



City of Savage
Scott County, Minnesota

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR YEAR ENDED

DECEMBER 31, 2023

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CITY OF SAVAGE
SAVAGE, MINNESOTA
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and
Canada Published May 29, 2024

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 Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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May 29, 2024

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 Annual Comprehensive Financial Report of the City of Savage, Minnesota for the fiscal year ended December 31, 2023.

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, 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, 2023 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, 2023 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 33,137 individuals, 11,512 households and over 880 businesses employing over 8,900 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 Plan A 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; building inspections; construction and maintenance of highways, streets and other infrastructure; recreational activities; and general administrative services. The City also operates five enterprises: water and sewer utility, street light utility, storm sewer utility, liquor operations, and a sports center.

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. The City has two quick access points over the Minnesota River from Highway 13, the Highway 169 Bloomington Ferry Bridge and Interstate 35 Bridge. Both provide 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. From 2017-2023, the City realized an average 8.8% annual increase in taxable market value. The increase can be attributed to both new development and an overall recovery in property market values. In 2022, the City had a large increase in taxable market value of 20.8 %. This was definitely an anomaly and similar increases were seen county-wide. The increase in taxable market value for 2023 was 2.3% and is estimated to increase another 3.2% in 2025 - giving the City a three-year average increase of 11.6%. Residential sale values appear to have leveled a bit and are now higher than 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 2021 Census Data results indicate the City has a median family income of \$115,600 – 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.

Due to economic factors being experienced with the COVID-19 pandemic, new residential and commercial building and development-related revenues collected in 2020 and 2021 were lower than in years past, but still more than our conservative budgeted amounts. The City is optimistic that new development and redevelopment activity will continue to grow in 2024, which is important for a community approaching full build out. During 2023 staff utilized 2022 yearend designated fund balance to make purchases that were hindered by the COVID pandemic. 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.

With the preliminary Scott County evaluation reports indicating an overall taxable market value increase of 3.2% in 2025, staff will continue to control spending in 2024 and analyze budget forecasts and requests for 2025. The average 3-year increase of 11.5% in market values and the growth in the tax capacity will offset the cost of the City's full transition to the full-time fire staffing model that began in 2023. The City is currently working on a compensation study to review all full-time staff. It is expected that the results of the study will result in an increase in the City tax rate for 2025.

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. 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 made the last payment on the bonds issued for the construction of the Marketplace liquor building in February 2019. The City realized an increase in net position for the Liquor operations fund of \$508,939 in 2019. Continued operational improvements in the liquor stores and the positive effect on sales during the 2020 pandemic enabled the liquor fund to transfer \$400,000 to support various community projects at yearend. Additionally, despite large maintenance expenditures in 2021, the liquor fund transferred \$450,000 to community park projects at yearend. In 2022 the fund transferred out \$240,000 to community projects – intentionally retaining cash reserves for additional large maintenance costs in 2023. Staff is anticipating another strong year in 2024 and looks forward to continuing to transfer funds out in this manner.

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 2024 general operating tax levy is \$1.5 million more than in 2023 (8.9% increase) as a result of hiring five additional full-time Fire Department employees as well as 4 new Police Officers at the end of 2023 with the full financial impact occurring in 2024. The City's overall tax rate increased by 1.6% due to the 2024 tax base only increasing by just under \$2 million only a \$31,874 decrease in the debt service levy. The 2024 budget continues to include our practice of projecting building permit and development revenue at conservative levels. The City has also eliminated any reliance on the receipt of financial aid from the State of Minnesota, apart from police and fire aid, which is approximately \$630,000.

Moving into the 2025 budgeting process we will continue our past practice of conservatism with our expenditures. Any increase in the number of staff will be the direct result of fulfilling the strategic planning initiatives approved by council. The continuation of the new fire staffing model will also be a driving factor. Any anticipated increases in General Fund expenditures are projected to be absorbed by the growth in our tax base and will not rely on our Fund Balance reserves.

The City participates in the 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 also completed a Strategic Plan which covers and addresses the priorities of the City over the next three to five years. The City completed its' first five-year budget document in 2014 and submitted the 105-page report to the GFOA for the Distinguished Budget Presentation Award. The City received the Distinguished Budget award for this first submission and has subsequently received the award for the 2015 through 2020 budget years as well.

MAJOR INITIATIVES

The coronavirus pandemic hit hard in 2020 and continued into 2021. Although new development slowed, alteration permits remained quite high - 1476 in 2020, 1563 in 2019. Due to the supply chain issues and inflation challenges, there were only 1104 residential alteration permits issued in 2021 and 1179 in 2022. The City again saw a steep decline in the number of residential alteration permits with only 946 being issued in 2023. The total value of permits was \$57.8 million in 2020, \$53.6 million in 2021, \$66.5 million in 2022, and decreased to \$35.8 million in 2023. Valuations of commercial permits increased \$4.5 million from 2022 to 2023; residential permit valuation totals decreased \$3.8 million between the two years. Residentially, there were 13 single family detached dwelling units added in 2023– down from 35 in 2022, 66 in 2021, 75 in 2020 and 129 in 2019. Many of these decreases are due to the inflation experienced throughout the past few years.

While available commercially zoned land is becoming less available, the City continues to see steady new commercial development and redevelopment. In 2023, construction began and was completed on MN Mash which is a 6,700 square foot private baseball and training center located off CR 16. The 11-acre development brought utilities and road access into a mixed use, medium and low-density area creating more opportunities for development in the near future. Also in 2023, construction was completed on a new 150-unit senior living facility near CR42 and CR27.

Platting activity in 2023 included an additional 29 lots for construction over the next few years. As Prior Lake Aggregate quarry operations moves towards an end use plan the City continues to see single family development homes being built on the previously mined land. When complete, the development will consist of over 500 single family homes – many of these built over the next 5-10 years. The City expects to see additional residential development west of Big Sky Estates along 154th Street as older large lot developments are redeveloped.

In 2023, the City began a zoning code and subdivision update. The update is expected to be fully complete in early 2024 with the goal of establishing an easy to administer and customer friendly code.

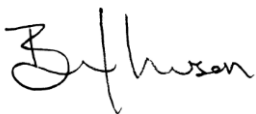
AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Savage for its' Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. This is the 26th consecutive year the City of Savage has earned this honor. To be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized Annual Comprehensive Financial Report. 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



Matthew P. Burt
Finance Director

City of Savage, Minnesota
City Directory
For the Year Ended December 31, 2023

CITY COUNCIL

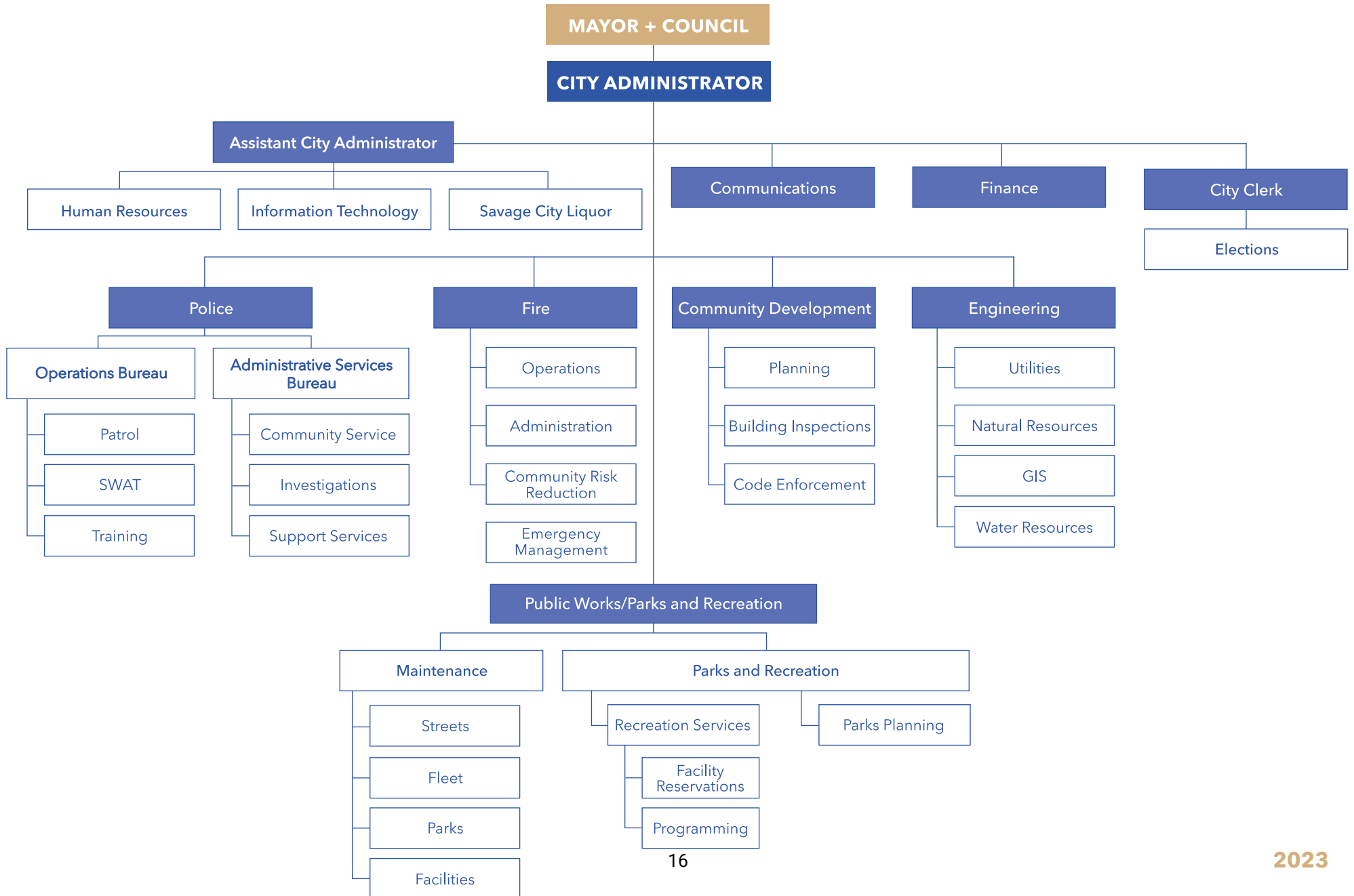
Name	Title	Term Expires
Janet Williams	Mayor	12/31/24
Christine Kelly	Council Member	12/31/24
Stacy Crakes	Council Member	12/31/26
Bob Coughlen	Council Member	12/31/26
Matt Johnson	Council Member	12/31/24

CITY OFFICIALS

Name	Title
Brad A. Larson	City Administrator
Seng Thongvanh	City Engineer
Rodney R. Seurer	Chief of Police
Karri Thorsten	Interim Finance Director
James Kuklock	Liquor Facility Manager
Jeremie Bresnahan	Fire Chief
David Hauer	Chief Building Official
Regina Dean	Community Development Director



ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Savage
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Savage, Minnesota

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Savage's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 25 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 110 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.



Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2024 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'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
Minneapolis, Minnesota
May 29, 2024



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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, 2023.

Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in charges for services and operating grants and contributions in the business-type activities continuing to outweigh expenses.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance decreased in comparison with the prior year. This decrease was mainly due to capital expenditures in the 2023 capital projects fund.
- Unassigned fund balance in the General fund as shown in the financial analysis of the City's funds section increased from prior year.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of scheduled debt service payments as shown on the outstanding debt table.

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

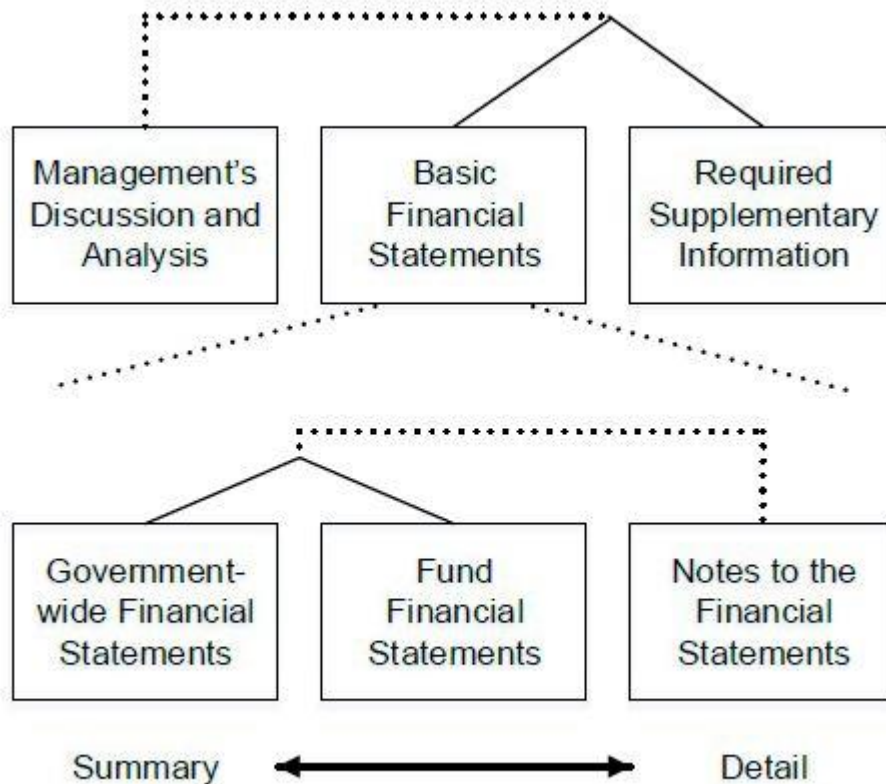


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

		Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
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
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
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, sports center, and municipal liquor.

The government-wide financial statements start on page 41 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, ARPA fund, 2023 Capital Projects fund and the Tax Increment Construction 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 certain Special Revenue funds; however, the City did not budget for the Strom Project fund as the only activity in this fund is interest revenue on contracts-for-deed the City has with the tenants. The City also did not budget for the ARPA and MN Opioid Settlement fund since funding was awarded after the budget was prepared. 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 46 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 and sewer, storm water, municipal liquor, street light utility, and sports center funds all of which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 54 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 64 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 67 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 110 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 financial statements and schedules start on page 124 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 at the close of the most recent fiscal year.

A large portion of the City's net position 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		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	\$ 42,136,429	\$ 43,593,949	\$ (1,457,520)	\$ 31,741,238	\$ 27,773,258	\$ 3,967,980
Capital assets	97,103,784	95,126,435	1,977,349	67,480,239	69,843,574	(2,363,335)
Total Assets	139,240,213	138,720,384	519,829	99,221,477	97,616,832	1,604,645
Deferred Outflows of Resources						
Deferred charge on refunding and lease revision	209,417	272,723	(63,306)	-	-	-
Deferred pension resources	12,071,665	13,136,103	(1,064,438)	385,131	622,432	(237,301)
Deferred other post employment benefit resources	253,944	239,058	14,886	46,088	57,531	(11,443)
Total Deferred Outflows of Resources	12,535,026	13,647,884	(1,112,858)	431,219	679,963	(248,744)
Liabilities						
Long-term liabilities outstanding	43,879,444	54,635,016	(10,755,572)	8,756,860	10,907,275	(2,150,415)
Other liabilities	4,638,504	6,389,134	(1,750,630)	1,302,816	933,256	369,560
Total Liabilities	48,517,948	61,024,150	(12,506,202)	10,059,676	11,840,531	(1,780,855)
Deferred Inflows of Resources						
Unavailable revenue - grants	23,465	489,681	(466,216)	-	-	-
Deferred pension resources	10,989,779	1,149,935	9,839,844	450,935	30,557	420,378
Deferred other post employment benefit resources	115,081	61,006	54,075	20,885	14,682	6,203
Deferred lease resources	1,126,368	704,713	421,655	4,309,527	4,622,880	(313,353)
Total Deferred Inflows of Resources	12,254,693	2,405,335	9,849,358	4,781,347	4,668,119	113,228
Net Position						
Net investment in capital assets	67,131,765	63,787,832	3,343,933	60,562,010	61,483,488	(921,478)
Restricted	16,062,732	14,833,165	1,229,567	-	-	-
Unrestricted	7,808,101	10,317,786	(2,509,685)	24,249,663	20,304,657	3,945,006
Total Net Position	\$ 91,002,598	\$ 88,938,783	\$ 2,063,815	\$ 84,811,673	\$ 81,788,145	\$ 3,023,528
Net Position as a Percent of Total						
Net investment in capital assets	73.7 %	71.7 %		71.4 %	75.2 %	
Restricted	17.7	16.7		-	-	
Unrestricted	8.6	11.6		28.6	24.8	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities decreased the City's net position. Key elements of this decrease are as follows:

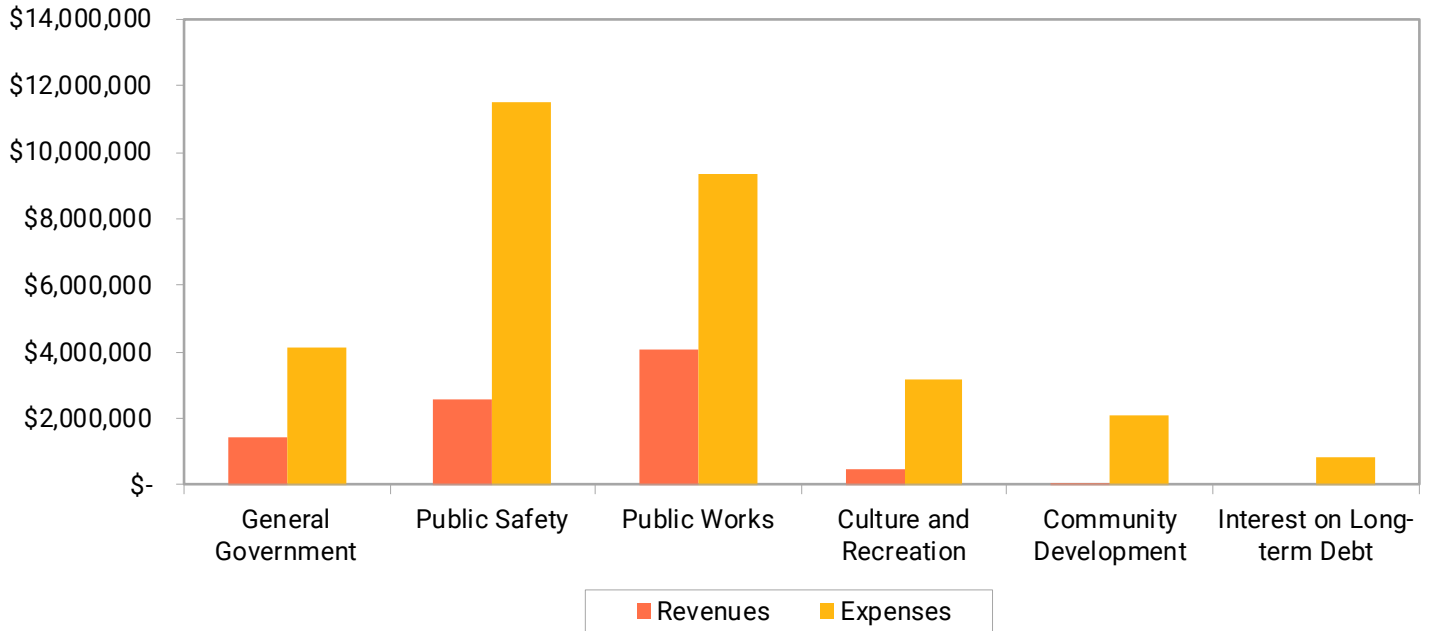
City of Savage's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,898,413	\$ 3,066,458	\$ (1,168,045)	\$ 20,612,915	\$ 20,258,423	\$ 354,492
Operating grants and contributions	3,975,247	1,265,799	2,709,448	105,770	289,679	(183,909)
Capital grants and contributions	2,682,182	3,026,171	(343,989)	19,324	88,280	(68,956)
Grants and contributions not restricted	1,647,573	102,935	1,544,638	-	-	-
General Revenues						
Property taxes/tax increments	21,953,338	20,694,235	1,259,103	50,000	55,000	(5,000)
Franchise taxes	136,622	157,464	(20,842)	-	-	-
Other	54,838	63,567	(8,729)	-	-	-
Other general revenues	-	2,580	(2,580)	-	-	-
Gain on sale of capital assets	59,402	119,088	(59,686)	-	-	-
Unrestricted investment earnings (loss)	1,372,480	(451,409)	1,823,889	991,825	(302,960)	1,294,785
Total Revenues	<u>33,780,095</u>	<u>28,046,888</u>	<u>5,733,207</u>	<u>21,779,834</u>	<u>20,388,422</u>	<u>1,391,412</u>
Expenses						
General government	4,136,083	4,384,358	(248,275)	-	-	-
Community development	2,070,175	1,726,281	343,894	-	-	-
Public safety	11,512,154	10,162,892	1,349,262	-	-	-
Public works	9,316,244	8,991,987	324,257	-	-	-
Culture and recreation	3,181,677	2,581,282	600,395	-	-	-
Interest on long-term debt	817,351	937,100	(119,749)	-	-	-
Water and sewer	-	-	-	10,422,502	10,499,178	(76,676)
Storm water	-	-	-	1,378,244	1,600,939	(222,695)
Liquor	-	-	-	6,519,800	6,479,719	40,081
Street light	-	-	-	442,906	438,758	4,148
Sports dome	-	-	-	675,450	599,268	76,182
Total Expenses	<u>31,033,684</u>	<u>28,783,900</u>	<u>2,249,784</u>	<u>19,438,902</u>	<u>19,617,862</u>	<u>(178,960)</u>
Increase (Decrease) in Net Position						
Before Transfers	2,746,411	(737,012)	3,483,423	2,340,932	770,560	1,570,372
Transfers	(682,596)	709,430	(1,392,026)	682,596	(709,430)	1,392,026
Change in Net Position	2,063,815	(27,582)	2,091,397	3,023,528	61,130	2,962,398
Net Position, January 1	<u>88,938,783</u>	<u>88,966,365</u>	<u>(27,582)</u>	<u>81,788,145</u>	<u>81,727,015</u>	<u>61,130</u>
Net Position, December 31	<u>\$ 91,002,598</u>	<u>\$ 88,938,783</u>	<u>\$ 2,063,815</u>	<u>\$ 84,811,673</u>	<u>\$ 81,788,145</u>	<u>\$ 3,023,528</u>

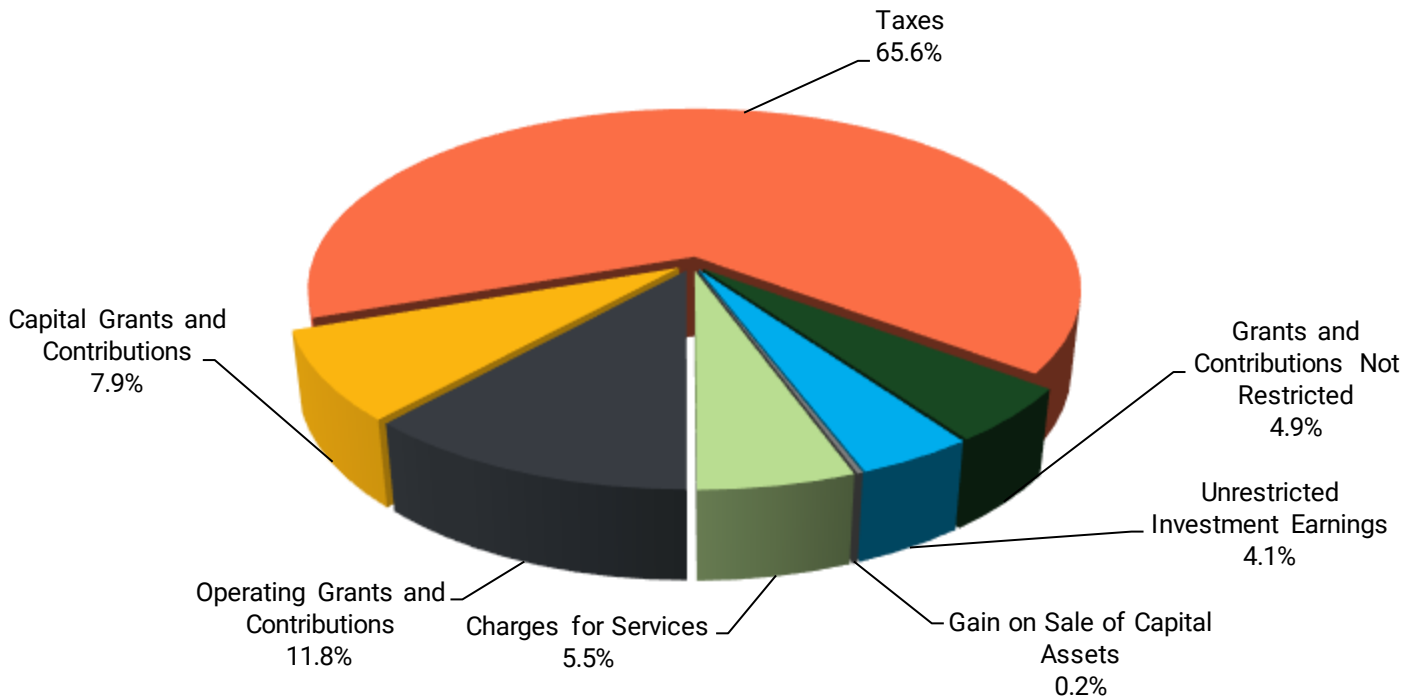
- Operating grants and contributions increased due to public safety aid received in 2023.
- Charges for services decreased due to reduced development activity within the city.
- Public safety expenses increased due to an increase in police and fire costs as well as recognition of pension expense due to GASB 68.

