\$ 3,604,779	\$ 3,773,666	\$ 4,902,116
Unreserved, designated	440,461	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	3,270,461	3,510,610	3,351,922	3,564,689	3,240,501	3,275,500	3,443,521	3,604,779	3,773,666	4,902,116
Total general fund										
All Other Governmental Funds										
Nonspendable										
Capital improvements										
Restricted										
Counseling center		81,200	-	-	-	-	-	-	-	2,400
Armory		52,622	46,181	-	-	-	-	-	-	-
Surface water pollution prevention		28,590	4,583	27,464	31,033	31,033	31,033	31,033	31,033	-
Debt service		346,322	363,341	288,648	218,493	149,490	171,524	139,623	323,327	1,148,411
Economic development		2,359,897	2,409,773	914,455	-	-	629,646	464,393	-	-
Committed										
Armory				49,983	54,033	62,013	68,460	59,643	52,867	48,160
Marina				188,910	275,010	408,717	420,002	73,083	166,994	222,160
Sports center				352,470	348,724	344,004	347,985	283,171	270,792	264,837
Forfeiture				-	-	-	153,554	128,818	61,614	54,045
Debt service		721,342	694,682	1,220,207	1,321,100	428,022	899,591	846,323	386,091	-
Advances		2,350,000	2,080,000	1,430,000	1,325,000	1,220,000	1,025,000	1,000,000	1,750,000	750,000
Capital improvements		4,843,935	4,930,998	14,367,004	14,179,649	15,173,631	13,964,494	13,240,444	12,642,847	12,298,103
Economic development		1,016,897	1,002,251	915,912	1,116,556	1,104,556	1,113,652	2,837,301	3,261,231	2,509,228
Assigned										
Surface water pollution prevention		908,041	871,823	744,981	801,349	766,754	805,238	822,597	774,977	835,054
Capital improvements		11,959,978	14,590,161	4,068,818	3,610,771	3,553,171	3,726,267	2,775,587	5,091,368	4,400,538
Debt service										404,761
Economic development				2,663,221	2,289,733	2,386,090	1,649,148	-	-	-
Unassigned		(3,190,990)	(2,918,533)	(2,264,286)	(4,213,915)	(4,478,829)	(1,828,066)	(1,623,966)	(1,588,524)	(57,808)
Reserved	3,096,440	-	-	-	-	-	-	-	-	-
Unreserved, designated, reported in:										
Debt service funds	307,956	-	-	-	-	-	-	-	-	-
Capital projects funds	23,080,595	-	-	-	-	-	-	-	-	-
Unreserved, undesignated, reported in:										
Special revenue funds	1,100,254	-	-	-	-	-	-	-	-	-
Debt service funds	(3,590,000)	-	-	-	-	-	-	-	-	-
Total all other governmental funds										
	23,995,245	-	26,248,534	24,967,787	21,357,536	21,148,652	23,177,528	21,078,050	23,224,617	22,879,889
Total fund balances	\$ 27,265,706	\$ 3,510,610	\$ 29,600,456	\$ 28,532,476	\$ 24,598,037	\$ 24,424,152	\$ 26,621,049	\$ 24,682,829	\$ 26,998,283	\$ 27,782,005

Note: The City implemented GASB Statement 54 in fiscal year 2011.

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

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes				\$ 5,693,462	\$ 5,038,466	\$ 5,513,046	\$ 5,410,913	\$ 5,588,926	\$ 6,102,456	\$ 6,829,685
Licenses, fees and permits	517,972	411,812	5,380,529	539,126	575,525	743,511	637,247	696,282	785,141	892,276
Fines and forfeits	104,151	123,292	481,975	117,284	142,657	106,539	92,968	89,062	78,357	87,063
Charges for services	747,045	711,342	113,751	1,070,868	965,652	962,246	1,243,285	989,085	1,035,730	1,267,682
Special assessments	1,231,029	1,275,500	651,379	1,340,918	1,479,834	1,423,952	1,363,846	1,268,893	1,405,265	1,448,465
Intergovernmental	3,330,662	3,432,022	1,160,078	4,476,834	3,932,027	3,316,877	3,574,867	3,318,121	4,146,233	3,393,992
Investment earnings	395,275	429,018	3,245,182	(74,110)	402,659	238,901	271,982	350,481	528,626	855,613
Other revenues	1,826,853	1,824,871	307,793	1,982,071	3,476,927	3,013,404	2,271,189	2,280,430	3,463,864	2,716,316
Total revenues	12,941,322	13,228,396	13,172,725	15,146,453	16,013,747	15,318,476	14,866,297	14,581,280	17,545,672	17,491,092
Expenditures										
General government				1,178,625	1,227,203	1,179,741	1,396,395	1,617,010	1,653,756	1,779,680
Public safety	4,724,755	5,005,284	1,094,681	5,127,904	5,485,868	5,547,655	5,749,040	6,262,229	6,860,710	6,498,002
Public works	1,283,417	1,045,742	5,014,537	899,077	1,459,540	1,827,692	1,848,175	3,231,023	2,135,159	2,294,282
Parks and recreation	548,387	539,792	1,145,039	1,115,357	1,243,397	1,461,734	1,403,256	1,718,351	1,854,616	1,504,270
Social and economic development	3,760,019	905,740	587,283	1,592,501	2,188,706	967,991	1,121,905	1,294,178	1,053,737	1,093,417
Capital outlay	9,907,429	4,995,085	4,826,366	8,603,081	8,674,837	4,896,700	4,216,946	2,451,652	11,211,655	5,357,364
Debt service										
Interest	149,504	284,294	283,668	188,130	207,553	205,925	169,628	312,139	425,058	606,920
Principal	825,000	395,000	3,070,000	455,000	665,000	680,000	345,000	355,000	420,000	420,000
Total expenditures	22,240,689	14,414,775	16,971,022	19,159,675	21,150,104	16,767,438	16,250,345	17,241,582	25,614,691	19,553,935
Excess of revenues over (under) expenditures	(9,299,367)	(1,186,379)	(3,798,297)	(4,013,222)	(5,136,357)	(1,448,962)	(1,384,048)	(2,660,302)	(8,069,019)	(2,062,843)
Other Financing Sources (Uses)										
Bonds issued	-	-	5,205,000	-	-	-	2,275,000	-	9,180,000	1,925,000
Premium on bonds issued	-	-	29,465	-	-	-	-	-	67,581	164,335
Sale of capital assets	13,328	12,765	196,376	1,585,303	6,647	262,667	51,960	47,082	79,972	42,430
Transfers in	8,392,456	3,680,690	6,539,277	5,694,577	3,756,935	4,484,192	4,159,689	5,101,950	3,856,096	5,119,617
Transfers out	(7,505,256)	(2,827,490)	(5,516,657)	(4,381,277)	(2,811,435)	(3,471,782)	(2,905,704)	(4,426,950)	(2,799,176)	(4,404,817)
Total other financing sources (uses)	900,528	865,965	6,453,461	2,898,603	952,147	1,275,077	3,580,945	722,082	10,384,473	2,846,565
Net changes in fund balances	\$ (8,398,839)	\$ (320,414)	\$ 2,655,164	\$ (1,114,619)	\$ (4,184,210)	\$ (173,885)	\$ 2,196,897	\$ (1,938,220)	\$ 2,315,454	\$ 783,722
Debt service as a percentage of noncapital	7.7%	6.0%	25.3%	6.0%	7.0%	7.4%	3.5%	4.5%	6.0%	6.7%

