



City of Savage  
Scott County, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED

DECEMBER 31, 2018

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

PREPARED BY:

FINANCE DEPARTMENT

Julie Stahl  
Finance Director

Member GFOA of U.S. and Canada  
Published May 30, 2019

CITY OF SAVAGE  
SAVAGE, MINNESOTA  
  
COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
  
FOR THE YEAR ENDED  
DECEMBER 31, 2018

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Savage, Minnesota  
 Comprehensive Annual Financial Report  
 Table of Contents  
 For the Year Ended December 31, 2018

	<u>Page No.</u>
<b>Introductory Section</b>	
Letter of Transmittal	9
City Directory	13
Organizational Chart	14
GFOA Certificate of Achievement for Excellence in Financial Reporting	15
<b>Financial Section</b>	
Independent Auditor's Report	19
Management Discussion and Analysis	23
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	39
Statement of Activities	40
Fund Financial Statements	
Governmental Funds	
Balance Sheet	44
Reconciliation of the Balance Sheet to the Statement of Net Position	45
Statement of Revenues, Expenditures and Changes in Fund Balances	46
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	47
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	49
Proprietary Funds	
Statement of Net Position	50
Statement of Revenues, Expenses and Changes in Net Position	54
Statement of Cash Flows	56
Fiduciary Fund	
Statement of Fiduciary Net Position	60
Notes to the Financial Statements	61
<b>Required Supplementary Information</b>	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	100
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	100
Notes to the Required Supplementary Information - General Employees Retirement Fund	101
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	102
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	102
Notes to the Required Supplementary Information - Public Employees Police and Fire Fund	103
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	104
Notes the Required Supplementary Information - Fire Relief Association	105
Schedule of Employer's Fire Relief Association's Contributions	105
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	106

City of Savage, Minnesota  
 Comprehensive Annual Financial Report  
 Table of Contents (Continued)  
 For the Year Ended December 31, 2018

	<u>Table No.</u>	<u>Page No.</u>
<b>Combining and Individual Fund Financial Statements and Schedules</b>		
Nonmajor Governmental Funds		
Combining Balance Sheet		110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		111
Nonmajor Special Revenue Funds		
Combining Balance Sheet		114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		116
Budgeted Special Revenue Funds		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		
Cable Television Fund		118
Economic Development Fund		119
Hamilton Building Fund		120
Post Office Fund		121
Nonmajor Capital Projects Funds		
Combining Balance Sheet		124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		126
General Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual		129
Debt Service Fund		
Combining Balance Sheet		134
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances		138
Agency Funds		
Statement of Changes in Fiduciary Assets and Liabilities		142
Summary Financial Report		
Revenues and Expenditures for General Operations - Governmental Funds		143
	<u>Table No.</u>	<u>Page No.</u>
<b>Statistical Section (Unaudited)</b>		
Financial Trends		
Net Position by Component	1	148
Changes in Net Position	2	150
Fund Balances of Governmental Funds	3	154
Changes in Fund Balances of Governmental Funds	4	156
Governmental Activities Tax Revenues by Source	5	158
Revenue Capacity		
General Governmental Tax Revenues by Source	6	159
Net Tax Capacity and Estimated Market Value of Property	7	160
Property Tax Rates - Direct and Overlapping Governments	8	161
Principal Property Taxpayers	9	162
Property Tax Levies and Tax Collections	10	163
Debt Capacity		
Ratios of Outstanding Debt by Type	11	164
Ratios of General Bonded Debt Outstanding	12	165
Computation of Direct and Overlapping Debt	13	167
Legal Debt Margin Information	14	168
Pledged-revenue Coverage	15	170
Demographic and Economic Information		
Demographic and Economic Statistics	16	171
Principal Employers	17	172
Operating Information		
Full-time Equivalent City Government Employees by Function	18	173
Operating Indicators by Function	19	174
Capital Asset Statistics by Function	20	175

INTRODUCTORY SECTION

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2018

THIS PAGE IS LEFT  
BLANK INTENTIONALLY



May 30, 2019

To the Mayor, City Council and the Citizens of the City of Savage:

Minnesota statutes require all cities to issue an annual report on their financial position and activity, prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Savage, Minnesota for the fiscal year ended December 31, 2018.

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

The City of Savage's financial statements have been audited by Abdo, Eick & Meyers, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Savage for the fiscal year ended December 31, 2018 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Savage's financial statements for the fiscal year ended December 31, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

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

## **PROFILE OF THE GOVERNMENT**

The City of Savage, incorporated in 1892, is a suburban community located in the southwest region of the Twin Cities metropolitan region, approximately 20 miles from downtown Minneapolis and 20 miles from downtown St. Paul. This region is considered to be the major population and economic growth area in the state, and among one of the highly ranked economic growth areas in the country. The City of Savage currently occupies a land area of approximately 17 square miles and serves a population of approximately 31,407 individuals, 10,626 households and over 650 businesses employing over 8,400 individuals. The City of Savage is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Savage is still developing within its corporate limits and is bordered on three sides by other incorporated communities.

The City of Savage became a statutory city in 1974. The City operates under a statutory form of government consisting of a four-member city council and a mayor who is a voting member. Council members serve four-year staggered terms, with two Council members elected every four years, and the Mayor serves a four year term. Among its primary duties, the City Council makes laws, sets policies, adopts budgets and oversees a wide ranging agenda for the community. The City Administrator is appointed by the City Council. This official heads the administrative branch of City government and directs all City operations, projects and programs.

The City of Savage provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure; water, sewer and storm sewer services and recreational activities. A total of 192 full, part-time, and seasonal employees in seven departments are responsible for the effective delivery of the aforementioned services.

The annual budget serves as a foundation for the City of Savage's financial planning and control. All departments of the City of Savage submit requests for appropriation for the following year to the City Administrator, who uses this information to develop a proposed budget. This is presented to the City Council for review. The City Council is required to adopt a proposed budget and tax levy by September 30. The Council is also required to schedule and hold a Truth in Taxation (TNT) public hearing. The council must also adopt a final budget by no later than December 31.

## **LOCAL ECONOMY**

The City of Savage is strategically located in the southwest portion of the Twin Cities metropolitan area. Quick access over the Minnesota River on the Highway 169 Bridge provides both City residents and the business community with a direct connection to the 494 corridor and a quick path to downtown Minneapolis. Less than 25 minutes from the Mall of America and the Airport, the City has become an attractive location for both commuters and businesses alike. The location combined with the unique connected system of parks, open spaces, sidewalks and trails has made the City an attractive location to live, work and play.

Beginning in 2008 the City began to experience a general slowdown due to the onset of the "great recession." The City of Savage has weathered the storm nicely and signs of an economic turnaround began to emerge in 2011. In the past five years, the City has seen on average a 6% annual increase in tax capacity. The increase can be attributed to both new development and an overall recovery in property market values. Residential sale values are steadily increasing and are nearing levels that existed prior to the recession.

Other economic indicators in the City remain positive. Local unemployment is below state and national levels, due in part to the high education levels of City residents and the dramatically improved economic conditions. A large percentage of the wage earners residing in Savage possess post-secondary degrees or higher and a significant number of households have two wage earners. Recent 2017 Census Data results indicate the City has a median family income of \$101,900 – one of the highest in the Twin Cities Metropolitan Area.

## **LONG-TERM FINANCIAL PLANNING**

City of Savage officials continue to exercise budgetary restraint and fiscally responsible management practices to enhance cash flow and general fund stability. Individual budgets and multi-year projections are utilized for each of the City's funds. Debt service fund projections and cash flow models are updated and reviewed annually. Officials continue to review the impact to tax levy during the budget process and when issuing new debt for capital projects.

In May 2009 the City's bond rating was upgraded by Standard & Poor's to AA+ from Aa3 (Moody's) in recognition of a consistent growth rate, improved financial policies and manageable debt. In November of 2017, Standard & Poor upgraded the City's general obligation debt rating to a AAA. This upgrade reflects the city's healthy trend of economic growth, resulting in stronger wealth and income figures – both of which are expected to continue. The upgrade is also a reflection of the city's strong financial performance, very strong financial policies and practices, and maintenance of very strong reserves and liquidity. During 2018 conservative spending and cost savings measures resulted in an enhanced year-end fund balance ratio. We continue to achieve and plan to maintain our financial policy goal of a 35% - 50% fund balance ratio at year's end. It is noteworthy to mention that the City's actual fund balance ratio has steadily remained at 50% since 2011.

Building and development-related revenues collected in 2019 are expected to exceed budgeted amounts, based on a gradual acceleration of development activity over the past several months. This, combined with anticipated reductions in expenditures, will assist the City in maintaining the 50% fund balance ratio at year's end while also allowing the City to build reserves in other governmental funds.

Given the positive economic conditions we expect that overall community market values will increase again in 2020 at levels equal to or greater than those experienced in 2019. Providing expense increases can be held to reasonable levels we anticipate that we will be able to develop a budget for 2020 that will result in a flat, but hopefully slight reduction in the City's overall tax rate.

Over the years, the City's liquor operations helped to fund over \$4.6 million in community projects – building an environmental learning center and assisting in the payment of the library bonds. Unfortunately, economic factors have negatively affected the operations in the past several years. After two consecutive years of losses in the City's liquor operations, staff has actively been making several changes to turn matters around. Management and council continue to monitor the progress of the fund and are committed to keep the City's best interest in mind. The City makes the last payment on the bonds issued for the construction of the Marketplace liquor building in February 2019. The City is financially well-poised to make changes with regard to the continuation, or discontinuation, of these operations.

## **RELEVANT FINANCIAL POLICIES**

Beginning in 2015 the City was able to eliminate its' reliance on the use of fund balance to balance the annual General Fund operating budget. The 2019 tax levy is \$547,054 more than in 2018 (a 3.1% increase). The tax rate decreased by 3.07% - due to the 2019 tax base increasing by \$3.3 million. The 2019 budget continues to include our practice of projecting building permit revenue at very conservative levels. The City has also eliminated any reliance on the receipt of financial aid from the State of Minnesota, with the exception of police and fire aid, which is approximately \$425,000.

Moving into the 2020 budgeting process we will continue our past practice of conservatism with our expenditures and staffing levels. Any anticipated increases in General Fund expenditures are projected to be absorbed by the growth in our tax base and will not require an increase in our tax rate nor any reliance on our Fund Balance reserves.

The City participates in the recently initiated State of Minnesota Performance Measurements Program and will be reviewing these measures as relevant guidelines during future budget sessions. The City is also reviewing any major budget changes (increases or decreases) expected during a five-year projection period. The City completed the compilation of its five-year 2014 budget document and submitted the 105-page report to the GFOA for the Distinguished Budget Presentation Award for the first time. The City received the Distinguished Budget award for this first submission and has subsequently received the award for the 2015 through 2018 budget years as well.

## MAJOR INITIATIVES

In 2018, the City recorded its highest annual total value of building permits pulled. The aggregate amount was \$98 million dollars. Residentially, the City added 189 single family homes, 54 multi-family units (workforce housing project), and 39 townhome units in 2018. Commercially, the City added 125,000 square feet of space in 2018. The plans for renovating a large manufacturing business (120,000 square feet) into a subdivided building for light industrial and commercial use were reviewed and approved. Also, 142,000 square feet of institutional space was approved to be built by the growing Prior Lake Savage School District for a new elementary school adjacent to the Big Sky Estates development.

The vast majorities of the lots being created are in high amenity locations and are being absorbed into the marketplace at a brisk pace. In 2018, 228 new single family permits were approved and at the end of April 2019, 52 new single family homes have been recorded. Given the available lot inventory and demand we anticipate that approximately 150 to 200 single family units will be constructed this year. If overall global conditions remain steady we anticipate that similar residential development activity will continue into 2020 and beyond.

In 2018, the City completed a \$3.5 million dollar city-wide replacement of all residential and commercial water meters with “smart” meter technology. This fully-automated system will provide more detailed, “real-time” water consumption data as well as assist in conservation initiatives and staff efficiencies. The City has already seen the benefits of the new system in several ways – reduced manual processes, increased leak detections, precise billing, and monitoring of water flows.

The City also completed over \$6.5 million in capital and street improvements in 2018. Also in 2018, the long-range capital plans were completed for the storm water system and trail connection (pedestrian and bicycle) master plan. Both of these plans will assist in meeting future needs and identifying funding sources to accomplish them.

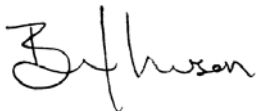
## AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Savage for CAFR for the fiscal year ended December 31, 2017. This is the 21<sup>st</sup> consecutive year the City of Savage has earned this honor. In order to be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City of Savage’s finances.

Respectfully submitted,



---

Brad A. Larson  
City Administrator



---

Julie D. Stahl  
Finance Director

City of Savage, Minnesota  
City Directory  
For the Year Ended December 31, 2018

**CITY COUNCIL**

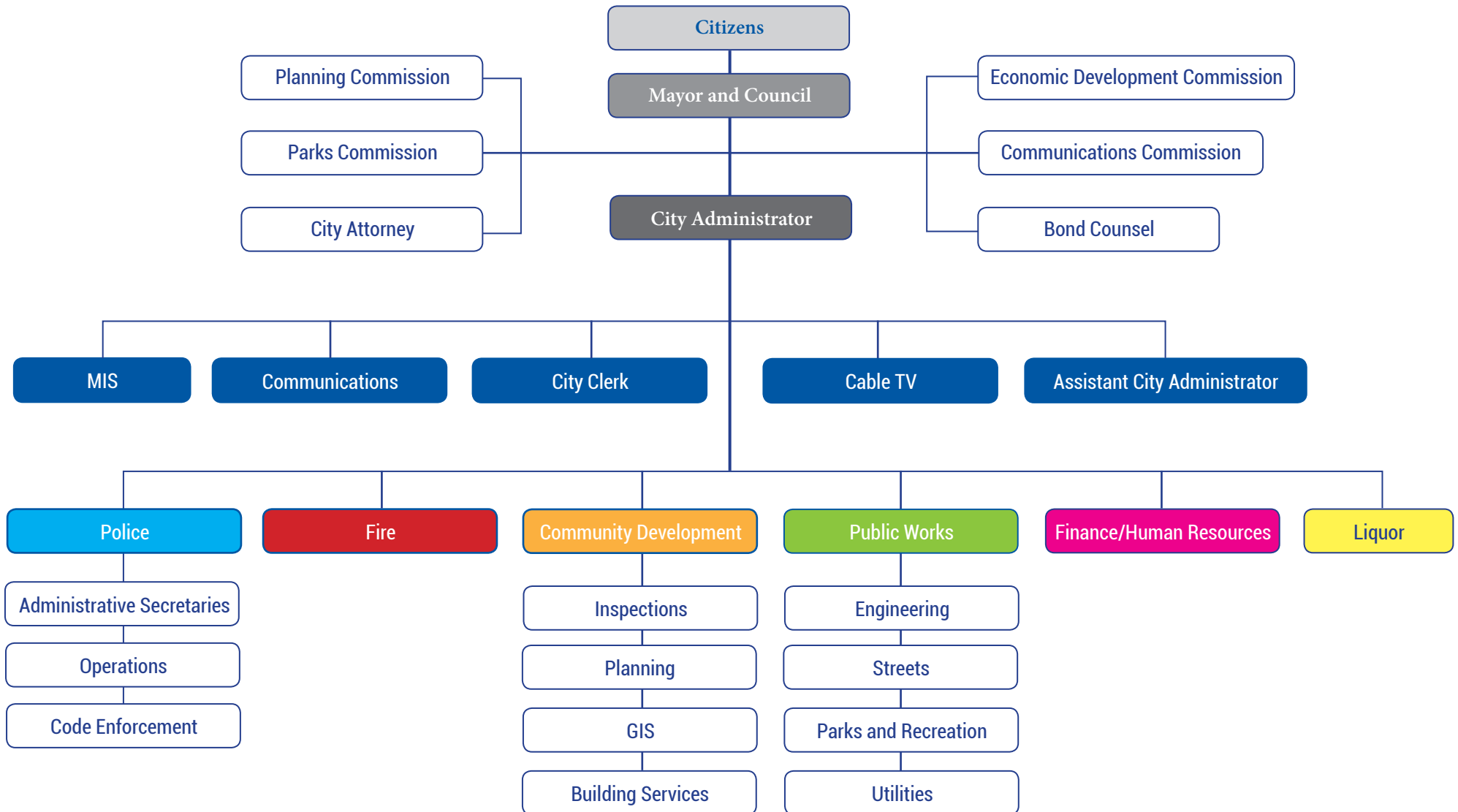
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Janet Williams	Mayor	12/31/20
Christine Kelly	Council Member	12/31/20
Gene Abbott	Council Member	12/31/22
Bob Coughlen	Council Member	12/31/22
Matt Johnson	Council Member	12/31/20

**CITY OFFICIALS**

<u>Name</u>	<u>Title</u>
Brad A. Larson	City Administrator
Seng Thongvanh	City Engineer
Rodney R. Seurer	Chief of Police
Julie D. Stahl	Finance Director
Stacy R. Schmidt	Liquor Facility Manager
Joel E. McColl	Fire Chief
Jay M. Scherer	Chief Building Official
Bryan L. Tucker	Planning Manager



# CITY OF SAVAGE ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Savage  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

FINANCIAL SECTION  
CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2018

THIS PAGE IS LEFT  
BLANK INTENTIONALLY



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Savage, 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 Savage, Minnesota (the City), as of and for the year ended December 31, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

## Other Matters

### ***Change in Accounting Standards***

As described in Note 9 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended December 31, 2018. Our opinion was not modified with respect to this matter.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 23 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

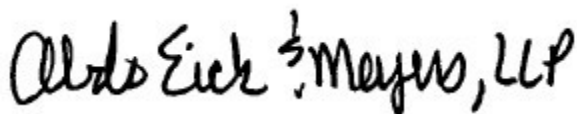
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional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

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

The introductory section and statistical section 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 May 30, 2019, 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 solely 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 effectiveness of the City of Savage's 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  
May 30, 2019

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

## Management's Discussion and Analysis

As management of the City of Savage, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

### 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 \$158,058,993 (net position). Of this amount, \$17,397,133 (unrestricted *net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,737,889 over the prior year. This increase is due to a decrease in total expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$26,605,470, a decrease of \$2,513,802 in comparison with the prior year. Approximately 85.6 percent of the ending fund balances, or \$22,770,207, is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$7,645,475, or 49.5 percent of total 2018 General fund expenditures and transfers out.
- The City's total long-term bonded debt decreased \$5,798,083 (9.4 percent) during the current fiscal year. The City issued G.O. refunding bonds of \$3,480,000 and G.O. improvement bonds of \$3,200,000. Offsetting these increases were regularly scheduled debt service principal payments of \$12,468,000.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as 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.

The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statement, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Savage.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

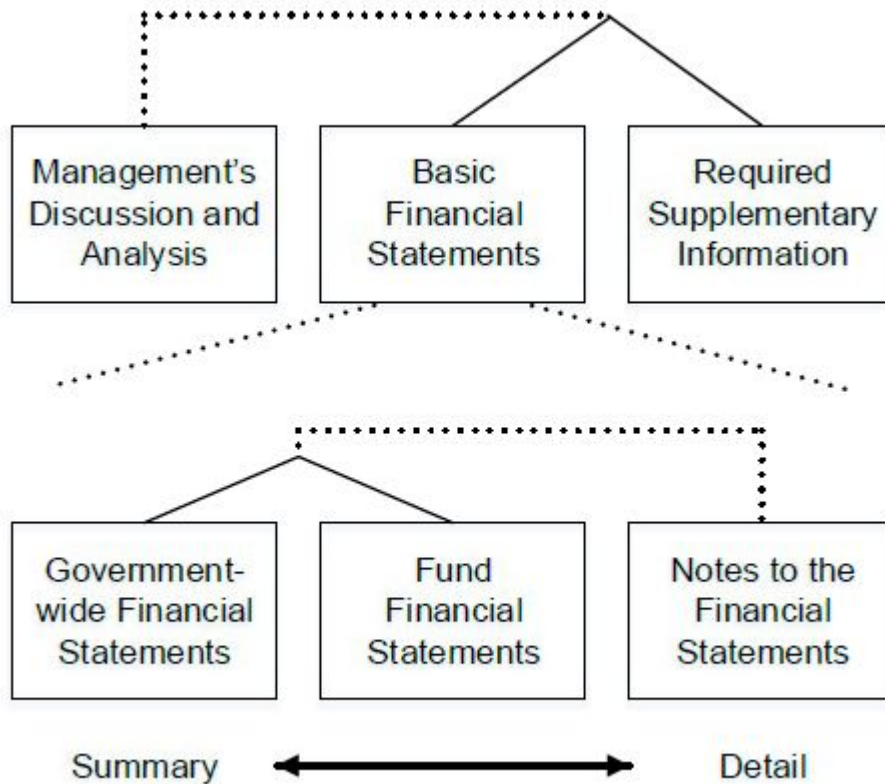


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

		<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Instances in which the City administers resources on behalf of someone else, such as developers
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow of resources information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**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 net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water, sewer, storm water operations, street lights, and municipal liquor.

The government-wide financial statements start on page 39 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 government, 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 resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing 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 statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds, many of which are debt service 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, Debt Service fund, and Permanent Improvement Revolving fund, all of 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 nonmajor governmental funds is provided in the form of *combining statements and schedules* elsewhere in this report.

The City adopts an annual appropriated budget for the General fund and Special Revenue funds; however, the City did not budget for Valley Oil Site fund or the Strom Project fund. The budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 44 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water, municipal liquor, street light utility and sports center operations. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for the funding of risk management to other functions of the City.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and storm water, which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 50 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 statement because the resources of those funds are *not* available to support the City's own programs. 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 60 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 61 of this report.

**Required Supplementary Information.** In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information concerning the City of Savage's share of net pension liabilities for defined benefit plans, schedules of contribution, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 100 of this report.

**Other Information.** The combining statements and schedules referred to earlier in connection with nonmajor governmental funds and Debt Service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules start on page 110 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$158,058,993 at the close of the most recent fiscal year.

A portion of the City's net position (\$124,593,883 or 78.8 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to 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 themselves cannot be used to liquidate these liabilities.

### City of Savage's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2018	Restated* 2017	Increase (Decrease)	2018	Restated* 2017	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 38,061,578	\$ 38,645,483	\$ (583,905)	\$ 16,115,353	\$ 16,866,807	\$ (751,454)
Capital assets	100,482,059	99,151,359	1,330,700	79,404,322	80,119,403	(715,081)
Total Assets	<u>138,543,637</u>	<u>137,796,842</u>	<u>746,795</u>	<u>95,519,675</u>	<u>96,986,210</u>	<u>(1,466,535)</u>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding and lease revision	584,599	662,568	(77,969)	-	-	-
Deferred pension resources	5,869,758	7,710,714	(1,840,956)	272,395	390,520	(118,125)
Deferred other post employment benefit resources	54,814	-	54,814	10,909	-	10,909
Total Deferred Outflows of Resources	<u>6,509,171</u>	<u>8,373,282</u>	<u>(1,864,111)</u>	<u>283,304</u>	<u>390,520</u>	<u>(107,216)</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	50,510,014	54,948,059	(4,438,045)	17,291,605	20,236,818	(2,945,213)
Other liabilities	6,071,414	3,584,876	2,486,538	1,105,789	2,162,762	(1,056,973)
Total Liabilities	<u>56,581,428</u>	<u>58,532,935</u>	<u>(1,951,507)</u>	<u>18,397,394</u>	<u>22,399,580</u>	<u>(4,002,186)</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - grants	-	675,171	(675,171)	-	-	-
Deferred pension resources	7,475,495	8,253,777	(778,282)	342,477	364,287	(21,810)
Total Deferred Inflows of Resources	<u>7,475,495</u>	<u>8,928,948</u>	<u>(1,453,453)</u>	<u>342,477</u>	<u>364,287</u>	<u>(21,810)</u>
<b>Net Position</b>						
Net investment in capital assets	60,647,943	56,043,065	4,604,878	63,945,940	62,456,787	1,489,153
Restricted	15,881,764	15,945,047	(63,283)	186,213	186,213	-
Unrestricted	4,466,178	6,720,129	(2,253,951)	12,930,955	11,969,863	961,092
Total Net Position	<u>\$ 80,995,885</u>	<u>\$ 78,708,241</u>	<u>\$ 2,287,644</u>	<u>\$ 77,063,108</u>	<u>\$ 74,612,863</u>	<u>\$ 2,450,245</u>

An additional portion of the City's net position (\$16,067,977 or 10.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$17,397,133 or 11.0 percent), may be used to meet the City's ongoing obligations to citizens and creditors.

Capital assets of the business-type activities increased during the year due to additions to construction in progress.

Deferred outflows of resources decreased due to the change in discounts rates used by the actuarial valuation. 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 City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental Activities.** Governmental activities increased the City's net position by \$2,287,644. Key elements of this increase are as follows:

### City of Savage's Changes in Net Position

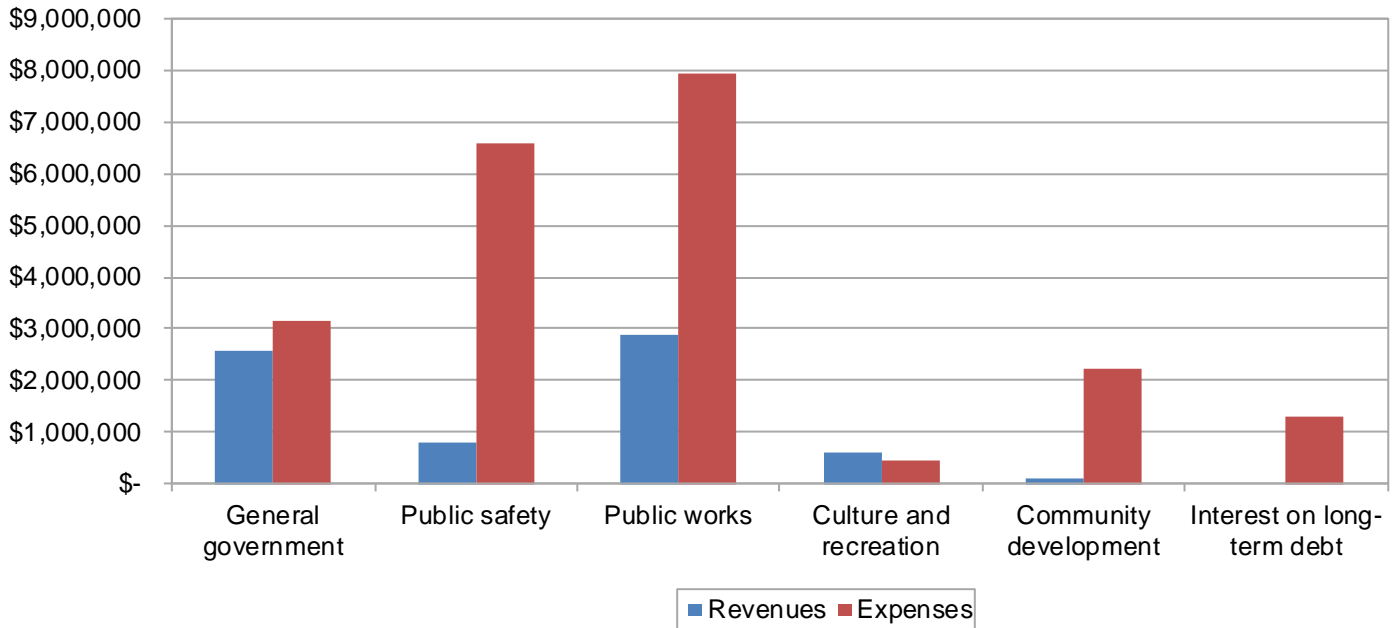
	Governmental Activities			Business-type Activities		
	2018	Restated* 2017	Increase (Decrease)	2018	Restated* 2017	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,292,804	\$ 3,380,492	\$ (87,688)	\$ 17,726,643	\$ 16,303,766	\$ 1,422,877
Operating grants and contributions	815,644	1,182,258	(366,614)	19,061	5,200	13,861
Capital grants and contributions	2,890,999	4,116,418	(1,225,419)	218,902	582,599	(363,697)
Grants and contributions not restricted	26,246	262,976	(236,730)	-	-	-
General Revenues						
Property taxes/tax increments	17,563,681	17,107,439	456,242	-	-	-
Franchise taxes	196,673	203,154	(6,481)	-	-	-
Other	47,848	44,416	3,432	-	-	-
Other General Revenues	1,098	3,406	(2,308)	-	-	-
Gain on Sale of Capital Assets	87,979	433,110	(345,131)	-	-	-
Unrestricted Investment Earnings	406,919	390,900	16,019	185,921	206,598	(20,677)
Total Revenues	<u>25,329,891</u>	<u>27,124,569</u>	<u>(1,794,678)</u>	<u>18,150,527</u>	<u>17,098,163</u>	<u>1,052,364</u>
Expenses						
General government	3,151,299	3,007,733	143,566	-	-	-
Community development	2,240,018	1,097,374	1,142,644	-	-	-
Public safety	6,597,722	7,191,221	(593,499)	-	-	-
Public works	7,914,737	9,910,401	(1,995,664)	-	-	-
Culture and recreation	465,338	3,591,953	(3,126,615)	-	-	-
Interest on long-term debt	1,316,898	1,355,906	(39,008)	-	-	-
Water and sewer	-	-	-	9,249,657	9,289,662	(40,005)
Storm water	-	-	-	1,663,561	1,371,284	292,277
Liquor	-	-	-	5,199,119	4,961,257	237,862
Street light	-	-	-	371,087	387,609	(16,522)
Sports dome	-	-	-	573,093	491,401	81,692
Total Expenses	<u>21,686,012</u>	<u>26,154,588</u>	<u>(4,468,576)</u>	<u>17,056,517</u>	<u>16,501,213</u>	<u>555,304</u>
Increase (Decrease) in Net Position						
Before Transfers	3,643,879	969,981	2,673,898	1,094,010	596,950	497,060
Transfers	<u>(1,356,235)</u>	<u>(4,357,707)</u>	<u>3,001,472</u>	<u>1,356,235</u>	<u>4,357,707</u>	<u>(3,001,472)</u>
Change in Net Position	2,287,644	(3,387,726)	5,675,370	2,450,245	4,954,657	(2,504,412)
Net Position, January 1 (Restated)*	<u>78,708,241</u>	<u>82,095,967</u>	<u>(3,387,726)</u>	<u>74,612,863</u>	<u>69,658,206</u>	<u>4,954,657</u>
Net Position, December 31	<u>\$ 80,995,885</u>	<u>\$ 78,708,241</u>	<u>\$ 2,287,644</u>	<u>\$ 77,063,108</u>	<u>\$ 74,612,863</u>	<u>\$ 2,450,245</u>

\*Note - Restated beginning balance due to GASB Statement No. 75 prior period restatement.

