



City of Savage
Scott County, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED

DECEMBER 31, 2017

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PREPARED BY:

FINANCE DEPARTMENT

Julie Stahl
Finance Director

Member GFOA of U.S. and Canada
Published June 1, 2018

CITY OF SAVAGE
SAVAGE, MINNESOTA

COMPREHENSIVE
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 Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
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June 1, 2018

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, 2017.

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, 2017 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, 2017 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 30,713 individuals, 10,202 households and over 650 businesses employing over 8,400 individuals. The City of Savage is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Savage is still developing within its corporate limits and is bordered on three sides by other incorporated communities.

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

The City of Savage provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure; water, sewer and storm sewer services and recreational activities. A total of 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 schedule and hold a Truth in Taxation (TNT) public hearing. The council must also adopt a final budget by no later than December 31.

LOCAL ECONOMY

The City of Savage is strategically located in the southwest portion of the Twin Cities metropolitan area. Quick access over the Minnesota River on the Highway 169 Bridge provides both City residents and the business community with a direct connection to the 494 corridor and a quick path to downtown Minneapolis. Less than 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 five years, the City has seen on average a 6% annual increase in tax capacity. The increase can be attributed to both new development and an overall recovery in property market values. Residential sale values are steadily increasing and are nearing levels that existed prior to the recession.

Other economic indicators in the City remain positive. Local unemployment is below state and national levels, due in part to the high education levels of City residents and the dramatically improved economic conditions. A large percentage of the wage earners residing in Savage possess post-secondary degrees or higher and a significant number of households have two wage earners. Recent 2016 Census Data results indicate the City has a median family income of \$97,584 – 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. In November of 2017, Standard & Poor upgraded the City's general obligation debt rating to a AAA. This upgrade reflects the city's healthy trend of economic growth, resulting in stronger wealth and income figures – both of which are expected to continue. The upgrade is also a reflection of the city's strong financial performance, very strong financial policies and practices, and maintenance of very strong reserves and liquidity. During 2017 conservative spending and 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 2018 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.

Given the positive economic conditions we expect that overall community market values will increase again in 2019 at levels equal to or greater than those experienced in 2018. Providing expense increases can be held to reasonable levels we anticipate that we will be able to develop a budget for 2019 that will result in a flat, but hopefully slight reduction in the City's overall tax rate.

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 2018 tax levy is \$330,566 more than in 2017 (a 1.9% increase). The tax rate decreased by 0.9% - due to the 2018 tax base increasing by \$1.5 million. The 2018 budget continues to include our practice of projecting building permit revenue at very conservative levels. The City has also eliminated any reliance on the receipt of financial aid from the State of Minnesota, with the exception of police and fire aid, which is approximately \$425,000.

Moving into the 2019 budgeting process we will continue our past practice of conservatism with our expenditures and staffing levels. Any anticipated increases in General Fund expenditures are projected to be absorbed by the growth in our tax base and will not require an increase in our tax rate nor any reliance on our Fund Balance reserves.

The City participates in the recently initiated State of Minnesota Performance Measurements Program and will be reviewing these measures as relevant guidelines during future budget sessions. The City is also reviewing any major budget changes (increases or decreases) expected during a five-year projection period. The City completed the compilation of its five-year 2014 budget document and submitted the 105-page report to the GFOA for the Distinguished Budget Presentation Award for the first time. The City received the Distinguished Budget award for this first submission and has subsequently received the award for the 2015 through 2017 budget years as well. The City recently submitted the five-year 2018 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 2017, new residential subdivisions were approved including Rylie Ridge (81 lots), Madelyn Pointe (34 lots), Providence 3rd Addition (45 lots) and Rose Hill (35 lots). A new townhome development project called Hamilton Landing was also approved (33 units). On the drawing board and poised for development this year is Big Sky Estates 2nd addition (25 lots), Bluff Haven Townhomes (16 units) and Louisiana Lofts – a 54 unit workforce housing project.

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 2017, 204 new single family permits were approved and at the end of April 2018, 66 new single family homes have been recorded. Given the available lot inventory and demand we anticipate that approximately 150 to 200 single family units will be constructed this year. If overall global conditions remain steady we anticipate that similar residential development activity will continue into 2019 and beyond.

In addition to residential growth, in 2017 a new 25,000 square-foot grocery store and a 25,000 square-foot clothing store took occupancy of space in a redeveloped shopping center at the northwest corner of County Road 42 and Trunk Highway 13. Hy-Vee also opened its new 100,000 square-foot grocery facility and a 5,000 square-foot gas/convenience store located at the northeast corner of County Road 7 and County Road 42. The grocery site also includes an attached 6,700 square-foot space that is occupied by the City for a municipal liquor off-sale outlet. In conjunction with the opening of this new liquor outlet the City closed its off-sale operation at Dan Patch Liquor. This operational change has resulted thus far in a 30% increase in annual operating sales.

In the fall of 2017, Independent School District No. 719 (Prior Lake-Savage) held a referendum for the sale of approximately \$109 million in bonds that included funding for the expansion of three existing schools in the City including a major addition to the High School in an amount of approximately \$46.8 million. This approved referendum also included approximately \$40 million to construct a new elementary school in the City adjacent to the Big Sky Estates development. These expansion projects are expected to provide the additional student capacity for projected enrollment growth for at least the next five years. Construction on the elementary school addition is expected to take place in 2018 while the High School expansion project and the new Big Sky elementary schools are scheduled to commence in the spring of 2018. Building permit and water/sewer connection fee revenues are expected to be positively impacted by these projects both in 2018 and 2019.

The City completed a planned \$7 million dollar upgrade and complete system replacement to its Water Treatment Plant No. 2 in 2017. In May 2017 the City also initiated its \$3.5 million dollar Advanced Meter Infrastructure project which involves the city-wide replacement of all residential and commercial water meters with “smart” meter technology. This fully-automated system will provide more detailed, “real-time” water consumption data as well as assist in conservation initiatives and staff efficiencies. The project is in its final phases and near completion.

The City also completed a comprehensive 10-year street improvement plan in 2017 that assigned a Pavement Condition Index (PCI) to each segment of its 140 miles of streets and developed a prioritized replacement schedule for them. In 2018 the City initiated two similar plans for its storm water and trail connection systems in the same long-range capital planning vein.

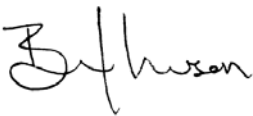
AWARDS AND ACKNOWLEDGEMENT

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, 2016. This is the 20th consecutive year the City of Savage has earned this honor. In order to be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

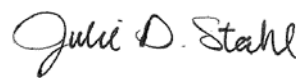
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Brad A. Larson
City Administrator



Julie D. Stahl
Finance Director

City of Savage, Minnesota
City Directory
For the Year Ended December 31, 2017

CITY COUNCIL

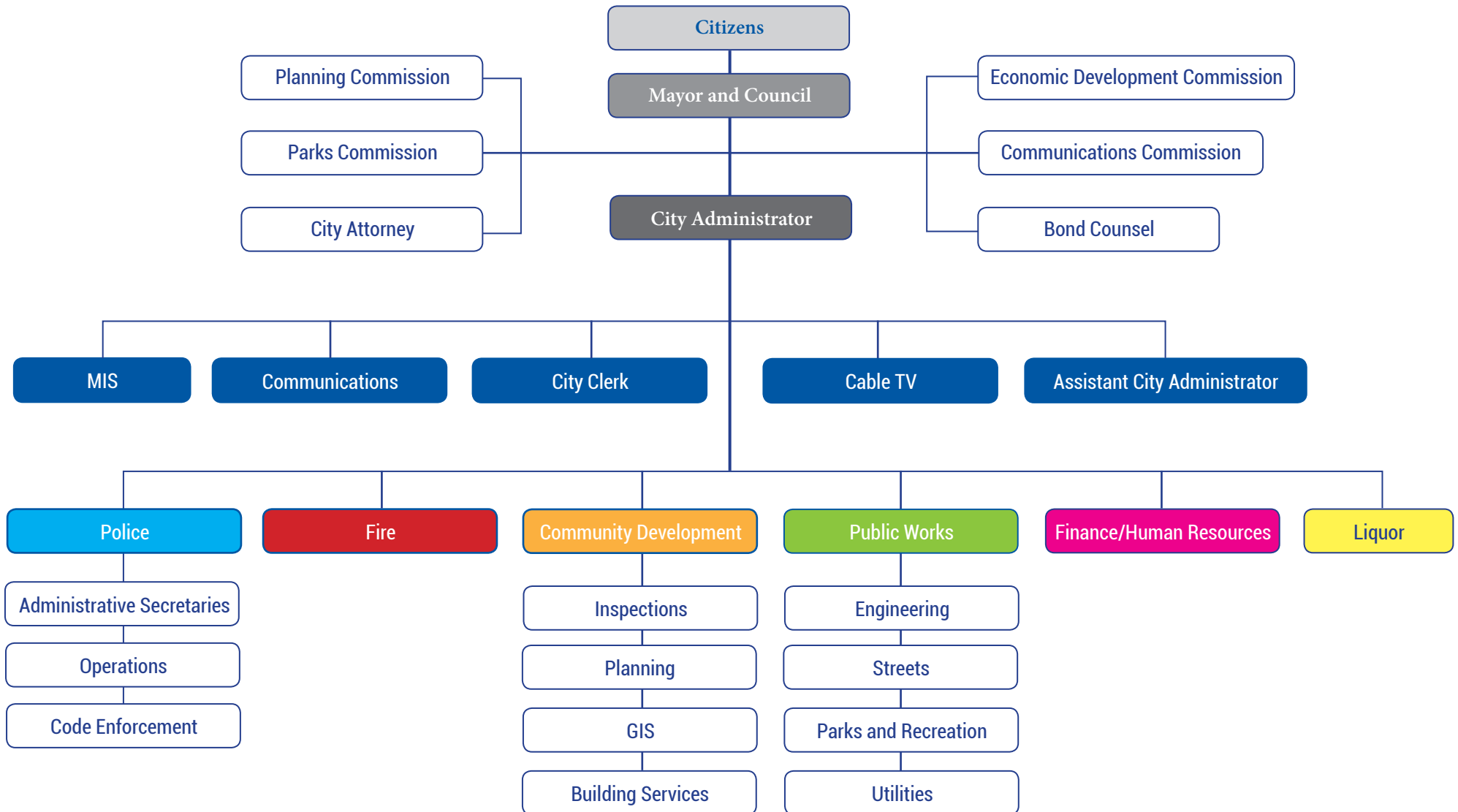
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Janet Williams	Mayor	12/31/19
Christine Kelly	Council Member	12/31/19
Gene Abbott	Council Member	12/31/17
Bob Coughlen	Council Member	12/31/21
Matt Johnson	Council Member	12/31/19

CITY OFFICIALS

<u>Name</u>	<u>Title</u>
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, 2016

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION
CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

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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, 2017, 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, 2017, 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 23 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net pension Liability and Related Ratios, the Schedules of Employer's Contributions, and the Schedule of Funding Progress on page 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

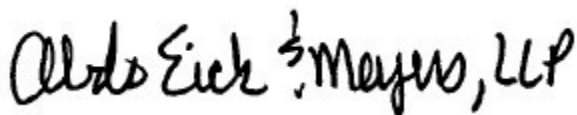
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of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

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

The introductory 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 1, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Savage's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
June 1, 2018

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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, 2017.

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 \$153,604,555 (*net position*). Of this amount, \$18,973,443 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,566,931 over the prior year. This increase is due to additional grants and contributions as well as a gain on sale of capital assets of \$433,110.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,119,272, a decrease of \$5,059,536 in comparison with the prior year. Approximately 76.2 percent of the ending fund balances, or \$22,201,877, is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$7,191,162, or 48.9 percent of total 2017 General fund expenditures and transfers out.
- The City's total long-term bonded debt decreased \$2,381,727 (3.7 percent) during the current fiscal year. The City issued G.O. special assessment bonds of \$3,095,000, G.O. revenue bonds of \$3,830,000, G.O. Recreation Facility Refunding Bonds of \$1,520,000 and Taxable Facility Lease Revenue Refunding Bonds of \$1,385,000. Offsetting these increases were regularly scheduled debt service principal payments of \$12,766,000.