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

Levy Year	Fiscal Year	Real Property			Personal Property			Total			% Total of Assessed Tax Capacity to Market Value	Total Direct Tax Rate
		Assessed Tax Capacity	Market Value	Assessed Tax Capacity	Market Value	Assessed Tax Capacity	Market Value					
2010	2011	\$ 26,122,322	\$ 2,191,275,486	\$ 440,313	\$ 37,895,914	\$ 26,562,635	\$ 2,229,171,400	1.19%	17.705			
2011	2012	23,638,933	1,969,224,043	467,304	34,055,757	24,106,237	2,003,279,800	1.20%	19.940			
2012	2013	21,941,998	1,967,835,949	488,011	34,031,751	22,430,009	2,001,867,700	1.12%	21.496			
2013	2014	22,166,306	1,984,183,927	495,853	34,314,473	22,662,159	2,018,498,400	1.12%	21.102			
2014	2015	23,397,317	2,103,140,198	495,867	36,371,702	23,893,184	2,139,511,900	1.12%	20.367			
2015	2016	24,139,655	2,170,883,643	539,526	37,543,257	24,679,181	2,208,426,900	1.12%	19.690			
2016	2017	26,067,338	2,323,498,521	593,786	40,182,579	26,661,124	2,363,681,100	1.13%	18.969			
2017	2018	28,577,080	2,514,995,277	622,593	43,494,323	29,199,673	2,558,489,600	1.14%	19.058			
2018	2019	30,809,390	2,692,665,548	659,373	46,566,953	31,468,763	2,739,232,500	1.15%	20.143			
2019	2020	32,965,900	2,878,547,702	652,466	49,781,598	33,618,366	2,928,329,300	1.15%	20.629			

Source: Ramsey County and Washington County

City of White Bear Lake, Minnesota
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	Tax Rates (Per \$100 of Tax Capacity Valuation) (Per \$100 of Market Valuation)					Total
	General Fund	Debt Service	City Capital	Ind. School District No. 624	Other Special Districts	
(A) 2010	15.200	0.701	0.619	21.716	7.923	96.226
(A) 2011	16.290	0.751	0.664	22.521	8.355	103.259
(A) 2012	18.346	0.846	0.748	26.102	9.955	117.314
(A) 2013	19.766	0.893	0.789	28.562	10.187	125.341
(A) 2014	19.447	0.879	0.777	28.562	9.825	123.224
(A) 2015	18.682	0.277	1.408	26.660	9.179	115.129
(A) 2016	18.223	0.528	0.939	26.236	9.052	113.863
(A) 2017	17.936	0.484	0.550	23.454	8.565	106.909
(A) 2018	17.548	0.446	0.999	23.631	8.215	104.531
(A) 2019	19.070	0.420	0.700	26.081	8.265	107.415
(A) 2020	19.261	0.394	0.974	36.777	8.249	117.957

(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	2019			2010		
	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	1.78%	\$ 271,563	5	1.02%
Xcel Energy	463,648	2	1.47%			
White Bear Marketplace	320,388	3	0.83%			
Lodge at White Bear	266,310	4	0.79%			
Trane Corporation	259,912	5	0.79%	1,158,392	1	4.36%
The Waters of White Bear Lake	250,000	6	0.73%			
Aspen Research	238,052	7	0.76%	336,042	4	1.27%
Birch Lake Townhomes	231,250	8	0.66%			
White Bear Shopping Center	209,250	9	0.76%	201,262	7	0.76%
Sam's Club Retail	198,946	10	0.63%	289,250	6	1.01%
Festival Foods				363,976	2	1.37%
K Mart Corporation				355,920	3	1.34%
Life Time Fitness				155,250	8	0.58%
Taylor Corporation				148,532	9	0.56%
Cummins Sales and Services				133,840	10	0.50%
Total	\$ 2,996,885		9.21%	\$ 3,394,027		12.27%
Total Tax Capacity of City	\$ 31,468,763			\$ 26,562,635		