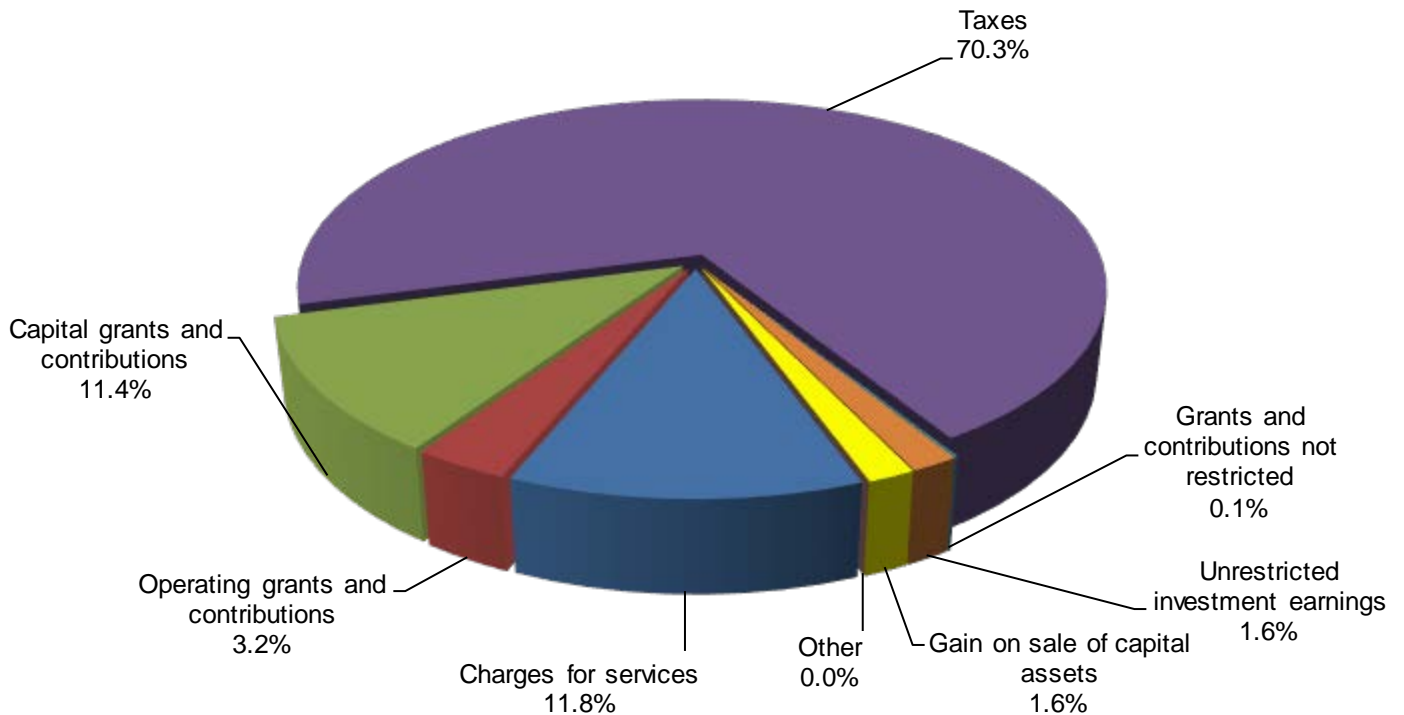
- Capital grants and contributions decreased over \$1.2 million primarily due to decrease in state highway and construction aid.
- The culture and recreation function decreased over \$3.1 million due to less maintenance expenses.

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

### Expenses and Program Revenues - Governmental Activities



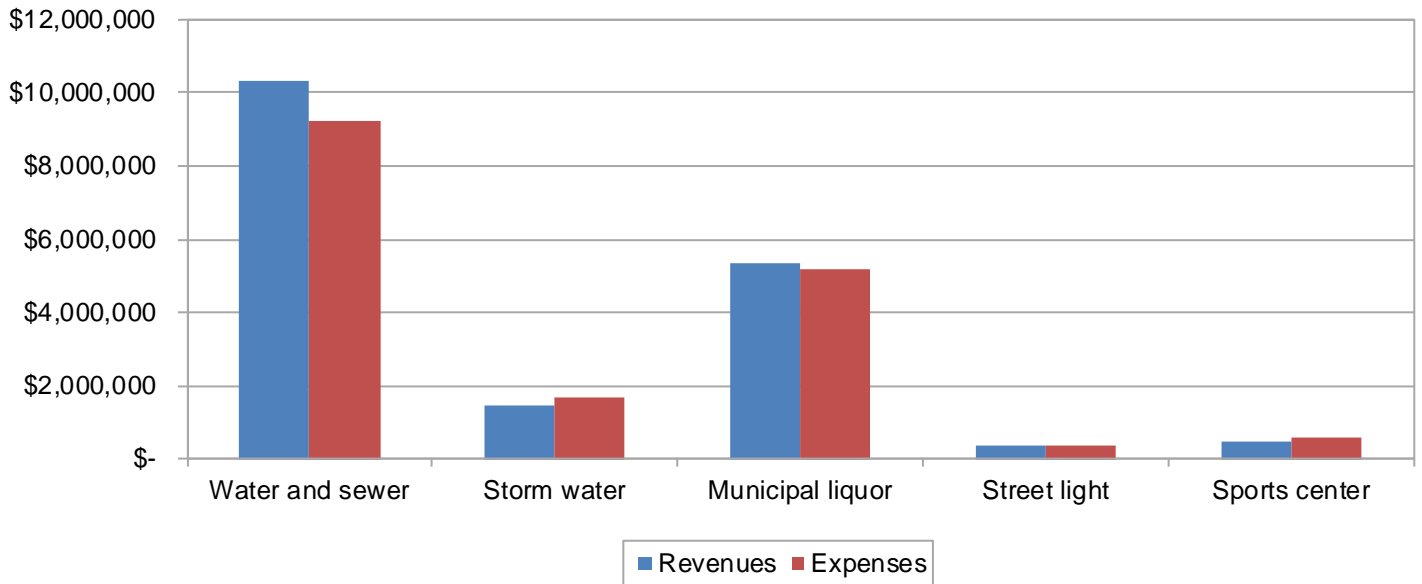
### Revenues by Source - Governmental Activities



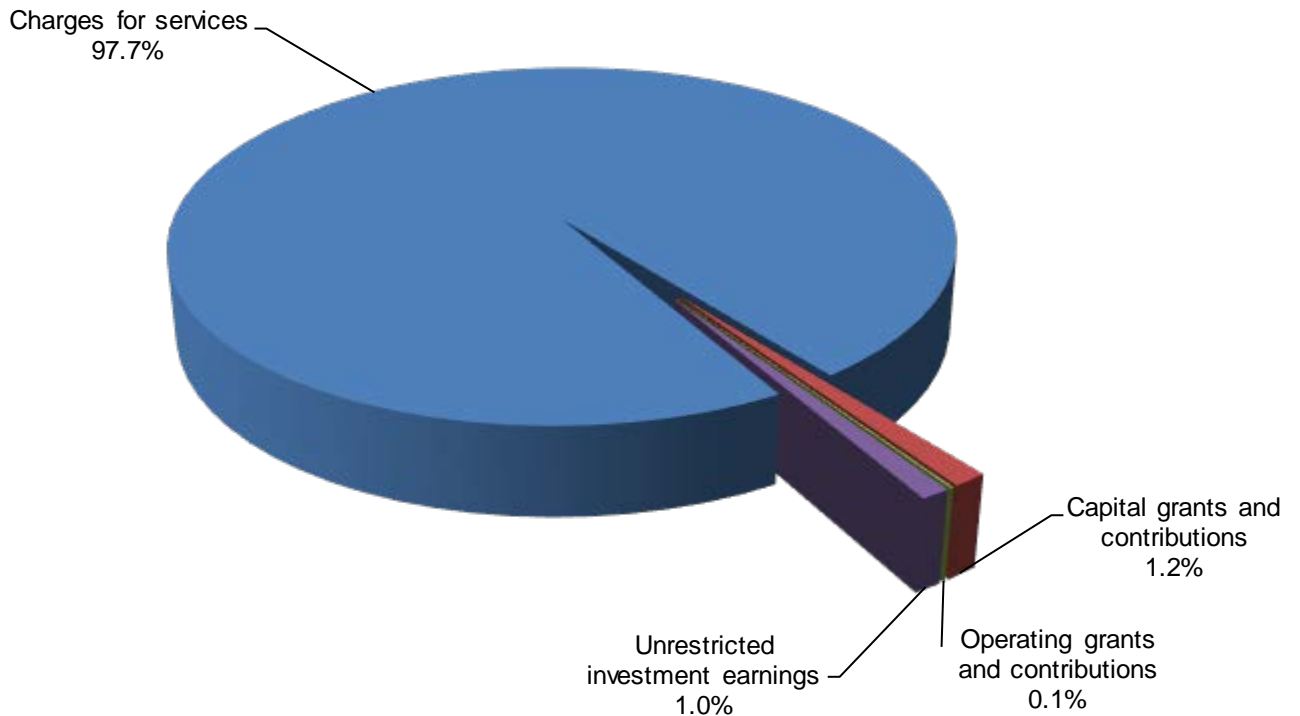
**Business-type Activities.** Business-type activities increased the City's net position by \$2,450,245 thereby somewhat offsetting the increase in governmental activities. Key elements of this increase are as follows:

- Net operating income in three of five business-type funds were favorable, with total net operating income of \$1,117,751.
- Business-type activities also increased due to governmental activities contributing a total of \$1,731,235 relating to capital.

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



**Revenues by Source - 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 government'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 \$26,605,470, a decrease of \$2,513,802 in comparison with the prior year. Approximately 14.4 percent of this total amount, \$3,835,263, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$22,770,207) consists of the following 1) nonspendable (\$112,330), 2) restricted (\$13,048,666), 3) committed (\$2,241,728), or 4) assigned ( \$7,367,483) for the purposes described in Note 3.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2018	2017	
<b>General</b>	\$ 7,800,906	\$ 7,452,744	\$ 348,162
The General Fund had revenues over budget of \$1,054,243 mainly due to additional revenues from licenses and permits as well as charges for services. Although there was an excess of revenues over expenditures of \$748,122, transfers to other funds of \$740,000 led to the net change in fund balance in the general fund of an increase of \$348,162.			
<b>Debt Service</b>	\$ 9,842,056	\$ 10,320,947	\$ (478,891)
The decrease in fund balance of the Debt Service funds is due to refunding of bonds and new issuances during 2018 along with regularly scheduled debt payments.			
<b>Permanent Improvement Revolving</b>	\$ 2,099,605	\$ 1,880,694	\$ 218,911
The fund balance increased \$218,911 mainly due to state highway and construction aid to support capital projects.			

Nonmajor Government funds have a total fund balance of \$6,862,903. The net decrease in fund balance during the current year was \$2,601,984. The decrease is mainly attributable to transfers out and capital outlay expenditures.

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

Unrestricted net position of the business-type activities at the end of the year amounted to \$12,930,955. The total increase in net position for business-type activities was \$2,450,245. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The City's General fund budget was amended during the year. The original and final budget called for expenditures and transfers out to equal revenues and transfers in. The final budget reflected a decrease in fund balance of \$204,170 from the original budget. Actual revenues had a positive budget variance of \$1,054,243, and expenditures had a positive budget variance of \$237,549.

- The largest budget variances for revenues were charges for services and licenses and permits, which were over budget by \$482,951 and \$641,388, respectively. The positive variances can mainly be attributed to community development and building activity during the year resulting in additional permit fees and charges for plan reviews.
- The largest budget variances for expenditures was general government, which was under budget by \$265,737. The variance in general government was due to less than anticipated in other services and charges in relation to the general government building department.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$179,886,381 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was \$615,619.

Major capital asset events during the current fiscal year included:

- The South Bend Road Connect / 156<sup>th</sup> Street project was completed in 2018.
- The 2017 Street Improvements project was completed in 2018.
- The Water and Sewer fund project for the water treatment plant number 2 upgrades as well as the Big Sky lift station project were completed in 2018.
- The ravine stabilization project in the Storm Water fund was completed in 2018.

Additional information on the City's capital assets can be found in Note 3C starting on page 74 of this report.

### City of Savage's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Land	\$ 5,458,583	\$ 5,458,583	\$ -	\$ 1,661,272	\$ 1,661,272	\$ -
Right of Ways and Easements	754,344	754,344	-	-	-	-
Construction in Progress	6,866,970	4,818,129	2,048,841	4,772,631	12,696,786	(7,924,155)
Land Improvements	4,189,934	2,853,772	1,336,162	300,001	333,334	(33,333)
Buildings and Structures	22,498,763	23,091,087	(592,324)	21,898,462	15,245,836	6,652,626
Furniture and Equipment	6,297,126	6,222,572	74,554	3,281,452	1,827,328	1,454,124
Improvements other than Buildings	54,416,339	55,952,872	(1,536,533)	47,490,504	48,354,847	(864,343)
<b>Total</b>	<b>\$ 100,482,059</b>	<b>\$ 99,151,359</b>	<b>\$ 1,330,700</b>	<b>\$ 79,404,322</b>	<b>\$ 80,119,403</b>	<b>\$ (715,081)</b>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$55,687,870. The additional long-term debt is defined below related to bonded indebtedness and other long-term debt.

### City of Savage's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
General Obligation Bonds	\$ 10,440,000	\$ 11,945,000	\$ (1,505,000)	\$ -	\$ -	\$ -
Unamortized Discount and Premium	1,051,783	1,093,150	(41,367)	465,692	434,408	31,284
Public Facility Revenue Bond	-	240,000	(240,000)	-	-	-
General Obligation Special Assessment Improvement Bonds	28,568,000	29,731,200	(1,163,200)	-	-	-
General Obligation Revenue Bonds Revenue Bonds	-	-	-	15,162,395	18,042,195	(2,879,800)
<b>Total</b>	<b>\$ 40,059,783</b>	<b>\$ 43,009,350</b>	<b>\$ (2,949,567)</b>	<b>\$ 15,628,087</b>	<b>\$ 18,476,603</b>	<b>\$ (2,848,516)</b>

The City's total bonded long-term debt decreased \$5,798,083 (0.1 percent) during the current fiscal year. The City issued G.O. refunding bonds of \$3,480,000 and G.O. improvement bonds of \$3,200,000. Offsetting these increases were regularly scheduled debt service principal payments of \$12,468,000.

The City obtained a “AAA” rating from Standard and Poor’s for general obligation debt.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. As of December 31, 2018, the City is under the legal debt margin.

Additional information on the City’s long-term debt can be found in Note 3E starting on page 77 of this report.

### **Economic Factors and Next Year’s Budgets and Rates**

The following are key economic factors for the City of Savage. These factors have been considered when preparing the budget for fiscal year ending December 31, 2019.

- Growth in the City’s tax base is expected to continue into 2019 in both residential and commercial sectors. Preliminary valuation information from Scott County shows Savage’s net tax capacity growth for taxes payable in 2020 at 9.38% from 2019 actual valuations.
- Water and sewer rates were increased 3% in 2018 and increased 3% in 2019.
- Storm water rates have had no increase since the 5% increase in 2009.
- Street light rates have also had no increase since their 5% increase in 2009.
- The General Fund 2019 budget shows no reliance on fund balance to balance the budget - this is the 4<sup>th</sup> year in a row.
- Due to continued recovery in the assessed property values and overall change in the City’s tax base, the adjusted net tax base capacity increased 8.83% from 2018 to 2019.
- Our adherence to fiscally responsible spending has served us well in weathering the economic downturn. Cost savings measures implemented beginning with 2009, combined with our conservative approach to spending in 2018, resulted in another positive year-end fund balance carry over. The addition of this carry over to our existing appropriated General Fund balance continues to put the City in a positive position as we begin to prepare for the 2020 budgeting process. The City’s 2018 yearend Assigned and Unassigned General Fund balance reserve has been maintained at 50% of the projected 2019 General fund budget expenditures. The \$50,378 of Assigned fund balance is earmarked for city hall cable/communications remodel (\$30,000), Employee Committee (\$3,185) and Police Forfeitures (\$17,193) spending.
- In 2013, the City was named as one of the top 50 small towns in America by Money Magazine. At a ranking of No. 21, the City was recognized for its quaint downtown, low crime rates, job growth and investment in a \$5 million indoor sports facility that opened in the fall of 2012.
- Post-recession, the State of Minnesota (the “State”) has one of the lowest unemployment rates in the Country and Scott County has the lowest unemployment rate in the State. In 2018 assessment (2019 collection) year, the City’s net tax capacity increased by 8.8% percent. This is the sixth year in a row that tax capacity increased after four consecutive years of tax capacity declines. Home foreclosures have dropped to levels experienced prior to the recession. Residential home sales of existing owner-occupied units and the demand for new residential construction are high. New single-family housing construction values are generally in excess of \$500,000.
- Over the past six years the City has seen a significant rebound in residential development. The overall population of Savage in 2016 also for the first time surpassed the 30,000 mark. The City of Savage recorded its highest total value of building permits pulled in 2018. The aggregate amount was \$98 million dollars. This number not only represents the strong development climate in Savage, but also a strong redevelopment climate, which is important for a community approaching full build out. The City’s taxable market value has also increased over 6% on average for the past five years. Based on the platted lots and plans the City is in the process of reviewing, this number is expected to continue to be strong in the near future.
- On the residential side of development, the City added 189 single family homes, 54 multi-family units and 39 townhome units in 2018. In addition to this, 38 future single-family residential lots were platted. On the commercial/industrial side, the City added 125,000 square feet of space in 2018. 142,000 square feet of institutional space was approved to be built by the growing Prior Lake Savage School District. The Continental Building that anchors the west side of downtown was purchased for redevelopment in 2018. The City has reviewed and approved plans to renovate the existing space. The 120,000 square foot building was previously used for manufacturing. The existing owner plans to subdivide the building to provide space for multiple light industrial and commercial users.

- The City expects 2019 to continue to be a strong year for residential development in Savage. The City is in the process of reviewing 63 single family homes and 267 multi-family units. Not included in these numbers are 38 units that will be provided by a senior memory care and intensive residential treatment facility. The intensive residential treatment facility is a short-term stay mental health facility that addresses a service gap in the southwest metro of the Twin Cities. The City is providing land to the Scott County Community Development Agency for the project. The land had been sitting in downtown Savage vacant since 2007. The facility will bring good paying jobs downtown and activate the previously vacant streetscape.
- Included in these residential development numbers are plans for Big Sky Estates. The City has approved two of the expected three TIF districts to assist with redeveloping the former quarry site. The third and final phase is expected to be requested in 2020 or 2021. In total the Big Sky Estates development will consist of over 500 single family homes. The majority of these homes will be built over the next 5-10 years.
- The City is in the process of reviewing three new commercial/industrial development that will bring over 120,000 square feet of space to the Community in 2019. One of these projects was initiated by the City in 2016. The City acquired the Valley Oil parcel because its perceived environmental contamination prevented private investment into the property. The City has cleaned up the soils and partnered with a developer to construct a 26,000+ square foot building. The developer's plans have been approved and construction is expected to begin later this summer. The City also has a development agreement in place for a remnant parcel off of 154<sup>th</sup> Street and County Road 27. The parcel would support a 5,000 to 8,000 square foot building.
- In the fall of 2017, the Prior Lake-Savage School District held a referendum for the sale of approximately \$109 million in bonds for the purpose of building a new elementary school and improving or expanding existing schools. The smaller renovations to existing buildings were completed in 2018. The major expansion of the high school and construction of a new elementary school will happen this year in 2019. Building permit and water/sewer connection fee revenues are expected to be positively impacted by these projects.

All of these factors were considered in preparing the City's budget for the 2019 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City Hall, 6000 McColl Drive, Savage, Minnesota 55378.

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2018

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Savage, Minnesota  
Statement of Net Position  
December 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 31,107,943	\$ 12,412,337	\$ 43,520,280
Receivables			
Accounts	93,869	1,953,308	2,047,177
Accrued interest	131,694	-	131,694
Taxes	177,517	-	177,517
Special assessments	4,476,222	307,172	4,783,394
Notes	1,122,591	361,212	1,483,803
Internal balances	65,303	(65,303)	-
Inventories	6,327	1,014,120	1,020,447
Prepaid items	106,003	477	106,480
Assets held for resale	774,109	132,030	906,139
Capital assets			
Land and construction in progress	13,079,897	6,433,903	19,513,800
Depreciable assets (net of accumulated depreciation)	<u>87,402,162</u>	<u>72,970,419</u>	<u>160,372,581</u>
Total Assets	<u>138,543,637</u>	<u>95,519,675</u>	<u>234,063,312</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding and lease revision	584,599	-	584,599
Deferred pension resources	5,869,758	272,395	6,142,153
Deferred other postemployment benefit resources	54,814	10,909	65,723
Total Deferred Outflows of Resources	<u>6,509,171</u>	<u>283,304</u>	<u>6,792,475</u>
<b>Liabilities</b>			
Accounts and contracts payable	1,037,411	643,810	1,681,221
Accrued salaries payable	456,816	95,602	552,418
Accrued interest payable	502,670	200,484	703,154
Due to other governments	68	69,549	69,617
Deposits payable	1,310,917	75,925	1,386,842
Unearned revenue	2,763,532	20,419	2,783,951
Noncurrent liabilities			
Due within one year	6,366,547	3,517,337	9,883,884
Due in more than one year	<u>44,143,467</u>	<u>13,774,268</u>	<u>57,917,735</u>
Total Liabilities	<u>56,581,428</u>	<u>18,397,394</u>	<u>74,978,822</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	<u>7,475,495</u>	<u>342,477</u>	<u>7,817,972</u>
<b>Net Position</b>			
Net investment in capital assets	60,647,943	63,945,940	124,593,883
Restricted for			
Park improvements	2,180,542	-	2,180,542
Debt service	13,701,222	186,213	13,887,435
Unrestricted	<u>4,466,178</u>	<u>12,930,955</u>	<u>17,397,133</u>
Total Net Position	<u>\$ 80,995,885</u>	<u>\$ 77,063,108</u>	<u>\$ 158,058,993</u>

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

City of Savage, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 3,151,299	\$ 2,491,834	\$ 43,783	\$ 24,756
Community development	2,240,018	34,884	91,076	-
Public safety	6,597,722	140,383	663,103	-
Public works	7,914,737	32,700	13,406	2,839,141
Culture and recreation	465,338	593,003	4,276	27,102
Interest on long-term debt	1,316,898	-	-	-
Total Governmental Activities	<u>21,686,012</u>	<u>3,292,804</u>	<u>815,644</u>	<u>2,890,999</u>
Business-type Activities				
Water and sewer	9,249,657	10,110,211	14,830	187,902
Storm water	1,663,561	1,424,700	907	31,000
Municipal liquor	5,199,119	5,338,168	3,112	-
Street light	371,087	375,038	-	-
Sports center	573,093	478,526	212	-
Total Business-type Activities	<u>17,056,517</u>	<u>17,726,643</u>	<u>19,061</u>	<u>218,902</u>
Total Governmental and Business-type Activities	<u>\$ 38,742,529</u>	<u>\$ 21,019,447</u>	<u>\$ 834,705</u>	<u>\$ 3,109,901</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Other general revenues

Gain on sale of capital assets

Transfers - Internal Activities

Total General Revenues

Change in Net Position

Net Position - January 1, as Restated (Note 9)

Net Position - December 31

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

Net (Expenses) Revenues and  
Changes in Net Position

Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (590,926)	\$ -	\$ (590,926)
(2,114,058)	-	(2,114,058)
(5,794,236)	-	(5,794,236)
(5,029,490)	-	(5,029,490)
159,043	-	159,043
<u>(1,316,898)</u>	<u>-</u>	<u>(1,316,898)</u>
<u>(14,686,565)</u>	<u>-</u>	<u>(14,686,565)</u>
-	1,063,286	1,063,286
-	(206,954)	(206,954)
-	142,161	142,161
-	3,951	3,951
<u>-</u>	<u>(94,355)</u>	<u>(94,355)</u>
<u>-</u>	<u>908,089</u>	<u>908,089</u>
<u>(14,686,565)</u>	<u>908,089</u>	<u>(13,778,476)</u>
12,072,034	-	12,072,034
5,311,185	-	5,311,185
180,462	-	180,462
196,673	-	196,673
47,848	-	47,848
26,246	-	26,246
406,919	185,921	592,840
1,098	-	1,098
87,979	-	87,979
<u>(1,356,235)</u>	<u>1,356,235</u>	<u>-</u>
<u>16,974,209</u>	<u>1,542,156</u>	<u>18,516,365</u>
2,287,644	2,450,245	4,737,889
<u>78,708,241</u>	<u>74,612,863</u>	<u>153,321,104</u>
<u>\$ 80,995,885</u>	<u>\$ 77,063,108</u>	<u>\$ 158,058,993</u>

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

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2018

City of Savage, Minnesota  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General	Debt Service	Permanent Improvement Revolving	Other Governmental Funds	Total
<b>Assets</b>					
Cash and investments	\$ 9,403,664	\$ 9,353,707	\$ 2,143,378	\$ 8,868,578	\$ 29,769,327
Receivables					
Accrued interest	131,694	-	-	-	131,694
Accounts	2,541	-	-	91,328	93,869
Taxes	174,098	3,419	-	-	177,517
Special assessments	1,026	4,360,219	114,977	-	4,476,222
Notes	-	-	-	1,122,591	1,122,591
Due from other funds	293,021	486,547	-	1,272,500	2,052,068
Inventories	6,327	-	-	-	6,327
Prepaid items	98,726	-	-	7,277	106,003
Assets held for resale	-	-	-	774,109	774,109
	<u>\$ 10,111,097</u>	<u>\$ 14,203,892</u>	<u>\$ 2,258,355</u>	<u>\$ 12,136,383</u>	<u>\$ 38,709,727</u>
<b>Liabilities</b>					
Accounts payable	\$ 480,331	\$ -	\$ 3,885	\$ 355,359	\$ 839,575
Accrued salaries and withholdings payable	446,643	-	-	10,173	456,816
Contracts payable	15,102	-	44,240	136,773	196,115
Due to other governments	68	-	-	-	68
Due to other funds	-	-	-	1,986,765	1,986,765
Deposits payable	1,284,386	-	-	26,531	1,310,917
Unearned revenue	5,653	-	-	-	5,653
Total Liabilities	<u>2,232,183</u>	<u>-</u>	<u>48,125</u>	<u>2,515,601</u>	<u>4,795,909</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - grants	-	-	-	2,757,879	2,757,879
Unavailable revenue - property taxes	76,982	1,944	-	-	78,926
Unavailable revenue - special assessments	1,026	4,359,892	110,625	-	4,471,543
Total Deferred Inflows of Resources	<u>78,008</u>	<u>4,361,836</u>	<u>110,625</u>	<u>2,757,879</u>	<u>7,308,348</u>
<b>Fund Balances</b>					
Nonspendable	105,053	-	-	7,277	112,330
Restricted	-	9,842,056	-	3,206,610	13,048,666
Committed	-	-	-	2,241,728	2,241,728
Assigned	50,378	-	2,099,605	5,217,500	7,367,483
Unassigned	7,645,475	-	-	(3,810,212)	3,835,263
Total Fund Balances	<u>7,800,906</u>	<u>9,842,056</u>	<u>2,099,605</u>	<u>6,862,903</u>	<u>26,605,470</u>
	<u>\$ 10,111,097</u>	<u>\$ 14,203,892</u>	<u>\$ 2,258,355</u>	<u>\$ 12,136,383</u>	<u>\$ 38,709,727</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					

