



City of Savage
Scott County, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED

DECEMBER 31, 2016

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PREPARED BY:

FINANCE DEPARTMENT

Julie Stahl
Finance Director

Member GFOA of U.S. and Canada
Published June 14, 2017

CITY OF SAVAGE
SAVAGE, MINNESOTA

COMPREHENSIVE
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INTRODUCTORY SECTION

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016



June 14, 2017

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

Minnesota statutes require all cities to issue an annual report on their financial position and activity, prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Savage, Minnesota for the fiscal year ended December 31, 2016.

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

The City of Savage's financial statements have been audited by Abdo, Eick & Meyers, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Savage for the fiscal year ended December 31, 2016 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, 2016 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 30,285 individuals, 10,202 households and over 650 businesses employing over 7,800 individuals. The City of Savage is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Savage is still developing within its corporate limits and is bordered on three sides by other incorporated communities.

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

The City of Savage provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure; water, sewer and storm sewer services and recreational activities. A total of 184 full- and part-time employees in seven departments are responsible for the effective delivery of the aforementioned services.

The annual budget serves as a foundation for the City of Savage's financial planning and control. All departments of the City of Savage submit requests for appropriation for the following year to the City Administrator, who uses this information to develop a proposed budget. This is presented to the City Council for review. The City Council is required to adopt a proposed budget and tax levy by September 30. The Council is also required to hold a Truth in Taxation (TNT) public hearing if the total proposed property tax levy exceeds the previous year's final property tax levy by more than the percentage increase in the implicit price deflator (IPD). In other words, if the City's proposed property tax levy is less than or equal to the maximum allowable for exemption, the taxing authority (the City) is exempt from the public hearing requirement. The council must also adopt a final budget by no later than December 31.

LOCAL ECONOMY

The City of Savage is strategically located in the southwest portion of the Twin Cities metropolitan area. Quick access over the Minnesota River on the Highway 169 Bridge provides both City residents and the business community with a direct connection to the 494 corridor and a quick path to downtown Minneapolis. Less than 15 minutes from the Mall of America and the Airport, the City has become an attractive location for both commuters and businesses alike. The location combined with the unique connected system of parks, open spaces, sidewalks and trails has made the City an attractive location to live, work and play.

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

Other economic indicators in the City remain positive. Local unemployment is below state and national levels, due in part to the high education levels of City residents and the dramatically improved economic conditions. A large percentage of the wage earners residing in Savage possess post-secondary degrees or higher and a significant number of households have two wage earners. Recent 2014 Census Data results indicate the City has a median family income of \$94,400 – one of the highest in the Twin Cities Metropolitan Area.

In 2011 the City of Savage was also recognized by CNN Money Magazine as one of the best places to live in America - the City ranked 51st in the Country. In 2013 the City of Savage was recognized by CNN Money Magazine as the 21st Best City to live in America!

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. During 2016 conservative spending and early implementation of cost savings measures resulted in an enhanced yearend fund balance ratio. We continue to achieve and plan to maintain our financial policy goal of a 35% - 50% fund balance ratio at year end. It is noteworthy to mention that the City's actual fund balance ratio has steadily remained at 50% since 2011.

Building and development-related revenues collected in 2017 are expected to exceed budgeted amounts, based on a gradual acceleration of development activity over the past several months. This, combined with anticipated reductions in expenditures, will assist the City in maintaining the 50% fund balance ratio at yearend while also allowing the City to build reserves in other governmental funds.

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 2017 tax levy is \$552,466 more than in 2016. The tax rate decreased by 2.05% - due to the 2017 tax base increasing by \$2.5 million. The 2017 budget continues to include our practice of projecting building permit revenue at very conservative levels. The City has also eliminated any reliance on the receipt of financial aid from the State of Minnesota, with the exception of police and fire aid, which is approximately \$390,000.

Moving into the 2018 budgeting process we will continue our past practice of conservatism with our expenditures and staffing levels. Any anticipated increases in General Fund expenditures are projected to be absorbed by the growth in our tax base and will not require an increase in our tax rate nor any reliance on our Fund Balance reserves.

The City participates in the recently initiated State of Minnesota Performance Measurements Program and will be reviewing these measures as relevant guidelines during future budget sessions. The City is also reviewing any major budget changes (increases or decreases) expected during a five-year projection period. The City completed the compilation of its five-year 2014 budget document and submitted the 105-page report to the GFOA for the Distinguished Budget Presentation Award for the first time. The City received the Distinguished Budget award for this first submission and has subsequently received the award for the 2015 and 2016 budget years as well. The City recently submitted the five-year 2017 budget to the GFOA for the award and we are confident that we will once again be recognized as a leader in budgetary excellence.

MAJOR INITIATIVES

In 2016, new residential subdivisions approved included Creek Hills South Third Addition and the second phase of the Providence Development. As of December 31, 2016 the city's inventory of available residential lots was approximately 300. Given the brisk pace of development, several new subdivisions are being proposed for development in 2017 including Ryley Ridge (81 lots) and Madelyn Pointe (34 lots). The townhome market is also making a comeback after several years of idle development. This summer the Village Commons development will be moving forward on a 33-unit townhome project. The Prior Lake Aggregate (Big Sky) project will include two additional phases over the next five years with an additional 350 lots. The density within the two final phases could increase significantly to include multi-family units. Market conditions will be monitored to determine the final land use and density as the project materializes.

The vast majorities of the lots being created are in high amenity locations and are being absorbed into the marketplace at a brisk pace. In 2016, 151 new single family permits were approved and at the end of March 2017, 39 new single family homes have been recorded. Given the available lot inventory and demand we anticipate that approximately 125 to 150 single family units will be constructed this year. If overall global conditions remain steady we anticipate that similar residential development activity will continue into 2018 and beyond.

In 2016 the City experienced a flurry of new commercial development including the location of a 25,000 sq. ft. Fresh Thyme grocery store and 25,000 sq. ft. Marshalls clothing store that occupied a space formerly occupied by a Rainbow grocery store. This development activity was located at the northwest corner of CR 42 and TH 13 later this year. Also at this corner, two new multi-tenant commercial/retail buildings (4940 sq. ft. and 7280 sq. ft.) were constructed that included a Noodles & Co., Tim Hortons and several other retail users.

Topping the list for commercial activity in 2016 was the development of a new 100,000 sq. ft. Hy-Vee grocery store and 5000 sq. ft. gas/convenience store to be located at the northeast corner of CR 27 and CR 42. The grocery site also includes an attached 6700 sq. ft. space that will be utilized by the City of Savage for an off-sale liquor facility.

Given the positive economic conditions we expect that overall community market values will increase again in 2018 at levels equal to or greater than those experienced in 2017. Providing expense increases can be held to reasonable levels we anticipate that we will be able to develop a budget for 2018 that will result in a flat, but hopefully slight reduction in the City's overall tax rate.

AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Savage for CAFR for the fiscal year ended December 31, 2015. This is the 19th consecutive year the City of Savage has earned this honor. In order to be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Barry A. Stock
City Administrator



Julie D. Stahl
Finance Director

CITY OF SAVAGE, MINNESOTA
CITY DIRECTORY
FOR THE YEAR ENDED DECEMBER 31, 2016

CITY COUNCIL

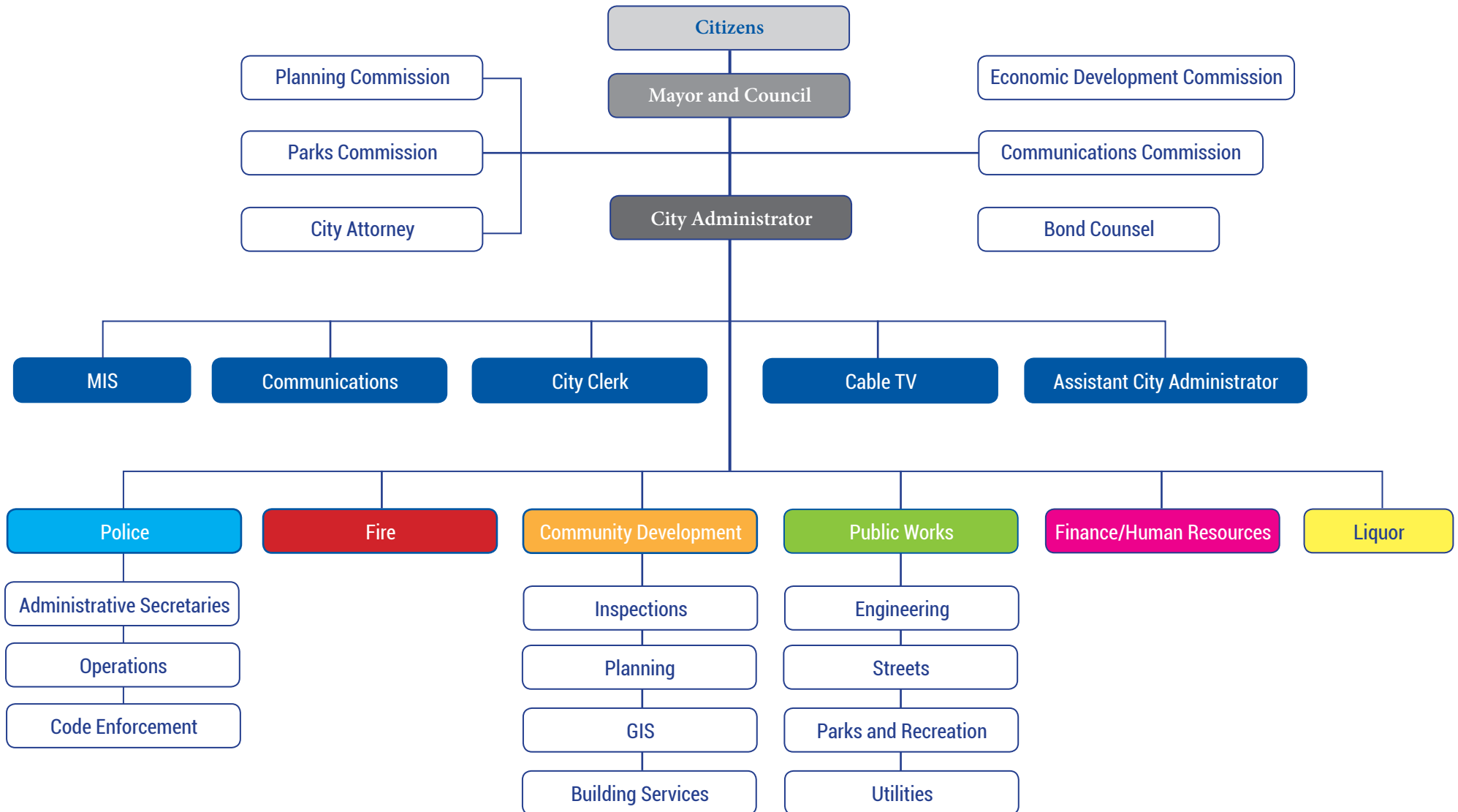
Name	Title	Term Expires
Janet Williams	Mayor	12/31/19
Christine Kelly	Council Member	12/31/19
Gene Abbott	Council Member	12/31/17
Jane Victorey	Council Member	12/31/17
Matt Johnson	Council Member	12/31/19

CITY OFFICIALS

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



CITY OF SAVAGE ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Savage
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

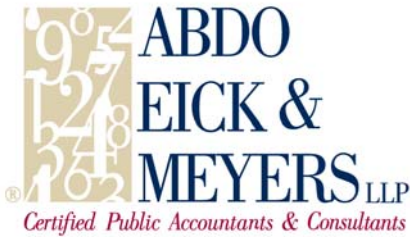
Executive Director/CEO

FINANCIAL SECTION

**CITY OF SAVAGE
SAVAGE, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Savage, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Savage, Minnesota (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 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, and the Schedule of Funding Progress on page 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
June 14, 2017

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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, 2016.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$152,037,624 (*net position*). Of this amount, \$16,891,779 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$263,632 over the prior year. This decrease is mainly due adjustment required due to the change in discount rate used by the actuarial in the calculation of the pension liability
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,178,808, a decrease of \$6,014,857 in comparison with the prior year. Approximately 82.5 percent of the ending fund balances, or \$28,179,186, is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$6,934,350, or 47.2 percent of total 2016 General fund expenditures and transfers out.
- The City's total long-term bonded debt decreased \$10,904,918 (14.6 percent) during the current fiscal year. The City issued G.O. special assessment bonds of \$3,335,000. The discount rate on the actuarial calculations of the pension liability was decreased this year, which contributed to the over \$9 million increase in pension liability. Offsetting these increases were regularly scheduled debt service principal payments of \$14,271,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

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

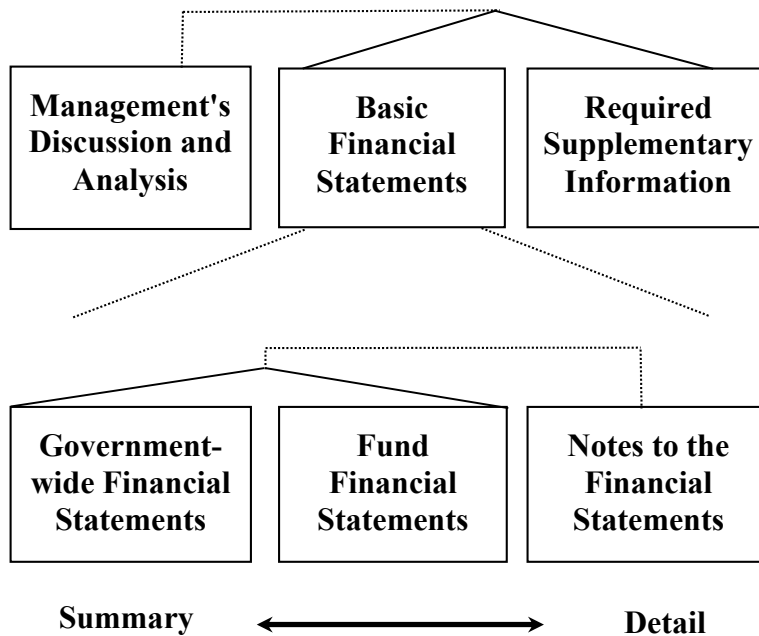


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial 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, such as developers
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
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/out flow 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, community development, and mass transportation and airport. The business-type activities of the City include water, sewer and storm water operations.

The government-wide financial statements start on page 31 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 40 individual governmental funds, 23 of which are debt service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, and the TH13/150th Intersection Improvement fund, all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements and schedules* elsewhere in this report.

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

The basic governmental fund financial statements start on page 36 of this report.

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

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

The basic proprietary fund financial statements start on page 42 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 52 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 53 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 90 of this report.

Other information. The combining statements and schedules referred to earlier in connection with nonmajor governmental funds and Debt Service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules start on page 98 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$152,037,624 at the close of the most recent fiscal year.

A portion of the City's net position (\$111,161,272 or 73.1 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Savage's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Assets						
Current and other assets	\$ 42,792,065	\$ 50,913,066	\$ (8,121,001)	\$ 16,132,834	\$ 17,221,979	\$ (1,089,145)
Capital assets	100,759,463	99,476,443	1,283,020	74,170,094	74,239,257	(69,163)
Total assets	143,551,528	150,389,509	(6,837,981)	90,302,928	91,461,236	(1,158,308)
Deferred outflows of resources						
Deferred charge on refunding and lease revision	740,537	818,506	(77,969)	-	-	-
Deferred pension resources	11,325,921	1,660,632	9,665,289	663,540	165,270	498,270
Total deferred outflows of resources	12,066,458	2,479,138	9,587,320	663,540	165,270	498,270
Liabilities						
Long-term liabilities outstanding	68,344,514	65,101,016	3,243,498	19,283,989	21,784,549	(2,500,560)
Other liabilities	2,903,699	3,351,997	(448,298)	1,745,166	945,852	799,314
Total liabilities	71,248,213	68,453,013	2,795,200	21,029,155	22,730,401	(1,701,246)
Deferred inflows of resources						
Deferred pension resources	2,041,391	901,152	1,140,239	228,071	109,331	118,740
Net position						
Net investment in capital assets	52,404,031	56,788,519	(4,384,488)	58,757,241	58,349,577	407,664
Restricted	23,798,360	26,379,496	(2,581,136)	186,213	186,213	-
Unrestricted	6,125,991	346,467	5,779,524	10,765,788	10,250,984	514,804
Total net position	\$ 82,328,382	\$ 83,514,482	\$ (1,186,100)	\$ 69,709,242	\$ 68,786,774	\$ 922,468

An additional portion of the City's net position (\$23,984,573 or 15.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, (\$16,891,779 or 11.1 percent), may be used to meet the City's ongoing obligations to citizens and creditors.

Current assets and other assets of the governmental activities decreased during the year due to the use of \$3 million from cash with fiscal agent to call the refunded bonds along with the collection of approximately \$2 million of special assessments receivable. Deferred outflows of resources increase due to the change in discounts rates used by the actuarial valuation.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities decreased the City’s net position by \$1,186,100, thereby offsetting the increase by the business-type activities. Key elements of this increase are as follows:

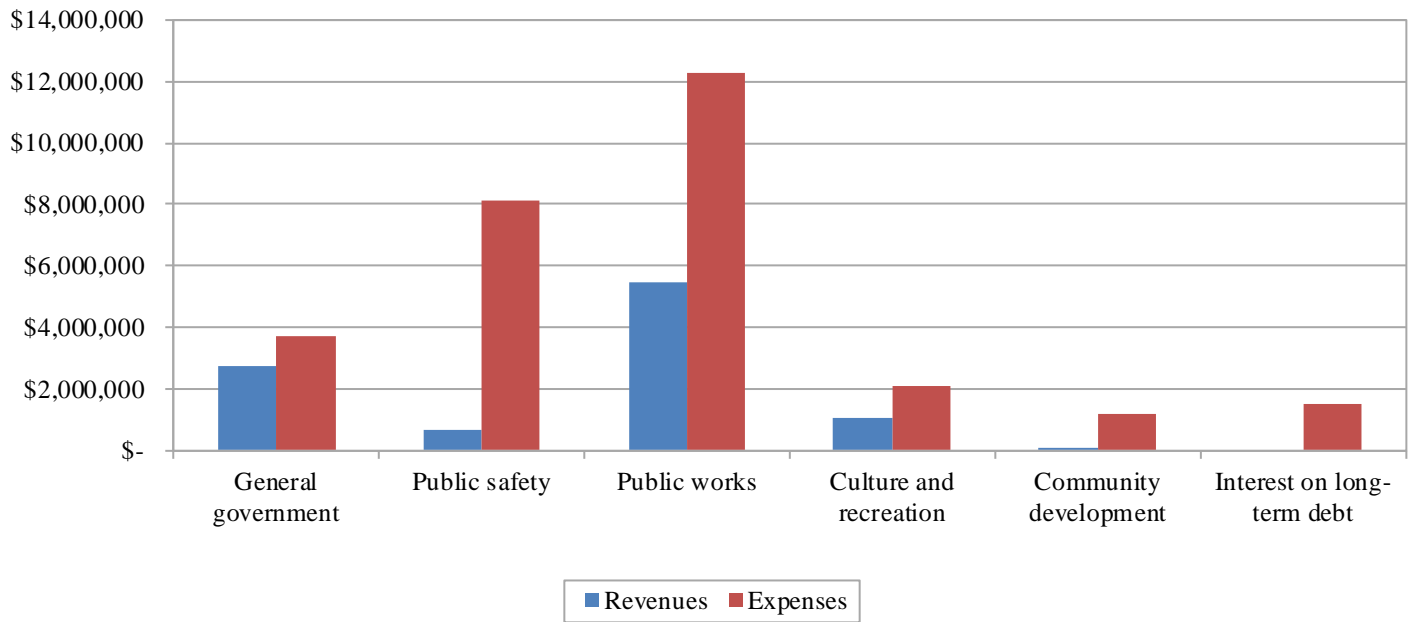
City of Savage’s Changes in Net Position

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 3,385,576	\$ 2,401,458	\$ 984,118	\$ 15,435,910	\$ 13,006,090	\$ 2,429,820
Operating grants and contributions	1,615,121	740,935	874,186	24,443	-	24,443
Capital grants and contributions	5,110,433	5,877,187	(766,754)	341,392	-	341,392
Grants and contributions not restricted	22,595	-	22,595	-	-	-
General revenues						
Property taxes/tax increments	16,684,704	16,612,868	71,836	-	-	-
Franchise taxes	202,011	191,425	10,586	-	-	-
Other	47,702	-	47,702	-	2,377	(2,377)
Other general revenues	33,994	-	33,994	-	-	-
Gain on sale of capital assets	130,444	265,936	(135,492)	11,031	-	11,031
Unrestricted investment earnings	399,871	480,193	(80,322)	204,218	153,310	50,908
Total revenues	27,632,451	26,570,002	1,062,449	16,016,994	13,161,777	2,855,217
Expenses						
General government	3,702,654	2,808,358	894,296	-	-	-
Public safety	8,119,785	6,144,514	1,975,271	-	-	-
Public works	12,269,023	10,013,293	2,255,730	-	-	-
Culture and recreation	2,102,361	1,859,142	243,219	-	-	-
Community development	1,207,177	880,952	326,225	-	-	-
Interest on long-term debt	1,521,939	1,572,793	(50,854)	-	-	-
Water and sewer	-	-	-	8,972,833	8,401,436	571,397
Storm water	-	-	-	1,285,147	1,684,442	(399,295)
Liquor	-	-	-	3,910,277	3,661,334	248,943
Street light	-	-	-	358,525	335,488	23,037
Sports dome	-	-	-	463,356	466,643	(3,287)
Total expenses	28,922,939	23,279,052	5,643,887	14,990,138	14,549,343	440,795
Increase (decrease) in net position						
before transfers	(1,290,488)	3,290,950	(4,581,438)	1,026,856	(1,387,566)	2,414,422
Transfers	104,388	(2,724,755)	2,829,143	(104,388)	2,724,755	(2,829,143)
Change in net position	(1,186,100)	566,195	(1,752,295)	922,468	1,337,189	(414,721)
Net position, January 1	83,514,482	82,948,287	566,195	68,786,774	67,449,585	1,337,189
Net position, December 31	<u>\$ 82,328,382</u>	<u>\$ 83,514,482</u>	<u>\$ (1,186,100)</u>	<u>\$ 69,709,242</u>	<u>\$ 68,786,774</u>	<u>\$ 922,468</u>

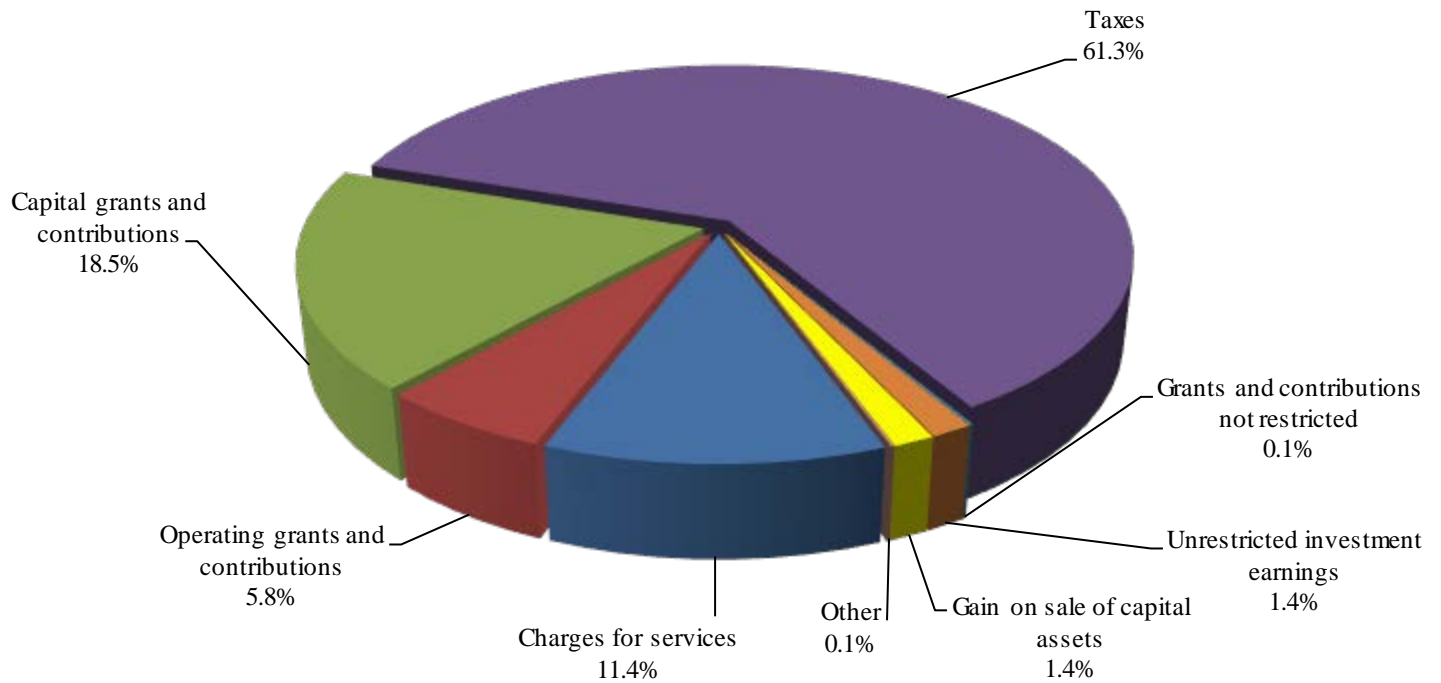
- Charges for services increased almost \$1 million due to increase building permits and related charges over 2015.
- Public safety and public works functions increased approximately \$2 million each due to the effects of the change in discount rate for pension plans and uncanceled cost on a joint project with another government, respectively.