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

Expenses and Program Revenues - Governmental Activities



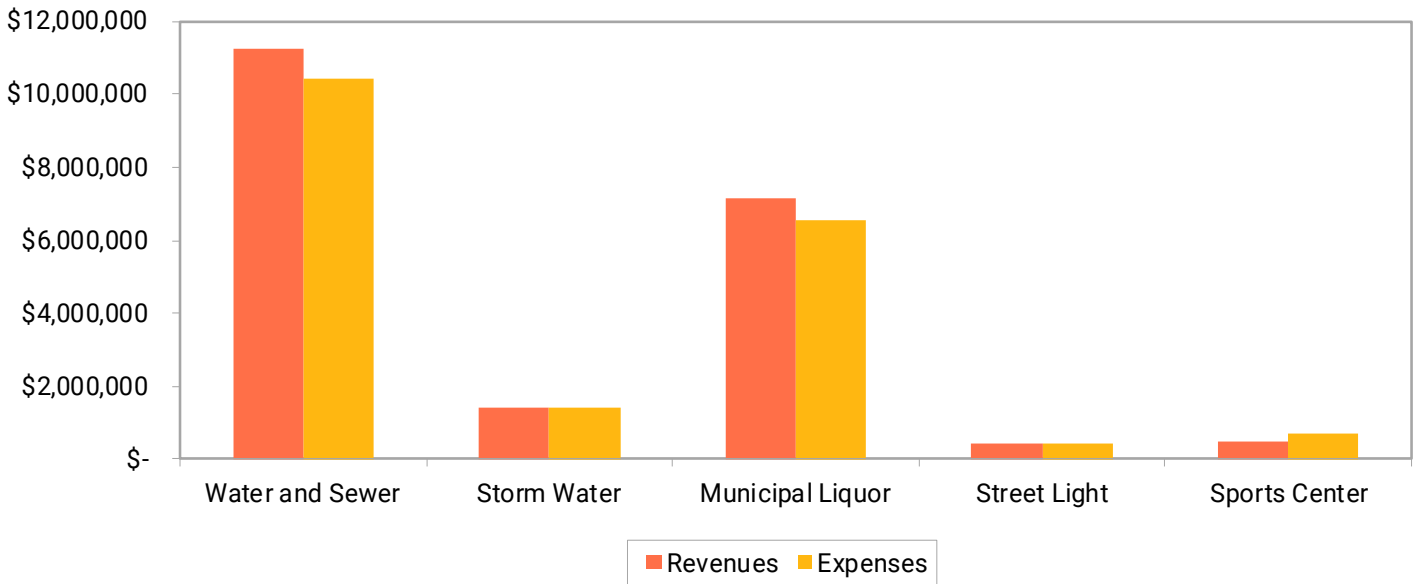
Revenues by Source - Governmental Activities



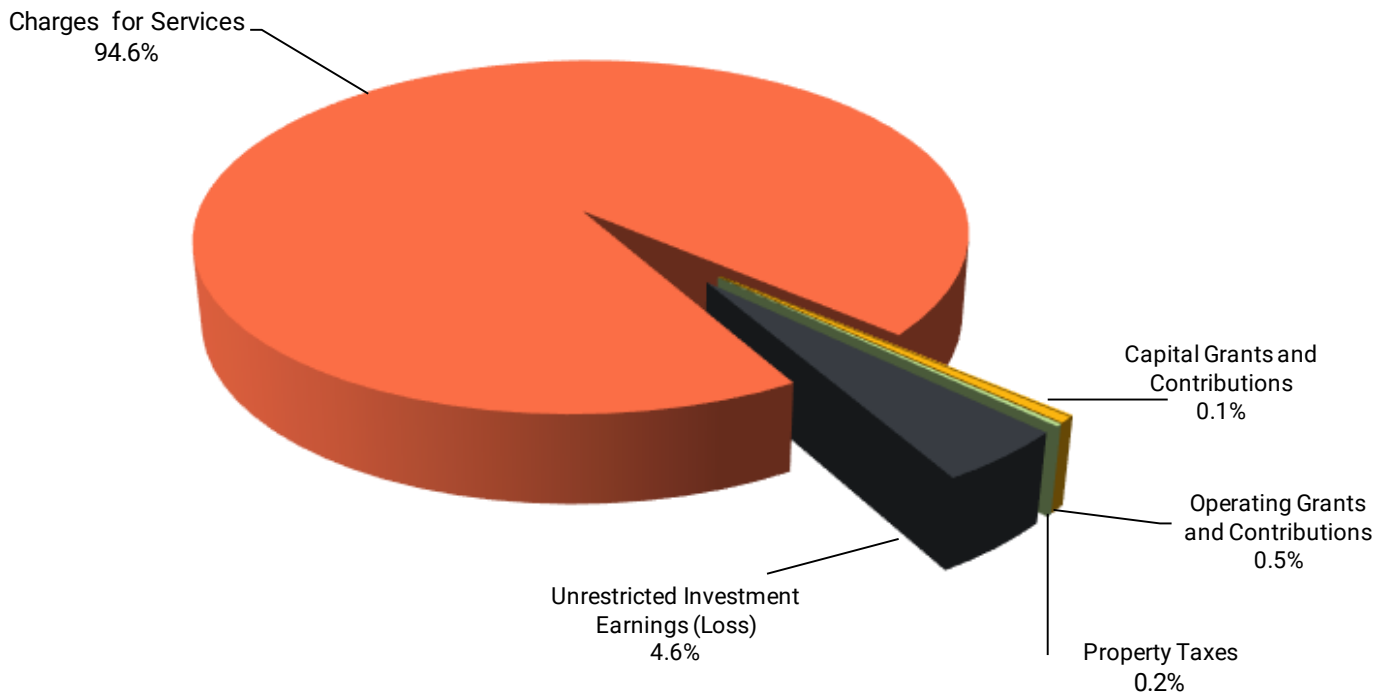
Business-type Activities. Business-type activities increased the City's net position, complementing the decrease in governmental activities. Key elements of this decrease are as follows:

- Net operating income in three of five business-type funds were favorable, with total net operating income of \$793,431.

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. The table below outlines the governmental fund balances for the year ending December 31, 2023.

	General Fund	Debt Service Fund	2023 Capital Projects	Tax Increment Construction	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances								
Nonspendable	\$ 128,195	\$ -	\$ -	\$ -	\$ 2,014,134	\$ 2,142,329	\$ 1,196,410	\$ 945,919
Restricted	1,446,950	9,527,690	-	-	348,973	11,323,613	11,199,990	123,623
Committed	-	-	-	-	1,977,792	1,977,792	2,132,578	(154,786)
Assigned	189,644	-	-	-	6,520,839	6,710,483	8,015,037	(1,304,554)
Unassigned	9,646,060	-	(545,347)	(615,219)	(30,316)	8,455,178	8,507,141	(51,963)
Total	<u>\$ 11,410,849</u>	<u>\$ 9,527,690</u>	<u>\$ (545,347)</u>	<u>\$ (615,219)</u>	<u>\$ 10,831,422</u>	<u>\$ 30,609,395</u>	<u>\$ 31,051,156</u>	<u>\$ (441,761)</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 76 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 128,195	\$ 76,800	\$ 51,395
Restricted	1,446,950	24,033	1,422,917
Assigned	189,644	189,644	-
Unassigned	9,646,060	9,346,228	299,832
Total	<u>\$ 11,410,849</u>	<u>\$ 9,636,705</u>	<u>\$ 1,774,144</u>
General Fund expenditures	\$ 20,154,007	\$ 18,146,121	
Unassigned as a percent of expenditures	47.9%	51.5%	
Total Fund Balance as a percent of expenditures	56.6%	53.1%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to favorable budget variances for both revenue and expenditures.

Other major governmental fund analysis is shown below:

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2023	2022	
General	\$ 11,410,849	\$ 9,636,705	\$ 1,774,144
The General Fund fund balance increased due to positive budget variances in both revenues and expenditures.			
Debt Service	\$ 9,527,690	\$ 9,071,639	\$ 456,051
The increase in fund balance of the Debt Service funds is due to tax and special assessments revenues in excess of scheduled debt service payments			
ARPA	\$ -	\$ -	\$ -
The fund balance in the ARPA fund is zero because all ARPA funding received is unearned revenue until spent. As of 12/31/2023 the City has spent \$2,276,918 in ARPA funding			
2023 Capital Projects	\$ (545,347)	\$ 78,378	\$ (623,725)
The fund balance decreased due public works capital outlay expenditures.			
Tax Increment Construction	\$ (615,219)	\$ (839,087)	\$ 223,868
The fund balance increased due to increase in tax increment revenue.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Water And Sewer	\$ 59,458,645	\$ 58,047,643	\$ 1,411,002
<i>The increase primarily is attributed to an increase in operating revenue due to increased water usage</i>			
Storm Water Utility	\$ 18,975,964	\$ 18,622,181	\$ 353,783
<i>The increase primarily relates to an increase in charges for services</i>			
Municipal Liquor	\$ 3,511,534	\$ 2,800,906	\$ 710,628
<i>The increase primarily is attributed to an increase in sales and decrease in expenditures</i>			
Street Light Utility	\$ 826,347	\$ 1,020,533	\$ (194,186)
<i>The decrease primarily relates to an operating loss and transfers out to other funds</i>			
Sports Center	\$ 2,039,183	\$ 1,296,882	\$ 742,301
<i>The increase relates mainly to transfers from other funds</i>			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 20,037,725	\$ 50,712	\$ 20,088,437	\$ 21,678,151	\$ 1,589,714
Expenditures	<u>20,257,725</u>	<u>192,887</u>	<u>20,450,612</u>	<u>20,154,007</u>	<u>296,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(220,000)</u>	<u>(142,175)</u>	<u>(362,175)</u>	1,524,144	1,886,319
Other Financing Sources Transfers in	<u>250,000</u>	<u>-</u>	<u>250,000</u>	250,000	-
Net Change in Fund Balances	30,000	(142,175)	(112,175)	1,774,144	1,886,319
Fund Balances, January 1	<u>9,636,705</u>	<u>-</u>	<u>9,636,705</u>	<u>9,636,705</u>	
Fund Balances, December 31	<u>\$ 9,666,705</u>	<u>\$ (142,175)</u>	<u>\$ 9,524,530</u>	<u>\$ 11,410,849</u>	<u>\$ 1,886,319</u>

The City's General fund budget was amended during the year as shown above. The budget amendment increased several revenue sources and increased expenses mainly relating to public safety. Actual revenues were over the final budget and expenditures were under the final budget amounts as shown above.

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, 2023, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, right of ways and easements, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to depreciation expense in excess of asset additions.

Major capital asset events during the current fiscal year included:

- The Eagle Creek Parkway Improvements, 2023 Street Project, and Community Park Trail and Ballfield Improvements are in progress at year-end.
- Completion of the Skatepark Equipment Project
- Completion of the CSAH 42 Mill and Overlay

Additional information on the City's capital assets can be found in Note 3D starting on page 82 of this report.

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

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	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	10,589,953	3,955,849	6,634,104	3,405,317	1,413,857	1,991,460
Land Improvements	4,697,307	4,896,397	(199,090)	324,132	367,537	(43,405)
Lease building	-	-	-	442,282	585,722	(143,440)
Buildings and Structures	19,863,687	20,520,345	(656,658)	19,393,714	20,133,601	(739,887)
Furniture and Equipment	7,805,807	7,734,849	70,958	7,195,084	7,337,589	(142,505)
Improvements other than Buildings	47,934,103	51,806,068	(3,871,965)	35,058,438	38,343,996	(3,285,558)
Total	\$ 97,103,784	\$ 95,126,435	\$ 1,977,349	\$ 67,480,239	\$ 69,843,574	\$ (2,363,335)

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting of special assessment debt, revenue related debt and general obligation debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Savage's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 3,235,000	\$ 4,060,000	\$ (825,000)	\$ -	\$ -	\$ -
Unamortized Discount and Premium	1,636,220	1,646,282	(10,062)	203,360	249,364	(46,004)
General Obligation Special Assessment Improvement Bonds	24,545,000	24,880,000	(335,000)	-	-	-
General Obligation Revenue Bonds Revenue Bonds	-	-	-	6,270,000	7,525,000	(1,255,000)
Total	\$ 29,416,220	\$ 30,586,282	\$ (1,170,062)	\$ 6,473,360	\$ 7,774,364	\$ (1,301,004)

The City's total bonded long-term debt decreased during the current fiscal year. The City issued one G.O. Improvement bond. Offsetting this increase were regularly scheduled debt service principal payments.

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, 2023, the City is under the legal debt margin.

Additional information on the City's long-term debt can be found in Note 3F starting on page 85 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 were considered when preparing the budget for fiscal year ending December 31, 2024.

- Growth in the City's tax base is expected to continue into 2023 in both residential and commercial sectors. The City's tax base grew 19.7% between 2022 and 2023. Preliminary valuation information from Scott County shows Savage's net tax capacity growth for taxes payable in 2024 at 2.6% from 2023 actual valuations.
- Water and sewer rates increased 1.5% in 2020, 1.5% in 2021 and 1.5% in 2022. Rates were held flat for FY2023.
- Storm water rates have not increased since the 5% increase in 2009. Due to the stability of the fund, rates were decreased in FY2023 by 10% for single-family dwellings and decreased 2% for townhomes/duplex units.
- Until 2023, Street light rates had not increased since the 5% increase in 2009. Rates were increased by 3% (from \$2.99/month to \$3.10/month) for 2023 to help stabilize the fund. This equates to an increase of \$1.32/year for each utility account.
- The General Fund 2023 budget shows no reliance on fund balance to balance the budget - this is the eighth year in a row.
- In 2023 the City budgeted for a 3% cost of living increase for its staff, an 8% increase in health insurance costs, and 30% increase in dental insurance costs. Together these increases resulted in a \$619,000 increase to the budget in 2023.
- The City added five additional Fire Department positions and four additional Police Officers in 2023. The start date of these positions were pushed towards the end of 2023, and the full impact of the additional salaries will be in the 2024 budget.
- In 2023, the City budgeted for \$90K more in contracted maintenance services which will reduce long-term costs and provides more flexibility in services provided.
- The total 2023 levy increased by 6.48% over the 2022 budget.
- The City received \$3.5 million and American Rescue Plan Act funds to respond to COVID. The City adopted a spending plan in 2022 to identify how these funds would be used. In 2024, all projects should be completed, and all funds should be spent

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Savage, Minnesota
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 32,119,257	\$ 23,598,772	\$ 55,718,029
Restricted cash	24,040	-	24,040
Receivables			
Accounts	116,321	1,890,238	2,006,559
Accrued interest	166,547	-	166,547
Taxes	174,078	-	174,078
Leases	1,136,203	4,518,508	5,654,711
Special assessments	5,202,057	287,346	5,489,403
Notes	623,072	244,877	867,949
Due from other governments	286,425	-	286,425
Internal balances	(81,940)	81,940	-
Inventories	9,674	982,333	992,007
Prepaid items	2,103,107	5,194	2,108,301
Assets held for resale	257,588	132,030	389,618
Capital assets			
Land and construction in progress	16,802,880	5,066,589	21,869,469
Lease building - net of amortization	-	442,280	442,280
Depreciable assets (net of accumulated depreciation)	80,300,904	61,971,370	142,272,274
Total Assets	<u>139,240,213</u>	<u>99,221,477</u>	<u>238,461,690</u>
Deferred Outflows of Resources			
Deferred charge on refunding and lease revision	209,417	-	209,417
Deferred pension resources	12,071,665	385,131	12,456,796
Deferred other postemployment benefit resources	253,944	46,088	300,032
Total Deferred Outflows of Resources	<u>12,535,026</u>	<u>431,219</u>	<u>12,966,245</u>
Liabilities			
Accounts and contracts payable	1,141,338	813,470	1,954,808
Accrued salaries and withholdings payable	203,011	26,408	229,419
Accrued interest payable	364,106	67,071	431,177
Due to other governments	370,898	209,411	580,309
Deposits payable	1,269,724	134,898	1,404,622
Unearned revenue	1,289,427	51,558	1,340,985
Noncurrent liabilities			
Due within one year			
Long-term liabilities	5,833,220	1,240,468	7,073,688
Other postemployment benefits liability	67,620	11,934	79,554
Due in more than one year			
Long-term liabilities	26,256,995	5,979,908	32,236,903
Other postemployment benefits liability	682,589	124,221	806,810
Net pension liability	11,039,020	1,400,329	12,439,349
Total Liabilities	<u>48,517,948</u>	<u>10,059,676</u>	<u>58,577,624</u>
Deferred Inflows of Resources			
Deferred revenue - grants	23,465	-	23,465
Deferred pension resources	10,989,779	450,935	11,440,714
Deferred other postemployment benefit resources	115,081	20,885	135,966
Deferred lease resources	1,126,368	4,309,527	5,435,895
Total Deferred Inflows of Resources	<u>12,254,693</u>	<u>4,781,347</u>	<u>17,036,040</u>
Net Position			
Net investment in capital assets	67,131,765	60,562,010	127,693,775
Restricted for			
Park improvements	255,119	-	255,119
Public safety	1,446,950	-	1,446,950
Public health - opioid settlement	93,854	-	93,854
Debt service	14,266,809	-	14,266,809
Unrestricted	7,808,101	24,249,663	32,057,764
Total Net Position	<u>\$ 91,002,598</u>	<u>\$ 84,811,673</u>	<u>\$ 175,814,271</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 4,136,083	\$ 1,338,956	\$ 68,650	\$ 2,200
Community development	2,070,175	21,286	-	-
Public safety	11,512,154	204,225	2,378,197	-
Public works	9,316,244	5,019	1,526,825	2,529,982
Culture and recreation	3,181,677	328,927	1,575	150,000
Interest on long-term debt	817,351	-	-	-
Total Governmental Activities	<u>31,033,684</u>	<u>1,898,413</u>	<u>3,975,247</u>	<u>2,682,182</u>
Business-type Activities				
Water and sewer	10,422,502	11,148,639	87,498	19,324
Storm water	1,378,244	1,413,172	17,429	-
Municipal liquor	6,519,800	7,173,219	550	-
Street light	442,906	410,427	-	-
Sports center	675,450	467,458	293	-
Total Business-type Activities	<u>19,438,902</u>	<u>20,612,915</u>	<u>105,770</u>	<u>19,324</u>
Total Governmental and Business-type Activities	<u>\$ 50,472,586</u>	<u>\$ 22,511,328</u>	<u>\$ 4,081,017</u>	<u>\$ 2,701,506</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

Gain on sale of capital assets

Transfers - Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net Position - January 1

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>
\$ (2,726,277)	\$ -	\$ (2,726,277)
(2,048,889)	-	(2,048,889)
(8,929,732)	-	(8,929,732)
(5,254,418)	-	(5,254,418)
(2,701,175)	-	(2,701,175)
(817,351)	-	(817,351)
<u>(22,477,842)</u>	<u>-</u>	<u>(22,477,842)</u>
-	832,959	832,959
-	52,357	52,357
-	653,969	653,969
-	(32,479)	(32,479)
-	(207,699)	(207,699)
<u>-</u>	<u>1,299,107</u>	<u>1,299,107</u>
<u>(22,477,842)</u>	<u>1,299,107</u>	<u>(21,178,735)</u>
17,120,481	-	17,120,481
4,025,874	50,000	4,075,874
806,983	-	806,983
136,622	-	136,622
54,838	-	54,838
1,647,573	-	1,647,573
1,372,480	991,825	2,364,305
59,402	-	59,402
(682,596)	682,596	-
<u>24,541,657</u>	<u>1,724,421</u>	<u>26,266,078</u>
2,063,815	3,023,528	5,087,343
<u>88,938,783</u>	<u>81,788,145</u>	<u>170,726,928</u>
<u>\$ 91,002,598</u>	<u>\$ 84,811,673</u>	<u>\$ 175,814,271</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Savage, Minnesota
Balance Sheet
Governmental Funds
December 31, 2023

	General	Debt Service	ARPA	2023 Capital Projects
Assets				
Cash and investments	\$ 12,477,464	\$ 9,527,067	\$ 1,456,844	\$ -
Restricted cash	24,040	-	-	-
Receivables				
Accrued interest	166,547	-	-	-
Accounts receivable	48,537	-	-	-
Taxes	173,757	-	-	-
Leases	-	-	-	-
Special assessments	17,152	5,103,848	-	-
Notes	-	-	-	-
Due from other governments	262,960	-	-	-
Due from other funds	503,652	-	-	-
Inventories	9,674	-	-	-
Prepaid items	118,521	-	-	-
Assets held for resale	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 13,802,304</u>	<u>\$ 14,630,915</u>	<u>\$ 1,456,844</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 421,784	\$ -	\$ 124,461	\$ 17,890
Accrued salaries and withholdings payable	198,887	-	-	-
Contracts payable	-	-	52,850	54,121
Due to other governments	370,898	-	-	-
Due to other funds	-	-	-	473,336
Deposits payable	1,256,563	-	-	-
Unearned revenue	9,894	-	1,279,533	-
Total Liabilities	<u>2,258,026</u>	<u>-</u>	<u>1,456,844</u>	<u>545,347</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - property taxes	116,277	-	-	-
Unavailable revenue - interest	-	-	-	-
Unavailable revenue - special assessments	17,152	5,103,225	-	-
Deferred lease resources	-	-	-	-
Total Deferred Inflows of Resources	<u>133,429</u>	<u>5,103,225</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	128,195	-	-	-
Restricted	1,446,950	9,527,690	-	-
Committed	-	-	-	-
Assigned	189,644	-	-	-
Unassigned	9,646,060	-	-	(545,347)
Total Fund Balances	<u>11,410,849</u>	<u>9,527,690</u>	<u>-</u>	<u>(545,347)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,802,304</u>	<u>\$ 14,630,915</u>	<u>\$ 1,456,844</u>	<u>\$ -</u>

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

Tax Increment Construction	Other Governmental Funds	Total
\$ 883,839	\$ 7,025,233	\$ 31,370,447
-	-	24,040
-	-	166,547
-	67,784	116,321
321	-	174,078
-	1,136,203	1,136,203
-	81,057	5,202,057
-	623,072	623,072
-	23,465	286,425
-	1,106,000	1,609,652
-	-	9,674
-	1,984,586	2,103,107
-	257,588	257,588
<u>\$ 884,160</u>	<u>\$ 12,304,988</u>	<u>\$ 43,079,211</u>
\$ 311,439	\$ 76,551	\$ 952,125
-	4,124	203,011
-	76,300	183,271
-	-	370,898
1,187,940	30,316	1,691,592
-	13,161	1,269,724
-	-	1,289,427
<u>1,499,379</u>	<u>200,452</u>	<u>5,960,048</u>
-	23,465	23,465
-	-	116,277
-	46,297	46,297
-	76,984	5,197,361
-	1,126,368	1,126,368
<u>-</u>	<u>1,273,114</u>	<u>6,509,768</u>
-	2,014,134	2,142,329
-	348,973	11,323,613
-	1,977,792	1,977,792
-	6,520,839	6,710,483
<u>(615,219)</u>	<u>(30,316)</u>	<u>8,455,178</u>
<u>(615,219)</u>	<u>10,831,422</u>	<u>30,609,395</u>
<u>\$ 884,160</u>	<u>\$ 12,304,988</u>	<u>\$ 43,079,211</u>

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

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City of Savage, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2023