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

City of Savage, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2018

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

Total Fund Balances - Governmental	\$ 26,605,470
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of capital assets	208,143,122
Less accumulated depreciation	(107,661,063)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(39,008,000)
Unamortized bond premium and discount	(1,051,783)
Capital lease payable	(1,385,000)
Deferred charge on lease revision	94,380
Deferred charge on refunding	490,219
Compensated absences payable	(1,317,796)
Pension liability	(7,129,455)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Property taxes	78,926
Special assessments	4,471,543
Governmental fund do not report a liability for accrued interest until due and payable.	(502,670)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	5,869,758
Deferred inflows of pension resources	(7,475,495)
Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities are included in the governmental statement of net position.	
	773,729
Total Net Position - Governmental Activities	\$ 80,995,885

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

City of Savage, Minnesota  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2018

	General	Debt Service	Permanent Improvement Revolving	Other Governmental Funds	Total
<b>Revenues</b>					
Taxes	\$ 12,105,556	\$ 5,311,185	\$ -	\$ 406,018	\$ 17,822,759
Licenses and permits	1,194,088	-	-	-	1,194,088
Intergovernmental	617,970	40,000	675,171	745,947	2,079,088
Charges for services	1,135,001	-	-	-	1,135,001
Fines and forfeits	118,515	-	-	-	118,515
Special assessments	6,842	1,237,723	16,004	13,406	1,273,975
Investment earnings	100,000	103,988	30,419	153,455	387,862
Miscellaneous	176,585	-	-	901,007	1,077,592
Total Revenues	<u>15,454,557</u>	<u>6,692,896</u>	<u>721,594</u>	<u>2,219,833</u>	<u>25,088,880</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	2,463,579	-	-	392,621	2,856,200
Community development	966,865	-	-	72,482	1,039,347
Public safety	6,830,635	-	-	-	6,830,635
Public works	2,535,470	40,586	-	-	2,576,056
Culture and recreation	1,864,388	-	-	5,719	1,870,107
<b>Capital outlay</b>					
General government	40,059	-	-	199,986	240,045
Community development	-	-	-	1,177,455	1,177,455
Public safety	5,439	-	-	443,598	449,037
Public works	-	-	502,683	6,279,142	6,781,825
Culture and recreation	-	-	-	218,987	218,987
<b>Debt service</b>					
Principal	-	7,328,200	-	-	7,328,200
Interest and other charges	-	1,304,128	-	91,948	1,396,076
Total Expenditures	<u>14,706,435</u>	<u>8,672,914</u>	<u>502,683</u>	<u>8,881,938</u>	<u>32,763,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>748,122</u>	<u>(1,980,018)</u>	<u>218,911</u>	<u>(6,662,105)</u>	<u>(7,675,090)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	2,040	-	-	87,979	90,019
Transfers in	338,000	150,000	-	3,704,992	4,192,992
Bonds issued	-	1,220,000	-	3,200,000	4,420,000
Premiums on bonds issued	-	135,335	-	2,934	138,269
Transfers out	(740,000)	(4,208)	-	(2,935,784)	(3,679,992)
Total Other Financing Sources (Uses)	<u>(399,960)</u>	<u>1,501,127</u>	<u>-</u>	<u>4,060,121</u>	<u>5,161,288</u>
Net Changes in Fund Balances	348,162	(478,891)	218,911	(2,601,984)	(2,513,802)
Fund Balances, January 1	<u>7,452,744</u>	<u>10,320,947</u>	<u>1,880,694</u>	<u>9,464,887</u>	<u>29,119,272</u>
Fund Balances, December 31	<u>\$ 7,800,906</u>	<u>\$ 9,842,056</u>	<u>\$ 2,099,605</u>	<u>\$ 6,862,903</u>	<u>\$ 26,605,470</u>

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

City of Savage, Minnesota  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2018

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (2,513,802)
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Depreciation	(6,808,335)
Capital outlay	9,890,080
Loss on disposal	(19,812)
<p>Governmental funds report projects in capital project funds. Some of the capital assets constructed in the project will be maintained in business-type activity funds. The assets are reported as a transfer from the government-activities to the business-type activities</p>	
	(1,731,235)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds are reported with governmental activities.</p>	
Investment earnings	19,057
Consolidation of internal service fund activities with governmental activities	(148,186)
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	(12,621)
Special assessments	90,907
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of 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 premiums, discounts and similar items when debt is first issued, whereas these amounts are delayed and amortized in the statement of activities.</p>	
Debt issued	(4,420,000)
Debt issuance discounts	179,636
Principal repayments	7,328,200
Amortization of debt issuance costs and discounts	(77,969)
Premium on bonds issued	(138,269)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	599,061
Pension revenue from state contributions	53,649
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditures in the funds when it is due, and this requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	(22,489)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	19,772
Change in Net Position - Governmental Activities	\$ 2,287,644

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

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Savage, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 12,252,292	\$ 12,252,292	\$ 12,105,556	\$ (146,736)
Licenses and permits	552,700	552,700	1,194,088	641,388
Intergovernmental	570,078	573,454	617,970	44,516
Charges for services	652,050	652,050	1,135,001	482,951
Fines and forfeits	35,000	99,000	118,515	19,515
Special assessments	-	-	6,842	6,842
Investment earnings	100,000	100,000	100,000	-
Miscellaneous	92,900	170,818	176,585	5,767
Total Revenues	<u>14,255,020</u>	<u>14,400,314</u>	<u>15,454,557</u>	<u>1,054,243</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,432,214	2,729,316	2,463,579	265,737
Community development	886,346	886,346	966,865	(80,519)
Public safety	6,713,268	6,836,876	6,830,635	6,241
Public works	2,467,002	2,557,924	2,535,470	22,454
Culture and recreation	1,947,690	1,853,422	1,864,388	(10,966)
<b>Capital outlay</b>				
General government	10,000	80,100	40,059	40,041
Public safety	-	-	5,439	(5,439)
Total Expenditures	<u>14,456,520</u>	<u>14,943,984</u>	<u>14,706,435</u>	<u>237,549</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(201,500)</u>	<u>(543,670)</u>	<u>748,122</u>	<u>1,291,792</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	1,500	1,500	2,040	540
Transfers in	200,000	338,000	338,000	-
Transfers out	-	-	(740,000)	(740,000)
Total Other Financing Sources (Uses)	<u>201,500</u>	<u>339,500</u>	<u>(399,960)</u>	<u>(739,460)</u>
Net Change in Fund Balances	-	(204,170)	348,162	552,332
Fund Balances, January 1	<u>7,452,744</u>	<u>7,452,744</u>	<u>7,452,744</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 7,452,744</u></u>	<u><u>\$ 7,248,574</u></u>	<u><u>\$ 7,800,906</u></u>	<u><u>\$ 552,332</u></u>

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

City of Savage, Minnesota  
Statement of Net Position (Continued)  
Proprietary Funds  
December 31, 2018

	Business-Type Activities - Enterprise Funds		
	601	660	609
	Water and Sewer	Storm Water	Municipal Liquor
Assets			
Current Assets			
Cash and investments	\$ 6,685,909	\$ 5,405,770	\$ -
Receivables			
Accounts	1,350,635	484,971	(266)
Notes	-	-	361,212
Special assessments - current	8,786	-	-
Special assessments - delinquent	9,687	-	-
Due from other funds	227,718	-	-
Inventories	-	-	1,014,120
Prepaid items	-	-	477
Assets held for resale	-	132,030	-
Total Current Assets	<u>8,282,735</u>	<u>6,022,771</u>	<u>1,375,543</u>
Noncurrent Assets			
Special assessments receivable	<u>288,699</u>	-	-
Capital assets			
Land	1,371,272	-	290,000
Land Improvements	703,205	-	52,549
Buildings and structures	27,507,176	-	1,629,578
Machinery and equipment	5,976,572	187,209	145,553
Improvements other than buildings	96,075,570	26,701,362	-
Construction in progress	<u>4,371,760</u>	<u>397,665</u>	-
Total Capital Assets	136,005,555	27,286,236	2,117,680
Less Accumulated Depreciation	<u>(75,501,919)</u>	<u>(14,331,160)</u>	<u>(774,891)</u>
Net Capital Assets	<u>60,503,636</u>	<u>12,955,076</u>	<u>1,342,789</u>
Total Noncurrent Assets	<u>60,792,335</u>	<u>12,955,076</u>	<u>1,342,789</u>
Total Assets	<u>69,075,070</u>	<u>18,977,847</u>	<u>2,718,332</u>
Deferred Outflows of Resources			
Deferred pension resources	157,850	24,330	84,363
Deferred other postemployment benefit resources	<u>6,782</u>	<u>1,057</u>	<u>2,819</u>
Total Deferred Outflows of Pension Resources	<u>164,632</u>	<u>25,387</u>	<u>87,182</u>

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

Business-Type Activities - Enterprise Funds			Governmental
603	650	Totals	Activities -
Street Light Utility	Sports Center		Internal
			Service Funds
\$ 319,692	\$ 966	\$ 12,412,337	\$ 1,338,616
70,142	47,826	1,953,308	-
-	-	361,212	-
-	-	8,786	-
-	-	9,687	-
-	-	227,718	-
-	-	1,014,120	-
-	-	477	-
-	-	132,030	-
<u>389,834</u>	<u>48,792</u>	<u>16,119,675</u>	<u>1,338,616</u>
-	-	288,699	-
-	-	1,661,272	-
-	500,000	1,255,754	-
856,510	4,256,087	34,249,351	-
-	35,619	6,344,953	-
-	-	122,776,932	-
3,206	-	4,772,631	-
<u>859,716</u>	<u>4,791,706</u>	<u>171,060,893</u>	-
<u>(329,196)</u>	<u>(719,405)</u>	<u>(91,656,571)</u>	-
<u>530,520</u>	<u>4,072,301</u>	<u>79,404,322</u>	-
<u>530,520</u>	<u>4,072,301</u>	<u>79,693,021</u>	-
<u>920,354</u>	<u>4,121,093</u>	<u>95,812,696</u>	<u>1,338,616</u>
-	5,852	272,395	-
-	251	10,909	54,814
-	<u>6,103</u>	<u>283,304</u>	<u>54,814</u>

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

City of Savage, Minnesota  
Statement of Net Position (Continued)  
Proprietary Funds  
December 31, 2018

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Liabilities			
Current Liabilities			
Accounts payable	\$ 279,221	\$ 28,931	\$ 230,427
Accrued salaries and withholdings payable	51,917	7,809	28,941
Due to other funds	-	-	293,021
Due to other governments	11,493	-	56,215
Accrued interest payable	161,794	2,685	3,831
Deposits payable	24,568	51,357	-
Unearned revenue	-	-	2,458
Bonds payable - current	2,075,800	81,000	175,000
Notes payable - current	635,395	-	-
Compensated absences payable - current	163,633	20,413	49,512
Total Current Liabilities	<u>3,403,821</u>	<u>192,195</u>	<u>839,405</u>
Noncurrent Liabilities			
Bonds payable	8,995,534	168,153	-
Pension liability	746,520	116,563	397,880
Other postemployment benefits payable	73,909	12,141	48,827
Total Noncurrent Liabilities	<u>9,815,963</u>	<u>296,857</u>	<u>446,707</u>
Total Liabilities	<u>13,219,784</u>	<u>489,052</u>	<u>1,286,112</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>198,465</u>	<u>29,714</u>	<u>106,932</u>
Net Position			
Net investment in capital assets	49,049,218	12,700,520	1,167,789
Restricted for debt service	-	-	186,213
Unrestricted	<u>6,772,235</u>	<u>5,783,948</u>	<u>58,468</u>
Total Net Position	<u>\$ 55,821,453</u>	<u>\$ 18,484,468</u>	<u>\$ 1,412,470</u>

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

Business-Type Activities - Enterprise Funds			Governmental
603	650	Totals	Activities -
Street Light Utility	Sports Center		Internal
			Service Funds
\$ 28,537	\$ 76,694	\$ 643,810	\$ 1,721
-	6,935	95,602	-
-	-	293,021	-
-	1,841	69,549	-
-	32,174	200,484	-
-	-	75,925	-
-	17,961	20,419	-
-	310,000	2,641,800	-
-	-	635,395	-
-	6,584	240,142	-
<u>28,537</u>	<u>452,189</u>	<u>4,916,147</u>	<u>1,721</u>
-	3,187,204	12,350,891	-
-	27,004	1,287,967	-
-	533	135,410	617,980
<u>-</u>	<u>3,214,741</u>	<u>13,774,268</u>	<u>617,980</u>
<u>28,537</u>	<u>3,666,930</u>	<u>18,690,415</u>	<u>619,701</u>
-	7,366	342,477	-
530,520	497,893	63,945,940	-
-	-	186,213	-
<u>361,297</u>	<u>(44,993)</u>	<u>12,930,955</u>	<u>773,729</u>
<u>\$ 891,817</u>	<u>\$ 452,900</u>	<u>\$ 77,063,108</u>	<u>\$ 773,729</u>

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

City of Savage, Minnesota  
Statement of Revenues, Expenses and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Operating Revenues			
Sales	\$ -	\$ -	\$ 5,239,748
Cost of sales	-	-	(4,105,625)
Gross Profit	-	-	1,134,123
Charges for services	9,842,889	1,340,166	-
Special assessments	27,870	38,568	-
Other revenue	245,536	46,873	101,532
Total Operating Revenues	<u>10,116,295</u>	<u>1,425,607</u>	<u>1,235,655</u>
Operating Expenses			
Personnel services	1,302,371	203,273	633,209
Professional services	1,228,048	76,372	207,781
Shop supplies	337,397	-	-
Sewer charges - MCES	1,909,626	-	-
Utilities	339,404	-	64,280
Depreciation	3,388,155	827,094	44,460
Repairs and maintenance	229,342	527,618	7,370
Rent	246	-	98,379
Postage	38,849	7,913	-
Telephone	17,564	-	-
Insurance	28,952	28	11,370
Office and other supplies	79,660	7,679	13,987
Miscellaneous	-	9,188	-
Total Operating Expenses	<u>8,899,614</u>	<u>1,659,165</u>	<u>1,080,836</u>
Operating Income (Loss)	<u>1,216,681</u>	<u>(233,558)</u>	<u>154,819</u>
Nonoperating Revenues (Expenses)			
Intergovernmental	-	31,000	-
Investment earnings	107,216	74,409	-
Interest and other charges	(350,043)	(4,396)	(12,658)
Miscellaneous revenue (expense)	8,746	-	-
Total Nonoperating Revenues (Expenses)	<u>(234,081)</u>	<u>101,013</u>	<u>(12,658)</u>
Income (Loss) Before Contributions and Transfers	982,600	(132,545)	142,161
Capital Contributions	1,348,953	422,980	-
Transfers In	-	-	-
Transfers Out	<u>(550,000)</u>	<u>(100,000)</u>	<u>-</u>
Change in Net Position	1,781,553	190,435	142,161
Net Position, January 1 as Restated (Note 9)	<u>54,039,900</u>	<u>18,294,033</u>	<u>1,270,309</u>
Net Position, December 31	<u>\$ 55,821,453</u>	<u>\$ 18,484,468</u>	<u>\$ 1,412,470</u>

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

Business-Type Activities - Enterprise Funds			Governmental
603	650		Activities -
Street Light Utility	Sports Center	Totals	Internal
			Service Funds
\$ -	\$ -	\$ 5,239,748	\$ -
-	-	(4,105,625)	-
-	-	1,134,123	-
375,038	478,526	12,036,619	-
-	-	66,438	-
-	-	393,941	-
<u>375,038</u>	<u>478,526</u>	<u>13,631,121</u>	<u>-</u>
-	101,819	2,240,672	271,999
6,747	40,432	1,559,380	225,329
-	-	337,397	-
-	-	1,909,626	-
329,379	175,400	908,463	-
31,651	121,563	4,412,923	-
1,155	44,055	809,540	-
-	-	98,625	-
2,155	-	48,917	-
-	-	17,564	-
-	1,989	42,339	-
-	16,234	117,560	-
-	1,176	10,364	-
<u>371,087</u>	<u>502,668</u>	<u>12,513,370</u>	<u>497,328</u>
<u>3,951</u>	<u>(24,142)</u>	<u>1,117,751</u>	<u>(497,328)</u>
-	-	31,000	-
4,296	-	185,921	19,057
-	(70,425)	(437,522)	-
-	212	8,958	487,142
<u>4,296</u>	<u>(70,213)</u>	<u>(211,643)</u>	<u>506,199</u>
8,247	(94,355)	906,108	8,871
147,204	-	1,919,137	-
-	275,000	275,000	-
-	-	(650,000)	(138,000)
155,451	180,645	2,450,245	(129,129)
<u>736,366</u>	<u>272,255</u>	<u>74,612,863</u>	<u>902,858</u>
<u>\$ 891,817</u>	<u>\$ 452,900</u>	<u>\$ 77,063,108</u>	<u>\$ 773,729</u>

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

City of Savage, Minnesota  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 9,985,566	\$ 1,381,994	\$ 1,256,928
Payment to suppliers	(4,114,872)	(636,461)	(283,021)
Payment to employees	(1,304,854)	(204,065)	(680,185)
Other operating receipts	8,746	-	-
Net Cash Provided (Used) by Operating Activities	<u>4,574,586</u>	<u>541,468</u>	<u>293,722</u>
Cash Flows from Noncapital Financing Activities			
Receipts (payments) from (to) other funds	28,695	-	(115,074)
Transfers in	-	-	-
Transfers out	(550,000)	(100,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(521,305)</u>	<u>(100,000)</u>	<u>(115,074)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(3,012,078)	(3,036)	-
Connection charges	187,902	-	-
Intergovernmental receipts	-	31,000	-
Principal paid on refunding debt	(2,295,000)	-	-
Proceeds from bonds issued	2,278,487	-	-
Premium received on bonds issued	105,777	-	-
Bond issuance costs paid	(18,487)	-	-
Principal paid on debt	(2,230,000)	(144,800)	(165,000)
Interest paid on debt	(430,668)	(9,308)	(13,648)
Net Cash Flows Used by Capital and Related Financing Activities	<u>(5,414,067)</u>	<u>(126,144)</u>	<u>(178,648)</u>
Cash Flows from Investing Activities			
Investment earnings received	<u>110,402</u>	<u>74,409</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,250,384)	389,733	-
Cash and Cash Equivalents, January 1	<u>7,936,293</u>	<u>5,016,037</u>	<u>-</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 6,685,909</u></u>	<u><u>\$ 5,405,770</u></u>	<u><u>\$ -</u></u>

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

Business-Type Activities - Enterprise Funds			Governmental
603	650		Activities -
Street Light Utility	Sports Center	Totals	Internal
			Service Funds
\$ 373,477	\$ 473,350	\$ 13,471,315	\$ -
(375,142)	(259,264)	(5,668,760)	(223,608)
-	(105,935)	(2,295,039)	(312,552)
-	212	8,958	487,142
<u>(1,665)</u>	<u>108,363</u>	<u>5,516,474</u>	<u>(49,018)</u>
-	-	(86,379)	-
-	275,000	275,000	-
-	-	(650,000)	(138,000)
<u>-</u>	<u>275,000</u>	<u>(461,379)</u>	<u>(138,000)</u>
(11,830)	-	(3,026,944)	-
-	-	187,902	-
-	-	31,000	-
-	-	(2,295,000)	-
-	-	2,278,487	-
-	-	105,777	-
-	-	(18,487)	-
-	(305,000)	(2,844,800)	-
-	(81,447)	(535,071)	-
<u>(11,830)</u>	<u>(386,447)</u>	<u>(6,117,136)</u>	<u>-</u>
4,296	-	189,107	19,057
(9,199)	(3,084)	(872,934)	(167,961)
<u>328,891</u>	<u>4,050</u>	<u>13,285,271</u>	<u>1,506,577</u>
<u>\$ 319,692</u>	<u>\$ 966</u>	<u>\$ 12,412,337</u>	<u>\$ 1,338,616</u>

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

City of Savage, Minnesota  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Storm Water	Municipal Liquor
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 1,216,681	\$ (233,558)	\$ 154,819
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Miscellaneous revenues	8,746	-	-
Depreciation	3,388,155	827,094	44,460
(Increase) decrease in assets/deferred resources			
Accounts receivable	(141,034)	(28,324)	351
Special assessments receivable	10,305	-	-
Prepaid items	-	-	(477)
Assets held for resale	-	(15,289)	-
Notes receivable	-	-	20,607
Inventories	-	-	122,286
Deferred pension resources	59,860	10,058	44,491
Deferred other post employment benefit resources	(6,782)	(1,057)	(2,819)
Increase (decrease) in liabilities and and deferred inflows of resources			
Accounts payable and contract payable	84,193	(7,462)	(3,017)
Accrued salaries and withholdings payable	4,270	1,264	1,080
Compensated absences payable	8,297	3,264	9,302
Deposits payable	9,876	(201)	-
Unearned revenue	-	-	315
Pension liability	(65,546)	(13,198)	(103,853)
Other postemployment benefits payable	1,764	276	19,248
Deferred pension resources	(4,346)	(1,399)	(14,425)
Due to other governments	147	-	1,354
	<u>\$ 4,574,586</u>	<u>\$ 541,468</u>	<u>\$ 293,722</u>
Net Cash Provided (Used) by Operating Activities			
	<u>\$ 4,574,586</u>	<u>\$ 541,468</u>	<u>\$ 293,722</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities			
Amortization of discounts / (premiums) on bonds	\$ (66,023)	\$ (2,593)	\$ 2,622
Capital assets purchased on account	\$ 73,557	\$ -	\$ -
Capital contributions from other funds	\$ 1,161,051	\$ 422,980	\$ -
Prior period restatement	\$ 27,774	\$ 4,567	\$ 18,515

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

Business-Type Activities - Enterprise Funds			Governmental
Street Light Utility	Sports Center	Totals	Activities - Internal Service Funds
\$ 3,951	\$ (24,142)	\$ 1,117,751	\$ (497,328)
-	212	8,958	487,142
31,651	121,563	4,412,923	-
(1,561)	(5,151)	(175,719)	-
-	-	10,305	-
-	-	(477)	-
-	-	(15,289)	-
-	-	20,607	-
-	-	122,286	-
-	3,716	118,125	-
-	(251)	(10,909)	(54,814)
(35,706)	19,198	57,206	1,721
-	1,345	7,959	-
-	1,197	22,060	-
-	-	9,675	-
-	(25)	290	-
-	(8,549)	(191,146)	-
-	66	21,354	14,261
-	(1,640)	(21,810)	-
-	824	2,325	-
<u>\$ (1,665)</u>	<u>\$ 108,363</u>	<u>\$ 5,516,474</u>	<u>\$ (49,018)</u>
<u>\$ -</u>	<u>\$ (8,500)</u>	<u>\$ (74,494)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,557</u>	<u>\$ -</u>
<u>\$ 147,204</u>	<u>\$ -</u>	<u>\$ 1,731,235</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 51,036</u>	<u>\$ 232,415</u>

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

City of Savage, Minnesota  
Statement of Fiduciary Net Position  
Fiduciary Fund  
December 31, 2018

	<u>Agency</u>
Assets	
Cash and investments	<u>\$ 55,535</u>
Liabilities	
Accounts payable	<u>\$ 55,535</u>

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

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Savage (the City) is a municipal corporation of the "Optional Plan A" form of government defined in *Minnesota Statutes*. The City Council, composed of an elected mayor and four elected trustees or council members, exercises legislative authority and determines all matters of policy.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The Criterion that results in the EDA being reported as a blended component unit include 1) the board members are members of the City Council and 2) the operational responsibility of the EDA rests with the management of the City. The EDA does not issue separate financial statements so they are included on the financial section of this report.

As a result of applying the component unit definition criteria above, a certain organization has been defined and is presented in this report as follows:

Blended Component Units - Reported as if they were part of the City.

Joint Ventures and Jointly Governed Organizations - The relationship of the City with the entity is disclosed.

For the category above, the specific entity is identified as follows:

#### 1. Blended Component Unit

The Savage Economic Development Authority's (EDA) governing body consists of City Council Members. The Savage EDA's financial data has been blended with that of the City due to the governing body being substantively the same as the governing body of the City and due to the EDA being fiscally dependent on the City. The criteria that results in the EDA being reported as a blended component unit include 1) the board members are members of the City Council and 2) the operational responsibility of the EDA rests with the management of the City. The EDA does not issue separate financial statements and are included in the financial section of this report.

#### 2. Joint Ventures and Jointly Governed Organizations

The City is a member of a joint powers agreement, together with the Cities of Shakopee, Prior Lake, Belle Plaine, Jordan, Elko New Market, and New Prague, Minnesota, to provide for the joint exercise of prosecutorial powers. The member Cities each shall appoint one individual to serve on the Scott Joint Prosecution Association Board, with each of the representatives having one vote.

Effective October 1, 2014, the SJPA board of directors unanimously voted to contract with Scott County for prosecution services and amend the Joint Powers Agreement accordingly. Under the new agreement, the SJPA member cities will not be charged for any prosecution services. Correspondingly, the County retains all the fine and penalty revenue generated by the prosecution services. The board agreed to disburse the accumulated fund balance at December 31, 2014, back to the cities based on each city's average Case Summary activity for the past seven years.

## Note 1: Summary of Significant Accounting Policies (Continued)

### B. Government-wide and Fund 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 nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, pension (or other benefit) trust, and agency.

Agency Funds are presented in the fiduciary fund financial statement. Since, by definition, fiduciary fund assets are held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used for activities or obligations of the City, these Funds are not incorporated into the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of internal services is the City's governmental activities, the financial statements of the Internal Service Fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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 City 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, franchise taxes, intergovernmental revenues, charges for services 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 1: Summary of Significant Accounting Policies (Continued)**

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 *Debt Service fund* is used to account for the accumulation of resources used for the payment of principal, interest, and fiscal agent fees on long-term debt of the governmental funds.

The *Permanent Improvement Revolving fund* is used to account for construction costs prior to obtaining permanent financing.

The City reports the following major proprietary funds:

The *Water and Sewer fund* accounts for the operating, maintenance, and capital improvement of the City's water and sewer distribution and collection systems.

The *Storm Water fund* accounts for the operating, maintenance, and capital improvement of the City's surface water collection operations.

The *Municipal Liquor fund* accounts for the operation, maintenance, and capital improvements of the City's municipal liquor store.

The *Street Light fund* accounts of the operation of the City's street light system.

The *Sports Center fund* accounts for the operation of the City's Sports Center.

Nonmajor Governmental Funds

*Special Revenue funds* account for revenue derived from specific revenue sources that are legally restricted or committed to expenditures for specific purposes. For additional information on specific Special Revenue funds, refer to the Special Revenue fund statements.

*Capital Project funds* are used to account for the financial resources to be used for the acquisition or construction of major capital facilities. For additional information on Capital Projects funds, refer to the Capital Projects fund statements.

Additionally, the City reports the following fund types:

*Internal Service funds* account for the City's property, liability, worker's compensation and retiree health insurance provided to other departments within the City.

## Note 1: Summary of Significant Accounting Policies (Continued)

### Fiduciary Funds:

*Service Availability Charge Agency fund* is used to account for assets in the form of sewer availability charges by the City and remitted to the Metropolitan Council Environmental Services.

*State Surcharge Agency Fund* is used to account for assets in the form of state building permit charges collected by the City and remitted to the state.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payment in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

#### *Deposits and Investments*

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 the 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 purposes of the statements 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.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 1: Summary of Significant Accounting Policies (Continued)**

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

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, 2018:

- U.S. Government Agency Securities of \$15,733,448 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$3,519,419 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

***Investment Policy***

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *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 policy states all deposits must be collateralized in compliance with Minnesota Statutes 118A with all deposits being collateralized at 110% of deposits in excess of FDIC insurance.
- *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. The City's policy states the City will attempt to diversify its investments according to type, maturity, and institution. The policy state the portfolio shall not contain more than 50% of the portfolio value in any one institution.
- *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's investment policy states the City will limit the portion of the portfolio with maturities greater than five years to 75% of the portfolio.

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***Statement of Cash Flows***

For purpose of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents.

### ***Property Taxes***

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Scott County provides settlement to cities and other taxing districts three times a year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year-end in the governmental fund financial statements.

### ***Accounts Receivable***

When necessary, the City utilizes an allowance for uncollectible accounts to value its receivables. However, the City considers all of its current receivables to be collectible.

### ***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

### ***Interfund Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### ***Inventories and Prepaid Items***

Inventories of materials and supplies are recorded at cost, which approximates market, using the first-in, first out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City uses the consumption method to account for all prepaid items.

### ***Assets Held for Resale***

Land was acquired by the City and EDA for subsequent resale for redevelopment purposes. Land held for resale in an asset recorded at the lower of cost or realizable value in the fund that acquired it.