Source: Ramsey County and Washington County

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

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			Total Collections to Date		Governmental Activities				Business-Type Activities		
		Amount	Percentage of Levy Collected	Collections/Refunds in Subsequent Years	Amount	Percentage of Levy	Fiscal Year	Special Assessment Bonds	Tax Increment Financing Bonds	Tax Abatement Bonds	Revenue Bonds	Total Primary Government	
2010	\$ 4,666,000	\$ 4,247,804	91.04%	\$ 418,196	\$ 4,666,000	100.00%	2011	\$ -	\$ 3,070,000	\$ -	\$ -	\$ -	\$ 3,070,000
2011	4,666,000	4,337,357	92.96%	328,643	4,666,000	100.00%	2012	2,555,000	2,650,000	-	-	-	5,205,000
2012	4,666,000	4,624,251	99.11%	41,749	4,666,000	100.00%	2013	2,555,000	2,195,000	-	-	-	4,750,000
2013	4,755,000	4,734,372	99.57%	20,628	4,755,000	100.00%	2014	2,340,000	1,745,000	-	-	-	4,085,000
2014	4,755,000	4,606,934	96.89%	145,347	4,752,281	99.94%	2015	2,125,000	1,280,000	-	-	-	3,405,000
2015	4,845,000	4,841,359	99.92%	3,641	4,845,000	100.00%	2016	1,920,000	3,415,000	-	-	-	5,335,000
2016	4,927,000	4,878,320	99.01%	44,400	4,922,720	99.91%	2017	1,720,000	3,260,000	-	-	-	4,980,000
2017	5,173,000	5,076,444	98.13%	88,389	5,164,833	99.84%	2018	7,436,187	3,035,000	3,336,394	-	-	13,807,581
2018	5,625,000	5,540,565	98.50%	68,586	5,609,151	99.72%	2019	9,332,390	2,800,000	3,336,090	-	-	15,468,480
2019	6,345,000	6,238,360	98.32%	-	6,238,360	98.32%							

(1) Includes state paid property tax credits.

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
2010	\$ 3,465,000	\$ -	\$ 3,465,000	\$2,377,478,400	0.15%	\$ 28,386,938
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%	22,662,159
2015	3,405,000	127,709	3,277,291	2,139,511,900	0.15%	23,893,184
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%	31,488,763
2019	15,468,480	1,847,261	13,621,219	2,928,329,300	0.47%	33,618,366

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	0.83%	25,512	541.22
1,550,188,536	1.00%	25,752	600.67

City of White Bear Lake, Minnesota
 Computation of Direct and Overlapping
 Bonded Debt and Comparative Debt Ratios
 December 31, 2019

Percentage of Assessed Value of Property	Population	Per Capita	Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to Government
12.21%	23,797	\$ 145.61	Direct Debt:	\$ 9,115,000	100.00%	\$ 9,115,000
10.25%	23,797	114.45	Special Assessments	2,800,000	100.00%	2,800,000
20.18%	23,820	204.19	Tax Increment	3,330,000	100.00%	3,330,000
20.02%	24,074	186.57	Tax Abatement	15,245,000		15,245,000
17.18%	24,100	161.52	Subtotal			
13.72%	24,159	135.66	City of White Bear Lake	15,245,000	100.00%	15,245,000
21.20%	24,138	216.74	Overlapping Debt:			
16.58%	25,001	193.61	Ramsey County	119,072,927	4.98%	5,925,100
43.27%	25,512	533.78	Washington County	121,297,456	0.15%	186,241
40.52%	25,752	528.94	Independent School District #622	361,601,326	0.12%	417,357
			Independent School District #624	61,121,946	33.96%	20,759,304
			Independent School District #832	44,663,011	2.26%	1,009,302
			Independent School District #916	75,125,459	8.33%	6,257,663
			Metropolitan Council - Parks	(17,907,139)	1.00%	(179,071)
			Metropolitan Council - Regional Transit	84,121,820	1.00%	841,218
			Total overlapping debt	849,096,806		35,217,114
			Total direct and overlapping debt	\$ 864,341,806		\$ 50,462,114

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				
	2010	2011	2012	2013	2014
Debt limit	\$ 44,583,428	\$ 64,046,034	\$ 55,413,426	\$ 60,099,952	\$ 64,185,357
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 44,583,428	\$ 64,046,034	\$ 55,413,426	\$ 60,099,952	\$ 64,185,357
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	2015	2016	2017	2018	2019
Debt limit	\$ 64,185,357	\$ 70,917,876	\$ 77,077,101	\$ 82,176,975	\$ 87,849,879
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	\$ 64,185,357	\$ 70,917,876	\$ 77,077,101	\$ 82,176,975	\$ 87,849,879
Total net debt applicable to the limit as a percentage of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Market value	
Debt limit - 3.00% of market value (Note A)	\$ 2,928,329,300
Total bonded debt	\$ 87,849,879
Less (Note B)	15,245,000
Tax Increment Bonds	2,800,000
Special Assessment Bonds	9,115,000
Tax Abatement Bonds	3,330,000
Total debt applicable	15,245,000
Legal debt margin	\$ 87,849,879

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 for the acquisition, and betterment of public water works systems and public lighting, hearing 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
Revenue Bond Coverage - Sports Center
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses (A)	Net Revenue Available for Debt Service	Principal	Interest	Total Debt Requirements	Coverage
2010	\$ 645,821	\$ 528,746	\$ 117,075	\$ 130,000	\$ 2,893	\$ 132,893	88.10%
2011	520,961	523,940	(2,979)	-	-	-	0.00%
2012	437,210	587,463	(150,253)	-	-	-	0.00%
2013	480,060	527,229	(47,169)	-	-	-	0.00%
2014	569,141	572,887	(3,746)	-	-	-	0.00%
2015	525,367	530,087	(4,720)	-	-	-	0.00%
2016	548,874	544,893	3,981	-	-	-	0.00%
2017	499,566	564,380	(64,814)	-	-	-	0.00%
2018	428,950	441,329	(12,379)	-	-	-	0.00%
2019	586,684	592,639	(5,955)	-	-	-	0.00%

(A) Direct Operating Expenses exclude related depreciation.

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)
2010	23,797	\$ 1,138,448,480	\$ 47,840	8,065	8.10%
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%

A-94

- 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	2019			2010		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Educational Services	2,234	1	17.17%	1,771	1	16.36%
Health Care and Social Assistance Services	1,639	2	12.60%	1,407	3	12.95%
Retail Trade	1,404	3	10.79%	1,538	2	14.20%
Accommodation and Food Services	1,376	4	10.57%	1,233	4	11.39%
Manufacturing	1,099	5	8.45%	1,079	5	9.96%
Other Services (except Public Administration)	833	6	6.40%			0.00%
Professional, Scientific and Technical Services	832	7	6.39%			0.00%
Administrative, Support, Waste Management, and Remediation	799	8	6.14%	516	7	
Wholesale Trade Services	738	9	5.67%	351	10	3.24%
Construction	476	10	3.66%			
Other Executive Public Administrative				785	6	7.25%
Public Administration				283	8	2.61%
Finance and Insurance Services				378	9	3.49%
Total Industries Listed	11,430		87.84%	9,341		78.01%
Total City Employment	13,012			10,828		

Source: Minnesota Department of Employment and Economic Development's website www.positivelyminnesota.com.