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

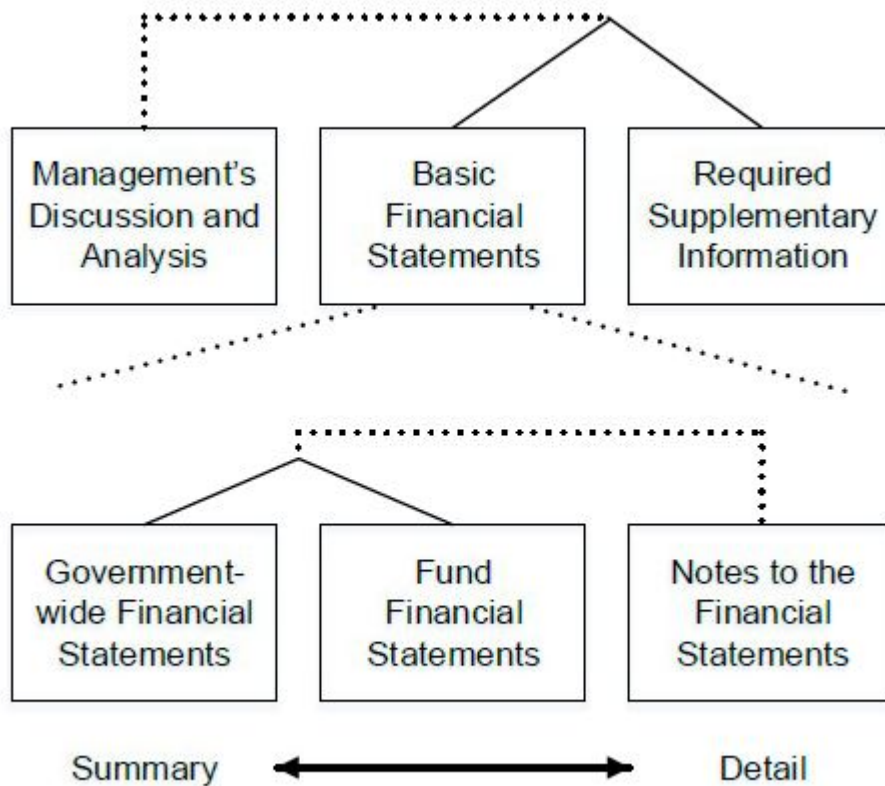


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

		Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Instances in which the City administers resources on behalf of someone else, 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/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water, sewer, storm water operations, street lights, and municipal liquor.

The government-wide financial statements start on page 39 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds, 20 of which are debt service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, and Permanent Improvement Revolving fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements and schedules* elsewhere in this report.

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

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

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

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

The basic proprietary fund financial statements start on page 50 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 60 of this report.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$153,604,555 at the close of the most recent fiscal year.

A portion of the City's net position (\$118,499,852 or 77.1 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		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Assets						
Current and other assets	\$ 38,645,483	\$ 42,792,065	\$ (4,146,582)	\$ 16,866,807	\$ 16,132,834	\$ 733,973
Capital assets	99,151,359	100,759,463	(1,608,104)	80,119,403	74,170,094	5,949,309
Total Assets	137,796,842	143,551,528	(5,754,686)	96,986,210	90,302,928	6,683,282
Deferred Outflows of Resources						
Deferred charge on refunding and lease revision	662,568	740,537	(77,969)	-	-	-
Deferred pension resources	7,710,714	11,325,921	(3,615,207)	390,520	663,540	(273,020)
Total Deferred Outflows of Resources	8,373,282	12,066,458	(3,693,176)	390,520	663,540	(273,020)
Liabilities						
Long-term liabilities outstanding	54,948,059	68,344,514	(13,396,455)	20,236,818	19,283,989	952,829
Other liabilities	3,352,461	2,903,699	448,762	2,111,726	1,745,166	366,560
Total Liabilities	58,300,520	71,248,213	(12,947,693)	22,348,544	21,029,155	1,319,389
Deferred Inflows of Resources						
Unavailable revenue - grants	675,171	-	675,171	-	-	-
Deferred pension resources	8,253,777	2,041,391	6,212,386	364,287	228,071	136,216
Total Deferred Inflows of Resources	8,928,948	2,041,391	6,887,557	364,287	228,071	136,216
Net Position						
Net investment in capital assets	56,043,065	52,404,031	3,639,034	62,456,787	58,757,241	3,699,546
Restricted	15,945,047	23,798,360	(7,853,313)	186,213	186,213	-
Unrestricted	6,952,544	6,125,991	826,553	12,020,899	10,765,788	1,255,111
Total Net Position	\$ 78,940,656	\$ 82,328,382	\$ (3,387,726)	\$ 74,663,899	\$ 69,709,242	\$ 4,954,657

An additional portion of the City's net position (\$16,131,260 or 10.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, (\$18,973,443 or 12.4 percent), may be used to meet the City's ongoing obligations to citizens and creditors.

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

Deferred outflows of resources decreased due to the change in discounts rates used by the actuarial valuation.

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

Governmental Activities. Governmental activities decreased the City's net position by \$3,387,726, thereby offsetting the increase by the business-type activities. Key elements of this decrease are as follows:

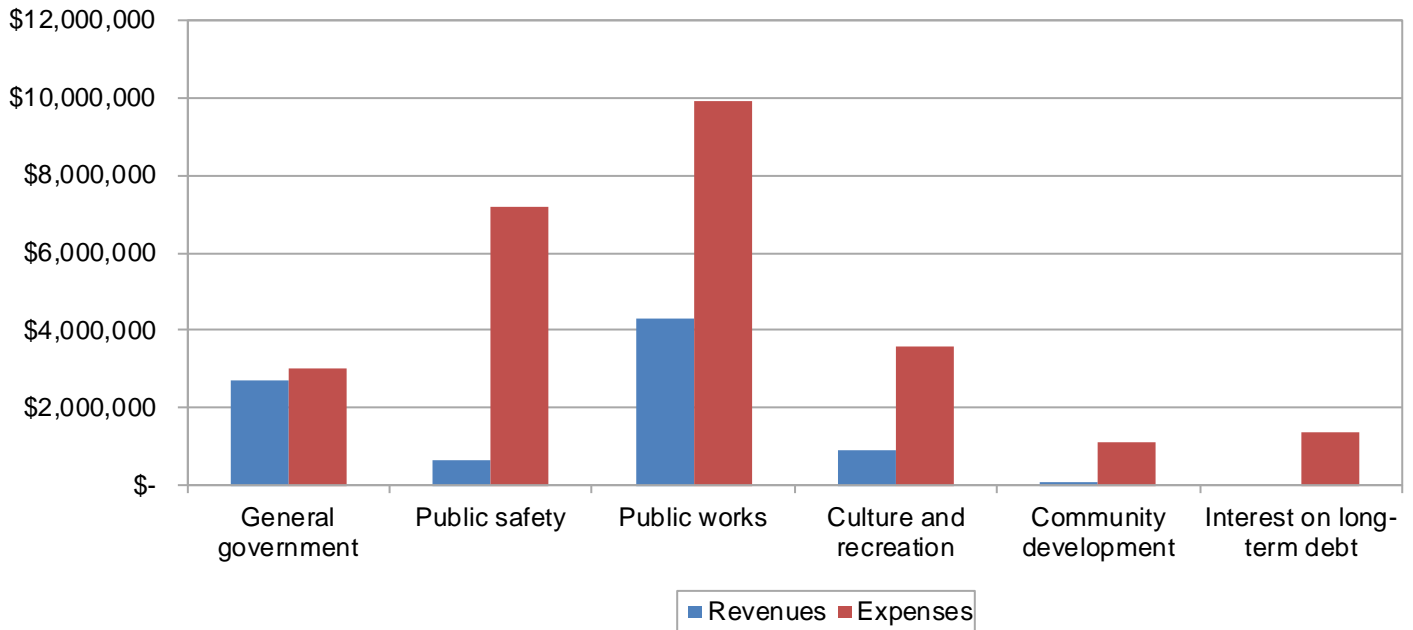
City of Savage's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,380,492	\$ 3,385,576	\$ (5,084)	\$ 16,303,766	\$ 15,435,910	\$ 867,856
Operating grants and contributions	1,182,258	1,615,121	(432,863)	5,200	24,443	(19,243)
Capital grants and contributions	4,116,418	5,110,433	(994,015)	582,599	341,392	241,207
Grants and contributions not restricted	262,976	22,595	240,381	-	-	-
General Revenues						
Property taxes/tax increments	17,107,439	16,684,704	422,735	-	-	-
Franchise taxes	203,154	202,011	1,143	-	-	-
Other	44,416	47,702	(3,286)	-	-	-
Other General Revenues	3,406	33,994	(30,588)	-	-	-
Gain on Sale of Capital Assets	433,110	130,444	302,666	-	11,031	(11,031)
Unrestricted Investment Earnings	390,900	399,871	(8,971)	206,598	204,218	2,380
Total Revenues	<u>27,124,569</u>	<u>27,632,451</u>	<u>(507,882)</u>	<u>17,098,163</u>	<u>16,016,994</u>	<u>1,081,169</u>
Expenses						
General government	3,007,733	3,702,654	(694,921)	-	-	-
Community development	1,097,374	1,207,177	(109,803)	-	-	-
Public safety	7,191,221	8,119,785	(928,564)	-	-	-
Public works	9,910,401	12,269,023	(2,358,622)	-	-	-
Culture and recreation	3,591,953	2,102,361	1,489,592	-	-	-
Interest on long-term debt	1,355,906	1,521,939	(166,033)	-	-	-
Water and sewer	-	-	-	9,289,662	8,972,833	316,829
Storm water	-	-	-	1,371,284	1,285,147	86,137
Liquor	-	-	-	4,961,257	3,910,277	1,050,980
Street light	-	-	-	387,609	358,525	29,084
Sports dome	-	-	-	491,401	463,356	28,045
Total Expenses	<u>26,154,588</u>	<u>28,922,939</u>	<u>(2,768,351)</u>	<u>16,501,213</u>	<u>14,990,138</u>	<u>1,511,075</u>
Increase (Decrease) in Net Position						
Before Transfers	969,981	(1,290,488)	2,260,469	596,950	1,026,856	(429,906)
Transfers	<u>(4,357,707)</u>	<u>104,388</u>	<u>(4,462,095)</u>	<u>4,357,707</u>	<u>(104,388)</u>	<u>4,462,095</u>
Change in Net Position	(3,387,726)	(1,186,100)	(2,201,626)	4,954,657	922,468	4,032,189
Net Position, January 1	<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>
Net Position, December 31	<u>\$ 78,940,656</u>	<u>\$ 82,328,382</u>	<u>\$ (3,387,726)</u>	<u>\$ 74,663,899</u>	<u>\$ 69,709,242</u>	<u>\$ 4,954,657</u>

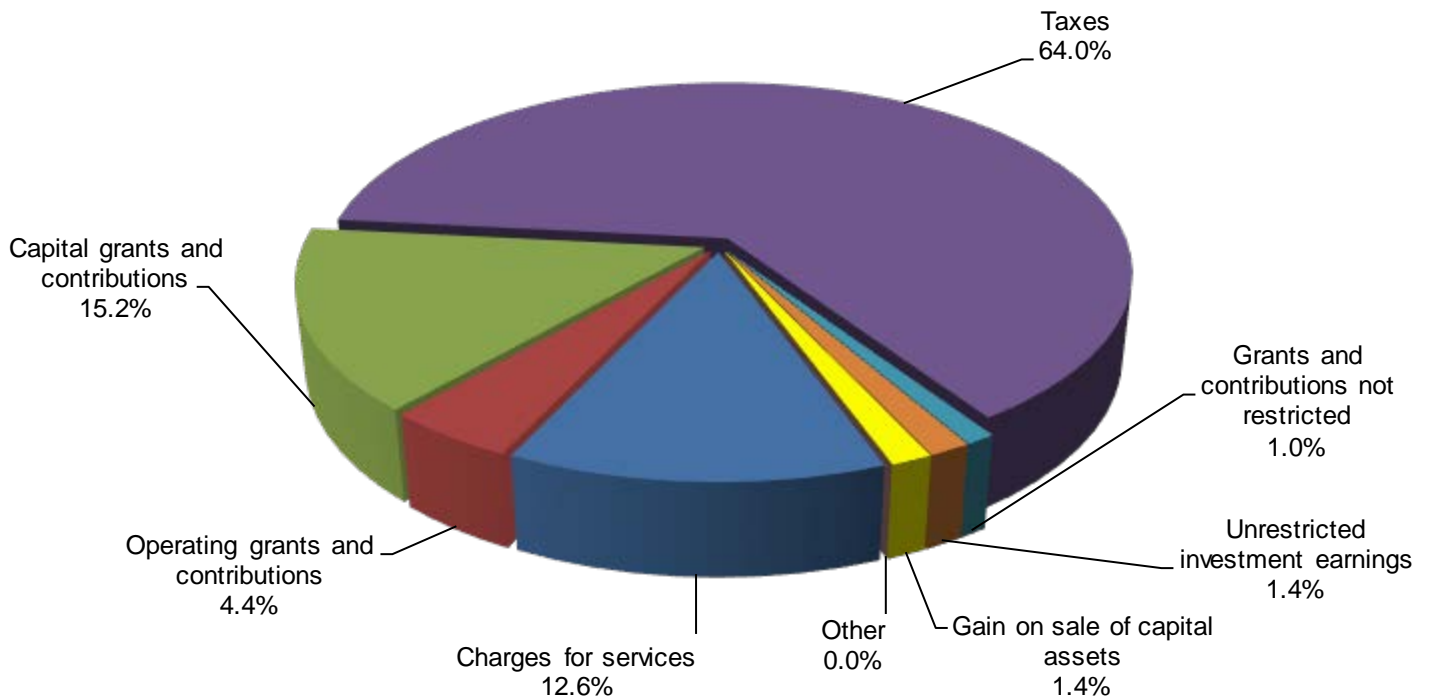
- Capital grants and contributions decreased almost \$1 million due to decrease in total grants of about \$1.5 million.
- Public works function decreased over \$2.4 million due to the effects of uncapitalized cost on a joint project with another government in the prior year.
- Over \$4 million transferred from the Debt Service Revolving fund (Governmental Activities) to the Water/Sewer fund (Business-type activities) for connection fees and trunk assessments collected in prior years.