### ***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. This includes infrastructure acquired prior to the implementation of GASB Statement No. 34.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 1: Summary of Significant Accounting Policies (Continued)**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such purchased assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2018, no interest was capitalized in connection with construction in progress.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	15 to 20
Buildings and Structures	15 to 50
Furniture, Equipment, Vehicles	4 to 30
Infrastructure	20 to 30

***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 three items that qualify for reporting in this category. These items, deferred pension resources, deferred other postemployment benefit resources, and deferred charge on refunding and lease revision are reported only in the statements of net position. The first two items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement date. The third item is the deferred charge on refunding. A deferred charge on refunding and lease revision result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

***Compensated Absences***

Paid vacation and sick leave is granted to all regular, benefit eligible employees of the City. Vacation benefits vary with the length of service of the employee. Sick leave can be accumulated up to a maximum of 720 hours. In addition, regular benefit eligible employees can receive payment for any amount accrued over the maximum of 720 hours. There is a second sick bank for employees that were employed prior to January 1, 2005 created during their transition to this new system. This second sick leave bank may be converted to payment for health insurance premiums only at the time of retirement. The City used the second sick bank to accrue extra sick hours for employees that had over their old maximum amount of hours accrued. Public works union employees hired after January 1, 2005 are not eligible for the second sick leave bank.

An employee of the City who leaves the City in good standing is paid for all unused and accrued vacation time. An employee who leaves the City may also receive pay for a percentage of accumulated sick days of up to 50% for employees with at least five years of service. Some police union employees may also receive pay for a percentage of accumulated sick leave of up to 33% with no service requirement and 50% with between 10 and 20 years of service.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 1: Summary of Significant Accounting Policies (Continued)**

All compensated absences pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee termination or similar circumstances. These liabilities are paid by the governmental fund the employee provided most of its service to. The unused vacation and sick leave of the proprietary funds is included in accrued liabilities of the respective fund.

***Postemployment Benefits other than Pensions***

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 75, at January 1, 2017 valuation date. The measurement date is January 1, 2018. The General fund is typically used to liquidate governmental other postemployment benefits payable.

***Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

***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 GERF, PEPFF, PEDCP and Savage Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERF	PEPFF	PEDCP		
Pension Expense	\$ 205,865	\$ 87,561	\$ 2,000	\$ 379,672	\$ 675,098

## Note 1: Summary of Significant Accounting Policies (Continued)

### ***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position will sometimes 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, *unavailable* revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

### ***Fund Balance***

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:

*Nonspendable* - 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, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City 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 nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

*Unassigned* - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

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.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted (combined committed, assigned and unassigned) fund balance of 35 percent of the subsequent year's budgeted operating expenditures of the General Fund. For 2018, 35 percent of the next year's budgeted operating expenditures is \$5,453,699.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

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

**A. Budgetary Information**

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. The City adopts an annual budget for the General fund, Cable Television, Park Fees, Economic Development, Hamilton Building and Post Office special revenue funds and all enterprise funds. Budget amounts are presented as originally adopted or amended. The City has established budgetary control at the department level in the General fund. Management may amend the line items within the departments in the General fund without seeking approval of the City Council. Budgeted expenditure appropriations lapse at year-end.

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2018, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Primary Government			
Nonmajor			
Post Office	\$ 59,706	\$ 67,803	\$ 8,097

These excess expenditures were funded by excess fund balance and greater than anticipated revenues.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

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

**C. Deficit Fund Equity**

As of December 31, 2018, the following funds reported deficit fund equity:

Fund	Amount
Primary Government	
Nonmajor funds	
Tax Increment Construction	\$ 227,701
Tax Increment Financing #12	1,028,444
2018 Street Projects	2,554,067

The fund deficits are expected to be eliminated with future tax increment revenues or transfers from other funds.

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

***Deposits***

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

The cash and investments for both of the discretely presented component units are pooled with the City's cash and investments. At year end, the City's carrying amount of deposits was \$2,637,591 and the bank balance was \$2,757,565. Of the bank balance, \$500,000 was covered by Federal depository insurance. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the City's name.

**Investments**

As of December 31, 2018, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
<b>Pooled Investments at Amortized Costs</b>					
4M Fund	N/A	less than 6 months	\$ 9,888,388		
Broker Money Market Funds	N/A	less than 6 months	11,796,969		
Total Pooled Investments			<u>21,685,357</u>		
<b>Non-pooled Investments at Amortized Costs</b>					
Negotiable certifications of deposits	NA	6 months to 1 year	1,203,138	\$ -	\$ 1,203,138
Negotiable certifications of deposits	NA	1 to 3 years	1,856,357	-	1,856,357
Negotiable certifications of deposits	NA	more than 3 years	459,924	-	459,924
Government Agency Securities	AAA	6 months to 1 year	989,860	989,860	-
Government Agency Securities	AAA	1 to 3 years	616,385	616,385	-
Government Agency Securities	AA-	more than 3 years	1,896,000	1,896,000	-
Government Agency Securities	AA	1 to 3 years	994,270	994,270	-
Government Agency Securities	AA+	more than 3 years	402,532	402,532	-
Government Agency Securities	AAA	more than 3 years	3,500,609	3,500,609	-
Government Agency Securities	AA	less than 6 months	1,162,496	1,162,496	-
Government Agency Securities	AA	6 months to 1 year	997,530	997,530	-
Government Agency Securities	AA	1 to 3 years	3,361,690	3,361,690	-
Government Agency Securities	AA	more than 3 years	1,812,076	1,812,076	-
Total Investments			<u>\$ 40,938,224</u>	<u>\$ 15,733,448</u>	<u>\$ 3,519,419</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The City has no level 3 investments.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 2,637,591
Investments	<u>40,938,224</u>
Total	<u><u>\$ 43,575,815</u></u>
Primary Government	
Governmental activities	\$ 31,107,943
Business-type activities	<u>12,412,337</u>
Subtotal	43,520,280
Fiduciary	
Cash and investments	<u>55,535</u>
Total	<u><u>\$ 43,575,815</u></u>

**B. Notes Receivable**

The City sold seven properties on contract for deeds. The notes are due and payable on various dates with interest accruing at rates between 2% to 5% per annum. These notes were recorded as receivables in the Strom Project Special Revenue Fund. The receivable balance at December 31, 2018 was \$572,591.

Additionally the developer for Village Commons received a grant from the Metropolitan Council to assist with project construction costs. Minnesota Statutes require these fund to be directed to the City before being disbursed to the developer. The developer requested the funds as a note, which has a term of thirty years and an interest rate of 0%. The principal balance is to be repaid in one lump sum on December 21, 2042. This notes is recorded as a receivable in the Economic Development Special Revenue fund. The receivable balance December 31, 2018 was \$200,000.

On March 20, 2017 the Savage City Council approved the preliminary site development plan and rezoning for the development of a work force housing project at 14977 Louisiana Ave. In order for the project to obtain Minnesota Housing Financial Agency (MHFA) tax credits it would be beneficial for the City to consider participating financially in the development project. The Third Amendment to the purchase agreement revises the land acquisition terms from a flat payment in the amount of \$605,000 to an initial payment amount at closing in the amount of \$230,000 (plus \$25,000 in earnest money) with the remaining balance (\$350,000) to be paid pursuant to the terms of a promissory note. The terms of the Note are \$350,000, payable over 30 years, at an interest rate of 2% per annum, with all principal and interest deferred until the end of the thirty year term. The receivable balance December 31, 2018 was \$350,000.

On January 27, 2017, the City entered into a contract for deed with SHIMKIDS, LLC, a Minnesota liability company, for lots 6 and 7, block 45, Village of Savage, formerly Hamilton. A portion of this contract is payable to the City in the amount of \$400,000 over a 15 year term and is amortized over 15 years at 4 percent payable in monthly principal and interest payments. The receivable balance at December 31, 2018 was \$361,212.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 5,458,583	\$ -	\$ -	\$ 5,458,583
Construction in progress	4,818,129	5,612,096	(3,563,255)	6,866,970
Rights of ways and easement	754,344	-	-	754,344
Total Capital Assets not Being Depreciated	<u>11,031,056</u>	<u>5,612,096</u>	<u>(3,563,255)</u>	<u>13,079,897</u>
Capital Assets Being Depreciated				
Land improvements	10,558,604	1,753,143	-	12,311,747
Buildings and structures	31,675,953	50,986	-	31,726,939
Furniture and equipment	12,143,334	903,712	(351,338)	12,695,708
Improvements other than buildings	134,926,668	3,402,163	-	138,328,831
Total Capital Assets Being Depreciated	<u>189,304,559</u>	<u>6,110,004</u>	<u>(351,338)</u>	<u>195,063,225</u>
Less Accumulated Depreciation for				
Land improvements	(7,704,832)	(416,981)	-	(8,121,813)
Buildings and structures	(8,584,866)	(643,310)	-	(9,228,176)
Furniture and equipment	(5,920,762)	(809,348)	331,526	(6,398,582)
Improvements other than buildings	(78,973,796)	(4,938,696)	-	(83,912,492)
Total Accumulated Depreciation	<u>(101,184,256)</u>	<u>(6,808,335)</u>	<u>331,526</u>	<u>(107,661,063)</u>
Total Capital Assets Being Depreciated, Net	<u>88,120,303</u>	<u>(698,331)</u>	<u>(19,812)</u>	<u>87,402,162</u>
Governmental Activities Capital Assets, Net	<u>\$ 99,151,359</u>	<u>\$ 4,913,765</u>	<u>\$ (3,583,067)</u>	<u>\$ 100,482,059</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>Governmental Activities</b>	
General government	\$ 207,158
Community development	55,175
Public safety	314,984
Public works	5,973,055
Parks and recreation	257,963
Total Depreciation Expense - Governmental Activities	<u>\$ 6,808,335</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,661,272	\$ -	\$ -	\$ 1,661,272
Construction in progress	12,696,786	2,593,785	(10,517,940)	4,772,631
Total Capital Assets not Being Depreciated	<u>14,358,058</u>	<u>2,593,785</u>	<u>(10,517,940)</u>	<u>6,433,903</u>
Capital Assets Being Depreciated				
Land improvements	1,255,754	-	-	1,255,754
Buildings and structures	26,107,583	7,285,258	-	33,392,841
Furniture and equipment	4,707,846	1,637,107	-	6,344,953
Improvements other than buildings	120,933,810	2,699,632	-	123,633,442
Total Capital Assets Being Depreciated	<u>153,004,993</u>	<u>11,621,997</u>	<u>-</u>	<u>164,626,990</u>
Less Accumulated Depreciation for				
Land improvements	(922,420)	(33,333)	-	(955,753)
Buildings and structures	(10,861,747)	(632,632)	-	(11,494,379)
Furniture and equipment	(2,880,518)	(182,983)	-	(3,063,501)
Improvements other than buildings	(72,578,963)	(3,563,975)	-	(76,142,938)
Total Accumulated Depreciation	<u>(87,243,648)</u>	<u>(4,412,923)</u>	<u>-</u>	<u>(91,656,571)</u>
Total Capital Assets Being Depreciated, Net	<u>65,761,345</u>	<u>7,209,074</u>	<u>-</u>	<u>72,970,419</u>
Business-type Activities Capital Assets, Net	<u>\$ 80,119,403</u>	<u>\$ 9,802,859</u>	<u>\$ (10,517,940)</u>	<u>\$ 79,404,322</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

<b>Business-type Activities</b>	
Water and sewer	\$ 3,388,155
Storm Water	827,094
Municipal Liquor	44,460
Sports Center	121,563
Street Light	31,651
Total Depreciation Expense - Business-type Activities	<u>\$ 4,412,923</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

**Construction Commitments**

The City has active construction projects as of December 31, 2018. The projects include various street and road improvements and public facilities projects. At year end the City's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
TIF #12 - ValleyOil Remediation	\$ 794,938	\$ 58,125
TH13/Dakota/Yose Design Study	120,285	28,935
2017 MSA Sreet Improvements	1,769,603	333,578
18-01: 2018 Street Improvements	3,689,501	145,917
18-03: Vernon Ave. Improvements	1,781,406	321,750
Adv. Meter Infr. Installations	115,838	84,162
Adv. Meter Infr. Installations	2,845,847	1,081,254
 Total	 <u>\$ 11,117,419</u>	 <u>\$ 2,053,721</u>

**D. Interfund Receivables, Payables and Transfers**

Due to/from funds represent reclassifications of temporary cash deficits in individual fund and other short term loans expected to be repaid within one year. The amount owing between funds represents reclassification of temporary cash deficits between. At year end, the balances were as follows:

Receivable Fund	Payable Fund	Amount
Primary Government		
Water and Sewer	Nonmajor governmental	\$ 227,718
Nonmajor governmental	Nonmajor governmental	1,272,500
Debt Service funds	Nonmajor governmental	486,547
General	Liquor Fund	293,021
 Total		 <u>\$ 2,279,786</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

The City made transfers during the year as shown and described below:

Fund	Transfers In				Total
	General	Debt Service	Nonmajor Governmental Funds	Sports Center	
Transfer Out					
General	\$ -	\$ -	\$ 740,000	\$ -	\$ 740,000
Debt Service	-	-	4,208	-	4,208
Nonmajor governmental	-	150,000	2,510,784	275,000	2,935,784
Water	200,000	-	350,000	-	550,000
Storm Water	-	-	100,000	-	100,000
Internalk service	138,000	-	-	-	138,000
 Total Transfers	 <u>\$ 338,000</u>	 <u>\$ 150,000</u>	 <u>\$ 3,704,992</u>	 <u>\$ 275,000</u>	 <u>\$ 4,467,992</u>

Transfers made during the year were to assist operations, finance debt service payments, support capital projects, fund equipment purchases and to close unused funds.

**E. General Long-term Debt**

General Obligation Bonds

The City issues general obligation bonds and equipment certificates to provide funds for improvements, recreational facilities, or projects which benefit the City as a whole and are, therefore, repaid from ad valorem levies.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

**Primary Government**

General Obligation Bonds

Description	Authorized and Issued	Interest Rate	Dated	Maturity Date	Balance at Year End
2017B G.O. City Recreation Facility Refunding Bonds	\$ 1,520,000	3.00 %	07/12/17	02/01/22	\$ 1,245,000
2010A G.O. City Build America Taxable Bonds	5,160,000	1.30 - 5.00	06/17/10	02/01/26	2,505,000
2014B G.O. Advanced Refunding	6,600,000	2.00 - 2.38	06/05/14	02/01/27	4,890,000
2015B G.O. Improvement & Street Reconstruction Crossover Refunding Bonds	2,730,000	1.50 - 2.50	06/04/15	02/01/22	<u>1,800,000</u>
Total General Obligation Bonds					<u><u>\$ 10,440,000</u></u>

The annual service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 1,530,000	\$ 277,521	\$ 1,807,521
2020	1,570,000	237,020	1,807,020
2021	1,580,000	194,679	1,774,679
2022	1,605,000	150,171	1,755,171
2023	855,000	113,654	968,654
2024 - 2027	<u>3,300,000</u>	<u>182,153</u>	<u>3,482,153</u>
Total	<u><u>\$ 10,440,000</u></u>	<u><u>\$ 1,155,198</u></u>	<u><u>\$ 11,595,198</u></u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

General Obligation Special Assessment Improvement Bonds

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

Description	Authorized and Issued	Interest Rate	Dated	Maturity Date	Balance at Year End
2009A G.O. Improvement Bonds	\$ 4,415,000	2.00 - 4.10 %	06/15/09	02/01/25	\$ 2,275,000
2010D G.O. Refunding Improvement Bonds	6,875,000	3.00 - 4.00	11/15/10	03/01/19	695,000
2011A G.O. Improvement Bonds	6,495,000	2.00 - 3.75	06/01/11	02/01/27	2,990,000
2012A G.O. Improvement Bonds	5,085,000	1.00 - 2.62	06/15/12	02/01/28	2,440,000
2013A G.O. Improvement Bonds	5,750,000	1.50 - 2.50	06/01/13	02/01/29	3,565,000
2013B G.O. Refunding Improvement Bonds	491,200	2.00	06/01/13	02/01/21	248,000
2014A G.O. Improvement Bonds	3,290,000	2.00 - 3.50	06/05/14	02/01/30	2,345,000
2015A G.O. Improvement Bonds	4,100,000	2.00 - 4.00	06/04/15	02/01/31	3,450,000
2016A G.O. Improvement Bonds	3,335,000	2.00 - 3.00	06/16/16	02/01/32	3,045,000
2017A G.O. Improvement Bonds	3,095,000	2.00 - 3.00	07/12/17	02/01/33	3,095,000
2018A G.O. Improvement Bonds	3,200,000	3.00 - 3.15	05/17/18	02/01/34	3,200,000
2018B G.O. Refunding Bonds	1,220,000	3.00 - 5.00	05/17/18	02/01/24	<u>1,220,000</u>
Total G.O. Special Assessment Improvement Bonds					<u><u>\$ 28,568,000</u></u>

The annual service requirements to maturity for the general obligation special assessment improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 3,738,200	\$ 786,675	\$ 4,524,875
2020	3,086,600	654,898	3,741,498
2021	2,958,200	565,931	3,524,131
2022	2,805,000	480,943	3,285,943
2023	2,750,000	399,899	3,149,899
2024 - 2028	9,475,000	1,082,866	10,557,866
2029 - 2033	3,575,000	206,655	3,781,655
2034	180,000	2,813	182,813
Total	<u><u>\$ 28,568,000</u></u>	<u><u>\$ 4,180,680</u></u>	<u><u>\$ 32,748,680</u></u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

General Obligation Revenue Note

These bonds were issued to finance the cost of improvements to the City's utility system and the construction of a liquor store. They will be retired from net revenue of the Water and Sewer and Municipal Liquor Enterprise Funds. Certain revenue bonds require the City establish separate funds for repayment of these obligations.

General Obligation Revenue Bonds

These bonds were issued to finance the cost of improvements to the City's utility system and the construction of a liquor store. They will be retired from net revenue of the Water and Sewer and Municipal Liquor Enterprise Funds. Certain revenue bonds require the City establish separate funds for repayment of these obligations. The City has pledge income derived from the acquired or constructed assets to pay debt service as follows:

	<u>Water and Sewer</u>	<u>Storm Water</u>	<u>Municipal Liquor</u>	<u>Sports Center</u>
Operating Revenues	\$ 10,116,295	\$ 1,425,607	\$ 1,235,655	\$ 478,526
Principal and Interest	2,660,668	154,108	178,648	386,447
Percentage of Revenues	380 %	925 %	692 %	124 %

The components of the general obligation revenue bonds are as follows:

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Dated</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
Liquor Revenue Bonds					
Series 1998A	\$ 2,270,000	4.00 - 5.30 %	12/01/98	2/1/2019	\$ 175,000
Public Facilities Authority Revenue Bonds, Series 1999	8,984,395	3.62	08/17/99	08/20/19	635,395
G.O. Utility Revenue Refunding Bonds Series 2010E	3,810,000	3.00	11/15/10	03/01/19	925,000
G.O. Utility Revenue Bonds Series 2011B	2,045,000	2.00 - 3.00	06/01/11	02/01/21	660,000
Tax Abatement Bonds Series 2012B	4,915,000	1.00 - 2.62	06/15/12	02/01/28	3,420,000
G.O. Crossover Refunding Bonds Series 2013B	1,043,800	2.00	06/01/13	02/01/21	527,000
G.O. Improvement Bonds Series 2015A	3,075,000	2.00 - 4.00	06/04/15	02/01/31	2,730,000
G.O. Improvement Bonds Series 2017A	3,830,000	2.00 - 3.00	07/12/17	02/01/33	3,830,000
G.O. Utility Revenue Refunding Bonds Series 2018B	3,480,000	3.00 - 5.00	05/17/18	02/01/24	<u>2,260,000</u>
 Total Business-type Bonds					 <u><u>\$ 15,162,395</u></u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

The annual service requirements to maturity for the general obligation revenue bonds are as follows:

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,277,195	\$ 422,447	\$ 3,699,642
2020	1,548,400	311,534	1,859,934
2021	1,586,800	260,682	1,847,482
2022	1,225,000	216,983	1,441,983
2023	1,255,000	180,742	1,435,742
2024 - 2028	4,145,000	559,864	4,704,864
2029 - 2033	2,125,000	135,591	2,260,591
 Total	 <u>\$ 15,162,395</u>	 <u>\$ 2,087,843</u>	 <u>\$ 17,250,238</u>

Capital Leases

In August 1999, the City entered into a lease agreement with the Scott County Housing and Redevelopment Authority (HRA) for financing construction of 17,500 square feet of office and classroom space, capitalized at \$2,230,000. The Scott County HRA issued \$2,295,000 Facility Lease Revenue Bonds and \$175,000 Taxable Facility Lease Revenue Bonds to pay for the construction. The Revenue Bonds had interest rates that ranged from 4.75% to 5.70% and 6.75% to 7.00%, respectively. The City revised its capital lease agreement using Facility Lease Revenue Refunding Bonds, Series 2008 with Scott County Community Development Agency (CDA) in order to take advantage of lower interest rates. The revised lease agreement requires the City to make yearly payments beginning February 1, 2009 equal to the principal and interest due on the Revenue Refunding Bonds with interest rates ranging between 4.20% to 4.60%. The refunding replaces the Series 1999A Bonds. The difference between the present value of the lease obligation under the original agreement and the present value of future minimum lease payments was a loss of \$195,000; however, the amount of interest cost over the remaining lease term decreased by \$312,734, resulting in a net savings of \$117,724. During December 2017, the City revised its capital lease agreement using Taxable Facility Lease Revenue Refunding Bonds, Series 2017B with Scott County CDA in order to take advantage of lower interest rates. The revised lease agreement requires the City to make annual payments beginning February 1, 2019 equal to the principal and interest due on the Facility Lease Revenue Refunding Bonds, Series 2017B with interest rates between 2.0% to 3.25%. The new refunding will provide a net present value benefit of \$74,466. These payments will be made from the Capital Lease Debt Service Fund. Revenues from sublease agreements will be used to pay these lease payments. The assets acquired through capital leases are \$2,260,000 worth of buildings and structures.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

The assets acquired through capital leases are as follows:

<b>Asset</b>	<u>Governmental Activities</u>
Building and structures	\$ 2,260,000
Less accumulated depreciation	<u>(904,000)</u>
Total	<u><u>\$ 1,356,000</u></u>

The annual service requirements to maturity for capital leases are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 110,000	\$ 36,253	\$ 146,253
2020	120,000	33,863	153,863
2021	115,000	31,308	146,308
2022	120,000	28,633	148,633
2023	120,000	25,723	145,723
2024 - 2028	650,000	75,499	725,499
2029	<u>150,000</u>	<u>2,435</u>	<u>152,435</u>
Total	<u><u>\$ 1,385,000</u></u>	<u><u>\$ 233,714</u></u>	<u><u>\$ 1,618,714</u></u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

During the year ended December 31, 2018, the following changes occurred in non-current liabilities reported on the government-wide statements.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 11,945,000	\$ -	\$ (1,505,000)	\$ 10,440,000	\$ 1,530,000
General obligation special assessment bonds	29,731,200	4,420,000	(5,583,200)	28,568,000	3,738,200
Public Facility Revenue bonds	240,000	-	(240,000)	-	-
Unamortized discount and premium	1,093,150	138,269	(179,636)	1,051,783	-
Total Bonds Payable	<u>43,009,350</u>	<u>4,558,269</u>	<u>(7,507,836)</u>	<u>40,059,783</u>	<u>5,268,200</u>
Capital Lease Payable	1,385,000	-	-	1,385,000	110,000
Pension Payable					
GERF	4,035,969	-	(475,341)	3,560,628	-
PEPFF	4,063,858	-	(912,002)	3,151,856	-
Fire relief	745,010	-	(328,039)	416,971	-
Compensated Absences Payable	1,337,568	813,097	(832,869)	1,317,796	988,347
Other Postemployment Benefits Payable	<u>371,304</u>	<u>293,271</u>	<u>(46,595)</u>	<u>617,980</u>	<u>-</u>
Governmental Activity Long-term Liabilities	<u>\$ 54,948,059</u>	<u>\$ 5,664,637</u>	<u>\$ (10,102,682)</u>	<u>\$ 50,510,014</u>	<u>\$ 6,366,547</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation revenue bonds	\$ 18,042,195	\$ 2,260,000	\$ (5,139,800)	\$ 15,162,395	\$ 3,277,195
Unamortized discount and premium	434,408	105,777	(74,493)	465,692	-
Total Bonds Payable - Net	<u>18,476,603</u>	<u>2,365,777</u>	<u>(5,214,293)</u>	<u>15,628,087</u>	<u>3,277,195</u>
Pension Payable					
GERF	1,460,598	34,389	(207,020)	1,287,967	-
Compensated Absences Payable	218,082	152,156	(130,096)	240,142	240,142
Other Postemployment Benefits Payable	<u>81,535</u>	<u>63,148</u>	<u>(9,274)</u>	<u>135,409</u>	<u>-</u>
Business-type Activity Long-term Liabilities	<u>\$ 20,236,818</u>	<u>\$ 2,615,470</u>	<u>\$ (5,560,683)</u>	<u>\$ 17,291,605</u>	<u>\$ 3,517,337</u>

Current Refunding

On May 17, 2018 the City issued \$3,480,000 of 2018B G.O. Utility Revenue Refunding Bonds. The bonds bear an average coupon rate of 4.0 percent and were used to call \$2,331,256 of the outstanding principal of the 2007B G.O. Refunding Utility Revenue Bonds on June 21, 2018 and \$1,761,989 of the outstanding principal on the 2008A G.O. Street Improvement Bonds on June 21, 2018. As a result of the refunding issue, the City will save \$211,406 in debt service payments and achieve an economic gain (the present value of the difference between the old and the new debt service) of \$170,480.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 3: Detailed Notes on All Funds (Continued)**

Conduit Debt Obligations

The City of Savage has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private-sector entity revenues. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City of Savage or the State of Minnesota, or 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, 2018 there were two revenue bonds outstanding with Aspen Academy Charter School with a total principal amount \$19,275,000.

**F. Components of Fund Balance**

At December 31, 2018, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement Revolving</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable for prepaid items</b>					
Prepaid items	\$ 98,726	\$ -	\$ -	\$ 7,277	\$ 106,003
Inventory	6,327	-	-	-	6,327
<b>Total Nonspendable</b>	<b><u>\$ 105,053</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,277</u></b>	<b><u>\$ 112,330</u></b>
<b>Restricted for</b>					
Debt service	\$ -	\$ 9,842,056	\$ -	\$ -	\$ 9,842,056
Capital projects	-	-	-	1,026,068	1,026,068
Park improvements	-	-	-	2,180,542	2,180,542
<b>Total Restricted</b>	<b><u>\$ -</u></b>	<b><u>\$ 9,842,056</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,206,610</u></b>	<b><u>\$ 13,048,666</u></b>
<b>Committed for</b>					
Cable television	\$ -	\$ -	\$ -	\$ 372,583	\$ 372,583
Economic development	-	-	-	1,513,637	1,513,637
Hamilton building	-	-	-	235,119	235,119
Post office	-	-	-	120,389	120,389
<b>Total Committed</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,241,728</u></b>	<b><u>\$ 2,241,728</u></b>
<b>Assigned to</b>					
Capital projects	\$ 30,000	\$ -	\$ 2,099,605	\$ 5,217,500	\$ 7,347,105
Employee committee	3,185	-	-	-	3,185
Forfeiture	17,193	-	-	-	17,193
<b>Total Assigned</b>	<b><u>\$ 50,378</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,099,605</u></b>	<b><u>\$ 5,217,500</u></b>	<b><u>\$ 7,367,483</u></b>

## **Note 4: Defined Benefit Pension Plans - 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 Fund (GERF)

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

#### Public Employees Police and Fire Fund (PEPFF)

The PEPFF, 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 PEPFF 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 Minnesota 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.

#### GERF Benefits

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 and Basic 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 for 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

#### PEPFF Benefits

Benefits for the PEPFF 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 PEPFF 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.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

**C. Contributions**

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

GERF Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary and the City was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2018. The City's contributions to the GERF for the year ending December 31, 2018, 2017 and 2016 were \$457,087, \$426,380 and \$401,004, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

PEPFF Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary and the City was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City's contributions to the PEPFF for the years ending December 31, 2018, 2017 and 2016 were \$523,700, \$497,852 and \$490,172, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

**D. Pension Costs**

GERF Pension Costs

At December 31, 2018, the City reported a liability of \$4,848,594 for its proportionate share of the GERF'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 2018. 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 \$159,101. The net pension liability was measured as of June 30, 2018, 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 proportion 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.0874 percent which was an increase of 0.0013 percent from its proportion measured as of June 30, 2017.

City's Proportionate Share of the Net Pension Liability	\$ 4,848,594
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>159,101</u>
Total	<u><u>\$ 5,007,695</u></u>

For the year ended December 31, 2018, the City recognized pension expense of \$168,763 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$37,102 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

At December 31, 2018, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 128,446	\$ 152,148
Changes in Actuarial Assumptions	466,213	544,791
Net Difference Between Projected and Actual Earnings on Plan Investments	-	488,406
Changes in Proportion	105,475	52,578
Contributions to GERF Subsequent to the Measurement Date	231,703	-
Total	\$ 931,837	\$ 1,237,923

Deferred outflows of resources totaling \$231,703 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2019	\$ 150,486
2020	(220,437)
2021	(366,646)
2022	(101,192)

PEPFF Pension Costs

At December 31, 2018, the City reported a liability of \$3,151,857 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, 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 proportion 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was 0.2957 percent which was a decrease of 0.0053 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$60,948 for its proportionate share of PEPFF's pension expense. The City also recognized \$26,613 for the year ended December 31, 2018 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 PEPFF each year, starting in fiscal year 2014.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

At December 31, 2018, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 127,921	\$ 767,339
Changes in Actuarial Assumptions	4,070,057	4,639,944
Net Difference Between Projected and Actual Earnings on Plan Investments	-	657,477
Changes in Proportion	-	141,332
Contributions to PEPFF Subsequent to the Measurement Date	276,465	-
Total	\$ 4,474,443	\$ 6,206,092

Deferred outflows of resources totaling \$276,465 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2019	\$ 62,598
2020	(253,948)
2021	(487,090)
2022	(1,303,074)
2023	(26,600)

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2018 actuarial valuation was determined using 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 disabilitants were based on RP-2014 tables for all plans 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 GERF and 1.0 percent per year for PEPFF.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the GERF plan was completed in 2015. The most recent four-year experience study for PEPFF was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The following changes in actuarial assumptions occurred in 2018:

GERF

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

PEPFF

- The mortality projection scale was changed from MP-2016 to MP-2017.
- 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.