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

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Legislative	0.65	0.65	0.65	0.65	0.65	0.65	0.50	0.50	0.50	0.50
Administration	1.75	1.75	1.75	1.55	1.55	1.55	2.30	2.50	2.50	2.50
Finance	4.80	4.80	4.90	4.90	4.90	4.90	5.00	5.00	5.00	5.00
City Hall	1.00	1.00	1.00	1.00	1.00	1.00	1.40	1.40	2.00	2.00
Elections	0.15	0.15	0.15	0.20	0.20	0.25	0.40	0.20	0.00	0.00
Planning	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	3.00	3.00
Public Safety										
Police	31.75	31.75	31.81	31.81	31.81	31.81	32.01	32.01	32.40	35.65
Dispatch	5.35	5.35	5.35	5.75	5.75	5.75	5.50	5.50	2.75	0.00
Fire	1.75	2.75	2.75	2.75	2.75	2.75	3.00	3.00	1.75	4.10
Building / Code Enforcement	5.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
Public Works										
Streets	4.70	4.70	4.70	4.70	4.70	4.70	4.20	4.20	4.00	4.00
Engineering	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Garage	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.00	1.00
Public Works Facility										
Parks and recreation	5.50	4.70	5.70	5.70	5.70	5.70	6.40	6.40	6.00	6.00
Armory										
Surface Water										
Sports Center	3.85	3.85	3.85	3.85	3.85	3.85	0.35	0.35	0.35	0.35
Counseling Center	7.00	5.60					0.50	0.50	0.50	0.50
Economic Development										
Water	4.80	4.80	4.80	4.80	4.80	4.80	4.70	4.70	4.70	1.50
Sewer	3.70	3.50	4.50	4.50	4.50	4.50	4.40	4.40	4.40	4.40
Refuse	0.60	0.60	0.60	0.60	0.60	0.70				
Ambulance	3.25	3.25	3.25	3.25	3.25	7.25	7.25	7.25	13.75	11.90
License Bureau	11.40	7.85	8.35	9.75	9.75	8.90	10.10	11.10	11.30	12.80
Total	107.30	102.35	99.41	101.06	104.86	104.36	106.81	110.31	114.45	116.95

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Building										
Building permits issued	759	777	762	795	740	968	883	1,156	1,356	1,091
Other permits issued	1,458	1,366	1,503	1,401	1,332	1,537	1,479	1,461	1,622	1,594
Police										
Number of Calls for Service	23,229	29,000	27,466	27,659	28,293	24,270	26,475	28,491	26,538	27,396
Administrative Citations										
City	411	378	309	338	295	309	207	44	30	21
State	186	273	292	291	455	352	292	383	409	336
Total	597	651	601	629	750	661	499	427	439	357
Fire										
Fire calls*	147	132	115	104	130	126	115	229	-	-
Staged responses (Silent)*	351	288	278	315	361	339	359	226	-	-
Rescue calls*	69	67	103	111	114	104	136	129	-	-
Staffed responses*	-	-	-	-	-	-	-	-	300	510
Call-back responses*	-	-	-	-	-	-	-	-	503	282
Parks										
Reservations	296	279	259	267	268	242	240	311	342	311
Water										
Gallons pumped	897,078,000	885,638,000	963,288,000	902,001,000	805,400,000	777,995,000	815,073,000	813,123,000	731,118,167	717,745,028
Water main breaks	17	11	23	18	23	11	13	16	17	22
Refuse										
Accounts serviced each week	7,553	7,575	7,579	7,585	7,597	7,662	7,660	7,654	7,601	7,530
Ambulance										
Ambulance calls	2,700	2,786	2,842	2,841	2,971	2,739	2,631	2,948	3,047	3,619
License Bureau										
Motor Vehicle transactions	87,268	92,361	89,623	88,226	88,192	94,280	94,842	90,085	88,923	80,122
Drivers License transactions	18,032	17,859	19,112	18,372	18,547	18,634	18,696	17,724	18,090	20,880
DNR licenses	6,608	6,290	6,719	6,685	6,184	6,214	6,676	5,747	6,316	5,938
Game and Fish licenses	703	584	1,049	969	845	648	538	500	439	292

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

* 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.

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

	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Vehicles	17	17	17	18	18	17	19	19	20	19
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks (1)	6	6	6	6	6	6	6	6	6	6
Rescue boats with motors	3	2	2	2	2	2	2	2	2	2
Public Works										
Streets										
Miles	114.81	114.81	114.81	114.81	114.81	114.81	114.81	114.81	114.81	114.81 (1)
Street lights	515	515	515	515	515	515	515	515	523	529
Parks and recreation										
Public Docks (1)	7	9	9	9	9	9	9	9	9	9
Outdoor ice rinks	2	5	5	5	5	5	5	5	5	5
Playgrounds	9	11	11	11	11	11	11	11	11	11
Softball fields	13	13	13	13	13	13	13	13	13	13
Basketball court	2	2	2	2	2	2	2	2	2	2
Disc golf course	1	1	1	1	1	1	1	1	1	1
Sports Center										
Indoor ice rink	1	1	1	1	1	1	1	1	1	1
Racquetball courts	4	4	5	5	5	5	5	5	5	5
Water										
Miles of water mains	126.81	126.81	126.81	126.81	126.81	126.81	126.81	126.81	126.95	127.08
Fire hydrants	906	907	907	907	907	907	907	908	908	909
Water tower storage	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Sewer										
Miles of storm sewers	49.37	49.72	50.02	50.02	50.02	50.61	50.61	50.61	50.97	51.21
Miles of sanitary sewers	120.36	120.36	120.36	120.36	120.36	120.36	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.