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

Expenses and Program Revenues - Governmental Activities



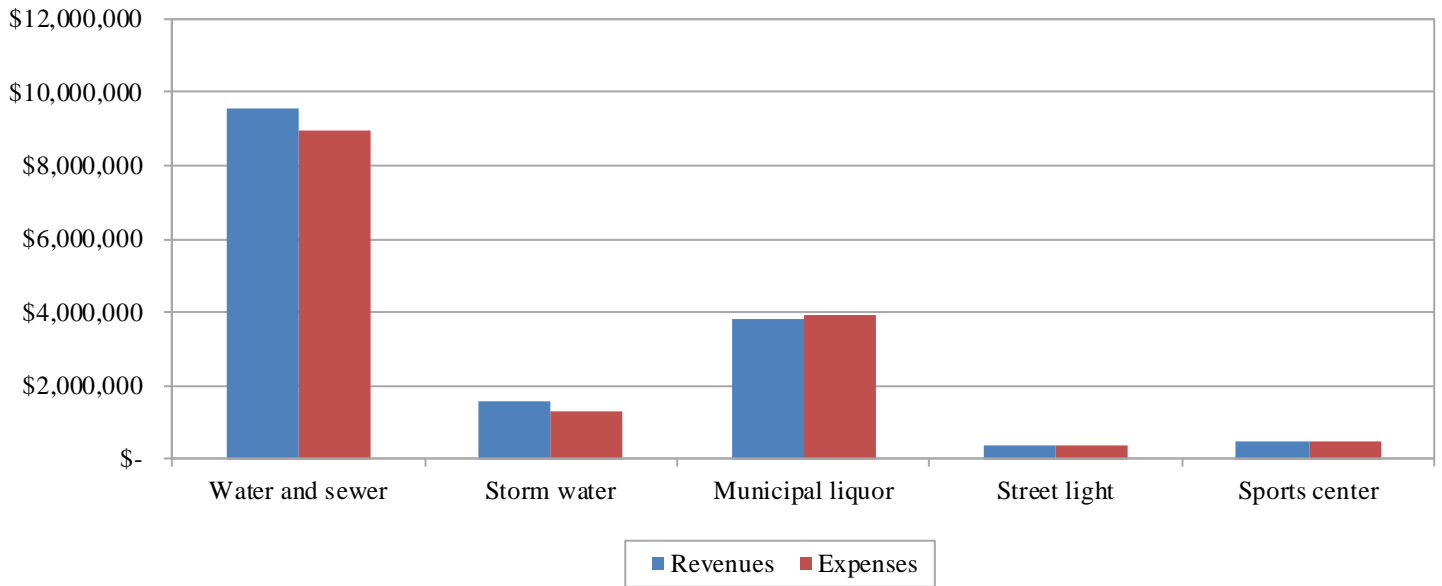
Revenues by Source - Governmental Activities



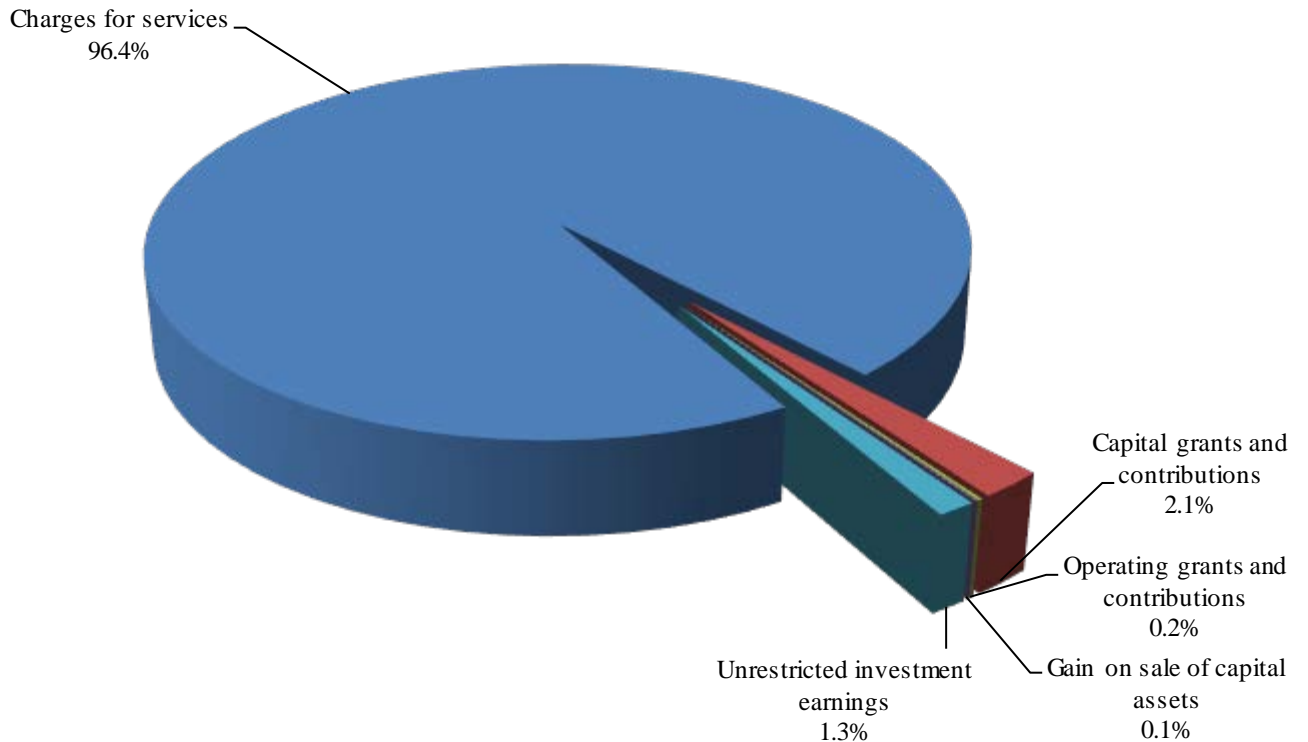
Business-type activities. Business-type activities increased the City’s net position by \$922,468 thereby somewhat offsetting the decrease in governmental activities. Key elements of this increase are as follows:

- Operating margins in four of five business-type funds were favorable, providing for \$926,480 of the increase.

Expenses and Program Revenues - Business - type Activities



Revenues by Source - Business - type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,178,808, a decrease of \$6,014,857 in comparison with the prior year. Approximately 17.6 percent of this total amount, \$5,999,622, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$28,179,186) consists of the following 1) nonspendable (\$757,304), 2) restricted (\$19,661,660), 3) committed (\$2,293,894), or 4) assigned (\$5,466,328) for the purposes described in Note 3.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2016	2015	
General	\$ 7,021,444	\$ 6,858,241	\$ 163,203
The General Fund had a positive budget in revenues of \$1,052,753 mainly due to additional revenues from licenses and permits as well as charges for services. Although there was an excess of revenues over expenditures of \$1,263,583, transfers to other funds of \$1,300,000 led to the net change in fund balance in the general fund of \$163,203.			
Debt Service	\$ 16,686,205	\$ 21,842,983	\$ (5,156,778)
The decrease in fund balance of the Debt Service funds of over \$5 million is mainly due to the refunding payments made on previously refunded bonds. The decrease was forecasted in the City's debt plan.			
TH13/150th Intersection Improvement	\$ 675,141	\$ 246,352	\$ 428,789
The fund balance increased \$428,789 mainly due to the issuance of bonds (\$960,000) and transfers in of nearly \$1 million to support the joint project with the City of Prior Lake.			

Nonmajor Government funds have a total fund balance of \$9,796,018. The net decrease in fund balance during the current year was \$1,450,071. The decrease is mainly attributable to capital project activity.

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

Unrestricted net position of the business-type activities at the end of the year amounted to \$10,765,788. The total increase in net position for business-type activities was \$922,468. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was amended during the year. The original and final budget called for expenditures and transfers out to equal revenues and transfers in. The final budget reflected an increase in revenues and expenditures of \$20,898 from the original budget. Actual revenues had a positive budget variance of \$1,052,753, and expenditures had a positive budget variance of \$409,830.

- The largest budget variances for revenues were charges for services and licenses and permits, which were over budget by \$480,497 and \$507,745, respectively. The positive variances can mainly be increase building activity during the year resulting in additional permit fees and charges for plan reviews.
- All expenditure functions within the fund were under budget for 2016 except general government capital outlay. The largest positive expenditure variances were in public works and general government, which were under budget by \$146,536 and \$124,649, respectively. The variance in public works was due to less than anticipated in the Maintenance of streets and alleys department. The variance in general government was primarily due to less than anticipated expenditures in the finance and general government buildings departments.

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, 2016, amounts to \$174,929,557 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,213,857.

Major capital asset events during the current fiscal year included:

- The 150th/Trunk Highway 13 joint project continued during the year with completion expected in 2017.
- The 2015 street improvement project was completed and the 2016 street improvement project began.
- The Water and Sewer fund continued the water treatment plant number 2 upgrades as well as began work on the Big Sky lift station.

Additional information on the City's capital assets can be found in Note 3C starting on page 66 of this report.

City of Savage's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Land	\$ 5,458,583	\$ 5,458,583	\$ -	\$ 1,744,972	\$ 1,744,972	\$ -
Right of ways and easements	754,344	754,344	-	-	-	-
Construction in progress	7,100,075	3,154,398	3,945,677	3,860,273	862,869	2,997,404
Land improvements	3,276,031	3,433,807	(157,776)	369,992	406,649	(36,657)
Buildings and structures	23,734,834	24,347,663	(612,829)	16,351,805	17,002,336	(650,531)
Furniture and equipment	5,709,466	5,394,632	314,834	1,739,507	1,665,727	73,780
Improvements other than buildings	54,726,130	56,933,016	(2,206,886)	50,103,545	52,556,704	(2,453,159)
Total	\$ 100,759,463	\$ 99,476,443	\$ 1,283,020	\$ 74,170,094	\$ 74,239,257	\$ (69,163)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$63,867,680. The additional long-term debt is defined below related to bonded indebtedness and other long-term debt.

City of Savage's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
General obligation bonds	\$ 13,680,000	\$ 14,875,000	\$ (1,195,000)	\$ -	\$ -	\$ -
Unamortized discount and premium	989,232	973,305	15,927	339,053	423,898	(84,845)
Aid anticipation bond	-	50,000	(50,000)	-	-	-
Public facility revenue bond	475,000	705,000	(230,000)	-	-	-
General obligation special assessment improvement bonds	31,471,200	37,841,200	(6,370,000)	-	-	-
General obligation revenue bonds revenue bonds	-	-	-	16,913,195	19,904,195	(2,991,000)
Total	\$ 46,615,432	\$ 54,444,505	\$ (7,829,073)	\$ 17,252,248	\$ 20,328,093	\$ (3,075,845)

The City's total bonded long-term debt decreased \$10,904,918 (14.6 percent) during the current fiscal year. The City issued G.O. special assessment bonds of \$3,335,000. Offsetting the increase attributed to the issuance of the bonds, were regularly scheduled debt service principal payments of \$14,271,000.

The City maintains an “AA+” 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. The current debt limitation for the City is \$83,985,111, which is in excess of the City’s outstanding general obligation debt of \$13,680,000.

Additional information on the City’s long-term debt can be found in Note 3E starting on page 69 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following are key economic factors for the City of Savage. These factors have been considered when preparing the budget for fiscal year ending December 31, 2016.

- Growth in the City’s tax base is expected to continue into 2017 in both residential and commercial sectors. Preliminary valuation information from Scott County shows Savage’s net tax capacity growth for taxes payable in 2018 at a 5.46% from 2017 actual valuations.
- Water and sewer rates were increased 2.5% in 2016 and increased 3% in 2017.
- Storm water rates have had no increase since the 5% increase in 2009.
- Street light rates have also had no increase since their 5% increase in 2009.
- The General Fund 2017 budget shows no reliance on fund balance to balance the budget - this is the 2nd year in a row.
- Due to continued recovery in the assessed property values and overall change in the City’s tax base, the adjusted net tax base capacity increased 7.76% from 2016 to 2017.
- Our adherence to fiscally responsible spending has served us well in weathering the economic downturn. Cost savings measures implemented beginning with 2009, combined with our conservative approach to spending in 2016, resulted in another positive year-end fund balance carry over. The addition of this carry over to our existing appropriated General Fund balance continues to put the City in a positive position as we begin to prepare for the 2018 budgeting process. The City’s 2016 yearend Assigned and Unassigned General Fund balance reserve has been maintained at 50% of the projected 2017 General fund budget expenditures. The \$18,659 of Assigned fund balance is earmarked for Employee Committee (\$3,367) and Police Forfeitures (\$15,292) spending.
- In 2013, the City was named as one of the top 50 small towns in America by Money Magazine. At a ranking of No. 21, the City was recognized for its quaint downtown, low crime rates, job growth and investment in a \$5 million indoor sports facility that opened in the fall of 2012.
- Post-recession, the State of Minnesota (the “State”) has one of the lowest unemployment rates in the Country and Scott County has the lowest unemployment rate in the State. In 2016 assessment (2017 collection) year, the City’s net tax capacity increased by 6.7% percent. This is the fourth year in a row that tax capacity increased after four consecutive years of tax capacity declines. Home foreclosures have dropped to levels experienced prior to the recession. Residential home sales of existing owner-occupied units and the demand for new residential construction are high. New single-family housing construction values are generally in excess of \$500,000.00.
- Over the past four years the City has seen a significant rebound in residential development. The overall population of Savage in 2016 also for the first time surpassed the 30,000 mark. In 2016, new subdivisions approved included Creek Hills South Third Addition and the second phase of the Providence Development. At year-end the City’s inventory of available residential lots stood at approximately 300. These single family lots are rapidly being absorbed into the marketplace. Given the brisk pace of development, several other new residential subdivisions are scheduled for approval yet this spring including Rylie Ridge (81 lots) and Madelyn Pointe (34 lots). The townhome market has also been reawakened. The Providence subdivision is expected to move forward with an additional 48 units in 2017 and Village Commons will be moving forward on an additional 33 townhome units.
- The vast majority of the lots being created are in high amenity locations. In 2016, 151 new single family permits were approved and at the end of March 2017, 39 new single family home permits have been recorded. Given the available lot inventory and demand we anticipate that between 125 and 150 single family units will be constructed this year. If overall global conditions remain steady we anticipate that similar residential development activity will continue into 2018 and beyond.

- Pending the outcome of an ISD 719 School referendum in the fall of 2017 we also anticipate that in 2018 an expansion project of the Prior Lake High School in Savage will commence in addition to a new elementary school to be constructed adjacent to the Big Sky Subdivision. These two projects are likely to facilitate the development of the second phase of the Big Sky Subdivision that will include approximately 100 single family lots.
- In addition to residential growth, a new 25,000 sq.ft. grocer (Fresh Thyme) and a 25,000 sq.ft. clothing store (Marshalls) opened in a redeveloped shopping center at the northwest corner of CR 42 and TH 13 later this year. Also at this corner, two new multi-tenant commercial/retail buildings (4940 sq. ft. and 7280 sq.ft.) were completed for a Noodles & Company, Tim Horton's and two other service/retail establishments.
- In 2016 we also saw the development of several new businesses within the industrial sector including the construction of Trend Labs new 40,000 sq. ft. building along the highway 13 frontage road and Highmark's 35,000 sq. ft. building in the Eagle Creek Business Park.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

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CITY OF SAVAGE, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 34,854,909	\$ 13,324,334	\$ 48,179,243
Cash held with fiscal agent	251,000	-	251,000
Receivables			
Accounts	849,999	1,494,495	2,344,494
Accrued interest	131,939	3,123	135,062
Taxes	151,187	-	151,187
Special assessments	4,679,667	282,691	4,962,358
Notes	885,834	-	885,834
Due from other governments	7,059	-	7,059
Internal balances	(213,092)	213,092	-
Inventories	7,368	697,830	705,198
Prepaid items	64,102	528	64,630
Assets held for resale	1,122,093	116,741	1,238,834
Capital assets			
Land and construction in progress	13,313,002	5,605,245	18,918,247
Depreciable assets (net of accumulated depreciation)	87,446,461	68,564,849	156,011,310
TOTAL ASSETS	143,551,528	90,302,928	233,854,456
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding and lease revision	740,537	-	740,537
Deferred pension resources	11,325,921	663,540	11,989,461
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,066,458	663,540	12,729,998
LIABILITIES			
Accounts and contracts payable	646,999	1,325,799	1,972,798
Accrued salaries payable	406,216	75,651	481,867
Accrued interest payable	567,859	206,696	774,555
Due to other governments	64	61,719	61,783
Deposits payable	1,278,585	53,217	1,331,802
Unearned revenue	3,976	22,084	26,060
Noncurrent liabilities			
Due within one year	8,062,977	2,881,088	10,944,065
Due in more than one year	60,281,537	16,402,901	76,684,438
TOTAL LIABILITIES	71,248,213	21,029,155	92,277,368
DEFERRED INFLOWS OF RESOURCES			
Deferred pension resources	2,041,391	228,071	2,269,462
Net investment in capital assets	52,404,031	58,757,241	111,161,272
Restricted for			
Park improvements	2,984,253	-	2,984,253
Debt service	20,814,107	186,213	21,000,320
Unrestricted	6,125,991	10,765,788	16,891,779
TOTAL NET POSITION	\$ 82,328,382	\$ 69,709,242	\$ 152,037,624

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 3,702,654	\$ 2,172,767	\$ 576,217	\$ -
Community development	1,207,177	37,650	65,660	-
Public safety	8,119,785	77,347	607,667	-
Public works	12,269,023	38,705	348,431	5,110,433
Culture and recreation	2,102,361	1,059,107	17,146	-
Interest on long-term debt	1,521,939	-	-	-
Total governmental activities	<u>28,922,939</u>	<u>3,385,576</u>	<u>1,615,121</u>	<u>5,110,433</u>
Business-type activities				
Water and sewer	8,972,833	9,221,873	19,279	341,392
Storm water	1,285,147	1,566,646	469	-
Municipal liquor	3,910,277	3,801,453	2,284	-
Street light	358,525	364,653	-	-
Sports center	463,356	481,285	2,411	-
Total business-type activities	<u>14,990,138</u>	<u>15,435,910</u>	<u>24,443</u>	<u>341,392</u>
Total governmental and business-type activities	<u>\$ 43,913,077</u>	<u>\$ 18,821,486</u>	<u>\$ 1,639,564</u>	<u>\$ 5,451,825</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Other general revenues

Gain on sale of capital assets

Transfers - internal activities

Total general revenues

Change in net position

Net position - January 1

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

Activities	Business-Type Activities	Total
\$ (953,670)	\$ -	\$ (953,670)
(1,103,867)	-	(1,103,867)
(7,434,771)	-	(7,434,771)
(6,771,454)	-	(6,771,454)
(1,026,108)	-	(1,026,108)
(1,521,939)	-	(1,521,939)
<u>(18,811,809)</u>	<u>-</u>	<u>(18,811,809)</u>
-	609,711	609,711
-	281,968	281,968
-	(106,540)	(106,540)
-	6,128	6,128
-	20,340	20,340
<u>-</u>	<u>811,607</u>	<u>811,607</u>
<u>(18,811,809)</u>	<u>811,607</u>	<u>(18,000,202)</u>
11,542,075	-	11,542,075
5,042,237	-	5,042,237
100,392	-	100,392
202,011	-	202,011
47,702	-	47,702
22,595	-	22,595
399,871	204,218	604,089
33,994	-	33,994
130,444	11,031	141,475
104,388	(104,388)	-
<u>17,625,709</u>	<u>110,861</u>	<u>17,736,570</u>
(1,186,100)	922,468	(263,632)
<u>83,514,482</u>	<u>68,786,774</u>	<u>152,301,256</u>
<u>\$ 82,328,382</u>	<u>\$ 69,709,242</u>	<u>\$ 152,037,624</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, 2016

CITY OF SAVAGE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General	Debt Service	TH13/150th Intersection Improvement	Other Governmental Funds	Total
ASSETS					
Cash and investments	\$ 8,665,192	\$ 15,751,889	\$ 716	\$ 8,925,113	\$ 33,342,910
Cash with fiscal agent	-	251,000	-	-	251,000
Receivables					
Accrued interest	131,932	7	-	-	131,939
Accounts	33,301	-	760,214	56,484	849,999
Taxes	103,312	47,352	-	523	151,187
Special assessments	3,370	4,627,176	-	49,121	4,679,667
Notes	-	-	-	885,834	885,834
Due from other governments	7,059	-	-	-	7,059
Due from other funds	55,892	663,695	-	-	719,587
Inventories	7,368	-	-	-	7,368
Prepaid items	61,067	-	-	3,035	64,102
Assets held for resale	-	-	-	1,122,093	1,122,093
TOTAL ASSETS	<u>\$ 9,068,493</u>	<u>\$ 21,341,119</u>	<u>\$ 760,930</u>	<u>\$ 11,042,203</u>	<u>\$ 42,212,745</u>
LIABILITIES					
Accounts payable	\$ 326,231	\$ -	\$ 85,789	\$ 184,987	\$ 597,007
Accrued salaries and withholdings payable	396,409	-	-	9,807	406,216
Contracts payable	-	-	-	45,974	45,974
Due to other governments	64	-	-	-	64
Due to other funds	-	-	-	932,679	932,679
Deposits payable	1,255,492	-	-	23,093	1,278,585
Unearned revenue	3,976	-	-	-	3,976
TOTAL LIABILITIES	<u>1,982,172</u>	<u>-</u>	<u>85,789</u>	<u>1,196,540</u>	<u>3,264,501</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	61,507	29,116	-	523	91,146
Unavailable revenue - special assessments	3,370	4,625,798	-	49,122	4,678,290
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>64,877</u>	<u>4,654,914</u>	<u>-</u>	<u>49,645</u>	<u>4,769,436</u>
FUND BALANCES					
Nonspendable	68,435	-	-	688,869	757,304
Restricted	-	16,686,205	-	2,975,455	19,661,660
Committed	-	-	-	2,293,894	2,293,894
Assigned	18,659	-	675,141	4,772,528	5,466,328
Unassigned	6,934,350	-	-	(934,728)	5,999,622
TOTAL FUND BALANCES	<u>7,021,444</u>	<u>16,686,205</u>	<u>675,141</u>	<u>9,796,018</u>	<u>34,178,808</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,068,493</u>	<u>\$ 21,341,119</u>	<u>\$ 760,930</u>	<u>\$ 11,042,203</u>	<u>\$ 42,212,745</u>

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

CITY OF SAVAGE, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

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

Total fund balances - governmental	\$ 34,178,808
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of capital assets	195,804,188
Less accumulated depreciation	(95,044,725)
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	(45,626,200)
Unamortized bond premium and discount	(989,232)
Capital lease payable	(1,740,000)
Deferred charge on lease revision	113,100
Deferred charge on refunding	627,437
Compensated absences payable	(1,362,977)
Pension liability	(18,278,851)
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	91,146
Special assessments	4,678,290
Governmental fund do not report a liability for accrued interest until due and payable	(567,859)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	11,325,921
Deferred inflows of pension resources	(2,041,391)
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.	
	1,160,727
Total net position - governmental activities	\$ 82,328,382