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

Total Fund Balances - Governmental	\$ 30,609,395
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of capital assets	236,795,191
Less accumulated depreciation	(139,691,407)
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	(27,780,000)
Unamortized bond premium and discount	(1,636,220)
Financed purchases	(800,000)
Deferred charge on lease revision	47,580
Deferred charge on refunding	161,837
Compensated absences payable	(1,873,995)
Net pension liability	(11,039,020)
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	116,277
Special assessments	5,197,361
Interest on loans	46,297
Governmental fund do not report a liability for accrued interest until due and payable.	(364,106)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	12,071,665
Deferred inflows of pension resources	(10,989,779)
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.	
	131,522
Total Net Position - Governmental Activities	\$ 91,002,598

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, 2023

	General	Debt Service	ARPA	2023 Capital Projects
Revenues				
Taxes	\$ 17,137,754	\$ 4,025,874	\$ -	\$ -
Licenses and permits	613,072	-	-	-
Intergovernmental	2,338,424	-	1,618,362	999,014
Charges for services	646,686	-	-	-
Fines and forfeits	166,902	-	-	-
Special assessments	54	1,452,948	-	-
Investment earnings	556,904	316,827	-	1,506
Miscellaneous	218,355	-	-	-
Total Revenues	<u>21,678,151</u>	<u>5,795,649</u>	<u>1,618,362</u>	<u>1,000,520</u>
Expenditures				
Current				
General government	3,345,257	-	3,124	-
Community development	1,364,787	-	13,364	-
Public safety	10,153,213	-	18,984	-
Public works	2,958,228	-	-	-
Culture and recreation	2,328,546	-	27,865	-
Capital outlay				
General government	-	-	-	-
Community development	-	-	-	-
Public safety	3,976	-	302,610	-
Public works	-	-	825,594	5,649,026
Culture and recreation	-	-	426,821	-
Debt service				
Principal	-	4,460,000	-	-
Interest and other charges	-	874,598	-	46,401
Total Expenditures	<u>20,154,007</u>	<u>5,334,598</u>	<u>1,618,362</u>	<u>5,695,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,524,144</u>	<u>461,051</u>	<u>-</u>	<u>(4,694,907)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	250,000	145,000	-	2,034,136
Issuance of bonds	-	-	-	1,880,000
Premiums on bonds issued	-	-	-	157,046
Transfers out	-	(150,000)	-	-
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>(5,000)</u>	<u>-</u>	<u>4,071,182</u>
Net Changes in Fund Balances	1,774,144	456,051	-	(623,725)
Fund Balances, January 1	<u>9,636,705</u>	<u>9,071,639</u>	<u>-</u>	<u>78,378</u>
Fund Balances, December 31	<u>\$ 11,410,849</u>	<u>\$ 9,527,690</u>	<u>\$ -</u>	<u>\$ (545,347)</u>

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

Tax Increment Construction	Other Governmental Funds	Total
\$ 806,983	\$ 169,747	\$ 22,140,358
-	-	613,072
-	659,981	5,615,781
-	-	646,686
-	-	166,902
-	9,608	1,462,610
25,614	430,939	1,331,790
-	388,893	607,248
<u>832,597</u>	<u>1,659,168</u>	<u>32,584,447</u>
-	379,757	3,728,138
-	8,427	1,386,578
-	17,068	10,189,265
-	-	2,958,228
-	9,358	2,365,769
-	97,417	97,417
607,229	-	607,229
-	505,408	811,994
-	1,144,600	7,619,220
-	2,150,629	2,577,450
-	-	4,460,000
1,500	125,623	1,048,122
<u>608,729</u>	<u>4,438,287</u>	<u>37,849,410</u>
<u>223,868</u>	<u>(2,779,119)</u>	<u>(5,264,963)</u>
-	59,402	59,402
-	40,000	2,469,136
-	1,300,000	3,180,000
-	92,618	249,664
-	(985,000)	(1,135,000)
-	507,020	4,823,202
223,868	(2,272,099)	(441,761)
<u>(839,087)</u>	<u>13,103,521</u>	<u>31,051,156</u>
<u>\$ (615,219)</u>	<u>\$ 10,831,422</u>	<u>\$ 30,609,395</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, 2023

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (441,761)
<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	(6,991,897)
Capital outlay	10,985,976
<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>	
	(2,016,732)
<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	40,690
Consolidation of internal service fund activities with governmental activities	(398,802)
<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	4,440
Special assessments	1,066,127
Interest on loans	7,000
<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	(3,180,000)
Debt issuance discounts amortization	259,726
Principal repayments	4,340,000
Financed purchase agreements repayments	120,000
Amortization of deferred charges on refunding	(63,306)
Premium on bonds issued	(249,664)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(1,430,012)
Pension revenue from state contributions	17,989
<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>	
	34,351
<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	(40,310)
Change in Net Position - Governmental Activities	\$ 2,063,815

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 -
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 17,276,262	\$ 17,276,262	\$ 17,137,754	\$ (138,508)
Licenses and permits	767,600	767,600	613,072	(154,528)
Intergovernmental	821,263	834,676	2,338,424	1,503,748
Charges for services	820,600	790,600	646,686	(143,914)
Fines and forfeits	131,000	131,000	166,902	35,902
Special assessments	-	-	54	54
Investment earnings	100,000	100,000	556,904	456,904
Miscellaneous	121,000	188,299	218,355	30,056
Total Revenues	<u>20,037,725</u>	<u>20,088,437</u>	<u>21,678,151</u>	<u>1,589,714</u>
Expenditures				
Current				
General government	3,080,064	3,190,016	3,345,257	(155,241)
Community development	1,463,831	1,463,831	1,364,787	99,044
Public safety	10,359,412	10,402,037	10,153,213	248,824
Public works	3,077,123	3,089,759	2,958,228	131,531
Culture and recreation	2,277,295	2,286,743	2,328,546	(41,803)
Capital outlay				
Public safety	-	18,226	3,976	14,250
Total Expenditures	<u>20,257,725</u>	<u>20,450,612</u>	<u>20,154,007</u>	<u>296,605</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(220,000)	(362,175)	1,524,144	1,886,319
Other Financing Sources (Uses)				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balances	30,000	(112,175)	1,774,144	1,886,319
Fund Balances, January 1	<u>9,636,705</u>	<u>9,636,705</u>	<u>9,636,705</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 9,666,705</u>	<u>\$ 9,524,530</u>	<u>\$ 11,410,849</u>	<u>\$ 1,886,319</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, 2023

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Assets			
Current Assets			
Cash and investments	\$ 14,546,224	\$ 6,566,624	\$ 1,886,444
Receivables			
Accounts	1,543,175	235,550	-
Notes	-	-	244,877
Leases	4,459,208	-	59,300
Special assessments - delinquent	17,949	-	-
Due from other funds	81,940	-	-
Inventories	-	-	982,333
Prepaid items	5,136	-	58
Assets held for resale	-	132,030	-
Total Current Assets	<u>20,653,632</u>	<u>6,934,204</u>	<u>3,173,012</u>
Noncurrent Assets			
Special assessments receivable	<u>269,397</u>	-	-
Capital assets			
Land	1,371,272	-	290,000
Land Improvements	703,205	-	253,418
Lease building	-	-	729,164
Buildings and structures	27,507,176	-	1,642,379
Machinery and equipment	11,156,843	473,076	255,544
Improvements other than buildings	99,930,088	28,937,880	-
Construction in progress	<u>1,807,221</u>	<u>1,597,352</u>	-
Total Capital Assets	142,475,805	31,008,308	3,170,505
Less Accumulated Depreciation and Amortization	<u>(93,360,600)</u>	<u>(18,731,250)</u>	<u>(1,305,935)</u>
Net Capital Assets	<u>49,115,205</u>	<u>12,277,058</u>	<u>1,864,570</u>
Total Noncurrent Assets	<u>49,384,602</u>	<u>12,277,058</u>	<u>1,864,570</u>
Total Assets	<u>70,038,234</u>	<u>19,211,262</u>	<u>5,037,582</u>
Deferred Outflows of Resources			
Deferred pension resources	235,190	33,568	107,267
Deferred other postemployment benefit resources	<u>26,132</u>	<u>3,809</u>	<u>13,445</u>
	<u>261,322</u>	<u>37,377</u>	<u>120,712</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
\$ 72,680	\$ 526,800	\$ 23,598,772	\$ 748,810
74,908	36,605	1,890,238	-
-	-	244,877	-
-	-	4,518,508	-
-	-	17,949	-
-	-	81,940	-
-	-	982,333	-
-	-	5,194	-
-	-	132,030	-
<u>147,588</u>	<u>563,405</u>	<u>31,471,841</u>	<u>748,810</u>
-	-	269,397	-
-	-	1,661,272	-
-	500,000	1,456,623	-
-	-	729,164	-
1,273,331	4,256,087	34,678,973	-
-	94,520	11,979,983	-
-	-	128,867,968	-
744	-	3,405,317	-
<u>1,274,075</u>	<u>4,850,607</u>	<u>182,779,300</u>	-
<u>(565,934)</u>	<u>(1,335,342)</u>	<u>(115,299,061)</u>	-
<u>708,141</u>	<u>3,515,265</u>	<u>67,480,239</u>	-
708,141	3,515,265	67,749,636	-
<u>855,729</u>	<u>4,078,670</u>	<u>99,221,477</u>	<u>748,810</u>
-	9,106	385,131	-
-	2,702	46,088	253,944
-	<u>11,808</u>	<u>431,219</u>	<u>253,944</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, 2023

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Liabilities			
Current Liabilities			
Accounts payable	\$ 233,628	\$ 17,148	\$ 454,801
Accrued salaries and withholdings payable	16,249	1,817	7,180
Contracts payable	-	5,423	314
Due to other governments	119,792	-	88,157
Accrued interest payable	48,541	-	-
Deposits payable	84,154	50,744	-
Unearned revenue	-	-	5,454
Bonds payable - current	450,000	-	-
Lease payable - current	-	-	143,321
Compensated absences payable - current	239,886	23,206	25,473
Other postemployment benefits payable	7,160	796	3,182
Total Current Liabilities	<u>1,199,410</u>	<u>99,134</u>	<u>727,882</u>
Noncurrent Liabilities			
Bonds payable	4,178,654	-	-
Lease payable	-	-	301,548
Net pension liability	855,146	122,054	390,021
Other postemployment benefits payable	70,041	10,457	36,537
Total Noncurrent Liabilities	<u>5,103,841</u>	<u>132,511</u>	<u>728,106</u>
Total Liabilities	<u>6,303,251</u>	<u>231,645</u>	<u>1,455,988</u>
Deferred Inflows of Resources			
Deferred pension resources	275,375	39,304	125,595
Deferred other postemployment benefit resources	11,842	1,726	6,093
Deferred lease resources	4,250,443	-	59,084
Total Deferred Outflows of Pension Resources	<u>4,537,660</u>	<u>41,030</u>	<u>190,772</u>
Net Position			
Net investment in capital assets	44,486,551	12,277,058	1,419,701
Unrestricted	14,972,094	6,698,906	2,091,833
Total Net Position	<u>\$ 59,458,645</u>	<u>\$ 18,975,964</u>	<u>\$ 3,511,534</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
\$ 29,382	\$ 72,774	\$ 807,733	\$ 5,942
-	1,162	26,408	-
-	-	5,737	-
-	1,462	209,411	-
-	18,530	67,071	-
-	-	134,898	-
-	46,104	51,558	-
-	345,000	795,000	-
-	-	143,321	-
-	13,582	302,147	-
-	796	11,934	67,620
<u>29,382</u>	<u>499,410</u>	<u>2,555,218</u>	<u>73,562</u>
-	1,499,706	5,678,360	-
-	-	301,548	-
-	33,108	1,400,329	-
-	7,186	124,221	682,589
<u>-</u>	<u>1,540,000</u>	<u>7,504,458</u>	<u>682,589</u>
<u>29,382</u>	<u>2,039,410</u>	<u>10,059,676</u>	<u>756,151</u>
-	10,661	450,935	-
-	1,224	20,885	115,081
-	-	4,309,527	-
<u>-</u>	<u>11,885</u>	<u>4,781,347</u>	<u>115,081</u>
708,141	1,670,559	60,562,010	-
<u>118,206</u>	<u>368,624</u>	<u>24,249,663</u>	<u>131,522</u>
<u>\$ 826,347</u>	<u>\$ 2,039,183</u>	<u>\$ 84,811,673</u>	<u>\$ 131,522</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, 2023

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Operating Revenues			
Sales	\$ -	\$ -	\$ 7,079,554
Cost of sales	-	-	(5,096,900)
Gross Profit	-	-	1,982,654
Charges for services	10,527,614	1,339,281	-
Special assessments	179,530	38,391	-
Other revenue	5,025	35,515	28,866
Total Operating Revenues	<u>10,712,169</u>	<u>1,413,187</u>	<u>2,011,520</u>
Operating Expenses			
Personnel services	1,439,716	232,612	771,984
Professional services	1,533,011	106,267	308,475
Shop supplies	508,573	-	-
Sewer charges - MCES	2,321,465	-	-
Utilities	432,918	-	75,260
Depreciation and amortization	3,534,727	920,586	208,943
Repairs and maintenance	340,380	76,528	19,737
Rent	206	-	3,342
Postage	49,175	7,579	-
Telephone	14,211	-	-
Insurance	25,466	172	10,414
Office and other supplies	139,514	26,627	24,745
Miscellaneous	-	7,873	-
Total Operating Expenses	<u>10,339,362</u>	<u>1,378,244</u>	<u>1,422,900</u>
Operating Income (Loss)	<u>372,807</u>	<u>34,943</u>	<u>588,620</u>
Nonoperating Revenues (Expenses)			
Lease revenue	378,688	-	64,042
Lease interest revenue	62,807	-	390
Property taxes	-	-	-
Intergovernmental	79,473	17,414	-
Investment earnings	609,548	313,810	56,659
Interest and other charges	(83,140)	-	-
Miscellaneous revenue	3,000	-	917
Total Nonoperating Revenues (Expenses)	<u>1,050,376</u>	<u>331,224</u>	<u>122,008</u>
Income (Loss) Before Contributions and Transfers	1,423,183	366,167	710,628
Capital Contributions	1,151,955	872,616	-
Transfers In	-	-	-
Transfers Out	<u>(1,164,136)</u>	<u>(885,000)</u>	<u>-</u>
Change in Net Position	1,411,002	353,783	710,628
Net Position, January 1	<u>58,047,643</u>	<u>18,622,181</u>	<u>2,800,906</u>
Net Position, December 31	<u>\$ 59,458,645</u>	<u>\$ 18,975,964</u>	<u>\$ 3,511,534</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
\$ -	\$ -	\$ 7,079,554	\$ -
-	-	(5,096,900)	-
-	-	1,982,654	-
410,427	467,458	12,744,780	-
-	-	217,921	-
-	-	69,406	-
<u>410,427</u>	<u>467,458</u>	<u>15,014,761</u>	<u>-</u>
-	147,890	2,592,202	596,892
1,081	36,373	1,985,207	322,986
-	-	508,573	-
-	-	2,321,465	-
361,212	271,256	1,140,646	-
52,657	124,268	4,841,181	-
25,633	42,862	505,140	-
-	-	3,548	-
1,749	-	58,503	-
-	-	14,211	-
574	2,525	39,151	-
-	11,568	202,454	-
-	1,176	9,049	-
<u>442,906</u>	<u>637,918</u>	<u>14,221,330</u>	<u>919,878</u>
<u>(32,479)</u>	<u>(170,460)</u>	<u>793,431</u>	<u>(919,878)</u>
-	-	442,730	-
-	-	63,197	-
-	50,000	50,000	-
-	-	96,887	-
11,808	-	991,825	40,690
-	(37,532)	(120,672)	-
-	293	4,210	521,076
<u>11,808</u>	<u>12,761</u>	<u>1,528,177</u>	<u>561,766</u>
(20,671)	(157,699)	2,321,608	(358,112)
11,485	-	2,036,056	-
-	900,000	900,000	-
<u>(185,000)</u>	<u>-</u>	<u>(2,234,136)</u>	<u>-</u>
(194,186)	742,301	3,023,528	(358,112)
<u>1,020,533</u>	<u>1,296,882</u>	<u>81,788,145</u>	<u>489,634</u>
<u>\$ 826,347</u>	<u>\$ 2,039,183</u>	<u>\$ 84,811,673</u>	<u>\$ 131,522</u>

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

City of Savage, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	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	\$ 10,678,071	\$ 1,476,363	\$ 2,037,544
Receipts from interfund services provided	-	-	-
Payment to suppliers	(5,161,753)	(219,168)	(408,042)
Payment to employees	(1,488,473)	(224,126)	(757,927)
Other operating receipts	3,000	-	917
Net Cash Provided (Used) by Operating Activities	<u>4,030,845</u>	<u>1,033,069</u>	<u>872,492</u>
Cash Flows from Noncapital Financing Activities			
Tax receipts	-	-	-
Receipts from other funds	32,100	-	-
Transfers in	-	-	-
Lease receipts	336,130	-	64,453
Intergovernmental receipts	-	17,414	-
Transfers out	(1,164,136)	(885,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(795,906)</u>	<u>(867,586)</u>	<u>64,453</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(401,614)	-	(59,500)
Lease payments	-	-	(142,407)
Connection charges	19,324	-	-
Intergovernmental receipts	79,473	-	-
Principal paid on debt	(920,000)	-	-
Interest paid on debt	(132,870)	-	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(1,355,687)</u>	<u>-</u>	<u>(201,907)</u>
Cash Flows from Investing Activities			
Investment interest	<u>609,548</u>	<u>313,810</u>	<u>56,659</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,488,800	479,293	791,697
Cash and Cash Equivalents, January 1	<u>12,057,424</u>	<u>6,087,331</u>	<u>1,094,747</u>
Cash and Cash Equivalents, December 31	<u>\$ 14,546,224</u>	<u>\$ 6,566,624</u>	<u>\$ 1,886,444</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
\$ 409,003	\$ 465,077	\$ 15,066,058	\$ -
-	-	-	2,845
(391,984)	(361,703)	(6,542,650)	(318,563)
-	(146,970)	(2,617,496)	(571,266)
-	293	4,210	521,076
<u>17,019</u>	<u>(43,303)</u>	<u>5,910,122</u>	<u>(365,908)</u>
-	50,000	50,000	-
-	-	32,100	-
-	900,000	900,000	-
-	-	400,583	-
-	-	17,414	-
<u>(185,000)</u>	<u>-</u>	<u>(2,234,136)</u>	<u>-</u>
<u>(185,000)</u>	<u>950,000</u>	<u>(834,039)</u>	<u>-</u>
-	-	(461,114)	-
-	-	(142,407)	-
-	-	19,324	-
-	-	79,473	-
-	(335,000)	(1,255,000)	-
-	(48,973)	(181,843)	-
<u>-</u>	<u>(383,973)</u>	<u>(1,941,567)</u>	<u>-</u>
<u>11,808</u>	<u>-</u>	<u>991,825</u>	<u>40,690</u>
(156,173)	522,724	4,126,341	(325,218)
<u>228,853</u>	<u>4,076</u>	<u>19,472,431</u>	<u>1,074,028</u>
<u>\$ 72,680</u>	<u>\$ 526,800</u>	<u>\$ 23,598,772</u>	<u>\$ 748,810</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, 2023

	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)	\$ 372,807	\$ 34,943	\$ 588,620
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Miscellaneous revenues	3,000	-	917
Depreciation and amortization	3,534,727	920,586	208,943
(Increase) decrease in assets and deferred outflows of resources			
Accounts receivable	(41,241)	63,176	-
Special assessments receivable	5,298	-	-
Prepaid items	1,845	-	2,731
Notes receivable	-	-	25,161
Inventories	-	-	(128,919)
Deferred pension resources	163,507	16,512	50,735
Deferred other post employment benefit resources	8,011	1,754	1,997
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable	72,194	5,878	71,648
Accrued salaries and withholdings payable	3,517	475	2,104
Compensated absences payable	8,858	2,214	(20,105)
Deposits payable	17,582	-	-
Unearned revenue	-	-	863
Net pension liability	(459,697)	(43,101)	(131,047)
Other postemployment benefits payable	(31,884)	(6,519)	(9,617)
Contracts payable	-	-	314
Deferred pension resources	255,802	36,845	117,838
Deferred other post employment benefit resources	3,129	306	2,152
Due to other governments	113,390	-	88,157
	<u>\$ 4,030,845</u>	<u>\$ 1,033,069</u>	<u>\$ 872,492</u>
Net Cash Provided (Used) by Operating Activities			
Supplemental Schedule of Noncash Capital and Related Financing Activities			
Amortization of discounts / (premiums) on bonds	<u>\$ (37,504)</u>	<u>\$ -</u>	<u>\$ -</u>
Capital contributions from other funds	<u>\$ 1,132,631</u>	<u>\$ 872,616</u>	<u>\$ -</u>

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
\$ (32,479)	\$ (170,460)	\$ 793,431	\$ (919,878)
-	293	4,210	521,076
52,657	124,268	4,841,181	-
(1,424)	(8,375)	12,136	2,845
-	-	5,298	-
-	-	4,576	-
-	-	25,161	-
-	-	(128,919)	-
-	6,547	237,301	-
-	(319)	11,443	(14,886)
(1,735)	2,595	150,580	4,423
-	289	6,385	-
-	2,041	(6,992)	-
-	-	17,582	-
-	5,994	6,857	-
-	(18,514)	(652,359)	-
-	367	(47,653)	(13,563)
-	-	314	-
-	9,893	420,378	-
-	616	6,203	54,075
-	1,462	203,009	-
<u>\$ 17,019</u>	<u>\$ (43,303)</u>	<u>\$ 5,910,122</u>	<u>\$ (365,908)</u>
<u>\$ -</u>	<u>\$ (8,500)</u>	<u>\$ (46,004)</u>	<u>\$ -</u>
<u>\$ 11,485</u>	<u>\$ -</u>	<u>\$ 2,016,732</u>	<u>\$ -</u>

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

City of Savage, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	<u>Fiduciary Funds</u>
Assets	
Cash and investments	<u>\$ 19,727</u>
Liabilities	
Due to other governments	<u>\$ 19,727</u>

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

City of Savage, Minnesota
Statement of Changes in Net Position
Fiduciary Funds
December 31, 2023

	Fiduciary Funds
Additions	
Surcharge fees collected for other governments	\$ 176,895
Deductions	
Payments of service access charges to other governments	176,895
Net Position, January 1	-
Net Position, December 31	\$ -

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

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City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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, proprietary funds, 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 custodial.

Custodial 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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 *ARPA fund* is fund is used to account for grants received as a result of the American Rescue Plan Act and the expenditures for which the grants will fund.

The *Tax Increment Construction fund* is used for capital construction project costs in the TIF districts.

The *2023 Capital Projects fund* is used to account for 2023 capital project construction costs.

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 Utility fund* accounts for the operation of the City's street light system.

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

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Fiduciary Funds:

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial funds account for activities of service availability charges and state surcharge collections.

Service Availability Charges account for assets in the form of sewer availability charges by the City and remitted to the Metropolitan Council Environmental Services.

State Surcharges 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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.
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, 2023:

- U.S. Government Agency Securities of \$16,902,420 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$5,708,117 are valued using a matrix pricing model (Level 2 inputs)

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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. Delinquent utility charges are annually certified to the county for collection. As a result, there is no allowance for uncollectable amounts in the other enterprise funds.

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.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Assets Held for Resale

Land was acquired by the City and EDA for subsequent resale for redevelopment purposes. Land held for resale is 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, 2023

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.

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 assets that applies to future periods 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.

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.

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 their service to and will be used to liquidate the liability, typically the General Fund. The unused vacation and sick leave of the proprietary funds is included in accrued liabilities of the respective fund.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2023 valuation date. The measurement date is January 1, 2023. 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 GERP, PEPFP, DCP and Savage Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
City's proportionate share	\$ 1,094,588	\$ 2,074,817	\$ 2,115	\$ (2,057)	\$ 3,169,462
Proportionate share of State's contribution	690	(15,215)	-	-	(14,525)
Total pension expense	<u>\$ 1,095,278</u>	<u>\$ 2,059,602</u>	<u>\$ 2,115</u>	<u>\$ (2,057)</u>	<u>\$ 3,154,937</u>

Unearned Revenue

The City's unearned revenue consists of grant revenue from the American Rescue Plan Act and Sports Dome membership dues for the upcoming year that have not yet met the revenue recognition criteria.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items listed below reported in the statement of net position and governmental funds balance sheet.

- *Unavailable revenues* are presented in the governmental funds from four sources: grants, property taxes, interest and special assessments. These arise only under a modified accrual basis of accounting that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- *Deferred pension resources* are reported only in the statements of net position and results from actuarial calculations.
- *Deferred other postemployment benefit resources* are reported only in the statements of net position and results from actuarial calculations.
- *Deferred lease resources* are reported in the governmental funds balance sheet and are deferred to the period the amounts become available. This item is also reported in the statement of net position.
 - Intergovernmental resources are reported in the governmental funds balance sheet and were received in advance and apply to future periods. This item is also reported in the statement of net position.