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

Expenses and Program Revenues - Governmental Activities



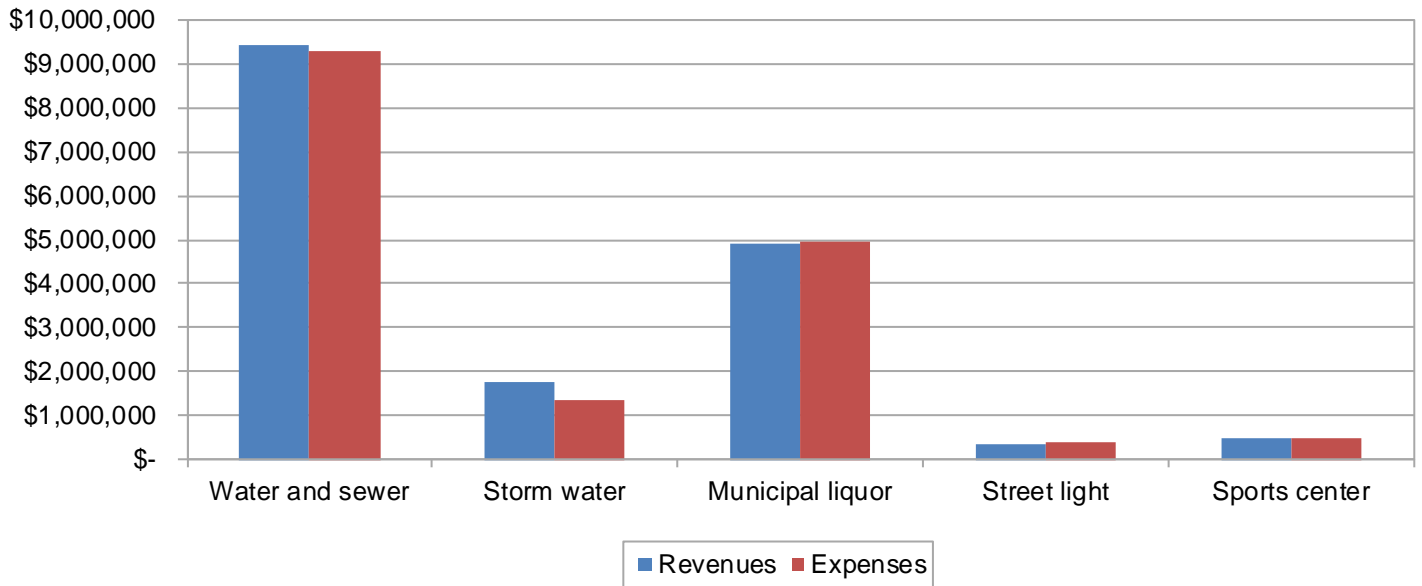
Revenues by Source - Governmental Activities



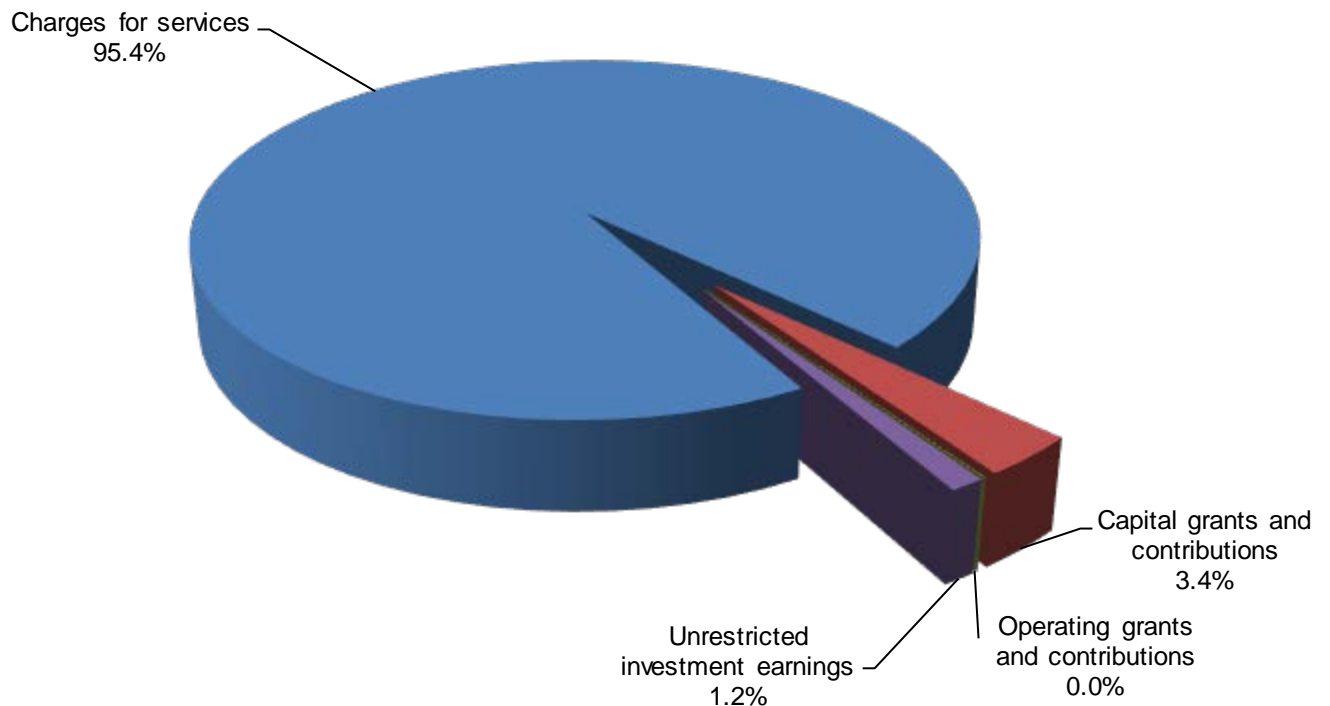
Business-type Activities. Business-type activities increased the City's net position by \$4,954,657 thereby somewhat offsetting the decrease in governmental activities. Key elements of this increase are as follows:

- Operating margins in four of five business-type funds were favorable, providing for \$323,941 of the increase.
- Over \$4 million of prior years' connection and trunk assessments transferred into the Water and Sewer fund from the Debt Service Revolving fund.

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 \$29,119,272, a decrease of \$5,059,536 in comparison with the prior year. Approximately 23.8 percent of this total amount, \$6,917,395, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$22,201,877) consists of the following 1) nonspendable (\$49,225), 2) restricted (\$12,766,724), 3) committed (\$2,350,920), or 4) assigned (\$7,035,008) for the purposes described in Note 3.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2017	2016	
General	\$ 7,452,744	\$ 7,021,444	\$ 431,300

The General Fund had revenues over budget of \$941,228 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 \$1,061,092, transfers to other funds of \$835,000 led to the net change in fund balance in the general fund of an increase of \$431,300.

Debt Service	\$ 10,320,947	\$ 16,686,205	\$ (6,365,258)
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The decrease in fund balance of the Debt Service funds of over \$6 million is mainly due to transfers out of \$4.9 million.

Permanent Improvement Revolving	\$ 1,880,694	\$ 1,710,860	\$ 169,834
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The fund balance increased \$169,834 mainly due to state highway and construction aid and transfers in of nearly \$1 million to support capital projects.

Nonmajor Government funds have a total fund balance of \$9,464,887. The net increase in fund balance during the current year was \$704,588. The increase is mainly attributable to transfers in.

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

Unrestricted net position of the business-type activities at the end of the year amounted to \$12,020,899. The total increase in net position for business-type activities was \$4,954,657. 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 \$39,038 from the original budget. Actual revenues had a positive budget variance of \$941,228, and expenditures had a positive budget variance of \$340,364.

- The largest budget variances for revenues were charges for services and licenses and permits, which were over budget by \$522,360 and \$549,660, respectively. The positive variances can mainly be attributed to community development and building activity during the year resulting in additional permit fees and charges for plan reviews.
- All expenditure functions within the fund were under budget for 2017 except general government capital outlay. The largest positive expenditure variances were in public works, which was under budget by \$173,477. The variance in public works was due to less than anticipated in the Maintenance of streets and alleys department.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$179,270,762 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was \$4,341,205.

Major capital asset events during the current fiscal year included:

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

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

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

	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Land	\$ 5,458,583	\$ 5,458,583	\$ -	\$ 1,661,272	\$ 1,744,972	\$ (83,700)
Right of Ways and Easements	754,344	754,344	-	-	-	-
Construction in Progress	4,818,129	7,100,075	(2,281,946)	12,696,786	3,860,273	8,836,513
Land Improvements	2,853,772	3,276,031	(422,259)	333,334	369,992	(36,658)
Buildings and Structures	23,091,087	23,734,834	(643,747)	15,245,836	16,351,805	(1,105,969)
Furniture and Equipment	6,222,572	5,709,466	513,106	1,827,328	1,739,507	87,821
Improvements other than Buildings	55,952,872	54,726,130	1,226,742	48,354,847	50,103,545	(1,748,698)
Total	<u>\$ 99,151,359</u>	<u>\$ 100,759,463</u>	<u>\$ (1,608,104)</u>	<u>\$ 80,119,403</u>	<u>\$ 74,170,094</u>	<u>\$ 5,949,309</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$61,485,953. 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		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
General Obligation Bonds	\$ 11,945,000	\$ 13,680,000	\$ (1,735,000)	\$ -	\$ -	\$ -
Unamortized Discount and Premium	1,093,150	989,232	103,918	434,408	339,053	95,355
Public Facility Revenue Bond	240,000	475,000	(235,000)	-	-	-
General Obligation Special Assessment Improvement Bonds	29,731,200	31,471,200	(1,740,000)	-	-	-
General Obligation Revenue Bonds Revenue Bonds	-	-	-	18,042,195	16,913,195	1,129,000
Total	<u>\$ 43,009,350</u>	<u>\$ 46,615,432</u>	<u>\$ (3,606,082)</u>	<u>\$ 18,476,603</u>	<u>\$ 17,252,248</u>	<u>\$ 1,224,355</u>

The City's total bonded long-term debt decreased \$2,381,727 (3.7 percent) during the current fiscal year. The City issued G.O. special assessment bonds of \$3,095,000, G.O. revenue bonds of \$3,830,000, G.O. Recreation Facility Refunding Bonds of \$1,520,000 and Taxable Facility Lease Revenue Refunding Bonds of \$1,385,000. Offsetting the increase attributed to the issuance of the bonds, were regularly scheduled debt service principal payments of \$12,766,000.

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

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. As of December 31, 2017, the City is under the legal debt margin.

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

Economic Factors and Next Year’s Budgets and Rates

The following are key economic factors for the City of Savage. These factors have been considered when preparing the budget for fiscal year ending December 31, 2017.

- Growth in the City’s tax base is expected to continue into 2018 in both residential and commercial sectors. Preliminary valuation information from Scott County shows Savage’s net tax capacity growth for taxes payable in 2019 at 8.82% from 2018 actual valuations.
- Water and sewer rates were increased 3% in 2017 and increased 3% in 2018.
- 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 2018 budget shows no reliance on fund balance to balance the budget - this is the 3rd 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 4.26% from 2017 to 2018.
- 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 2017, 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 2019 budgeting process. The City’s 2017 yearend Assigned and Unassigned General Fund balance reserve has been maintained at 51.6% of the projected 2018 General fund budget expenditures. The \$226,626 of Assigned fund balance is earmarked for city hall roof replacement (\$215,000), Employee Committee (\$3,298) and Police Forfeitures (\$8,328) 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 2017 assessment (2018 collection) year, the City’s net tax capacity increased by 5% percent. This is the fifth year in a row that tax capacity increased after four consecutive years of tax capacity declines. Home foreclosures have dropped to levels experienced prior to the recession. Residential home sales of existing owner-occupied units and the demand for new residential construction are high. New single-family housing construction values are generally in excess of \$500,000.
- Over the past five 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 2017, new subdivisions approved included Rylie Ridge (81 lots), Madelyn Pointe (34 lots), Providence 3rd Addition (45 lots) and Rose Hill (35 lots). A new townhome development project, Hamilton Landing, was also approved (33 units). 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. On the drawing board and poised for development in 2018 is Big Sky Estates 2nd addition (25 lots), Bluff Haven Townhomes (16 units), and Louisiana Lofts (54 units) workforce housing project.
- The vast majority of the lots being created are in high amenity locations. In 2017, 204 new single family permits were approved and at the end of April 2018, 66 new single family home permits have been recorded. Given the available lot inventory and demand we anticipate that between 150 and 200 single family units will be constructed this year. If overall global conditions remain steady we anticipate that similar residential development activity will continue into 2019 and beyond.