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, 2016

	General	Debt Service	TH13/150th Intersection Improvement	Other Governmental Funds	Total
REVENUES					
Taxes	\$ 11,595,590	\$ 5,042,237	\$ -	\$ 328,588	\$ 16,966,415
Licenses and permits	1,061,370	-	-	400	1,061,770
Intergovernmental	618,922	98,269	4,897,157	44,789	5,659,137
Charges for services	1,098,977	-	-	796,950	1,895,927
Fines and forfeits	43,699	-	-	-	43,699
Special assessments	29,732	1,514,710	-	694,192	2,238,634
Investment earnings	78,682	177,300	16,846	108,344	381,172
Miscellaneous	114,895	-	-	378,032	492,927
TOTAL REVENUES	14,641,867	6,832,516	4,914,003	2,351,295	28,739,681
EXPENDITURES					
Current					
General government	2,266,320	-	-	425,659	2,691,979
Community development	727,177	-	-	73,200	800,377
Public safety	6,243,134	-	-	-	6,243,134
Public works	2,366,155	-	-	-	2,366,155
Culture and recreation	1,759,308	-	-	4,836	1,764,144
Capital outlay					
General government	17,190	-	-	290,555	307,745
Community development	-	-	-	385,199	385,199
Public safety	-	-	-	263,366	263,366
Public works	-	-	6,437,031	4,738,212	11,175,243
Culture and recreation	-	-	-	349,506	349,506
Debt service					
Principal	-	11,280,000	-	-	11,280,000
Interest and other charges	-	1,616,804	-	-	1,616,804
Bond issuance costs	-	-	21,029	73,289	94,318
TOTAL EXPENDITURES	13,379,284	12,896,804	6,458,060	6,603,822	39,337,970
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,262,583	(6,064,288)	(1,544,057)	(4,252,527)	(10,598,289)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	620	-	-	130,444	131,064
Bonds issued	-	-	960,000	2,375,000	3,335,000
Premiums on bonds issued	-	54,502	20,846	71,987	147,335
Transfers in	200,000	863,404	992,000	3,769,311	5,824,715
Transfers out	(1,300,000)	(10,396)	-	(3,544,286)	(4,854,682)
TOTAL OTHER FINANCING SOURCES (USES)	(1,099,380)	907,510	1,972,846	2,802,456	4,583,432
NET CHANGES IN FUND BALANCES	163,203	(5,156,778)	428,789	(1,450,071)	(6,014,857)
FUND BALANCES, JANUARY 1	6,858,241	21,842,983	246,352	11,246,089	40,193,665
FUND BALANCES, DECEMBER 31	\$ 7,021,444	\$ 16,686,205	\$ 675,141	\$ 9,796,018	\$ 34,178,808

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, 2016

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

Net changes in fund balances - total governmental funds	\$ (5,960,623)
<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	(6,731,851)
Capital outlay	8,990,543
Loss on disposal	(110,027)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Capital assets transferred to business-type activities	(865,645)
<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	18,699
Consolidation of internal service fund activities with governmental activities	36,150
<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	(31,998)
Special assessments	(1,829,214)
<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	(3,335,000)
Debt issuance costs and discounts	131,408
Principal repayments	11,180,000
Loan repayments	100,000
Amortization of debt issuance costs and discounts	(77,969)
Premium of bonds issued	(147,335)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(2,635,428)
Pension revenue from state contributions	47,247
<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>	
	135,744
<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	(46,567)
Change in net position - governmental activities (Statement 2)	\$ (1,131,866)

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

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CITY OF SAVAGE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 11,676,851	\$ 11,676,851	\$ 11,595,590	\$ (81,261)
Licenses and permits	553,625	553,625	1,061,370	507,745
Intergovernmental	474,250	478,016	618,922	140,906
Charges for services	624,790	624,790	1,098,977	474,187
Fines and forfeits	25,000	25,000	43,699	18,699
Special assessments	-	-	29,732	29,732
Investment earnings	150,000	150,000	78,682	(71,318)
Miscellaneous	63,700	80,832	114,895	34,063
TOTAL REVENUES	13,568,216	13,589,114	14,641,867	1,052,753
EXPENDITURES				
Current				
General government	2,390,179	2,390,969	2,266,320	124,649
Community development	772,318	772,318	727,177	45,141
Public safety	6,318,319	6,321,545	6,243,134	78,411
Public works	2,512,691	2,512,691	2,366,155	146,536
Culture and recreation	1,761,174	1,778,056	1,759,308	18,748
Capital outlay				
General government	2,000	2,000	17,190	(15,190)
Public safety	11,535	11,535	-	11,535
TOTAL EXPENDITURES	13,768,216	13,789,114	13,379,284	409,830
EXCESS OF REVENUES OVER EXPENDITURES	(200,000)	(200,000)	1,262,583	1,462,583
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	620	620
Transfers in	200,000	200,000	200,000	-
Transfers out	-	-	(1,300,000)	(1,300,000)
TOTAL FINANCING SOURCES (USES)	200,000	200,000	(1,099,380)	(1,299,380)
NET CHANGE IN FUND BALANCES	-	-	163,203	163,203
FUND BALANCES, JANUARY 1	6,858,241	6,858,241	6,858,241	-
FUND BALANCES, DECEMBER 31	\$ 6,858,241	\$ 6,858,241	\$ 7,021,444	\$ 163,203

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

CITY OF SAVAGE, MINNESOTA
STATEMENT OF NET POSITION - CONTINUED ON THE FOLLOWING PAGE
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-Type Activities - Enterprise Funds		
	601 <u>Water and Sewer</u>	660 <u>Storm Water</u>	609 <u>Municipal Liquor</u>
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 7,240,177	\$ 5,750,497	\$ -
Receivables			
Accrued interest	3,123	-	-
Accounts	1,149,605	239,377	26
Special assessments - current	15,873	-	-
Special assessments - delinquent	15,124	-	-
Due from other funds	268,984	-	-
Inventories	-	-	697,830
Prepaid items	-	-	528
Assets held for resale	-	116,741	-
	<u>8,692,886</u>	<u>6,106,615</u>	<u>698,384</u>
TOTAL CURRENT ASSETS			
NONCURRENT ASSETS			
Special assessments receivable	<u>235,312</u>	<u>16,382</u>	<u>-</u>
Capital assets			
Land	1,371,272	-	373,700
Land Improvements	703,205	-	66,485
Buildings and structures	20,221,918	-	2,387,281
Machinery and equipment	4,384,703	187,209	114,527
Improvements other than buildings	94,096,800	24,368,951	-
Construction in progress	<u>2,876,770</u>	<u>982,666</u>	<u>-</u>
Total capital assets	123,654,668	25,538,826	2,941,993
Less accumulated depreciation	<u>(68,977,615)</u>	<u>(12,681,570)</u>	<u>(998,400)</u>
Net capital assets	<u>54,677,053</u>	<u>12,857,256</u>	<u>1,943,593</u>
TOTAL NONCURRENT ASSETS	<u>54,912,365</u>	<u>12,873,638</u>	<u>1,943,593</u>
TOTAL ASSETS	<u>63,605,251</u>	<u>18,980,253</u>	<u>2,641,977</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension resources	<u>383,626</u>	<u>44,772</u>	<u>216,841</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
\$ 332,206	\$ 1,454	\$ 13,324,334	\$ 1,511,999
-	-	3,123	-
68,833	36,654	1,494,495	-
-	-	15,873	-
-	-	15,124	-
-	-	268,984	-
-	-	697,830	-
-	-	528	-
-	-	116,741	-
<u>401,039</u>	<u>38,108</u>	<u>15,937,032</u>	<u>1,511,999</u>
-	-	251,694	-
-	500,000	2,244,972	-
-	-	769,690	-
637,349	4,256,087	27,502,635	-
-	35,619	4,722,058	-
-	-	118,465,751	-
837	-	3,860,273	-
<u>638,186</u>	<u>4,791,706</u>	<u>157,565,379</u>	<u>-</u>
<u>(261,428)</u>	<u>(476,272)</u>	<u>(83,395,285)</u>	<u>-</u>
<u>376,758</u>	<u>4,315,434</u>	<u>74,170,094</u>	<u>-</u>
<u>376,758</u>	<u>4,315,434</u>	<u>74,421,788</u>	<u>-</u>
<u>777,797</u>	<u>4,353,542</u>	<u>90,358,820</u>	<u>1,511,999</u>
-	18,301	663,540	-

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, 2016

	Business-Type Activities - Enterprise Funds		
	601 <u>Water and Sewer</u>	660 <u>Storm Water</u>	609 <u>Municipal Liquor</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 749,030	\$ 246,136	\$ 157,858
Accrued salaries and withholdings payable	42,113	5,609	23,898
Contracts payable	81,762	22,418	-
Due to other funds	-	-	55,892
Due to other governments	20,064	-	40,088
Accrued interest payable	152,036	7,162	10,946
Deposits payable	6,942	46,275	-
Unearned revenue	-	-	1,384
Bonds payable - current	1,494,400	155,600	160,000
Notes payable - current	591,000	-	-
Compensated absences payable - current	135,727	13,270	27,149
TOTAL CURRENT LIABILITIES	<u>3,273,074</u>	<u>496,470</u>	<u>477,215</u>
NONCURRENT LIABILITIES			
Bonds payable	8,749,753	399,139	334,757
Notes payable	1,248,395	-	-
Pension liability	1,026,093	118,983	580,698
Other postemployment benefits payable	41,512	6,844	28,329
TOTAL NONCURRENT LIABILITIES	<u>11,065,753</u>	<u>524,966</u>	<u>943,784</u>
TOTAL LIABILITIES	<u>14,338,827</u>	<u>1,021,436</u>	<u>1,420,999</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension resources	131,841	14,308	75,526
NET POSITION			
Net investment in capital assets	44,432,900	12,302,517	1,448,836
Restricted for debt service	-	-	186,213
Unrestricted	5,085,309	5,686,764	(272,756)
TOTAL NET POSITION	<u>\$ 49,518,209</u>	<u>\$ 17,989,281</u>	<u>\$ 1,362,293</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
\$ 33,059	\$ 35,536	\$ 1,221,619	\$ 4,018
-	4,031	75,651	-
-	-	104,180	-
-	-	55,892	-
-	1,567	61,719	-
-	36,552	206,696	-
-	-	53,217	-
-	20,700	22,084	-
-	300,000	2,110,000	-
-	-	591,000	-
-	3,942	180,088	-
<u>33,059</u>	<u>402,328</u>	<u>4,682,146</u>	<u>4,018</u>
-	3,819,204	13,302,853	-
-	-	1,248,395	-
-	49,020	1,774,794	-
-	174	76,859	347,254
<u>-</u>	<u>3,868,398</u>	<u>16,402,901</u>	<u>347,254</u>
<u>33,059</u>	<u>4,270,726</u>	<u>21,085,047</u>	<u>351,272</u>
-	6,396	228,071	-
376,758	196,230	58,757,241	-
-	-	186,213	-
<u>367,980</u>	<u>(101,509)</u>	<u>10,765,788</u>	<u>1,160,727</u>
<u>\$ 744,738</u>	<u>\$ 94,721</u>	<u>\$ 69,709,242</u>	<u>\$ 1,160,727</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, 2016

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
OPERATING REVENUES			
Sales	\$ -	\$ -	\$ 3,719,308
Cost of sales	-	-	(2,873,784)
GROSS PROFIT	-	-	845,524
Charges for services	8,825,233	1,300,758	-
Special assessments	24,327	88,379	-
Other revenue	376,350	177,978	84,426
TOTAL OPERATING REVENUES	<u>9,225,910</u>	<u>1,567,115</u>	<u>929,950</u>
OPERATING EXPENSES			
Personnel services	1,258,827	138,493	696,597
Professional services	1,417,727	54,665	133,970
Shop supplies	269,094	-	-
Sewer charges - MCES	1,694,968	-	-
Utilities	267,820	-	51,363
Depreciation	3,395,548	822,446	64,591
Repairs and maintenance	195,567	230,364	20,009
Rent	229	-	-
Postage	39,834	8,785	-
Telephone	14,538	-	-
Insurance	28,669	14	11,319
Office and other supplies	54,546	9,412	16,681
Miscellaneous	-	5,268	-
TOTAL OPERATING EXPENSES	<u>8,637,367</u>	<u>1,269,447</u>	<u>994,530</u>
OPERATING INCOME (LOSS)	<u>588,543</u>	<u>297,668</u>	<u>(64,580)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	13,404	-	-
Investment earnings	121,851	78,362	-
Interest and other charges	(333,358)	(15,700)	(29,796)
Gain on disposal of capital assets	-	10,666	365
Loss on disposal of capital assets	(2,108)	-	(12,167)
Miscellaneous revenue (expense)	1,838	-	3
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(198,373)</u>	<u>73,328</u>	<u>(41,595)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	390,170	370,996	(106,175)
CAPITAL CONTRIBUTIONS	774,504	391,408	-
TRANSFERS IN	30,000	55,000	-
TRANSFERS OUT	<u>(653,409)</u>	<u>(455,624)</u>	<u>-</u>
CHANGE IN NET POSITION	541,265	361,780	(106,175)
NET POSITION, JANUARY 1	<u>48,976,944</u>	<u>17,627,501</u>	<u>1,468,468</u>
NET POSITION, DECEMBER 31	<u>\$ 49,518,209</u>	<u>\$ 17,989,281</u>	<u>\$ 1,362,293</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
\$ -	\$ -	\$ 3,719,308	\$ -
-	-	(2,873,784)	-
-	-	845,524	-
364,653	481,285	10,971,929	-
-	-	112,706	-
-	-	638,754	-
<u>364,653</u>	<u>481,285</u>	<u>12,568,913</u>	<u>-</u>
-	86,279	2,180,196	315,412
1,311	40,464	1,648,137	205,410
-	-	269,094	-
-	-	1,694,968	-
316,337	114,226	749,746	-
24,213	119,679	4,426,477	-
14,124	5,464	465,528	-
-	-	229	-
2,540	-	51,159	-
-	-	14,538	-
-	1,908	41,910	-
-	14,544	95,183	-
-	-	5,268	-
<u>358,525</u>	<u>382,564</u>	<u>11,642,433</u>	<u>520,822</u>
<u>6,128</u>	<u>98,721</u>	<u>926,480</u>	<u>(520,822)</u>
-	-	13,404	-
4,005	-	204,218	18,699
-	(80,792)	(459,646)	-
-	-	11,031	-
-	-	(14,275)	-
-	2,411	4,252	556,972
<u>4,005</u>	<u>(78,381)</u>	<u>(241,016)</u>	<u>575,671</u>
10,133	20,340	685,464	54,849
41,125	-	-	-
-	54,000	139,000	-
-	-	(1,109,033)	-
<u>51,258</u>	<u>74,340</u>	<u>922,468</u>	<u>54,849</u>
<u>693,480</u>	<u>20,381</u>	<u>68,786,774</u>	<u>1,105,878</u>
<u>\$ 744,738</u>	<u>\$ 94,721</u>	<u>\$ 69,709,242</u>	<u>\$ 1,160,727</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, 2016

	Business-Type Activities - Enterprise Funds		
	601 <u>Water and Sewer</u>	660 <u>Storm Water</u>	609 <u>Municipal Liquor</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 9,245,573	\$ 1,403,815	\$ 976,932
Payment to suppliers	(3,759,864)	(301,269)	(160,592)
Payment to employees	(1,141,350)	(134,043)	(618,418)
Other operating receipts	15,242	-	3
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,359,601</u>	<u>968,503</u>	<u>197,925</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to other funds	(268,984)	-	(17,815)
Transfers in	30,000	55,000	-
Transfers out	(653,409)	(455,624)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(892,393)</u>	<u>(400,624)</u>	<u>(17,815)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,336,940)	(421,969)	-
Proceeds from the sale of assets	-	48,900	-
Connection charges	341,392	-	-
Principal paid on debt	(2,225,750)	(315,250)	(150,000)
Interest paid on debt	(453,062)	(22,895)	(30,110)
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,674,360)</u>	<u>(711,214)</u>	<u>(180,110)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Investment earnings received	118,728	78,362	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,088,424)	(64,973)	-
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>8,328,601</u>	<u>5,815,470</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 7,240,177</u>	<u>\$ 5,750,497</u>	<u>\$ -</u>

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

Business-Type Activities - Enterprise Funds			Governmental
603	650		Activities -
Street Light Utility	Sports Center	Totals	Internal
			Service Funds
\$ 364,487	\$ 481,267	\$ 12,472,074	\$ -
(325,080)	(167,243)	(4,714,048)	(204,377)
-	(78,110)	(1,971,921)	(302,639)
-	2,411	17,656	556,972
<u>39,407</u>	<u>238,325</u>	<u>5,803,761</u>	<u>49,956</u>
-	-	(286,799)	-
-	54,000	139,000	-
-	-	(1,109,033)	-
<u>-</u>	<u>54,000</u>	<u>(1,256,832)</u>	<u>-</u>
(6,222)	(28,274)	(2,793,405)	-
-	-	48,900	-
-	-	341,392	-
-	(300,000)	(2,991,000)	-
-	(91,194)	(597,261)	-
<u>(6,222)</u>	<u>(419,468)</u>	<u>(5,991,374)</u>	<u>-</u>
<u>4,005</u>	<u>-</u>	<u>201,095</u>	<u>18,699</u>
37,190	(127,143)	(1,243,350)	68,655
<u>295,016</u>	<u>128,597</u>	<u>14,567,684</u>	<u>1,443,344</u>
<u>\$ 332,206</u>	<u>\$ 1,454</u>	<u>\$ 13,324,334</u>	<u>\$ 1,511,999</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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Storm Water</u>	<u>Municipal Liquor</u>
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED (USED) BY			
OPERATING ACTIVITIES			
Operating income (loss)	\$ 588,543	\$ 297,668	\$ (64,580)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Miscellaneous revenues	1,838	-	3
Intergovernmental revenues	13,404	-	-
Depreciation	3,395,548	822,446	64,591
(Increase) decrease in assets/deferred resources			
Accounts receivable	(5,842)	(1,246)	46,797
Special assessments receivable	25,505	15,455	-
Prepaid items	-	-	952
Inventories	-	-	55,361
Deferred pension resources	(288,051)	(32,261)	(164,083)
Increase (decrease) in liabilities and and deferred inflows of resources			
Accounts payable	134,458	(4,301)	12,965
Accrued salaries and withholdings payable	5,866	1,818	4,312
Compensated absences payable	(8,545)	(232)	(4,196)
Deposits payable	4,642	(10,878)	-
Unearned revenue	-	(177,509)	185
Pension liability	338,092	28,919	200,916
Other postemployment benefits payable	1,499	175	605
Contracts payable	81,762	22,418	-
Deferred pension resources	68,616	6,031	40,625
Due to other governments	2,266	-	3,472
	<u>\$ 4,359,601</u>	<u>\$ 968,503</u>	<u>\$ 197,925</u>
NET CASH PROVIDED (USED) BY			
OPERATING ACTIVITIES			
SUPPLEMENTAL SCHEDULE OF NONCASH			
CAPITAL AND RELATED FINANCING ACTIVITIES			
Amortization of discounts / (premiums) on bonds	<u>\$ (76,373)</u>	<u>\$ (2,593)</u>	<u>\$ 2,621</u>
Capital assets purchased on account	<u>\$ 555,819</u>	<u>\$ 194,954</u>	<u>\$ -</u>
Disposal of capital assets	<u>\$ 115,043</u>	<u>\$ 186,199</u>	<u>\$ 46,498</u>
Capital contributions from other funds	<u>\$ 433,112</u>	<u>\$ 391,408</u>	<u>\$ -</u>

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

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Street Light Utility</u>	<u>Sports Center</u>	<u>Totals</u>	<u>Activities -</u>
			<u>Internal</u>
			<u>Service Funds</u>
\$ 6,128	\$ 98,721	\$ 926,480	\$ (520,822)
-	2,411	4,252	556,972
-	-	13,404	-
24,213	119,679	4,426,477	-
(166)	(1,099)	38,444	-
-	-	40,960	-
-	-	952	-
-	-	55,361	-
-	(13,875)	(498,270)	-
9,232	8,854	161,208	1,033
-	524	12,520	-
-	834	(12,139)	-
-	-	(6,236)	-
-	1,081	(176,243)	-
-	17,162	585,089	-
-	56	2,335	12,773
-	-	104,180	-
-	3,468	118,740	-
-	509	6,247	-
<u>\$ 39,407</u>	<u>\$ 238,325</u>	<u>\$ 5,803,761</u>	<u>\$ 49,956</u>
<u>\$ -</u>	<u>\$ (8,500)</u>	<u>\$ (84,845)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,773</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,740</u>	<u>\$ -</u>
<u>\$ 41,125</u>	<u>\$ -</u>	<u>\$ 865,645</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 FUND
DECEMBER 31, 2016

	<u>Agency</u>
ASSETS	
Cash and investments	<u>\$ 43,301</u>
LIABILITIES	
Accounts payable	<u>\$ 43,301</u>

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

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, franchise taxes, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

The City reports the following major governmental funds:

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

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

The *TH13/150th Intersection Improvement Capital Projects fund* accounts for the costs associated with the street improvement project.

The City reports the following major proprietary funds:

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

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

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

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

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

Nonmajor Governmental Funds

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

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

Additionally, the City reports the following fund types:

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

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fiduciary Funds:

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position/fund balance

Deposits and investments

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

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

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

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

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

The City has the following recurring fair value measurements as of December 31, 2016:

- U.S. Government Agency Securities of \$20,292,661 are valued using quoted market prices (Level 1 inputs)
- Commercial paper and negotiable certificates of deposits of \$4,996,050 and \$4,675,027, respectively, are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. The City’s investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. 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 state 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.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Statement of Cash Flows

For purpose of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary fund's equity in the government-wide cash and investment management pool is considered 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 several times throughout the year.

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

Accounts receivable

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

Special assessments

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

Interfund receivables and payables

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

Inventories and prepaid items

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

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

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, 2016

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 estimated acquisition value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2016, no interest was capitalized in connection with construction in progress.

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

Assets	Years
Land improvements	15 to 20
Buildings and structures	15 to 50
Furniture, equipment, vehicles	4 to 30
Infrastructure	20 to 30

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category. One item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date. The second item is the deferred charge on refunding. A deferred charge on refunding and lease revision result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated absences

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

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

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Postemployment benefits other than pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 45, at January 1, 2014. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Actuarial valuation involve estimate of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual result are compared with past expectations and new estimates are made about the future.

The Retiree Health Plan - Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan asset is increasing or decreasing over time relative to the actuarial accrued benefits.

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.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred inflows of resources

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

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

Fund balance

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

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

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

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

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

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted (combined committed, assigned and unassigned) fund balance of 35 percent of the subsequent year's budgeted operating expenditures of the General Fund. For 2016, 35 percent of the next year's budgeted operating expenditures is \$4,965,123.

CITY OF SAVAGE, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net position

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

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

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

Use of Estimates

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

B. Excess of expenditures over appropriations

For the year ended December 31, 2016, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Primary government			
Nonmajor			
Economic Development	\$ 6,822	\$ 73,200	\$ 66,378
Post Office	96,835	98,893	2,058

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

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

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 \$1,771,457 and the bank balance was \$1,762,456. 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.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

As of December 31, 2016, 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
Pooled investments at amortized costs					
4M Fund	N/A	less than 6 months	\$ 8,800,898		
Broker Money Market Funds	N/A	less than 6 months	<u>7,930,001</u>		
Total pooled investments			<u>16,730,899</u>		
Non-pooled investments at amortized costs					
Money Market Funds	N/A	less than 6 months			
Non-negotiable certificates of deposit					
Government Agency Securities	AA-	less than 6 months	525,782	\$ 525,782	\$ -
	AA	less than 6 months	347,943	347,943	-
	AA+	less than 6 months	471,040	471,040	-
	AAA	less than 6 months	1,000,800	1,000,800	-
	AA	6 months to 1 year	1,697,474	1,697,474	-
	AA	1 to 3 years	1,170,676	1,170,676	-
	AAA	1 to 3 years	3,985,640	3,985,640	-
	AA-	more than 3 years	1,005,000	1,005,000	-
	AA	more than 3 years	6,164,053	6,164,053	-
	AA+	more than 3 years	226,297	226,297	-
	AAA	more than 3 years	3,697,956	3,697,956	-
Commercial paper	N/A	less than 6 months	4,996,050	-	4,996,050
Negotiable certificates of deposits	N/A	6 months to 1 year	1,446,817	-	1,446,817
Negotiable certificates of deposits	N/A	1 to 3 years	1,787,150	-	1,787,150
Negotiable certificates of deposits	N/A	more than 3 years	<u>1,441,060</u>	<u>-</u>	<u>1,441,060</u>
Total investments			<u>\$ 46,694,637</u>	<u>\$ 20,292,661</u>	<u>\$ 9,671,077</u>

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

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

N/A Indicates not applicable or available.