FORM OF LEGAL OPINION

(See following pages)



Offices in 470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis Minneapolis MN 55402-1458
Saint Paul (612) 337-9300 telephone
(612) 337-9310 fax
St. Cloud www.kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

§ _____
City of White Bear Lake, Minnesota
General Obligation Bonds
Series 2020A

We have acted as bond counsel to the City of White Bear Lake, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Bonds, Series 2020A (the “Bonds”), originally dated July 16, 2020, 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 in part from special assessments levied or to be levied on property specially benefited by local improvements, in part from net revenues of the water system of the Issuer, and in part from ad valorem taxes, 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 creditor's 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 July __, 2020 at Minneapolis, Minnesota.

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.
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 Bonds
Series 2020A

CONTINUING DISCLOSURE CERTIFICATE

July __, 2020

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 Bonds, Series 2020A (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 Bonds, Series 2020A, 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 June __, 2020, 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, 2020, 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

Mayor

City Manager

WH110-65 (JAE)
654526v1

TERMS OF PROPOSAL

**\$4,880,000* GENERAL OBLIGATION BONDS, SERIES 2020A
CITY OF WHITE BEAR LAKE, MINNESOTA**

Proposals for the purchase of \$4,880,000* General Obligation Bonds, Series 2020A (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 June 23, 2020, 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, Section 410.32 and 412.301 and Chapters 429, 444 and 475, by the City, for the purposes of financing: (i) the construction of various assessable public improvements; (ii) the construction of various utility system improvements; and (iii) the acquisition of capital equipment. 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 July 16, 2020, 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>
2022	\$340,000	2029	\$355,000	2036	\$165,000
2023	335,000	2030	355,000	2037	145,000
2024	335,000	2031	205,000	2038	155,000
2025	340,000	2032	155,000	2039	155,000
2026	340,000	2033	155,000	2040	160,000
2027	345,000	2034	160,000	2041	165,000
2028	350,000	2035	165,000		

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, 2021, 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 2022 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, 2031 shall be subject to optional redemption prior to maturity on February 1, 2030 or any date thereafter, at a price of par plus accrued interest.

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 July 16, 2020, 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 \$4,821,440 plus accrued interest on the principal sum of \$4,880,000 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; 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, 2nd 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 \$97,600 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 (5th) 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 (5th) 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 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

June 23, 2020

RE: **\$4,880,000* General Obligation Bonds, Series 2020A (the "Bonds")**
DATED: **July 16, 2020**

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 \$4,821,440) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2029	_____ % due	2036
_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035		

* 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 2022 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 \$97,600 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 July 16, 2020.

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 the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

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 July 16, 2020 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 June 23, 2020.

By: _____ By: _____
Title: _____ Title: _____

REGULAR MEETING OF THE WHITE BEAR LAKE CONSERVATION DISTRICT
7:00 pm White Bear Lake City Hall
Minutes of April 21 2020

APPROVAL DATE: Approved May 2020

1. **CALL TO ORDER** the April 21, 2020 meeting of the White Bear Lake Conservation District was called to order by Chair Bryan DeSmet's absence at 7:00 pm in the White Bear Lake City Hall Council Chambers. (Zoom virtual meeting)
2. **ROLL CALL** Present were: Chair Bryan DeSmet, Vice Chair Mark Ganz, Sec/Tres Diane Longville, Directors: Scott Costello, Mike Parenteau, Marty Rathmanner, Susie Mahoney, Cameron Sigecan, and Scott O'Connor. A quorum was present.
3. **AGENDA** – Chair DeSmet asked for any changes to the agenda. Yes add under New Business appointment of committee members. Motion Desmet/Second to add to New Business appointment of committee members vote by roll call all aye passed
4. **APPROVAL OF MINUTES OF** – February 2020 board meeting. Motion (DeSmet/Second) Moved to approve vote by roll call all aye passed.
5. **PUBLIC COMMENT TIME** – None
6. **NEW BUSINESS** – Appointment of committee members by Board Chair Bryan DeSmet
Lake Quality – Chair Mike Parenteau and Diane Longville
Lake Education – Chair Scott Costello, Susie Mahoney and Cameron Sigecan
Lake Utilization Committee – Chair Mark Ganz, Marty Rathmanner and Luke Michaud

Beaches/Marina's open or not- Discussion of protocol for beaches and marina's during this unprecedented circumstances of the Covid 19 virus. Had resident asking of Kay Beach swimming beach would be open and if so if dock is only 4 ft. how could they stay within the required 6ft of distance between people. After discussion board decided we cannot police social distancing and we do not have any jurisdiction of the opening or closing of these areas. Motion DeSmet /second to add links from our website to state and DNR agencies and that we will be following State and Local bodies of Government for all instructions and guidelines to follow. Vote by roll call all aye passed

7. **UNFINISHED BUSINESS** – None
8. **REPORTS/ACTION ITEMS**
Executive Committee – Welcome new Board Member Scott O'Connor representing Dellwood (replacing Rylan Juran)
Action items – We have received the annual renewal contract from Ramsey County for Water Patrol for the 2020 season. Nothing has changed \$41 per hour for 120 hours amount not to exceed \$4920. Discussion of possible increasing coverage, at this time both Ramsey and Washington Counties have said they do not have the staff to cover any additional hours at this time. Motion DeSmet/second to accept the renewal of Ramsey County Water Patrol Contract for the 2020 season, vote by roll call all aye passed.
9. **Lake Quality Committee – Mike Parenteau**
 - Lake level as of today is 925.01 3-4 inches higher than last year
 - Current temperature is 43 degrees

- Working with Steve McComas Blue Water on survey and report cost this year \$3,400 last year was \$3,300. Motion Parenteau/second to accept bid with the increase of \$100 to be paid from general fund. Roll call vote all aye passed.
- Time to send out swimmers itch letters by Kim.