- In the fall of 2017, Independent School District No. 719 (Prior Lake-Savage) held a referendum for the sale of approximately \$109 million in bonds that included funding for the expansion of three existing schools in the City including a major addition to the High School in an amount of approximately \$46.8 million. The referendum, which was approved, also included approximately \$40 million to construct a new elementary school in the City adjacent to the Big Sky Estates development. These expansion projects are expected to provide the additional student capacity for projected enrollment growth for at least the next five years. A second question on the fall referendum, that was also approved, increased the per pupil operating levy from \$674 per pupil to \$924 per pupil for a ten year period. The quality school districts serving the City also play an instrumental role in attracting new families to the community. Construction on the elementary school addition is expected to take place in 2018 while the High School expansion project and the new Big Sky elementary schools are scheduled to commence in the spring of 2019. Building permit and water/sewer connection fee revenues are expected to be positively impacted by these projects both in 2018 and 2019.
- In addition to residential growth, in 2017 a new 25,000 square-foot grocery store and a 25,000 square-foot clothing store took occupancy of space in a redeveloped shopping center at the northwest corner of County Road 42 and Trunk Highway 13. HyVee also opened its new 100,000 square-foot grocery facility and a 5,000 square-foot gas/convenience store located at the northeast corner of County Road 27 and County Road 42. The grocery site also includes an attached 6,700 square-foot space that is occupied by the City for a municipal liquor off-sale outlet. In conjunction with the opening of this new liquor outlet the City closed its off-sale operation at Dan Patch Liquor. Even with the new location only being open 10 months of 2017, this operational change resulted in a 28% increase in annual municipal liquor operating sales over 2016.
- In 2018, plans have been submitted for a new 30,000 square-foot, three story, mini storage building to be constructed north of County Road 42 on Rutgers Avenue. Construction on this project is scheduled to commence in May 2018. The City will also be moving forward on a redevelopment project for the Valley Oil site. Redevelopment will include the demolition of blighted buildings and the removal of contaminated soils. Upon the completion of this work, the City has a developer that intends to construct a 17,000 square-foot office/warehouse building. A private redevelopment project is also being considered on the Windmill Café property located along Trunk Highway 13 and 123rd Street. Redevelopment is expected to include the demolition of the Windmill Café and an old gas station. Pending project approval the site is being considered for the development of a new four-story 72-unit Grandstay Hotel and Suites.

All of these factors were considered in preparing the City's budget for the 2018 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

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City of Savage, Minnesota
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 30,860,810	\$ 13,285,271	\$ 44,146,081
Cash held with fiscal agent	251,000	-	251,000
Receivables			
Accounts	735,300	1,777,589	2,512,889
Accrued interest	118,980	3,186	122,166
Taxes	116,561	-	116,561
Special assessments	4,382,615	317,477	4,700,092
Notes	1,179,233	381,819	1,561,052
Due from other governments	5,968	-	5,968
Internal balances	151,682	(151,682)	-
Inventories	5,963	1,136,406	1,142,369
Prepaid items	43,262	-	43,262
Assets held for resale	794,109	116,741	910,850
Capital assets			
Land and construction in progress	11,031,056	14,358,058	25,389,114
Depreciable assets (net of accumulated depreciation)	<u>88,120,303</u>	<u>65,761,345</u>	<u>153,881,648</u>
Total Assets	<u>137,796,842</u>	<u>96,986,210</u>	<u>234,783,052</u>
Deferred Outflows of Resources			
Deferred charge on refunding and lease revision	662,568	-	662,568
Deferred pension resources	<u>7,710,714</u>	<u>390,520</u>	<u>8,101,234</u>
Total Deferred Outflows of Resources	<u>8,373,282</u>	<u>390,520</u>	<u>8,763,802</u>
Liabilities			
Accounts and contracts payable	776,998	1,646,941	2,423,939
Accrued salaries payable	436,797	87,643	524,440
Accrued interest payable	480,181	223,539	703,720
Due to other governments	30	67,224	67,254
Deposits payable	1,654,808	66,250	1,721,058
Unearned revenue	3,647	20,129	23,776
Noncurrent liabilities			
Due within one year	6,930,768	3,062,882	9,993,650
Due in more than one year	<u>48,017,291</u>	<u>17,173,936</u>	<u>65,191,227</u>
Total Liabilities	<u>58,300,520</u>	<u>22,348,544</u>	<u>80,649,064</u>
Deferred Inflows of Resources			
Unavailable revenue - grants	675,171	-	675,171
Deferred pension resources	<u>8,253,777</u>	<u>364,287</u>	<u>8,618,064</u>
Total Deferred Inflows of Resources	<u>8,928,948</u>	<u>364,287</u>	<u>9,293,235</u>
Net Position			
Net investment in capital assets	56,043,065	62,456,787	118,499,852
Restricted for			
Park improvements	1,822,289	-	1,822,289
Debt service	14,122,758	186,213	14,308,971
Unrestricted	<u>6,952,544</u>	<u>12,020,899</u>	<u>18,973,443</u>
Total Net Position	<u>\$ 78,940,656</u>	<u>\$ 74,663,899</u>	<u>\$ 153,604,555</u>

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

City of Savage, Minnesota
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 3,007,733	\$ 2,340,982	\$ 333,922	\$ 18,250
Community development	1,097,374	57,861	12,841	-
Public safety	7,191,221	68,783	603,625	-
Public works	9,910,401	28,800	206,870	4,096,968
Culture and recreation	3,591,953	884,066	25,000	1,200
Interest on long-term debt	1,355,906	-	-	-
Total Governmental Activities	<u>26,154,588</u>	<u>3,380,492</u>	<u>1,182,258</u>	<u>4,116,418</u>
Business-type Activities				
Water and sewer	9,289,662	9,048,111	4,961	370,417
Storm water	1,371,284	1,538,029	47	212,182
Municipal liquor	4,961,257	4,887,610	178	-
Street light	387,609	365,915	-	-
Sports center	491,401	464,101	14	-
Total Business-type Activities	<u>16,501,213</u>	<u>16,303,766</u>	<u>5,200</u>	<u>582,599</u>
 Total Governmental And Business-type Activities	 <u>\$ 42,655,801</u>	 <u>\$ 19,684,258</u>	 <u>\$ 1,187,458</u>	 <u>\$ 4,699,017</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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (314,579)	\$ -	\$ (314,579)
(1,026,672)	-	(1,026,672)
(6,518,813)	-	(6,518,813)
(5,577,763)	-	(5,577,763)
(2,681,687)	-	(2,681,687)
(1,355,906)	-	(1,355,906)
<u>(17,475,420)</u>	<u>-</u>	<u>(17,475,420)</u>
-	133,827	133,827
-	378,974	378,974
-	(73,469)	(73,469)
-	(21,694)	(21,694)
-	(27,286)	(27,286)
<u>-</u>	<u>390,352</u>	<u>390,352</u>
<u>(17,475,420)</u>	<u>390,352</u>	<u>(17,085,068)</u>
11,692,427	-	11,692,427
5,254,051	-	5,254,051
160,961	-	160,961
203,154	-	203,154
44,416	-	44,416
262,976	-	262,976
390,900	206,598	597,498
3,406	-	3,406
433,110	-	433,110
(4,357,707)	4,357,707	-
<u>14,087,694</u>	<u>4,564,305</u>	<u>18,651,999</u>
(3,387,726)	4,954,657	1,566,931
<u>82,328,382</u>	<u>69,709,242</u>	<u>152,037,624</u>
<u>\$ 78,940,656</u>	<u>\$ 74,663,899</u>	<u>\$ 153,604,555</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, 2017

City of Savage, Minnesota
Balance Sheet
Governmental Funds
December 31, 2017

	General	Debt Service	Permanent Improvement Revolving	Other Governmental Funds	Total
Assets					
Cash and investments	\$ 9,092,192	\$ 9,486,317	\$ 2,632,799	\$ 8,142,925	\$ 29,354,233
Cash with fiscal agent	-	251,000	-	-	251,000
Receivables					
Accrued interest	118,820	160	-	-	118,980
Accounts	79,705	-	-	655,595	735,300
Taxes	79,274	36,934	-	353	116,561
Special assessments	6,830	4,255,180	120,605	-	4,382,615
Notes	-	-	-	1,179,233	1,179,233
Due from other governments	5,968	-	-	-	5,968
Due from other funds	408,095	573,348	-	753,815	1,735,258
Inventories	5,963	-	-	-	5,963
Prepaid items	28,993	-	-	14,269	43,262
Assets held for resale	-	-	-	794,109	794,109
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,825,840</u>	<u>\$ 14,602,939</u>	<u>\$ 2,753,404</u>	<u>\$ 11,540,299</u>	<u>\$ 38,722,482</u>
Liabilities					
Accounts payable	\$ 244,297	\$ -	\$ 11,325	\$ 348,131	\$ 603,753
Accrued salaries and withholdings payable	426,267	-	-	10,530	436,797
Contracts payable	-	-	65,609	107,636	173,245
Due to other governments	30	-	-	-	30
Due to other funds	-	-	-	1,583,576	1,583,576
Deposits payable	1,629,677	-	-	25,131	1,654,808
Unearned revenue	3,647	-	-	-	3,647
Total Liabilities	<u>2,303,918</u>	<u>-</u>	<u>76,934</u>	<u>2,075,004</u>	<u>4,455,856</u>
Deferred Inflows of Resources					
Unavailable revenue - grants	-	-	675,171	-	675,171
Unavailable revenue - property taxes	62,348	28,791	-	408	91,547
Unavailable revenue - special assessments	6,830	4,253,201	120,605	-	4,380,636
Total Deferred Inflows of Resources	<u>69,178</u>	<u>4,281,992</u>	<u>795,776</u>	<u>408</u>	<u>5,147,354</u>
Fund Balances					
Nonspendable	34,956	-	-	14,269	49,225
Restricted	-	10,320,947	-	2,445,777	12,766,724
Committed	-	-	-	2,350,920	2,350,920
Assigned	226,626	-	1,880,694	4,927,688	7,035,008
Unassigned	7,191,162	-	-	(273,767)	6,917,395
Total Fund Balances	<u>7,452,744</u>	<u>10,320,947</u>	<u>1,880,694</u>	<u>9,464,887</u>	<u>29,119,272</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,825,840</u>	<u>\$ 14,602,939</u>	<u>\$ 2,753,404</u>	<u>\$ 11,540,299</u>	<u>\$ 38,722,482</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, 2017

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

Total Fund Balances - Governmental	\$ 29,119,272
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of capital assets	200,335,615
Less accumulated depreciation	(101,184,256)
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	(41,916,200)
Unamortized bond premium and discount	(1,093,150)
Capital lease payable	(1,385,000)
Deferred charge on lease revision	103,740
Deferred charge on refunding	558,828
Compensated absences payable	(1,337,568)
Pension liability	(8,844,837)
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	91,547
Special assessments	4,380,636
Governmental fund do not report a liability for accrued interest until due and payable	(480,181)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	7,710,714
Deferred inflows of pension resources	(8,253,777)
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.	
	1,135,273
Total Net Position - Governmental Activities	\$ 78,940,656

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, 2017

	General	Debt Service	Permanent Improvement Revolving	Other Governmental Funds	Total
Revenues					
Taxes	\$ 11,708,573	\$ 5,254,051	\$ -	\$ 391,984	\$ 17,354,608
Licenses and permits	1,103,285	-	-	-	1,103,285
Intergovernmental	643,630	43,122	2,401,957	870,818	3,959,527
Charges for services	1,158,646	-	-	-	1,158,646
Fines and forfeits	45,258	-	-	-	45,258
Special assessments	13,150	1,090,422	134,406	176,755	1,414,733
Investment earnings	104,562	122,380	29,520	114,398	370,860
Miscellaneous	142,728	298,903	-	1,086,371	1,528,002
Total Revenues	<u>14,919,832</u>	<u>6,808,878</u>	<u>2,565,883</u>	<u>2,640,326</u>	<u>26,934,919</u>
Expenditures					
Current					
General government	2,361,620	-	-	359,708	2,721,328
Community development	780,390	-	-	97,843	878,233
Public safety	6,532,555	-	-	-	6,532,555
Public works	2,319,866	-	-	-	2,319,866
Culture and recreation	1,850,781	-	-	-	1,850,781
Capital outlay					
General government	13,528	-	-	116,058	129,586
Community development	-	-	-	160,916	160,916
Public safety	-	-	-	235,759	235,759
Public works	-	-	3,372,227	4,299,763	7,671,990
Culture and recreation	-	-	-	1,606,575	1,606,575
Debt service					
Principal	-	6,700,000	-	-	6,700,000
Interest and other charges	-	1,381,337	-	-	1,381,337
Bond issuance costs	-	-	-	113,394	113,394
Total Expenditures	<u>13,858,740</u>	<u>8,081,337</u>	<u>3,372,227</u>	<u>6,990,016</u>	<u>32,302,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,061,092</u>	<u>(1,272,459)</u>	<u>(806,344)</u>	<u>(4,349,690)</u>	<u>(5,367,401)</u>
Other Financing Sources (Uses)					
Sale of capital assets	5,208	-	-	433,110	438,318
Bonds issued	-	2,905,000	-	3,095,000	6,000,000
Premiums on bonds issued	-	119,997	-	113,037	233,034
Principal paid on refunded bonds	-	(3,365,000)	-	-	(3,365,000)
Transfers in	200,000	147,204	976,178	6,181,396	7,504,778
Transfers out	(835,000)	(4,900,000)	-	(4,768,265)	(10,503,265)
Total Other Financing Sources (Uses)	<u>(629,792)</u>	<u>(5,092,799)</u>	<u>976,178</u>	<u>5,054,278</u>	<u>307,865</u>
Net Changes in Fund Balances	431,300	(6,365,258)	169,834	704,588	(5,059,536)
Fund Balances, January 1	<u>7,021,444</u>	<u>16,686,205</u>	<u>1,710,860</u>	<u>8,760,299</u>	<u>34,178,808</u>
Fund Balances, December 31	<u>\$ 7,452,744</u>	<u>\$ 10,320,947</u>	<u>\$ 1,880,694</u>	<u>\$ 9,464,887</u>	<u>\$ 29,119,272</u>