The City has no level 3 investments.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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	\$ 1,771,457
Investments	46,694,637
Cash on hand	<u>7,450</u>
Total	<u><u>\$ 48,473,544</u></u>
Primary government	
Governmental activities	\$ 34,854,909
Governmental activities - cash with fiscal agent	251,000
Business-type activities	<u>13,324,334</u>
Subtotal	<u>48,430,243</u>
Fiduciary	
Cash and investments	<u>43,301</u>
Total	<u><u>\$ 48,473,544</u></u>

B. Receivables

Notes receivable

The City sold six properties on contract for deeds. The notes are due and payable on various dates with interest accruing at rates between 5% to 8% per annum. These notes were recorded as receivables in the Strom Project Special Revenue Fund. The receivable balance at December 31, 2016 was \$685,834.

Additionally the developer for Village Commons received a grant from the Metropolitan Council to assist with project construction costs. Minnesota Statutes require these fund to be directed to the City before being disbursed to the developer. The developer requested the funds as a note, which has a term of thirty years and an interest rate of 0%. The principal balance is to be repaid in one lump sum on December 21, 2042. This notes is recorded as a receivable in the Economic Development Special Revenue fund. The receivable balance December 31, 2016 was \$200,000.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital assets

Capital asset activity for the year ended December 31, 2016 was as follows:

Primary government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,458,583	\$ -	\$ -	\$ 5,458,583
Construction in progress	3,154,398	6,599,378	(2,653,701)	7,100,075
Rights of ways and easement	754,344	-	-	754,344
	<u>9,367,325</u>	<u>6,599,378</u>	<u>(2,653,701)</u>	<u>13,313,002</u>
Total capital assets not being depreciated				
Capital assets, being depreciated				
Land improvements	10,301,398	257,206	-	10,558,604
Buildings and structures	31,646,467	29,486	-	31,675,953
Furniture and equipment	11,216,751	1,174,915	(881,644)	11,510,022
Improvements other than buildings	126,028,993	2,717,614	-	128,746,607
	<u>179,193,609</u>	<u>4,179,221</u>	<u>(881,644)</u>	<u>182,491,186</u>
Total capital assets being depreciated				
Less accumulated depreciation for				
Land improvements	(6,867,591)	(414,982)	-	(7,282,573)
Buildings and structures	(7,298,804)	(642,315)	-	(7,941,119)
Furniture and equipment	(5,822,119)	(750,054)	771,617	(5,800,556)
Improvements other than buildings	(69,095,977)	(4,924,500)	-	(74,020,477)
	<u>(89,084,491)</u>	<u>(6,731,851)</u>	<u>771,617</u>	<u>(95,044,725)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net				
	<u>90,109,118</u>	<u>(2,552,630)</u>	<u>(110,027)</u>	<u>87,446,461</u>
Governmental activities capital assets, net				
	<u>\$ 99,476,443</u>	<u>\$ 4,046,748</u>	<u>\$ (2,763,728)</u>	<u>\$ 100,759,463</u>

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

Governmental activities	
General government	\$ 204,831
Community development	54,555
Public safety	311,446
Public works	5,905,954
Parks and recreation	255,065
	<u>6,731,851</u>
Total depreciation expense - governmental activities	
	<u>\$ 6,731,851</u>

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,744,972	\$ -	\$ -	\$ 1,744,972
Construction in progress	862,869	3,803,252	(805,848)	3,860,273
	<u>2,607,841</u>	<u>3,803,252</u>	<u>(805,848)</u>	<u>5,605,245</u>
Total capital assets not being depreciated				
	<u>2,607,841</u>	<u>3,803,252</u>	<u>(805,848)</u>	<u>5,605,245</u>
Capital assets being depreciated				
Land improvements	1,269,690	-	-	1,269,690
Buildings and structures	26,878,830	-	(13,544)	26,865,286
Furniture and equipment	4,756,635	283,807	(318,384)	4,722,058
Improvements other than buildings	117,990,300	1,128,612	(15,812)	119,103,100
	<u>150,895,455</u>	<u>1,412,419</u>	<u>(347,740)</u>	<u>151,960,134</u>
Total capital assets being depreciated				
	<u>150,895,455</u>	<u>1,412,419</u>	<u>(347,740)</u>	<u>151,960,134</u>
Less accumulated depreciation for				
Land improvements	(863,041)	(36,657)	-	(899,698)
Buildings and structures	(9,876,494)	(648,393)	11,406	(10,513,481)
Furniture and equipment	(3,090,908)	(161,764)	270,121	(2,982,551)
Improvements other than buildings	(65,433,596)	(3,579,663)	13,704	(68,999,555)
	<u>(79,264,039)</u>	<u>(4,426,477)</u>	<u>295,231</u>	<u>(83,395,285)</u>
Total accumulated depreciation				
	<u>(79,264,039)</u>	<u>(4,426,477)</u>	<u>295,231</u>	<u>(83,395,285)</u>
Total capital assets being depreciated, net				
	<u>71,631,416</u>	<u>(3,014,058)</u>	<u>(52,509)</u>	<u>68,564,849</u>
Business-type activities capital assets, net				
	<u>\$ 74,239,257</u>	<u>\$ 789,194</u>	<u>\$ (858,357)</u>	<u>\$ 74,170,094</u>

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

Business-type activities	
Water and sewer	\$ 3,395,548
Storm Water	822,446
Municipal Liquor	64,591
Sports Center	119,679
Street Light	24,213
	<u>24,213</u>
Total depreciation expense - business-type activities	<u>\$ 4,426,477</u>

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction commitments

The City has active construction projects as of December 31, 2016. 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
2016 Street Improvements	\$ 1,474,560	\$ 68,947
BigSky Fiber/Trunk Improvements	76,008	7,049
BigSky Lift Station	433,382	655,166
Water Treatment Plant #2 upgrades	1,041,335	5,476,135
Savage Fen Ravine Stabilization	448,358	106,204
157th Street Road Construction	659,308	3,762
 Total	 <u>\$ 4,132,951</u>	 <u>\$ 6,317,263</u>

D. Interfund receivables, payables, and transfers

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

Receivable Fund	Payable Fund	Amount
Primary government		
General	Liquor Fund	\$ 55,892
Debt Service	Nonmajor governmental	663,695
Water and Sewer	Nonmajor governmental	268,984
 Total		 <u>\$ 988,571</u>

CITY OF SAVAGE, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

Fund	Transfers in			
	General Fund	Debt Service	TH14/ 150th Intersection Fund	Nonmajor Governmental Funds
Transfer out				
General	\$ -	\$ 240,000	\$ -	\$ 1,060,000
Debt Service	-	10,396	-	-
Nonmajor governmental	-	613,008	992,000	1,800,278
Water	200,000	-	-	453,409
Storm Water	-	-	-	455,624
Total transfers	<u>\$ 200,000</u>	<u>\$ 863,404</u>	<u>\$ 992,000</u>	<u>\$ 3,769,311</u>
Fund	Water Fund	Stormwater Fund	Sports Center Fund	Total
Transfer out				
General	\$ -	\$ -	\$ -	\$ 1,300,000
Debt Service	-	-	-	10,396
Nonmajor governmental	30,000	55,000	54,000	3,544,286
Water	-	-	-	653,409
Storm Water	-	-	-	455,624
Total transfers	<u>\$ 30,000</u>	<u>\$ 55,000</u>	<u>\$ 54,000</u>	<u>\$ 5,963,715</u>

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

E. General long-term debt

General obligation bonds

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

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

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Primary government

General obligation bonds

Description	Authorized and Issued	Interest Rate	Dated	Maturity Date	Balance at Year End
2006C G.O. City Recreation Facility Refunding Bonds	\$ 3,650,000	4.00 - 4.12 %	11/01/06	02/01/22	\$ 2,035,000
2010A G.O. City Build America Taxable Bond	5,160,000	1.30 - 55.00	06/17/10	02/01/26	3,055,000
2014B G.O. Advanced Refunding	6,600,000	2.00 - 2.375	06/05/14	02/01/27	5,860,000
2015B G.O. Improvement & Street Reconstruction Crossover Refunding Bonds	2,730,000	1.50 - 2.50	06/04/15	02/01/22	<u>2,730,000</u>
Total General Obligation Bonds					<u><u>\$ 13,680,000</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
2017	\$ 1,525,000	\$ 376,856	\$ 1,901,856
2018	1,550,000	337,706	1,887,706
2019	1,565,000	295,746	1,860,746
2020	1,605,000	250,604	1,855,604
2021	1,625,000	203,097	1,828,097
2022-2026	5,220,000	441,831	5,661,831
2027	<u>590,000</u>	<u>7,006</u>	<u>597,006</u>
Total	<u><u>\$ 13,680,000</u></u>	<u><u>\$ 1,912,846</u></u>	<u><u>\$ 15,592,846</u></u>

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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
2008A G.O.					
Improvement Bonds	\$ 3,845,000	3.00 - 4.00 %	06/15/08	02/01/24	\$ 2,245,000
2009A G.O.					
Improvement Bonds	4,415,000	2.00 - 4.10	06/25/09	02/01/25	2,840,000
2010C G.O. Refunding					
Improvement Bonds	5,030,000	2.50 - 3.00	06/17/10	02/01/18	985,000
2010D G.O. Refunding					
Improvement Bonds	6,875,000	3.00 - 4.00	11/18/10	03/01/19	2,170,000
2011A G.O.					
Improvement Bonds	6,495,000	2.00 - 3.75	06/14/11	02/01/27	3,935,000
2011C G.O. Refunding					
Improvement Bonds	2,145,000	1.50	11/01/11	02/01/17	335,000
2012A G.O.					
Improvement Bonds	5,085,000	1.00 - 2.62	05/21/12	02/01/28	3,490,000
2013A G.O.					
Improvement Bonds	5,750,000	1.50 - 2.50	06/01/13	02/01/29	4,650,000
2013B G.O. Refunding					
Improvement Bonds	491,200	2.00	06/01/13	02/01/21	411,200
2014A G.O.					
Improvement Bonds	3,290,000	2.00 - 3.50	06/05/14	02/01/30	2,975,000
2015A G.O.					
Improvement Bonds	4,100,000	2.00 - 4.00	06/04/15	02/01/31	4,100,000
2016A G.O.					
Improvement Bonds	3,335,000	2.00 - 3.00	06/16/16	02/01/32	<u>3,335,000</u>
Total G.O. Special Assessment Improvement Bonds					<u>\$ 31,471,200</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 4,835,000	\$ 930,804	\$ 5,765,804
2018	3,848,200	789,097	4,637,297
2019	3,338,200	667,189	4,005,389
2020	2,411,600	562,623	2,974,223
2021	2,293,200	474,018	2,767,218
2022-2026	9,665,000	1,296,881	10,961,881
2027-2031	4,410,000	252,520	4,662,520
2032-2033	670,000	11,713	681,713
Total	<u>\$ 31,471,200</u>	<u>\$ 4,984,845</u>	<u>\$ 36,456,045</u>

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

General obligation revenue note

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

General Obligation Revenue bonds

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

	<u>Water and Sewer</u>	<u>Storm Water</u>	<u>Municipal Liquor</u>	<u>Sports Center</u>
Operating revenues	\$ 9,225,910	\$ 1,567,115	\$ 929,950	\$ 481,285
Principal and interest	2,678,812	338,145	180,110	391,194
Percentage of revenues	344 %	463 %	516 %	123 %

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

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Dated</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
Liquor revenue bond					
Series 1998A	\$ 2,270,000	4.00 - 5.30 %	12/1/1998	2/1/2019	\$ 500,000
Public Facilities Authority Revenue					
Bonds, Series 1999	8,984,395	3.62	08/17/99	08/20/19	1,839,395
G.O. utility revenue bond					
Series 2007B	5,705,000	4.00 - 4.10	08/01/07	02/01/23	3,100,000
G.O. utility revenue refunding bond					
Series 2010B	4,310,000	3.00 - 4.00	06/17/10	02/01/18	550,000
G.O. utility revenue refunding bond					
Series 2010E	3,810,000	3.00	11/18/10	03/01/19	1,885,000
G.O. utility revenue bond					
Series 2011B	2,045,000	2.00 - 3.00	06/01/11	02/01/21	1,065,000
Tax abatement bond					
Series 2012B	4,915,000	1.00 - 2.62	05/21/12	02/01/28	4,025,000
G.O. crossover refunding bond					
Series 2013B	1,043,800	2.00	06/01/13	02/01/21	873,800
G.O. improvement bond					
Series 2015A	3,075,000	2.00 - 4.00	06/04/15	02/01/31	<u>3,075,000</u>
 Total business-type bonds					 <u>\$ 16,913,195</u>

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,701,000	\$ 486,428	\$ 3,187,428
2018	2,844,800	394,904	3,239,704
2019	3,042,195	298,442	3,340,637
2020	1,333,400	217,876	1,551,276
2021	1,366,800	177,569	1,544,369
2022-2026	3,715,000	451,469	4,166,469
2027-2031	1,910,000	97,057	2,007,057
Total	<u>\$ 16,913,195</u>	<u>\$ 2,123,745</u>	<u>\$ 19,036,940</u>

Public facility revenue bonds

These bonds refunded the bonds that were issued by the EDA for the purpose of financing the construction of a library facility. Pursuant to Minnesota Statutes 471.64, Subd. 1 and 265.71 and a lease purchase contract between the Savage EDA and the City, a trust indenture between the Savage EDA and a regional bank had been established for the purpose of financing payment of these Bonds. The Bonds are special obligations of the City as issuer and owner of the land and building. The City has pledged rental payments in amount equal to the debt service requirements and plans to annually appropriate City funds available for this purpose. As required by bond covenant, a reserve account has been established with a trustee that is to be used to pay principal and interest on the Bonds in the event available resources are inadequate to do so.

The future minimum lease obligation of these minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 235,000	\$ 15,135	\$ 250,135
2018	240,000	5,100	245,100
Total	<u>\$ 475,000</u>	<u>\$ 20,235</u>	<u>\$ 495,235</u>

Capital Leases

In August 1999, the City entered into a lease agreement with the Scott County Housing and Redevelopment Authority (HRA) for financing construction of 17,500 square feet of office and classroom space, capitalized at \$2,230,000. The Scott County HRA issued \$2,295,000 Facility Lease Revenue Bonds and \$175,000 Taxable Facility Lease Revenue Bonds to pay for the construction. The Revenue Bonds had interest rates that ranged from 4.75% to 5.70% and 6.75% to 7.00%, respectively. The City revised its capital lease agreement using Facility Lease Revenue Refunding Bonds, Series 2008 with Scott County Community Development Agency (CDA) in order to take advantage of lower interest rates. The revised lease agreement requires the City to make yearly payments beginning February 1, 2009 equal to the principal and interest due on the Revenue Refunding Bonds with interest rates ranging between 4.20% to 2.60%. 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. These payments will be made from the Capital Lease Debt Service Fund. Revenues from sublease agreements will be used to pay these lease payments. The assets acquired through capital leases are \$2,260,000 worth of buildings and structures.

CITY OF SAVAGE, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

The assets acquired through capital leases are as follows:

Asset	<u>Governmental Activities</u>
Building and structures	\$ 2,260,000
Less accumulated depreciation	<u>(813,600)</u>
Total	<u><u>\$ 1,446,400</u></u>

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 105,000	\$ 74,500	\$ 179,500
2018	105,000	70,090	175,090
2019	115,000	65,470	180,470
2020	120,000	60,535	180,535
2021	120,000	55,435	175,435
2022-2026	680,000	192,393	872,393
2027-2029	<u>495,000</u>	<u>34,845</u>	<u>529,845</u>
Total	<u><u>\$ 1,740,000</u></u>	<u><u>\$ 553,268</u></u>	<u><u>\$ 2,293,268</u></u>

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

During the year ended December 31, 2016, 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	\$ 14,875,000	\$ -	\$ (1,195,000)	\$ 13,680,000	\$ 1,525,000
General obligation aid anticipation bonds	50,000	-	(50,000)	-	-
General obligation special assessment bonds	37,841,200	3,335,000	(9,705,000)	31,471,200	4,835,000
Public Facility Revenue bonds	705,000	-	(230,000)	475,000	235,000
Unamortized discount and premium	973,305	147,335	(131,408)	989,232	-
	<u>54,444,505</u>	<u>3,482,335</u>	<u>(11,311,408)</u>	<u>46,615,432</u>	<u>6,595,000</u>
Total bonds payable					
Capital lease payable	1,840,000	-	(100,000)	1,740,000	105,000
Pension payable					
GERF	3,396,824	1,996,309	(290,707)	5,102,426	-
PEPFF	3,465,514	9,278,115	(503,449)	12,240,180	-
Fire relief	303,282	632,963	-	936,245	-
Compensated absences payable	1,316,410	741,778	(695,211)	1,362,977	1,362,977
Other postemployment benefits payable	334,481	71,592	(58,819)	347,254	-
	<u>65,101,016</u>	<u>16,203,092</u>	<u>(12,959,594)</u>	<u>68,344,514</u>	<u>8,062,977</u>
Governmental activity long-term liabilities					
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 19,904,195	\$ -	\$ (2,991,000)	\$ 16,913,195	\$ 2,701,000
Unamortized discount and premium	423,898	-	(84,845)	339,053	-
	<u>20,328,093</u>	<u>-</u>	<u>(3,075,845)</u>	<u>17,252,248</u>	<u>2,701,000</u>
Total bonds payable - net					
Pension payable					
GERF	1,189,705	716,718	(131,629)	1,774,794	-
Compensated absences payable	192,227	118,523	(130,662)	180,088	180,088
Other postemployment benefits payable	74,524	15,846	(13,511)	76,859	-
	<u>21,784,549</u>	<u>851,087</u>	<u>(3,351,647)</u>	<u>19,283,989</u>	<u>2,881,088</u>
Business-type activity long-term liabilities					

Crossover refunding

In June 2015, the City issued \$2,730,000 G.O. Crossover refunding Bonds, Series 2015B for the current refunding of \$6,590,000 of G.O. Improvement Bonds, Series 2006A. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease in future debt service payments of \$228,738. The net present value cash flow savings from the transaction was \$219,575. The call date for the 2005A item was February 1, 2016.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Components of fund balance

At December 31, 2016, 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:

Primary Government	General	Debt Service	TH13/150th Intersection Improvement	Other Governmental Funds	Total
Nonspendable for prepaid items					
Prepaid items	\$ 61,067	\$ -	\$ -	\$ 3,035	\$ 64,102
Inventory	7,368	-	-	-	7,368
Notes receivable	-	-	-	685,834	685,834
Total nonspendable	<u>\$ 68,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688,869</u>	<u>\$ 757,304</u>
Restricted for					
Debt service	\$ -	\$ 16,686,205	\$ -	\$ -	\$ 16,686,205
Park improvements	-	-	-	2,975,455	2,975,455
Total restricted	<u>\$ -</u>	<u>\$ 16,686,205</u>	<u>\$ -</u>	<u>\$ 2,975,455</u>	<u>\$ 19,661,660</u>
Committed for					
Cable television	\$ -	\$ -	\$ -	\$ 462,456	\$ 462,456
Economic development	-	-	-	1,434,786	1,434,786
Hamilton building	-	-	-	302,219	302,219
Post office	-	-	-	94,433	94,433
Total committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,293,894</u>	<u>\$ 2,293,894</u>
Assigned to					
Capital projects	\$ -	\$ -	\$ -	\$ 5,447,669	\$ 5,447,669
Employee communications	3,367	-	-	-	3,367
Forfeiture	15,292	-	-	-	15,292
Total assigned	<u>\$ 18,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,447,669</u>	<u>\$ 5,466,328</u>

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan description

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

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Public Employees Police and Fire Fund (PEPFF)

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

B. Benefits provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For 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.

PEPFF benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service.

For PEPFF 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.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

C. Contributions

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

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2016. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the year ending December 31, 2016, 2015 and 2014 were \$401,004, \$405,918, and \$370,404, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

PEPFF contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2016. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2016. The City's contributions to the PEPFF for the years ending December 31, 2016, 2015 and 2014 were \$490,172, \$451,807 and \$429,362, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

D. Pension costs

GERF pension costs

At December 31, 2016, the City reported a liability of \$6,877,220 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. 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 \$89,813. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was 0.0847 percent which was a decrease of 0.0038 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$372,824 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$26,780 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

At December 31, 2016, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions of \$204,896 subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,347	\$ 541,175
Changes in actuarial assumptions	1,479,908	-
Net difference between projected and actual earnings on plan investments	751,126	-
Changes in proportion	-	303,814
Contributions to GERF subsequent to the measurement date	204,896	-
Total	\$ 2,457,277	\$ 844,989

Deferred outflows of resources totaling \$204,896 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2017	\$ 354,517
2018	190,433
2019	614,018
2020	248,424

PEPFF pension costs

At December 31, 2016, the City reported a liability of \$12,240,180 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportionate share was 0.305 percent which was the same as its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$1,381,798 for its proportionate share of PEPFF's pension expense. The City also recognized \$27,450 for the year ended December 31, 2016 as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

At December 31, 2016, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions of \$260,116 subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,792	\$ 1,404,180
Changes in actuarial assumptions	7,230,294	-
Net difference between projected and actual earnings on plan investments	1,055,221	-
Changes in proportion	-	20,293
Contributions to PEPFF subsequent to the measurement date	260,116	-
Total	\$ 8,548,423	\$ 1,424,473

Deferred outflows of resources totaling \$260,116 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2017	\$ 1,301,195
2018	1,301,195
2019	1,707,553
2020	1,391,007
2021	1,162,884

E. Actuarial assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the GERS and RP-2000 tables for the PEPFF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for all future years for the GERS and PEPFF.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERS was completed in 2015. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

CITY OF SAVAGE, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

The following changes in actuarial assumptions occurred in 2016:

GERF

- 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.

PEPFF

- 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.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	2.00	0.50
Total	100.00 %	

CITY OF SAVAGE, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal year ended June 30, 2057 for the PEPFF, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the PEPFF was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent after.

G. Pension liability sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERF	\$ 9,767,690	\$ 6,877,220	\$ 4,496,259
	1 Percent Decrease (4.60%)	Current (5.60%)	1 Percent Increase (6.60%)
PEPFF	\$ 17,134,629	\$ 12,240,180	\$ 8,241,045

H. Pension plan fiduciary net position

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

CITY OF SAVAGE, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Note 5: DEFINED CONTRIBUTION PLAN

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

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. Minnesota statutes, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. 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 percent of employer contributions and twenty-five hundredths of 1 percent (.0025) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City During the fiscal year 2016 were:

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

The City and council member's contributions to the PEDCP plan for the years ending December 31, 2016, 2015, 2014 were \$2,000, \$1,300, \$1,300, 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, 2015, the plan covered 40 active firefighters and 40 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, 2016

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 158,225 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2015, 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, 2016 were \$-0-. The City's contributions were equal to the required contributions as set by state statute. In addition, the City made voluntary contributions of \$184,514 to the plan. The firefighter has no obligation to contribute to the plan.

D. Pension costs

At December 31, 2016, the City reported a net pension liability of \$936,245 for the plan. The net pension liability was measured as of December 31, 2015. 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 as of December 31, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$354,055

At December 31, 2016, 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
Differences between expected and actual experience	\$ 71,136
Changes in actuarial assumptions	139,659
Net difference between projected and actual earnings on plan investments	427,157
Contributions to plan subsequent to the measurement date	345,809
Total	\$ 983,761

Deferred outflows of resources totaling \$345,809 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, 2016. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2017	\$ 178,077
2018	178,077
2019	178,069
2020	103,729

CITY OF SAVAGE, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2016

Note 6: DEFINED BENEFIT PENSION PLANS - VOLUNTEER FIRE RELIEF ASSOCIATION - CONTINUED

E. Actuarial assumptions

The total pension liability at December 31, 2015 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	1.50%
Investment rate of return	6.25%
20 year municipal bond yield	3.50%

There were no changes in actuarial assumptions in 2015.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-ter Expected Real Rate of Return</u>
Cash and equivalents	12.00 %	2.00 %
Fixed income	26.00	5.00
Domestic equity	<u>62.00</u>	<u>7.50</u>
Total	<u><u>100.00 %</u></u>	

F. Discount rate

The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension liability sensitivity

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

	<u>1 Percent Decrease (5.25%)</u>	<u>Current (6.25%)</u>	<u>1 Percent Increase (7.25%)</u>
Defined benefit plan	\$ 1,865,698	\$ 936,245	\$ 195,849

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, 2016

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan description

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

B. Funding policy

Retirees and their spouses contribute to the health care plan at the same rate as active employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Benefits Extra, Inc. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2016, the City contributed \$72,330 for retirees receiving disability health care benefits. As of December 31, 2016 there were seven retirees and two spouses receiving health benefits from the City's health plan.