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	36.00 %	5.10 %
International Stocks	17.00	5.30
Bonds (Fixed Income)	20.00	0.75
Alternative Assets (Private Markets)	25.00	5.90
Cash	2.00	-
Total	<u>100.00 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2018 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 GERF and PEPFF was 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.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**G. Pension Liability Sensitivity**

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
	GERF	\$ 7,879,585	\$4,848,594
PEPFF	6,757,780	3,151,857	169,909

**H. Pension Plan Fiduciary Net Position**

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

**Note 5: Defined Contribution Plan**

The City has City Council members that are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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.

The defined contribution plan consists of individual accounts paying a lump-sum benefit. 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. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. 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 1.0 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 2018 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,000	\$ 2,000	5.00%	5.00%	5.00%

The City and council member's contributions to the PEDCP plan for the years ending December 31, 2018, 2017 and 2016 were \$2,000, \$2,000 and \$2,000, respectively.

## **Note 6: Defined Benefit Pension Plans - Volunteer Fire Relief Association**

### **A. Plan Description**

All members of the Savage Fire Department (the Department) are covered by a defined benefit plan administered by the Savage Firefighter's Relief Association (the Association). As of December 31, 2017, the plan covered 36 active firefighters and 8 vested terminated, retirees and beneficiaries fire fighters whose pension benefits are deferred. The plan is a single employer defined benefit 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**

Full retirement benefits are payable to member who have reached age 50 and have completed 15 years of service for monthly service pensions, or 10 years of service for lump sum service pensions. Partial benefits are payable to member who have reached age 50 and have completed 10 years of service. Disability benefits and widow and children survivor benefits are also payable to member or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling State Statutes.

### **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 \$168,582 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2017, 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, 2018 were \$353,096. The City's contributions were equal to the required contributions as set by state statute. In addition, the City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 6: Defined Benefit Pension Plans - Volunteer Fire Relief Association (Continued)**

**D. Pension Costs**

At December 31, 2018, the City reported a net pension liability of \$416,971 for the Volunteer Firefighter Fund. The net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in the net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
	<u>(a)</u>	<u>(b)</u>	<u>(a-b)</u>
Beginning Balance January 1, 2017	\$ 6,501,962	\$ 5,756,952	\$ 745,010
Changes for the Year			
Service cost	110,794	-	110,794
Interest cost	401,172	-	401,172
Assumption changes	405,055	-	405,055
Plan changes	95,143	-	95,143
Projected investment return	-	358,176	(358,176)
Contributions (employer)	-	184,514	(184,514)
Nonemployer contributions	-	164,768	(164,768)
(Gain)/loss	(171,516)	474,769	(646,285)
Benefit payments	(388,016)	(388,016)	-
Administrative expenses	-	(13,540)	13,540
Total Net Changes	<u>452,632</u>	<u>780,671</u>	<u>(328,039)</u>
Ending Balance December 31, 2017	<u>\$ 6,954,594</u>	<u>\$ 6,537,623</u>	<u>\$ 416,971</u>

For the year ended December 31, 2018, the City recognized pension expense of \$379,672.

At December 31, 2018, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>of Resources</u>	<u>of Resources</u>
Differences Between Expected and Actual Experience	\$ 32,435	\$ 128,637
Changes in Actuarial Assumptions	350,342	9,531
Net Difference Between Projected and Actual Earnings on Plan Investments	-	235,789
Contributions to Plan Subsequent to the Measurement Date	<u>353,096</u>	<u>-</u>
Total	<u>\$ 735,873</u>	<u>\$ 373,957</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 6: Defined Benefit Pension Plans - Volunteer Fire Relief Association (Continued)**

Deferred outflows of resources totaling \$353,096 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, 2019. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2019	\$ 118,190
2020	44,656
2021	(59,073)
2022	(94,953)

**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:

Salary Increases	2.50% per year
Cost of Living Increases	2.00%
Investment Rate of Return	6.25%
20 Year Municipal Bond Yield	3.50%

There were no changes in actuarial assumptions in 2018.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash and Equivalents	8.00 %	2.25 %
Fixed Income	22.00	3.50
Domestic Equity	69.00	7.50
Other	1.00	6.00
Total	100.00 %	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.25 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.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 6: Defined Benefit Pension Plans - Volunteer Fire Relief Association (Continued)**

**G. Pension Liability Sensitivity**

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

	1 Percent Decrease (5.25%)	Current (6.25%)	1 Percent Increase (7.25%)
Defined Benefit Plan	\$ 1,500,094	\$ 416,971	\$ (442,306)

**H. Pension Plan Fiduciary Net Position**

The Association issues a publicly available financial report. The report may be obtained at the Savage City Hall at 6000 McColl Drive, Savage, Minnesota 55378.

**Note 7: Postemployment Benefits other than Pensions**

**A. Plan Description**

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offer medical coverage. Medical coverage is administered by Benefits Extra, Inc. It is the City's policy to periodically review its medical coverage and to obtain request for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	5
Spouses Receiving Benefid Payments	1
Active Plan Members	115
Total Plan Members	121

**B. Funding Policy**

Contribution requirements are also negotiated between the City and union representatives. The City contributes a predetermined portion of the cost of current-year premiums for eligible retired plan members and their spouses based on the employment contract in effect at the time of retirement. For the year ended December 31, 2018, the City's average contribution rate was 9.27 percent of covered-employee payroll. For the year 2018, the City directly contributed \$31,437 to the Plan, while implicit contributions totaled \$34,286.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 7: Postemployment Benefits other than Pensions (Continued)**

**C. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$753,390 was measured as of January 1, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2017. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.30%
20-Year Municipal Bond Yield	3.30%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.25% in 2018 grading to 5.00% over 5 years

The discount rate used to measure the total OPEB liability was 3.30 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2017 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**D. Changes in the Total OPEB Liability**

	Total OPEB Liability (a)
Balances at December 31, 2017	\$ 736,291
Changes for the Year:	
Service cost	48,000
Interest	24,967
Benefit payments	(55,868)
Net Changes	17,099
Balances at December 31, 2018	\$ 753,390

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.50% to 3.30%.

Since the prior measurement date, the following benefit terms changed:

- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 7: Postemployment Benefits other than Pensions (Continued)**

**E. Sensitivity of the Total OPEB Liability**

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 a discount rate that is 1-percentage point lower (2.30 percent) or 1-percentage-point higher (4.30 percent) than the current discount rate:

1 Percent Decrease (2.30%)	Current (3.30%)	1 Percent Increase (4.30%)
\$ 805,761	\$ 753,390	\$ 704,582

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 a Healthcare Cost Trend Rates that is 1-percentage point lower (5.25 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.25 percent increasing to 6.00 percent) than the cost trend rate:

1 Percent Decrease (5.25% Decreasing to 4%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5%)	1 Percent Increase (7.25% Decreasing to 6%)
\$ 679,620	\$ 753,390	\$ 839,806

**F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the City recognized OPEB expense of \$72,967. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Contributions to OPEB Subsequent to the Measurement Date	\$ 65,723

Deferred outflows of resources totaling \$65,723 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 8: Other Information**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation and other miscellaneous insurance coverage. LMCIT operates as a common risk management and insurance program for member cities. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that LMCIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event.

The City also carries commercial insurance for certain other risks of loss, including liquor liability and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There were no significant reductions in insurance coverage during 2018.

**B. Legal Claims**

The City has usual and customary type of miscellaneous legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

**C. Revenue Bonds**

In July 2006, the Scott County Community Development Agency (CDA) issued \$3,440,000 Housing Development Revenue Bonds to refund in advance, the August 1999 HRA Bonds to undertake housing development projects and to acquire and construct multi-family rental housing. In December 2013, the CDA issued \$2,925,000 Housing Development Refunding Bonds, series 2013C to refund the 2006 Bonds to realize additional savings. The City has pledged its full faith, credit, and taxing powers to the Housing Bonds solely as a credit enhancement. It is intended that revenues the Scott County CDA pledged will equal or exceed 110% of the principal and interest due on these bonds.

On March 14, 2008, the CDA issued \$2,400,000 Facility Lease Revenue Refunding Bonds, series 2008A, which refunded their previous Housing Bonds. In the event the City makes advances to pay debt service on the Housing Bonds, the Scott County CDA will reimburse the City from future surplus funds.

During December 2017, the City revised its capital lease agreement using Taxable Facility Lease Revenue Refunding Bonds, Series 2017B with Scott County CDA in order to take advantage of lower interest rates. The revised lease agreement requires the City to make yearly payments beginning February 1, 2019 equal to the principal and interest due on the Facility Lease Revenue Refunding Bonds, Series 2017B with interest rates between 2.0% to 3.25%. As of December 31, 2018, the outstanding principal and interest balance on these revenue bonds is \$1,403,714.

**D. Flexible Benefit Plan**

The City has a flexible benefit plan which is classified as a "cafeteria plan" (the Plan) under Minnesota Statutes 125 of the Internal Revenue Code. Nonexempt employees of the City are eligible if they are regularly scheduled to work 30 hours or more per week, exempt employees are eligible when paid for 50 hours or more per biweekly pay period. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll check to the Plan for health and dental care, dependent care, life insurance premiums and disability insurance benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from October 1 to September 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. The City is contingently liable for claim against the total amount of participants' annual contributions to the health and dental care portion of the Plan, whether or not such contribution have been made.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2018

**Note 8: Other Information (Continued)**

All assets of the Plan are held in a trust consisting of a separate bank account. Benefits Extra, Inc. serves as Trustee and handles all Plan recordkeeping. The plan is included in the financial statements in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the City, subject to the claims of the City's general creditors. Participants' rights under the Plan are equal to those of general creditors of the City in an amount equal to eligible expense incurred by the participants. The City believes it is unlikely it will use the assets to satisfy the claims of general creditors in the future.

**Note 9: Change in Accounting Principle**

During fiscal year 2018, the City implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2018 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 1.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2017 balances to the December 31, 2018 financial statements:

Fund	Net Position January 1, 2018 as Previously Reported	Prior Period Restatement	Net Position January 1, 2018 as Restated
Governmental Activities	\$ 78,940,656	\$ (232,415)	\$ 78,708,241
Business-type Activities	\$ 62,456,787	\$ (51,036)	\$ 73,876,497
Business-type Activities			
Water and Sewer	\$ 54,067,674	\$ (27,774)	\$ 54,039,900
Storm Water	18,298,600	(4,567)	18,294,033
Municipal Liquor	1,288,824	(18,515)	1,270,309
Sports Center	272,435	(180)	272,255
Total Business-type Activities	\$ 73,927,533	\$ (51,036)	\$ 73,876,497
Internal Service Fund	\$ 1,135,273	\$ (232,415)	\$ 902,858

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2018

City of Savage, Minnesota  
 Required Supplementary Information  
 For the Year Ended December 31, 2018

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	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
06/30/18	0.0874 %	\$ 4,848,594	\$ 159,101	\$ 5,007,695	\$ 5,877,053	85.2 %	79.5 %
06/30/17	0.0861	5,496,567	69,094	5,565,661	5,545,085	100.4	75.9
06/30/16	0.0847	6,877,220	89,813	6,967,033	5,256,467	132.5	68.9
06/30/15	0.0885	4,586,529	-	4,586,529	5,202,050	88.2	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 Retirement Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/18	\$ 457,087	\$ 457,087	\$ -	\$ 6,094,490	7.5 %
12/31/17	426,380	426,380	-	5,685,072	7.5
12/31/16	401,004	401,004	-	5,346,720	7.5
12/31/15	394,189	394,189	-	5,255,853	7.5

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

City of Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2018

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

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.

Changes in Plan Provisions

2017 - The State's special funding contribution increased from \$6 million to \$16 million.

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 Savage, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2018

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	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
06/30/18	0.2957 %	\$ 3,151,857	\$ -	\$3,151,857	\$ 3,116,313	101.1 %	88.8 %
06/30/17	0.3010	4,063,858	-	4,063,858	3,088,646	131.6	85.4
06/30/16	0.3050	12,240,181	-	12,240,181	2,935,636	417.0	63.9
06/30/15	0.3050	3,465,514	-	3,465,514	2,797,401	123.9	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 - Public Employees Police and Fire Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/18	\$ 457,087	\$ 457,087	\$ -	\$ 6,094,490	7.5 %
12/31/17	426,380	426,380	-	5,685,072	7.5
12/31/16	401,004	401,004	-	5,346,720	7.5
12/31/15	394,189	394,189	-	5,255,853	7.5

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

City of Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2018

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

Changes in Actuarial Assumptions

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. 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.

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.

Changes in Plan Provisions

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 Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2018

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

	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
<b>Total Pension Liability</b>				
Service cost	\$ 110,794	\$ 118,368	\$ 95,357	\$ 87,353
Interest on pension liability (asset)	401,172	387,067	361,511	350,753
Changes of benefit terms	95,143	79,133	60,427	-
Gain (loss)	(171,516)	26,177	94,849	-
Changes of assumptions	405,055	(28,593)	186,213	-
Benefit payments	(388,016)	(309,796)	(260,917)	(288,652)
<b>Net Change in Total Pension Liability</b>	<u>452,632</u>	<u>272,356</u>	<u>537,440</u>	<u>149,454</u>
<b>Total Pension Liability - January 1</b>	<u>6,501,962</u>	<u>6,229,606</u>	<u>5,692,166</u>	<u>5,542,712</u>
<b>Total Pension Liability - December 31 (a)</b>	<u>\$ 6,954,594</u>	<u>\$ 6,501,962</u>	<u>\$ 6,229,606</u>	<u>\$ 5,692,166</u>
<b>Plan Fiduciary Net Position</b>				
Employer contributions	\$ 184,514	\$ 184,514	\$ 184,514	\$ 149,192
Nonemployer contributions	164,768	162,295	158,225	184,514
Projected investment return	358,176	331,448	352,571	329,228
Gain (loss)	474,769	112,519	(518,661)	(20,383)
Benefit payments	(388,016)	(309,796)	(260,917)	(288,652)
Administrative expenses	(13,540)	(17,389)	(11,254)	(15,067)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>780,671</u>	<u>463,591</u>	<u>(95,522)</u>	<u>338,832</u>
<b>Plan Fiduciary Net Position - January 1</b>	<u>5,756,952</u>	<u>5,293,361</u>	<u>5,388,883</u>	<u>5,050,051</u>
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<u>\$ 6,537,623</u>	<u>\$ 5,756,952</u>	<u>\$ 5,293,361</u>	<u>\$ 5,388,883</u>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<u>\$ 416,971</u>	<u>\$ 745,010</u>	<u>\$ 936,245</u>	<u>\$ 303,283</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	94.00%	88.54%	84.97%	94.67%
<b>Covered Payroll</b>	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A

**Notes to Schedule:**

The mortality improvement scale changed from MY-2016 to MP-2017

The assumed annual increase to the benefit level changed from 1.50% to 2.00%

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

City of Savage, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2018

**Notes to the Required Supplementary Information - Fire Relief Association**

Changes in Actuarial Assumptions

2018 - The mortality improvement scale changed from MP-2016 to MP-2017. The assumed annual increase to the benefit level changed from 1.50% to 2.00%.

2017 - The mortality improvement scale changed from MP-2015 to MP-2016.

2016 - The mortality improvement scale changed from MP-2014 to MP-2015. The disability decrement assumption was eliminated.

2015 - No changes in actuarial assumptions.

Changes in Plan Provisions

2018 - The monthly benefit level increased from \$37.43 to \$38.55 The lump sum benefit level increased from \$5,725.08 to \$5,896.83

2015 - The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2014.

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

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/18	\$ 353,096	\$ 353,096	\$ -
12/31/17	348,282	348,282	-
12/31/16	346,809	346,809	-
12/31/15	342,739	342,739	-
12/31/14	333,706	333,706	-

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

City of Savage, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2018

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

	2018
Total OPEB Liability	
Service cost	\$ 48,000
Interest	24,967
Benefit payments	(55,868)
Net Change in Total OPEB Liability	17,099
Total OPEB Liability - Beginning	736,291
Total OPEB Liability - Ending	\$ 753,390
Covered Payroll	\$ 8,124,416
City's total OPEB liability as a percentage of covered payroll	9.27 %

*Changes in Method:*

In 2018, the following benefit changes occurred:  
 The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

*Changes in Assumptions:*

In 2018, the following assumptions changes:  
 The discount rate was changed from 3.50% to 3.30%.

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

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2018

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Nonmajor Special Revenue Funds**

Special revenue funds are established to account for specific revenue or other sources that are designated for financing particular functions or activities as required by deferral regulations, Minnesota statute, City charter provisions, local ordinances, or specific grant agreements. Most of the special revenue funds are related to specific Federal and State housing programs or grants for specific activities.

### **Nonmajor Capital Project Funds**

Capital project funds are established to account for the resources used for the acquisition of capital facilities and infrastructure for the City with the exception of those financed by the enterprise funds.

### **Internal Service Funds**

The Internal Service fund is to account for the financing of goods and services provided by one fund to the other departments of the City. These services are provided on a cost reimbursement basis or are partially or fully self-funded through interest earnings on dedicated reserves.

City of Savage, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2018

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and investments	\$ 1,160,961	\$ 7,707,617	\$ 8,868,578
Receivables			
Accounts - net	91,328	-	91,328
Notes	1,122,591	-	1,122,591
Due from other funds	-	1,272,500	1,272,500
Prepaid items	7,277	-	7,277
Land held for resale	398,907	375,202	774,109
	<u>\$ 2,781,064</u>	<u>\$ 9,355,319</u>	<u>\$ 12,136,383</u>
<b>Liabilities</b>			
Accounts payable	\$ 10,158	\$ 345,201	\$ 355,359
Accrued salaries and withholdings payable	10,173	-	10,173
Contracts payable	-	136,773	136,773
Due to other funds	486,547	1,500,218	1,986,765
Deposits payable	25,181	1,350	26,531
Total Liabilities	<u>532,059</u>	<u>1,983,542</u>	<u>2,515,601</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - grants	-	2,757,879	2,757,879
	<u>-</u>	<u>2,757,879</u>	<u>2,757,879</u>
<b>Fund Balances</b>			
Nonspendable	7,277	-	7,277
Restricted	-	3,206,610	3,206,610
Committed	2,241,728	-	2,241,728
Assigned	-	5,217,500	5,217,500
Unassigned	-	(3,810,212)	(3,810,212)
Total Fund Balances	<u>2,249,005</u>	<u>4,613,898</u>	<u>6,862,903</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
	<u>\$ 2,781,064</u>	<u>\$ 9,355,319</u>	<u>\$ 12,136,383</u>

City of Savage, Minnesota  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended December 31, 2018

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ 225,556	\$ 180,462	\$ 406,018
Intergovernmental	4,100	741,847	745,947
Special assessments	-	13,406	13,406
Investment earnings	16,147	137,308	153,455
Miscellaneous			
Refunds and reimbursements	1,799	103,102	104,901
Rents	203,719	-	203,719
Other	118,534	473,853	592,387
Total Revenues	569,855	1,649,978	2,219,833
Expenditures			
Current			
General government	392,621	-	392,621
Community development	72,482	-	72,482
Culture and recreation	-	5,719	5,719
Capital outlay			
General government	6,678	193,308	199,986
Community development	-	1,177,455	1,177,455
Public safety	-	443,598	443,598
Public works	-	6,279,142	6,279,142
Culture and recreation	-	218,987	218,987
Debt service			
Interest and other charges	-	91,948	91,948
Total Expenditures	471,781	8,410,157	8,881,938
Excess (Deficiency) of Revenues Over (Under) Expenditures	98,074	(6,760,179)	(6,662,105)
Other Financing Sources (Uses)			
Sale of capital assets	-	87,979	87,979
Transfers in	-	3,704,992	3,704,992
Bonds issued	-	3,200,000	3,200,000
Premiums on bonds issued	-	2,934	2,934
Transfers out	(200,000)	(2,735,784)	(2,935,784)
Total Other Financing Sources (Uses)	(200,000)	4,260,121	4,060,121
Net Change in Fund Balances	(101,926)	(2,500,058)	(2,601,984)
Fund Balances, January 1	2,350,931	7,113,956	9,464,887
Fund Balances, December 31	\$ 2,249,005	\$ 4,613,898	\$ 6,862,903

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Nonmajor special revenue funds presently established are as follows:

**Cable Television Fund** - This fund includes cable television and media services. It is funded through cable franchise and PEG fees. It is used for the operations of the local cable television and provides media services support as needed.

**Valley Oil Site Fund** - This fund accounts for land acquired by the City for purposes of reselling.

**Economic Development Fund** - This fund is used to account for the economic development activities of the City

**Hamilton Building Fund** - This fund is used to account for the operating activities of the commercial/retail lease space of the Hamilton Building.

**Strom Project Fund** - This fund is used to account for the development and redevelopment initiatives related to business attraction and retention at the Strom Project.

**Post Office Fund** - This fund is used to account for the operating activities related to the Post Office.

City of Savage, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2018

	201	215	231	203
	Cable Television	Valley Oil Site	Economic Development	Hamilton Building
<b>Assets</b>				
Cash and investments	\$ 338,048	\$ -	\$ 454,592	\$ 237,139
Receivables				
Accounts	57,322	-	24,094	9,912
Notes	-	-	550,000	-
Prepaid items	7,277	-	-	-
Land held for resale	-	-	398,907	-
	<u>-</u>	<u>-</u>	<u>398,907</u>	<u>-</u>
Total Assets	<u>\$ 402,647</u>	<u>\$ -</u>	<u>\$ 1,427,593</u>	<u>\$ 247,051</u>
<b>Liabilities</b>				
Accounts payable	\$ 114	\$ -	\$ -	\$ 3,651
Accrued salaries and withholdings payable	10,173	-	-	-
Due to other funds	-	-	-	-
Deposits payable	12,500	-	-	8,281
Total Liabilities	<u>22,787</u>	<u>-</u>	<u>-</u>	<u>11,932</u>
<b>Fund Balances</b>				
Nonspendable	7,277	-	-	-
Committed for				
Cable television	372,583	-	-	-
Economic development	-	-	1,427,593	-
Hamilton building	-	-	-	235,119
Post office	-	-	-	-
Total Fund Balances	<u>379,860</u>	<u>-</u>	<u>1,427,593</u>	<u>235,119</u>
	<u>\$ 402,647</u>	<u>\$ -</u>	<u>\$ 1,427,593</u>	<u>\$ 247,051</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 402,647</u>	<u>\$ -</u>	<u>\$ 1,427,593</u>	<u>\$ 247,051</u>

<b>208</b>	<b>233</b>	
Strom Project	Post Office	Total
\$ -	\$ 131,182	\$ 1,160,961
-	-	91,328
572,591	-	1,122,591
-	-	7,277
-	-	398,907
<u>\$ 572,591</u>	<u>\$ 131,182</u>	<u>\$ 2,781,064</u>
\$ -	\$ 6,393	\$ 10,158
-	-	10,173
486,547	-	486,547
-	4,400	25,181
<u>486,547</u>	<u>10,793</u>	<u>532,059</u>
-	-	7,277
-	-	372,583
86,044	-	1,513,637
-	-	235,119
-	120,389	120,389
<u>86,044</u>	<u>120,389</u>	<u>2,249,005</u>
<u>\$ 572,591</u>	<u>\$ 131,182</u>	<u>\$ 2,781,064</u>

City of Savage, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the Year Ended December 31, 2018

	<b>201</b>	<b>215</b>	<b>231</b>	<b>203</b>
	Cable Television	Valley Oil Site	Economic Development	Hamilton Building
Revenues				
Taxes	\$ 196,673	\$ -	\$ 28,883	\$ -
Intergovernmental	-	-	4,100	-
Investment earnings	4,954	3	5,964	3,466
Miscellaneous revenues				
Refunds and reimbursements	-	-	-	-
Rents	-	-	-	111,188
Other	20,968	4,725	48,388	14,294
Total Revenues	<u>222,595</u>	<u>4,728</u>	<u>87,335</u>	<u>128,948</u>
Expenditures				
Current				
General government	274,303	10,310	-	40,205
Community development	-	-	72,482	-
Capital outlay				
General government	6,678	-	-	-
Total Expenditures	<u>280,981</u>	<u>10,310</u>	<u>72,482</u>	<u>40,205</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,386)	(5,582)	14,853	88,743
Other Financing Uses				
Transfers out	-	-	-	(150,000)
Net Change in Fund Balances	(58,386)	(5,582)	14,853	(61,257)
Fund Balances, January 1	<u>438,246</u>	<u>5,582</u>	<u>1,412,740</u>	<u>296,376</u>
Fund Balances, December 31	<u>\$ 379,860</u>	<u>\$ -</u>	<u>\$ 1,427,593</u>	<u>\$ 235,119</u>

<b>208</b>	<b>233</b>	
Strom Project	Post Office	Total
\$ -	\$ -	\$ 225,556
-	-	4,100
-	1,760	16,147
-	1,799	1,799
-	92,531	203,719
30,159	-	118,534
<u>30,159</u>	<u>96,090</u>	<u>569,855</u>
-	67,803	392,621
-	-	72,482
-	-	6,678
<u>-</u>	<u>67,803</u>	<u>471,781</u>
30,159	28,287	98,074
<u>-</u>	<u>(50,000)</u>	<u>(200,000)</u>
30,159	(21,713)	(101,926)
<u>55,885</u>	<u>142,102</u>	<u>2,350,931</u>
<u>\$ 86,044</u>	<u>\$ 120,389</u>	<u>\$ 2,249,005</u>

City of Savage, Minnesota  
 Cable Television Fund  
 Budgeted Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Franchise taxes	\$ 216,982	\$ 216,982	\$ 196,673	\$ (20,309)	\$ 203,154
Investment earnings	-	-	4,954	4,954	6,382
Miscellaneous revenues	24,502	24,502	20,968	(3,534)	22,899
Total Revenues	<u>241,484</u>	<u>241,484</u>	<u>222,595</u>	<u>(18,889)</u>	<u>232,435</u>
Expenditures					
Current					
General government	285,683	285,683	274,303	11,380	259,680
Capital outlay					
General government	-	-	6,678	(6,678)	-
Total Expenditures	<u>285,683</u>	<u>285,683</u>	<u>280,981</u>	<u>4,702</u>	<u>259,680</u>
Net Change in Fund Balances	(44,199)	(44,199)	(58,386)	(14,187)	(27,245)
Fund Balances, January 1	<u>438,246</u>	<u>438,246</u>	<u>438,246</u>	-	<u>465,491</u>
Fund Balances, December 31	<u>\$ 394,047</u>	<u>\$ 394,047</u>	<u>\$ 379,860</u>	<u>\$ (14,187)</u>	<u>\$ 438,246</u>

City of Savage, Minnesota  
Economic Development Fund  
Budgeted Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended December 31, 2018  
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes	\$ 29,000	\$ 29,000	\$ 28,883	\$ (117)	\$ 27,869
Intergovernmental	5,000	5,000	4,100	(900)	6,188
Investment earnings	5,482	5,482	5,964	482	4,852
Miscellaneous					
Other	-	-	48,388	48,388	-
Total Revenues	<u>39,482</u>	<u>39,482</u>	<u>87,335</u>	<u>47,853</u>	<u>38,909</u>
Expenditures					
Current					
Community development	<u>107,117</u>	<u>107,117</u>	<u>72,482</u>	<u>34,635</u>	<u>97,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(67,635)</u>	<u>(67,635)</u>	<u>14,853</u>	<u>82,488</u>	<u>(58,934)</u>
Other Financing Sources					
Sale of capital assets	-	-	-	-	241,763
Transfers in	-	-	-	-	108,355
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350,118</u>
Net Change in Fund Balances	(67,635)	(67,635)	14,853	82,488	291,184
Fund Balances, January 1	<u>1,412,740</u>	<u>1,412,740</u>	<u>1,412,740</u>	<u>-</u>	<u>1,121,556</u>
Fund Balances, December 31	<u>\$ 1,345,105</u>	<u>\$ 1,345,105</u>	<u>\$ 1,427,593</u>	<u>\$ 82,488</u>	<u>\$ 1,412,740</u>

City of Savage, Minnesota  
Hamilton Building Fund  
Budgeted Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended December 31, 2018  
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ -	\$ -	\$ 3,466	\$ 3,466	\$ 3,520
Miscellaneous					
Rents	92,388	92,388	111,188	18,800	99,463
Other	-	-	14,294	14,294	11,302
Total Revenues	<u>92,388</u>	<u>92,388</u>	<u>128,948</u>	<u>36,560</u>	<u>114,285</u>
Expenditures					
Current					
General government	<u>58,493</u>	<u>58,493</u>	<u>40,205</u>	<u>18,288</u>	<u>40,128</u>
Excess of Revenues Over Expenditures	<u>33,895</u>	<u>33,895</u>	<u>88,743</u>	<u>54,848</u>	<u>74,157</u>
Other Financing Sources (Uses)					
Transfers in	(60,000)	(60,000)	-	60,000	60,000
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>	<u>(140,000)</u>
Total Other Financing Sources (Uses)	<u>(210,000)</u>	<u>(210,000)</u>	<u>(150,000)</u>	<u>60,000</u>	<u>(80,000)</u>
Net Changes in Fund Balances	(176,105)	(176,105)	(61,257)	114,848	(5,843)
Fund Balances, January 1	<u>296,376</u>	<u>296,376</u>	<u>296,376</u>	<u>-</u>	<u>302,219</u>
Fund Balances, December 31	<u>\$ 120,271</u>	<u>\$ 120,271</u>	<u>\$ 235,119</u>	<u>\$ 114,848</u>	<u>\$ 296,376</u>

City of Savage, Minnesota  
 Post Office Fund  
 Budgeted Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 2,227	\$ 2,227	\$ 1,760	\$ (467)	\$ 1,824
Miscellaneous					
Refunds and reimbursements	-	-	1,799	1,799	-
Rents	89,944	89,944	92,531	2,587	85,140
Total Revenues	92,171	92,171	96,090	3,919	86,964
Expenditures					
Current					
General government	59,706	59,706	67,803	(8,097)	39,295
Net Changes in Fund Balances	(17,535)	(17,535)	(21,713)	(4,178)	47,669
Fund Balances, January 1	142,102	142,102	142,102	-	94,433
Fund Balances, December 31	\$ 124,567	\$ 124,567	\$ 120,389	\$ (4,178)	\$ 142,102

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

## NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and construction of major capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by enterprise funds.