10. Lake Utilization Committee – Mark Ganz review of multi Dock applications

- White Bear Yacht Racing Team – Same as last year synced race schedules with Black Bear Racing LUC recommends approval. Motion Ganz/second to approve roll call vote all aye passed
- Black Bear Racing Team – Same as last year LUC recommends approval. Motion Ganz/second to approve roll call vote all aye passed
- ESDA – same as last year, no complaints. LUC recommends approval. Mark Ganz is a member of this dock association so will abstain from all voting. Motion Longville/second to approve roll call vote 1 abstain, 8 aye majority passes approved
- Cottage Park – New association to request a permit. Never received a complaint. They have been very compliant with all requests. Mark verified with Ellen Hiniker White Bear Lake City Manager if they had any issues with this dock they have none. On record they are all compliant to receive permit. LUC recommends approval. Motion Ganz/second to approve roll call vote all aye passed.

11. Lake Education – Scott Costello

Clean up was March 7th record turnout of volunteers. Good news not as much trash to clear as in prior years. Will need new signs to be made for next year as the ones we have are worn out. Keep in mind for budget.

12. Treasurer’s Report – Diane Longville

Motion Longville/Second approval of March 2020 Treasurer’s report and payment of check numbers 4629-4633 Move to approve all aye passed. Motion Longville/second approval of April 21, 2020 Treasurer’s report and payment of checks 4634-4637. Move to approve all aye passed.

Motion (Longville/Second) to send out yearend financials to lake cities. This year they will be emailed vs mail. Move to approve roll call vote all aye passed

Budget – each of you have a draft of the 2021 budget for review. Email Diane or Kim with any additions or changes you would like included. At the May meeting it will be updated and open for discussion. At June board meeting it will be finalized and sent out to Cities by July 1st.

13. Board Counsel Report – Alan Kantrud

Will keep in contact with DNR and checking with State for any updates to beaches etc., being open or not. No information on Tally’s as of to date.

14. Announcements – None

15. Adjournment – Motion (DeSmet/Second) Move to adjourn all aye Passed.

Meeting adjourned

ATTEST:

Kim Johnson
Executive Administrative Secretary
Date:

Bryan DeSmet
Board chair
Date:



City of White Bear Lake
FINANCE DEPARTMENT
MEMORANDUM

To: Ellen Hiniker, City Manager
From: Kerri Kindsvater, Finance Director
Date: June 18, 2020
Subject: **2019 Comprehensive Annual Financial Report**

BACKGROUND/SUMMARY

Staff prepared all appropriate work papers and documents needed for the 2019 Comprehensive Annual Financial Statements and the annual audit process. The CPA firm of Abdo, Eick and Meyers completed their contract audit procedures by issuing their independent audit report on June 2, 2020. The City Council received a copy of the financial report, the Management Communication and the Other Required Reports document in preparation for audit partner Brad Falteysek's presentation of his team's work and an overview of the financial statements to the City Council at the June 9, 2020 meeting.

The auditors review of the City's financial statements and documents covered the following disclosure:

- A. Unmodified opinion – the financial statements present fairly, in all material respects, the respective financial position of the City in accordance with accounting principles generally accepted in the United States of America.

RECOMMENDATION

Staff recommends the City Council adopt the attached resolution formally accepting the City of White Bear Lake's 2019 Comprehensive Annual Financial Report.

ATTACHMENTS

Resolution

RESOLUTION NO.

RESOLUTION ACCEPTING THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT DATED DECEMBER 31, 2019

WHEREAS, the City's financial records are required to be reviewed annually according to City Charter Section 4.11 and State Statute 47.647; and

WHEREAS, the City Council authorized the audit firm of Abdo, Eick and Meyers to conduct an audit of the City's 2019 financial reports; and

WHEREAS, the completed audit resulted in the following disclosure:

- A. Unmodified opinion – the financial statements present fairly, in all material respects, the respective financial position of the City in accordance with accounting principles generally accepted in the United States of America.

WHEREAS, the City's 2019 Comprehensive Annual Finance Report was submitted for City Council review and an audit presentation provided by Abdo, Eick and Meyers during the June 9, 2020 City Council meeting.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of White Bear Lake, Minnesota that the 2019 Comprehensive Annual Report is formally accepted and posted on the website for public review.

The foregoing resolution offered by Councilmember _____ and supported by Councilmember _____ was declared carried on the following vote:

Ayes:
Nays:
Passed:

Jo Emerson, Mayor

ATTEST:

Kara Coustry, City Clerk



City of White Bear Lake
Engineering Department

MEMORANDUM

To: Ellen Hiniker, City Manager

From: Paul Kauppi, Public Works Director and City Engineer

Date: June 23, 2020

Subject: **Final Payment to Forest Lake Contracting, Inc. for the 2018 Street Reconstruction Project, City Project Nos.: 17-04, 18-01 & 18-06**

SUMMARY

Forest Lake Contracting has completed all work specified in their contract for the 2018 Street Reconstruction Project. The 2018 Street Reconstruction Project included Old White Bear Avenue (from Cottage Park Road to South Shore Boulevard), Eighth Street (from Stewart Avenue to Lake Avenue North), Ninth Street (from Stewart Avenue to Lake Avenue North), Tenth Street (from T.H. 61 to Alley East of Stewart Avenue), Tenth Street (from Morehead Avenue to Johnson Avenue), Eleventh Street (from T.H. 61 to Johnson Avenue), Morehead Avenue (from Seventh Street to Tenth Street), Morehead Avenue (from Eleventh Street to State Highway 96), Johnson Avenue (from Seventh Street to Eleventh Street), Johnson Avenue (from Eleventh Street to Chateauguet), various Alleys throughout the project area, and Birch Lake Boulevard South (from Otter Lake Road to end of Cul-De-Sac).

The original contract amount was \$3,039,616.85. The value of the work completed is \$2,919,500.87. This contract is based upon unit prices and the final contract amount is based on actual work performed. The Engineering Department recommends that the City Council accept the work and authorize the final payment to Forest Lake Contracting, Inc. in the amount of \$20,000.00.

RECOMMENDED COUNCIL ACTION

Our recommendation is that the Council adopt the resolution finalizing payment for completion of the 2018 Street Reconstruction Project.