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, 2017

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (5,059,536)
<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	(6,783,182)
Capital outlay	6,549,428
Loss on disposal	(15,130)
<p>Governmental funds report projects in capital project funds. Some of the capital assets constructed in the project will be maintained in business-type activity funds. The assets are reported as a transfer from the government-activities to the business-type activities</p>	
	(1,359,220)
<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	20,040
Consolidation of internal service fund activities with governmental activities	(45,494)
<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	401
Special assessments	(297,654)
<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	(6,000,000)
Debt issuance costs and discounts	129,116
Principal repayments	8,325,000
Capital lease repayments	1,740,000
Amortization of debt issuance costs and discounts	(77,969)
Premium in bonds issued	(233,034)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(422,124)
Pension revenue from state contributions	28,545
<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>	
	87,678
<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	25,409
Change in Net Position - Governmental Activities (Statement 2)	\$ (3,387,726)

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
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 11,929,076	\$ 11,929,076	\$ 11,708,573	\$ (220,503)
Licenses and permits	553,625	553,625	1,103,285	549,660
Intergovernmental	584,579	587,358	643,630	56,272
Charges for services	636,286	636,286	1,158,646	522,360
Fines and forfeits	25,000	25,000	45,258	20,258
Special assessments	-	-	13,150	13,150
Investment earnings	125,000	125,000	104,562	(20,438)
Miscellaneous	86,000	122,259	142,728	20,469
Total Revenues	<u>13,939,566</u>	<u>13,978,604</u>	<u>14,919,832</u>	<u>941,228</u>
Expenditures				
Current				
General government	2,410,809	2,412,199	2,361,620	50,579
Community development	823,326	823,326	780,390	42,936
Public safety	6,534,143	6,550,402	6,532,555	17,847
Public works	2,491,954	2,493,343	2,319,866	173,477
Culture and recreation	1,888,299	1,908,299	1,850,781	57,518
Capital outlay				
General government	11,535	11,535	13,528	(1,993)
Total Expenditures	<u>14,160,066</u>	<u>14,199,104</u>	<u>13,858,740</u>	<u>340,364</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(220,500)</u>	<u>(220,500)</u>	<u>1,061,092</u>	<u>1,281,592</u>
Other Financing Sources (Uses)				
Sale of capital assets	500	500	5,208	4,708
Transfers in	220,000	220,000	200,000	(20,000)
Transfers out	-	-	(835,000)	(835,000)
Total Financing Sources (Uses)	<u>220,500</u>	<u>220,500</u>	<u>(629,792)</u>	<u>(850,292)</u>
Net Change in Fund Balances	-	-	431,300	431,300
Fund Balances, January 1	<u>7,021,444</u>	<u>7,021,444</u>	<u>7,021,444</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 7,021,444</u>	<u>\$ 7,021,444</u>	<u>\$ 7,452,744</u>	<u>\$ 431,300</u>

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

City of Savage, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2017

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Assets			
Current Assets			
Cash and investments	\$ 7,936,293	\$ 5,016,037	\$ -
Receivables			
Accrued interest	3,186	-	-
Accounts	1,209,601	456,647	85
Notes	-	-	381,819
Special assessments - current	853	-	-
Special assessments - delinquent	9,478	-	-
Due from other funds	256,413	-	-
Inventories	-	-	1,136,406
Assets held for resale	-	116,741	-
Total Current Assets	<u>9,415,824</u>	<u>5,589,425</u>	<u>1,518,310</u>
Noncurrent Assets			
Special assessments receivable	<u>307,146</u>	-	-
Capital assets			
Land	1,371,272	-	290,000
Land Improvements	703,205	-	52,549
Buildings and structures	20,221,918	-	1,629,578
Machinery and equipment	4,339,465	187,209	145,553
Improvements other than buildings	95,257,973	24,975,895	-
Construction in progress	<u>10,967,033</u>	<u>1,729,013</u>	-
Total Capital Assets	132,860,866	26,892,117	2,117,680
Less Accumulated Depreciation	<u>(72,113,764)</u>	<u>(13,504,066)</u>	<u>(730,431)</u>
Net Capital Assets	<u>60,747,102</u>	<u>13,388,051</u>	<u>1,387,249</u>
Total Noncurrent Assets	<u>61,054,248</u>	<u>13,388,051</u>	<u>1,387,249</u>
Total Assets	<u>70,470,072</u>	<u>18,977,476</u>	<u>2,905,559</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>217,710</u>	<u>34,388</u>	<u>128,854</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
\$ 328,891	\$ 4,050	\$ 13,285,271	\$ 1,506,577
-	-	3,186	-
68,581	42,675	1,777,589	-
-	-	381,819	-
-	-	853	-
-	-	9,478	-
-	-	256,413	-
-	-	1,136,406	-
-	-	116,741	-
<u>397,472</u>	<u>46,725</u>	<u>16,967,756</u>	<u>1,506,577</u>
-	-	307,146	-
-	-	1,661,272	-
-	500,000	1,255,754	-
699,942	4,256,087	26,807,525	-
-	35,619	4,707,846	-
-	-	120,233,868	-
740	-	12,696,786	-
<u>700,682</u>	<u>4,791,706</u>	<u>167,363,051</u>	-
<u>(297,545)</u>	<u>(597,842)</u>	<u>(87,243,648)</u>	-
<u>403,137</u>	<u>4,193,864</u>	<u>80,119,403</u>	-
<u>403,137</u>	<u>4,193,864</u>	<u>80,426,549</u>	-
<u>800,609</u>	<u>4,240,589</u>	<u>97,394,305</u>	<u>1,506,577</u>
-	9,568	390,520	-

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, 2017

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Liabilities			
Current Liabilities			
Accounts payable	\$ 877,825	\$ 36,391	\$ 233,444
Accrued salaries and withholdings payable	47,647	6,545	27,861
Contracts payable	345,643	31,899	-
Due to other funds	-	-	408,095
Due to other governments	11,346	-	54,861
Accrued interest payable	176,396	5,004	7,443
Deposits payable	14,692	51,558	-
Unearned revenue	-	-	2,143
Bonds payable - current	1,617,000	144,800	165,000
Notes payable - current	613,000	-	-
Compensated absences payable - current	155,336	17,149	40,210
Total Current Liabilities	<u>3,858,885</u>	<u>293,346</u>	<u>939,057</u>
Noncurrent Liabilities			
Bonds payable	11,066,580	251,746	172,378
Notes payable	635,395	-	-
Pension liability	812,066	129,761	483,218
Other postemployment benefits payable	44,371	7,298	29,579
Total Noncurrent Liabilities	<u>12,558,412</u>	<u>388,805</u>	<u>685,175</u>
Total Liabilities	<u>16,417,297</u>	<u>682,151</u>	<u>1,624,232</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>202,811</u>	<u>31,113</u>	<u>121,357</u>
Net Position			
Net investment in capital assets	47,720,192	12,983,509	1,052,493
Restricted for debt service	-	-	186,213
Unrestricted	<u>6,347,482</u>	<u>5,315,091</u>	<u>50,118</u>
Total Net Position	<u>\$ 54,067,674</u>	<u>\$ 18,298,600</u>	<u>\$ 1,288,824</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
\$ 64,243	\$ 57,496	\$ 1,269,399	\$ -
-	5,590	87,643	-
-	-	377,542	-
-	-	408,095	-
-	1,017	67,224	-
-	34,696	223,539	-
-	-	66,250	-
-	17,986	20,129	-
-	305,000	2,231,800	-
-	-	613,000	-
-	5,387	218,082	-
<u>64,243</u>	<u>427,172</u>	<u>5,582,703</u>	<u>-</u>
-	3,505,704	14,996,408	-
-	-	635,395	-
-	35,553	1,460,598	-
-	287	81,535	371,304
<u>-</u>	<u>3,541,544</u>	<u>17,173,936</u>	<u>371,304</u>
<u>64,243</u>	<u>3,968,716</u>	<u>22,756,639</u>	<u>371,304</u>
-	9,006	364,287	-
403,137	297,456	62,456,787	(439,782)
-	-	186,213	-
<u>333,229</u>	<u>(25,021)</u>	<u>12,020,899</u>	<u>1,575,055</u>
<u>\$ 736,366</u>	<u>\$ 272,435</u>	<u>\$ 74,663,899</u>	<u>\$ 1,135,273</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, 2017

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Operating Revenues			
Sales	\$ -	\$ -	\$ 4,794,923
Cost of sales	-	-	(3,710,540)
Gross Profit	-	-	1,084,383
Charges for services	8,758,337	1,330,718	-
Special assessments	23,144	23,445	-
Other revenue	242,633	183,913	92,865
Total Operating Revenues	<u>9,024,114</u>	<u>1,538,076</u>	<u>1,177,248</u>
Operating Expenses			
Personnel services	1,221,035	228,746	708,802
Professional services	1,474,703	46,291	204,184
Shop supplies	334,086	-	-
Sewer charges - MCES	1,843,902	-	-
Utilities	333,769	-	61,233
Depreciation	3,392,381	822,496	46,094
Repairs and maintenance	160,181	219,879	11,848
Rent	217	-	84,325
Postage	39,693	8,618	-
Telephone	15,714	-	-
Insurance	28,871	29	10,914
Office and other supplies	72,809	26,277	43,984
Miscellaneous	-	8,971	-
Total Operating Expenses	<u>8,917,361</u>	<u>1,361,307</u>	<u>1,171,384</u>
Operating Income (Loss)	<u>106,753</u>	<u>176,769</u>	<u>5,864</u>
Nonoperating Revenues (Expenses)			
Intergovernmental	-	212,182	-
Investment earnings	120,176	81,819	-
Bond issuance costs	(30,979)	-	-
Interest and other charges	(339,223)	(9,977)	(21,378)
Gain on disposal of capital assets	24,858	-	-
Loss on disposal of capital assets	(2,099)	-	(57,955)
Miscellaneous revenue (expense)	4,100	-	-
Total Nonoperating Revenues (Expenses)	<u>(223,167)</u>	<u>284,024</u>	<u>(79,333)</u>
Income (Loss) Before Contributions and Transfers	(116,414)	460,793	(73,469)
Capital Contributions	931,863	789,055	-
Transfers In	4,900,000	-	-
Transfers Out	<u>(1,165,984)</u>	<u>(940,529)</u>	<u>-</u>
Change in Net Position	4,549,465	309,319	(73,469)
Net Position, January 1	<u>49,518,209</u>	<u>17,989,281</u>	<u>1,362,293</u>
Net Position, December 31	<u>\$ 54,067,674</u>	<u>\$ 18,298,600</u>	<u>\$ 1,288,824</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
\$ -	\$ -	\$ 4,794,923	\$ -
-	-	(3,710,540)	-
-	-	1,084,383	-
365,915	464,101	10,919,071	-
-	-	46,589	-
-	-	519,411	-
<u>365,915</u>	<u>464,101</u>	<u>12,569,454</u>	<u>-</u>
-	92,916	2,251,499	381,587
2,170	27,136	1,754,484	184,500
-	-	334,086	-
-	-	1,843,902	-
327,399	121,429	843,830	-
36,117	121,569	4,418,657	-
19,447	20,896	432,251	-
-	-	84,542	-
2,476	-	50,787	-
-	-	15,714	-
-	2,124	41,938	-
-	21,044	164,114	-
-	738	9,709	-
<u>387,609</u>	<u>407,852</u>	<u>12,245,513</u>	<u>566,087</u>
(21,694)	56,249	323,941	(566,087)
-	-	212,182	-
4,603	-	206,598	20,040
-	-	(30,979)	-
-	(83,549)	(454,127)	-
-	-	24,858	-
-	-	(60,054)	-
-	14	4,114	520,593
<u>4,603</u>	<u>(83,535)</u>	<u>(97,408)</u>	<u>540,633</u>
(17,091)	(27,286)	226,533	(25,454)
8,719	-	1,729,637	-
-	205,000	5,105,000	-
-	-	(2,106,513)	-
(8,372)	177,714	4,954,657	(25,454)
<u>744,738</u>	<u>94,721</u>	<u>69,709,242</u>	<u>1,160,727</u>
<u>\$ 736,366</u>	<u>\$ 272,435</u>	<u>\$ 74,663,899</u>	<u>\$ 1,135,273</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, 2017