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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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 2023, 35 percent of the next year's budgeted operating expenditures is \$7,958,147.

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, 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 did not budget for the ARPA major special revenue fund because it was not legally required to do so. 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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Deficit Fund Balance

As of December 31, 2023, the following funds reported deficit fund balance:

Fund	Amount
Primary Government	
Nonmajor funds	
Tax Increment Construction	\$ 615,219
2023 Capital Projects	545,347
2024 Capital Projects	30,316

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

C. Excess of Expenditures over Appropriations

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Primary Government			
Nonmajor			
Economic Development	\$ 547	\$ 8,427	\$ 7,880

The budget excesses were funded by revenues in excess of the budget and available fund balance.

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 fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, which 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;

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

- 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. 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 \$5,453,067 and the bank balance was \$5,535,921. 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, 2023, 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	Level 3
Pooled Investments at Amortized Costs						
4M Fund	N/A	less than 1 year	\$ 12,844,261			
Broker Money Market Funds	N/A	less than 1 year	14,853,931			
Total Pooled Investments			27,698,192			
Non-pooled Investments at Amortized Costs						
Negotiable certifications of deposits	NA	less than 1 year	954,415	\$ -	\$ 954,415	\$ -
Negotiable certifications of deposits	NA	1 to 5 years	4,753,702	-	4,753,702	-
Government Agency Securities	AA-	1 to 5 years	1,925,740	1,925,740	-	-
Government Agency Securities	AA	1 to 5 years	1,419,735	1,419,735	-	-
Government Agency Securities	AA	more than 5 years	1,246,165	1,246,165	-	-
Government Agency Securities	AA	less than 1 year	1,328,444	1,328,444	-	-
Government Agency Securities	AA+	less than 1 year	236,890	236,890	-	-
Government Agency Securities	AAA	less than 1 year	1,622,058	1,622,058	-	-
Government Agency Securities	AAA	1 to 5 years	6,227,951	6,227,951	-	-
Government Agency Securities	AAA	more than 5 years	2,895,437	2,895,437	-	-
Total Investments			\$ 50,308,729	\$ 16,902,420	\$ 5,708,117	\$ -

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

(1) 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, 2023

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	\$	5,453,067
Investments		<u>50,308,729</u>
Total		<u><u>\$ 55,761,796</u></u>
Primary Government		
Governmental activities	\$	32,119,257
Governmental activities - Restricted cash		24,040
Business-type activities		<u>23,598,772</u>
Subtotal		55,742,069
Fiduciary		
Cash and investments		<u>19,727</u>
Total		<u><u>\$ 55,761,796</u></u>

B. Notes Receivable

The City sold seven properties on contract for deeds in the Strom industrial park. 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. All, but one, of the contract for deed have been paid in full. The receivable balance at December 31, 2023 was \$26,775.

The developer for Village Commons (66-unit rental complex) 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, 2023 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, 2023 including accrued interest, was \$396,297.

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, 2023 was \$244,877.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

C. Lease Receivable

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Antenna Lease - MN41318-T-00 - Canterbury Park - Verizon	01/01/22	1.44 %	\$ 25,937	\$ 561,369
Antenna Lease - Verizon WS Oaks	01/01/22	1.44	47,384	1,023,601
Antenna Lease - Verizon MIN Loftus CR 42	01/01/22	1.16	37,313	414,356
Antenna Lease T-Mobile (Sprint) MS74XC636 - Boone	01/01/22	1.29	48,583	837,674
Antenna Lease T-Mobile A1P00018A - CR 42	01/01/22	1.49	48,078	1,150,485
Antenna Lease Verizon MN Halle - Boone	01/01/22	1.42	48,527	1,033,092
Boba Tea	05/01/22	0.64	17,193	54,987
CAP Agency	08/01/22	0.40	44,820	29,955
E-Flow DBA Papa Murphy's	01/01/22	0.40	41,260	31,058
Prior-Ties DBA Great Clips	01/01/22	0.40	42,208	28,242
United States Post Office	06/16/23	3.56	20,620	489,892
Total				<u>\$ 5,654,711</u>

The City leases various tower sites and store fronts to several companies. These agreements contain various renewal and extension options. The latest maturity date is projected to be in in 2046, however, the Utilities anticipates new or revised leasing arrangements to occur in the future.

The annual amounts to be recognized split between principal and interest are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 277,569	\$ 17,294	\$ 294,863
2025	199,952	83,545	283,497
2026	212,091	80,286	292,377
2027	207,657	76,892	284,549
2028	222,244	73,306	295,550
2029 - 2033	1,322,546	304,364	1,626,910
2034 - 2038	1,496,482	183,234	1,679,716
2039 - 2043	1,382,124	73,035	1,455,159
2044 - 2046	334,046	5,109	339,155
Total	<u>\$ 5,654,711</u>	<u>\$ 897,065</u>	<u>\$ 6,551,776</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 5,458,583	\$ -	\$ -	\$ 5,458,583
Construction in progress	3,955,849	7,710,425	(1,076,321)	10,589,953
Rights of ways and easement	754,344	-	-	754,344
Total Capital Assets not Being Depreciated	<u>10,168,776</u>	<u>7,710,425</u>	<u>(1,076,321)</u>	<u>16,802,880</u>
Capital Assets Being Depreciated				
Land improvements	15,052,012	199,302	-	15,251,314
Buildings and structures	32,342,971	25,916	-	32,368,887
Furniture and equipment	16,048,969	1,232,903	(305,041)	16,976,831
Improvements other than buildings	154,518,260	877,019	-	155,395,279
Total Capital Assets Being Depreciated	<u>217,962,212</u>	<u>2,335,140</u>	<u>(305,041)</u>	<u>219,992,311</u>
Less Accumulated Depreciation for				
Land improvements	(10,155,615)	(398,392)	-	(10,554,007)
Buildings and structures	(11,822,626)	(682,574)	-	(12,505,200)
Furniture and equipment	(8,314,120)	(1,161,947)	305,041	(9,171,024)
Improvements other than buildings	(102,712,192)	(4,748,984)	-	(107,461,176)
Total Accumulated Depreciation	<u>(133,004,553)</u>	<u>(6,991,897)</u>	<u>305,041</u>	<u>(139,691,407)</u>
Total Capital Assets Being Depreciated, Net	<u>84,957,659</u>	<u>(4,656,757)</u>	<u>-</u>	<u>80,300,904</u>
Governmental Activities Capital Assets, Net	<u>\$ 95,126,435</u>	<u>\$ 3,053,668</u>	<u>\$ (1,076,321)</u>	<u>\$ 97,103,784</u>

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

Governmental Activities	
General government	\$ 212,743
Community development	56,662
Public safety	323,477
Public works	6,134,097
Parks and recreation	264,918
Total Depreciation Expense - Governmental Activities	<u>\$ 6,991,897</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,661,272	\$ -	\$ -	\$ 1,661,272
Construction in progress	1,413,857	2,107,077	(115,617)	3,405,317
Total Capital Assets not Being Depreciated	<u>3,075,129</u>	<u>2,107,077</u>	<u>(115,617)</u>	<u>5,066,589</u>
Capital Assets Being Depreciated				
Land improvements	1,456,623	-	-	1,456,623
Lease building	729,164	-	-	729,164
Buildings and structures	34,660,325	18,648	-	34,678,973
Furniture and equipment	11,609,212	370,771	-	11,979,983
Improvements other than buildings	128,771,001	96,967	-	128,867,968
Total Capital Assets Being Depreciated	<u>177,226,325</u>	<u>486,386</u>	<u>-</u>	<u>177,712,711</u>
Less Accumulated Depreciation/Amortization for				
Land improvements	(1,089,086)	(43,405)	-	(1,132,491)
Lease building	(143,440)	(143,442)	-	(286,882)
Buildings and structures	(14,526,724)	(758,535)	-	(15,285,259)
Furniture and equipment	(4,271,623)	(513,276)	-	(4,784,899)
Improvements other than buildings	(90,427,007)	(3,382,523)	-	(93,809,530)
Total Accumulated Depreciation	<u>(110,457,880)</u>	<u>(4,841,181)</u>	<u>-</u>	<u>(115,299,061)</u>
Total Capital Assets Being Depreciated, Net	<u>66,768,445</u>	<u>(4,354,795)</u>	<u>-</u>	<u>62,413,650</u>
Business-type Activities Capital Assets, Net	<u>\$ 69,843,574</u>	<u>\$ (2,247,718)</u>	<u>\$ (115,617)</u>	<u>\$ 67,480,239</u>

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

Business-type Activities	
Water and sewer	\$ 3,534,727
Storm Water	920,586
Municipal Liquor	208,943
Sports Center	124,268
Street Light	<u>52,657</u>
Total Depreciation/Amortization Expense - Business-type Activities	<u>\$ 4,841,181</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2023. 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
Library Addition	\$ 343,567	\$ 696,233
Police Security Fence	281,874	3,344
Community Park Stormwater Irrigation Reuse System Project	735,581	242,544
Idaho Court Trail River Crossing Project	548,763	19,070
Community Park Trail and Ballfield Improvements	979,791	91,968
Eagle Creek Parkway Improvement	1,218,534	286,342
2023 Street Project	4,139,453	542,571
 Total	 <u>\$ 8,247,563</u>	 <u>\$ 1,882,072</u>

E. 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		
General	2023 Capital projects	\$ 473,336
General	Nonmajor governmental	30,316
Water and Sewer	Tax Increment Construction	81,940
Nonmajor governmental	Tax Increment Construction	1,106,000
 Total		 <u>\$ 1,691,592</u>

The composition of interfund transfers for the year ended December 31, 2023 is as follows:

Fund	Transfers In					Total
	General	Debt Service	2023 Capital Projects	Nonmajor Governmental Funds	Sports Center Fund	
Transfer Out						
Debt Service	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ 150,000
Nonmajor governmental	-	145,000	-	40,000	800,000	985,000
Water and Sewer	250,000	-	914,136	-	-	1,164,136
Storm Water	-	-	785,000	-	100,000	885,000
Street Light	-	-	185,000	-	-	185,000
 Total Transfers	 <u>\$ 250,000</u>	 <u>\$ 145,000</u>	 <u>\$ 2,034,136</u>	 <u>\$ 40,000</u>	 <u>\$ 900,000</u>	 <u>\$ 3,369,136</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

The city annually budgets transfers for specific purposes. Annual transfers include transfer designated as a percentage of annual revenues, transfers made to over funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons.

F. 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:

Primary Government

General Obligation Bonds

Description	Authorized and Issued	Interest Rate	Dated	Maturity Date	Balance at Year End
2020B G.O. Advanced Refunding	\$ 1,760,000	5.00 %	06/04/20	02/01/26	\$ 945,000
2014B G.O. Advanced Refunding	6,600,000	2.00 - 2.38	06/05/14	02/01/27	<u>2,290,000</u>
Total General Obligation Bonds					<u><u>\$ 3,235,000</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
2024	\$ 855,000	\$ 84,369	\$ 939,369
2025	875,000	57,566	932,566
2026	915,000	28,912	943,912
2027	<u>590,000</u>	<u>7,006</u>	<u>597,006</u>
Total	<u><u>\$ 3,235,000</u></u>	<u><u>\$ 177,853</u></u>	<u><u>\$ 3,412,853</u></u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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
2012A G.O. Improvement Bonds	\$ 5,085,000	1.00 - 2.62 %	06/15/12	02/01/28	\$ 1,295,000
2014A G.O. Improvement Bonds	3,290,000	2.00 - 3.50	06/05/14	02/01/30	1,245,000
2015A G.O. Improvement Bonds	4,100,000	2.00 - 4.00	06/04/15	02/01/31	2,010,000
2016A G.O. Improvement Bonds	3,335,000	2.00 - 3.00	06/16/16	02/01/32	1,700,000
2017A G.O. Improvement Bonds	3,095,000	2.00 - 3.00	07/12/17	02/01/33	735,000
2018A G.O. Improvement Bonds	3,200,000	3.00 - 3.15	05/17/18	02/01/34	2,040,000
2018B G.O. Refunding Bonds	1,220,000	3.00 - 5.00	05/17/18	02/01/24	215,000
2019A G.O. Improvement Bonds	2,615,000	3.00 - 5.00	06/06/19	02/01/35	1,585,000
2019B G.O. Refunding Bonds	1,685,000	5.00	06/06/19	02/01/25	615,000
2020A G.O. Improvement Bonds	2,795,000	2.00 - 3.00	06/04/20	02/01/36	2,175,000
2020C G.O. Advanced Refunding	3,495,000	2.00 - 4.00	11/05/20	02/01/29	2,595,000
2021A G.O. Improvement Bonds	2,800,000	2.00 - 4.00	07/22/21	02/01/37	2,510,000
2022A G.O. Improvement Bonds	2,645,000	2.45 - 4.74	05/18/22	02/01/38	2,645,000
2023A G.O. Improvement Bonds	3,180,000	4.00 - 5.00	06/09/23	02/01/39	<u>3,180,000</u>
Total G.O. Special Assessment Improvement Bonds					<u>\$ 24,545,000</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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
2024	\$ 3,445,000	\$ 748,187	\$ 4,193,187
2025	3,620,000	607,651	4,227,651
2026	3,050,000	485,273	3,535,273
2027	2,880,000	385,256	3,265,256
2028	2,420,000	301,834	2,721,834
2029 - 2033	6,615,000	744,854	7,359,854
2034 - 2038	2,420,000	155,780	2,575,780
2039	95,000	1,900	96,900
Total	<u>\$ 24,545,000</u>	<u>\$ 3,430,735</u>	<u>\$ 27,975,735</u>

General Obligation Revenue Bonds

These bonds were issued to finance the cost of improvements to the City's utility system and sports center. They will be retired from net revenue of the Water and Sewer Enterprise Fund. 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>Sports Center</u>
Operating Revenues	\$ 10,712,169	\$ 467,458
Principal and Interest	1,052,870	383,973
Percentage of Revenues	1,017 %	122 %

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

Description	Authorized and Issued	Interest Rate	Dated	Maturity Date	Balance at Year End
Tax Abatement Bonds					
Series 2012B	\$ 4,915,000	1.00 - 2.62 %	06/15/12	02/01/28	\$ 1,810,000
G.O. Improvement Bonds					
Series 2015A	3,075,000	2.00 - 4.00	06/04/15	02/01/31	1,790,000
G.O. Improvement Bonds					
Series 2017A	3,830,000	2.00 - 3.00	07/12/17	02/01/33	<u>2,670,000</u>
Total Business-type Bonds					<u>\$ 6,270,000</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2024	\$ 795,000	\$ 152,777	\$ 947,777
2025	810,000	132,957	942,957
2026	825,000	111,969	936,969
2027	845,000	91,432	936,432
2028	870,000	70,729	940,729
2029 - 2033	2,125,000	135,589	2,260,589
Total	<u>\$ 6,270,000</u>	<u>\$ 695,453</u>	<u>\$ 6,965,453</u>

Financed Purchase Agreements

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 finance purchase 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 financed purchase 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 Financed purchase Debt Service Fund. Revenues from sublease agreements will be used to pay these lease payments. The assets acquired through financed purchases are \$2,260,000 worth of buildings and structures.

In May 2016, the City entered into a lease agreement with Hy-Vee, Inc. for retail store for operation of the liquor store. The space is 6,779 square feet with monthly a 10 year term. Monthly payments during the first two years were \$8,198 then increased for the remaining eight years to \$12,146.

The assets acquired through the financed purchases are as follows:

Asset	Governmental Activities
Building and structures	\$ 2,260,000
Less accumulated depreciation	(1,495,600)
Total	<u>\$ 764,400</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

The annual service requirements to maturity for financed purchase agreements are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 120,000	\$ 22,543	\$ 142,543
2025	125,000	19,113	144,113
2026	130,000	15,413	145,413
2027	140,000	11,363	151,363
2028	135,000	7,069	142,069
2029 - 2030	150,000	2,438	152,438
Total	\$ 800,000	\$ 77,939	\$ 877,939

Lease Payable

Lease agreements are summarized as follows:

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Balance at Year End
Hy-Vee Liquor Store Building lease	\$ 729,164	2.26 %	01/01/22	6 years	<u>\$ 444,869</u>

On May 26th, 2016 the city entered into a lease agreement with Hy-Vee Inc.. The lease is effective from January 1st, 2022, to January 31st, 2027. Base rent for fiscal year 2023 was \$145,749. The interest rate on the lease is variable based on the prime interest rate as of January 1 of each fiscal year during the term of the lease.

Annual requirements to amortize the long-term obligation and related interest are as follows:

Year Ending June 30,	Lease Payable		
	Principal	Interest	Total
2024	\$ 143,321	\$ 2,427	\$ 145,748
2025	144,241	1,507	145,748
2026	145,167	582	145,749
2027	12,140	6	12,146
Total	\$ 444,869	\$ 4,522	\$ 449,391

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

During the year ended December 31, 2023, the following changes occurred in non-current liabilities reported on the government-wide statements.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 4,060,000	\$ -	\$ (825,000)	\$ 3,235,000	\$ 855,000
General obligation special assessment bonds	24,880,000	3,180,000	(3,515,000)	24,545,000	3,445,000
Unamortized discount and premium	1,646,282	249,664	(259,726)	1,636,220	-
Total Bonds Payable - Net	<u>30,586,282</u>	<u>3,429,664</u>	<u>(4,599,726)</u>	<u>29,416,220</u>	<u>4,300,000</u>
Financed Purchase Agreement	920,000	-	(120,000)	800,000	120,000
Compensated Absences Payable*	<u>1,833,685</u>	<u>40,310</u>	<u>-</u>	<u>1,873,995</u>	<u>1,413,220</u>
Governmental Activity Long-term Liabilities	<u>\$ 33,339,967</u>	<u>\$ 3,469,974</u>	<u>\$ (4,719,726)</u>	<u>\$ 32,090,215</u>	<u>\$ 5,833,220</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 7,525,000	\$ -	\$ (1,255,000)	\$ 6,270,000	\$ 795,000
Unamortized discount and premium	249,364	-	(46,004)	203,360	-
Total Bonds Payable - Net	<u>7,774,364</u>	<u>-</u>	<u>(1,301,004)</u>	<u>6,473,360</u>	<u>795,000</u>
Lease Payable	587,276	-	(142,407)	444,869	143,321
Compensated Absences Payable*	<u>309,139</u>	<u>-</u>	<u>(6,992)</u>	<u>302,147</u>	<u>302,147</u>
Business-type Activity Long-term Liabilities	<u>\$ 8,670,779</u>	<u>\$ -</u>	<u>\$ (1,450,403)</u>	<u>\$ 7,220,376</u>	<u>\$ 1,240,468</u>

*The change in compensated absences is presented as a net change.

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, 2023 there were two revenue bonds outstanding with Aspen Academy Charter School with a total principal amount \$17,485,000.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

G. Components of Fund Balance

At December 31, 2023, 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:

	General	Debt Service	2023 Capital Projects	Tax Increment Construction	Other Governmental Funds	Total
Nonspendable for Prepaid Items						
Prepaid items	\$ 118,521	\$ -	\$ -	\$ -	\$ 1,984,586	\$ 2,103,107
Leases	-	-	-	-	29,548	29,548
Inventory	9,674	-	-	-	-	9,674
Total Nonspendable	\$ 128,195	\$ -	\$ -	\$ -	\$ 2,014,134	\$ 2,142,329
Restricted for						
Debt service	\$ -	\$ 9,527,690	\$ -	\$ -	\$ -	\$ 9,527,690
Public health - opioid settlement	-	-	-	-	93,854	93,854
Public safety	1,446,950	-	-	-	-	1,446,950
Park improvements	-	-	-	-	255,119	255,119
Total Restricted	\$ 1,446,950	\$ 9,527,690	\$ -	\$ -	\$ 348,973	\$ 11,323,613
Committed for						
Cable television	\$ -	\$ -	\$ -	\$ -	\$ 67,665	\$ 67,665
Economic development	-	-	-	-	1,638,306	1,638,306
Hamilton building	-	-	-	-	76,989	76,989
Post office	-	-	-	-	194,832	194,832
Total Committed	\$ -	\$ -	\$ -	\$ -	\$ 1,977,792	\$ 1,977,792
Assigned to						
Capital projects	\$ 189,644	\$ -	\$ -	\$ -	\$ 6,520,839	\$ 6,710,483

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 Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

Police and Fire Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$572,788, \$547,500 and \$526,480, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022 and 2021 were \$884,544, \$774,397 and \$705,171, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$5,569,520 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$153,614. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0996 percent at the end of the measurement period and 0.0942 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 5,569,520
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>153,614</u>
Total	<u><u>\$ 5,723,134</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$1,094,588 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$690 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 180,523	\$ 36,326
Changes in Actuarial Assumptions	853,613	1,526,558
Net Difference Between Projected and Actual Investment Earnings	-	229,554
Changes in Proportion	213,841	1,068
Contributions Paid to PERA Subsequent to the Measurement Date	<u>283,804</u>	<u>-</u>
Total	<u><u>\$ 1,531,781</u></u>	<u><u>\$ 1,793,506</u></u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

The \$283,804 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 199,127
2025	(715,192)
2026	91,358
2027	(120,822)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$6,271,992 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3632 percent at the end of the measurement period and 0.3455 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$2,074,817 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$15,215 as negative pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$32,688 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,666,585	\$ -
Changes in Actuarial Assumptions	6,691,333	8,811,848
Net Difference Between Projected and Actual Investment Earnings	-	71,535
Changes in Proportion	734,683	62,754
Contributions Paid to PERA Subsequent to the Measurement Date	474,436	-
Total	\$ 9,567,037	\$ 8,946,137

The \$474,436 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 412,803
2025	191,991
2026	1,452,512
2027	(354,722)
2028	(1,556,120)

E. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.0 %	

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

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Funds were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. 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 one percentage point lower or one percentage point higher than the current discount rate:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 9,852,929	\$ 5,569,520	\$ 2,046,254
Police and Fire Fund	12,444,380	6,271,992	1,197,463

I. 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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Defined Contribution Plan

The City has City Council members that are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by PERA. The DCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses.

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 five percent of salary which is matched by the elected official's employer. 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.

Total contributions made by the City During the fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,115	\$ 2,115	5.00%	5.00%	5.00%

The City and council member's contributions to the DCP plan for the years ending December 31, 2023, 2022 and 2021 were \$2,115, \$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, 2022, the plan covered 33 active firefighters and 49 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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

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 \$259,980 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2023, 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, 2023 were \$439,368. 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.

D. Pension Costs

At December 31, 2023, the City reported a net pension liability of \$597,837 for the Volunteer Firefighter Fund. The net pension liability was measured as of December 31, 2022. 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 (a-b)
Beginning Balance January 1, 2023	\$ 9,003,849	\$ 8,915,350	\$ 88,499
Changes for the Year			
Service cost	157,712	-	157,712
Interest cost	508,517	-	508,517
Assumption changes	(1,271,603)	-	(1,271,603)
Plan changes	212,214	-	212,214
Projected investment return	-	500,390	(500,390)
Nonemployer contributions	-	230,873	(230,873)
(Gain)/loss	(106,276)	(1,718,904)	1,612,628
Benefit payments	(635,563)	(635,563)	-
Administrative expenses	-	(21,133)	21,133
Total Net Changes	(1,134,999)	(1,644,337)	509,338
Ending Balance December 31, 2023	\$ 7,868,850	\$ 7,271,013	\$ 597,837

For the year ended December 31, 2023, the City recognized pension expense of \$3,154,937.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

At December 31, 2023, 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
Differences Between Expected and Actual Experience	\$ -	\$ 65,270
Changes in Actuarial Assumptions	96,689	635,801
Net Difference Between Projected and Actual Earnings on Plan Investments	770,436	-
Contributions to Plan Subsequent to the Measurement Date	490,853	-
Total	\$ 1,357,978	\$ 701,071

Deferred outflows of resources totaling \$490,853 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, 2024. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2024	\$ (587,254)
2025	168,087
2026	241,441
2027	343,780

E. Actuarial Assumptions

The total pension liability at December 31, 2023 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	2.50%
Investment Rate of Return	6.75%

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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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

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	4.00 %	2.00 %
Fixed Income	20.00	3.90
Equities	76.00	7.80
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1 Percent Decrease (5.75%)	Current (6.75%)	1 Percent Increase (7.75%)
Defined Benefit Plan	\$ 1,688,135	\$ 597,837	\$ (285,133)

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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

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 offers 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. The plan includes no assets accumulated in a GASB-compliant trust.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	8
Spouses Receiving Benefit Payments	4
Active Plan Members	127
 Total Plan Members	 139

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, 2023, the City's average contribution rate was 7.88 percent of covered-employee payroll. For the year 2023, the City directly contributed \$44,098 to the Plan, while implicit contributions totaled \$35,455.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$886,364 was measured as of January 1, 2023, and was determined by an actuarial valuation as of January 1, 2023. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.00%
20-Year Municipal Bond Yield	4.00%
Inflation Rate	2.50%
Medical Trend Rate	6.50% in 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental Trend Rate	4.00%

The discount rate used to measure the total OPEB liability was 4.00 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.