C. Annual other postemployment benefit cost

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	93,596
Interest on net OPEB obligation		18,405
Amortization of net OPEB obligation with interest		(24,563)
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		87,438
Contributions made		(72,330)
Increase in net OPEB obligation		15,108
Net OPEB obligation - beginning of year		409,005
Net OPEB obligation - end of year		\$ 424,113

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the preceding two fiscal years are as follows:

Year Ending	Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/16	\$ 87,438	82.7 %	\$ 424,113
12/31/15	87,894	65.6	409,005
12/31/14	87,668	46.0	378,759

CITY OF SAVAGE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED

D. Funded status and funding progress

As of January 1, 2014, the actuarial accrued liability for benefits was \$755,299, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,252,711, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 10.4 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, the healthcare cost trend, and inflation. A 2.75 percent inflation rate was assumed in the actuarial valuation. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50 percent discount rate. The initial healthcare trend rate was 7.5 percent, reduced by increments to an ultimate rate of 5.0 percent after 10 years. The unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2014 was thirty years.

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 2016.

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, 2016

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. As of December 31, 2016, the outstanding principal and interest balance on these revenue bonds is \$2,293,268.

D. Flexible Benefit Plan

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

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

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAVAGE, MINNESOTA
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

CITY OF SAVAGE, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of employer's share of PERA net pension liability - General Employees Retirement Fund

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/16	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	5,202,050	88.2	78.2

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

Schedule of employer's PERA contributions - General Employees Retirement Fund

Required Supplementary Information						
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)	
12/31/16	\$ 401,004	\$ 401,004	\$ -	\$ 5,346,720	7.5 %	
12/31/15	394,189	394,189	-	5,255,853	7.5	

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

CITY OF SAVAGE, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of employer's share of PERA net pension liability - Public Employees Police and Fire Fund

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/16	0.3050 %	\$ 12,240,180	\$ 27,450	\$ 12,267,630	\$2,935,636	417.0 %	86.6 %
06/30/15	0.3050	3,465,514	-	3,465,514	2,797,401	123.9 %	86.6

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

Schedule of employer's PERA contributions - Public Employees Police and Fire Fund

Required Supplementary Information					
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)
12/31/16	\$ 490,172	\$ 490,172	\$ -	\$ 3,025,753	16.2 %
12/31/15	459,350	459,350	-	2,835,494	16.2

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, 2016

Schedule of changes in the Fire Relief Association's net pension liability (asset) and related ratios

	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total pension liability		
Service cost	\$ 95,357	\$ 87,353
Interest on pension liability (asset)	361,511	350,753
Changes of benefit terms	60,427	-
Gain (loss)	94,849	-
Changes of assumptions	186,213	-
Benefit payments	(260,917)	(288,652)
Net change in total pension liability	<u>537,440</u>	<u>149,454</u>
Total pension liability - January 1	<u>5,692,166</u>	<u>5,542,712</u>
 Total pension liability - December 31 (a)	 <u><u>\$ 6,229,606</u></u>	 <u><u>\$ 5,692,166</u></u>
 Plan fiduciary net position		
Employer contributions	\$ 184,514	\$ 149,192
Nonemployer contributions	158,225	184,514
Projected investment return	352,571	329,228
Gain (loss)	(518,661)	(20,383)
Benefit payments	(260,917)	(288,652)
Administrative expenses	(11,254)	(15,067)
Net change in plan fiduciary net position	<u>(95,522)</u>	<u>338,832</u>
 Plan fiduciary net position - January 1	 <u>5,388,883</u>	 <u>5,050,051</u>
 Plan fiduciary net position - December 31 (b)	 <u><u>\$ 5,293,361</u></u>	 <u><u>\$ 5,388,883</u></u>
 Fire Relief's net pension liability (asset) - December 31 (a-b)	 <u><u>\$ 936,245</u></u>	 <u><u>\$ 303,283</u></u>
 Plan fiduciary net position as a percentage of the total pension liability (b/a)	 84.97%	 94.67%
 Covered-employee payroll	 N/A	 N/A
 Fire Relief's net pension liability (asset) as a percentage of covered-employee payroll	 N/A	 N/A

Notes to Schedule:

Benefit changes. Effective January 1, 2016, the benefit rate increased from \$35.53 to \$36.43. The lump sum rate increased from \$5,538 to \$5,572

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

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become
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CITY OF SAVAGE, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of employer's Fire Relief Association's contributions

Year Ending	Required Supplementary Information		
	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/16	\$ 345,809	\$ 345,809	\$ -
12/31/15	342,739	342,739	-
12/31/14	333,706	333,706	-

Schedule of funding progress for the postemployment benefit plan

Actuarial Valuation Date	Required Supplementary Information					
	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/14	\$ -	\$ 755,299	\$ 755,299	- %	\$ 7,252,711	10.4 %
01/01/11	-	625,696	625,696	-	6,500,557	9.6
01/01/08	-	698,655	698,655	-	5,984,899	11.7

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

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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.

Debt Service Funds

The Debt Service funds are established to account for the collection of ad valorem taxes; special assessments and tax increment revenue transfers as well as the payment of principal and interest of general long-term debt.

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, 2016

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and investments	\$ 4,022,346	\$ 4,902,767	\$ 8,925,113
Receivables			
Accounts - net	56,484	-	56,484
Taxes	-	523	523
Special assessments	8,797	40,324	49,121
Notes	885,834	-	885,834
Prepaid items	3,035	-	3,035
Land held for resale	1,039,305	82,788	1,122,093
	<u>\$ 6,015,801</u>	<u>\$ 5,026,402</u>	<u>\$ 11,042,203</u>
TOTAL ASSETS			
LIABILITIES			
Accounts payable	\$ 15,300	\$ 169,687	\$ 184,987
Accrued salaries and withholdings payable	9,807	-	9,807
Contracts payable	-	45,974	45,974
Due to other funds	663,695	268,984	932,679
Deposits payable	23,093	-	23,093
	<u>711,895</u>	<u>484,645</u>	<u>1,196,540</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	-	523	523
Unavailable revenue - special assessments	8,798	40,324	49,122
	<u>8,798</u>	<u>40,847</u>	<u>49,645</u>
TOTAL DEFERRED INFLOWS OF RESOURCES			
FUND BALANCES			
Nonspendable	688,869	-	688,869
Restricted	2,975,455	-	2,975,455
Committed	2,293,894	-	2,293,894
Assigned	-	4,772,528	4,772,528
Unassigned	(663,110)	(271,618)	(934,728)
	<u>5,295,108</u>	<u>4,500,910</u>	<u>9,796,018</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 6,015,801</u>	<u>\$ 5,026,402</u>	<u>\$ 11,042,203</u>

CITY OF SAVAGE, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ 228,074	\$ 100,514	\$ 328,588
Intergovernmental	19,550	25,239	44,789
Charges for services	796,950	-	796,950
Special assessments	8,754	685,438	694,192
Licenses and permits	400	-	400
Investment earnings	27,080	81,264	108,344
Miscellaneous			
Contributions and donations	18,000	-	18,000
Rents	234,971	-	234,971
Other	74,414	50,647	125,061
	<u>1,408,193</u>	<u>943,102</u>	<u>2,351,295</u>
EXPENDITURES			
Current			
General government	394,715	30,944	425,659
Community development	73,200	-	73,200
Culture and recreation	4,836	-	4,836
Capital outlay			
General government	59,915	230,640	290,555
Community development	-	385,199	385,199
Public safety	-	263,366	263,366
Public works	-	4,738,212	4,738,212
Culture and recreation	103,250	246,256	349,506
Debt service			
Bond issuance costs	-	73,289	73,289
	<u>635,916</u>	<u>5,967,906</u>	<u>6,603,822</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>772,277</u>	<u>(5,024,804)</u>	<u>(4,252,527)</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	2,375,000	2,375,000
Premiums on bonds issued	-	71,987	71,987
Sale of capital assets	4,578	125,866	130,444
Transfers in	642,500	3,126,811	3,769,311
Transfers out	(125,990)	(3,418,296)	(3,544,286)
	<u>521,088</u>	<u>2,281,368</u>	<u>2,802,456</u>
NET CHANGE IN FUND BALANCES			
	1,293,365	(2,743,436)	(1,450,071)
FUND BALANCES, JANUARY 1			
	<u>4,001,743</u>	<u>7,244,346</u>	<u>11,246,089</u>
FUND BALANCES, DECEMBER 31			
	<u>\$ 5,295,108</u>	<u>\$ 4,500,910</u>	<u>\$ 9,796,018</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.

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

Park Fees Fund - This fund is used for grants and dedication fees to provide funding for park and trail improvements.

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

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

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

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

CITY OF SAVAGE, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2016

	201	215	225	231
	Cable Television	Valley Oil Site	Park Fees	Economic Development
ASSETS				
Cash and investments	\$ 435,861	\$ 1,578	\$ 2,982,430	\$ 194,665
Receivables				
Accounts	49,130	-	-	-
Special assessments	-	-	8,797	-
Notes	-	-	-	200,000
Prepaid items	3,035	-	-	-
Land held for resale	-	312,414	-	726,891
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 488,026</u></u>	<u><u>\$ 313,992</u></u>	<u><u>\$ 2,991,227</u></u>	<u><u>\$ 1,121,556</u></u>
LIABILITIES				
Accounts payable	\$ 228	\$ 762	\$ 5,462	\$ -
Accrued salaries and withholdings payable	9,807	-	-	-
Due to other funds	-	-	-	-
Deposits payable	12,500	-	1,512	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>22,535</u>	<u>762</u>	<u>6,974</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - special assessments	-	-	8,798	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Nonspendable	3,035	-	-	-
Restricted for				
Park improvements	-	-	2,975,455	-
Committed for				
Cable television	462,456	-	-	-
Economic development	-	313,230	-	1,121,556
Hamilton building	-	-	-	-
Post office	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>465,491</u>	<u>313,230</u>	<u>2,975,455</u>	<u>1,121,556</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
	<u><u>\$ 488,026</u></u>	<u><u>\$ 313,992</u></u>	<u><u>\$ 2,991,227</u></u>	<u><u>\$ 1,121,556</u></u>

203	208	233	
Hamilton Building	Strom Project	Post Office	Total
\$ 305,664	\$ -	\$ 102,148	\$ 4,022,346
6,769	585	-	56,484
-	-	-	8,797
-	685,834	-	885,834
-	-	-	3,035
-	-	-	1,039,305
<u>\$ 312,433</u>	<u>\$ 686,419</u>	<u>\$ 102,148</u>	<u>\$ 6,015,801</u>
\$ 5,533	\$ -	\$ 3,315	\$ 15,300
-	-	-	9,807
-	663,695	-	663,695
4,681	-	4,400	23,093
<u>10,214</u>	<u>663,695</u>	<u>7,715</u>	<u>711,895</u>
-	-	-	8,798
-	685,834	-	688,869
-	-	-	2,975,455
-	-	-	462,456
-	-	-	1,434,786
302,219	-	-	302,219
-	-	94,433	94,433
-	(663,110)	-	(663,110)
<u>302,219</u>	<u>22,724</u>	<u>94,433</u>	<u>5,295,108</u>
<u>\$ 312,433</u>	<u>\$ 686,419</u>	<u>\$ 102,148</u>	<u>\$ 6,015,801</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, 2016

	201	215	225	231
	Cable Television	Valley Oil Site	Park Fees	Economic Development
REVENUES				
Taxes	\$ 202,011	\$ -	\$ -	\$ 26,063
Intergovernmental	-	-	-	19,550
Charges for services				
Program fees	-	-	796,950	-
Special assessments	-	-	8,754	-
Licenses and permits	-	-	400	-
Investment earnings	7,718	-	23,294	2,819
Miscellaneous revenues				
Contributions	-	-	18,000	-
Rents	-	-	62,106	-
Other	22,434	1,625	264	5,871
TOTAL REVENUES	232,163	1,625	909,768	54,303
EXPENDITURES				
Current				
General government	256,443	895	-	-
Community development	-	-	-	73,200
Culture and recreation	-	-	4,836	-
Capital outlay				
General government	59,915	-	-	-
Culture and recreation	-	-	103,250	-
TOTAL EXPENDITURES	316,358	895	108,086	73,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(84,195)	730	801,682	(18,897)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	4,578
Transfers in	-	312,500	230,000	-
Transfers out	-	-	-	(990)
TOTAL OTHER FINANCING	-	312,500	230,000	3,588
NET CHANGE IN FUND BALANCES	(84,195)	313,230	1,031,682	(15,309)
FUND BALANCES, JANUARY 1	549,686	-	1,943,773	1,136,865
FUND BALANCES, DECEMBER 31	\$ 465,491	\$ 313,230	\$ 2,975,455	\$ 1,121,556

203	208	233	
Hamilton Building	Strom Project	Post Office	Total
\$ -	\$ -	\$ -	\$ 228,074
-	-	-	19,550
-	-	-	796,950
-	-	-	8,754
-	-	-	400
1,646	(10,304)	1,907	27,080
-	-	-	18,000
81,845	-	91,020	234,971
8,195	36,025	-	74,414
<u>91,686</u>	<u>25,721</u>	<u>92,927</u>	<u>1,408,193</u>
38,484	-	98,893	394,715
-	-	-	73,200
-	-	-	4,836
-	-	-	59,915
<u>-</u>	<u>-</u>	<u>-</u>	<u>103,250</u>
<u>38,484</u>	<u>-</u>	<u>98,893</u>	<u>635,916</u>
<u>53,202</u>	<u>25,721</u>	<u>(5,966)</u>	<u>772,277</u>
-	-	-	4,578
100,000	-	-	642,500
(125,000)	-	-	(125,990)
<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>521,088</u>
28,202	25,721	(5,966)	1,293,365
<u>274,017</u>	<u>(2,997)</u>	<u>100,399</u>	<u>4,001,743</u>
<u>\$ 302,219</u>	<u>\$ 22,724</u>	<u>\$ 94,433</u>	<u>\$ 5,295,108</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, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016				2015
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Franchise taxes	\$ 197,000	\$ 197,000	\$ 202,011	\$ 5,011	\$ 191,425
Investment earnings	-	-	7,718	7,718	9,107
Miscellaneous revenues	24,000	24,000	22,434	(1,566)	21,962
TOTAL REVENUES	221,000	221,000	232,163	11,163	222,494
EXPENDITURES					
Current					
General government	275,593	275,593	256,443	19,150	263,744
Capital outlay					
General government	50,000	50,000	59,915	(9,915)	-
TOTAL EXPENDITURES	325,593	325,593	316,358	9,235	263,744
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(104,593)	(104,593)	(84,195)	20,398	(41,250)
FUND BALANCES, JANUARY 1	549,686	549,686	549,686	-	590,936
FUND BALANCES, DECEMBER 31	\$ 445,093	\$ 445,093	\$ 465,491	\$ 20,398	\$ 549,686

CITY OF SAVAGE, MINNESOTA
PARK FEES FUND
BUDGETED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016				2015
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Special assessments	\$ 9,032	\$ 9,032	\$ 8,754	\$ (278)	\$ 9,032
Licenses and permits	600	600	400	(200)	600
Charges for services					
Park and recreation	242,504	242,504	796,950	554,446	465,702
Investment earnings	-	-	23,294	23,294	27,183
Miscellaneous					
Contributions and donations	-	-	18,000	18,000	10,500
Rents	62,563	62,563	62,106	(457)	61,336
Other	-	-	264	264	-
TOTAL REVENUES	314,699	314,699	909,768	595,069	574,353
EXPENDITURES					
Current					
Parks and recreation	-	-	4,836	(4,836)	1,589
Capital outlay					
Parks and recreation	743,000	743,000	103,250	639,750	377,861
TOTAL EXPENDITURES	743,000	743,000	108,086	634,914	379,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(428,301)	(428,301)	801,682	1,229,983	194,903
OTHER FINANCING SOURCES					
Sale of capital assets	-	-	-	-	42,599
Transfers in	-	-	230,000	230,000	115,000
TOTAL OTHER FINANCING SOURCES	-	-	230,000	230,000	157,599
NET CHANGE IN FUND BALANCES	(428,301)	(428,301)	1,031,682	1,459,983	352,502
FUND BALANCES, JANUARY 1	1,943,773	1,943,773	1,943,773	-	1,591,271
FUND BALANCES, DECEMBER 31	\$ 1,515,472	\$ 1,515,472	\$ 2,975,455	\$ 1,459,983	\$ 1,943,773

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, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016				2015
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 9,000	\$ 9,000	\$ 26,063	\$ 17,063	\$ 5,048
Intergovernmental	-	-	19,550	19,550	71,061
Investment earnings	2,000	2,000	2,819	819	1,455
Miscellaneous					
Rents	6,600	6,600	-	(6,600)	5,100
Other	-	-	5,871	5,871	4
Total revenues	17,600	17,600	54,303	36,703	82,668
EXPENDITURES					
Current					
Community development	6,822	6,822	73,200	(66,378)	78,492
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,778	10,778	(18,897)	(29,675)	4,176
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	4,578	4,578	-
Transfers in	-	-	-	-	640,384
Transfers out	-	-	(990)	(990)	(210)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	3,588	3,588	640,174
NET CHANGE IN FUND BALANCES	10,778	10,778	(15,309)	(26,087)	644,350
FUND BALANCES, JANUARY 1	1,136,865	1,136,865	1,136,865	-	492,515
FUND BALANCES, DECEMBER 31	<u>\$ 1,147,643</u>	<u>\$ 1,147,643</u>	<u>\$ 1,121,556</u>	<u>\$ (26,087)</u>	<u>\$ 1,136,865</u>

CITY OF SAVAGE, MINNESOTA

BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016				2015
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Investment earnings	\$ 3,000	\$ 3,000	\$ 1,646	\$ (1,354)	\$ 3,613
Miscellaneous					
Rents	65,100	65,100	81,845	16,745	125,258
Other	-	-	8,195	8,195	16,728
TOTAL REVENUES	68,100	68,100	91,686	23,586	145,599
EXPENDITURES					
Current					
General government	44,526	44,526	38,484	6,042	42,276
EXCESS OF REVENUES OVER EXPENDITURES	23,574	23,574	53,202	29,628	103,323
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	100,000	100,000	100,000
Transfers out	(125,000)	(125,000)	(125,000)	-	(125,000)
TOTAL OTHER FINANCING SOURCES (USES)	(125,000)	(125,000)	(25,000)	100,000	(25,000)
NET CHANGES IN FUND BALANCES	(101,426)	(101,426)	28,202	129,628	78,323
FUND BALANCES, JANUARY 1	274,017	274,017	274,017	-	195,694
FUND BALANCES, DECEMBER 31	\$ 172,591	\$ 172,591	\$ 302,219	\$ 129,628	\$ 274,017

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, 2016
 With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016				2015
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,907	\$ 907	\$ 1,140
Miscellaneous					
Rents	88,080	88,080	91,020	2,940	85,140
TOTAL REVENUES	89,080	89,080	92,927	3,847	86,280
EXPENDITURES					
Current					
General government	96,835	96,835	98,893	(2,058)	30,924
NET CHANGES IN FUND BALANCES	(7,755)	(7,755)	(5,966)	1,789	55,356
FUND BALANCES, JANUARY 1	100,399	100,399	100,399	-	45,043
FUND BALANCES, DECEMBER 31	\$ 92,644	\$ 92,644	\$ 94,433	\$ 1,789	\$ 100,399

NONMAJOR CAPITAL PROJECTS FUNDS

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

Nonmajor capital projects funds presently established are as follows:

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

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

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.

2014 Capital Projects Fund: This fund is used to account for the construction costs of street improvements.

2015 Capital Projects Fund: This fund is used to account for the construction costs of street improvements.

2016 Capital Projects Fund: This fund is used to account for the construction costs of street improvements.

2017 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, 2016

	230	419	702	501
	Community Investment	Tax Increment Construction	Capital Equipment Certificates	Permanent Improvement Revloving
ASSETS				
Cash and investments	\$ 1,518,954	\$ 15	\$ 1,170,950	\$ 1,718,908
Receivables				
Taxes	-	-	523	-
Special assessments	-	-	-	40,324
Land held for resale	82,788	-	-	-
TOTAL ASSETS	<u>\$ 1,601,742</u>	<u>\$ 15</u>	<u>\$ 1,171,473</u>	<u>\$ 1,759,232</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 14,929	\$ 8,048
Contracts payable	-	-	-	-
Due to other funds	-	268,984	-	-
TOTAL LIABILITIES	<u>-</u>	<u>268,984</u>	<u>14,929</u>	<u>8,048</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	-	-	523	-
Unavailable revenue - special assessments	-	-	-	40,324
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>523</u>	<u>40,324</u>
FUND BALANCES				
Assigned for				
Capital projects	1,601,742	-	1,156,021	1,710,860
Unassigned	-	(268,969)	-	-
TOTAL FUND BALANCES	<u>1,601,742</u>	<u>(268,969)</u>	<u>1,156,021</u>	<u>1,710,860</u>
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,601,742</u>	<u>\$ 15</u>	<u>\$ 1,171,473</u>	<u>\$ 1,759,232</u>

503	507	531	532	533	534	
Sidewalk	Street Infrastructure	2014 Capital Projects	2015 Capital Projects	2016 Capital Projects	2017 Capital Projects	Total
\$ 253,868	\$ 13,982	\$ 33,615	\$ 58,323	\$ 129,246	\$ 4,906	\$ 4,902,767
-	-	-	-	-	-	523
-	-	-	-	-	-	40,324
-	-	-	-	-	-	82,788
<u>\$ 253,868</u>	<u>\$ 13,982</u>	<u>\$ 33,615</u>	<u>\$ 58,323</u>	<u>\$ 129,246</u>	<u>\$ 4,906</u>	<u>\$ 5,026,402</u>
\$ -	\$ -	\$ 33,615	\$ 16,483	\$ 89,057	\$ 7,555	\$ 169,687
-	-	-	16,483	29,491	-	45,974
-	-	-	-	-	-	268,984
-	-	33,615	32,966	118,548	7,555	484,645
-	-	-	-	-	-	523
-	-	-	-	-	-	40,324
-	-	-	-	-	-	40,847
253,868	13,982	-	25,357	10,698	-	4,772,528
-	-	-	-	-	(2,649)	(271,618)
<u>253,868</u>	<u>13,982</u>	<u>-</u>	<u>25,357</u>	<u>10,698</u>	<u>(2,649)</u>	<u>4,500,910</u>
<u>\$ 253,868</u>	<u>\$ 13,982</u>	<u>\$ 33,615</u>	<u>\$ 58,323</u>	<u>\$ 129,246</u>	<u>\$ 4,906</u>	<u>\$ 5,026,402</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, 2016

	230	419	702	501
	Community Investment	Tax Increment Construction	Capital Equipment	Permanent Improvement Revolving
REVENUES				
Taxes				
General property	\$ -	\$ -	\$ 122	\$ -
Tax increment	-	100,392	-	-
Intergovernmental				
County	25,239	-	-	-
Special assessments	-	-	-	399,779
Investment earnings	26,551	451	8,529	6,449
Miscellaneous				
Other	10,000	15,000	-	25,647
	<u>61,790</u>	<u>115,843</u>	<u>8,651</u>	<u>431,875</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	30,944	-	-	-
Capital outlay				
General government	165,366	-	65,274	-
Community development	-	385,199	-	-
Public safety	-	-	263,366	-
Public works	-	-	470,422	117,159
Culture and recreation	-	-	246,256	-
Debt service				
Bond issuance costs	-	751	12,266	-
	<u>196,310</u>	<u>385,950</u>	<u>1,057,584</u>	<u>117,159</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(134,520)</u>	<u>(270,107)</u>	<u>(1,048,933)</u>	<u>314,716</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	600,000	-
Premium on bonds issued	-	-	32,565	-
Sale of capital assets	-	-	125,866	-
Transfers in	230,000	990	500,000	775,924
Transfers out	(366,500)	-	-	(226,327)
	<u>(136,500)</u>	<u>990</u>	<u>1,258,431</u>	<u>549,597</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGES IN FUND BALANCES				
	(271,020)	(269,117)	209,498	864,313
FUND BALANCES, JANUARY 1				
	<u>1,872,762</u>	<u>148</u>	<u>946,523</u>	<u>846,547</u>
FUND BALANCES, DECEMBER 31				
	<u>\$ 1,601,742</u>	<u>\$ (268,969)</u>	<u>\$ 1,156,021</u>	<u>\$ 1,710,860</u>