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 8,912,950	\$ 1,337,188	\$ 1,177,948
Payment to suppliers	(4,458,415)	(341,989)	(764,177)
Payment to employees	(1,170,174)	(185,510)	(654,190)
Other operating receipts	4,100	212,182	-
Net Cash Provided (Used) by Operating Activities	<u>3,288,461</u>	<u>1,021,871</u>	<u>(240,419)</u>
Cash Flows from Noncapital Financing Activities			
Receipts from other funds	12,571	-	352,203
Transfers in	4,900,000	-	-
Transfers out	(1,165,984)	(940,529)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>3,746,587</u>	<u>(940,529)</u>	<u>352,203</u>
Cash Flow from Capital and Related Financing Activities			
Acquisition of capital assets	(8,399,265)	(727,293)	(47,705)
Principal payments received on notes receivable	-	-	118,181
Proceeds from the sale of assets	67,218	-	-
Connection charges	370,417	-	-
Proceeds from bonds issued	3,830,000	-	-
Premium received on bonds issued	185,150	-	-
Bond issuance costs paid	(30,979)	-	-
Principal paid on debt	(2,085,400)	(155,600)	(160,000)
Interest paid on debt	(396,186)	(14,728)	(22,260)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(6,459,045)</u>	<u>(897,621)</u>	<u>(111,784)</u>
Cash Flow from Investing Activities			
Investment earnings received	<u>120,113</u>	<u>81,819</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	696,116	(734,460)	-
Cash and Cash Equivalents, January 1	<u>7,240,177</u>	<u>5,750,497</u>	<u>-</u>
Cash and Cash Equivalents, December 31	<u>\$ 7,936,293</u>	<u>\$ 5,016,037</u>	<u>\$ -</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
\$ 366,167	\$ 455,366	\$ 12,249,619	\$ -
(320,308)	(171,957)	(6,056,846)	(188,518)
-	(91,923)	(2,101,797)	(357,537)
-	14	216,296	520,593
<u>45,859</u>	<u>191,500</u>	<u>4,307,272</u>	<u>(25,462)</u>
-	-	364,774	-
-	205,000	5,105,000	-
-	-	(2,106,513)	-
<u>-</u>	<u>205,000</u>	<u>3,363,261</u>	<u>-</u>
(53,777)	-	(9,228,040)	-
-	-	118,181	-
-	-	67,218	-
-	-	370,417	-
-	-	3,830,000	-
-	-	185,150	-
-	-	(30,979)	-
-	(300,000)	(2,701,000)	-
-	(93,905)	(527,079)	-
<u>(53,777)</u>	<u>(393,905)</u>	<u>(7,916,132)</u>	<u>-</u>
<u>4,603</u>	<u>1</u>	<u>206,536</u>	<u>20,040</u>
(3,315)	2,596	(39,063)	(5,422)
<u>332,206</u>	<u>1,454</u>	<u>13,324,334</u>	<u>1,511,999</u>
<u>\$ 328,891</u>	<u>\$ 4,050</u>	<u>\$ 13,285,271</u>	<u>\$ 1,506,577</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, 2017

	Business-Type Activities - Enterprise Funds		
	Water and Sewer	Storm Water	Municipal Liquor
Reconciliation of Operating Income (Loss)			
to Net Cash Provided (Used) by			
Operating Activities			
Operating income (loss)	\$ 106,753	\$ 176,769	\$ 5,864
Adjustments to reconcile operating income (loss)			
to net cash provided (used) by operating activities			
Miscellaneous revenues	4,100	-	-
Discount on bonds issued	-	-	-
Intergovernmental revenues	-	212,182	-
Depreciation	3,392,381	822,496	46,094
(Increase) decrease in assets/deferred resources			
Accounts receivable	(59,996)	(217,270)	(59)
Special assessments receivable	(51,168)	16,382	-
Prepaid items	-	-	528
Inventories	-	-	(438,576)
Deferred pension resources	165,916	10,384	87,987
Increase (decrease) in liabilities and			
and deferred inflows of resources			
Accounts payable and contract payable	(153,502)	(37,207)	75,586
Accrued salaries and withholdings payable	5,534	936	3,963
Compensated absences payable	19,609	3,879	13,061
Deposits payable	7,750	5,283	-
Unearned revenue	-	-	759
Pension liability	(214,027)	10,778	(97,480)
Other postemployment benefits payable	2,859	454	1,250
Contracts payable	-	-	-
Deferred pension resources	70,970	16,805	45,831
Due to other governments	(8,718)	-	14,773
	<u>\$ 3,288,461</u>	<u>\$ 1,021,871</u>	<u>\$ (240,419)</u>
Net Cash Provided (Used) by			
Operating Activities			
	<u>\$ 3,288,461</u>	<u>\$ 1,021,871</u>	<u>\$ (240,419)</u>
Supplemental Schedule of Noncash			
Capital and Related Financing Activities			
Amortization of discounts / (premiums) on bonds	\$ (81,323)	\$ (2,593)	\$ 2,621
Capital assets purchased on account	\$ 1,101,997	\$ 31,897	\$ -
Disposal of capital assets	\$ 300,691	\$ -	\$ 872,018
Disposal of related accumulated depreciation	\$ 256,232	\$ -	\$ 314,062
Capital contributions from other funds	\$ 561,446	\$ 789,055	\$ -

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

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
<u>Street Light Utility</u>	<u>Sports Center</u>	<u>Totals</u>	
\$ (21,694)	\$ 56,249	\$ 323,941	\$ (566,087)
-	14	4,114	520,593
-	-	-	-
-	-	212,182	-
36,117	121,569	4,418,657	-
252	(6,021)	(283,094)	-
-	-	(34,786)	-
-	-	528	-
-	-	(438,576)	-
-	8,733	273,020	-
31,184	21,960	(61,979)	(4,018)
-	1,559	11,992	-
-	1,445	37,994	-
-	-	13,033	-
-	(2,714)	(1,955)	-
-	(13,467)	(314,196)	-
-	113	4,676	24,050
-	-	-	-
-	2,610	136,216	-
-	(550)	5,505	-
<u>\$ 45,859</u>	<u>\$ 191,500</u>	<u>\$ 4,307,272</u>	<u>\$ (25,462)</u>
<u>\$ -</u>	<u>\$ (8,500)</u>	<u>\$ (89,795)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,133,894</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,172,709</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,294</u>	<u>\$ -</u>
<u>\$ 8,719</u>	<u>\$ -</u>	<u>\$ 1,359,220</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, 2017

	<u>Agency</u>
Assets	
Cash and investments	<u>\$ 40,307</u>
Liabilities	
Accounts payable	<u>\$ 40,307</u>

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

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

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

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

1. Blended Component Unit

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

2. Joint Ventures and Jointly Governed Organizations

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

Nonmajor Governmental Funds

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

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

Additionally, the City reports the following fund types:

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fiduciary Funds:

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

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

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

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

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

Deposits and Investments

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

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

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

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

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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, 2017:

- U.S. Government Agency Securities of \$16,237,931 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$3,931,053 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 contacting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Investment Policy

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

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.
- *Custodial Credit Risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy states all deposits must be collateralized in compliance with Minnesota Statutes 118A with all deposits being collateralized at 110% of deposits in excess of FDIC insurance.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy states the City will attempt to diversify its investments according to type, maturity, and institution. The policy state the portfolio shall not contain more than 50% of the portfolio value in any one institution.
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City's investment policy states the City will limit the portion of the portfolio with maturities greater than five years to 75% of the portfolio.

Note 1: Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

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

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

Accounts Receivable

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

Special Assessments

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

Interfund Receivables and Payables

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

Inventories and Prepaid Items

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

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

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, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2017, 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:

<u>Assets</u>	<u>Years</u>
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 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.

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, 2017. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Actuarial valuation involves estimates 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 results 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. The General fund is typically used to liquidate the governmental net pension liability.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

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

Fund Balance

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

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

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

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

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

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted (combined committed, assigned and unassigned) fund balance of 35 percent of the subsequent year's budgeted operating expenditures of the General Fund. For 2017, 35 percent of the next year's budgeted operating expenditures is \$5,059,782.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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, 2017, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Primary Government			
Nonmajor			
Economic Development	\$ 6,822	\$ 97,843	\$ 91,021

These excess expenditures were funded by unbudgeted sale of capital assets and transfers in.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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 \$1,870,847 and the bank balance was \$1,580,350. 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, 2017

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2017, 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	\$ 4,486,147		
Broker Money Market Funds	N/A	less than 6 months	17,903,960		
Total pooled investments			22,390,107		
Non-pooled Investments at Amortized Costs					
Government Agency Securities	AAA	less than 6 months	1,995,700	\$ 1,995,700	\$ -
Government Agency Securities	AA	1 to 3 years	4,356,836	4,356,836	-
Government Agency Securities	AAA	1 to 3 years	1,988,510	1,988,510	-
Government Agency Securities	AA-	more than 3 years	977,420	977,420	-
Government Agency Securities	AA	more than 3 years	1,059,772	1,059,772	-
Government Agency Securities	AA+	more than 3 years	2,138,084	2,138,084	-
Government Agency Securities	AAA	more than 3 years	3,721,609	3,721,609	-
Negotiable certificates of deposits	N/A	less than 6 months	96,024		96,024
Negotiable certificates of deposits	N/A	6 months to 1 year	960,184	-	960,184
Negotiable certificates of deposits	N/A	1 to 3 years	1,692,133	-	1,692,133
Negotiable certificates of deposits	N/A	more than 3 years	1,182,712	-	1,182,712
Total Investments			<u>\$ 42,559,091</u>	<u>\$ 16,237,931</u>	<u>\$ 3,931,053</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, 2017

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	\$ 1,870,847
Investments	42,559,091
Cash on Hand	<u>7,450</u>
Total	<u><u>\$ 44,437,388</u></u>
Primary Government	
Governmental activities	\$ 30,860,810
Governmental activities - cash with fiscal agent	251,000
Business-type activities	<u>13,285,271</u>
Subtotal	44,397,081
Fiduciary	
Cash and investments	<u>40,307</u>
Total	<u><u>\$ 44,437,388</u></u>

B. Receivables

Notes Receivable

The City sold eight properties on contract for deeds. The notes are due and payable on various dates with interest accruing at rates between 2% to 5% per annum. These notes were recorded as receivables in the Strom Project Special Revenue Fund. The receivable balance at December 31, 2017 was \$629,233.

Additionally the developer for Village Commons received a grant from the Metropolitan Council to assist with project construction costs. Minnesota Statutes require these funds 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 note is recorded as a receivable in the Economic Development Special Revenue fund. The receivable balance December 31, 2017 was \$200,000.