Nonmajor capital projects funds presently established are as follows:

**Community Investment Fund** - This fund was established using the remaining amounts of retired bonds for the purpose of financing public projects benefiting the whole community.

**Tax Increment Construction Fund** - This fund is used to account for the development activity of the City's Tax Increment Financing (TIF) districts.

**Tax Increment Financing #12 Fund** - This fund is used to account for the development activity of the City's Tax Increment Financing (TIF) district #12.

**Capital Equipment Certificates Fund** - This fund is used to account for the acquisition of equipment.

**Sidewalk Fund** - This fund is used to account for the fees and charges collected to provide financing for the construction and maintenance of sidewalks in the public right of way.

**Street Infrastructure Fund** - This fund is used to account for the construction and maintenance of public infrastructure.

**Park Dedication Fund** - This fund is used to account for park dedication fees received from land developers. The expenditures consist of acquiring and developing City parks and trails.

**Park Improvement Fund** - This fund is used to account for the long-term maintenance, repairs and replacement of City parks.

**TH13/150<sup>th</sup> Intersection Improvement Fund** - This fund accounts for the costs associated with the street improvement project. This fund was closed in 2018.

**2016 Capital Projects Fund** - This fund is used to account for the construction costs of street improvements. This fund was closed in 2018.

**2017 Capital Projects Fund** - This fund is used to account for the construction costs of street improvements. This fund was closed in 2018.

**2018 Capital Projects Fund** - This fund is used to account for the construction costs of street improvements.

**2019 Capital Projects Fund** - This fund is used to account for the construction costs of street improvements.

City of Savage, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
December 31, 2018

	<b>230</b>	<b>419</b>	<b>424</b>	<b>702</b>	<b>503</b>	<b>507</b>	<b>509</b>
	Community Investment	Tax Increment Construction	Tax Increment Financing #12	Capital Equipment Certificates	Sidewalk	Street Infrastructure	Park Dedication
<b>Assets</b>							
Cash and investments	\$ 880,635	\$ 662	\$ 53	\$ 938,484	\$ 215,263	\$ 1,427,237	\$ 2,180,542
Due from other funds	1,272,500	-	-	-	-	-	-
Land held for resale	82,788	-	292,414	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 2,235,923</u></b>	<b><u>\$ 662</u></b>	<b><u>\$ 292,467</u></b>	<b><u>\$ 938,484</u></b>	<b><u>\$ 215,263</u></b>	<b><u>\$ 1,427,237</u></b>	<b><u>\$ 2,180,542</u></b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 645	\$ 48,411	\$ 109,652	\$ -	\$ 93,339	\$ -
Contracts payable	-	-	-	-	-	-	-
Due to other funds	-	227,718	1,272,500	-	-	-	-
Deposits payable	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>228,363</u></b>	<b><u>1,320,911</u></b>	<b><u>109,652</u></b>	<b><u>-</u></b>	<b><u>93,339</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - grants	-	-	-	-	-	-	-
<b>Fund Balances</b>							
Restricted for Capital projects	-	-	-	-	-	606,582	2,180,542
Assigned for Capital projects	2,235,923	-	-	828,832	215,263	727,316	-
Unassigned	-	(227,701)	(1,028,444)	-	-	-	-
<b>Total Fund Balances</b>	<b><u>2,235,923</u></b>	<b><u>(227,701)</u></b>	<b><u>(1,028,444)</u></b>	<b><u>828,832</u></b>	<b><u>215,263</u></b>	<b><u>1,333,898</u></b>	<b><u>2,180,542</u></b>
<b>Total Liabilities Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,235,923</u></b>	<b><u>\$ 662</u></b>	<b><u>\$ 292,467</u></b>	<b><u>\$ 938,484</u></b>	<b><u>\$ 215,263</u></b>	<b><u>\$ 1,427,237</u></b>	<b><u>\$ 2,180,542</u></b>

511 Park Improvement	515 TH13/150th Intersection Improvement	533 2016 Capital Projects	534 2017 Capital Projects	535 2018 Capital Projects	536 2019 Capital Projects	Total
\$ 784,475	\$ -	\$ -	\$ 2,015	\$ 415,693	\$ 862,558	\$ 7,707,617
-	-	-	-	-	-	1,272,500
-	-	-	-	-	-	375,202
<u>\$ 784,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,015</u>	<u>\$ 415,693</u>	<u>\$ 862,558</u>	<u>\$ 9,355,319</u>
\$ -	\$ -	\$ -	\$ 2,015	\$ 75,108	\$ 16,031	\$ 345,201
-	-	-	-	136,773	-	136,773
-	-	-	-	-	-	1,500,218
1,350	-	-	-	-	-	1,350
<u>1,350</u>	<u>-</u>	<u>-</u>	<u>2,015</u>	<u>211,881</u>	<u>16,031</u>	<u>1,983,542</u>
-	-	-	-	2,757,879	-	2,757,879
-	-	-	-	-	419,486	3,206,610
783,125	-	-	-	-	427,041	5,217,500
-	-	-	-	(2,554,067)	-	(3,810,212)
<u>783,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,554,067)</u>	<u>846,527</u>	<u>4,613,898</u>
<u>\$ 784,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,015</u>	<u>\$ 415,693</u>	<u>\$ 862,558</u>	<u>\$ 9,355,319</u>

City of Savage, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended December 31, 2018

	230	419	424	702	503	507	509
	Community Investment	Tax Increment Construction	Tax Increment Financing #12	Capital Equipment Certificates	Sidewalk	Street Infrastructure	Park Dedication
<b>Revenues</b>							
Taxes							
Tax increment	\$ -	\$ 180,462	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental							
State of Minnesota	-	-	3,311	-	-	-	-
County	75,000	-	-	-	-	-	-
Special assessments	-	-	-	-	-	13,406	-
Investment earnings	16,218	335	163	14,288	2,961	29,110	30,037
Miscellaneous							
Refunds and reimbursements	-	-	-	-	-	76,000	21,000
Other	3,135	11,776	-	3,008	-	-	392,781
Total Revenues	<u>94,353</u>	<u>192,573</u>	<u>3,474</u>	<u>17,296</u>	<u>2,961</u>	<u>118,516</u>	<u>443,818</u>
<b>Expenditures</b>							
Current							
Culture and recreation	-	-	-	-	-	-	-
Capital outlay							
General government	101,800	-	-	91,508	-	-	-
Community development	-	158,938	1,018,517	-	-	-	-
Public safety	-	-	-	443,598	-	-	-
Public works	-	-	-	184,859	-	276,780	-
Culture and recreation	-	-	-	144,832	-	-	61,144
Debt service							
Interest and other charges	-	970	-	12,498	-	-	24,421
Total Expenditures	<u>101,800</u>	<u>159,908</u>	<u>1,018,517</u>	<u>877,295</u>	<u>-</u>	<u>276,780</u>	<u>85,565</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,447)</u>	<u>32,665</u>	<u>(1,015,043)</u>	<u>(859,999)</u>	<u>2,961</u>	<u>(158,264)</u>	<u>358,253</u>
<b>Other Financing Sources (Uses)</b>							
Sale of capital assets	-	-	-	87,979	-	-	-
Transfers in	1,450,000	-	960,000	-	-	113,743	-
Bonds issued	-	-	-	645,000	-	-	-
Premium on bonds issued	-	-	-	591	-	-	-
Transfers out	(1,235,000)	-	(960,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>215,000</u>	<u>-</u>	<u>-</u>	<u>733,570</u>	<u>-</u>	<u>113,743</u>	<u>-</u>
Net Changes in Fund Balances	207,553	32,665	(1,015,043)	(126,429)	2,961	(44,521)	358,253
Fund Balances, January 1	<u>2,028,370</u>	<u>(260,366)</u>	<u>(13,401)</u>	<u>955,261</u>	<u>212,302</u>	<u>1,378,419</u>	<u>1,822,289</u>
Fund Balances, December 31	<u>\$ 2,235,923</u>	<u>\$ (227,701)</u>	<u>\$ (1,028,444)</u>	<u>\$ 828,832</u>	<u>\$ 215,263</u>	<u>\$ 1,333,898</u>	<u>\$ 2,180,542</u>

511 Park Improvement	515 TH13/150th Intersection Improvement	533 2016 Capital Projects	534 2017 Capital Projects	535 2018 Capital Projects	536 2019 Capital Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,462
-	-	-	-	663,536	-	666,847
-	-	-	-	-	-	75,000
-	-	-	-	-	-	13,406
6,634	156	33	1,950	31,520	3,903	137,308
6,102	-	-	-	-	-	103,102
63,153	-	-	-	-	-	473,853
<u>75,889</u>	<u>156</u>	<u>33</u>	<u>1,950</u>	<u>695,056</u>	<u>3,903</u>	<u>1,649,978</u>
5,719	-	-	-	-	-	5,719
-	-	-	-	-	-	193,308
-	-	-	-	-	-	1,177,455
-	-	-	-	-	-	443,598
-	4,966	4,287	13,907	5,702,950	91,393	6,279,142
13,011	-	-	-	-	-	218,987
3,974	-	-	572	46,021	3,492	91,948
<u>22,704</u>	<u>4,966</u>	<u>4,287</u>	<u>14,479</u>	<u>5,748,971</u>	<u>94,885</u>	<u>8,410,157</u>
<u>53,185</u>	<u>(4,810)</u>	<u>(4,254)</u>	<u>(12,529)</u>	<u>(5,053,915)</u>	<u>(90,982)</u>	<u>(6,760,179)</u>
-	-	-	-	-	-	87,979
300,000	-	4,208	-	450,000	427,041	3,704,992
-	-	-	-	2,045,000	510,000	3,200,000
-	-	-	-	1,875	468	2,934
-	(113,743)	-	(427,041)	-	-	(2,735,784)
<u>300,000</u>	<u>(113,743)</u>	<u>4,208</u>	<u>(427,041)</u>	<u>2,496,875</u>	<u>937,509</u>	<u>4,260,121</u>
353,185	(118,553)	(46)	(439,570)	(2,557,040)	846,527	(2,500,058)
<u>429,940</u>	<u>118,553</u>	<u>46</u>	<u>439,570</u>	<u>2,973</u>	<u>-</u>	<u>7,113,956</u>
<u>\$ 783,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,554,067)</u>	<u>\$ 846,527</u>	<u>\$ 4,613,898</u>

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Savage, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2018  
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			Amounts
Revenues					
Taxes					
General property	\$ 12,234,292	\$ 12,234,292	\$ 12,086,591	\$ (147,701)	\$ 11,692,026
Gravel tax	18,000	18,000	18,965	965	16,547
Total taxes	<u>12,252,292</u>	<u>12,252,292</u>	<u>12,105,556</u>	<u>(146,736)</u>	<u>11,708,573</u>
Licenses and permits					
Business	80,000	80,000	85,947	5,947	86,160
Non-business	472,700	472,700	1,108,141	635,441	1,017,125
Total licenses and permits	<u>552,700</u>	<u>552,700</u>	<u>1,194,088</u>	<u>641,388</u>	<u>1,103,285</u>
Intergovernmental					
Federal					
Grants	15,000	15,000	29,151	14,151	31,369
State					
Local performance aid	4,200	4,200	4,300	100	4,240
MSA maintenance aid	37,125	37,125	37,725	600	37,125
Fire aid	160,000	160,000	178,338	18,338	173,624
Police aid	265,000	265,000	291,226	26,226	268,688
PERA aid	16,782	16,782	16,782	-	16,782
Other state aid	14,000	14,000	14,150	150	14,539
County					
Other county grants	3,000	6,376	5,474	(902)	3,439
Local					
Miscellaneous	54,971	54,971	40,824	(14,147)	93,824
Total intergovernmental	<u>570,078</u>	<u>573,454</u>	<u>617,970</u>	<u>44,516</u>	<u>643,630</u>
Charges for services					
General government	2,350	2,350	1,825	(525)	3,655
Community development	450,000	450,000	961,984	511,984	955,686
Public safety	25,500	25,500	22,114	(3,386)	19,890
Public works	15,000	15,000	2,075	(12,925)	34,321
Culture and recreation	159,200	159,200	147,003	(12,197)	145,094
Total charges for services	<u>652,050</u>	<u>652,050</u>	<u>1,135,001</u>	<u>482,951</u>	<u>1,158,646</u>
Fines and forfeitures	35,000	99,000	118,515	19,515	45,258
Special assessments	-	-	6,842	6,842	13,150
Investment earnings	100,000	100,000	100,000	-	104,562
Miscellaneous revenues					
Contributions and donations	7,000	84,918	77,918	(7,000)	36,259
Rent	67,400	67,400	66,756	(644)	75,694
Refunds and reimbursements	5,000	5,000	1,142	(3,858)	4,280
Other	13,500	13,500	30,769	17,269	26,495
Total miscellaneous	<u>92,900</u>	<u>170,818</u>	<u>176,585</u>	<u>5,767</u>	<u>142,728</u>
Total Revenues	<u>14,255,020</u>	<u>14,400,314</u>	<u>15,454,557</u>	<u>1,054,243</u>	<u>14,919,832</u>

City of Savage, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (Continued)  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personnel services	\$ 42,650	\$ 42,650	\$ 42,634	\$ 16	\$ 42,649
Supplies	3,100	3,100	593	2,507	1,202
Other services and charges	54,747	54,747	48,124	6,623	53,304
Total mayor and city council	<u>100,497</u>	<u>100,497</u>	<u>91,351</u>	<u>9,146</u>	<u>97,155</u>
Administration					
Personnel services	493,947	617,947	598,587	19,360	566,727
Supplies	13,500	13,500	8,139	5,361	17,388
Other services and charges	52,150	52,150	48,195	3,955	42,879
Total administration	<u>559,597</u>	<u>683,597</u>	<u>654,921</u>	<u>28,676</u>	<u>626,994</u>
Elections					
Supplies	3,500	3,500	1,119	2,381	977
Other services and charges	25,900	25,900	17,449	8,451	3,243
Total elections	<u>29,400</u>	<u>29,400</u>	<u>18,568</u>	<u>10,832</u>	<u>4,220</u>
General government buildings					
Personnel services	340,520	340,520	344,108	(3,588)	336,518
Supplies	25,700	25,700	17,149	8,551	18,872
Other services and charges	133,158	306,060	269,701	36,359	130,053
Total general government buildings	<u>499,378</u>	<u>672,280</u>	<u>630,958</u>	<u>41,322</u>	<u>485,443</u>
Communications					
Supplies	3,350	3,350	1,339	2,011	4,028
Other services and charges	55,150	55,350	45,422	9,928	51,498
Total communications	<u>58,500</u>	<u>58,700</u>	<u>46,761</u>	<u>11,939</u>	<u>55,526</u>
Finance					
Personnel services	286,828	286,828	283,287	3,541	243,504
Supplies	4,100	4,100	4,215	(115)	4,495
Other services and charges	293,070	293,070	305,994	(12,924)	83,589
Total finance	<u>583,998</u>	<u>583,998</u>	<u>593,496</u>	<u>(9,498)</u>	<u>331,588</u>
Legal					
Other services and charges	125,000	125,000	126,270	(1,270)	139,183
Assessor					
Other services and charges	-	-	-	-	201,524
Management information systems (MIS)					
Personnel services	212,764	212,764	192,451	20,313	157,298
Supplies	24,000	24,000	16,180	7,820	24,164
Other services and charges	90,100	90,100	92,623	(2,523)	85,514
Total MIS	<u>326,864</u>	<u>326,864</u>	<u>301,254</u>	<u>25,610</u>	<u>266,976</u>

City of Savage, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2018  
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Contingency					
Other services and charges	\$ -	\$ -	\$ -	\$ -	\$ 4,307
Total general government	<u>2,432,214</u>	<u>2,729,316</u>	<u>2,463,579</u>	<u>137,870</u>	<u>2,361,620</u>
Community development					
Geographic information systems (GIS)					
Personnel services	113,000	113,000	104,598	8,402	112,177
Supplies	14,000	14,000	5,344	8,656	1,998
Other services and charges	21,980	21,980	17,925	4,055	34,529
Total GIS	<u>148,980</u>	<u>148,980</u>	<u>127,867</u>	<u>21,113</u>	<u>148,704</u>
Community development					
Personnel services	259,942	259,942	263,481	(3,539)	254,514
Supplies	2,900	2,900	960	1,940	2,216
Other services and charges	56,300	56,300	37,188	19,112	33,801
Total community development	<u>319,142</u>	<u>319,142</u>	<u>301,629</u>	<u>17,513</u>	<u>290,531</u>
Building inspection					
Personnel services	508,061	508,061	480,195	27,866	448,749
Supplies	11,825	11,825	12,339	(514)	8,451
Other services and charges	47,318	47,318	44,835	2,483	32,659
Total building inspection	<u>567,204</u>	<u>567,204</u>	<u>537,369</u>	<u>29,835</u>	<u>489,859</u>
Total community development	<u>886,346</u>	<u>886,346</u>	<u>966,865</u>	<u>47,348</u>	<u>780,390</u>
Public safety					
Police					
Personnel services	4,965,763	4,965,763	4,935,967	29,796	4,753,855
Supplies	205,682	297,814	292,026	5,788	218,569
Other services and charges	416,983	424,718	443,573	(18,855)	458,561
Total police	<u>5,588,428</u>	<u>5,688,295</u>	<u>5,671,566</u>	<u>16,729</u>	<u>5,430,985</u>
Fire					
Personnel services	857,056	871,056	883,029	(11,973)	849,438
Supplies	89,950	101,950	84,929	17,021	78,420
Other services and charges	177,834	175,575	191,111	(15,536)	173,712
Total fire	<u>1,124,840</u>	<u>1,148,581</u>	<u>1,159,069</u>	<u>(10,488)</u>	<u>1,101,570</u>
Total public safety	<u>6,713,268</u>	<u>6,836,876</u>	<u>6,830,635</u>	<u>6,241</u>	<u>6,532,555</u>

City of Savage, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2018  
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Administration					
Personnel services	\$ 151,741	\$ 151,741	\$ 157,687	\$ (5,946)	\$ 148,104
Supplies	16,100	16,100	18,210	(2,110)	15,341
Other services and charges	127,483	126,193	128,685	(2,492)	123,901
Total administration	<u>295,324</u>	<u>294,034</u>	<u>304,582</u>	<u>(10,548)</u>	<u>287,346</u>
Maintenance (streets and alleys)					
Personnel services	678,782	773,020	729,519	43,501	596,440
Supplies	136,400	136,400	135,704	696	107,889
Other services and charges	256,404	254,378	231,666	22,712	231,614
Total maintenance	<u>1,071,586</u>	<u>1,163,798</u>	<u>1,096,889</u>	<u>66,909</u>	<u>935,943</u>
Engineering					
Personnel services	510,376	510,376	543,621	(33,245)	542,986
Supplies	17,000	17,000	17,701	(701)	9,623
Other services and charges	102,770	102,770	89,484	13,286	55,693
Total engineering	<u>630,146</u>	<u>630,146</u>	<u>650,806</u>	<u>(20,660)</u>	<u>608,302</u>
Snow and ice removal					
Personnel services	12,315	12,315	23,192	(10,877)	6,061
Supplies	111,000	111,000	123,894	(12,894)	106,174
Other services and charges	60,100	60,100	62,835	(2,735)	58,204
Total snow and ice removal	<u>183,415</u>	<u>183,415</u>	<u>209,921</u>	<u>(26,506)</u>	<u>170,439</u>
Traffic signs					
Supplies	-	-	-	-	32,337
Other services and charges	-	-	-	-	32,592
Total traffic signs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,929</u>
Vehicle maintenance					
Personnel services	171,481	171,481	169,203	2,278	163,490
Supplies	70,500	70,500	79,099	(8,599)	59,952
Other services and charges	44,550	44,550	24,970	19,580	29,465
Total vehicle maintenance	<u>286,531</u>	<u>286,531</u>	<u>273,272</u>	<u>13,259</u>	<u>252,907</u>
Total public works	<u>2,467,002</u>	<u>2,557,924</u>	<u>2,535,470</u>	<u>22,454</u>	<u>2,319,866</u>
Culture and recreation					
Parks and recreation					
Personnel services	1,342,437	1,248,199	1,272,344	(24,145)	1,263,691
Supplies	213,500	214,362	204,113	10,249	180,181
Other services and charges	193,746	192,854	179,762	13,092	224,165
Total parks and recreation	<u>1,749,683</u>	<u>1,655,415</u>	<u>1,656,219</u>	<u>(804)</u>	<u>1,668,037</u>
Library					
Supplies	5,500	5,500	4,153	1,347	4,178
Other services and charges	70,293	70,293	87,741	(17,448)	66,628
Total library	<u>75,793</u>	<u>75,793</u>	<u>91,894</u>	<u>(16,101)</u>	<u>70,806</u>

City of Savage, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Continued)  
For the Year Ended December 31, 2018  
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance with Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Forestry and natural resources					
Personnel services	\$ 90,614	\$ 90,614	\$ 93,423	\$ (2,809)	\$ 92,709
Supplies	24,700	24,700	14,015	10,685	9,998
Other services and charges	6,900	6,900	8,837	(1,937)	9,231
Total forestry and natural resources	<u>122,214</u>	<u>122,214</u>	<u>116,275</u>	<u>5,939</u>	<u>111,938</u>
Total culture and recreation	<u>1,947,690</u>	<u>1,853,422</u>	<u>1,864,388</u>	<u>(10,966)</u>	<u>1,850,781</u>
Total current	<u>14,446,520</u>	<u>14,863,884</u>	<u>14,660,937</u>	<u>202,947</u>	<u>13,845,212</u>
Capital outlay					
General government	10,000	80,100	40,059	40,041	13,528
Public safety	-	-	5,439	(5,439)	-
Total capital outlay	<u>10,000</u>	<u>80,100</u>	<u>45,498</u>	<u>34,602</u>	<u>13,528</u>
Total Expenditures	<u>14,456,520</u>	<u>14,943,984</u>	<u>14,706,435</u>	<u>237,549</u>	<u>13,858,740</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>(201,500)</u>	<u>(543,670)</u>	<u>748,122</u>	<u>1,291,792</u>	<u>1,061,092</u>
Other Financing Sources (Uses)					
Sale of capital assets	1,500	1,500	2,040	540	5,208
Transfers in	200,000	338,000	338,000	-	200,000
Transfers out	-	-	(740,000)	(740,000)	(835,000)
Total Other Financing Sources (Uses)	<u>201,500</u>	<u>339,500</u>	<u>(399,960)</u>	<u>(739,460)</u>	<u>(629,792)</u>
Net Change in Fund Balances	-	(204,170)	348,162	552,332	431,300
Fund Balances, January 1	<u>7,452,744</u>	<u>7,452,744</u>	<u>7,452,744</u>	<u>-</u>	<u>7,021,444</u>
Fund Balances, December 31	<u>\$ 7,452,744</u>	<u>\$ 7,248,574</u>	<u>\$ 7,800,906</u>	<u>\$ 552,332</u>	<u>\$ 7,452,744</u>

City of Savage, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued)  
December 31, 2018

	<b>331</b>	<b>336</b>	<b>339</b>	<b>341</b>
	2006C/2017B Recreation Refunding	2018B G.O. Refunding Bonds	2009A G.O. Street Reconstruction/CIP Bonds	2010A G.O. Build America Bonds
<b>Assets</b>				
Cash and investments	\$ 408,866	\$ 250,863	\$ 469,381	\$ 829,642
Receivables				
Taxes - current	1,475	-	-	-
Taxes - delinquent	1,944	-	-	-
Special assessments - current	-	15,638	-	-
Special assessments - deferred	-	111,518	54,833	52,108
Special assessments - delinquent	-	-	-	203
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 412,285</u></b>	<b><u>\$ 378,019</u></b>	<b><u>\$ 524,214</u></b>	<b><u>\$ 881,953</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	\$ 1,944	\$ -	\$ -	\$ -
Unavailable revenue - special assessments	-	127,156	54,833	52,311
<b>Total Deferred Inflows of Resources</b>	<b>1,944</b>	<b>127,156</b>	<b>54,833</b>	<b>52,311</b>
<b>Fund Balances</b>				
Restricted for debt service	<u>410,341</u>	<u>250,863</u>	<u>469,381</u>	<u>829,642</u>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 412,285</u></b>	<b><u>\$ 378,019</u></b>	<b><u>\$ 524,214</u></b>	<b><u>\$ 881,953</u></b>

<b>342</b> 2010C G.O. Improvement and Refunding Bonds	<b>343</b> 2010D G.O. Improvement and Refunding Bonds	<b>344</b> 2011A G.O. Street Reconstruction/CIP Bonds
\$ -	\$ 558,582	\$ 615,928
-	-	-
-	-	-
-	681,896	118,003
-	2,656	143
-	-	-
<u>\$ -</u>	<u>\$ 1,243,134</u>	<u>\$ 734,074</u>
\$ -	\$ -	\$ -
-	684,552	118,146
-	684,552	118,146
-	558,582	615,928
<u>\$ -</u>	<u>\$ 1,243,134</u>	<u>\$ 734,074</u>

City of Savage, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued)  
December 31, 2018

	<b>346</b>	<b>347</b>	<b>348</b>	<b>349</b>	<b>350</b> 2014B	<b>351</b>
	2012A G.O. Bonds	2013A G.O. Bonds	2013B G.O. Refunding Bonds	2014A G.O. Bonds	Advance Refunding (2006 EDA Lease) Bonds	2015A G.O. Bonds
<b>Assets</b>						
Cash and investments	\$ 100,502	\$ 554,932	\$ 413,227	\$ 667,833	\$ 925,313	\$ 636,157
Receivables						
Taxes - current	-	-	-	-	-	-
Taxes - delinquent	-	-	-	-	-	-
Special assessments - current	9	47	-	158	-	-
Special assessments - deferred	260,900	225,949	112,490	105,893	-	263,858
Special assessments - delinquent	-	730	-	-	-	488
Due from other funds	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 361,411</u></b>	<b><u>\$ 781,658</u></b>	<b><u>\$ 525,717</u></b>	<b><u>\$ 773,884</u></b>	<b><u>\$ 925,313</u></b>	<b><u>\$ 900,503</u></b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unavailable revenue - special assessments	260,900	226,679	112,490	105,893	-	264,345
<b>Total Deferred Inflows of Resources</b>	<b>260,900</b>	<b>226,679</b>	<b>112,490</b>	<b>105,893</b>	<b>-</b>	<b>264,345</b>
<b>Fund Balances</b>						
Restricted for debt service	100,511	554,979	413,227	667,991	925,313	636,158
<b>Total Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 361,411</u></b>	<b><u>\$ 781,658</u></b>	<b><u>\$ 525,717</u></b>	<b><u>\$ 773,884</u></b>	<b><u>\$ 925,313</u></b>	<b><u>\$ 900,503</u></b>