The actuarial assumptions used in the January 1, 2023 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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Postemployment Benefits Other than Pensions (Continued)

D. Changes in the Total OPEB Liability

	<u>Total OPEB Liability (a)</u>
Balances at December 31, 2022	<u>\$ 947,580</u>
Changes for the Year:	
Service cost	33,314
Interest	18,760
Differences between expected and actual experience	72,704
Changes in assumptions or other inputs	(99,759)
Benefit payments	<u>(86,235)</u>
Net Changes	<u>(61,216)</u>
Balances at December 31, 2023	<u><u>\$ 886,364</u></u>

Since the prior measurement date, the following assumptions changed: None.

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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

<u>1 Percent Decrease (3.00%)</u>	<u>Current (4.00%)</u>	<u>1 Percent Increase (5.00%)</u>
\$ 946,575	\$ 886,364	\$ 831,021

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 (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent increasing to 6.00 percent) than the cost trend rate:

<u>1 Percent Decrease (5.50% Decreasing to 4.00%)</u>	<u>Healthcare Cost Trend Rates (6.50% Decreasing to 5.00%)</u>	<u>1 Percent Increase (7.50% Decreasing to 6.00%)</u>
\$ 822,893	\$ 886,364	\$ 958,258

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Postemployment Benefits Other than Pensions (Continued)

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$75,171. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 34,800	\$ 135,966
Changes in Liability (Gain)/Loss	185,679	-
Contributions to OPEB Subsequent to the Measurement Date	79,553	-
Total	\$ 300,032	\$ 135,966

Deferred outflows of resources totaling \$79,553 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, 2024. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows

Year ended December 31:	
2024	\$ (23,097)
2025	(23,099)
2026	(25,839)
2027	(20,212)
2028	3,865
Thereafter	3,869

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 2023.

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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Other Information (Continued)

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 financed purchase 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, 2023, the outstanding principal and interest balance on these revenue bonds is \$ 877,936.

On September 20, 2021, the CDA issued \$1,805,000 of refunding bonds to refund the callable maturities of the \$2,880,000 Series 2013C Bonds originally issued for the Hamilton project. By refunding the 2013C Bonds, the Agency anticipates reducing debt service costs by approximately \$282,000 in net future value savings and approximately \$271,000 in net present value savings.

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 January 1 to December 31, 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.

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.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 9: Lease Agreements

A. Hy-Vee Liquor Store

On May 26, 2016, the City entered into an agreement with Hy-Vee for the purpose of operating their retail liquor store. The current lease is for 10 years and may be extended.

B. Varying Lessor Agreements

The City has entered into several recorded lessor agreements for property or land leases in which the lease agreements have varying start and end dates as well as varying options to extend.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Savage, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (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/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0996 %	\$ 5,569,520	\$ 153,614	\$ 5,723,134	\$ 7,888,805	70.6 %	83.1 %
06/30/22	0.0942	7,460,671	218,585	7,679,256	6,789,310	109.9	76.7
06/30/21	0.0943	4,027,032	123,003	4,150,035	7,052,876	57.1	87.0
06/30/20	0.0912	5,467,857	168,587	5,636,444	6,488,577	84.3	79.0
06/30/19	0.0884	4,887,438	151,827	5,039,265	6,253,241	78.2	80.2
06/30/18	0.0874	4,848,594	159,101	5,007,695	5,877,053	82.5	79.5
06/30/17	0.0861	5,496,567	69,094	5,565,661	5,545,085	99.1	75.9
06/30/16	0.0847	6,877,220	89,813	6,967,033	5,256,467	130.8	68.9
06/30/15	0.0885	4,586,529	-	4,586,529	5,115,787	89.7	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	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)
12/31/23	\$ 572,788	\$ 572,788	\$ -	\$ 7,637,173	7.50 %
12/31/22	547,500	547,500	-	7,300,002	7.50
12/31/21	526,480	526,480	-	7,019,730	7.50
12/31/20	514,545	514,545	-	6,860,594	7.50
12/31/19	476,249	476,249	-	6,349,992	7.50
12/31/18	457,087	457,087	-	6,094,490	7.50
12/31/17	426,380	426,380	-	5,685,072	7.50
12/31/16	401,004	401,004	-	5,346,720	7.50
12/31/15	394,189	394,189	-	5,255,853	7.50

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, 2023

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2023 - The single discount rate changed from 6.50 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

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

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

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

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

City of Savage, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)

Changes in Plan Provisions

2023 - There were no changes in plan provisions since the previous valuation.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

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

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

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

2016 - There were no changes in plan provisions since the previous valuation.

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, 2023

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (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/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.3632 %	\$ 6,271,992	\$ 252,620	\$ 6,524,612	\$ 4,784,240	131.1 %	86.5 %
06/30/22	0.3455	15,034,795	656,633	15,691,428	4,054,721	370.8	70.5
06/30/21	0.3114	2,403,678	108,096	2,511,774	3,822,683	62.9	93.7
06/30/20	0.3026	3,988,592	93,986	4,082,578	3,417,310	116.7	87.2
06/30/19	0.3137	3,339,653	-	3,339,653	3,311,354	100.9	89.3
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	3,073,162	398.3	63.9
06/30/15	0.3050	3,465,514	-	3,465,514	2,835,494	122.2	86.6

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

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

Year Ending	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)
12/31/23	\$ 884,544	\$ 884,544	\$ -	\$ 4,997,424	17.70 %
12/31/22	774,397	774,397	-	4,375,122	17.70
12/31/21	705,171	705,171	-	3,984,019	17.70
12/31/20	645,643	645,643	-	3,647,702	17.70
12/31/19	569,503	569,503	-	3,359,897	16.95
12/31/18	523,700	523,700	-	3,232,716	16.20
12/31/17	497,852	497,852	-	3,073,162	16.20
12/31/16	490,172	490,172	-	3,025,753	16.20
12/31/15	459,350	459,350	-	2,835,494	16.20

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, 2023

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

Changes in Actuarial Assumptions

2023 - The investment return and single discount rates were changed from 5.75 percent to 6.75 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

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

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

City of Savage, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

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

2023 - There were no changes in plan provisions since the previous valuation.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

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

2016 - There were no changes in plan provisions since the previous valuation.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum. 2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Savage, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

	2023 (Fire Relief Report Date 2022)	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability									
Service cost	\$ 157,712	\$ 172,056	\$ 166,397	\$ 149,704	\$ 124,685	\$ 110,794	\$ 118,368	\$ 95,357	\$ 87,353
Interest on pension liability (asset)	508,517	465,749	459,072	447,060	433,199	401,172	387,067	361,511	350,753
Changes of benefit terms	(1,271,603)	105,909	-	72,800	71,495	95,143	79,133	60,427	-
Gain (loss)	(106,276)	(10,769)	(34,178)	14,950	113,646	(171,516)	26,177	94,849	-
Changes of assumptions	212,214	161,120	245,547	254,253	150,603	405,055	(28,593)	186,213	-
Benefit payments	(635,563)	(372,649)	(343,738)	(501,451)	(296,205)	(388,016)	(309,796)	(260,917)	(288,652)
Net Change in Total Pension Liability	<u>(1,134,999)</u>	<u>521,416</u>	<u>493,100</u>	<u>437,316</u>	<u>597,423</u>	<u>452,632</u>	<u>272,356</u>	<u>537,440</u>	<u>149,454</u>
Total Pension Liability - January 1	<u>9,003,849</u>	<u>8,482,433</u>	<u>7,989,333</u>	<u>7,552,017</u>	<u>6,954,594</u>	<u>6,501,962</u>	<u>6,229,606</u>	<u>5,692,166</u>	<u>5,542,712</u>
Total Pension Liability - December 31 (a)	<u>\$ 7,868,850</u>	<u>\$ 9,003,849</u>	<u>\$ 8,482,433</u>	<u>\$ 7,989,333</u>	<u>\$ 7,552,017</u>	<u>\$ 6,954,594</u>	<u>\$ 6,501,962</u>	<u>\$ 6,229,606</u>	<u>\$ 5,692,166</u>
Plan Fiduciary Net Position									
Employer contributions	\$ -	\$ 166,063	\$ 185,514	\$ 184,514	\$ 184,514	\$ 184,514	\$ 184,514	\$ 184,514	\$ 149,192
Nonemployer contributions	230,873	199,003	187,508	176,529	168,582	164,768	162,295	158,225	184,514
Projected investment return	500,390	438,641	414,349	369,537	409,851	358,176	331,448	352,571	329,228
Gain (loss)	(1,718,904)	511,704	366,773	754,785	(752,939)	474,769	112,519	(518,661)	(20,383)
Benefit payments	(635,563)	(372,649)	(343,738)	(501,451)	(296,205)	(388,016)	(309,796)	(260,917)	(288,652)
Administrative expenses	(21,133)	(12,973)	(32,553)	(10,716)	(16,916)	(13,540)	(17,389)	(11,254)	(15,067)
Net Change in Plan Fiduciary Net Position	<u>(1,644,337)</u>	<u>929,789</u>	<u>777,853</u>	<u>973,198</u>	<u>(303,113)</u>	<u>780,671</u>	<u>463,591</u>	<u>(95,522)</u>	<u>338,832</u>
Plan Fiduciary Net Position - January 1	<u>8,915,350</u>	<u>7,985,561</u>	<u>7,207,708</u>	<u>6,234,510</u>	<u>6,537,623</u>	<u>5,756,952</u>	<u>5,293,361</u>	<u>5,388,883</u>	<u>5,050,051</u>
Plan Fiduciary Net Position - December 31 (b)	<u>\$ 7,271,013</u>	<u>\$ 8,915,350</u>	<u>\$ 7,985,561</u>	<u>\$ 7,207,708</u>	<u>\$ 6,234,510</u>	<u>\$ 6,537,623</u>	<u>\$ 5,756,952</u>	<u>\$ 5,293,361</u>	<u>\$ 5,388,883</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	<u>\$ 597,837</u>	<u>\$ 88,499</u>	<u>\$ 496,872</u>	<u>\$ 781,625</u>	<u>\$ 1,317,507</u>	<u>\$ 416,971</u>	<u>\$ 745,010</u>	<u>\$ 936,245</u>	<u>\$ 303,283</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	92.40%	99.02%	94.14%	90.22%	82.55%	94.00%	88.54%	84.97%	94.67%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to the Schedule:

The expected long-term investment return and GASB discounting rate were increased from 5.75% to 6.75%.

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, 2023

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2023 - There were no changes in plan provisions since the previous valuation.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in actuarial assumptions since the previous valuation.

2020 - The mortality improvement scale changed from MP-2018 to MP-2019. The expected long-term investment return and GASB discount rate were lowered from 6.00% to 5.75%. The 20-Year municipal bond rate assumption was lowered from 3.50% to 3.00%

2019 - The health care trend rates were changed to better anticipate short term and long-term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for Police and Fire Personnel were updated. The discount rate was changed from 3.30% to 3.80%. The percent of future retirees electing post-employment medical coverage was changed from 50% to 35%.

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

2023 - There were no changes in plan provisions since the previous valuation.

2022 - There were no changes in plan provisions since the previous valuation

2021 - There were no changes in plan provisions since the previous valuation.

2020 - The monthly benefit level increased from \$39.71 to \$40.89. The lump sum benefit level increased from \$6,073.73 to \$6,255.94.

2019 - The monthly benefit level increased from \$38.55 to \$39.71 The lump sum benefit level increased from \$5,896.83 to \$6,073.73.

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.

City of Savage, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2023

Schedule of Employer's Fire Relief Association's Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/23	\$ 259,980	\$ 490,853	\$ (230,873)
12/31/22	230,873	429,876	(199,003)
12/31/21	199,003	386,511	(187,508)
12/31/20	188,508	365,037	(176,529)
12/31/19	175,529	184,514	(8,985)
12/31/18	168,582	353,096	(184,514)
12/31/17	163,768	348,282	(184,514)

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, 2023

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 33,314	\$ 48,547	\$ 47,133	\$ 36,123	\$ 30,473	\$ 48,000
Interest	18,761	19,332	23,028	27,914	24,792	24,967
Differences between expected and actual experience	72,704	-	137,186	-	157,406	-
Changes in assumptions	(99,760)	-	31,360	39,388	(176,605)	-
Benefit payments	(86,235)	(76,346)	(58,778)	(51,039)	(65,724)	(55,868)
Net Change in Total OPEB Liability	(61,216)	(8,467)	179,929	52,386	(29,658)	17,099
Total OPEB Liability - Beginning	947,580	956,047	776,118	723,732	753,390	736,291
Total OPEB Liability - Ending	<u>\$ 886,364</u>	<u>\$ 947,580</u>	<u>\$ 956,047</u>	<u>\$ 776,118</u>	<u>\$ 723,732</u>	<u>\$ 753,390</u>
Covered-Employee Payroll	\$ 11,241,443	\$ 10,253,922	\$ 10,253,922	\$ 8,980,357	\$ 8,124,416	\$ 8,124,416
City's total OPEB liability as a percentage of covered-employee payroll	7.88 %	9.24 %	9.32 %	8.64 %	8.91 %	9.27 %

Changes in Method by Year:

2023 None
 2022 None
 2021 None
 2020 None
 2019 None
 2018
 The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

Changes in Assumptions by Year:

2023
 The health care trend rates, mortality tables were updated.
 The retirement and withdrawal, and salary rates for public safety employees were updated.
 The inflation rate was changed from 2.00% to 2.50%.
 The discount rate was changed from 2.00% to 4.00%.

2022 None

2021
 The health care trend rates, mortality tables, and salary increase rates were updated.
 The retirement and withdrawal rates for non-public safety employees was updated.
 The inflation rate was changed from 2.50% to 2.00%.
 The discount rate was changed from 2.90% to 2.00%.

2020
 The discount rate was changed from 3.80% to 2.90%.

2019
 The mortality tables were updated form the RP-2014 White Collar Mortality Tables with MP 2016 Generational Improvement Scale with the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale.
 The retirement and withdrawal tables for Police and Fire Personnel were updated.
 The discount rate was changed from 3.3% to 3.8%.
 The percent of future retirees electing post-employment medical coverage was changed from 50% to 35%.

2018
 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.
 Note: The City's plan has no accumulated assets in a GASB-Compliant trust.*

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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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, 2023

	Special Revenue	Capital Projects	Total
Assets			
Cash and investments	\$ 1,323,250	\$ 5,701,983	\$ 7,025,233
Receivables			
Accounts	44,611	23,173	67,784
Leases	574,834	561,369	1,136,203
Special assessments	-	81,057	81,057
Notes	623,072	-	623,072
Due from other governments	-	23,465	23,465
Due from other funds	-	1,106,000	1,106,000
Prepaid items	24	1,984,562	1,984,586
Assets held for resale	174,800	82,788	257,588
	<u>\$ 2,740,591</u>	<u>\$ 9,564,397</u>	<u>\$ 12,304,988</u>
Liabilities			
Accounts payable	\$ 10,792	\$ 65,759	\$ 76,551
Accrued salaries and withholdings payable	4,124	-	4,124
Contracts payable	-	76,300	76,300
Due to other funds	-	30,316	30,316
Deposits payable	13,161	-	13,161
Total Liabilities	<u>28,077</u>	<u>172,375</u>	<u>200,452</u>
Deferred Inflows of Resources			
Unavailable revenue - grants	-	23,465	23,465
Unavailable revenue - interest	46,297	-	46,297
Unavailable revenue - special assessments	-	76,984	76,984
Deferred lease resources	592,498	533,870	1,126,368
Total Deferred Inflows of Resources	<u>638,795</u>	<u>634,319</u>	<u>1,273,114</u>
Fund Balances			
Nonspendable	2,073	2,012,061	2,014,134
Restricted	93,854	255,119	348,973
Committed	1,977,792	-	1,977,792
Assigned	-	6,520,839	6,520,839
Unassigned	-	(30,316)	(30,316)
Total Fund Balances	<u>2,073,719</u>	<u>8,757,703</u>	<u>10,831,422</u>
	<u>\$ 2,740,591</u>	<u>\$ 9,564,397</u>	<u>\$ 12,304,988</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 2,740,591</u>	<u>\$ 9,564,397</u>	<u>\$ 12,304,988</u>

City of Savage, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2023

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ 169,747	\$ -	\$ 169,747
Intergovernmental	20,300	639,681	659,981
Special assessments	-	9,608	9,608
Investment earnings	70,470	360,469	430,939
Miscellaneous			
Loan interest payments	15,845	-	15,845
Rents	204,680	-	204,680
Other	53,731	114,637	168,368
Total Revenues	<u>534,773</u>	<u>1,124,395</u>	<u>1,659,168</u>
Expenditures			
Current			
General government	379,757	-	379,757
Community development	8,427	-	8,427
Public safety	17,068	-	17,068
Culture and recreation	-	9,358	9,358
Capital outlay			
General government	5,950	91,467	97,417
Public safety	-	505,408	505,408
Public works	-	1,144,600	1,144,600
Culture and recreation	-	2,150,629	2,150,629
Debt service			
Interest and other charges	-	125,623	125,623
Total Expenditures	<u>411,202</u>	<u>4,027,085</u>	<u>4,438,287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>123,571</u>	<u>(2,902,690)</u>	<u>(2,779,119)</u>
Other Financing Sources (Uses)			
Sale of capital assets	800	58,602	59,402
Transfers in	-	40,000	40,000
Issuance of bonds	-	1,300,000	1,300,000
Premiums on bonds issued	-	92,618	92,618
Transfers out	<u>(185,000)</u>	<u>(800,000)</u>	<u>(985,000)</u>
Total Other Financing Sources (Uses)	<u>(184,200)</u>	<u>691,220</u>	<u>507,020</u>
Net Change in Fund Balances	(60,629)	(2,211,470)	(2,272,099)
Fund Balances, January 1	<u>2,134,348</u>	<u>10,969,173</u>	<u>13,103,521</u>
Fund Balances, December 31	<u>\$ 2,073,719</u>	<u>\$ 8,757,703</u>	<u>\$ 10,831,422</u>

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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.

MN Opioid Settlement Fund - This fund is used to account for the funding received from the opioid settlement.

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 building.

City of Savage, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	201	222	231	203
	Cable Television	MN Opioid Settlement	Economic Development	Hamilton Building
Assets				
Cash and investments	\$ 33,845	\$ 95,606	\$ 861,020	\$ 83,626
Receivables				
Accounts	38,517	-	-	6,094
Leases	-	-	-	84,942
Notes	-	-	596,297	-
Prepaid items	24	-	-	-
Assets held for resale	-	-	174,800	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 72,386</u>	<u>\$ 95,606</u>	<u>\$ 1,632,117</u>	<u>\$ 174,662</u>
Liabilities				
Accounts payable	\$ 573	\$ 1,752	\$ -	\$ 4,230
Accrued salaries and withholdings payable	4,124	-	-	-
Deposits payable	-	-	160	8,501
Total Liabilities	<u>4,697</u>	<u>1,752</u>	<u>160</u>	<u>12,731</u>
Deferred Inflows of Resources				
Unavailable revenue - interest	-	-	46,297	-
Deferred lease resources	-	-	-	82,893
Total Deferred Inflows of Resources	<u> </u>	<u> </u>	<u>46,297</u>	<u>82,893</u>
Fund Balances				
Nonspendable	24	-	-	2,049
Restricted for				
Public health - opioid settlement	-	93,854	-	-
Committed for				
Cable television	67,665	-	-	-
Economic development	-	-	1,585,660	-
Hamilton building	-	-	-	76,989
Post office	-	-	-	-
Total Fund Balances	<u>67,689</u>	<u>93,854</u>	<u>1,585,660</u>	<u>79,038</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 72,386</u>	<u>\$ 95,606</u>	<u>\$ 1,632,117</u>	<u>\$ 174,662</u>

208		233		
Strom Project		Post Office		Total
\$ 25,871		\$ 223,282		\$ 1,323,250
-		-		44,611
-		489,892		574,834
26,775		-		623,072
-		-		24
-		-		174,800
<u>\$ 52,646</u>		<u>\$ 713,174</u>		<u>\$ 2,740,591</u>
\$ -		\$ 4,237		\$ 10,792
-		-		4,124
-		4,500		13,161
-		8,737		28,077
-		-		46,297
-		509,605		592,498
-		509,605		638,795
-		-		2,073
-		-		93,854
-		-		67,665
52,646		-		1,638,306
-		-		76,989
-		194,832		194,832
<u>52,646</u>		<u>194,832</u>		<u>2,073,719</u>
<u>\$ 52,646</u>		<u>\$ 713,174</u>		<u>\$ 2,740,591</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, 2023

	201	222	231	203
	Cable Television	MN Opioid Settlement	Economic Development	Hamilton Building
Revenues				
Taxes	\$ 136,622	\$ -	\$ 33,125	\$ -
Intergovernmental	-	20,300	-	-
Investment earnings	4,448	8,557	40,275	4,379
Miscellaneous revenues				
Loan interest payments	-	-	14,286	-
Rents	-	-	-	128,445
Other	22,094	-	-	31,637
Total Revenues	<u>163,164</u>	<u>28,857</u>	<u>87,686</u>	<u>164,461</u>
Expenditures				
Current				
General government	278,878	-	-	61,765
Community development	-	-	8,427	-
Public safety	-	17,068	-	-
Capital outlay				
General government	5,950	-	-	-
Total Expenditures	<u>284,828</u>	<u>17,068</u>	<u>8,427</u>	<u>61,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(121,664)</u>	<u>11,789</u>	<u>79,259</u>	<u>102,696</u>
Other Financing Sources (Uses)				
Sale of capital assets	800	-	-	-
Transfers out	-	-	-	(145,000)
Total Other Financing Sources (Uses)	<u>800</u>	<u>-</u>	<u>-</u>	<u>(145,000)</u>
Net Change in Fund Balances	(120,864)	11,789	79,259	(42,304)
Fund Balances, January 1	<u>188,553</u>	<u>82,065</u>	<u>1,506,401</u>	<u>121,342</u>
Fund Balances, December 31	<u>\$ 67,689</u>	<u>\$ 93,854</u>	<u>\$ 1,585,660</u>	<u>\$ 79,038</u>

208	233	
Strom Project	Post Office	Total
\$ -	\$ -	\$ 169,747
-	-	20,300
997	11,814	70,470
1,559	-	15,845
-	76,235	204,680
-	-	53,731
<u>2,556</u>	<u>88,049</u>	<u>534,773</u>
-	39,114	379,757
-	-	8,427
-	-	17,068
-	-	5,950
<u>-</u>	<u>39,114</u>	<u>411,202</u>
<u>2,556</u>	<u>48,935</u>	<u>123,571</u>
-	-	800
<u>-</u>	<u>(40,000)</u>	<u>(185,000)</u>
<u>-</u>	<u>(40,000)</u>	<u>(184,200)</u>
2,556	8,935	(60,629)
<u>50,090</u>	<u>185,897</u>	<u>2,134,348</u>
<u>\$ 52,646</u>	<u>\$ 194,832</u>	<u>\$ 2,073,719</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Franchise taxes	\$ 165,000	\$ 165,000	\$ 136,622	\$ (28,378)	\$ 157,464
Investment earnings (loss)	500	500	4,448	3,948	(3,543)
Miscellaneous revenues	19,000	19,000	22,094	3,094	22,608
Total Revenues	<u>184,500</u>	<u>184,500</u>	<u>163,164</u>	<u>(21,336)</u>	<u>176,529</u>
Expenditures					
Current					
General government	280,588	280,588	278,878	1,710	289,228
Capital outlay					
General government	11,000	11,000	5,950	5,050	83,465
Total Expenditures	<u>291,588</u>	<u>291,588</u>	<u>284,828</u>	<u>6,760</u>	<u>372,693</u>
Deficiency of Revenues Under Expenditures	<u>(107,088)</u>	<u>(107,088)</u>	<u>(121,664)</u>	<u>(14,576)</u>	<u>(196,164)</u>
Other Financing Sources					
Sale of capital assets	-	-	800	800	-
Transfers in	-	-	-	-	100,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>	<u>100,000</u>
Net Change in Fund Balances	(107,088)	(107,088)	(120,864)	(13,776)	(96,164)
Fund Balances, January 1	<u>188,553</u>	<u>188,553</u>	<u>188,553</u>	<u>-</u>	<u>284,717</u>
Fund Balances, December 31	<u>\$ 81,465</u>	<u>\$ 81,465</u>	<u>\$ 67,689</u>	<u>\$ (13,776)</u>	<u>\$ 188,553</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, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes	\$ 32,000	\$ 32,000	\$ 33,125	\$ 1,125	\$ 32,570
Intergovernmental	-	-	-	-	113,049
Investment earnings (loss)	4,000	4,000	40,275	36,275	(13,495)
Miscellaneous					
Loan interest payments	14,286	14,286	14,286	-	14,286
Other	22,056	22,056	-	(22,056)	22,519
Total Revenues	<u>72,342</u>	<u>72,342</u>	<u>87,686</u>	<u>15,344</u>	<u>168,929</u>
Expenditures					
Current					
Community development	547	547	8,427	(7,880)	113,607
Net Change in Fund Balances	71,795	71,795	79,259	7,464	55,322
Fund Balances, January 1	1,506,401	1,506,401	1,506,401	-	1,451,079
Fund Balances, December 31	<u>\$ 1,578,196</u>	<u>\$ 1,578,196</u>	<u>\$ 1,585,660</u>	<u>\$ 7,464</u>	<u>\$ 1,506,401</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, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings (loss)	\$ 3,000	\$ 3,000	\$ 4,379	\$ 1,379	\$ (3,308)
Miscellaneous					
Rents	108,878	108,878	128,445	19,567	107,896
Other	30,000	30,000	31,637	1,637	14,042
Total Revenues	<u>141,878</u>	<u>141,878</u>	<u>164,461</u>	<u>22,583</u>	<u>118,630</u>
Expenditures					
Current					
General government	<u>62,266</u>	<u>62,266</u>	<u>61,765</u>	<u>501</u>	<u>48,564</u>
Excess of Revenues Over Expenditures	79,612	79,612	102,696	23,084	70,066
Other Financing Uses					
Transfers out	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>(145,000)</u>
Net Changes in Fund Balances	(65,388)	(65,388)	(42,304)	23,084	(74,934)
Fund Balances, January 1	<u>121,342</u>	<u>121,342</u>	<u>121,342</u>	<u>-</u>	<u>196,276</u>
Fund Balances, December 31	<u>\$ 55,954</u>	<u>\$ 55,954</u>	<u>\$ 79,038</u>	<u>\$ 23,084</u>	<u>\$ 121,342</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, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Investment earnings (loss)	\$ 500	\$ 500	\$ 11,814	\$ 11,314	\$ (6,712)
Miscellaneous					
Rents	93,870	93,870	76,235	(17,635)	71,326
Total Revenues	<u>94,370</u>	<u>94,370</u>	<u>88,049</u>	<u>(6,321)</u>	<u>64,614</u>
Expenditures					
Current					
General government	<u>60,633</u>	<u>60,633</u>	<u>39,114</u>	<u>21,519</u>	<u>259,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,737	33,737	48,935	15,198	(195,142)
Other Financing Sources (Uses)					
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(6,263)	(6,263)	8,935	15,198	(195,142)
Fund Balances, January 1	<u>185,897</u>	<u>185,897</u>	<u>185,897</u>	<u>-</u>	<u>381,039</u>
Fund Balances, December 31	<u>\$ 179,634</u>	<u>\$ 179,634</u>	<u>\$ 194,832</u>	<u>\$ 15,198</u>	<u>\$ 185,897</u>

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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.