ATTACHMENTS

Resolution

RESOLUTION NO.:

**RESOLUTION ACCEPTING WORK AND AUTHORIZING
FINAL PAYMENT TO FOREST LAKE CONTRACTING, INC. FOR THE
COMPLETION OF THE 2018 STREET RECONSTRUCTION PROJECT
CITY PROJECT NOs.: 17-04, 18-01 & 18-06**

WHEREAS, pursuant to Resolution No. 12209, a written contract signed with the City of White Bear Lake, Forest Lake Contracting, Inc., has satisfactorily completed the work included in the 2018 Street Reconstruction Project, in accordance with such contract.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of White Bear Lake, Minnesota that the work completed under said contract is hereby accepted and approved; and

BE IT FURTHER RESOLVED that the City Clerk and Mayor are hereby directed to issue final payment in the amount of \$20,000.00 for a final contract amount of \$2,919,500.87 for the 2018 Street Reconstruction Project.

The foregoing resolution offered by Councilmember _____ and supported by Councilmember _____, was declared carried on the following vote:

Ayes:

Nays:

Passed:

Jo Emerson, Mayor

ATTEST:

Kara Coustry, City Clerk



City of White Bear Lake
City Manager's Office

MEMORANDUM

To: Mayor and Council

From: Rick Juba, Assistant City Manager

Date: June 18, 2020

Subject: **Summer Events Update**

BACKGROUND

2020 has not been a typical year for summer event planning. Each year, the volunteer Marketfest board, with the assistance of its coordinator, puts countless hours into planning and coordinating Marketfest. Multiple volunteers also put significant time into planning Manitou Days and 4th of July Fireworks. While there is some cross-over among these committees, their planning is separate for the most part. The Manitou Days committees is further divided into subcommittees that work out the details for each event, including the parade. Knowing that this year would be a challenge, all committees began postponing and/or cancelling events early in the planning stages. Most events had been postponed until August. The Marketfest coordinator and Manitou Days Chair last updated the City Council at its meeting on May 12. As variables continue to shift, City Staff offers the following updates.

After a strong effort to scale down Marketfest to conform to COVID guidelines, the board ultimately decided on June 4 to cancel Thursday Night Marketfests this year. Discussion regarding reliance on public safety resources during the pandemic also weighed into their decision.

Manitou Days, a series of events that typically take place over a three-week period, is currently scheduled to occur between July 31 and August 23. Events that do not involve large crowds such as the medallion hunt and kids fishing contest are still being planned. The boat show was cancelled earlier this spring. In May, the Manitou Days committee decided to plan for a stationary/drive-by parade in place of the traditional parade. However, for a variety of reasons related to logistics and concern related to availability of public safety resources, the parade coordinator indicated she would be recommending the parade be cancelled altogether. The full Manitou Days planning committee will discuss this on June 19 and staff will update the City Council at its meeting on June 23.

The Fireworks Committee has postponed the 4th of July Fireworks to August 21 in hopes that restrictions on crowd sizes for outdoor events would loosen by that time. The current maximum attendance at an outdoor event allowed by the Stay Safe MN order is 250 people, which may change before August 21. Crowd sizes during a typical 4th of July Fire at West Park/Memorial Beach, Ramsey County Beach and Matoska Park far exceed 250 people. This event is heavily dependent on the City's Police and Fire personnel for fireworks set up, fire standby, traffic and crowd control. As with the parade, the availability of resources is a concern as we continue to try and limit interactions in an effort to keep our staff healthy and safe. The Fireworks committee has not met since the parade announcement but will likely schedule a meeting soon to discuss a course of action.

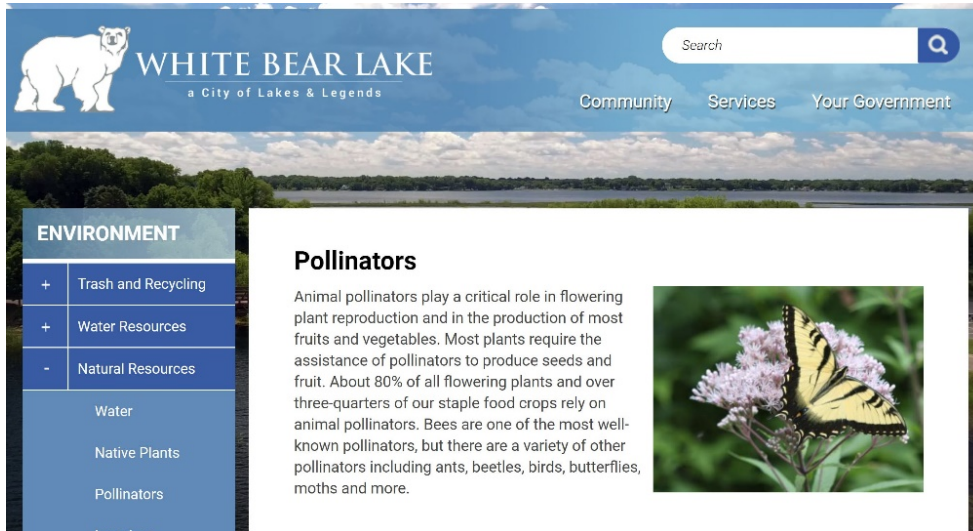
RECOMMENDED COUNCIL ACTION

Discussion item.