<b>352</b> 2015B Crossover Refunding (2006A Bonds) Bonds	<b>353</b> 2016A G.O. Street Improvement Bonds	<b>354</b> 2017A G.O. Street Improvement Bonds	<b>355</b> 2018A G.O. Street Improvement Bonds	<b>380</b> Lease Revenue Bonds	<b>372</b> Capital Lease	<b>399</b> Debt Service Revolving Fund	Total
\$ 617,699	\$ 389,273	\$ 647,838	\$ 435,797	\$ -	\$ 29,338	\$ 802,536	\$ 9,353,707
-	-	-	-	-	-	-	1,475
-	-	-	-	-	-	-	1,944
-	-	79	-	-	-	33	15,964
107,056	33,289	1,092,853	-	-	-	1,113,614	4,334,260
646	-	331	-	-	-	4,798	9,995
-	-	-	-	-	-	486,547	486,547
<u>\$ 725,401</u>	<u>\$ 422,562</u>	<u>\$ 1,741,101</u>	<u>\$ 435,797</u>	<u>\$ -</u>	<u>\$ 29,338</u>	<u>\$ 2,407,528</u>	<u>\$ 14,203,892</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,944
107,702	33,289	1,093,184	-	-	-	1,118,412	4,359,892
107,702	33,289	1,093,184	-	-	-	1,118,412	4,361,836
617,699	389,273	647,917	435,797	-	29,338	1,289,116	9,842,056
<u>\$ 725,401</u>	<u>\$ 422,562</u>	<u>\$ 1,741,101</u>	<u>\$ 435,797</u>	<u>\$ -</u>	<u>\$ 29,338</u>	<u>\$ 2,407,528</u>	<u>\$ 14,203,892</u>

City of Savage, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2018

	331	336	339	341	342
	2006C/2017B Recreation Refunding	2018B G.O. Refunding Bonds	2009A G.O. Street Reconstruction/CIP Bonds	2010A G.O. Build America Bonds	2010C G.O. Improvement and Refunding Bonds
Revenues					
Taxes	\$ 343,832	\$ 225,000	\$ 350,000	\$ 280,000	\$ -
Intergovernmental	-	-	-	40,000	-
Special assessments	-	22,877	11,172	20,517	-
Investment earnings (charges)	3,817	3,257	4,548	9,906	(221)
Total Revenues	<u>347,649</u>	<u>251,134</u>	<u>365,720</u>	<u>350,423</u>	<u>(221)</u>
Expenditures					
Current					
Public works	-	-	-	-	-
Debt service					
Principal	275,000	1,995,000	285,000	280,000	170,000
Interest and other charges	44,332	85,161	95,520	122,863	2,550
Total Expenditures	<u>319,332</u>	<u>2,080,161</u>	<u>380,520</u>	<u>402,863</u>	<u>172,550</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,317</u>	<u>(1,829,027)</u>	<u>(14,800)</u>	<u>(52,440)</u>	<u>(172,771)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Bonds issued	-	1,220,000	-	-	-
Premiums on bonds issued	-	67,443	-	-	-
Transfers out	-	-	-	-	(341,857)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,287,443</u>	<u>-</u>	<u>-</u>	<u>(341,857)</u>
Net Change in Fund Balances	28,317	(541,584)	(14,800)	(52,440)	(514,628)
Fund Balances, January 1	<u>382,024</u>	<u>792,447</u>	<u>484,181</u>	<u>882,082</u>	<u>514,628</u>
Fund Balances, December 31	<u>\$ 410,341</u>	<u>\$ 250,863</u>	<u>\$ 469,381</u>	<u>\$ 829,642</u>	<u>\$ -</u>

<b>343</b> 2010D G.O. Improvement and Refunding Bonds	<b>344</b> 2011A G.O. Street Reconstruction/CIP Bonds	<b>346</b> 2012A G.O. Bonds	<b>347</b> 2013A G.O. Bonds
\$ 650,353	\$ 320,000	\$ 280,000	\$ 400,000
-	-	-	-
126,303	31,915	49,962	30,789
3,644	6,674	-	5,285
<u>780,300</u>	<u>358,589</u>	<u>329,962</u>	<u>436,074</u>
-	-	-	-
755,000	300,000	525,000	540,000
39,625	102,613	61,344	75,473
<u>794,625</u>	<u>402,613</u>	<u>586,344</u>	<u>615,473</u>
<u>(14,325)</u>	<u>(44,024)</u>	<u>(256,382)</u>	<u>(179,399)</u>
341,857	-	-	-
-	-	-	-
-	-	-	-
<u>341,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
327,532	(44,024)	(256,382)	(179,399)
<u>231,050</u>	<u>659,952</u>	<u>356,893</u>	<u>734,378</u>
<u>\$ 558,582</u>	<u>\$ 615,928</u>	<u>\$ 100,511</u>	<u>\$ 554,979</u>

City of Savage, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2018

	348	349	350 2014B	351	352 2015B
	2013B G.O. Refunding Bonds	2014A G.O. Bonds	Advance Refunding (2006 EDA Lease) Bonds	2015A G.O. Bonds	Crossover Refunding (2006A Bonds) Bonds
Revenues					
Taxes	\$ -	\$ 280,000	\$ 600,000	\$ 406,500	\$ 400,000
Intergovernmental	-	-	-	-	-
Special assessments	68,397	125,535	-	56,346	56,204
Investment earnings (charges)	5,318	7,437	9,510	6,359	6,010
Total Revenues	<u>73,715</u>	<u>412,972</u>	<u>609,510</u>	<u>469,205</u>	<u>462,214</u>
Expenditures					
Current					
Public works	-	-	-	-	-
Debt service					
Principal	83,200	315,000	490,000	325,000	460,000
Interest and other charges	6,292	63,625	108,919	100,838	43,275
Total Expenditures	<u>89,492</u>	<u>378,625</u>	<u>598,919</u>	<u>425,838</u>	<u>503,275</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,777)</u>	<u>34,347</u>	<u>10,591</u>	<u>43,367</u>	<u>(41,061)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Bonds issued	-	-	-	-	-
Premiums on bonds issued	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(15,777)	34,347	10,591	43,367	(41,061)
Fund Balances, January 1	<u>429,004</u>	<u>633,644</u>	<u>914,722</u>	<u>592,791</u>	<u>658,760</u>
Fund Balances, December 31	<u>\$ 413,227</u>	<u>\$ 667,991</u>	<u>\$ 925,313</u>	<u>\$ 636,158</u>	<u>\$ 617,699</u>

353 2016A G.O. Street Improvement Bonds	354 2017A G.O. Street Improvement Bonds	355 2018A G.O. Street Improvement Bonds	380 Lease Revenue Bonds	372 Capital Lease	399 Debt Service Revolving Fund	Eliminations	Total
\$ 375,500	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,311,185
-	-	-	-	-	-	-	40,000
3,398	96,455	364,448	-	-	173,405	-	1,237,723
3,340	6,427	4,307	828	364	17,178	-	103,988
<u>382,238</u>	<u>502,882</u>	<u>368,755</u>	<u>828</u>	<u>364</u>	<u>190,583</u>	<u>-</u>	<u>6,692,896</u>
-	-	-	-	-	40,586	-	40,586
290,000	-	-	240,000	-	-	-	7,328,200
79,150	96,700	850	8,750	163,248	3,000	-	1,304,128
<u>369,150</u>	<u>96,700</u>	<u>850</u>	<u>248,750</u>	<u>163,248</u>	<u>43,586</u>	<u>-</u>	<u>8,672,914</u>
13,088	406,182	367,905	(247,922)	(162,884)	146,997	-	(1,980,018)
-	-	-	-	150,000	4,172	(346,029)	150,000
-	-	-	-	-	-	-	1,220,000
-	-	67,892	-	-	-	-	135,335
-	-	-	(4,172)	-	(4,208)	346,029	(4,208)
-	-	67,892	(4,172)	150,000	(36)	-	1,501,127
13,088	406,182	435,797	(252,094)	(12,884)	146,961	-	(478,891)
<u>376,185</u>	<u>241,735</u>	<u>-</u>	<u>252,094</u>	<u>42,222</u>	<u>1,142,155</u>	<u>-</u>	<u>10,320,947</u>
<u>\$ 389,273</u>	<u>\$ 647,917</u>	<u>\$ 435,797</u>	<u>\$ -</u>	<u>\$ 29,338</u>	<u>\$ 1,289,116</u>	<u>\$ -</u>	<u>\$ 9,842,056</u>

City of Savage, Minnesota  
Agency Funds  
Statement of Changes in Fiduciary Assets and Liabilities  
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Service Availability Charge</b>				
Assets				
Cash and investments	<u>\$ 37,275</u>	<u>\$ 804,146</u>	<u>\$ 789,236</u>	<u>\$ 52,185</u>
Liabilities				
Accounts payable	<u>\$ 37,275</u>	<u>\$ 804,146</u>	<u>\$ 789,236</u>	<u>\$ 52,185</u>
<b>State Surcharge</b>				
Assets				
Cash and investments	<u>\$ 3,032</u>	<u>\$ 47,412</u>	<u>\$ 47,094</u>	<u>\$ 3,350</u>
Liabilities				
Accounts payable	<u>\$ 3,032</u>	<u>\$ 47,412</u>	<u>\$ 47,094</u>	<u>\$ 3,350</u>
<b>Total All Agency</b>				
Assets				
Cash and investments	<u>\$ 40,307</u>	<u>\$ 851,558</u>	<u>\$ 836,330</u>	<u>\$ 55,535</u>
Liabilities				
Accounts payable	<u>\$ 40,307</u>	<u>\$ 851,558</u>	<u>\$ 836,330</u>	<u>\$ 55,535</u>

City of Savage, Minnesota  
 Summary Financial Report  
 Revenues and Expenditures For General Operations  
 Governmental Funds  
 For the Years Ended December 31, 2018 and 2017

	Total		Percent Increase (Decrease)
	2018	2017	
Revenues			
Taxes	\$ 17,822,759	\$ 17,354,608	2.70 %
Licenses and permits	1,194,088	1,103,285	8.23
Intergovernmental	2,079,088	3,959,527	(47.49)
Charges for services	1,135,001	1,158,646	(2.04)
Fines and forfeits	118,515	45,258	161.87
Special assessments	1,273,975	1,414,733	(9.95)
Investment earnings	387,862	370,860	4.58
Miscellaneous	1,077,592	1,528,002	(29.48)
	<u>\$ 25,088,880</u>	<u>\$ 26,934,919</u>	(6.85) %
Total Revenues	<u>\$ 25,088,880</u>	<u>\$ 26,934,919</u>	(6.85) %
Per capita	\$ 799	\$ 877	(8.91) %
Expenditures			
Current			
General government	\$ 2,856,200	\$ 2,721,328	4.96 %
Public safety	6,830,635	6,532,555	4.56
Public works	2,576,056	2,319,866	11.04
Culture and recreation	1,870,107	1,850,781	1.04
Community development	1,039,347	878,233	18.35
Capital outlay	8,867,349	9,804,826	(9.56)
Debt service			
Principal	7,328,200	6,700,000	9.38
Interest and other charges	1,396,076	1,381,337	1.07
Issuance costs	-	113,394	(100.00)
	<u>\$ 32,763,970</u>	<u>\$ 32,302,320</u>	1.43 %
Total Expenditures	<u>\$ 32,763,970</u>	<u>\$ 32,302,320</u>	1.43 %
Per capita	\$ 1,043	\$ 1,052	(0.81) %
Total Long-term indebtedness	\$ 41,444,783	\$ 44,394,350	(6.64) %
Per capita	1,320	1,445	(8.71)
General Fund Balance - December 31	\$ 7,800,906	\$ 7,452,744	4.67 %
Per capita	248	243	2.36

The purpose of this report is to provide a summary of financial information concerning the City of Savage to interested citizens. The complete financial statements may be examined at City Hall, 6000 McColl Drive, Minnesota 55378. Questions about his report should be directed to Julie Stahl, Finance Director, at (952)-882-2691.

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

STATISTICAL SECTION (UNAUDITED)

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2018

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

## **STATISTICAL SECTION (UNAUDITED)**

This part of the Name of Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government'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 government's financial activities take place.

### **Operating Information**

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

City of Savage, Minnesota  
 Net Position by Component  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

**Table 1**

	Fiscal Year			
	2009	2010	2011	2012
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 47,712,409	\$ 49,995,780	\$ 44,947,035	\$ 51,868,908
Restricted	25,069,381	27,783,068	28,661,106	26,923,205
Unrestricted	6,018,098	1,632,478	7,595,872	4,828,615
<b>Total Governmental Activities</b>				
Net Position	<u>\$ 78,799,888</u>	<u>\$ 79,411,326</u>	<u>\$ 81,204,013</u>	<u>\$ 83,620,728</u>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 67,857,147	\$ 64,274,645	\$ 59,136,142	\$ 57,394,271
Restricted	186,213	186,213	186,213	186,213
Unrestricted	9,508,728	9,175,558	12,050,334	13,433,615
<b>Total Business-type Activities</b>				
Net Position	<u>\$ 77,552,088</u>	<u>\$ 73,636,416</u>	<u>\$ 71,372,689</u>	<u>\$ 71,014,099</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 105,241,479	\$ 102,327,425	\$ 94,262,715	\$ 99,215,256
Restricted	25,255,594	27,969,281	28,847,319	27,109,418
Unrestricted	25,854,903	22,751,036	29,466,668	28,310,153
<b>Total Primary Government</b>				
Net Position	<u>\$ 156,351,976</u>	<u>\$ 153,047,742</u>	<u>\$ 152,576,702</u>	<u>\$ 154,634,827</u>

Note: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013. Net position information has been restated for 2012 for this accounting change. Years prior to 2012 have not been restated.

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal 2015. Years prior to 2015 have not been restated.

Note: The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

Source: City of Savage, audited financial statements.

Table 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 55,245,476	\$ 56,875,347	\$ 56,788,519	\$ 52,404,031	\$ 56,043,065	\$ 60,647,943
24,780,907	27,661,964	26,379,496	23,798,360	15,945,047	15,881,764
4,300,332	4,808,819	346,467	6,125,991	6,952,544	4,466,178
<u>\$ 84,326,715</u>	<u>\$ 89,346,130</u>	<u>\$ 83,514,482</u>	<u>\$ 82,328,382</u>	<u>\$ 78,940,656</u>	<u>\$ 80,995,885</u>
\$ 56,798,875	\$ 58,707,155	\$ 58,349,577	\$ 58,757,241	\$ 62,456,787	\$ 63,945,940
186,213	186,213	186,213	186,213	186,213	186,213
11,657,075	9,650,137	10,250,984	10,765,788	12,020,899	12,930,955
<u>\$ 68,642,163</u>	<u>\$ 68,543,505</u>	<u>\$ 68,786,774</u>	<u>\$ 69,709,242</u>	<u>\$ 74,663,899</u>	<u>\$ 77,063,108</u>
\$ 101,888,966	\$ 105,769,655	\$ 105,597,787	\$ 111,161,272	\$ 118,499,852	\$ 124,593,883
24,967,120	27,848,177	26,565,709	23,984,573	16,131,260	16,067,977
26,112,792	24,271,803	20,137,760	16,891,779	18,973,443	17,397,133
<u>\$ 152,968,878</u>	<u>\$ 157,889,635</u>	<u>\$ 152,301,256</u>	<u>\$ 152,037,624</u>	<u>\$ 153,604,555</u>	<u>\$ 158,058,993</u>

City of Savage, Minnesota  
Changes in Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Table 2

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental Activities				
General government	\$ 2,432,911	\$ 2,412,774	\$ 2,465,817	\$ 2,579,553
Community development	777,406	595,330	664,475	731,022
Public safety	5,418,324	5,619,912	5,650,788	5,881,131
Public works	8,702,435	8,829,965	8,364,994	9,186,780
Culture and recreation	1,604,608	1,630,060	1,679,064	1,609,802
Interest on long-term debt	2,679,241	2,508,079	2,172,544	2,257,180
Total Governmental Activities Expenses	<u>21,614,925</u>	<u>21,596,120</u>	<u>20,997,682</u>	<u>22,245,468</u>
Business-type Activities				
Water and sewer	9,760,949	10,205,970	10,092,700	10,187,040
Storm water	1,715,389	1,949,972	1,966,042	1,676,891
Municipal liquor	5,293,536	5,026,231	4,472,836	4,326,242
Street light	298,660	300,908	316,629	332,040
Sports center	-	-	-	134,016
Total Business-type Activities Expenses	<u>17,068,534</u>	<u>17,483,081</u>	<u>16,848,207</u>	<u>16,656,229</u>
Total Primary Government Expenses	<u>\$ 38,683,459</u>	<u>\$ 39,079,201</u>	<u>\$ 37,845,889</u>	<u>\$ 38,901,697</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 414,480	\$ 448,515	\$ 485,867	\$ 401,917
Community development	368,097	589,626	763,244	1,072,671
Public safety	256,450	272,055	254,405	230,613
Public works	643,557	789,646	882,681	1,432,254
Culture and recreation	172,768	152,341	191,863	168,882
Operating grants and contributions	838,217	494,766	643,307	853,424
Capital grants and contributions	1,712,373	4,083,430	4,065,639	7,080,462
Total Governmental Activities Program Revenues	<u>4,405,942</u>	<u>6,830,379</u>	<u>7,287,006</u>	<u>11,240,223</u>
Business-type Activities				
Charges for services				
Water and sewer	6,580,504	6,077,544	6,641,873	7,457,902
Storm water	1,302,696	1,413,006	1,288,222	1,243,080
Municipal liquor	5,570,183	5,181,548	4,657,014	4,560,288
Street light	328,577	331,197	335,105	345,255
Sports center	-	-	-	111,522
Operating grants and contributions	-	-	-	-
Capital grants and contributions	145,704	-	-	-
Total Business-type Activities Program Revenues	<u>13,927,664</u>	<u>13,003,295</u>	<u>12,922,214</u>	<u>13,718,047</u>
Total Primary Government Program Revenues	<u>\$ 18,333,606</u>	<u>\$ 19,833,674</u>	<u>\$ 20,209,220</u>	<u>\$ 24,958,270</u>

Table 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,586,203	\$ 2,635,204	\$ 2,808,358	\$ 3,702,654	\$ 3,007,733	\$ 3,151,299
1,492,904	1,126,253	880,952	1,207,177	1,097,374	2,240,018
5,736,452	6,080,356	6,144,514	8,119,785	7,191,221	6,597,722
9,625,099	7,655,405	10,013,293	12,269,023	9,910,401	7,914,737
1,754,704	1,664,785	1,859,142	2,102,361	3,591,953	465,338
2,024,222	1,793,677	1,572,793	1,521,939	1,355,906	1,316,898
<u>23,219,584</u>	<u>20,955,680</u>	<u>23,279,052</u>	<u>28,922,939</u>	<u>26,154,588</u>	<u>21,686,012</u>
9,973,931	8,505,471	8,401,436	8,972,833	9,289,662	9,249,657
1,775,795	1,581,519	1,684,442	1,285,147	1,371,284	1,663,561
4,205,135	4,046,382	3,661,334	3,910,277	4,961,257	5,199,119
325,596	331,931	335,488	358,525	387,609	371,087
527,728	490,481	466,643	463,356	491,401	573,093
<u>16,808,185</u>	<u>14,955,784</u>	<u>14,549,343</u>	<u>14,990,138</u>	<u>16,501,213</u>	<u>17,056,517</u>
<u>\$ 40,027,769</u>	<u>\$ 35,911,464</u>	<u>\$ 37,828,395</u>	<u>\$ 43,913,077</u>	<u>\$ 42,655,801</u>	<u>\$ 38,742,529</u>
\$ 407,780	\$ 425,638	\$ 451,924	\$ 2,172,767	\$ 2,340,982	\$ 2,491,834
935,318	1,152,731	1,072,049	37,650	57,861	34,884
229,931	191,024	138,373	77,347	68,783	140,383
1,061,729	629,211	509,220	38,705	28,800	32,700
244,232	262,835	229,892	1,059,107	884,066	593,003
598,964	581,227	740,935	1,615,121	1,182,258	815,644
5,744,272	4,327,779	5,877,187	5,110,433	4,116,418	2,890,999
<u>9,222,226</u>	<u>7,570,445</u>	<u>9,019,580</u>	<u>10,111,130</u>	<u>8,679,168</u>	<u>6,999,447</u>
7,525,396	8,584,064	7,078,007	9,221,873	9,048,111	10,110,211
1,293,742	1,415,134	1,377,448	1,566,646	1,538,029	1,424,700
4,435,027	4,245,608	3,705,763	3,801,453	4,887,610	5,338,168
344,842	347,059	351,997	364,653	365,915	375,038
504,008	520,598	492,875	481,285	464,101	478,526
-	-	-	24,443	5,200	19,061
-	-	-	341,392	582,599	218,902
<u>14,103,015</u>	<u>15,112,463</u>	<u>13,006,090</u>	<u>15,801,745</u>	<u>16,891,565</u>	<u>17,964,606</u>
<u>\$ 23,325,241</u>	<u>\$ 22,682,908</u>	<u>\$ 22,025,670</u>	<u>\$ 25,912,875</u>	<u>\$ 25,570,733</u>	<u>\$ 24,964,053</u>

City of Savage, Minnesota  
Changes in Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

Table 2

	Fiscal Year			
	2009	2010	2011	2012
Net (Expense)/Revenue				
Governmental activities	\$(17,208,983)	\$(14,765,741)	\$(13,710,676)	\$(11,005,245)
Business-type activities	<u>(3,140,870)</u>	<u>(4,479,786)</u>	<u>(3,925,993)</u>	<u>(2,938,182)</u>
Total Primary Government Net Expense	<u><u>\$(20,349,853)</u></u>	<u><u>\$(19,245,527)</u></u>	<u><u>\$(17,636,669)</u></u>	<u><u>\$(13,943,427)</u></u>
General Revenues and other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 15,158,454	\$ 15,115,141	\$ 14,937,657	\$ 15,063,473
Tax increments	128,612	140,606	36,356	34,233
Franchise taxes	181,704	189,678	196,149	189,980
Other taxes	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-
Unrestricted investment earnings	495,882	330,672	1,471,561	895,463
Other general revenues	12,542	17,928	13,514	14,862
Gain on sale of capital assets	17,122	1,288	-	8,751
Transfers	386,176	(418,134)	(1,151,874)	(2,353,133)
Total Governmental Activities	<u>16,380,492</u>	<u>15,377,179</u>	<u>15,503,363</u>	<u>13,853,629</u>
Business-type Activities				
Unrestricted investment earnings	159,690	145,343	510,392	348,402
Other general revenues	4,164	637	-	12,730
Gain on sale of capital assets	-	-	-	-
Transfers	<u>(386,176)</u>	<u>418,134</u>	<u>1,151,874</u>	<u>2,353,133</u>
Total Business-type Activities	<u>(222,322)</u>	<u>564,114</u>	<u>1,662,266</u>	<u>2,714,265</u>
Total Primary Government	<u><u>\$ 16,158,170</u></u>	<u><u>\$ 15,941,293</u></u>	<u><u>\$ 17,165,629</u></u>	<u><u>\$ 16,567,894</u></u>
Change in Net Position				
Governmental activities	\$ (828,491)	\$ 611,438	\$ 1,792,687	\$ 2,848,384
Business-type activities	<u>(3,363,192)</u>	<u>(3,915,672)</u>	<u>(2,263,727)</u>	<u>(223,917)</u>
Total Primary Government	<u><u>\$( 4,191,683)</u></u>	<u><u>\$( 3,304,234)</u></u>	<u><u>\$( 471,040)</u></u>	<u><u>\$ 2,624,467</u></u>

Note: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013. Net position information has been restated for 2012 for this accounting change. Years prior to 2012 have not been restated.

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal 2015. Years prior to 2015 have not been restated.

Note: The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

Source: City of Savage, audited financial statements.

Table 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$(13,997,358)	\$(13,385,235)	\$(14,259,472)	\$(18,811,809)	\$(17,475,420)	\$(14,686,565)
<u>(2,705,170)</u>	<u>156,679</u>	<u>(1,543,253)</u>	<u>811,607</u>	<u>390,352</u>	<u>908,089</u>
<u>\$(16,702,528)</u>	<u>\$(13,228,556)</u>	<u>\$(15,802,725)</u>	<u>\$(18,000,202)</u>	<u>\$(17,085,068)</u>	<u>\$(13,778,476)</u>
\$ 15,554,819	\$ 16,121,557	\$ 16,612,868	\$ 16,584,312	\$ 16,946,478	\$ 17,383,219
32,397	13,325	-	100,392	160,961	180,462
194,057	195,656	191,425	202,011	203,154	196,673
-	-	-	47,702	44,416	47,848
-	4,004	-	22,595	262,976	26,246
(570,068)	1,249,535	480,193	399,871	390,900	406,919
16,566	3,480	-	33,994	3,406	1,098
73,492	58,522	265,936	130,444	433,110	87,979
<u>(597,918)</u>	<u>758,571</u>	<u>(2,724,755)</u>	<u>104,388</u>	<u>(4,357,707)</u>	<u>(1,356,235)</u>
<u>14,703,345</u>	<u>18,404,650</u>	<u>14,825,667</u>	<u>17,625,709</u>	<u>14,087,694</u>	<u>16,974,209</u>
(269,402)	494,736	153,310	204,218	206,598	185,921
4,718	8,498	2,377	-	-	-
-	-	-	11,031	-	-
<u>597,918</u>	<u>(758,571)</u>	<u>2,724,755</u>	<u>(104,388)</u>	<u>4,357,707</u>	<u>1,356,235</u>
<u>333,234</u>	<u>(255,337)</u>	<u>2,880,442</u>	<u>110,861</u>	<u>4,564,305</u>	<u>1,542,156</u>
<u>\$ 15,036,579</u>	<u>\$ 18,149,313</u>	<u>\$ 17,706,109</u>	<u>\$ 17,736,570</u>	<u>\$ 18,651,999</u>	<u>\$ 18,516,365</u>
\$ 705,987	\$ 5,019,415	\$ 566,195	\$ (1,186,100)	\$ (3,387,726)	\$ 2,287,644
<u>(2,371,936)</u>	<u>(98,658)</u>	<u>1,337,189</u>	<u>922,468</u>	<u>4,954,657</u>	<u>2,450,245</u>
<u>\$ (1,665,949)</u>	<u>\$ 4,920,757</u>	<u>\$ 1,903,384</u>	<u>\$ (263,632)</u>	<u>\$ 1,566,931</u>	<u>\$ 4,737,889</u>

City of Savage, Minnesota  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

**Table 3**

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Reserved	\$ 3,946	\$ 1,051	\$ -	\$ -
Unreserved	4,797,233	5,571,994	-	-
Nonspendable	-	-	8,100	26,951
Assigned	-	-	57,506	57,070
Unassigned	-	-	6,095,222	6,259,170
Total General Fund	<u>\$ 4,801,179</u>	<u>\$ 5,573,045</u>	<u>\$ 6,160,828</u>	<u>\$ 6,343,191</u>
All other Governmental Funds				
Reserved	\$ 1,824,740	\$ 1,659,499	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	1,124,062	1,399,116	-	-
Debt service funds	19,366,228	25,176,670	-	-
Capital projects funds	8,328,545	9,330,389	-	-
Nonspendable	-	-	1,457,031	1,432,675
Restricted	-	-	19,401,374	19,581,241
Committed	-	-	1,119,599	1,276,006
Assigned - capital projects	-	-	14,609,278	10,355,038
Unassigned	-	-	(1,995,184)	(5,754,031)
Total All Other Governmental Funds	<u>\$ 30,643,575</u>	<u>\$ 37,565,674</u>	<u>\$ 34,592,098</u>	<u>\$ 26,890,929</u>

Note: GASB Statement No. 54 replaced the categories used to classify fund balance. The City implemented GASB Statement No. 54 in 2011, prior year balances were not reclassified.

Source: City of Savage, audited financial statements.