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

Permanent Improvement Revolving Fund – This fund is used to account for construction costs prior to obtaining permanent financing.

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.

2021 Capital Projects Fund - This fund is used to account for the construction costs of street improvements.

2022 Capital Projects Fund - This fund is used to account for the construction costs of street improvements.

2024 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, 2023

	230	702	501	503
	Community Investment	Capital Equipment Certificates	Permanent Improvement Revolving	Sidewalk
Assets				
Cash and investments	\$ 874,239	\$ 483,026	\$ 825,042	\$ 271,348
Receivables				
Accounts	-	-	-	-
Special assessments	-	-	81,057	-
Due from other governments	-	-	-	-
Lease	-	-	-	-
Due from other funds	1,106,000	-	-	-
Prepaid items	-	1,984,562	-	-
Assets held for resale	82,788	-	-	-
	<u>2,063,027</u>	<u>2,467,588</u>	<u>906,099</u>	<u>271,348</u>
Total Assets	\$ 2,063,027	\$ 2,467,588	\$ 906,099	\$ 271,348
Liabilities				
Accounts payable	\$ 1,584	\$ 11,087	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>1,584</u>	<u>11,087</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - special assessments	-	-	76,984	-
Deferred lease resources	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>76,984</u>	<u>-</u>
Fund Balances				
Nonspendable	-	1,984,562	-	-
Restricted for				
Capital projects	-	-	-	-
Assigned for				
Capital projects	2,061,443	471,939	-	271,348
Future capital improvements	-	-	829,115	-
Unassigned	-	-	-	-
Total Fund Balances	<u>2,061,443</u>	<u>2,456,501</u>	<u>829,115</u>	<u>271,348</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,063,027</u>	<u>\$ 2,467,588</u>	<u>\$ 906,099</u>	<u>\$ 271,348</u>

507	509	511	538	539	541	
Street Infrastructure	Park Dedication	Park Improvement	2021 Capital Projects	2022 Capital Projects	2024 Capital Projects	Total
\$ 414,719	\$ 367,392	\$ 1,127,330	\$ 924,406	\$ 414,481	\$ -	\$ 5,701,983
-	-	-	-	23,173	-	23,173
-	-	-	-	-	-	81,057
-	-	-	-	23,465	-	23,465
-	-	561,369	-	-	-	561,369
-	-	-	-	-	-	1,106,000
-	-	-	-	-	-	1,984,562
-	-	-	-	-	-	82,788
<u>\$ 414,719</u>	<u>\$ 367,392</u>	<u>\$ 1,688,699</u>	<u>\$ 924,406</u>	<u>\$ 461,119</u>	<u>\$ -</u>	<u>\$ 9,564,397</u>
\$ -	\$ 53,088	\$ -	\$ -	\$ -	\$ -	\$ 65,759
-	59,185	-	-	17,115	-	76,300
-	-	-	-	-	30,316	30,316
-	<u>112,273</u>	-	-	<u>17,115</u>	<u>30,316</u>	<u>172,375</u>
-	-	-	-	23,465	-	23,465
-	-	-	-	-	-	76,984
-	-	533,870	-	-	-	533,870
-	-	<u>533,870</u>	-	<u>23,465</u>	-	<u>634,319</u>
-	-	27,499	-	-	-	2,012,061
-	255,119	-	-	-	-	255,119
414,719	-	1,127,330	924,406	420,539	-	5,691,724
-	-	-	-	-	-	829,115
-	-	-	-	-	(30,316)	(30,316)
<u>414,719</u>	<u>255,119</u>	<u>1,154,829</u>	<u>924,406</u>	<u>420,539</u>	<u>(30,316)</u>	<u>8,757,703</u>
<u>\$ 414,719</u>	<u>\$ 367,392</u>	<u>\$ 1,688,699</u>	<u>\$ 924,406</u>	<u>\$ 461,119</u>	<u>\$ -</u>	<u>\$ 9,564,397</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, 2023

	230	702	501	503
	Community Investment	Capital Equipment Certificates	Permanent Improvement Revolving	Sidewalk
Revenues				
Intergovernmental				
State of Minnesota	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	9,608	-
Investment earnings	67,157	21,739	43,655	13,725
Miscellaneous				
Other	-	171	-	-
Total Revenues	<u>67,157</u>	<u>21,910</u>	<u>53,263</u>	<u>13,725</u>
Expenditures				
Current				
Culture and recreation	-	-	-	-
Capital outlay				
General government	4,422	87,045	-	-
Public safety	-	505,408	-	-
Public works	-	546,215	154,663	-
Culture and recreation	-	94,602	-	-
Debt service				
Interest and other charges	-	31,946	-	30,451
Total Expenditures	<u>4,422</u>	<u>1,265,216</u>	<u>154,663</u>	<u>30,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>62,735</u>	<u>(1,243,306)</u>	<u>(101,400)</u>	<u>(16,726)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	58,602	-	-
Transfers in	40,000	-	-	-
Issuance of bonds	-	1,300,000	-	-
Premium on bonds issued	-	92,618	-	-
Transfers out	<u>(800,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(760,000)</u>	<u>1,451,220</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(697,265)	207,914	(101,400)	(16,726)
Fund Balances, January 1	<u>2,758,708</u>	<u>2,248,587</u>	<u>930,515</u>	<u>288,074</u>
Fund Balances, December 31	<u>\$ 2,061,443</u>	<u>\$ 2,456,501</u>	<u>\$ 829,115</u>	<u>\$ 271,348</u>

507	509	511	538	539	541	
<u>Street Infrastructure</u>	<u>Park Dedication</u>	<u>Park Improvement</u>	<u>2021 Capital Projects</u>	<u>2022 Capital Projects</u>	<u>2024 Capital Projects</u>	<u>Total</u>
\$ -	\$ 150,000	\$ -	\$ -	489,681	\$ -	\$ 639,681
-	-	-	-	-	-	9,608
19,494	66,186	51,676	52,250	24,587	-	360,469
-	23,052	91,414	-	-	-	114,637
<u>19,494</u>	<u>239,238</u>	<u>143,090</u>	<u>52,250</u>	<u>514,268</u>	<u>-</u>	<u>1,124,395</u>
-	-	9,358	-	-	-	9,358
-	-	-	-	-	-	91,467
-	-	-	-	-	-	505,408
4,750	-	-	325,214	113,758	-	1,144,600
-	2,025,711	-	-	-	30,316	2,150,629
-	62,726	-	500	-	-	125,623
<u>4,750</u>	<u>2,088,437</u>	<u>9,358</u>	<u>325,714</u>	<u>113,758</u>	<u>30,316</u>	<u>4,027,085</u>
<u>14,744</u>	<u>(1,849,199)</u>	<u>133,732</u>	<u>(273,464)</u>	<u>400,510</u>	<u>(30,316)</u>	<u>(2,902,690)</u>
-	-	-	-	-	-	58,602
-	-	-	-	-	-	40,000
-	-	-	-	-	-	1,300,000
-	-	-	-	-	-	92,618
-	-	-	-	-	-	(800,000)
-	-	-	-	-	-	691,220
14,744	(1,849,199)	133,732	(273,464)	400,510	(30,316)	(2,211,470)
<u>399,975</u>	<u>2,104,318</u>	<u>1,021,097</u>	<u>1,197,870</u>	<u>20,029</u>	<u>-</u>	<u>10,969,173</u>
<u>\$ 414,719</u>	<u>\$ 255,119</u>	<u>\$ 1,154,829</u>	<u>\$ 924,406</u>	<u>\$ 420,539</u>	<u>\$ (30,316)</u>	<u>\$ 8,757,703</u>

City of Savage, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Service Availability Charge	State Surcharge	Total
Assets			
Cash and investments	\$ 18,708	\$ 1,019	\$ 19,727
Liabilities			
Due to other governments	\$ 18,708	\$ 1,019	\$ 19,727

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

City of Savage, Minnesota
Statement Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	Service Availability Charge	State Surcharge	Total
Additions			
Surcharge fees collected for other governments	\$ 159,040	\$ 17,855	\$ 176,895
Deductions			
Payments of service access charges to other governments	159,040	17,855	176,895
Net Position, January 1	-	-	-
Net Position, December 31	\$ -	\$ -	\$ -

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

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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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property	\$ 17,261,262	\$ 17,261,262	\$ 17,116,041	\$ (145,221)	\$ 15,683,601
Gravel tax	15,000	15,000	21,713	6,713	30,997
Total taxes	<u>17,276,262</u>	<u>17,276,262</u>	<u>17,137,754</u>	<u>(138,508)</u>	<u>15,714,598</u>
Licenses and permits					
Business	96,200	96,200	105,870	9,670	93,240
Non-business	671,400	671,400	507,202	(164,198)	710,602
Total licenses and permits	<u>767,600</u>	<u>767,600</u>	<u>613,072</u>	<u>(154,528)</u>	<u>803,842</u>
Intergovernmental					
Federal					
Grants	150,000	150,000	97,963	(52,037)	65,394
State					
Local performance aid	4,600	4,600	4,639	39	4,552
MSA maintenance aid	38,130	38,130	38,130	-	38,130
Fire aid	200,000	200,000	262,960	62,960	230,873
Police aid	365,000	365,000	402,633	37,633	391,765
Public safety aid	-	-	1,422,910	1,422,910	-
Other state aid	14,000	27,413	58,499	31,086	18,723
County					
Other county grants	3,000	3,000	2,309	(691)	1,675
Local					
Miscellaneous	46,533	46,533	48,381	1,848	43,862
Total intergovernmental	<u>821,263</u>	<u>834,676</u>	<u>2,338,424</u>	<u>1,503,748</u>	<u>794,974</u>
Charges for services					
General government	1,100	1,100	892	(208)	2,495
Community development	605,000	605,000	424,411	(180,589)	831,149
Public safety	31,500	31,500	51,956	20,456	44,803
Public works	1,000	1,000	1,245	245	7,470
Culture and recreation	182,000	152,000	168,182	16,182	186,664
Total charges for services	<u>820,600</u>	<u>790,600</u>	<u>646,686</u>	<u>(143,914)</u>	<u>1,072,581</u>
Fines and forfeitures	<u>131,000</u>	<u>131,000</u>	<u>166,902</u>	<u>35,902</u>	<u>131,399</u>
Special assessments	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>	<u>1,404</u>
Investment earnings (loss)	<u>100,000</u>	<u>100,000</u>	<u>556,904</u>	<u>456,904</u>	<u>(182,174)</u>
Miscellaneous revenues					
Contributions and donations	10,000	77,299	69,574	(7,725)	45,737
Rent	80,000	80,000	98,602	18,602	107,099
Refunds and reimbursements	5,000	5,000	7,526	2,526	2,580
Other	26,000	26,000	42,653	16,653	40,175
Total miscellaneous	<u>121,000</u>	<u>188,299</u>	<u>218,355</u>	<u>30,056</u>	<u>195,591</u>
Total Revenues	<u>20,037,725</u>	<u>20,088,437</u>	<u>21,678,151</u>	<u>1,589,714</u>	<u>18,532,215</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personnel services	\$ 49,267	\$ 49,267	\$ 49,033	\$ 234	\$ 42,631
Supplies	300	300	-	300	115
Other services and charges	61,950	61,950	69,124	(7,174)	69,716
Total mayor and council	111,517	111,517	118,157	(6,640)	112,462
Administration					
Personnel services	766,089	766,089	789,669	(23,580)	694,949
Supplies	9,600	14,369	12,522	1,847	8,162
Other services and charges	98,800	98,800	69,580	29,220	84,620
Total administration	874,489	879,258	871,771	7,487	787,731
Elections					
Personnel services	-	-	-	-	32,344
Supplies	-	-	25,505	(25,505)	995
Other services and charges	-	-	-	-	3,971
Total elections	-	-	25,505	(25,505)	37,310
Human resources					
Personnel services	80,706	80,706	110,263	(29,557)	-
Supplies	-	-	1,217	(1,217)	-
Other services and charges	33,100	60,013	69,561	(9,548)	-
Total human resources	113,806	140,719	181,041	(40,322)	-
General government buildings					
Personnel services	338,384	338,384	341,324	(2,940)	328,635
Supplies	28,500	31,500	26,816	4,684	14,531
Other services and charges	177,610	177,610	148,896	28,714	194,065
Total general government buildings	544,494	547,494	517,036	30,458	537,231
Communications					
Personnel services	35,646	35,646	22,952	12,694	-
Supplies	14,500	14,500	13,478	1,022	9,485
Other services and charges	85,450	125,600	115,428	10,172	110,402
Total communications	135,596	175,746	151,858	23,888	119,887
Finance					
Personnel services	309,011	309,011	311,180	(2,169)	337,208
Supplies	2,800	2,800	2,344	456	1,267
Other services and charges	351,720	338,220	465,824	(127,604)	373,567
Total finance	663,531	650,031	779,348	(129,317)	712,042
Legal					
Other services and charges	130,000	130,000	164,773	(34,773)	150,900
Management information systems (MIS)					
Personnel services	249,681	249,681	269,326	(19,645)	236,849
Supplies	46,000	70,620	42,592	28,028	22,551
Other services and charges	206,200	230,200	223,850	6,350	127,836
Total MIS	501,881	550,501	535,768	14,733	387,236

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Contingency					
Other services and charges	\$ 4,750	\$ 4,750	\$ -	\$ 4,750	\$ 5,000
Total general government	3,080,064	3,190,016	3,345,257	(155,241)	2,849,799
Community development					
Geographic information systems (GIS)					
Personnel services	113,596	113,596	114,939	(1,343)	104,183
Supplies	10,500	10,500	2,243	8,257	3,075
Other services and charges	23,900	23,900	12,992	10,908	13,034
Total GIS	147,996	147,996	130,174	17,822	120,292
Community development planning					
Personnel services	393,231	393,231	359,527	33,704	321,706
Supplies	7,400	7,400	1,291	6,109	4,173
Other services and charges	130,650	130,650	83,548	47,102	19,634
Total community development planning	531,281	531,281	444,366	86,915	345,513
Building inspection					
Personnel services	680,135	680,135	726,538	(46,403)	633,923
Supplies	15,700	15,700	7,599	8,101	12,895
Other services and charges	88,719	88,719	56,110	32,609	54,755
Total building inspection	784,554	784,554	790,247	(5,693)	701,573
Total community development	1,463,831	1,463,831	1,364,787	99,044	1,167,378
Public safety					
Police					
Personnel services	6,823,634	6,823,634	6,663,522	160,112	6,084,381
Supplies	226,419	226,419	268,779	(42,360)	276,523
Other services and charges	708,937	708,937	684,124	24,813	599,277
Total police	7,758,990	7,758,990	7,616,425	142,565	6,960,181
Fire					
Personnel services	2,124,988	2,124,988	1,860,352	264,636	1,492,493
Supplies	156,250	198,875	209,824	(10,949)	126,997
Other services and charges	319,184	319,184	466,612	(147,428)	386,100
Total fire	2,600,422	2,643,047	2,536,788	106,259	2,005,590
Total public safety	10,359,412	10,402,037	10,153,213	248,824	8,965,771

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Administration					
Personnel services	\$ 191,470	\$ 191,470	\$ 200,654	\$ (9,184)	\$ 187,403
Supplies	27,450	27,450	23,099	4,351	33,178
Other services and charges	213,900	213,900	171,818	42,082	206,244
Total administration	<u>432,820</u>	<u>432,820</u>	<u>395,571</u>	<u>37,249</u>	<u>426,825</u>
Maintenance (streets and alleys)					
Personnel services	872,851	872,851	845,716	27,135	844,933
Supplies	158,900	158,900	153,503	5,397	156,327
Other services and charges	251,800	251,800	248,727	3,073	247,730
Total maintenance	<u>1,283,551</u>	<u>1,283,551</u>	<u>1,247,946</u>	<u>35,605</u>	<u>1,248,990</u>
Engineering					
Personnel services	623,223	623,223	641,648	(18,425)	581,697
Supplies	14,100	14,100	8,170	5,930	12,844
Other services and charges	114,080	126,716	42,660	84,056	28,705
Total engineering	<u>751,403</u>	<u>764,039</u>	<u>692,478</u>	<u>71,561</u>	<u>623,246</u>
Snow and ice removal					
Personnel services	32,644	32,644	24,473	8,171	39,354
Supplies	144,000	144,000	135,233	8,767	153,713
Other services and charges	74,100	74,100	83,375	(9,275)	71,787
Total snow and ice removal	<u>250,744</u>	<u>250,744</u>	<u>243,081</u>	<u>7,663</u>	<u>264,854</u>
Vehicle maintenance					
Personnel services	222,055	222,055	217,929	4,126	212,210
Supplies	82,000	82,000	83,142	(1,142)	66,075
Other services and charges	54,550	54,550	78,081	(23,531)	47,284
Total vehicle maintenance	<u>358,605</u>	<u>358,605</u>	<u>379,152</u>	<u>(20,547)</u>	<u>325,569</u>
Total public works	<u>3,077,123</u>	<u>3,089,759</u>	<u>2,958,228</u>	<u>131,531</u>	<u>2,889,484</u>
Culture and recreation					
Parks and recreation					
Personnel services	1,532,830	1,532,830	1,552,453	(19,623)	1,463,136
Supplies	210,000	210,000	187,765	22,235	205,551
Other services and charges	371,057	379,505	396,286	(16,781)	372,995
Total parks and recreation	<u>2,113,887</u>	<u>2,122,335</u>	<u>2,136,504</u>	<u>(14,169)</u>	<u>2,041,682</u>
Library					
Supplies	6,200	6,200	3,004	3,196	3,044
Other services and charges	82,739	82,739	58,848	23,891	95,021
Total library	<u>88,939</u>	<u>88,939</u>	<u>61,852</u>	<u>27,087</u>	<u>98,065</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			Variance with Final Budget	2022
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Forestry and natural resources					
Personnel services	\$ 17,369	\$ 17,369	\$ 72,757	\$ (55,388)	\$ 194
Supplies	14,700	15,700	16,017	(317)	6,417
Other services and charges	42,400	42,400	41,416	984	25,829
Total forestry and natural resources	<u>74,469</u>	<u>75,469</u>	<u>130,190</u>	<u>(54,721)</u>	<u>32,440</u>
Total culture and recreation	<u>2,277,295</u>	<u>2,286,743</u>	<u>2,328,546</u>	<u>(41,803)</u>	<u>2,172,187</u>
Total current	<u>20,257,725</u>	<u>20,432,386</u>	<u>20,150,031</u>	<u>282,355</u>	<u>18,044,619</u>
Capital outlay					
Public safety	-	18,226	3,976	14,250	53,626
Public works	-	-	-	-	47,876
Total capital outlay	<u>-</u>	<u>18,226</u>	<u>3,976</u>	<u>14,250</u>	<u>101,502</u>
Total Expenditures	<u>20,257,725</u>	<u>20,450,612</u>	<u>20,154,007</u>	<u>296,605</u>	<u>18,146,121</u>
Excess (Deficiency) of Revenues					
Over(Under) Expenditures	<u>(220,000)</u>	<u>(362,175)</u>	<u>1,524,144</u>	<u>1,886,319</u>	<u>386,094</u>
Other Financing Sources (Uses)					
Transfers in	250,000	250,000	250,000	-	290,000
Transfers out	-	-	-	-	(500,000)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(210,000)</u>
Net Change in Fund Balances	30,000	(112,175)	1,774,144	1,886,319	176,094
Fund Balances, January 1	<u>9,636,705</u>	<u>9,636,705</u>	<u>9,636,705</u>	<u>-</u>	<u>9,460,611</u>
Fund Balances, December 31	<u>\$ 9,666,705</u>	<u>\$ 9,524,530</u>	<u>\$ 11,410,849</u>	<u>\$ 1,886,319</u>	<u>\$ 9,636,705</u>

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City of Savage, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2023

	336	339	341	346	347
	2018B	2009A	2010A/2020B	2012A	2020C/2013A
	G.O. Refunding	G.O. Street	G.O. Build	G.O.	G.O.
	Bonds	Reconstruction/CIP	America	Bonds	Bonds
	Bonds	Bonds	Bonds	Bonds	Bonds
Assets					
Cash and investments	\$ 139,756	\$ 334,478	\$ 486,546	\$ 352,387	\$ 472,932
Special assessments - current	-	-	-	-	-
Special assessments - delinquent	-	-	-	431	143
Special assessments - deferred	-	9,139	7,182	94,493	145,869
Total Assets	<u>\$ 139,756</u>	<u>\$ 343,617</u>	<u>\$ 493,728</u>	<u>\$ 447,311</u>	<u>\$ 618,944</u>
Deferred Inflows of Resources					
Unavailable revenue - special assessments	\$ -	\$ 9,139	\$ 7,182	\$ 94,924	\$ 146,012
Fund Balances					
Restricted for debt service	<u>139,756</u>	<u>334,478</u>	<u>486,546</u>	<u>352,387</u>	<u>472,932</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 139,756</u>	<u>\$ 343,617</u>	<u>\$ 493,728</u>	<u>\$ 447,311</u>	<u>\$ 618,944</u>