503	507	531	532	533	534	
Sidewalk	Street Infrastructure	2014 Capital Projects	2015 Capital Projects	2016 Capital Projects	2017 Capital Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122
-	-	-	-	-	-	100,392
-	-	-	-	-	-	25,239
-	285,659	-	-	-	-	685,438
6,867	21,702	4,109	3,627	2,979	-	81,264
-	-	-	-	-	-	50,647
<u>6,867</u>	<u>307,361</u>	<u>4,109</u>	<u>3,627</u>	<u>2,979</u>	<u>-</u>	<u>943,102</u>
-	-	-	-	-	-	30,944
-	-	-	-	-	-	230,640
-	-	-	-	-	-	385,199
-	-	-	-	-	-	263,366
147,790	34,638	77,799	1,294,403	2,536,946	59,055	4,738,212
-	-	-	-	-	-	246,256
<u>23,633</u>	<u>-</u>	<u>-</u>	<u>2,424</u>	<u>34,215</u>	<u>-</u>	<u>73,289</u>
<u>171,423</u>	<u>34,638</u>	<u>77,799</u>	<u>1,296,827</u>	<u>2,571,161</u>	<u>59,055</u>	<u>5,967,906</u>
<u>(164,556)</u>	<u>272,723</u>	<u>(73,690)</u>	<u>(1,293,200)</u>	<u>(2,568,182)</u>	<u>(59,055)</u>	<u>(5,024,804)</u>
-	-	-	-	1,775,000	-	2,375,000
-	-	-	-	39,422	-	71,987
-	-	-	-	-	-	125,866
-	-	-	799,033	764,458	56,406	3,126,811
-	(1,444,206)	(637,191)	(744,072)	-	-	(3,418,296)
<u>-</u>	<u>(1,444,206)</u>	<u>(637,191)</u>	<u>54,961</u>	<u>2,578,880</u>	<u>56,406</u>	<u>2,281,368</u>
(164,556)	(1,171,483)	(710,881)	(1,238,239)	10,698	(2,649)	(2,743,436)
<u>418,424</u>	<u>1,185,465</u>	<u>710,881</u>	<u>1,263,596</u>	<u>-</u>	<u>-</u>	<u>7,244,346</u>
<u>\$ 253,868</u>	<u>\$ 13,982</u>	<u>\$ -</u>	<u>\$ 25,357</u>	<u>\$ 10,698</u>	<u>\$ (2,649)</u>	<u>\$ 4,500,910</u>

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CITY OF SAVAGE, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes					
General property	\$ 11,663,851	\$ 11,663,851	\$ 11,573,951	\$ (89,900)	\$ 11,036,811
Gravel tax	13,000	13,000	21,639	8,639	18,727
Total taxes	<u>11,676,851</u>	<u>11,676,851</u>	<u>11,595,590</u>	<u>(81,261)</u>	<u>11,055,538</u>
Licenses and permits					
Business	80,925	80,925	99,229	18,304	88,035
Non-business	472,700	472,700	962,141	489,441	601,764
Total licenses and permits	<u>553,625</u>	<u>553,625</u>	<u>1,061,370</u>	<u>507,745</u>	<u>689,799</u>
Intergovernmental					
Federal					
FEMA	-	-	18,013	18,013	19,841
State					
Local government aid	4,000	4,000	4,203	203	-
MSA maintenance aid	-	-	37,125	37,125	-
Fire aid	115,000	115,000	171,033	56,033	158,225
Police aid	240,000	240,000	262,792	22,792	261,582
PERA aid	16,782	16,782	16,782	-	16,782
Other state aid	20,000	20,000	30,130	10,130	13,943
County					
Other county grants	5,000	8,766	3,766	(5,000)	3,292
Local					
Miscellaneous	73,468	73,468	75,078	1,610	80,653
Total intergovernmental	<u>474,250</u>	<u>478,016</u>	<u>618,922</u>	<u>140,906</u>	<u>554,318</u>
Charges for services					
General government	2,350	2,350	3,100	750	2,892
Community development	449,050	449,050	868,355	419,305	639,194
Public safety	31,340	31,340	34,422	3,082	23,278
Public works	-	-	16,555	16,555	32,350
Culture and recreation	142,050	142,050	176,545	34,495	154,601
Total charges for services	<u>624,790</u>	<u>624,790</u>	<u>1,098,977</u>	<u>474,187</u>	<u>852,315</u>
Fines and forfeitures	25,000	25,000	43,699	18,699	110,039
Special assessments	-	-	29,732	29,732	1,720
Investment earnings	150,000	150,000	78,682	(71,318)	108,609
Miscellaneous revenues					
Contributions and donations	7,000	24,132	17,132	(7,000)	16,765
Rent	39,700	39,700	58,465	18,765	54,568
Refunds and reimbursements	5,000	5,000	11,897	6,897	14,425
Other	12,000	12,000	27,401	15,401	21,627
Total miscellaneous	<u>63,700</u>	<u>80,832</u>	<u>114,895</u>	<u>34,063</u>	<u>107,385</u>
TOTAL REVENUES	<u>13,568,216</u>	<u>13,589,114</u>	<u>14,641,867</u>	<u>1,052,753</u>	<u>13,479,723</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, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
EXPENDITURES					
Current					
General government					
Mayor and Council					
Personnel services	\$ 42,773	\$ 42,773	\$ 42,644	\$ 129	\$ 34,210
Supplies	250	250	2,706	(2,456)	2,855
Other services and charges	<u>54,820</u>	<u>54,820</u>	<u>48,702</u>	<u>6,118</u>	<u>50,918</u>
Total mayor and city council	<u>97,843</u>	<u>97,843</u>	<u>94,052</u>	<u>3,791</u>	<u>87,983</u>
Administration					
Personnel services	550,313	550,313	552,731	(2,418)	555,263
Supplies	15,000	15,000	7,800	7,200	10,375
Other services and charges	<u>44,400</u>	<u>44,400</u>	<u>45,486</u>	<u>(1,086)</u>	<u>40,282</u>
Total administration	<u>609,713</u>	<u>609,713</u>	<u>606,017</u>	<u>3,696</u>	<u>605,920</u>
Elections					
Personnel services	288	288	-	288	-
Supplies	7,250	7,250	5,785	1,465	1,655
Other services and charges	<u>27,500</u>	<u>27,500</u>	<u>20,702</u>	<u>6,798</u>	<u>5,030</u>
Total elections	<u>35,038</u>	<u>35,038</u>	<u>26,487</u>	<u>8,551</u>	<u>6,685</u>
General government buildings					
Personnel services	324,489	324,489	321,902	2,587	298,698
Supplies	23,600	23,600	17,963	5,637	16,057
Other services and charges	<u>143,305</u>	<u>143,305</u>	<u>122,649</u>	<u>20,656</u>	<u>103,737</u>
Total general government buildings	<u>491,394</u>	<u>491,394</u>	<u>462,514</u>	<u>28,880</u>	<u>418,492</u>
Communications					
Supplies	6,750	6,750	5,098	1,652	2,844
Other services and charges	<u>57,900</u>	<u>57,900</u>	<u>55,941</u>	<u>1,959</u>	<u>44,982</u>
Total communications	<u>64,650</u>	<u>64,650</u>	<u>61,039</u>	<u>3,611</u>	<u>47,826</u>
Finance					
Personnel services	259,826	259,826	241,464	18,362	228,797
Supplies	2,300	3,090	3,553	(463)	1,974
Other services and charges	<u>97,435</u>	<u>97,435</u>	<u>74,826</u>	<u>22,609</u>	<u>83,916</u>
Total finance	<u>359,561</u>	<u>360,351</u>	<u>319,843</u>	<u>40,508</u>	<u>314,687</u>
Legal					
Other services and charges	<u>120,000</u>	<u>120,000</u>	<u>136,854</u>	<u>(16,854)</u>	<u>141,408</u>
Assessor					
Other services and charges	<u>185,200</u>	<u>185,200</u>	<u>184,000</u>	<u>1,200</u>	<u>168,129</u>
Management information systems (MIS)					
Personnel services	152,292	152,292	172,062	(19,770)	188,914
Supplies	35,250	35,250	14,804	20,446	22,570
Other services and charges	<u>41,850</u>	<u>41,850</u>	<u>36,440</u>	<u>5,410</u>	<u>40,622</u>
Total MIS	<u>229,392</u>	<u>229,392</u>	<u>223,306</u>	<u>6,086</u>	<u>252,106</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, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
General government - continued					
Geographic information systems (GIS)					
Personnel services	\$ 111,408	\$ 111,408	\$ 108,713	\$ 2,695	\$ 102,631
Supplies	10,500	10,500	1,708	8,792	12,462
Other services and charges	<u>25,480</u>	<u>25,480</u>	<u>19,831</u>	<u>5,649</u>	<u>11,720</u>
Total GIS	<u>147,388</u>	<u>147,388</u>	<u>130,252</u>	<u>17,136</u>	<u>126,813</u>
Contingency					
Other services and charges	<u>50,000</u>	<u>50,000</u>	<u>21,956</u>	<u>28,044</u>	<u>-</u>
Total general government	<u>2,390,179</u>	<u>2,390,969</u>	<u>2,266,320</u>	<u>124,649</u>	<u>2,170,049</u>
Community development					
Community development					
Personnel services	252,131	252,131	252,137	(6)	249,463
Supplies	2,900	2,900	3,401	(501)	1,345
Other services and charges	<u>15,300</u>	<u>15,300</u>	<u>9,799</u>	<u>5,501</u>	<u>7,574</u>
Total community development	<u>270,331</u>	<u>270,331</u>	<u>265,337</u>	<u>4,994</u>	<u>258,382</u>
Building inspection					
Personnel services	466,299	466,299	436,443	29,856	430,724
Supplies	12,500	12,500	7,635	4,865	8,740
Other services and charges	<u>23,188</u>	<u>23,188</u>	<u>17,762</u>	<u>5,426</u>	<u>18,945</u>
Total building inspection	<u>501,987</u>	<u>501,987</u>	<u>461,840</u>	<u>40,147</u>	<u>458,409</u>
Total community development	<u>772,318</u>	<u>772,318</u>	<u>727,177</u>	<u>45,141</u>	<u>716,791</u>
Public safety					
Police					
Personnel services	4,603,752	4,595,752	4,592,722	3,030	4,242,076
Supplies	188,511	191,737	207,613	(15,876)	204,736
Other services and charges	<u>421,447</u>	<u>429,447</u>	<u>411,877</u>	<u>17,570</u>	<u>372,403</u>
Total police	<u>5,213,710</u>	<u>5,216,936</u>	<u>5,212,212</u>	<u>4,724</u>	<u>4,819,215</u>
Fire					
Personnel services	831,415	831,415	821,029	10,386	813,348
Supplies	94,150	94,150	49,818	44,332	65,728
Other services and charges	<u>179,044</u>	<u>179,044</u>	<u>160,075</u>	<u>18,969</u>	<u>175,465</u>
Total fire	<u>1,104,609</u>	<u>1,104,609</u>	<u>1,030,922</u>	<u>73,687</u>	<u>1,054,541</u>
Total public safety	<u>6,318,319</u>	<u>6,321,545</u>	<u>6,243,134</u>	<u>78,411</u>	<u>5,873,756</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, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Public works					
Administration					
Personnel services	\$ 141,492	\$ 141,492	\$ 142,668	\$ (1,176)	\$ 135,214
Supplies	21,100	21,100	16,866	4,234	11,614
Other services and charges	<u>135,812</u>	<u>135,812</u>	<u>110,694</u>	<u>25,118</u>	<u>142,043</u>
Total administration	<u>298,404</u>	<u>298,404</u>	<u>270,228</u>	<u>28,176</u>	<u>288,871</u>
Maintenance (streets and alleys)					
Personnel services	656,947	656,947	610,743	46,204	563,791
Supplies	131,000	131,000	101,987	29,013	73,080
Other services and charges	<u>220,846</u>	<u>220,846</u>	<u>213,501</u>	<u>7,345</u>	<u>228,422</u>
Total maintenance	<u>1,008,793</u>	<u>1,008,793</u>	<u>926,231</u>	<u>82,562</u>	<u>865,293</u>
Engineering					
Personnel services	496,132	496,132	529,650	(33,518)	498,491
Supplies	13,300	13,300	12,651	649	8,486
Other services and charges	<u>156,139</u>	<u>156,139</u>	<u>145,116</u>	<u>11,023</u>	<u>94,978</u>
Total engineering	<u>665,571</u>	<u>665,571</u>	<u>687,417</u>	<u>(21,846)</u>	<u>601,955</u>
Snow and ice removal					
Personnel services	16,147	16,147	21,021	(4,874)	13,926
Supplies	116,000	116,000	101,313	14,687	95,450
Other services and charges	<u>53,900</u>	<u>53,900</u>	<u>54,546</u>	<u>(646)</u>	<u>38,595</u>
Total snow and ice removal	<u>186,047</u>	<u>186,047</u>	<u>176,880</u>	<u>9,167</u>	<u>147,971</u>
Traffic signs					
Supplies	25,400	25,400	24,278	1,122	26,009
Other services and charges	<u>35,275</u>	<u>35,275</u>	<u>33,147</u>	<u>2,128</u>	<u>29,146</u>
Total traffic signs	<u>60,675</u>	<u>60,675</u>	<u>57,425</u>	<u>3,250</u>	<u>55,155</u>
Vehicle maintenance					
Personnel services	168,151	168,151	172,241	(4,090)	161,128
Supplies	80,500	80,500	50,986	29,514	63,368
Other services and charges	<u>44,550</u>	<u>44,550</u>	<u>24,747</u>	<u>19,803</u>	<u>27,972</u>
Total vehicle maintenance	<u>293,201</u>	<u>293,201</u>	<u>247,974</u>	<u>45,227</u>	<u>252,468</u>
	<u>2,512,691</u>	<u>2,512,691</u>	<u>2,366,155</u>	<u>146,536</u>	<u>2,211,713</u>
Culture and recreation					
Parks and recreation					
Personnel services	1,184,771	1,174,771	1,178,095	(3,324)	1,055,720
Supplies	190,180	199,062	200,516	(1,454)	144,009
Other services and charges	<u>191,369</u>	<u>209,369</u>	<u>205,282</u>	<u>4,087</u>	<u>160,896</u>
Total parks and recreation	<u>1,566,320</u>	<u>1,583,202</u>	<u>1,583,893</u>	<u>(691)</u>	<u>1,360,625</u>
Library					
Supplies	9,000	9,000	4,189	4,811	4,032
Other services and charges	<u>68,596</u>	<u>68,596</u>	<u>54,933</u>	<u>13,663</u>	<u>52,838</u>
Total library	<u>77,596</u>	<u>77,596</u>	<u>59,122</u>	<u>18,474</u>	<u>56,870</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, 2016
With Comparative Actual Amounts For The Year Ended December 31, 2015

	2016			Variance with Final Budget	2015
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Forestry and natural resources					
Personnel services	\$ 97,183	\$ 97,183	\$ 88,647	\$ 8,536	\$ 100,159
Supplies	18,300	18,300	18,055	245	7,060
Other services and charges	1,775	1,775	9,591	(7,816)	4,736
Total parks and recreation	<u>117,258</u>	<u>117,258</u>	<u>116,293</u>	<u>965</u>	<u>111,955</u>
Total culture and recreation	<u>1,761,174</u>	<u>1,778,056</u>	<u>1,759,308</u>	<u>18,748</u>	<u>1,529,450</u>
Total current	<u>13,754,681</u>	<u>13,775,579</u>	<u>13,362,094</u>	<u>413,485</u>	<u>12,501,759</u>
Capital outlay					
General government	2,000	2,000	17,190	(15,190)	-
Public safety	11,535	11,535	-	11,535	7,174
Total capital outlay	<u>13,535</u>	<u>13,535</u>	<u>17,190</u>	<u>(3,655)</u>	<u>7,174</u>
TOTAL EXPENDITURES	<u>13,768,216</u>	<u>13,789,114</u>	<u>13,379,284</u>	<u>409,830</u>	<u>12,508,933</u>
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	<u>(200,000)</u>	<u>(200,000)</u>	<u>1,262,583</u>	<u>1,462,583</u>	<u>970,790</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	620	620	-
Transfers in	200,000	200,000	200,000	-	200,000
Transfers out	-	-	(1,300,000)	(1,300,000)	(1,040,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>200,000</u>	<u>200,000</u>	<u>(1,099,380)</u>	<u>(1,299,380)</u>	<u>(840,000)</u>
NET CHANGE IN FUND BALANCES	-	-	163,203	163,203	130,790
FUND BALANCES, JANUARY 1	<u>6,858,241</u>	<u>6,858,241</u>	<u>6,858,241</u>	<u>-</u>	<u>6,727,451</u>
FUND BALANCES, DECEMBER 31	<u>\$ 6,858,241</u>	<u>\$ 6,858,241</u>	<u>\$ 7,021,444</u>	<u>\$ 163,203</u>	<u>\$ 6,858,241</u>

CITY OF SAVAGE, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2016

	328	331	333	336	338
	2006A	2006C	2007A G.O.	2008A	2008C
	G.O. Improvement	Recreation	G.O. Street	G.O. Street	G.O. Improvement
	Bonds	Refunding	Reconstruction	Reconstruction	Refunding
	Bonds	Refunding	Bonds	Bonds	Refunding
ASSETS					
Cash and investments	\$ -	\$ 527,769	\$ -	\$ 862,809	\$ -
Cash with fiscal agent	-	-	-	-	-
Receivables					
Accrued interest	-	-	-	-	-
Taxes - current	-	1,479	-	819	-
Taxes - delinquent	-	2,628	-	1,402	-
Special assessments - current	-	-	-	6,508	-
Special assessments - deferred	-	-	-	158,172	-
Special assessments - delinquent	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 531,876</u>	<u>\$ -</u>	<u>\$ 1,029,710</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	\$ -	\$ 2,628	\$ -	\$ 1,401	\$ -
Unavailable revenue - special assessments	-	-	-	164,434	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>2,628</u>	<u>-</u>	<u>165,835</u>	<u>-</u>
FUND BALANCES					
Restricted for debt service	-	529,248	-	863,875	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ -</u>	<u>\$ 531,876</u>	<u>\$ -</u>	<u>\$ 1,029,710</u>	<u>\$ -</u>

339 2009A G.O. Street Reconstruction/CIP Bonds	341 2010A G.O. Build America Bonds	342 2010C G.O. Improvement and Refunding Bonds	343 2010D G.O. Improvement and Refunding Bonds	344 2011A G.O. Street Reconstruction/CIP Bonds	345 2011C G.O. Refunding Bonds
\$ 492,444	\$ 870,697	\$ 1,230,312	\$ 42,556	\$ 1,052,820	\$ 366,508
-	-	-	-	-	-
-	-	-	-	-	-
1,259	1,130	39	1,286	1,246	1,283
1,807	1,840	1,288	1,632	1,955	2,222
-	510	80	-	53	-
83,823	129,088	704,796	224,496	164,077	-
-	-	6,523	6,291	141	-
-	-	-	-	-	-
<u>\$ 579,333</u>	<u>\$ 1,003,265</u>	<u>\$ 1,943,038</u>	<u>\$ 276,261</u>	<u>\$ 1,220,292</u>	<u>\$ 370,013</u>
\$ 1,807	\$ 1,840	\$ 1,288	\$ 1,632	\$ 1,955	\$ 2,222
83,823	129,088	711,319	230,787	164,218	-
<u>85,630</u>	<u>130,928</u>	<u>712,607</u>	<u>232,419</u>	<u>166,173</u>	<u>2,222</u>
<u>493,703</u>	<u>872,337</u>	<u>1,230,431</u>	<u>43,842</u>	<u>1,054,119</u>	<u>367,791</u>
<u>\$ 579,333</u>	<u>\$ 1,003,265</u>	<u>\$ 1,943,038</u>	<u>\$ 276,261</u>	<u>\$ 1,220,292</u>	<u>\$ 370,013</u>

CITY OF SAVAGE, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2016

	346	347	348	349	350
	2012A	2013A	2013B	2014A	2014B
	G.O.	G.O.	G.O. Refunding	G.O.	Advance Refunding
	Bonds	Bonds	Bonds	Bonds	(2006 EDA Lease)
	Bonds	Bonds	Bonds	Bonds	Bonds
ASSETS					
Cash and investments	\$ 573,355	\$ 855,163	\$ 423,961	\$ 686,358	\$ 911,652
Cash with fiscal agent	-	-	-	-	-
Receivables					
Accrued interest	-	-	-	-	-
Taxes - current	1,197	1,718	-	1,260	2,119
Taxes - delinquent	1,846	2,048	-	1,323	3,576
Special assessments - current	109	-	-	380	-
Special assessments - deferred	341,289	275,311	232,550	217,444	-
Special assessments - delinquent	-	1,183	10,835	10,979	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 917,796</u>	<u>\$ 1,135,423</u>	<u>\$ 667,346</u>	<u>\$ 917,744</u>	<u>\$ 917,347</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	\$ 1,847	\$ 2,048	\$ -	\$ 1,321	\$ 3,576
Unavailable revenue - special assessments	341,289	276,494	243,385	228,424	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>343,136</u>	<u>278,542</u>	<u>243,385</u>	<u>229,745</u>	<u>3,576</u>
FUND BALANCES					
Restricted for debt service	<u>574,660</u>	<u>856,881</u>	<u>423,961</u>	<u>687,999</u>	<u>913,771</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 917,796</u>	<u>\$ 1,135,423</u>	<u>\$ 667,346</u>	<u>\$ 917,744</u>	<u>\$ 917,347</u>

351	352	353	320	380	372	399	
2015A G.O. Bonds	2015B Crossover Refunding (2006A Bonds) Bonds	2016A G.O. Street Improvement Bonds	G.O. State Aid Road Bonds	Lease Revenue Bonds	Capital Lease	Debt Service Revolving Fund	Total
\$ 558,972	\$ 643,604	\$ 84,059	\$ -	\$ 1,408	\$ 81,255	\$ 5,486,187	\$ 15,751,889
-	-	-	-	251,000	-	-	251,000
-	-	-	-	7	-	-	7
1,446	1,947	-	-	-	-	6	18,234
1,363	2,490	-	-	-	-	1,698	29,118
-	-	-	-	-	-	-	7,640
347,763	187,128	36,993	-	-	-	1,478,073	4,581,003
336	-	-	-	-	-	2,245	38,533
-	-	-	-	-	-	663,695	663,695
<u>\$ 909,880</u>	<u>\$ 835,169</u>	<u>\$ 121,052</u>	<u>\$ -</u>	<u>\$ 252,415</u>	<u>\$ 81,255</u>	<u>\$ 7,631,904</u>	<u>\$ 21,341,119</u>
\$ 1,363	\$ 2,490	\$ -	\$ -	\$ -	\$ -	\$ 1,698	\$ 29,116
348,099	187,128	36,993	-	-	-	1,480,317	4,625,798
<u>349,462</u>	<u>189,618</u>	<u>36,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,482,015</u>	<u>4,654,914</u>
<u>560,418</u>	<u>645,551</u>	<u>84,059</u>	<u>-</u>	<u>252,415</u>	<u>81,255</u>	<u>6,149,889</u>	<u>16,686,205</u>
<u>\$ 909,880</u>	<u>\$ 835,169</u>	<u>\$ 121,052</u>	<u>\$ -</u>	<u>\$ 252,415</u>	<u>\$ 81,255</u>	<u>\$ 7,631,904</u>	<u>\$ 21,341,119</u>