**Table 3**

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
35,633	27,616	58,389	68,435	34,956	105,053
14,393	14,129	16,596	18,659	226,626	50,378
<u>6,416,262</u>	<u>6,685,706</u>	<u>6,783,256</u>	<u>6,934,350</u>	<u>7,191,162</u>	<u>7,645,475</u>
<u>\$ 6,466,288</u>	<u>\$ 6,727,451</u>	<u>\$ 6,858,241</u>	<u>\$ 7,021,444</u>	<u>\$ 7,452,744</u>	<u>\$ 7,800,906</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
840,625	790,573	739,572	688,869	14,269	7,277
23,507,078	24,394,291	26,854,132	19,661,660	12,766,724	13,048,666
1,276,323	1,324,188	2,060,967	2,293,894	2,350,920	2,241,728
8,085,760	4,620,966	4,423,322	5,447,669	6,808,382	7,317,105
<u>(6,935,079)</u>	<u>(1,801,173)</u>	<u>(742,569)</u>	<u>(934,728)</u>	<u>(273,767)</u>	<u>(3,810,212)</u>
<u>\$ 26,774,707</u>	<u>\$ 29,328,845</u>	<u>\$ 33,335,424</u>	<u>\$ 27,157,364</u>	<u>\$ 21,666,528</u>	<u>\$ 18,804,564</u>

City of Savage, Minnesota  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

**Table 4**

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues</b>				
Taxes	\$ 15,194,950	\$ 15,377,240	\$ 15,038,116	\$ 15,040,188
Special assessments	2,124,181	2,106,741	3,823,356	3,116,273
Licenses and permits	573,884	910,748	1,070,212	1,963,399
Intergovernmental	617,579	626,826	1,852,531	5,059,511
Charges for services	649,618	788,813	799,037	1,045,284
Fines and forfeits	212,124	240,775	221,984	205,691
Interest on investments	483,637	319,413	1,434,005	872,295
Miscellaneous	1,235,608	770,497	881,852	825,963
<b>Total Revenues</b>	<u>21,091,581</u>	<u>21,141,053</u>	<u>25,121,093</u>	<u>28,128,604</u>
<b>Expenditures</b>				
General government	2,172,553	2,156,341	2,205,108	2,353,023
Community development	639,003	538,168	542,925	622,229
Public safety	4,989,459	5,231,715	5,234,134	5,480,860
Public works	2,170,754	2,140,871	2,058,008	2,071,901
Culture and recreation	1,278,987	1,280,481	1,388,032	1,242,838
Capital outlay	5,440,945	7,305,029	5,390,043	19,249,033
Debt service				
Principal	6,755,000	7,040,000	6,240,000	7,825,000
Interest and other	2,734,946	2,561,618	2,452,449	2,173,145
Other charges	-	-	-	-
<b>Total Expenditures</b>	<u>26,181,647</u>	<u>28,254,223</u>	<u>25,510,699</u>	<u>41,018,029</u>
<b>Deficiency of Revenues Under Expenditures</b>	<u>(5,090,066)</u>	<u>(7,113,170)</u>	<u>(389,606)</u>	<u>(12,889,425)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	38,282	37,778	41,412	37,891
Transfers in	8,202,090	2,620,628	3,992,995	1,245,987
Debt issued	5,050,000	17,065,000	8,640,000	5,085,000
Premium/discount on debt issued	33,420	548,790	147,401	132,741
Principal paid on refunded bonds	(1,675,000)	(3,555,000)	(11,025,000)	-
Transfers out	(7,401,758)	(1,910,061)	(3,792,995)	(1,131,000)
<b>Total Other     Financing Sources (Uses)</b>	<u>4,247,034</u>	<u>14,807,135</u>	<u>(1,996,187)</u>	<u>5,370,619</u>
<b>Net Change in Fund Balances</b>	<u>\$ (843,032)</u>	<u>\$ 7,693,965</u>	<u>\$ (2,385,793)</u>	<u>\$ (7,518,806)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<u>44.2%</u>	<u>45.5%</u>	<u>43.0%</u>	<u>45.4%</u>

Source: City of Savage, audited financial statements.

Table 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 15,706,099	\$ 16,239,954	\$ 16,700,828	\$ 16,966,415	\$ 17,354,608	\$ 17,822,759
4,856,987	4,131,438	2,680,986	1,061,770	1,103,285	1,194,088
1,377,386	1,144,093	979,319	5,659,137	3,959,527	2,079,088
681,259	2,803,618	5,040,627	1,895,927	1,158,646	1,135,001
1,088,336	1,519,574	1,318,017	43,699	45,258	118,515
201,687	157,931	110,039	2,238,634	1,414,733	1,273,975
(548,819)	1,189,774	456,713	381,172	370,860	387,862
762,758	945,303	702,786	492,927	1,528,002	1,077,592
<u>24,125,693</u>	<u>28,131,685</u>	<u>27,989,315</u>	<u>28,739,681</u>	<u>26,934,919</u>	<u>25,088,880</u>
2,373,190	2,468,850	2,540,980	2,691,979	2,721,328	2,856,200
720,049	753,240	795,823	800,377	878,233	1,039,347
5,423,978	5,757,690	5,873,216	6,243,134	6,532,555	6,830,635
2,179,378	2,298,275	2,211,713	2,366,155	2,319,866	2,576,056
1,404,258	1,419,873	1,528,118	1,764,144	1,850,781	1,870,107
11,702,470	10,829,083	7,316,930	12,481,059	9,804,826	8,867,349
7,750,000	6,625,000	7,190,000	11,280,000	6,700,000	7,328,200
2,186,986	1,946,410	1,735,867	1,616,804	1,381,337	1,396,076
-	1,114,435	-	94,318	113,394	-
<u>33,740,309</u>	<u>33,212,856</u>	<u>29,192,647</u>	<u>39,337,970</u>	<u>32,302,320</u>	<u>32,763,970</u>
<u>(9,614,616)</u>	<u>(5,081,171)</u>	<u>(1,203,332)</u>	<u>(10,598,289)</u>	<u>(5,367,401)</u>	<u>(7,675,090)</u>
73,492	62,633	287,965	131,064	438,318	90,019
5,064,796	6,868,636	4,527,780	5,824,715	7,504,778	4,192,992
6,241,200	9,890,000	6,830,000	3,335,000	6,000,000	4,420,000
216,594	212,244	265,345	147,335	233,034	138,269
-	(6,600,000)	-	-	(3,365,000)	-
<u>(1,974,591)</u>	<u>(3,956,582)</u>	<u>(6,570,389)</u>	<u>(4,854,682)</u>	<u>(10,503,265)</u>	<u>(3,679,992)</u>
<u>9,621,491</u>	<u>6,476,931</u>	<u>5,340,701</u>	<u>4,583,432</u>	<u>307,865</u>	<u>5,161,288</u>
<u>\$ 6,875</u>	<u>\$ 1,395,760</u>	<u>\$ 4,137,369</u>	<u>\$ (6,014,857)</u>	<u>\$ (5,059,536)</u>	<u>\$ (2,513,802)</u>
<u>43.7%</u>	<u>42.6%</u>	<u>37.8%</u>	<u>42.5%</u>	<u>31.4%</u>	<u>38.1%</u>

City of Savage, Minnesota  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

**Table 5**

Fiscal Year	Property Tax	Tax Increment	Franchise/Other Tax	Total
2009	\$ 15,158,454	\$ 128,612	\$ 181,704	\$ 15,468,770
2010	15,115,141	140,606	189,678	15,445,425
2011	14,937,657	36,356	196,149	15,170,162
2012	15,063,473	34,233	189,980	15,287,686
2013	15,554,819	32,397	194,057	15,781,273
2014	16,121,557	13,325	195,656	16,330,538
2015	16,612,868	-	191,425	16,804,293
2016	16,584,312	100,392	249,713	16,934,417
2017	16,946,478	160,961	247,570	17,355,009
2018	17,383,219	180,462	244,521	17,808,202

Source: City of Savage, audited financial statements.

City of Savage, Minnesota  
 General Governmental Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

**Table 6**

Fiscal Year	Property Tax	Tax Increment	Franchise/Other Tax	Total
2009	\$ 15,066,338	\$ 128,612	\$ 181,704	\$ 15,376,654
2010	15,236,634	140,606	189,678	15,566,918
2011	15,001,760	36,356	196,149	15,234,265
2012	15,005,955	34,233	189,980	15,230,168
2013	15,657,638	32,397	194,057	15,884,092
2014	16,226,469	13,325	195,656	16,435,450
2015	16,700,828	-	191,425	16,892,253
2016	16,616,310	100,392	249,713	16,966,415
2017	16,946,077	160,961	247,570	17,354,608
2018	17,397,776	180,462	244,521	17,822,759

Source: City of Savage, audited financial statements.

City of Savage, Minnesota  
 Net Tax Capacity and Estimated Market Value of Property  
 Last Ten Fiscal Years

**Table 7**

Fiscal Year Ended December 31,	Real and Personal Property <sup>(1)</sup>						Ratio of Total Tax Capacity to Taxable Market Value
	Total Tax Capacity	Tax Increment Tax Capacity	Net Fiscal Disparity	Net Tax Capacity	Total Direct Tax Rate	Taxable Market Value	
2009	\$ 32,433,758	\$ (138,233)	\$ 541,079	\$ 32,836,604	46.01 %	\$ 2,856,856,547	1.14 %
2010	31,342,817	(129,985)	926,579	32,139,411	47.34	2,718,402,500	1.15
2011	30,658,327	(36,196)	862,581	31,484,712	48.28	2,652,900,000	1.16
2012	28,690,321	(26,264)	220,938	28,884,995	51.12	2,477,077,500	1.16
2013	27,003,916	(25,738)	414,077	27,392,255	55.51	2,311,627,400	1.17
2014	28,256,725	(25,738)	177,866	28,408,853	55.28	2,434,515,600	1.16
2015	30,700,138	-	313,279	31,013,417	51.74	2,658,879,100	1.15
2016	32,186,980	(81,937)	248,077	32,353,120	49.91	2,799,503,700	1.15
2017	34,350,260	(138,187)	650,645	34,862,718	47.84	2,957,985,300	1.16
2018	36,068,844	(159,437)	436,671	36,346,078	47.12	3,115,183,500	1.16

(1) Personal property values are minimal and are included in the total value.

Source: Scott County

City of Savage, Minnesota  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

**Table 8**

Fiscal Year	City of Savage			Overlapping Rates <sup>(1)</sup>		Special Districts <sup>(2)</sup>	Total Direct and Overlapping Rates
	General Operating Rate	Debt Service Rate	Total Tax Capacity Rate	School District #191 Total Tax Capacity Rate	Scott County Total Tax Capacity Rate		
2009	30.906 %	15.107 %	46.013 %	19.842 %	32.684 %	5.812 %	104.351 %
2010	31.807	15.528	47.335	20.668	33.237	6.246	107.486
2011	32.441	15.837	48.278	21.855	35.541	6.519	112.193
2012	33.763	17.360	51.123	21.878	38.802	6.958	118.761
2013	37.008	18.500	55.508	26.168	40.674	7.143	129.493
2014	36.379	18.899	55.278	25.661	39.720	6.934	127.593
2015	35.325	16.418	51.743	24.554	36.638	6.976	119.911
2016	35.633	14.272	49.905	31.065	36.175	7.676	124.821
2017	33.816	14.025	47.841	27.529	35.896	7.746	119.012
2018	33.474	13.643	47.117	25.759	35.114	8.687	116.677

<sup>(1)</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Savage. Not all overlapping rates apply to all City of Savage property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.)

<sup>(2)</sup> Special Districts include the following: Metropolitan Council, Metropolitan Transit District, Metropolitan Mosquito Control, Scott County Community Development Agency, and Prior Lake - Spring Lake Watershed District.

Source: Scott County

City of Savage, Minnesota  
Principal Property Taxpayers  
Current Year and Nine Years Ago

**Table 9**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Continental 298 Fund, LLC	\$ 40,000,000	1	1.28 %			
Cargill, Inc.	24,778,700	2	0.79	\$ 11,925,000	7	0.42 %
Karl Bohn	18,943,000	3	0.61	22,049,700	1	0.77
BRE	16,466,300	4	0.53			
BF Nelson	14,000,000	5	0.45			
Centerpoint Energy Resource	13,863,400	6	0.44			
Target Corporation	13,300,000	7	0.43	16,849,200	2	0.59
Hy-Vee, Inc.	11,000,000	8	0.35			
Riverland AG Corporation	10,125,000	9	0.33			
Savage Station, LLC	10,151,000	10	0.33			
CHC Highview, LLC				15,473,400	3	0.54
Trout Run Preserve LLC				13,900,400	4	0.49
Larry M. Ross, LLC				13,749,900	5	0.48
Centro Bradley Spc 7, LLC				12,835,900	6	0.45
Meritex Twin Cities Industrial				10,370,500	8	0.36
MN Savage 16 LLC				10,296,800	9	0.36
Southcross, LLC				8,068,200	10	0.28
<b>Total</b>	<b><u>\$172,627,400</u></b>		<b><u>5.54 %</u></b>	<b><u>\$135,519,000</u></b>		<b><u>4.74 %</u></b>

Source: Scott County

City of Savage, Minnesota  
Property Tax Levies and Tax Collections  
Last Ten Fiscal Years

**Table 10**

Fiscal Year Ended December 31,	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	Percent of Levy
		Amount	Percent of Levy			
2009	\$ 15,722,693 <sup>(1)</sup>	\$ 15,397,882	97.9 %	\$ 321,277	\$ 15,719,159	100.0 %
2010	15,720,696 <sup>(1)</sup>	15,421,506	98.1	297,167	15,718,673	100.0
2011	15,570,374 <sup>(1)</sup>	15,345,901	98.6	224,473	15,570,374	100.0
2012	15,082,185	14,815,544	98.2	265,648	15,081,192	100.0
2013	15,468,230	15,280,212	98.8	186,966	15,467,178	100.0
2014	16,121,503	15,987,944	99.2	132,109	16,120,053	100.0
2015	16,570,700	16,490,100	99.5	78,394	16,568,494	100.0
2016	16,616,613	16,560,804	99.7	52,132	16,612,936	100.0
2017	17,169,079	16,944,862	98.7	212,294	17,157,156	99.9
2018	17,499,645	17,447,577	99.7	-	17,447,577	99.7

<sup>(1)</sup> Levied TIF tax revenues are included in these amounts.

Source: Scott County

City of Savage, Minnesota  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Public Facility Revenue Bonds	Tax Increment Bonds	Capital Leases	Utility Revenue Bonds	Liquor Revenue Bonds	Tax Abatement Bonds			
2009	\$ 19,230,000	\$ 39,000,000	\$ 1,875,000	\$ 3,530,000	\$ 2,315,000	\$ 23,285,395	\$ 1,410,000	\$ -	\$ 90,645,395	8.56 %	\$ 3,400
2010	19,695,000	46,390,000	1,700,000	2,380,000	2,255,000	29,584,395	1,300,000	-	103,304,395	8.99	3,839
2011	18,375,000	39,685,000	1,515,000	2,045,000	2,175,000	21,311,395	1,185,000	-	86,291,395	6.96	3,158
2012	16,875,000	40,765,000	1,325,000	-	2,090,000	19,131,395	1,060,000	4,915,000	86,161,395	6.63	3,133
2013	15,330,000	40,691,200	1,125,000	-	2,010,000	17,872,195	930,000	4,915,000	82,873,395	6.35	3,008
2014	13,411,267	40,215,375	920,000	-	1,930,000	15,765,718	784,516	4,731,203	77,758,079	5.49	2,677
2015	15,062,802	38,676,912	705,000	-	1,840,000	15,258,253	642,137	4,427,703	76,612,807	4.85	2,552
2016	13,812,723	32,327,709	475,000	-	1,740,000	12,638,286	494,758	4,119,204	65,607,680	3.95	2,300
2017	12,151,247	30,618,103	240,000	-	1,385,000	14,328,521	337,378	3,810,704	62,870,953	3.61	2,047
2018	10,582,749	29,477,034	-	-	1,385,000	11,955,881	175,000	3,497,205	57,072,869	N/A	1,817

N/A = Not Available

As of year 2014 outstanding debt amounts include unamortized bond premium/discount

Sources: City of Savage, audited financial statements.  
Metropolitan Council, population estimates. 2010 is U.S. Census figure.  
Bureau of Economic Analysis, local area personal income reports.

City of Savage, Minnesota  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Table 12

Fiscal Year	Gross Bonded Debt (1)	Less Amounts Available in Debt Service Funds (2)	Total Net Bonded Debt	Percentage of Total Estimated Taxable Market Value of Property	Per Capita
2009	\$ 49,001,991	\$ 19,653,701	\$ 29,348,290	1.03 %	\$ 1,101
2010	55,051,916	26,896,102	28,155,814	1.04	1,046
2011	48,922,284	18,652,075	30,270,209	1.14	1,108
2012	50,125,826	18,688,499	31,437,327	1.27	1,141
2013	49,742,393	19,190,858	30,551,535	1.32	1,105
2014	46,614,592	19,814,426	26,800,166	1.10	923
2015	47,461,417	21,709,772	25,751,645	0.97	858
2016	40,570,197	16,686,205	23,883,992	0.85	789
2017	37,702,408	10,320,947	27,381,461	0.93	892
2018	34,673,740	9,842,056	24,831,684	0.80	791

(1) Gross Bonded Debt includes bonds with special assessment revenue portions and therefore has been reduced by the deferred special assessment receivables in the debt service funds in order to reflect only the tax-supported debt burden.

(2) Amounts available in Debt Service Funds include cash in escrow amounts for crossover bonds still maintained in Gross Bonded Debt figures.

Sources: City of Savage, audited financial statements.  
Metropolitan Council, population estimates. 2010 is U.S. Census figure.  
Scott County, estimated taxable market value of property.

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Savage, Minnesota  
 Computation of Direct and Overlapping Debt  
 December 31, 2018

**Table 13**

	Gross Debt <sup>(1)</sup>	City Share	
		Percentage <sup>(2)</sup>	Amount
Direct Debt			
City of Savage	\$ 41,444,783	100.00 %	\$ 41,444,783
Overlapping Debt			
School District No. 191	144,690,000	17.74 %	25,668,006
School District No. 271	77,925,000	0.10	77,925
School District No. 719	105,980,000	17.46	18,504,108
School District No. 720	180,560,000	0.74	1,336,144
Scott County	48,400,000	20.25	9,801,000
Scott County CDA	41,480,000	3.49	1,447,652
Metropolitan Council	1,549,087,966	0.52	8,055,257
Total Overlapping Debt	<u>2,148,122,966</u>		<u>64,890,092</u>
 Total Direct and Overlapping Debt	 <u>\$ 2,189,567,749</u>		 <u>\$ 106,334,875</u>

1. Gross debt totals include capital leases and bonds which are financed by ad valorem tax levy, G.O. revenue financing, G.O. tax increment financing and special assessments.
2. The percentage of overlapping debt applicable is estimated using total net tax capacity of property values. Applicable percentages were estimated by determining the portion of the county's taxable total net tax capacity that is within the government's boundaries and dividing it by the County's total net tax capacity property value.

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 the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the resident and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Scott County

City of Savage, Minnesota  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Table 14

	Fiscal Year			
	2009	2010	2011	2012
Debt Limit	\$ 85,705,696	\$ 81,552,075	\$ 79,587,000	\$ 74,312,325
Total Net Debt Applicable to Limit	<u>12,945,468</u>	<u>16,618,813</u>	<u>14,887,278</u>	<u>13,492,971</u>
Legal Debt Margin	<u>\$ 72,760,228</u>	<u>\$ 64,933,262</u>	<u>\$ 64,699,722</u>	<u>\$ 60,819,354</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.10%	20.38%	18.71%	18.16%

Legal debt margin

Note A: Under state law, the City's outstanding general obligation debt should not exceed 3 percent (2 percent prior to 2008) of the market value of taxable property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

Note B: M.S.A. Section 475.51 (definitions) Subdivision 4. "Net debt" means the amount remaining after deduction from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. 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.
2. Warrant or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a Permanent Improvement Revolving fund.
5. Obligations issued for the acquisition and betterment of public water works system and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Not applicable.
7. Amount of all money and face value of all securities held as a Debt Service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligation to repay loans made under section 216C37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of Federal petroleum pricing regulations.
10. Obligations issued to pay pension fund liabilities under section 457.52, subdivision 6, or any charter authority.
11. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Sources: City of Savage, audited financial statements.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 69,348,822	\$ 73,035,468	\$ 79,766,373	\$ 83,985,111	\$ 88,739,559	\$ 93,455,505
<u>12,046,299</u>	<u>10,872,956</u>	<u>9,643,165</u>	<u>10,719,093</u>	<u>9,107,412</u>	<u>7,657,005</u>
<u>\$ 57,302,523</u>	<u>\$ 62,162,512</u>	<u>\$ 70,123,208</u>	<u>\$ 73,266,018</u>	<u>\$ 79,632,147</u>	<u>\$ 85,798,500</u>
17.37%	14.89%	12.09%	12.76%	10.26%	8.19%

Legal Debt Margin Calculation for Fiscal Year 2018

Taxable Market Value	<u>\$3,115,183,500</u>
Debt Limit (Note A)	<u>\$ 93,455,505</u>
Debt Applicable to Limit	
General obligation bonds	10,440,000
Less amount available in	
Debt Service funds (Note B)	<u>2,782,995</u>
Total Net Debt Applicable to Limit	<u>7,657,005</u>
Legal Debt Margin	<u>\$ 85,798,500</u>

City of Savage, Minnesota  
Pledged-revenue Coverage  
Last Ten Fiscal Years

Table 15

Enterprise Funds Revenue Bonds

Fiscal Year	Gross Revenues	Operating Expenses (3)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2009	\$ 9,470,265	\$ 5,061,243	\$ 4,409,022	\$ 1,745,000	\$ 1,036,684	\$ 2,781,684	1.59 %
2010	8,976,434	5,700,918	3,275,516	1,931,000	966,625	2,897,625	1.13
2011	9,535,274	5,638,291	3,896,983	(1) 10,433,000	965,125	11,398,125	0.34
2012	10,363,957	5,585,812	4,778,145	2,305,000	740,777	3,045,777	1.57
2013	10,270,125	5,621,295	4,648,830	2,433,000	801,269	3,234,269	1.44
2014	12,168,346 (2)	6,621,857	5,546,489	2,822,000	704,057	3,526,057	1.57
2015	10,028,884	6,541,998	3,486,886	4,066,000	613,142	4,679,142	0.75
2016	12,404,473	6,881,644	5,522,829	2,991,000	597,261	3,588,261	1.54
2017	12,405,534	7,475,364	4,930,170	2,701,000	527,079	3,228,079	1.53
2018	13,437,708	7,761,011	5,676,697	2,844,800	535,071	3,379,871	1.68

Note: Details regarding the government's outstanding debt can be found in the Notes to the Financial Statements. Gross revenues include investment earnings. Operating expenses do not include interest or depreciation.

(1) Increase in Principal Debt Service payments is due to Crossover Refundings of 2010C and 2010D

(2) Revised figures represent calculation match final figures within 2014 CAFR report

(3) Revised figures represent calculation corrections for one expense item previously duplicated.

Source: City of Savage audited financial statements.

City of Savage, Minnesota  
Demographic and Economic Statistics  
Last Ten Fiscal Years

**Table 16**

Fiscal Year	City of Savage Population (1)	City of Savage Personal Income (in thousands) (2)	Scott County Personal Income Per Capita (3)	City of Savage School Enrollment (4)	City of Savage Unemployment Rate (5)
2009	26,661	\$ 1,051,377	\$ 39,435	6,503	6.7 %
2010	26,911	1,149,476	42,714	6,552	6.5
2011	27,325	1,240,555	45,400	6,765	5.2
2012	27,552	1,301,281	47,230	6,743	4.7
2013	27,655	1,304,597	47,174	6,628	4.1
2014	29,047	1,416,942	48,781	6,602	3.4
2015	30,024	1,581,064	52,660	6,728	2.9
2016	30,285	1,614,948	53,325	6,766	2.9
2017	30,713	1,743,055	56,753	6,771	2.8
2018	31,407	N/A	N/A	7,224	2.4

Source:

- (1) 2010 U.S. Census figure. All other years estimated by Metropolitan Council, updated with actuals.
- (2) Based on Scott County's Per Capita Personal Income Data.
- (3) U.S. Bureau of Economic Analysis, Scott County Average.
- (4) Based on Metropolitan Council / American Community Survey 5 year summary statistics for Savage School Age Population. 2010 based on U.S. Census figure. Prior to 2012, based on 3 year summary statistics. Current year estimate using 5 year summary methodology.
- (5) State of Minnesota Department of Employment and Economic Development. Most recent year is preliminary figure.

City of Savage, Minnesota  
Principal Employers  
Current Year and Nine Years Ago

**Table 17**

Employer	Product/Service	2018			2009		
		Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
HyVee	Grocery Store	803	1	9.59 %			
Prior Lake-Savage School District 719 (a)	Education	451	2	5.38	275	3	3.55 %
Burnsville-Eagan-Savage School District 191 (a)	Education	289	3	3.45	231	4	2.98
Fabcon	Cement & Concrete Products	270	4	3.22	408	1	5.26
SuperTarget	Discount Retail	200	5	2.39	291	2	3.75
City of Savage (b)	Government	162	6	1.93	154	7	1.99
Lifetime Fitness	Health Club	143	7	1.71			
Associated Partnership Ltd	Van Conversion	120	8	1.43			
Molex LLC	Copper Flex Products	115	9	1.37			
BF Nelson	Printing	100	10	1.19			
Soo Line Corporation	Railroad, Line-haul Operation	100	10	1.19			
Siligan Container Corp	Shipping Containers				217	5	2.80
Cub Foods	Grocery Store				200	6	2.58
Continental Hydraulics & Machines	Manufacturing				144	8	1.86
Chief Manufacturing	Manufacturing				140	9	1.81
Master Electric	Contractor				135	10	1.74
Total City Employment		(c) <u>8,377</u>		<u>32.85 %</u>	<u>7,750</u>		<u>28.32 %</u>

<sup>(a)</sup> Figures now reflect only those employed at district schools located within the City of Savage

<sup>(b)</sup> Includes full and part-time employees but does not include temporary or seasonal workers

<sup>(c)</sup> Based on average of available quarterly information

Source: Council Approved Authorized Position Report  
Scott County CDA, First Stop Shop  
State of Minnesota Department of Employment and Economic Development.

City of Savage, Minnesota  
Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

**Table 18**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Administration	10.0	8.9	8.9	8.5	10.5	10.5	10.5	10.0	10.0	10.5
Finance	4.0	4.0	4.0	4.7	5.0	4.6	5.7	5.7	5.7	5.5
Community development	8.0	6.2	5.6	6.8	7.5	8.5	8.5	8.5	8.5	9.6
Building maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
<b>Public Safety</b>										
Police										
Police chief	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Officers	33.0	31.0	32.0	31.0	31.0	31.0	31.0	32.0	33.0	33.0
Civilians	8.0	8.5	9.6	9.2	8.9	9.5	9.5	9.8	11.2	11.1
Fire										
Fire chief	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Firefighters and officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Paid on call	36.0	38.0	35.0	41.0	41.0	36.0	35.0	38.0	37.0	38.0
<b>Public Works:</b>										
Administration	5.0	4.5	4.5	4.5	4.8	5.0	5.0	4.0	4.0	6.6
Building maintenance	-	-	-	-	-	-	-	-	-	-
Engineering	6.0	4.5	4.5	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Parks and recreation	11.0	10.5	10.5	10.5	10.5	11.0	12.0	12.0	13.0	12.0
Streets	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Utilities	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0
<b>Propriety</b>										
Water <sup>(a)</sup>										
Sewer <sup>(a)</sup>										
Liquor	6.0	6.0	3.0	3.0	3.5	4.5	4.0	4.0	4.0	4.0
<b>Total</b>	<b>154.0</b>	<b>149.1</b>	<b>144.6</b>	<b>150.2</b>	<b>153.7</b>	<b>152.6</b>	<b>153.2</b>	<b>156.0</b>	<b>158.4</b>	<b>162.3</b>

Includes employees working a minimum of 20 hours per week. Does not include temporary and seasonal workers.

<sup>(a)</sup> Employees are presented within the public works section

Source: Council Approved Authorized Position Report

City of Savage, Minnesota  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 19

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police:										
Number of law contacts	15,867	16,043	15,255	14,925	14,512	14,724	14,455	13,629	14,013 <sup>(a)</sup>	14,292
Number of sworn officers	34	32	33	32	32	32	32	33	34	34
Fire										
Number of calls answered	328	319	356	378	412	385	349	351	377	421
Number of volunteer firefighters	36	38	35	41	41	36	35	38	37	38
Building inspection:										
Number of residential permits	665	929	1,166	1,360	1,123	1,593	1,251	957	1,187	1,309
Number of commercial permits	146	124	177	197	153	136	170	165	111	133
Total permit valuation	16,746,212	27,134,835	40,236,518	81,761,264	56,903,187	79,728,667	47,204,497	91,766,515	89,826,021	98,012,973
Public Works:										
Water system:										
Number of service connections	8,616	8,701	8,798	8,949	9,082	9,293	9,377	9,447	9,638	9,709
Sewage system:										
Number of service connections	8,260	8,609	8,800	8,973	9,078	9,276	9,360	9,457	9,615	9,686

Note: Indicators are not available for the general government function.

<sup>(a)</sup> Reflects Revised Police Department Data for 2017

Sources: Savage Police Department Activity Log  
Savage Building Department Yearly Permit Log  
Savage Public Works Department Statistics  
Savage Fire Department Activity Log

City of Savage, Minnesota  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

**Table 20**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	26	26	26	25	26	26	27	28	28
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Response units	18	18	18	18	18	18	18	18	18	18
Inspection Units	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Street division										
Municipal streets and roads (1)	125	126	127	128	119	120	122	126	128	129
Number of street lights	1,609	1,614	1,631	1,639	1,880	1,907	1,907	2,085	2,079	2,188
Water system										
Miles of water mains	142	147	148	149	151	155	155	160	161	164
Number of fire hydrants	1,267	1,587	1,613	1,625	1,658	1,682	1,701	1,765	1,799	1,805
Sewer system										
Miles of sanitary sewers	111	123	124	125	126	127	128	131	131	136
<b>Parks and Recreation</b>										
Number of parks	22	23	23	23	23	23	23	23	23	23
Park acreage	340	441	457	457	457	457	457	457	457	457
Tennis courts	8	10	10	10	10	10	10	10	6	6
Basketball courts	9	9	9	9	9	9	9	9	9	10
Softball fields	30	30	30	30	30	30	30	30	30	30
Ice rinks	9	9	9	6	6	6	7	7	6	6

<sup>(1)</sup> 2013 & forward figure is the City's improved basic mileage as reported to MnDOT and does not include state or county roads.

Sources: Savage Police Statistics  
Savage Fire Statistics  
Savage Public Works Department Statistics  
Savage Parks and Recreation Department Statistics