City of Savage, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2023

	349	350	351	353	354	355
	2014A	2014B	2015A	2016A	2017A	2018A
	G.O.	Advance Refunding	G.O.	G.O. Street	G.O. Street	G.O. Street
	Bonds	(2006 EDA Lease)	Bonds	Improvement	Improvement	Improvement
	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds
Assets						
Cash and investments	\$ 251,203	\$ 729,807	\$ 416,224	\$ 215,277	\$ 82,429	\$ 577,993
Special assessments - current	-	-	-	-	-	180
Special assessments - delinquent	-	-	151	-	317	509
Special assessments - deferred	53,372	-	131,328	19,485	-	494,353
Total Assets	<u>\$ 304,575</u>	<u>\$ 729,807</u>	<u>\$ 547,703</u>	<u>\$ 234,762</u>	<u>\$ 82,746</u>	<u>\$ 1,073,035</u>
Deferred Inflows of Resources						
Unavailable revenue - special assessments	\$ 53,372	\$ -	\$ 131,479	\$ 19,485	\$ 317	\$ 494,862
Fund Balances						
Restricted for debt service	251,203	729,807	416,224	215,277	82,429	578,173
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 304,575</u>	<u>\$ 729,807</u>	<u>\$ 547,703</u>	<u>\$ 234,762</u>	<u>\$ 82,746</u>	<u>\$ 1,073,035</u>

356 2019A G.O. Street Improvement Bonds	357 2020A G.O. Street Improvement Bonds	358 2021A G.O. Bonds	359 2022A G.O. Bonds	360 2023A G.O. Bonds	372 Financed Purchases	399 Debt Service Revolving	Total
\$ 836,865	\$ 449,334	\$ 621,197	\$ 682,378	\$ 938,311	\$ 15,193	\$ 1,924,757	\$ 9,527,067
-	-	-	444	-	-	-	624
1,703	-	-	-	-	-	2,023	5,277
<u>229,775</u>	<u>195,317</u>	<u>496,492</u>	<u>704,602</u>	<u>1,442,520</u>	<u>-</u>	<u>1,074,020</u>	<u>5,097,947</u>
<u>\$ 1,068,343</u>	<u>\$ 644,651</u>	<u>\$ 1,117,689</u>	<u>\$ 1,387,424</u>	<u>\$ 2,380,831</u>	<u>\$ 15,193</u>	<u>\$ 3,000,800</u>	<u>\$ 14,630,915</u>
\$ 231,478	\$ 195,317	\$ 496,492	\$ 704,602	\$ 1,442,520	\$ -	\$ 1,076,044	\$ 5,103,225
<u>836,865</u>	<u>449,334</u>	<u>621,197</u>	<u>682,822</u>	<u>938,311</u>	<u>15,193</u>	<u>1,924,756</u>	<u>9,527,690</u>
<u>\$ 1,068,343</u>	<u>\$ 644,651</u>	<u>\$ 1,117,689</u>	<u>\$ 1,387,424</u>	<u>\$ 2,380,831</u>	<u>\$ 15,193</u>	<u>\$ 3,000,800</u>	<u>\$ 14,630,915</u>

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City of Savage, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued on the Following Pages)
For the Year Ended December 31, 2023

	336	339	341	346	347
	2018B	2009A	2010A/2020B	2012A	2020C/2013A
	G.O. Refunding	G.O. Street	G.O. Build	G.O.	G.O.
	Bonds	Reconstruction/CIP	America	Bonds	Bonds
Revenues					
Taxes	\$ 131,000	\$ 300,000	\$ 260,000	\$ 239,000	\$ 540,000
Special assessments	13,438	9,693	1,979	28,615	43,120
Investment earnings	3,600	8,241	16,865	10,513	8,586
Total Revenues	<u>148,038</u>	<u>317,934</u>	<u>278,844</u>	<u>278,128</u>	<u>591,706</u>
Expenditures					
Debt service					
Principal	215,000	290,000	285,000	240,000	475,000
Interest and other charges	11,825	38,550	54,875	35,206	91,500
Total Expenditures	<u>226,825</u>	<u>328,550</u>	<u>339,875</u>	<u>275,206</u>	<u>566,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(78,787)</u>	<u>(10,616)</u>	<u>(61,031)</u>	<u>2,922</u>	<u>25,206</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(78,787)	(10,616)	(61,031)	2,922	25,206
Fund Balances, January 1	<u>218,543</u>	<u>345,094</u>	<u>547,577</u>	<u>349,465</u>	<u>447,726</u>
Fund Balances, December 31	<u>\$ 139,756</u>	<u>\$ 334,478</u>	<u>\$ 486,546</u>	<u>\$ 352,387</u>	<u>\$ 472,932</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, 2023

	349	350	351	353	354	355
	2014A	2014B	2015A	2016A	2017A	2018A
	G.O.	Advance Refunding	G.O.	G.O. Street	G.O. Street	G.O. Street
	Bonds	(2006 EDA Lease)	Bonds	Improvement	Improvement	Improvement
	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds
Revenues						
Taxes	\$ 166,000	\$ 548,000	\$ 232,000	\$ 198,000	\$ 85,000	\$ 246,000
Special assessments	10,181	-	23,437	2,924	287	80,854
Investment earnings	7,957	20,968	14,050	5,807	3,858	19,317
Total Revenues	<u>184,138</u>	<u>568,968</u>	<u>269,487</u>	<u>206,731</u>	<u>89,145</u>	<u>346,171</u>
Expenditures						
Debt service						
Principal	160,000	540,000	225,000	175,000	480,000	295,000
Interest and other charges	39,925	56,794	52,913	37,125	28,325	66,400
Total Expenditures	<u>199,925</u>	<u>596,794</u>	<u>277,913</u>	<u>212,125</u>	<u>508,325</u>	<u>361,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,787)</u>	<u>(27,826)</u>	<u>(8,426)</u>	<u>(5,394)</u>	<u>(419,180)</u>	<u>(15,229)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(15,787)	(27,826)	(8,426)	(5,394)	(419,180)	(15,229)
Fund Balances, January 1	<u>266,990</u>	<u>757,633</u>	<u>424,650</u>	<u>220,671</u>	<u>501,609</u>	<u>593,402</u>
Fund Balances, December 31	<u>\$ 251,203</u>	<u>\$ 729,807</u>	<u>\$ 416,224</u>	<u>\$ 215,277</u>	<u>\$ 82,429</u>	<u>\$ 578,173</u>

356 2019A G.O. Street Improvement Bonds	357 2020A G.O. Street Improvement Bonds	358 2021A G.O. Bonds	359 2022A G.O. Bonds	360 2023A G.O. Bonds	372 Financed Purchases	399 Debt Service Revolving	Total
\$ 210,000	\$ 310,000	\$ 265,000	\$ 295,874	\$ -	\$ -	\$ -	\$ 4,025,874
48,400	32,893	69,989	99,285	926,132	-	61,721	1,452,948
33,886	13,951	21,677	21,815	12,179	884	92,673	316,827
<u>292,286</u>	<u>356,844</u>	<u>356,666</u>	<u>416,974</u>	<u>938,311</u>	<u>884</u>	<u>154,394</u>	<u>5,795,649</u>
360,000	310,000	290,000	-	-	120,000	-	4,460,000
76,900	60,550	97,870	94,952	-	25,723	5,165	874,598
<u>436,900</u>	<u>370,550</u>	<u>387,870</u>	<u>94,952</u>	<u>-</u>	<u>145,723</u>	<u>5,165</u>	<u>5,334,598</u>
(144,614)	(13,706)	(31,204)	322,022	938,311	(144,839)	149,229	461,051
-	-	-	-	-	145,000	-	145,000
-	-	-	-	-	-	(150,000)	(150,000)
-	-	-	-	-	145,000	(150,000)	(5,000)
(144,614)	(13,706)	(31,204)	322,022	938,311	161	(771)	456,051
981,479	463,040	652,401	360,800	-	15,032	1,925,527	9,071,639
<u>\$ 836,865</u>	<u>\$ 449,334</u>	<u>\$ 621,197</u>	<u>\$ 682,822</u>	<u>\$ 938,311</u>	<u>\$ 15,193</u>	<u>\$ 1,924,756</u>	<u>\$ 9,527,690</u>

City of Savage, Minnesota
 Summary Financial Report
 Revenues and Expenditures For General Operations
 Governmental Funds
 For the Years Ended December 31, 2023 and 2022

	Total		Percent Increase (Decrease)
	2023	2022	
Revenues			
Taxes	\$ 22,140,358	\$ 20,887,828	6.00 %
Licenses and permits	613,072	803,842	(23.73)
Intergovernmental	5,615,781	2,871,773	95.55
Charges for services	646,686	1,072,581	(39.71)
Fines and forfeits	166,902	131,399	27.02
Special assessments	1,462,610	935,401	56.36
Investment earnings (loss)	1,331,790	(433,824)	N/A
Miscellaneous	607,248	1,151,240	(47.25)
	<u>\$ 32,584,447</u>	<u>\$ 27,420,240</u>	
Total Revenues			18.83 %
Per capita	\$ 983	\$ 826	19.06 %
Expenditures			
Current			
General government	\$ 3,728,138	\$ 3,463,396	7.64 %
Public safety	10,189,265	9,029,293	12.85
Public works	2,958,228	2,944,567	0.46
Culture and recreation	2,365,769	2,175,357	8.75
Community development	1,386,578	1,326,842	4.50
Capital outlay	11,713,310	6,886,770	70.08
Debt service			
Principal	4,460,000	4,905,000	(9.07)
Interest and other charges	1,048,122	1,124,228	(6.77)
	<u>\$ 37,849,410</u>	<u>\$ 31,855,453</u>	
Total Expenditures			18.82 %
Per capita	\$ 1,142	\$ 960	19.04 %
Total Long-term indebtedness	\$ 30,216,220	\$ 31,506,282	(4.09) %
Per capita	912	949	(3.91)
General Fund Balance - December 31	\$ 11,410,849	\$ 9,636,705	18.41 %
Per capita	344	290	18.64

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 Matthew Burt, Finance Director, at (952)-882-2691.

STATISTICAL SECTION (UNAUDITED)

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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STATISTICAL SECTION (UNAUDITED)

This part of the City's annual comprehensive 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)

	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 56,875,347	\$ 56,788,519	\$ 52,404,031	\$ 56,043,065
Restricted	27,661,964	26,379,496	23,798,360	15,945,047
Unrestricted	4,808,819	346,467	6,125,991	6,952,544
 Total Governmental Activities Net Position	 <u>\$ 89,346,130</u>	 <u>\$ 83,514,482</u>	 <u>\$ 82,328,382</u>	 <u>\$ 78,940,656</u>
 Business-type Activities				
Net investment in capital assets	\$ 58,707,155	\$ 58,349,577	\$ 58,757,241	\$ 62,456,787
Restricted	186,213	186,213	186,213	186,213
Unrestricted	9,650,137	10,250,984	10,765,788	12,020,899
 Total Business-type Activities Net Position	 <u>\$ 68,543,505</u>	 <u>\$ 68,786,774</u>	 <u>\$ 69,709,242</u>	 <u>\$ 74,663,899</u>
 Primary Government				
Net investment in capital assets	\$ 105,769,655	\$ 105,597,787	\$ 111,161,272	\$ 118,499,852
Restricted	27,848,177	26,565,709	23,984,573	16,131,260
Unrestricted	24,271,803	20,137,760	16,891,779	18,973,443
 Total Primary Government Net Position	 <u>\$ 157,889,635</u>	 <u>\$ 152,301,256</u>	 <u>\$ 152,037,624</u>	 <u>\$ 153,604,555</u>

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					
2018	2019	2020	2021	2022	2023
\$ 60,647,943	\$ 61,931,750	\$ 59,437,507	\$ 63,409,856	\$ 63,787,832	\$ 67,131,765
15,881,764	15,762,927	20,053,358	15,964,668	14,833,165	16,062,732
4,466,178	5,330,287	7,564,858	9,591,841	10,317,786	7,808,101
<u>\$ 80,995,885</u>	<u>\$ 83,024,964</u>	<u>\$ 87,055,723</u>	<u>\$ 88,966,365</u>	<u>\$ 88,938,783</u>	<u>\$ 91,002,598</u>
\$ 63,945,940	\$ 65,957,294	\$ 64,851,418	\$ 63,167,051	\$ 61,483,488	\$ 60,562,010
186,213	-	-	-	-	-
12,930,955	14,585,777	15,807,659	18,559,964	20,304,657	24,249,663
<u>\$ 77,063,108</u>	<u>\$ 80,543,071</u>	<u>\$ 80,659,077</u>	<u>\$ 81,727,015</u>	<u>\$ 81,788,145</u>	<u>\$ 84,811,673</u>
\$ 124,593,883	\$ 127,889,044	\$ 124,288,925	\$ 126,576,907	\$ 125,271,320	\$ 127,693,775
16,067,977	15,762,927	20,053,358	15,964,668	14,833,165	16,062,732
17,397,133	19,916,064	23,372,517	28,151,805	30,622,443	32,057,764
<u>\$ 158,058,993</u>	<u>\$ 163,568,035</u>	<u>\$ 167,714,800</u>	<u>\$ 170,693,380</u>	<u>\$ 170,726,928</u>	<u>\$ 175,814,271</u>

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

	2014	2015	2016	2017
Expenses				
Governmental Activities				
General government	\$ 2,635,204	\$ 2,808,358	\$ 3,702,654	\$ 3,007,733
Community development	1,126,253	880,952	1,207,177	1,097,374
Public safety	6,080,356	6,144,514	8,119,785	7,191,221
Public works	7,655,405	10,013,293	12,269,023	9,910,401
Culture and recreation	1,664,785	1,859,142	2,102,361	3,591,953
Interest on long-term debt	1,793,677	1,572,793	1,521,939	1,355,906
Total Governmental Activities Expenses	<u>20,955,680</u>	<u>23,279,052</u>	<u>28,922,939</u>	<u>26,154,588</u>
Business-type Activities				
Water and sewer	8,505,471	8,401,436	8,972,833	9,289,662
Storm water	1,581,519	1,684,442	1,285,147	1,371,284
Municipal liquor	4,046,382	3,661,334	3,910,277	4,961,257
Street light	331,931	335,488	358,525	387,609
Sports center	490,481	466,643	463,356	491,401
Total Business-type Activities Expenses	<u>14,955,784</u>	<u>14,549,343</u>	<u>14,990,138</u>	<u>16,501,213</u>
Total Primary Government Expenses	<u>\$ 35,911,464</u>	<u>\$ 37,828,395</u>	<u>\$ 43,913,077</u>	<u>\$ 42,655,801</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 425,638	\$ 451,924	\$ 2,172,767	\$ 2,340,982
Community development	1,152,731	1,072,049	37,650	57,861
Public safety	191,024	138,373	77,347	68,783
Public works	629,211	509,220	38,705	28,800
Culture and recreation	262,835	229,892	1,059,107	884,066
Operating grants and contributions	581,227	740,935	1,615,121	1,182,258
Capital grants and contributions	4,327,779	5,877,187	5,110,433	4,116,418
Total Governmental Activities Program Revenues	<u>7,570,445</u>	<u>9,019,580</u>	<u>10,111,130</u>	<u>8,679,168</u>
Business-type Activities				
Charges for services				
Water and sewer	8,584,064	7,078,007	9,221,873	9,048,111
Storm water	1,415,134	1,377,448	1,566,646	1,538,029
Municipal liquor	4,245,608	3,705,763	3,801,453	4,887,610
Street light	347,059	351,997	364,653	365,915
Sports center	520,598	492,875	481,285	464,101
Operating grants and contributions	-	-	24,443	5,200
Capital grants and contributions	-	-	341,392	582,599
Total Business-type Activities Program Revenues	<u>15,112,463</u>	<u>13,006,090</u>	<u>15,801,745</u>	<u>16,891,565</u>
Total Primary Government Program Revenues	<u>\$ 22,682,908</u>	<u>\$ 22,025,670</u>	<u>\$ 25,912,875</u>	<u>\$ 25,570,733</u>

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,151,299	\$ 3,117,228	\$ 3,537,333	\$ 3,088,566	\$ 4,384,358	\$ 4,136,083
2,240,018	2,028,031	1,911,812	1,659,388	1,726,281	2,070,175
6,597,722	8,019,430	8,110,576	7,866,269	10,162,892	11,512,154
7,914,737	8,038,006	8,531,735	9,131,601	8,991,987	9,316,244
465,338	2,539,161	2,134,573	3,180,439	2,581,282	3,181,677
1,316,898	1,127,911	1,026,555	976,372	937,100	817,351
<u>21,686,012</u>	<u>24,869,767</u>	<u>25,252,584</u>	<u>25,902,635</u>	<u>28,783,900</u>	<u>31,033,684</u>
9,249,657	9,378,190	9,925,292	9,889,144	10,499,178	10,422,502
1,663,561	1,389,829	1,350,408	1,574,099	1,600,939	1,378,244
5,199,119	5,364,001	6,528,974	6,457,360	6,479,719	6,519,800
371,087	376,197	355,911	381,322	438,758	442,906
573,093	552,170	454,691	478,041	599,268	675,450
<u>17,056,517</u>	<u>17,060,387</u>	<u>18,615,276</u>	<u>18,779,966</u>	<u>19,617,862</u>	<u>19,438,902</u>
<u>\$ 38,742,529</u>	<u>\$ 41,930,154</u>	<u>\$ 43,867,860</u>	<u>\$ 44,682,601</u>	<u>\$ 48,401,762</u>	<u>\$ 50,472,586</u>
\$ 2,491,834	\$ 2,798,696	\$ 1,972,318	\$ 1,855,210	\$ 1,945,314	\$ 1,338,956
34,884	9,524	21,286	21,286	21,286	21,286
140,383	101,953	49,542	139,298	176,202	204,225
32,700	52,315	37,680	27,913	9,501	5,019
593,003	1,061,724	295,778	594,151	914,155	328,927
815,644	1,046,275	3,117,335	1,081,974	1,265,799	3,975,247
2,890,999	2,426,179	2,372,021	2,544,857	3,026,171	2,682,182
<u>6,999,447</u>	<u>7,496,666</u>	<u>7,865,960</u>	<u>6,264,689</u>	<u>7,358,428</u>	<u>8,555,842</u>
10,110,211	11,580,076	9,996,437	10,769,609	10,940,862	11,148,639
1,424,700	1,551,700	1,401,399	1,398,959	1,454,555	1,413,172
5,338,168	5,870,314	7,385,922	7,024,361	7,007,605	7,173,219
375,038	382,704	384,659	394,568	397,096	410,427
478,526	440,335	274,338	365,862	458,305	467,458
19,061	13,582	6,750	40,520	289,679	105,770
218,902	203,840	111,395	289,921	88,280	19,324
<u>17,964,606</u>	<u>20,042,551</u>	<u>19,560,900</u>	<u>20,283,800</u>	<u>20,636,382</u>	<u>20,738,009</u>
<u>\$ 24,964,053</u>	<u>\$ 27,539,217</u>	<u>\$ 27,426,860</u>	<u>\$ 26,548,489</u>	<u>\$ 27,994,810</u>	<u>\$ 29,293,851</u>

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

	2015	2016	2017	2018
Net (Expense)/Revenue				
Governmental activities	\$ (13,385,235)	\$ (14,259,472)	\$ (18,811,809)	\$ (17,475,420)
Business-type activities	156,679	(1,543,253)	811,607	390,352
Total Primary Government Net Expense	<u>\$ (13,228,556)</u>	<u>\$ (15,802,725)</u>	<u>\$ (18,000,202)</u>	<u>\$ (17,085,068)</u>
General Revenues and other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 16,121,557	\$ 16,612,868	\$ 16,584,312	\$ 16,946,478
Tax increments	13,325	-	100,392	160,961
Franchise taxes	195,656	191,425	202,011	203,154
Other taxes	-	-	47,702	44,416
Grants and contributions not restricted to specific programs	4,004	-	22,595	262,976
Unrestricted investment earnings (loss)	1,249,535	480,193	399,871	390,900
Other general revenues	3,480	-	33,994	3,406
Gain on sale of capital assets	58,522	265,936	130,444	433,110
Transfers	758,571	(2,724,755)	104,388	(4,357,707)
Total Governmental Activities	<u>18,404,650</u>	<u>14,825,667</u>	<u>17,625,709</u>	<u>14,087,694</u>
Business-type Activities				
Property taxes, levied for debt service	-	-	-	-
Unrestricted investment earnings (loss)	494,736	153,310	204,218	206,598
Other general revenues	8,498	2,377	-	-
Gain on sale of capital assets	-	-	11,031	-
Transfers	(758,571)	2,724,755	(104,388)	4,357,707
Total Business-type Activities	<u>(255,337)</u>	<u>2,880,442</u>	<u>110,861</u>	<u>4,564,305</u>
Total Primary Government	<u>\$ 18,149,313</u>	<u>\$ 17,706,109</u>	<u>\$ 17,736,570</u>	<u>\$ 18,651,999</u>
Change in Net Position				
Governmental activities	\$ 5,019,415	\$ 566,195	\$ (1,186,100)	\$ (3,387,726)
Business-type activities	(98,658)	1,337,189	922,468	4,954,657
Total Primary Government	<u>\$ 4,920,757</u>	<u>\$ 1,903,384</u>	<u>\$ (263,632)</u>	<u>\$ 1,566,931</u>

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					
2019	2020	2021	2022	2023	2023
\$ (14,686,565)	\$ (17,373,101)	\$ (17,386,624)	\$ (19,637,946)	\$ (21,425,472)	\$ (22,477,842)
908,089	2,982,164	945,624	1,503,834	1,018,520	1,299,107
<u>\$ (13,778,476)</u>	<u>\$ (14,390,937)</u>	<u>\$ (16,441,000)</u>	<u>\$ (18,134,112)</u>	<u>\$ (20,406,952)</u>	<u>\$ (21,178,735)</u>
\$ 17,383,219	\$ 17,899,998	\$ 18,643,908	\$ 19,663,572	\$ 19,967,471	\$ 21,146,355
180,462	396,602	556,654	658,351	726,764	806,983
196,673	191,698	186,966	171,492	157,464	136,622
47,848	49,243	51,312	51,523	63,567	54,838
26,246	23,176	25,537	208,620	102,935	1,647,573
406,919	873,039	625,413	(64,754)	(451,409)	1,372,480
1,098	17,101	7,741	246	2,580	-
87,979	45,809	120,231	366,719	119,088	59,402
(1,356,235)	(94,486)	1,199,621	492,819	709,430	(682,596)
<u>16,974,209</u>	<u>19,402,180</u>	<u>21,417,383</u>	<u>21,548,588</u>	<u>21,397,890</u>	<u>24,541,657</u>
-	-	-	52,500	55,000	50,000
185,921	403,313	280,293	(34,578)	(302,960)	991,825
-	-	-	-	-	-
-	-	89,710	39,001	-	-
1,356,235	94,486	(1,199,621)	(492,819)	(709,430)	682,596
<u>1,542,156</u>	<u>497,799</u>	<u>(829,618)</u>	<u>(435,896)</u>	<u>(957,390)</u>	<u>1,724,421</u>
<u>\$ 18,516,365</u>	<u>\$ 19,899,979</u>	<u>\$ 20,587,765</u>	<u>\$ 21,112,692</u>	<u>\$ 20,440,500</u>	<u>\$ 26,266,078</u>
\$ 2,287,644	\$ 2,029,079	\$ 4,030,759	\$ 1,910,642	\$ (27,582)	\$ 2,063,815
2,450,245	3,479,963	116,006	1,067,938	61,130	3,023,528
<u>\$ 4,737,889</u>	<u>\$ 5,509,042</u>	<u>\$ 4,146,765</u>	<u>\$ 2,978,580</u>	<u>\$ 33,548</u>	<u>\$ 5,087,343</u>

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable	\$ 27,616	\$ 58,389	\$ 68,435	\$ 34,956
Restricted	-	-	-	-
Assigned	14,129	16,596	18,659	226,626
Unassigned	<u>6,685,706</u>	<u>6,783,256</u>	<u>6,934,350</u>	<u>7,191,162</u>
Total General Fund	<u>\$ 6,727,451</u>	<u>\$ 6,858,241</u>	<u>\$ 7,021,444</u>	<u>\$ 7,452,744</u>
All other Governmental Funds				
Unreserved, reported in				
Nonspendable	\$ 790,573	\$ 739,572	\$ 688,869	\$ 14,269
Restricted	24,394,291	26,854,132	19,661,660	12,766,724
Committed	1,324,188	2,060,967	2,293,894	2,350,920
Assigned - capital projects	4,620,966	4,423,322	5,447,669	6,808,382
Unassigned	<u>(1,801,173)</u>	<u>(742,569)</u>	<u>(934,728)</u>	<u>(273,767)</u>
Total All Other Governmental Funds	<u>\$ 29,328,845</u>	<u>\$ 33,335,424</u>	<u>\$ 27,157,364</u>	<u>\$ 21,666,528</u>

Source: City of Savage, audited financial statements.