Environmental Updates – June 23, 2020

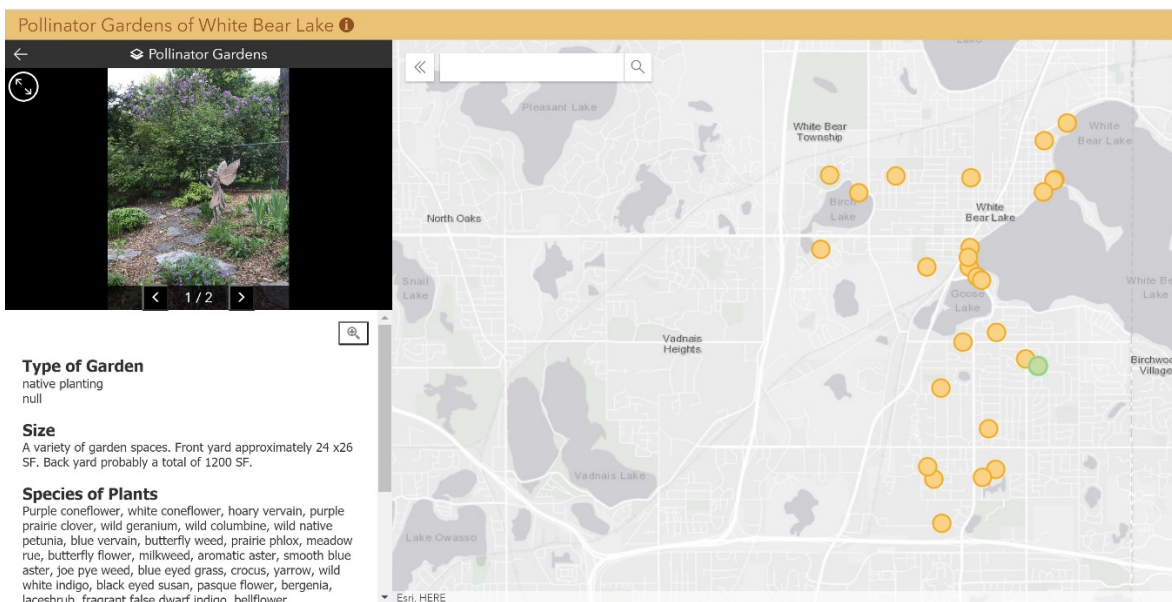
- **Pollinator web page**

A new web page dedicated to pollinators is now live on the City's website. The page is located under Services, Environment, Natural Resources. The page summarizes the importance of pollinators and concerns about pollinator decline, lists actions property owners can take to help pollinators, and provides a list of local pollinator related organizations and resources for creating pollinator gardens.



- **Interactive Pollinator Map**

A priority goal for the Environmental Advisory Commission is to increase pollinator habitat by creating 'pollinator pathways' in the City, where pollinators have pesticide free corridors of habitat spanning both public and private properties. As a first step in creating these corridors, staff worked with Logis to create a pollinator pathways map and a corresponding online survey. Property owners can input information about their gardens in the survey, and that information will automatically populate the map. A spring newsletter article asked WBL property owners to submit information about their pollinator gardens. As a result, several gardens have been added to the map. A link to the survey and pollinator map can be found on the City's pollinator web page.



- **Iron Enhanced Sand Filter (IESF)**

The iron enhanced sand filter at 4th and Otter is complete. The filter removes dissolved phosphorus from stormwater before it flows into Birch Lake. VLAWMO, Ramsey County, City of White Bear Lake, and Birch Lake Improvement District were partners on this project.



Before: looking southeast towards 4th Street (photo compliments of VLAWMO)



After: looking southeast towards 4th Street (photo compliments of VLAWMO).



**White Bear Area Emergency Food Shelf
Executive Director's Report June 2020**

Mission Statement: To provide food and support to our neighbors in need in partnership with the communities of the White Bear Area.

Vision Statement: To end food insecurity in the White Bear Area.

Value Statements:

- We promote an accepting and welcoming environment for our neighbors in need.
- We serve our neighbors in a compassionate and respectful manner.
- We provide our neighbors with the opportunity to make their own healthy food choices.
- We recognize our success is reliant upon active and broad-based community support.
- We leverage the financial generosity of our community to responsibly produce the greatest positive impact for our neighbors in need.
- Volunteers are the backbone of our operation. We recognize the importance of providing fun and rewarding opportunities in which the community can give back in a meaningful way.

Executive Director's Overview

Similar to my report in April, my Executive Director's Report primarily concerns operations in response to COVID-19.

- The Drive-Thru program has been running smoothly for 12 weeks now. Thankfully, we have only had to close one day due to ominous weather. The plan is to continue the Drive-Thru outside during the summer months.
- The Drive-Thru continues to be available to anyone in need but still is predominantly used by families from the WBL school district.
- The staff continues to make efforts to increase the amount of food provided and find ways to give neighbors more choice. Recently we've offered neighbors selection of a meat choice (ex-chicken, beef, pork, extra veggie)
- **The Food Shelf has served 5092 families since the Drive-Thru opened on March 16. On average we are providing groceries for over 90 families each day. Compared to last year during this time this is a 92% increase across all programs (except KidPacks).**
- The Mobile program continues making deliveries to three senior facilities in our community. The program has seen a **20% increase** in participation since March 16.
- The KidPacks program has also grown with the support of the White Bear Rotary Club. Each week in May the Rotary has had 8 volunteers help pack 750 KidPacks. Before COVID, the school was receiving 300 KidPacks weekly from **the Food Shelf. The number of Kidpacks in May has increased by 134% over last year.**
- New partnerships are being made and current partnerships continue to grow during this time.
 - North East Seniors for Better Living (an organization providing services to help seniors remain in their homes) is picking up groceries for 30 households each week. They were in need of food support since their local Food Shelf/Church was unable to continue to supply them groceries.
 - Our Food Shelf has been partnering with Washington County, Second Harvest, Valley Outreach, and Christian Cupboard on a mass produce distribution on June 10 and June 19.
 - Starting in July, the Food Shelf will be starting our Free Farmers Markets again. This program is in partnership with Second Harvest and will be on Thursday afternoons and evenings through September. Locations and times are TBD. This was a very popular program last year and we anticipate increases in participation this year.

- In June the volunteer program restarted for rescue drivers and Drive-Thru assistants. These opportunities have been very popular and in a matter of a couple of days, all of our volunteer shifts for June have been filled.
- The staff continues to work diligently to serve our neighbors in need. Since each family receives at least 2 packed bags of groceries, the staff has packed over 10,184 bags of groceries in the past 12 weeks. The team continues to creatively improve our service to our neighbors and implement new COVID safety protocols.

Upcoming MEETINGS:

- Board of Directors Meetings-2nd Wednesday of every EVEN month 8:30-10 am. The next meeting is on August 12.
- Resource Development Committee- 1st Monday of ALL months 8:30-9:30 am. The next meeting is on July 6.
- Governance Committee Meetings- 2nd Thursday of every ODD month 8-9 am. The next meeting is on July 9.
- Finance Committee Meetings-3rd Wednesday of every ODD month 8:30-9:30. The next meeting is on July 15.
- Executive Committee-4th Tuesday of every ODD month 8-9 am. The next meeting is on July 28.