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, 2016

	328	331	333	336	338
	2006A	2006C	2007A G.O.	2008A	2008C
	G.O. Improvement	Recreation	G.O. Street	G.O. Street	G.O. Improvement
	Bonds	Refunding	Reconstruction	Reconstruction	Refunding
REVENUES					
Taxes	\$ -	\$ 407,257	\$ -	\$ 225,191	\$ 744
Intergovernmental	-	-	-	-	-
Special assessments	-	-	48,119	49,726	-
Investment earnings	11,427	2,691	27,336	9,297	1,469
TOTAL REVENUES	11,427	409,948	75,455	284,214	2,213
EXPENDITURES					
Debt service					
Principal	435,000	295,000	1,490,000	240,000	245,000
Interest and other charges	69,281	89,100	121,964	94,750	4,900
TOTAL EXPENDITURES	504,281	384,100	1,611,964	334,750	249,900
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(492,854)	25,848	(1,536,509)	(50,536)	(247,687)
OTHER FINANCING SOURCES (USES)					
Premiums on bonds issued	-	-	-	-	-
Transfers in	-	-	-	-	216,000
Transfers out	(576,588)	-	(349,565)	-	(10,396)
TOTAL OTHER FINANCING SOURCES (USES)	(576,588)	-	(349,565)	-	205,604
NET CHANGE IN FUND BALANCES	(1,069,442)	25,848	(1,886,074)	(50,536)	(42,083)
FUND BALANCES, JANUARY 1	1,069,442	503,400	1,886,074	914,411	42,083
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ 529,248</u>	<u>\$ -</u>	<u>\$ 863,875</u>	<u>\$ -</u>

339 2009A G.O. Street Reconstruction/CIP Bonds	341 2010A G.O. Build America Bonds	342 2010C G.O. Improvement and Refunding Bonds	343 2010D G.O. Improvement and Refunding Bonds	344 2011A G.O. Street Reconstruction/CIP Bonds	345 2011C G.O. Refunding Bonds	346 2012A G.O. Bonds	347 2013A G.O. Bonds
\$ 349,746	\$ 319,994	\$ 1,746	\$ 360,203	\$ 340,363	\$ 356,897	\$ 325,453	\$ 478,900
-	46,919	-	-	-	-	-	-
28,311	17,139	130,777	56,602	80,796	15,567	68,898	33,799
2,928	9,350	18,945	5,295	11,705	346	4,570	6,701
<u>380,985</u>	<u>393,402</u>	<u>151,468</u>	<u>422,100</u>	<u>432,864</u>	<u>372,810</u>	<u>398,921</u>	<u>519,400</u>
275,000	430,000	815,000	1,030,000	635,000	340,000	530,000	545,000
114,358	144,285	45,325	91,050	126,313	8,025	78,394	97,148
<u>389,358</u>	<u>574,285</u>	<u>860,325</u>	<u>1,121,050</u>	<u>761,313</u>	<u>348,025</u>	<u>608,394</u>	<u>642,148</u>
<u>(8,373)</u>	<u>(180,883)</u>	<u>(708,857)</u>	<u>(698,950)</u>	<u>(328,449)</u>	<u>24,785</u>	<u>(209,473)</u>	<u>(122,748)</u>
-	-	-	-	-	-	-	-
-	-	-	530,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	530,000	-	-	-	-
(8,373)	(180,883)	(708,857)	(168,950)	(328,449)	24,785	(209,473)	(122,748)
502,076	1,053,220	1,939,288	212,792	1,382,568	343,006	784,133	979,629
<u>\$ 493,703</u>	<u>\$ 872,337</u>	<u>\$ 1,230,431</u>	<u>\$ 43,842</u>	<u>\$ 1,054,119</u>	<u>\$ 367,791</u>	<u>\$ 574,660</u>	<u>\$ 856,881</u>

CITY OF SAVAGE, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED
DECEMBER 31, 2016

	348	349	350	351
	2013B G.O. Refunding Bonds	2014A G.O. Bonds	2014B Advance Refunding (2006 EDA Lease) Bonds	2015A G.O. Bonds
REVENUES				
Taxes	\$ -	\$ 313,799	\$ 599,667	\$ 413,596
Intergovernmental	-	-	-	-
Special assessments	64,709	32,970	-	90,403
Investment earnings	5,072	350	6,029	316
TOTAL REVENUES	<u>69,781</u>	<u>347,119</u>	<u>605,696</u>	<u>504,315</u>
EXPENDITURES				
Debt service				
Principal	80,000	315,000	470,000	-
Interest and other charges	9,449	76,175	131,168	133,615
TOTAL EXPENDITURES	<u>89,449</u>	<u>391,175</u>	<u>601,168</u>	<u>133,615</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,668)</u>	<u>(44,056)</u>	<u>4,528</u>	<u>370,700</u>
OTHER FINANCING SOURCES (USES)				
Premiums on bonds issued	-	-	-	-
Transfers in	-	488,008	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>488,008</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(19,668)	443,952	4,528	370,700
FUND BALANCES, JANUARY 1	<u>443,629</u>	<u>244,047</u>	<u>909,243</u>	<u>189,718</u>
	<u>\$ 423,961</u>	<u>\$ 687,999</u>	<u>\$ 913,771</u>	<u>\$ 560,418</u>

352 2015B Crossover Refunding (2006A Bonds) Bonds	353 2016A G.O. Street Improvement Bonds	320 G.O. State Aid Road Bonds	380 Lease Revenue Bonds	372 Capital Lease	399 Debt Service Revolving Fund	Eliminations	Total
\$ 548,155	\$ -	\$ -	\$ -	\$ -	\$ 526	\$ -	\$ 5,042,237
-	-	51,350	-	-	-	-	98,269
126,224	30,267	-	-	-	640,403	-	1,514,710
(2,639)	90	-	524	1,849	53,649	-	177,300
671,740	30,357	51,350	524	1,849	694,578	-	6,832,516
2,730,000	-	50,000	230,000	100,000	-	-	11,280,000
62,160	800	1,350	24,785	78,805	13,604	-	1,616,804
2,792,160	800	51,350	254,785	178,805	13,604	-	12,896,804
(2,120,420)	29,557	-	(254,261)	(176,956)	680,974	-	(6,064,288)
-	54,502	-	-	-	-	-	54,502
-	-	-	345,000	125,000	1,176,549	(2,017,153)	863,404
-	-	-	-	-	(1,091,000)	2,017,153	(10,396)
-	54,502	-	345,000	125,000	85,549	-	907,510
(2,120,420)	84,059	-	90,739	(51,956)	766,523	-	(5,156,778)
2,765,971	-	-	161,676	133,211	5,383,366	-	21,842,983
<u>\$ 645,551</u>	<u>\$ 84,059</u>	<u>\$ -</u>	<u>\$ 252,415</u>	<u>\$ 81,255</u>	<u>\$ 6,149,889</u>	<u>\$ -</u>	<u>\$ 16,686,205</u>

CITY OF SAVAGE, MINNESOTA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2016</u>
SERVICE AVAILABILITY CHARGE				
ASSETS				
Cash and investments	<u>\$ 29,820</u>	<u>\$ 693,675</u>	<u>\$ 683,735</u>	<u>\$ 39,760</u>
Accounts payable	<u>\$ 29,820</u>	<u>\$ 693,675</u>	<u>\$ 683,735</u>	<u>\$ 39,760</u>
STATE SURCHARGE				
ASSETS				
Cash and investments	<u>\$ 2,265</u>	<u>\$ 43,852</u>	<u>\$ 42,576</u>	<u>\$ 3,541</u>
LIABILITIES				
Accounts payable	<u>\$ 2,265</u>	<u>\$ 43,852</u>	<u>\$ 42,576</u>	<u>\$ 3,541</u>
TOTAL ALL AGENCY				
ASSETS				
Cash and investments	<u>\$ 32,085</u>	<u>\$ 737,527</u>	<u>\$ 726,311</u>	<u>\$ 43,301</u>
LIABILITIES				
Accounts payable	<u>\$ 32,085</u>	<u>\$ 737,527</u>	<u>\$ 726,311</u>	<u>\$ 43,301</u>

CITY OF SAVAGE, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Total		Percent Increase (Decrease)
	2016		
REVENUES			
Taxes	\$ 16,966,415	\$ 16,892,253	0.44 %
Licenses and permits	1,061,770	979,319	8.42
Intergovernmental	5,659,137	5,040,627	12.27
Charges for services	2,185,132	1,318,017	65.79
Fines and forfeits	43,699	110,039	(60.29)
Special assessments	2,238,634	2,680,986	(16.50)
Investment earnings	381,172	456,713	(16.54)
Miscellaneous	257,956	511,361	(49.56)
TOTAL REVENUES	\$ 28,793,915	\$ 27,989,315	2.87 %
Per capita	\$ 951	\$ 964	(1.33) %
EXPENDITURES			
Current			
General government	\$ 2,691,979	\$ 2,540,980	5.94 %
Public safety	6,243,134	5,873,216	6.30
Public works	2,366,155	2,211,713	6.98
Culture and recreation	1,764,144	1,528,118	15.45
Community development	800,377	795,823	0.57
Capital outlay	12,481,059	7,316,930	70.58
Debt service			
Principal	11,280,000	7,190,000	56.88
Interest and other charges	1,616,804	1,735,867	(6.86)
Issuance costs	94,318	-	N/A
TOTAL EXPENDITURES	\$ 39,337,970	\$ 29,192,647	34.75 %
Per capita	\$ 1,299	\$ 1,005	29.24 %
Total Long-term indebtedness	\$ 48,355,432	\$ 56,284,505	(14.09) %
Per capita	1,597	1,938	(17.60)
General Fund Balance - December 31	\$ 7,021,444	\$ 6,858,241	2.38 %
Per capita	232	236	(1.81)

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

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STATISTICAL SECTION (UNAUDITED)

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2016

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

CITY OF SAVAGE, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Table 1

	Fiscal Year			
	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 48,761,492	\$ 49,854,699	\$ 47,712,409	\$ 49,995,780
Restricted	21,941,615	24,248,309	25,069,381	27,783,068
Unrestricted	8,203,354	5,969,039	6,018,098	1,632,478
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 78,906,461</u>	<u>\$ 80,072,047</u>	<u>\$ 78,799,888</u>	<u>\$ 79,411,326</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 72,683,156	\$ 71,915,835	\$ 67,857,147	\$ 64,274,645
Restricted	186,213	186,213	186,213	186,213
Unrestricted	10,304,604	9,710,253	9,508,728	9,175,558
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 83,173,973</u>	<u>\$ 81,812,301</u>	<u>\$ 77,552,088</u>	<u>\$ 73,636,416</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 109,556,571	\$ 110,182,457	\$ 105,241,479	\$ 102,327,425
Restricted	22,127,828	24,434,522	25,255,594	27,969,281
Unrestricted	30,396,035	27,267,369	25,854,903	22,751,036
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 162,080,434</u>	<u>\$ 161,884,348</u>	<u>\$ 156,351,976</u>	<u>\$ 153,047,742</u>

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

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

Source: City of Savage, audited financial statements.

Table 1

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 44,947,035	\$ 51,868,908	\$ 55,245,476	\$ 56,875,347	\$ 56,788,519	\$ 52,404,031
28,661,106	26,923,205	24,780,907	27,661,964	26,379,496	23,798,360
7,595,872	4,828,615	4,300,332	4,808,819	346,467	6,125,991
<u>\$ 81,204,013</u>	<u>\$ 83,620,728</u>	<u>\$ 84,326,715</u>	<u>\$ 89,346,130</u>	<u>\$ 83,514,482</u>	<u>\$ 82,328,382</u>
\$ 59,136,142	\$ 57,394,271	\$ 56,798,875	\$ 58,707,155	\$ 58,349,577	\$ 58,757,241
186,213	186,213	186,213	186,213	186,213	186,213
12,050,334	13,433,615	11,657,075	9,650,137	10,250,984	10,765,788
<u>\$ 71,372,689</u>	<u>\$ 71,014,099</u>	<u>\$ 68,642,163</u>	<u>\$ 68,543,505</u>	<u>\$ 68,786,774</u>	<u>\$ 69,709,242</u>
\$ 94,262,715	\$ 99,215,256	\$ 101,888,966	\$ 105,769,655	\$ 105,597,787	\$ 111,161,272
28,847,319	27,109,418	24,967,120	27,848,177	26,565,709	23,984,573
29,466,668	28,310,153	26,112,792	24,271,803	20,137,760	16,891,779
<u>\$ 152,576,702</u>	<u>\$ 154,634,827</u>	<u>\$ 152,968,878</u>	<u>\$ 157,889,635</u>	<u>\$ 152,301,256</u>	<u>\$ 152,037,624</u>

CITY OF SAVAGE, MINNESOTA
 CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

Table 2

	Fiscal Year			
	2007	2008	2009	2010
EXPENSES				
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,059,024	\$ 2,892,117	\$ 2,432,911	\$ 2,412,774
Community development	1,597,153	952,383	777,406	595,330
Public safety	4,832,404	5,121,220	5,418,324	5,619,912
Public works	8,609,148	8,470,718	8,702,435	8,829,965
Parks and recreation	1,628,673	1,536,144	1,604,608	1,630,060
Interest and fiscal charges	2,904,919	2,755,432	2,679,241	2,508,079
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	22,631,321	21,728,014	21,614,925	21,596,120
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	9,821,122	9,497,948	9,760,949	10,205,970
Storm water	1,644,393	1,822,550	1,715,389	1,949,972
Municipal liquor	5,679,296	5,871,035	5,293,536	5,026,231
Street light	290,624	303,912	298,660	300,908
Sports center	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	17,435,435	17,495,445	17,068,534	17,483,081
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 40,066,756	\$ 39,223,459	\$ 38,683,459	\$ 39,079,201
PROGRAM REVENUES				
GOVERNMENTAL ACTIVITIES				
Charges for services				
General government	\$ 807,910	\$ 747,510	\$ 414,480	\$ 448,515
Community development	1,197,738	456,627	368,097	589,626
Public safety	234,189	287,263	256,450	272,055
Public works	1,507,692	773,642	643,557	789,646
Culture and recreation	135,987	171,754	172,768	152,341
Operating grants and contributions	759,005	704,340	838,217	494,766
Capital grants and contributions	4,552,777	2,177,071	1,712,373	4,083,430
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	9,195,298	5,318,207	4,405,942	6,830,379
BUSINESS-TYPE ACTIVITIES				
Charges for services				
Water and sewer	6,180,999	6,768,780	6,580,504	6,077,544
Storm water	1,087,297	1,563,967	1,302,696	1,413,006
Municipal liquor	6,123,185	6,315,723	5,570,183	5,181,548
Street light	292,847	310,154	328,577	331,197
Sports center	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	330,697	-	145,704	-
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	14,015,025	14,958,624	13,927,664	13,003,295
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 23,210,323	\$ 20,276,831	\$ 18,333,606	\$ 19,833,674

Table 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 2,465,817	\$ 2,579,553	\$ 2,586,203	\$ 2,635,204	\$ 2,808,358	\$ 3,702,654
664,475	731,022	1,492,904	1,126,253	880,952	8,119,785
5,650,788	5,881,131	5,736,452	6,080,356	6,144,514	12,269,023
8,364,994	9,186,780	9,625,099	7,655,405	10,013,293	2,102,361
1,679,064	1,609,802	1,754,704	1,664,785	1,859,142	1,207,177
2,172,544	2,257,180	2,024,222	1,793,677	1,572,793	1,521,939
<u>20,997,682</u>	<u>22,245,468</u>	<u>23,219,584</u>	<u>20,955,680</u>	<u>23,279,052</u>	<u>28,922,939</u>
10,092,700	10,187,040	9,973,931	8,505,471	8,401,436	8,972,833
1,966,042	1,676,891	1,775,795	1,581,519	1,684,442	1,285,147
4,472,836	4,326,242	4,205,135	4,046,382	3,661,334	3,910,277
316,629	332,040	325,596	331,931	335,488	358,525
-	134,016	527,728	490,481	466,643	463,356
<u>16,848,207</u>	<u>16,656,229</u>	<u>16,808,185</u>	<u>14,955,784</u>	<u>14,549,343</u>	<u>14,990,138</u>
<u>\$ 37,845,889</u>	<u>\$ 38,901,697</u>	<u>\$ 40,027,769</u>	<u>\$ 35,911,464</u>	<u>\$ 37,828,395</u>	<u>\$ 43,913,077</u>
\$ 485,867	\$ 401,917	\$ 407,780	\$ 425,638	\$ 451,924	\$ 2,172,767
763,244	1,072,671	935,318	1,152,731	1,072,049	37,650
254,405	230,613	229,931	191,024	138,373	77,347
882,681	1,432,254	1,061,729	629,211	509,220	38,705
191,863	168,882	244,232	262,835	229,892	1,059,107
643,307	853,424	598,964	581,227	740,935	1,615,121
4,065,639	7,080,462	5,744,272	4,327,779	5,877,187	5,110,433
<u>7,287,006</u>	<u>11,240,223</u>	<u>9,222,226</u>	<u>7,570,445</u>	<u>9,019,580</u>	<u>10,111,130</u>
6,641,873	7,457,902	7,525,396	8,584,064	7,078,007	9,221,873
1,288,222	1,243,080	1,293,742	1,415,134	1,377,448	1,566,646
4,657,014	4,560,288	4,435,027	4,245,608	3,705,763	3,801,453
335,105	345,255	344,842	347,059	351,997	364,653
-	111,522	504,008	520,598	492,875	481,285
-	-	-	-	-	24,443
-	-	-	-	-	341,392
<u>12,922,214</u>	<u>13,718,047</u>	<u>14,103,015</u>	<u>15,112,463</u>	<u>13,006,090</u>	<u>15,801,745</u>
<u>\$ 20,209,220</u>	<u>\$ 24,958,270</u>	<u>\$ 23,325,241</u>	<u>\$ 22,682,908</u>	<u>\$ 22,025,670</u>	<u>\$ 25,912,875</u>

CITY OF SAVAGE, MINNESOTA
 CHANGES IN NET POSITION - CONTINUED
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

Table 2

	Fiscal Year			
	2007	2008	2009	2010
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (13,436,023)	\$ (16,409,807)	\$ (17,208,983)	\$ (14,765,741)
Business-type activities	<u>(3,420,410)</u>	<u>(2,536,821)</u>	<u>(3,140,870)</u>	<u>(4,479,786)</u>
 TOTAL PRIMARY GOVERNMENT NET EXPENSE	 <u>\$ (16,856,433)</u>	 <u>\$ (18,946,628)</u>	 <u>\$ (20,349,853)</u>	 <u>\$ (19,245,527)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
GOVERNMENTAL ACTIVITIES				
Taxes				
Property taxes	\$ 13,460,114	\$ 14,413,739	\$ 15,158,454	\$ 15,115,141
Tax increments	2,034,280	2,148,452	128,612	140,606
Franchise taxes	162,103	171,332	181,704	189,678
Other taxes	-	-	-	-
Grants and contributions not restricted to specific progra	440,789	207,074	-	-
Unrestricted investment earnings	1,631,876	1,441,689	495,882	330,672
Other general revenues	22,983	6,263	12,542	17,928
Gain on sale of capital assets	-	9,719	17,122	1,288
Transfers	<u>1,230,005</u>	<u>(822,875)</u>	<u>386,176</u>	<u>(418,134)</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>18,982,150</u>	 <u>17,575,393</u>	 <u>16,380,492</u>	 <u>15,377,179</u>
BUSINESS-TYPE ACTIVITIES				
Unrestricted investment earnings	429,920	352,274	159,690	145,343
Other general revenues	179,272	-	4,164	637
Gain on sale of capital assets	-	-	-	-
Transfers	<u>(1,230,005)</u>	<u>822,875</u>	<u>(386,176)</u>	<u>418,134</u>
 TOTAL BUSINESS-TYPE ACTIVITIES	 <u>(620,813)</u>	 <u>1,175,149</u>	 <u>(222,322)</u>	 <u>564,114</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 18,361,337</u>	 <u>\$ 18,750,542</u>	 <u>\$ 16,158,170</u>	 <u>\$ 15,941,293</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 5,546,127	\$ 1,165,586	\$ (828,491)	\$ 611,438
Business-type activities	<u>(4,041,223)</u>	<u>(1,361,672)</u>	<u>(3,363,192)</u>	<u>(3,915,672)</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 1,504,904</u>	 <u>\$ (196,086)</u>	 <u>\$ (4,191,683)</u>	 <u>\$ (3,304,234)</u>

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

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

Source: City of Savage, audited financial statements.

Table 2

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (13,710,676)	\$ (11,005,245)	\$ (13,997,358)	\$ (13,385,235)	\$ (14,259,472)	\$ (18,811,809)
<u>(3,925,993)</u>	<u>(2,938,182)</u>	<u>(2,705,170)</u>	<u>156,679</u>	<u>(1,543,253)</u>	<u>811,607</u>
<u>\$ (17,636,669)</u>	<u>\$ (13,943,427)</u>	<u>\$ (16,702,528)</u>	<u>\$ (13,228,556)</u>	<u>\$ (15,802,725)</u>	<u>\$ (18,000,202)</u>
\$ 14,937,657	\$ 15,063,473	\$ 15,554,819	\$ 16,121,557	\$ 16,612,868	\$ 16,584,312
36,356	34,233	32,397	13,325	-	100,392
196,149	189,980	194,057	195,656	191,425	202,011
-	-	-	-	-	47,702
-	-	-	4,004	-	22,595
1,471,561	895,463	(570,068)	1,249,535	480,193	399,871
13,514	14,862	16,566	3,480	-	33,994
-	8,751	73,492	58,522	265,936	130,444
<u>(1,151,874)</u>	<u>(2,353,133)</u>	<u>(597,918)</u>	<u>758,571</u>	<u>(2,724,755)</u>	<u>104,388</u>
<u>15,503,363</u>	<u>13,853,629</u>	<u>14,703,345</u>	<u>18,404,650</u>	<u>14,825,667</u>	<u>17,625,709</u>
510,392	348,402	(269,402)	494,736	153,310	204,218
-	12,730	4,718	8,498	2,377	-
-	-	-	-	-	11,031
<u>1,151,874</u>	<u>2,353,133</u>	<u>597,918</u>	<u>(758,571)</u>	<u>2,724,755</u>	<u>(104,388)</u>
<u>1,662,266</u>	<u>2,714,265</u>	<u>333,234</u>	<u>(255,337)</u>	<u>2,880,442</u>	<u>110,861</u>
<u>\$ 17,165,629</u>	<u>\$ 16,567,894</u>	<u>\$ 15,036,579</u>	<u>\$ 18,149,313</u>	<u>\$ 17,706,109</u>	<u>\$ 17,736,570</u>
\$ 1,792,687	\$ 2,848,384	\$ 705,987	\$ 5,019,415	\$ 566,195	\$ (1,186,100)
<u>(2,263,727)</u>	<u>(223,917)</u>	<u>(2,371,936)</u>	<u>(98,658)</u>	<u>1,337,189</u>	<u>922,468</u>
<u>\$ (471,040)</u>	<u>\$ 2,624,467</u>	<u>\$ (1,665,949)</u>	<u>\$ 4,920,757</u>	<u>\$ 1,903,384</u>	<u>\$ (263,632)</u>

CITY OF SAVAGE, MINNESOTA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

Table 3

	Fiscal Year			
	2007	2008	2009	2010
GENERAL FUND				
Reserved	\$ -	\$ 6,753	\$ 3,946	\$ 1,051
Unreserved	3,790,828	4,244,038	4,797,233	5,571,994
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL GENERAL FUND	<u>\$ 3,790,828</u>	<u>\$ 4,250,791</u>	<u>\$ 4,801,179</u>	<u>\$ 5,573,045</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 1,834,197	\$ 1,829,650	\$ 1,824,740	\$ 1,659,499
Unreserved, reported in				
Special revenue funds	1,945,184	567,236	1,124,062	1,399,116
Debt service funds	17,459,772	19,282,173	19,366,228	25,176,670
Capital projects funds	7,537,774	10,357,936	8,328,545	9,330,389
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned - capital projects	-	-	-	-
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 28,776,927</u>	<u>\$ 32,036,995</u>	<u>\$ 30,643,575</u>	<u>\$ 37,565,674</u>

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

Source: City of Savage, audited financial statements.