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 105,053	\$ 55,381	\$ 44,199	\$ 71,527	\$ 76,800	\$ 128,195
-	-	-	24,028	24,033	1,446,950
50,378	254,143	872,986	254,832	189,644	189,644
<u>7,645,475</u>	<u>8,072,292</u>	<u>8,874,137</u>	<u>9,110,224</u>	<u>9,346,228</u>	<u>9,646,060</u>
<u>\$ 7,800,906</u>	<u>\$ 8,381,816</u>	<u>\$ 9,791,322</u>	<u>\$ 9,460,611</u>	<u>\$ 9,636,705</u>	<u>\$ 11,410,849</u>
\$ 7,277	\$ 7,482	\$ -	\$ 1,854	\$ 1,119,610	\$ 2,014,134
13,048,666	12,128,571	16,800,682	12,631,605	11,175,957	9,876,663
2,241,728	2,067,518	2,009,906	2,463,735	2,132,578	1,977,792
7,317,105	8,376,308	7,918,655	7,308,067	7,825,393	6,520,839
<u>(3,810,212)</u>	<u>(3,788,249)</u>	<u>(2,804,154)</u>	<u>(1,182,154)</u>	<u>(839,087)</u>	<u>(1,190,882)</u>
<u>\$ 18,804,564</u>	<u>\$ 18,791,630</u>	<u>\$ 23,925,089</u>	<u>\$ 21,223,107</u>	<u>\$ 21,414,451</u>	<u>\$ 19,198,546</u>

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

	2014	2015	2016	2017
Revenues				
Taxes	\$ 16,239,954	\$ 16,700,828	\$ 16,966,415	\$ 17,354,608
Special assessments	4,131,438	2,680,986	1,061,770	1,103,285
Licenses and permits	1,144,093	979,319	5,659,137	3,959,527
Intergovernmental	2,803,618	5,040,627	1,895,927	1,158,646
Charges for services	1,519,574	1,318,017	43,699	45,258
Fines and forfeits	157,931	110,039	2,238,634	1,414,733
Investment earnings (loss)	1,189,774	456,713	381,172	370,860
Miscellaneous	945,303	702,786	492,927	1,528,002
Total Revenues	28,131,685	27,989,315	28,739,681	26,934,919
Expenditures				
General government	2,468,850	2,540,980	2,691,979	2,721,328
Community development	753,240	795,823	800,377	878,233
Public safety	5,757,690	5,873,216	6,243,134	6,532,555
Public works	2,298,275	2,211,713	2,366,155	2,319,866
Culture and recreation	1,419,873	1,528,118	1,764,144	1,850,781
Capital outlay	10,829,083	7,316,930	12,481,059	9,804,826
Debt service				
Principal	6,625,000	7,190,000	11,280,000	6,700,000
Interest and other	1,946,410	1,735,867	1,616,804	1,381,337
Other charges	1,114,435	-	94,318	113,394
Total Expenditures	33,212,856	29,192,647	39,337,970	32,302,320
Deficiency of Revenues				
Under Expenditures	(5,081,171)	(1,203,332)	(10,598,289)	(5,367,401)
Other Financing Sources (Uses)				
Sale of capital assets	62,633	287,965	131,064	438,318
Transfers in	6,868,636	4,527,780	5,824,715	7,504,778
Issuance of bonds	9,890,000	6,830,000	3,335,000	6,000,000
Premium/discount on debt issued	212,244	265,345	147,335	233,034
Principal paid on refunded bonds	(6,600,000)	-	-	(3,365,000)
Transfers out	(3,956,582)	(6,570,389)	(4,854,682)	(10,503,265)
Total Other Financing Sources (Uses)	6,476,931	5,340,701	4,583,432	307,865
Net Change in Fund Balances	\$ 1,395,760	\$ 4,137,369	\$ (6,014,857)	\$ (5,059,536)
Debt Service as a Percentage of Noncapital Expenditures	42.6 %	37.8 %	42.5 %	31.4 %

Source: City of Savage, audited financial statements.

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 17,822,759	\$ 18,538,789	\$ 19,447,810	\$ 20,529,247	\$ 20,887,828	\$ 22,140,358
1,194,088	1,421,268	912,015	775,945	803,842	613,072
2,079,088	2,330,153	4,569,363	2,404,960	2,871,773	5,615,781
1,135,001	1,185,732	828,127	956,362	1,072,581	646,686
118,515	81,334	39,684	123,445	131,399	166,902
1,273,975	1,242,291	1,095,951	1,108,876	935,401	1,462,610
387,862	813,596	599,729	(62,480)	(433,824)	1,331,790
1,077,592	1,475,390	792,889	1,057,318	1,151,240	607,248
<u>25,088,880</u>	<u>27,088,553</u>	<u>28,285,568</u>	<u>26,893,673</u>	<u>27,420,240</u>	<u>32,584,447</u>
2,856,200	2,795,315	3,260,369	3,106,005	3,463,396	3,728,138
1,039,347	1,518,798	1,454,335	1,120,795	1,326,842	1,386,578
6,830,635	7,254,982	8,018,520	8,469,419	9,029,293	10,189,265
2,576,056	2,681,120	2,668,115	2,776,376	2,944,567	2,958,228
1,870,107	1,928,338	1,936,535	2,214,308	2,175,357	2,365,769
8,867,349	8,583,762	7,812,949	6,317,239	6,886,770	11,713,310
7,328,200	5,533,200	4,716,600	9,418,200	4,905,000	4,460,000
1,396,076	1,231,466	1,256,333	1,229,775	1,124,228	1,048,122
-	-	48,057	-	-	-
<u>32,763,970</u>	<u>31,526,981</u>	<u>31,171,813</u>	<u>34,652,117</u>	<u>31,855,453</u>	<u>37,849,410</u>
<u>(7,675,090)</u>	<u>(4,438,428)</u>	<u>(2,886,245)</u>	<u>(7,758,444)</u>	<u>(4,435,213)</u>	<u>(5,264,963)</u>
90,019	45,809	120,231	366,719	119,088	59,402
4,192,992	5,083,565	7,882,633	6,424,210	5,224,275	2,469,136
4,420,000	4,300,000	8,050,000	2,800,000	2,645,000	3,180,000
138,269	465,410	759,224	335,761	63,683	249,664
-	(1,825,000)	(1,930,000)	-	-	-
<u>(3,679,992)</u>	<u>(3,063,380)</u>	<u>(5,452,878)</u>	<u>(5,200,939)</u>	<u>(3,249,395)</u>	<u>(1,135,000)</u>
<u>5,161,288</u>	<u>5,006,404</u>	<u>9,429,210</u>	<u>4,725,751</u>	<u>4,802,651</u>	<u>4,823,202</u>
<u>\$ (2,513,802)</u>	<u>\$ 567,976</u>	<u>\$ 6,542,965</u>	<u>\$ (3,032,693)</u>	<u>\$ 367,438</u>	<u>\$ (441,761)</u>
<u>38.1 %</u>	<u>28.9 %</u>	<u>25.2 %</u>	<u>36.6 %</u>	<u>23.6 %</u>	<u>20.5 %</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
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
2019	17,899,998	396,602	240,941	18,537,541
2020	18,643,908	556,654	238,278	19,438,840
2021	19,663,572	658,351	223,015	20,544,938
2022	19,967,471	726,764	221,031	20,915,266
2023	21,146,355	806,983	191,460	22,144,798

Source: City of Savage, audited financial statements.

City of Savage, Minnesota
 Governmental Funds 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
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
2019	17,901,246	396,602	240,941	18,538,789
2020	18,652,878	556,654	238,278	19,447,810
2021	19,647,881	658,351	223,015	20,529,247
2022	19,940,033	726,764	221,031	20,887,828
2023	21,141,915	806,983	191,460	22,140,358

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 ⁽¹⁾						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	
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
2019	39,173,698	(358,727)	741,358	39,556,329	44.47	3,396,640,700	1.15
2020	42,694,112	(515,519)	905,265	43,083,858	42.36	3,707,956,100	1.15
2021	46,038,590	(627,779)	873,804	46,284,615	42.25	3,972,246,200	1.16
2022	49,462,759	(722,037)	685,435	49,426,157	40.33	4,291,919,080	1.15
2023	59,163,037	(929,333)	423,017	58,656,721	35.99	5,251,288,300	1.13

⁽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 ⁽¹⁾		Special Districts ⁽²⁾	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		
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
2019	33.669	10.805	44.474	26.202	33.841	8.271	112.788
2020	32.274	10.083	42.357	23.765	32.718	7.744	106.584
2021	32.405	9.849	42.254	23.699	31.025	7.840	104.818
2022	31.649	8.677	40.326	20.273	30.492	7.640	98.731
2023	29.111	6.875	35.986	19.403	26.578	6.604	88.571

⁽¹⁾ 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.)

⁽²⁾ 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	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Continental 298 Fund, LLC	\$ 66,000,000	1	1.27 %			
SE Savage LLC	45,003,200	2	0.87			
Cargill, Inc.	30,102,600	3	0.58	23,733,600	1	0.97
CHC Highview, LLC	28,574,200	4	0.55			
Karl Bohn	22,683,100	5	0.44	18,229,100	2	0.75
Centerpoint Energy Resource	22,184,400	6	0.43			
BRE Retail Residual Owner 4, LLC	17,310,800	7	0.33	13,502,300	4	0.55
Stag Savage, LLC	16,422,500	8	0.32			
BF Nelson Corporation	16,041,700	9	0.31			
Ugorets Properties LLC	14,111,700	10	0.27			
Target Corporation & Property Tax Dept				13,500,000	3	0.55
Larry M. Ross, LLC				12,000,000	5	0.49
Savage Station, LLC ⁽¹⁾				10,350,000	6	0.43
Meritex Twin Cities Industrial ⁽²⁾				9,300,000	7	0.38
Riverland AG Corporation				9,000,000	8	0.37
Southcross, LLC				7,600,000	9	0.31
Centerpoint Energy Resource				7,440,600	10	0.31
Total	<u>\$ 278,434,200</u>		<u>5.37 %</u>	<u>\$ 124,655,600</u>		<u>5.11 %</u>

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			
2014	\$ 16,121,503	\$ 15,987,944	99.2	\$ 133,559	\$ 16,121,503	100.0 %
2015	16,570,700	16,490,100	99.5	80,512	16,570,612	100.0
2016	16,616,613	16,560,804	99.7	55,489	16,616,293	100.0
2017	17,169,079	16,944,862	98.7	224,083	17,168,945	100.0
2018	17,499,645	17,447,577	99.7	51,749	17,499,326	100.0
2019	18,046,699	17,989,905	99.7	56,037	18,045,942	100.0
2020	18,687,907	18,634,254	99.7	52,779	18,687,033	100.0
2021	19,792,416	19,732,693	99.7	52,100	19,784,793	100.0
2022	20,036,957	19,956,211	99.6	58,765	20,014,976	99.9
2023	21,335,136	21,250,956	99.6	-	21,250,956	99.6

⁽¹⁾ 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

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Special Assessment Bonds	Public Facility Revenue Bonds	Tax Increment Bonds	Financed Purchase Agreement
2014	\$ 13,411,267	\$ 40,215,375	\$ 920,000	\$ -	\$ 1,930,000
2015	15,062,802	38,676,912	705,000	-	1,840,000
2016	13,812,723	32,327,709	475,000	-	1,740,000
2017	12,151,247	30,618,103	240,000	-	1,385,000
2018	10,582,749	29,477,034	-	-	1,385,000
2019	8,989,631	28,420,590	-	-	1,275,000
2020	7,455,365	31,891,835	-	-	1,155,000
2021	5,840,512	27,067,165	-	-	1,040,000
2022	4,221,833	26,364,449	-	-	920,000
2023	3,346,567	26,069,653	-	-	800,000

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, with exception of 2020 US Census figure.
Bureau of Economic Analysis, local area personal income reports.

Table 11

Business-Type Activities					Total	Percentage of	Per
Utility	Liquor	Tax Abatement	Lease		Primary	Personal	Capita
Revenue Bonds	Revenue Bonds	Bonds	Payable		Government	Income	
\$ 15,765,718	\$ 784,516	\$ 4,731,203	\$ -	\$	77,758,079	5.49	\$ 2,677
15,258,253	642,137	4,427,703	-		76,612,807	4.85	2,552
12,638,286	494,758	4,119,204	-		65,607,680	3.95	2,300
14,328,521	337,378	3,810,704	-		62,870,953	3.61	2,047
11,955,881	175,000	3,497,205	-		57,072,869	3.04	1,817
9,108,566	-	3,178,705	-		50,972,492	2.54	1,581
7,824,285	-	2,855,205	-		51,181,690	2.54	1,577
6,518,661	-	2,526,707	-		42,993,045	2.14	1,322
5,629,364	-	2,145,000	587,276		39,280,646	2.14	1,178
4,628,653	-	1,844,707	444,869		37,134,449	1.71	1,121

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
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
2019	31,970,379	9,828,287	22,142,092	0.65	687
2020	33,883,022	14,541,011	19,342,011	0.52	586
2021	27,357,101	10,825,414	16,531,687	0.42	498
2022	24,911,174	9,071,639	15,839,535	0.32	480
2023	22,682,053	9,527,690	13,154,363	0.22	396

⁽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, with exception of 2020 US Census figure.
Scott County, estimated taxable market value of property.

City of Savage, Minnesota
 Computation of Direct and Overlapping Debt
 December 31, 2023

Table 13

	Gross Debt ⁽¹⁾	City Share	
		Percentage ⁽²⁾	Amount
Direct Debt			
City of Savage	\$ 30,216,220	100.00 %	\$ 30,216,220
Overlapping Debt			
School District No. 191	113,850,000	17.74	20,196,990
School District No. 271	163,925,000	0.10	163,925
School District No. 719	160,878,266	17.46	28,089,345
School District No. 720	229,563,822	0.74	1,698,772
Scott County	111,560,000	20.25	22,590,900
Scott County CDA	45,720,000	3.49	1,595,628
Metropolitan Council	1,717,186,171	0.52	8,929,368
Total Overlapping Debt	<u>2,542,683,259</u>		<u>83,264,928</u>
Total Direct and Overlapping Debt	<u>\$ 2,572,899,479</u>		<u>\$ 113,481,148</u>

(1) Gross debt totals include financed purchases 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

	Fiscal Year			
	2014	2015	2016	2017
Debt Limit	\$ 73,035,468	\$ 79,766,373	\$ 83,985,111	\$ 88,739,559
Total Net Debt Applicable to Limit	<u>10,872,956</u>	<u>9,643,165</u>	<u>10,719,093</u>	<u>9,107,412</u>
Legal Debt Margin	<u>\$ 62,162,512</u>	<u>\$ 70,123,208</u>	<u>\$ 73,266,018</u>	<u>\$ 79,632,147</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	14.89 %	12.09 %	12.76 %	10.26 %

Legal debt margin

Note A: Under state law, the City's outstanding general obligation debt should not exceed 3 percent 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
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
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.

Table 14

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 93,455,505	\$ 101,899,221	\$ 111,238,683	\$ 119,167,386	\$ 128,757,572	\$ 157,538,649
<u>7,657,005</u>	<u>6,184,766</u>	<u>4,607,482</u>	<u>3,390,179</u>	<u>1,820,179</u>	<u>2,018,647</u>
<u>\$ 85,798,500</u>	<u>\$ 95,714,455</u>	<u>\$ 106,631,201</u>	<u>\$ 115,777,207</u>	<u>\$ 126,937,393</u>	<u>\$ 155,520,002</u>
8.19 %	6.07 %	4.14 %	2.84 %	1.41 %	1.28 %

Legal Debt Margin Calculation for Fiscal Year 2023

Taxable Market Value	<u>\$ 5,251,288,300</u>
Debt Limit (Note A)	<u>\$ 157,538,649</u>
Debt Applicable to Limit	
General obligation bonds	3,235,000
Less amount available in	
Debt Service funds (Note B)	<u>1,216,353</u>
Total Net Debt Applicable to Limit	<u>2,018,647</u>
Legal Debt Margin	<u>\$ 155,520,002</u>

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

Table 15

Fiscal Year	Enterprise Funds Revenue Bonds							Coverage
	Gross Revenues	Operating Expenses ⁽³⁾	Net Available Revenue	Debt Service				
				Principal	Interest	Total		
2014	\$ 12,168,346	\$ 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	
2019	15,501,919	7,492,927	8,008,992	3,277,194	422,447	3,699,641	2.16	
2020	11,948,150	6,744,797	5,203,353	1,548,400	311,534	1,859,934	2.80	
2021	12,503,995	6,959,234	5,544,761	1,586,987	260,682	1,847,669	3.00	
2022	12,184,520	7,811,830	4,372,690	1,224,085	216,983	1,441,068	3.03	
2023	13,516,172	7,775,943	5,740,229	1,255,000	181,843	1,436,843	4.00	

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.

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)
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	1,874,590	59,687	7,224	2.4
2019	32,245	2,004,478	62,164	7,352	2.5
2020	32,465	2,012,992	62,005	7,240	3.8
2021	32,983	2,283,842	69,243	6,762	3.1
2022	33,200	N/A	N/A	7,168	2.1
2023	33,137	N/A	N/A	7,168	2.2

Source:

- (¹) Metropolitan Council, population estimates, with exception of 2020 US Census figure.
- (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.
- (⁵) State of Minnesota Department of Employment and Economic Development.
December rate used for 2020 only versus 12 month average used in all other years.

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

Employer	Product/Service	2023		
		Approximate Number of Employees	Rank	Percentage of Total City Employment
HyVee	Grocery Store	232	1	2.60 %
SuperTarget	Discount Retail	220	2	2.46
Fabcon	Cement & Concrete Products	200	3	2.24
Prior Lake-Savage School District 719 (a)	Education	213	4	2.38
Burnsville-Eagan-Savage School District 191 (a)	Education	202	5	2.26
Lifetime Fitness	Health Club	188	6	2.10
City of Savage (b)	Government	144	7	1.61
Siligan Container Corp	Shipping Containers	125	8	1.40
Associated Partnership Ltd	Van Conversion	120	9	1.34
BF Nelson	Printing	100	10	1.12
Soo Line	Railroad	100	10	1.12
Continental Hydraulics & Machines	Manufacturing			
Waste Management	Waste Management Services			
Cub Foods	Retail			
Road Machinery & Supply	Heavy Equipment Sales			
Total City Employment		(c) <u>8,940</u>		<u>20.63</u> %

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

(b) Includes full, part-time & on-call employees but does not include temporary or seasonal workers

(c) Based on average of available quarterly information

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

Table 17

2014		
<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
290	4	4.11 %
296	3	4.20
950	2	13.47
1,271	1	18.02
154	6	2.18
150	7	2.13
180	5	2.55
125	8	1.77
110	9	1.56
100	10	1.42
<u>7,054</u>		<u>51.40 %</u>

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

Function	2014	2015	2016	2017
General Government				
Administration	10.5	10.5	10.0	10.0
Finance	4.6	5.7	5.7	5.7
Community Development	8.5	8.5	8.5	8.5
Building Maintenance	5.0	5.0	5.0	5.0
Public Safety				
Police				
Police chief	1.0	1.0	1.0	1.0
Officers	31.0	31.0	32.0	33.0
Civilians	9.5	9.5	9.8	11.2
Fire				
Fire Chief	1.0	1.0	1.0	1.0
Full Time Fire ^(a)	1.0	1.0	1.0	1.0
Public Works:				
Administration	5.0	5.0	4.0	4.0
Engineering	5.0	5.0	5.0	5.0
Parks and Recreation	11.0	12.0	12.0	13.0
Streets	10.0	10.0	10.0	10.0
Utilities	9.0	9.0	9.0	9.0
Propriety				
Water ^(b)				
Sewer ^(b)				
Liquor	4.5	4.0	4.0	4.0
Total	<u>116.6</u>	<u>118.2</u>	<u>118.0</u>	<u>121.4</u>

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

^(a) Prior to 2021 - Fire Chief and Assistant Fire Chief were only Full Time Fire positions.

^(b) Employees are represented within the Public Works sections.

Source: Council Approved Authorized Position Report

Table 18

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
10.5	12.0	12.0	12.0	12.0	12.0
5.5	5.8	6.0	6.0	6.0	6.5
9.6	8.6	8.6	9.2	9.2	9.6
4.0	4.0	4.0	4.0	3.0	3.0
1.0	1.0	1.0	1.0	1.0	1.0
33.0	33.0	34.0	33.0	33.0	37.0
11.1	12.2	12.2	12.2	12.2	12.2
1.0	1.0	1.0	2.0	2.0	2.0
1.0	1.0	1.0	6.0	6.0	11.0
6.6	6.6	6.6	6.6	6.6	6.6
5.0	6.0	6.0	5.0	5.0	7.0
12.0	12.0	12.0	12.0	10.0	10.0
10.0	10.0	11.0	11.0	11.0	11.0
10.0	10.0	10.0	10.0	10.0	10.0
<u>4.0</u>	<u>4.0</u>	<u>5.0</u>	<u>5.8</u>	<u>4.8</u>	<u>5.0</u>
<u>124.3</u>	<u>127.2</u>	<u>130.4</u>	<u>135.8</u>	<u>131.8</u>	<u>143.9</u>

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

Function	Fiscal Year			
	2014	2015	2016	2017
Public Safety				
Police:				
Number of law contacts	14,724	14,455	13,629	14,013
Number of sworn officers	32	32	33	34
Fire				
Number of calls answered	385	349	351	377
Number of Full time Firefighters ^(d)	-	-	-	-
Number of Part time Firefighters ^(c)	36	35	38	37
Building inspection:				
Number of residential permits	1,593	1,251	957	1,187
Number of commercial permits	136	170	165	111
Total permit valuation	\$ 79,728,667	\$ 47,204,497	\$ 91,766,515	\$ 89,826,021
Public Works:				
Water system:				
Number of service connections	9,293	9,377	9,447	9,638
Sewage system:				
Number of service connections	9,276	9,360	9,457	9,615

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

^(a) Reflects Revised Police Department Data for 2017

^(b) Commencing June 2020, crime reporting changes mandated nationwide to NIBRS (National Incident-Based Reporting System)

^(c) Transitioned from Paid on Call to Part time Firefighters July 2021.

^(d) Added Full time Firefighters in 2023.

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

Table 19

Fiscal Year					
2018	2019	2020	2021	2022	2023
14,292	14,424	13,899 ^(b)	12,800	32,917	35,790
34	35	34	34	33	39
421	520	702	942	1,564	1,823
-	-	-	-	-	12
38	38	35	35	27	24
1,309	1,378	1,566	1,194	1,372	2,129
133	161	144	124	162	89
\$ 98,012,973	\$ 133,297,705	\$ 57,794,548	\$ 53,569,672	\$ 66,508,850	\$ 35,838,883
9,709	10,066	10,151	10,262	10,345	10,421
9,686	10,178	10,224	10,325	10,378	10,368

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

Function	Fiscal Year			
	2014	2015	2016	2017
Public Safety				
Police				
Stations	1	1	1	1
Patrol units	26	26	27	28
Fire				
Stations	2	2	2	2
Response units	18	18	18	18
Inspection Units	1	1	1	1
Public Works				
Street division				
Municipal streets and roads	120	122	126	128
Number of street lights	1,907	1,907	2,085	2,079
Water system				
Miles of water mains	155	155	160	161
Number of fire hydrants	1,682	1,701	1,765	1,799
Sewer system				
Miles of sanitary sewers	127	128	131	131
Parks and Recreation				
Number of parks	23	23	23	23
Park acreage	457	457	457	457
Tennis courts	10	10	10	6
Basketball courts	9	9	9	9
Pickleball Courts	-	-	-	-
Softball fields	30	30	30	30
Ice rinks	6	7	7	6

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

Table 20

Fiscal Year						
2018	2019	2020	2021	2022	2023	
1	1	1	1	1	1	1
28	28	28	28	28	28	28
2	2	2	2	2	2	2
18	18	18	17	17	17	13
1	1	1	-	-	-	1
129	131	131	132	133	133	133
2,188	2,223	2,283	2,310	2,312	2,319	2,319
164	164	166	168	169	170	170
1,805	1,826	1,851	1,877	1,885	1,896	1,896
136	137	138	138	141	141	141
23	23	23	23	23	24	24
457	457	457	457	457	459	459
6	6	6	6	6	6	6
10	10	10	10	10	9	9
-	-	-	8	8	12	12
30	30	30	30	8	30	30
6	6	6	6	30	8	8