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

On January 27, 2017, the City entered into a contract for deed with SHIMKIDS, LLC, a Minnesota liability company, for lots 6 and 7, block 45, Village of Savage, formerly Hamilton. A portion of this contract is payable to the City in the amount of \$400,000 over a 15 year term and is amortized over 15 years at 4 percent payable in monthly principal and interest payments. The receivable balance at December 31, 2017 was \$381,819.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2017 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	7,100,075	4,912,396	(7,194,342)	4,818,129
Rights of ways and easement	754,344	-	-	754,344
Total Capital Assets not being Depreciated	<u>13,313,002</u>	<u>4,912,396</u>	<u>(7,194,342)</u>	<u>11,031,056</u>
Capital Assets, being Depreciated				
Land improvements	10,558,604	-	-	10,558,604
Buildings and structures	31,675,953	-	-	31,675,953
Furniture and equipment	11,510,022	1,292,093	(658,781)	12,143,334
Improvements other than buildings	<u>128,746,607</u>	<u>6,180,061</u>	<u>-</u>	<u>134,926,668</u>
Total Capital Assets being Depreciated	<u>182,491,186</u>	<u>7,472,154</u>	<u>(658,781)</u>	<u>189,304,559</u>
Less Accumulated Depreciation for				
Land improvements	(7,282,573)	(422,259)	-	(7,704,832)
Buildings and structures	(7,941,119)	(643,747)	-	(8,584,866)
Furniture and equipment	(5,800,556)	(763,857)	643,651	(5,920,762)
Improvements other than buildings	<u>(74,020,477)</u>	<u>(4,953,319)</u>	<u>-</u>	<u>(78,973,796)</u>
Total Accumulated Depreciation	<u>(95,044,725)</u>	<u>(6,783,182)</u>	<u>643,651</u>	<u>(101,184,256)</u>
Total Capital Assets being Depreciated, Net	<u>87,446,461</u>	<u>688,972</u>	<u>(15,130)</u>	<u>88,120,303</u>
Governmental Activities Capital Assets, Net	<u>\$ 100,759,463</u>	<u>\$ 5,601,368</u>	<u>\$ (7,209,472)</u>	<u>\$ 99,151,359</u>

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

Governmental Activities	
General government	\$ 206,392
Community development	54,971
Public safety	313,821
Public works	5,950,988
Parks and recreation	<u>257,010</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 6,783,182</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 1,744,972	\$ -	\$ (83,700)	\$ 1,661,272
Construction in progress	3,860,273	10,613,116	(1,776,603)	12,696,786
Total Capital Assets not being Depreciated	<u>5,605,245</u>	<u>10,613,116</u>	<u>(1,860,303)</u>	<u>14,358,058</u>
Capital Assets being Depreciated				
Land improvements	1,269,690	-	(13,936)	1,255,754
Buildings and structures	26,865,286	-	(757,703)	26,107,583
Furniture and equipment	4,722,058	303,157	(317,369)	4,707,846
Improvements other than buildings	119,103,100	1,830,710	-	120,933,810
Total Capital Assets being Depreciated	<u>151,960,134</u>	<u>2,133,867</u>	<u>(1,089,008)</u>	<u>153,004,993</u>
Less Accumulated Depreciation for				
Land improvements	(899,698)	(35,961)	13,239	(922,420)
Buildings and structures	(10,513,481)	(633,244)	284,978	(10,861,747)
Furniture and equipment	(2,982,551)	(170,044)	272,077	(2,880,518)
Improvements other than buildings	(68,999,555)	(3,579,408)	-	(72,578,963)
Total Accumulated Depreciation	<u>(83,395,285)</u>	<u>(4,418,657)</u>	<u>570,294</u>	<u>(87,243,648)</u>
Total Capital Assets being Depreciated, Net	<u>68,564,849</u>	<u>(2,284,790)</u>	<u>(518,714)</u>	<u>65,761,345</u>
Business-type Activities Capital Assets, Net	<u>\$ 74,170,094</u>	<u>\$ 8,328,326</u>	<u>\$ (2,379,017)</u>	<u>\$ 80,119,403</u>

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

Business-type Activities	
Water and sewer	\$ 3,392,381
Storm Water	822,496
Municipal Liquor	46,094
Sports Center	121,569
Street Light	36,117
Total Depreciation Expense - Business-type Activities	<u>\$ 4,418,657</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2017. 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
South Bend Road Improvements	\$ 427,381	\$ 323,866
TH13/Dakota/Yose Design Study	120,285	28,935
2017 MSA St. Improvements	1,769,603	333,578
Comm.Park Entrance and Parking Lot	889,744	32,898
Glendale Trail Improvements	480,377	68,723
2017 Street Improvements	1,809,535	62,177
Advance Meter Installations	104,773	95,227
Advance Meter Installations	1,823,757	1,737,427
Water Treatment Plane #2 Upgrade	6,465,365	116,765
Water Treatment Plane #2 Upgrade	221,501	10,452
BigSky Lift Station	894,995	215,547
Savage Fen Rav Stablz	539,380	27,192
Storm Ponds	156,076	43,817
Total	<u>\$ 15,702,772</u>	<u>\$ 3,096,604</u>

D. Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
Primary Government		
Water and Sewer	Nonmajor governmental	\$ 256,413
Nonmajor governmental	Nonmajor governmental	428,000
Debt Service funds	Nonmajor governmental	573,348
General	Liquor Fund	408,095
Nonmajor governmental	Nonmajor governmental	325,815
Total		<u>\$ 1,991,671</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

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

Fund	Transfers in						Total
	General Fund	Debt Service	Permanent Revolving Fund	Nonmajor Governmental Funds	Water Fund	Sports Center Fund	
Transfer out							
General	\$ -	\$ -	\$ -	\$ 835,000	\$ -	\$ -	\$ 835,000
Debt Service	-	-	-	-	4,900,000	-	4,900,000
Nonmajor governmental	-	147,204	207,337	4,208,724	-	205,000	4,768,265
Water	200,000	-	589,185	376,799	-	-	1,165,984
Storm Water	-	-	179,656	760,873	-	-	940,529
Total Transfers	<u>\$ 200,000</u>	<u>\$ 147,204</u>	<u>\$ 976,178</u>	<u>\$ 6,181,396</u>	<u>\$ 4,900,000</u>	<u>\$ 205,000</u>	<u>\$ 12,609,778</u>

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

E. General Long-term Debt

General Obligation Bonds

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

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

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

Primary Government

General Obligation Bonds

Description	Authorized and Issued	Interest Rate	Dated	Maturity Date	Balance at Year End
2017B G.O. City Recreation Facility Refunding Bonds	\$ 1,520,000	3.00 %	07/12/17	02/01/22	\$ 1,520,000
2010A G.O. City Build America Taxable Bond	5,160,000	1.30 - 5.00	06/17/10	02/01/26	2,785,000
2014B G.O. Advanced Refunding	6,600,000	2.00 - 2.38	06/05/14	02/01/27	5,380,000
2015B G.O. Improvement & Street Reconstruction Crossover Refunding Bonds	2,730,000	1.50 - 2.50	06/04/15	02/01/22	<u>2,260,000</u>
Total General Obligation Bonds					<u>\$ 11,945,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,505,000	\$ 317,438	\$ 1,822,438
2019	1,530,000	277,521	1,807,521
2020	1,570,000	237,020	1,807,020
2021	1,580,000	194,679	1,774,679
2022	1,605,000	150,171	1,755,171
2023-2027	<u>4,155,000</u>	<u>295,807</u>	<u>4,450,807</u>
Total	<u>\$ 11,945,000</u>	<u>\$ 1,472,636</u>	<u>\$ 13,417,636</u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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	\$ 1,995,000
2009A G.O. Improvement Bonds	4,415,000	2.00 - 4.10	06/15/09	02/01/25	2,560,000
2010C G.O. Refunding Improvement Bonds	5,030,000	2.50 - 3.00	06/17/10	02/01/18	170,000
2010D G.O. Refunding Improvement Bonds	6,875,000	3.00 - 4.00	11/15/10	03/01/19	1,450,000
2011A G.O. Improvement Bonds	6,495,000	2.00 - 3.75	06/01/11	02/01/27	3,290,000
2012A G.O. Improvement Bonds	5,085,000	1.00 - 2.62	06/15/12	02/01/28	2,965,000
2013A G.O. Improvement Bonds	5,750,000	1.50 - 2.50	06/01/13	02/01/29	4,105,000
2013B G.O. Refunding Improvement Bonds	491,200	2.00	06/01/13	02/01/21	331,200
2014A G.O. Improvement Bonds	3,290,000	2.00 - 3.50	06/05/14	02/01/30	2,660,000
2015A G.O. Improvement Bonds	4,100,000	2.00 - 4.00	06/04/15	02/01/31	3,775,000
2016A G.O. Improvement Bonds	3,335,000	2.00 - 3.00	06/16/16	02/01/32	3,335,000
2017A G.O. Improvement Bonds	3,095,000	2.00 - 3.00	07/12/17	02/01/33	<u>3,095,000</u>
Total G.O. Special Assessment Improvement Bonds					<u><u>\$ 29,731,200</u></u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 3,848,200	\$ 793,428	\$ 4,641,628
2019	3,808,200	678,946	4,487,146
2020	2,881,600	580,473	3,462,073
2021	2,758,200	498,656	3,256,856
2022	2,600,000	418,818	3,018,818
2023-2027	9,850,000	1,113,325	10,963,325
2028-2032	3,900,000	195,496	4,095,496
2033	85,000	1,275	86,275
Total	<u><u>\$ 29,731,200</u></u>	<u><u>\$ 4,280,417</u></u>	<u><u>\$ 34,011,617</u></u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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	\$ 9,024,114	\$ 1,538,076	\$ 1,177,248	\$ 464,101
Principal and Interest	2,481,586	170,328	182,260	393,905
Percentage of Revenues	364 %	903 %	646 %	118 %

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 %	12/01/98	2/1/2019	\$ 340,000
Public Facilities Authority Revenue Bonds, Series 1999	8,984,395	3.62	08/17/99	08/20/19	1,248,395
G.O. utility revenue bond					
Series 2007B	5,705,000	4.00 - 4.10	08/01/07	02/01/23	2,705,000
G.O. utility revenue refunding bond					
Series 2010B	4,310,000	3.00 - 4.00	06/17/10	02/01/18	290,000
G.O. utility revenue refunding bond					
Series 2010E	3,810,000	3.00	11/15/10	03/01/19	1,430,000
G.O. utility revenue bond					
Series 2011B	2,045,000	2.00 - 3.00	06/01/11	02/01/21	865,000
Tax abatement bond					
Series 2012B	4,915,000	1.00 - 2.62	06/15/12	02/01/28	3,725,000
G.O. crossover refunding bond					
Series 2013B	1,043,800	2.00	06/01/13	02/01/21	703,800
G.O. improvement bond					
Series 2015A	3,075,000	2.00 - 4.00	06/04/15	02/01/31	2,905,000
G.O. improvement bond					
Series 2017A	3,830,000	2.00 - 3.00	07/12/17	02/01/33	<u>3,830,000</u>
 Total Business-type Bonds					 <u><u>\$ 18,042,195</u></u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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>
2018	\$ 2,844,800	\$ 510,354	\$ 3,355,154
2019	3,267,195	404,730	3,671,925
2020	1,563,400	317,339	1,880,739
2021	1,596,800	270,132	1,866,932
2022	1,230,000	225,565	1,455,565
2023-2027	4,545,000	672,824	5,217,824
2028-2032	2,700,000	201,894	2,901,894
2033	295,000	4,424	299,424
Total	<u>\$ 18,042,195</u>	<u>\$ 2,607,262</u>	<u>\$ 20,649,457</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>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	<u>\$ 240,000</u>	<u>\$ 5,100</u>	<u>\$ 245,100</u>

Capital Leases

In August 1999, the City entered into a lease agreement with the Scott County Housing and Redevelopment Authority (HRA) for financing construction of 17,500 square feet of office and classroom space, capitalized at \$2,230,000. The Scott County HRA issued \$2,295,000 Facility Lease Revenue Bonds and \$175,000 Taxable Facility Lease Revenue Bonds to pay for the construction. The Revenue Bonds had interest rates that ranged from 4.75% to 5.70% and 6.75% to 7.00%, respectively. The City revised its capital lease agreement using Facility Lease Revenue Refunding Bonds, Series 2008 with Scott County Community Development Agency (CDA) in order to take advantage of lower interest rates. The revised lease agreement requires the City to make yearly payments beginning February 1, 2009 equal to the principal and interest due on the Revenue Refunding Bonds with interest rates ranging between 4.20% to 4.60%. The refunding replaces the Series 1999A Bonds. The difference between the present value of the lease obligation under the original agreement and the present value of future minimum lease payments was a loss of \$195,000; however, the amount of interest cost over the remaining lease term decreased by \$312,734, resulting in a net savings of \$117,724. During December 2017, the City revised its capital lease agreement using Taxable Facility Lease Revenue Refunding Bonds, Series 2017B with Scott County CDA in order to take advantage of lower interest rates. The revised lease agreement requires the City to make annual payments beginning February 1, 2018 equal to the principal and interest due on the Facility Lease Revenue Refunding Bonds, Series 2017B with interest rates between 2.0% to 3.25%. The new refunding will provide a net present value benefit of \$74,466. These payments will be made from the Capital Lease Debt Service Fund. Revenues from sublease agreements will be used to pay these lease payments. The assets acquired through capital leases are \$2,260,000 worth of buildings and structures.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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>(858,800)</u>
Total	<u><u>\$ 1,401,200</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>
2018	\$ -	\$ 58,248	\$ 58,248
2019	110,000	36,253	146,253
2020	120,000	33,863	153,863
2021	115,000	31,308	146,308
2022	120,000	28,633	148,633
2023-2027	635,000	94,153	729,153
2028-2029	<u>285,000</u>	<u>9,503</u>	<u>294,503</u>
Total	<u><u>\$ 1,385,000</u></u>	<u><u>\$ 291,961</u></u>	<u><u>\$ 1,676,961</u></u>