Table 3

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
8,100	26,951	35,633	27,616	58,389	68,435
57,506	57,070	14,393	14,129	16,596	18,659
6,095,222	6,259,170	6,416,262	6,685,706	6,783,256	6,934,350
<u>\$ 6,160,828</u>	<u>\$ 6,343,191</u>	<u>\$ 6,466,288</u>	<u>\$ 6,727,451</u>	<u>\$ 6,858,241</u>	<u>\$ 7,021,444</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,457,031	1,432,675	840,625	790,573	739,572	688,869
19,401,374	19,581,241	23,507,078	24,394,291	26,854,132	19,661,660
1,119,599	1,276,006	1,276,323	1,324,188	2,060,967	2,293,894
14,609,278	10,355,038	8,085,760	4,620,966	4,423,322	5,447,669
(1,995,184)	(5,754,031)	(6,935,079)	(1,801,173)	(742,569)	(934,728)
<u>\$ 34,592,098</u>	<u>\$ 26,890,929</u>	<u>\$ 26,774,707</u>	<u>\$ 29,328,845</u>	<u>\$ 33,335,424</u>	<u>\$ 27,157,364</u>

CITY OF SAVAGE, MINNESOTA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

Table 4

	Fiscal Year			
	2007	2008	2009	2010
REVENUES				
Taxes	\$ 15,420,227	\$ 16,382,638	\$ 15,194,950	\$ 15,377,240
Special assessments	2,221,834	2,681,370	2,124,181	2,106,741
Licenses and permits	1,612,773	645,593	573,884	910,748
Intergovernmental	1,359,092	992,352	617,579	626,826
Charges for services	837,196	1,084,003	649,618	788,813
Fines and forfeits	194,561	200,218	212,124	240,775
Interest on investments	1,612,274	1,418,912	483,637	319,413
Miscellaneous	1,497,617	861,946	1,235,608	770,497
TOTAL REVENUES	<u>24,755,574</u>	<u>24,267,032</u>	<u>21,091,581</u>	<u>21,141,053</u>
EXPENDITURES				
General government	2,240,589	2,221,348	2,172,553	2,156,341
Community development	1,358,289	749,816	639,003	538,168
Public safety	4,126,771	4,586,587	4,989,459	
Public works	2,135,374	2,245,875	2,170,754	2,140,871
Parks and recreation	1,261,641	1,300,309	1,278,987	1,280,481
Capital outlay	10,657,280	6,869,032	5,440,945	7,305,029
Debt service				
Principal	6,660,000	7,340,000	6,755,000	7,040,000
Interest and other	3,057,378	2,742,476	2,734,946	2,561,618
Other Charges	-	-	-	-
TOTAL EXPENDITURES	<u>31,497,322</u>	<u>28,055,443</u>	<u>26,181,647</u>	<u>28,254,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,741,748)</u>	<u>(3,788,411)</u>	<u>(5,090,066)</u>	<u>(7,113,170)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	3,295,000	6,180,000	5,050,000	17,065,000
Premium/discount on debt issued	(10,664)	34,250	33,420	548,790
Payments on refunding bonds	-	-	(1,675,000)	(3,555,000)
Sale of capital assets	19,444	29,715	38,282	37,778
Transfers in	6,771,724	4,676,783	8,202,090	2,620,628
Transfers out	(4,126,224)	(3,412,306)	(7,401,758)	(1,910,061)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,949,280</u>	<u>7,508,442</u>	<u>4,247,034</u>	<u>14,807,135</u>
NET CHANGE IN FUND BALANCES	<u>\$ (792,468)</u>	<u>\$ 3,720,031</u>	<u>\$ (843,032)</u>	<u>\$ 7,693,965</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>41.3%</u>	<u>43.0%</u>	<u>44.2%</u>	<u>45.5%</u>

Source: City of Savage, audited financial statements.

Table 4

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 15,038,116	15,040,188	15,706,099	16,239,954	16,700,828	\$ 16,966,415
3,823,356	3,116,273	4,856,987	4,131,438	2,680,986	1,061,770
1,070,212	1,963,399	1,377,386	1,144,093	979,319	5,659,137
1,852,531	5,059,511	681,259	2,803,618	5,040,627	2,185,132
799,037	1,045,284	1,088,336	1,519,574	1,318,017	43,699
221,984	205,691	201,687	157,931	110,039	2,238,634
1,434,005	872,295	(548,819)	1,189,774	456,713	381,172
881,852	825,963	762,758	945,303	702,786	257,956
<u>25,121,093</u>	<u>28,128,604</u>	<u>24,125,693</u>	<u>28,131,685</u>	<u>27,989,315</u>	<u>28,793,915</u>
2,205,108	2,353,023	2,373,190	2,468,850	2,540,980	2,691,979
542,925	622,229	720,049	753,240		6,243,134
5,234,134	5,480,860	5,423,978	5,757,690	5,873,216	2,366,155
2,058,008	2,071,901	2,179,378	2,298,275	2,211,713	1,764,144
1,388,032	1,242,838	1,404,258	1,419,873	1,528,118	800,377
5,390,043	19,249,033	11,702,470	10,829,083	7,316,930	12,481,059
6,240,000	7,825,000	7,750,000	6,625,000	7,190,000	11,280,000
2,452,449	2,173,145	2,186,986	1,946,410	1,735,867	1,616,804
-	-	-	1,114,435	-	94,318
<u>25,510,699</u>	<u>41,018,029</u>	<u>33,740,309</u>	<u>33,212,856</u>	<u>29,192,647</u>	<u>39,337,970</u>
<u>(389,606)</u>	<u>(12,889,425)</u>	<u>(9,614,616)</u>	<u>(5,081,171)</u>	<u>(1,203,332)</u>	<u>(10,544,055)</u>
8,640,000	5,085,000	6,241,200	9,890,000	6,830,000	3,335,000
147,401	132,741	216,594	212,244	265,345	147,335
(11,025,000)	-	-	(6,600,000)	-	-
41,412	37,891	73,492	62,633	287,965	131,064
3,992,995	1,245,987	5,064,796	6,868,636	4,527,780	5,824,715
(3,792,995)	(1,131,000)	(1,974,591)	(3,956,582)	(6,570,389)	(4,854,682)
<u>(1,996,187)</u>	<u>5,370,619</u>	<u>9,621,491</u>	<u>6,476,931</u>	<u>5,340,701</u>	<u>4,583,432</u>
<u>\$ (2,385,793)</u>	<u>\$ (7,518,806)</u>	<u>\$ 6,875</u>	<u>\$ 1,395,760</u>	<u>\$ 4,137,369</u>	<u>\$ (5,960,623)</u>
<u>43.0%</u>	<u>45.4%</u>	<u>43.7%</u>	<u>42.6%</u>	<u>37.8%</u>	<u>42.5%</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
2007	\$ 13,460,114	\$ 2,034,280	\$ 162,103	\$ 15,656,497
2008	14,413,739	2,148,452	171,332	16,733,523
2009	15,158,454	128,612	181,704	15,468,770
2010	15,115,141	140,606	189,678	15,445,425
2011	14,937,657	36,356	196,149	15,170,162
2012	15,063,473	34,233	189,980	15,287,686
2013	15,554,819	32,397	194,057	15,781,273
2014	16,121,557	13,325	195,656	16,330,538
2015	16,612,868	-	191,425	16,804,293
2016	16,584,312	100,392	249,713	16,934,417

Source: City of Savage, audited financial statements.

CITY OF SAVAGE, MINNESOTA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2007	\$ 13,385,947	\$ 2,034,280	\$ 162,103	\$ 15,582,330
2008	14,234,186	2,148,452	171,332	16,553,970
2009	15,066,338	128,612	181,704	15,376,654
2010	15,236,634	140,606	189,678	15,566,918
2011	15,001,760	36,356	196,149	15,234,265
2012	15,005,955	34,233	189,980	15,230,168
2013	15,657,638	32,397	194,057	15,884,092
2014	16,226,469	13,325	195,656	16,435,450
2015	16,700,828	-	191,425	16,892,253
2016	16,616,310	100,392	249,713	16,966,415

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 Area-Wide Allocation	Net Tax Capacity	Total Direct Tax Rate	Taxable Market Value	
2007	\$ 28,649,548	\$ (1,967,961)	\$ (2,117,126)	\$ 24,564,461	50.16 %	\$ 2,560,813,400	1.12 %
2008	31,134,241	(2,091,713)	(2,294,796)	26,747,732	48.36	2,754,822,400	1.13
2009	32,433,758	(138,233)	(2,732,329)	29,563,196	46.01	2,856,856,547	1.14
2010	31,342,817	(129,985)	(2,929,479)	28,283,353	47.34	2,718,402,500	1.15
2011	30,658,327	(36,196)	(3,157,705)	27,464,426	48.28	2,652,900,000	1.16
2012	28,690,321	(26,264)	(3,183,417)	25,480,640	51.12	2,477,077,500	1.16
2013	27,003,916	(25,738)	(2,963,384)	24,014,794	55.51	2,311,627,400	1.17
2014	28,256,725	(25,738)	(2,977,350)	25,253,637	55.28	2,434,515,600	1.16
2015	30,700,138	-	(2,927,312)	27,772,826	51.74	2,658,879,100	1.15
2016	32,186,980	(81,937)	(3,214,209)	28,890,834	49.91	2,799,503,700	1.15

(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⁾			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	Special Districts ⁽²⁾	
2007	35.322 %	14.833 %	50.155 %	18.152 %	33.140 %	6.525 %	107.972 %
2008	32.152	16.204	48.356	19.374	32.646	6.130	106.506
2009	30.906	15.107	46.013	19.842	32.684	5.812	104.351
2010	31.807	15.528	47.335	20.668	33.237	6.246	107.486
2011	32.441	15.837	48.278	21.855	35.541	6.519	112.193
2012	33.763	17.360	51.123	21.878	38.802	6.958	118.761
2013	37.008	18.500	55.508	26.168	40.674	7.143	129.493
2014	36.379	18.899	55.278	25.661	39.720	6.934	127.593
2015	35.325	16.418	51.743	24.554	36.638	6.976	119.911
2016	35.633	14.272	49.905	31.065	36.175	7.676	124.821

Source: Scott County

⁽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.

CITY OF SAVAGE, MINNESOTA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Table 9

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cargill, Inc.	\$ 24,128,600	1	0.86 %	\$ 9,452,600	6	0.37 %
Karl Bohn	22,715,100	2	0.81	18,498,800	1	0.72
BRE	14,702,300	3	0.53	-		
Target Corporation	14,100,000	4	0.50	13,698,600	2	0.53
BF Nelson	12,250,000	5	0.44	-		
Savage Station, LLC ⁽¹⁾	11,300,000	6	0.40	-		
Stag Savage, LLC	9,750,000	7	0.35	-		
Riverland AG Corporation	9,350,200	8	0.33	-		
Centerpoint Energy Resource	9,102,600	9	0.33	-		
Southcross, LLC	7,925,000	10	0.28	7,528,300	10	0.29
Bradley Operating, LP	-		-	12,696,800	3	0.50
Larry M. Ross, LLC	-		-	11,178,700	4	0.44
CHC Highview, LLC	-		-	10,199,000	5	0.40
Prudential Insurance Co.	-		-	8,779,600	7	0.34
Meritex Twin Cities Industrial ⁽²⁾	-		-	7,738,200	8	0.30
City of Savage	-		-	7,558,300	9	0.30
Total	\$ 135,323,800		4.83 %	\$ 107,328,900		4.19 %

Source: Scott County Department

⁽¹⁾ Formerly MN Savage 1-5, LLC

⁽²⁾ Formerly Meritex Huntington, LLC

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		Collections in Subsequent Years	Total Collections	Percent of Levy
		Amount	Percent of Levy			
2007	\$ 16,077,311 ⁽¹⁾	\$ 15,853,094	98.6 %	\$ 223,056	\$ 16,076,150	100.0 %
2008	17,060,459 ⁽¹⁾	16,701,758	97.9	356,482	17,058,240	100.0
2009	15,722,693 ⁽¹⁾	15,397,882	97.9	322,775	15,720,657	100.0
2010	15,720,696 ⁽¹⁾	15,421,506	98.1	296,181	15,717,687	100.0
2011	15,570,374 ⁽¹⁾	15,345,901	98.6	222,330	15,568,231	100.0
2012	15,082,185	14,815,544	98.2	263,738	15,079,282	100.0
2013	15,468,230	15,280,212	98.8	184,022	15,464,234	100.0
2014	16,121,503	15,987,944	99.2	128,142	16,116,086	100.0
2015	16,570,700	16,490,100	99.5	68,331	16,558,431	99.9
2016	16,616,613	16,560,804	99.7	-	16,560,804	99.7

⁽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

Table 11

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Tax Increment	Capital Leases	Utility Revenue Bonds	Liquor Revenue Bonds	Tax Abatement Bonds			
2007	\$ 22,495,000	\$ 39,550,000	\$ 5,990,000	\$ 2,260,000	\$ 26,314,395	\$ 1,615,000	\$ -	\$ 98,224,395	9.87 %	\$ 3,854
2008	21,810,000	40,490,000	4,630,000	2,400,000	24,925,395	1,515,000	-	95,770,395	9.18	3,751
2009	21,105,000	39,000,000	3,530,000	2,315,000	23,285,395	1,410,000	-	90,645,395	8.56	3,400
2010	21,395,000	46,390,000	2,380,000	2,255,000	29,584,395	1,300,000	-	103,304,395	8.99	3,839
2011	19,890,000	39,685,000	2,045,000	2,175,000	21,311,395	1,185,000	-	86,291,395	6.96	3,158
2012	18,200,000	40,765,000	-	2,090,000	19,131,395	1,060,000	4,915,000	86,161,395	6.63	3,133
2013	16,455,000	40,691,200	-	2,010,000	17,872,195	930,000	4,915,000	82,873,395	6.35	3,008
2014	14,331,267	40,215,375	-	1,930,000	15,765,718	784,516	4,731,203	77,758,079	5.49	2,677
2015	15,767,802	38,676,912	-	1,840,000	15,258,253	642,137	4,427,703	76,612,807	4.85	2,552
2016	13,812,723	32,327,709	-	1,740,000	17,163,288	494,758	4,119,204	69,657,682	N/A	2,300

N/A = Not Available

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

Sources: City of Savage, audited financial statements.

Metropolitan Council, population estimates. 2010 is U.S. Census figure.

Scott County, estimated taxable market value of property.

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
2007	\$ 50,864,690	\$ 19,271,496	\$ 31,593,194	1.23 %	\$ 1,240
2008	50,110,953	19,483,763	30,627,190	1.11	1,200
2009	49,001,991	19,653,701	29,348,290	1.03	1,101
2010	55,051,916	26,896,102	28,155,814	1.04	1,046
2011	48,922,284	18,652,075	30,270,209	1.14	1,108
2012	50,125,826	18,688,499	31,437,327	1.27	1,141
2013	49,742,393	19,190,858	30,551,535	1.32	1,105
2014	46,614,592	19,814,426	26,800,166	1.10	923
2015	47,461,417	21,709,772	25,751,645	0.97	858
2016	40,570,197	16,686,205	23,883,992	0.85	789

(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.

Metropolitan Council, population estimates. 2010 is U.S. Census figure.
Scott County, estimated taxable market value of property.

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CITY OF SAVAGE, MINNESOTA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2016

Table 13

	Gross Debt	City Share	
		Percentage ⁽²⁾	Amount
Direct debt			
City of Savage	\$ 47,880,432	100.00 %	\$ 47,880,432
Overlapping debt			
School District No. 191	207,630,000	17.74 %	36,833,562
School District No. 271	53,600,000	0.10	53,600
School District No. 719	122,455,000	17.46	21,380,643
School District No. 720	222,585,000	0.74	1,647,129
Scott County	74,730,000	20.25	15,132,825
Scott County CDA	45,670,000	3.49	1,593,883
Metropolitan Council	1,442,296,908	0.52	7,499,944
Total overlapping debt	<u>2,168,966,908</u>		<u>84,141,586</u>
Total direct and overlapping debt	<u>\$ 2,216,847,340</u>		<u>\$ 132,022,018</u>

1. Gross debt totals include capital leases and bonds which are financed by ad valorem tax levy, G.O. revenue financing, G.O. tax increment financing and special assessments.

2. The percentage of overlapping debt applicable is estimated using total net tax capacity of property values. Applicable percentages were esimated 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 recognized that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the resident and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Scott County

CITY OF SAVAGE, MINNESOTA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Table 14

	Fiscal Year			
	2007	2008	2009	2010
Debt limit	\$ 51,216,268	\$ 82,644,672	\$ 85,705,696	\$ 81,552,075
Total net debt applicable to limit	<u>14,420,268</u>	<u>13,876,700</u>	<u>12,945,468</u>	<u>16,618,813</u>
Legal debt margin	<u>\$ 36,796,000</u>	<u>\$ 68,767,972</u>	<u>\$ 72,760,228</u>	<u>\$ 64,933,262</u>
Total net debt applicable to the limit as a percentage of debt limit	28.16%	16.79%	15.10%	20.38%

Legal debt margin

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

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

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrant or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a Permanent Improvement Revolving fund.
5. Obligations issued for the acquisition and betterment of public water works system and public lighting, heating or power systems, and
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					
2011	2012	2013	2014	2015	2016
\$ 79,587,000	\$ 74,312,325	\$ 69,348,822	\$ 73,035,468	\$ 79,766,373	\$ 83,985,111
14,887,278	13,492,971	12,046,299	10,872,956	9,643,165	16,640,907
<u>\$ 64,699,722</u>	<u>\$ 60,819,354</u>	<u>\$ 57,302,523</u>	<u>\$ 62,162,512</u>	<u>\$ 70,123,208</u>	<u>\$ 67,344,204</u>
18.71%	18.16%	17.37%	14.89%	12.09%	19.8%

Legal Debt Margin Calculation for Fiscal Year 2016

	<u>\$ 2,799,503,700</u>
Taxable market value	<u>\$ 83,985,111</u>
Debt limit (Note A)	
Debt applicable to limit	13,680,000
General obligation bonds	
Less amount available in	<u>2,960,907</u>
Debt Service funds (Note B)	<u>16,640,907</u>
Total net debt applicable to limit	<u>\$ 67,344,204</u>

CITY OF SAVAGE, MINNESOTA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS

Table 15

Enterprise Funds Revenue Bonds

Fiscal Year	Gross Revenues	Operating Expenses (3)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2007	\$ 9,416,747	\$ 4,734,667	\$ 4,682,080	\$ 1,429,000	\$ 920,630	\$ 2,349,630	1.99 %
2008	10,312,316	4,983,597	5,328,719	1,489,000	1,097,232	2,586,232	2.06
2009	9,470,265	5,061,243	4,409,022	1,745,000	1,036,684	2,781,684	1.59
2010	8,976,434	5,700,918	3,275,516	1,931,000	966,625	2,897,625	1.13
2011	9,535,274	5,638,291	3,896,983	(1) 10,433,000	965,125	11,398,125	0.34
2012	10,363,957	5,585,812	4,778,145	2,305,000	740,777	3,045,777	1.57
2013	10,270,125	5,621,295	4,648,830	2,433,000	801,269	3,234,269	1.44
2014	12,168,346 (2)	6,621,857	5,546,489	2,822,000	704,057	3,526,057	1.57
2015	10,028,884	6,541,998	3,486,886	4,066,000	613,142	4,679,142	0.75
2016	12,404,473	6,881,644	5,522,829	2,991,000	597,261	3,588,261	1.54

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

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

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

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

Source: City of Savage audited financial statements.

CITY OF SAVAGE, MINNESOTA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Table 16

Fiscal Year	City of Savage Population (1)	City of Savage Personal Income (in thousands) (2)	Scott County Personal Income Per Capita (3)	City of Savage School Enrollment (4)	City of Savage Unemployment Rate (5)
2007	25,485	994,985	\$ 39,042	10,389	5.6 %
2008	25,532	1,043,008	40,851	10,161	6.8
2009	26,661	1,051,377	39,435	10,049	9.3
2010	26,911	1,149,476	42,714	9,919	8.7
2011	27,325	1,240,555	45,400	9,772	7.3
2012	27,552	1,301,281	47,230	9,710	8.0
2013	27,655	1,304,597	47,174	9,566	6.4
2014	29,047	1,416,942	48,781	9,213	5.7
2015	30,024	1,581,064	52,660	8,989	4.2
2016	30,285	N/A	N/A	-	4.2

Source:

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

CITY OF SAVAGE, MINNESOTA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Table 17

	2016			2007		
	Employees ^(a)	Rank	Percentage of Total City Employment	Employees ^(a)	Rank	Percentage of Total City Employment
Burnsville-Eagan-Savage School District 191	1,325	1	17.75 %			
Prior Lake-Savage School District 719	959	2	12.85			
SuperTarget	275	3	3.68	330	1	4.22 %
Fabcon	275	4	3.68	250	3	3.19
Siligan Container Corp	160	5	2.14			
City of Savage (a)	156	6	2.09	187	4	2.39
Lifetime Fitness	150	7	2.01			
Waste Management	125	8	1.67	150	6	1.92
Continental Hydraulics & Machines	100	9	1.34	254	2	3.25
Sick, Inc.	100	9	1.34			
CSAV, In.				162	5	2.07
Cub Foods				150	6	1.92
Alliance Homes of Minnesota				110	8	1.41
BF Nelson				100	9	1.28
Road Machinery and Supplies Co.				90	10	1.15
Total	<u>3,625</u>		<u>48.55 %</u>	<u>1,783</u>		<u>22.80 %</u>

^(a) Includes full-time, part-time and seasonal employees at June 2015 and March 2006, respectively

Source: This does not purport to be a comprehensive list and is based on a mid-year 2016 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

CITY OF SAVAGE, MINNESOTA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

Table 18

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
Administration	11.0	11.0	10.0	8.9	8.9	8.5	10.5	10.5	10.5	10.0
Finance	4.0	4.0	4.0	4.0	4.0	4.7	5.0	4.6	5.7	5.7
Community development	9.0	8.0	8.0	6.2	5.6	6.8	7.5	8.5	8.5	8.5
Building maintenance	-	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Public safety										
Police										
Police chief	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Officers	28.0	31.0	33.0	31.0	32.0	31.0	31.0	31.0	31.0	32.0
Civilians	5.0	6.0	8.0	8.5	9.6	9.2	8.9	9.5	9.5	9.8
Fire										
Fire chief	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Firefighters and officers	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Civilians	35.0	40.0	36.0	38.0	35.0	41.0	41.0	36.0	35.0	38.0
Public works:										
Administration	6.0	5.0	5.0	4.5	4.5	4.5	4.8	5.0	5.0	4.0
Building maintenance	3.0	-	-	-	-	-	-	-	-	-
Engineering	6.0	6.0	6.0	4.5	4.5	4.0	4.0	5.0	5.0	5.0
Parks and recreation	11.0	11.0	11.0	10.5	10.5	10.5	10.5	11.0	12.0	12.0
Streets	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Utilities	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Propriety										
Water ^(a)										
Sewer ^(a)										
Liquor	6.0	6.0	6.0	6.0	3.0	3.0	3.5	4.5	4.0	4.0
Total	146.0	155.0	154.0	149.1	144.6	150.2	153.7	152.6	153.2	

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

^(a) Employees are presented within the public works section

Source: Council Approved Authorized Position Report

CITY OF SAVAGE, MINNESOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Table 19

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police:										
Number of law contacts	16,535	16,378	15,867	16,043	15,255	14,925	14,512	14,724	14,455	13,629
Number of sworn officers	29	32	34	32	32	32	32	32	32	32
Fire										
Number of calls answered	400	416	328	319	356	378	412	385	349	351
Number of volunteer firefighters	35	40	36	38	35	41	36	36	35	35
Building inspection:										
Number of residential permits	830	846	665	929	1,166	1,360	1,123	1,593	1,251	957
Number of commercial permits	155	197	146	124	177	197	153	136	170	165
Total permit valuation	52,977,378	21,045,333	16,746,212	27,134,835	40,236,518	81,761,264	56,903,187	79,728,667	47,204,497	91,766,515
Public works:										
Water system:										
Number of service connections	8,523	8,572	8,616	8,701	8,798	8,949	9,082	9,293	9,377	9,447
Sewage system:										
Number of service connections	8,415	8,216	8,260	8,609	8,800	8,973	9,078	9,276	9,360	9,457

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

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

CITY OF SAVAGE, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Table 20

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	25	26	26	26	25	26	26	27
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Response units	18	18	18	18	18	18	18	18	18	18
Inspection Units	1	1	1	1	1	1	1	1	1	1
Public works										
Street division										
Municipal streets and roads	125	125	125	126	127	128	119	120	122	126
Number of street lights	1,609	1,609	1,609	1,614	1,631	1,639	1,880	1,907	1,907	2,085
Water system										
Miles of water mains	117	142	142	147	148	149	151	155	155	160
Number of fire hydrants	1,261	1,265	1,267	1,587	1,613	1,625	1,658	1,682	1,701	1,765
Sewer system										
Miles of sanitary sewers	111	111	111	123	124	125	126	127	128	131
Parks and recreation										
Number of parks	20	20	22	23	23	23	23	23	23	23
Park acreage	320	320	340	441	457	457	457	457	457	457
Tennis courts	8	8	8	10	10	10	10	10	10	10
Basketball courts	10	10	9	9	9	9	9	9	9	9
Softball fields	22	22	30	30	30	30	30	30	30	30
Ice rinks	10	10	9	9	9	6	6	6	7	7

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

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