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

During the year ended December 31, 2017, 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	\$ 13,680,000	\$ 1,520,000	\$ (3,255,000)	\$ 11,945,000	\$ 1,505,000
General obligation special assessment bonds	31,471,200	3,095,000	(4,835,000)	29,731,200	3,848,200
Public Facility Revenue bonds	475,000	-	(235,000)	240,000	240,000
Unamortized discount and premium	989,232	233,034	(129,116)	1,093,150	-
Total Bonds Payable	<u>46,615,432</u>	<u>4,848,034</u>	<u>(8,454,116)</u>	<u>43,009,350</u>	<u>5,593,200</u>
Capital Lease Payable	1,740,000	1,385,000	(1,740,000)	1,385,000	-
Pension Payable					
GERF	5,102,426	2,216,048	(3,282,505)	4,035,969	-
PEPFF	12,240,180	8,175,224	(16,351,546)	4,063,858	-
Fire relief	936,245	-	(191,235)	745,010	-
Compensated Absences Payable	1,362,977	752,035	(777,444)	1,337,568	1,337,568
Other Postemployment Benefits Payable	<u>347,254</u>	<u>69,365</u>	<u>(45,315)</u>	<u>371,304</u>	<u>-</u>
Governmental Activity Long-term Liabilities	<u>\$ 68,344,514</u>	<u>\$ 17,445,706</u>	<u>\$ (30,842,161)</u>	<u>\$ 54,948,059</u>	<u>\$ 6,930,768</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 16,913,195	\$ 3,830,000	\$ (2,701,000)	\$ 18,042,195	\$ 2,844,800
Unamortized discount and premium	339,053	185,150	(89,795)	434,408	-
Total Bonds Payable - Net	<u>17,252,248</u>	<u>4,015,150</u>	<u>(2,790,795)</u>	<u>18,476,603</u>	<u>2,844,800</u>
Pension Payable					
GERF	1,774,794	848,256	(1,162,452)	1,460,598	-
Compensated Absences Payable	180,088	137,685	(99,691)	218,082	218,082
Other Postemployment Benefits Payable	<u>76,859</u>	<u>15,232</u>	<u>(10,556)</u>	<u>81,535</u>	<u>-</u>
Business-type Activity Long-term Liabilities	<u>\$ 19,283,989</u>	<u>\$ 5,016,323</u>	<u>\$ (4,063,494)</u>	<u>\$ 20,236,818</u>	<u>\$ 3,062,882</u>

Conduit Debt Obligations

The City of Savage has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private-sector entity revenues. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City of Savage or the State of Minnesota, or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2017 there were two revenue bonds outstanding with Aspen Academy Charter School with a total principal amount \$563,795.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

F. Components of Fund Balance

At December 31, 2017, 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	Permanent Improvement Revolving	Other Governmental Funds	Total
Nonspendable for prepaid items					
Prepaid items	\$ 28,993	\$ -	\$ -	\$ 14,269	\$ 43,262
Inventory	5,963	-	-	-	5,963
Total Nonspendable	<u>\$ 34,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,269</u>	<u>\$ 49,225</u>
Restricted for					
Debt service	\$ -	\$ 10,320,947	\$ -	\$ -	\$ 10,320,947
Capital projects	-	-	-	623,488	623,488
Park improvements	-	-	-	1,822,289	1,822,289
Total Restricted	<u>\$ -</u>	<u>\$ 10,320,947</u>	<u>\$ -</u>	<u>\$ 2,445,777</u>	<u>\$ 12,766,724</u>
Committed for					
Cable television	\$ -	\$ -	\$ -	\$ 438,235	\$ 438,235
Economic development	-	-	-	1,474,207	1,474,207
Hamilton building	-	-	-	296,376	296,376
Post office	-	-	-	142,102	142,102
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,350,920</u>	<u>\$ 2,350,920</u>
Assigned to					
Capital projects	\$ 215,000	\$ -	\$ 1,880,694	\$ 4,927,688	\$ 7,023,382
Employee committee	3,298	-	-	-	3,298
Forfeiture	8,328	-	-	-	8,328
Total Assigned	<u>\$ 226,626</u>	<u>\$ -</u>	<u>\$ 1,880,694</u>	<u>\$ 4,927,688</u>	<u>\$ 7,035,008</u>

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, 2017

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 2017. 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 2017. The City's contributions to the GERF for the year ending December 31, 2017, 2016 and 2015 were \$426,380, \$401,004, and \$394,189, 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 2017. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2017. The City's contributions to the PEPFF for the years ending December 31, 2017, 2016 and 2015 were \$497,852, \$490,172 and \$459,350, 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, 2017, the City reported a liability of \$5,496,567 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 2017. 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 \$1,996. The net pension liability was measured as of June 30, 2017, 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, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.0861 percent which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$611,263 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$69,094 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, 2017

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

At December 31, 2017, the City reported its proportionate share of GERS's deferred outflows of resources and deferred inflows of resources, and its contributions of \$215,395 subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 180,765	\$ 345,032
Changes in Actuarial Assumptions	909,967	551,031
Net Difference between Projected and Actual Earnings on Plan Investments	-	246,852
Changes in Proportion	64,022	178,195
Contributions to GERS Subsequent to the Measurement Date	215,395	-
Total	\$ 1,370,149	\$ 1,321,110

Deferred outflows of resources totaling \$215,395 related to pensions resulting from the City's contributions to GERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to GERS pensions will be recognized in pension expense as follows:

2018	\$ (136,432)
2019	287,153
2020	(83,770)
2021	(233,307)

PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$4,063,858 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportionate share was 0.301 percent which was the same as its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$748,433 for its proportionate share of PEPFF's pension expense. The City also recognized \$27,090 for the year ended December 31, 2017 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, 2017

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

At December 31, 2017, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions of \$257,607 subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 95,374	\$ 1,092,337
Changes in Actuarial Assumptions	5,642,511	5,769,670
Net Difference between Projected and Actual Earnings on Plan Investments	-	337,228
Changes in Proportion	-	78,657
Contributions to PEPFF Subsequent to the Measurement Date	257,607	-
Total	\$ 5,995,492	\$ 7,277,892

Deferred outflows of resources totaling \$257,607 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2018	\$ (186,480)
2019	219,878
2020	(96,668)
2021	(329,810)
2022	(1,146,927)

E. Actuarial Assumptions

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for the GERP through 2044 and PEPFF through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2015. The most recent five-year experience study for PEPFF was completed in 2016.

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

The following changes in actuarial assumptions occurred in 2017:

GERF

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

PEPFF

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

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	39.00 %	5.10 %
International Stocks	19.00	5.30
Bonds	20.00	0.75
Alternative Assets	20.00	5.90
Cash	<u>2.00</u>	-
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERF and PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	<u>City Proportionate Share of NPL</u>		
	<u>1 Percent Decrease (6.50%)</u>	<u>Current (7.50%)</u>	<u>1 Percent Increase (8.50%)</u>
GERF	\$ 8,525,584	\$ 5,496,567	\$ 3,016,767
	<u>1 Percent Decrease (6.50%)</u>	<u>Current (7.50%)</u>	<u>1 Percent Increase (8.50%)</u>
PEPFF	\$ 7,653,431	\$ 4,063,858	\$ 1,100,468

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, 2017

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 2017 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, 2017, 2016, and 2015 were \$2,000, \$2,000, and \$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, 2016, the plan covered 37 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, 2017

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 \$162,295 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2016, 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, 2017 was \$-0-. The City's contributions were equal to the required contributions as set by state statute. In addition, the City made voluntary contributions of \$183,514 to the plan. The firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2017, the City reported a net pension liability of \$745,010 for the plan. The net pension liability was measured as of December 31, 2016. 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, 2016. The following table presents the changes in the net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2016	\$ 6,229,606	\$ 5,293,361	\$ 936,245
Changes For the Year			
Service cost	118,368	-	118,368
Interest cost	387,067	-	387,067
Assumption changes	(28,593)	-	(28,593)
Plan changes	79,133	-	79,133
Actuarial experience (gains)/losses	26,177	112,519	(86,342)
Projected investment return	-	331,448	(331,448)
Contributions (employer)	-	346,809	(346,809)
Benefit payments	(309,796)	(309,796)	-
Administrative expenses	-	(17,389)	17,389
Total Net Changes	<u>272,356</u>	<u>463,591</u>	<u>(191,235)</u>
Ending Balance December 31, 2016	<u>\$ 6,501,962</u>	<u>\$ 5,756,952</u>	<u>\$ 745,010</u>

For the year ended December 31, 2017, the City recognized pension expense of \$424,277.

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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

At December 31, 2017, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 64,874	\$ -
Changes in Actuarial Assumptions	93,105	19,062
Net Difference between Projected and Actual Earnings on Plan Investments	229,332	-
Contributions to Plan Subsequent to the Measurement Date	348,282	-
Total	\$ 735,593	\$ 19,062

Deferred outflows of resources totaling \$348,282 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, 2018. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2018	\$ 154,759
2019	154,759
2020	81,225
2021	(22,494)

City of Savage, Minnesota
Notes to the Financial Statements
December 31, 2017

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

E. Actuarial Assumptions

The total pension liability at December 31, 2017 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 2017.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash and Equivalents	8.00 %	2.25 %
Fixed Income	17.00	3.30
Domestic Equity	75.00	7.50
Total	100.00 %	

F. Discount Rate

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

G. Pension Liability Sensitivity

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

	1 Percent Decrease (5.25%)	Current (6.25%)	1 Percent Increase (7.25%)
Defined Benefit Plan	\$ 1,707,989	\$ 745,010	\$ (23,338)

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, 2017

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 2017, the City contributed \$55,868 for retirees receiving disability health care benefits. As of December 31, 2017 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	\$ 92,419
Interest on Net Opeb Obligation	14,841
Amortization of Net OPEB Obligation with Interest	<u>(22,666)</u>
Annual OPEB Cost (Expense)	84,594
 Contributions Made	 <u>(55,868)</u>
 Increase in Net OPEB Obligation	 28,726
 Net OPEB Obligation - Beginning of Year	 <u>424,113</u>
 Net OPEB Obligation - End of Year	 <u><u>\$ 452,839</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 and the preceding two fiscal years are as follows:

Year Ending	Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/17	\$ 84,594	66.0 %	\$ 452,839
12/31/16	87,438	82.7	424,113
12/31/15	87,894	65.6	409,005

Note 7: Postemployment Benefits other than Pensions (Continued)

D. Funded Status and Funding Progress

As of January 1, 2017, the actuarial accrued liability for benefits was \$727,659, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,124,416, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.0 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 2.50 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, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.50 percent discount rate. The initial healthcare trend rate was 6.5 percent, reduced by increments to an ultimate rate of 5.0 percent after 6 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, 2017 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 2017.

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, 2017

Note 8: Other Information (Continued)

C. Revenue Bonds

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

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

During December 2017, the City revised its capital lease agreement using Taxable Facility Lease Revenue Refunding Bonds, Series 2017B with Scott County CDA in order to take advantage of lower interest rates. The revised lease agreement requires the City to make yearly payments beginning February 1, 2018 equal to the principal and interest due on the Facility Lease Revenue Refunding Bonds, Series 2017B with interest rates between 2.0% to 3.25%. As of December 31, 2017, the outstanding principal and interest balance on these revenue bonds is \$1,640,814.

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.

E. Subsequent Events

The City approved the issuance and sale of \$3,200,000 General Obligation Bonds, Series 2018 on April 16, 2018 to finance capital projects. The City also approved the issuance and sale of \$3,480,000 General Obligation Refunding Bonds, Series 2018B on April 16, 2018 to refund the 2007B General Obligation Utility Revenue Bonds and the 2008A General Obligation Street Reconstruction Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

City of Savage, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2017

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/17	0.0861 %	\$ 5,496,567	\$ 69,094	\$ 5,565,661	\$ 5,545,085	100.4 %	75.9 %
06/30/16	0.0847	6,877,220	89,813	6,967,033	5,256,467	132.5	68.9
06/30/15	0.0885	4,586,529	-	4,586,529	5,202,050	88.2	78.2

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

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

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

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

City of Savage, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2017

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

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

Changes in Plan Provisions

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

City of Savage, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2017

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/17	0.3010 %	\$ 4,063,858	\$ -	\$4,063,858	\$ 3,088,646	131.6 %	85.4 %
06/30/16	0.3050	12,240,181	-	12,240,181	2,935,636	417.0	63.9
06/30/15	0.3050	3,465,514	-	3,465,514	2,797,401	123.9	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/17	\$ 497,852	\$ 497,852	\$ -	\$ 3,073,162	16.2 %
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, 2017

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

Changes in Actuarial Assumptions

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

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

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

City of Savage, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2017

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

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

Notes to Schedule:

The mortality improvement scale changed from MY-2015 to MP-2016

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

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, 2017

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

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

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

2015 - No changes in actuarial assumptions.

Changes in Plan Provisions

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

Schedule of Employer’s Fire Relief Association’s Contributions

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

Schedule of Funding Progress for the Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/17	\$ -	\$ 727,659	\$ 727,659	- %	\$ 8,124,416	9.0 %
01/01/14	-	755,299	755,299	-	7,252,711	10.4
01/01/11	-	625,696	625,696	-	6,500,557	9.6

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF SAVAGE
SAVAGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

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NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

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

Nonmajor Capital Project Funds

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

Internal Service Funds

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

City of Savage, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2017

	Special Revenue	Capital Projects	Total
Assets			
Cash and investments	\$ 1,342,127	\$ 6,800,798	\$ 8,142,925
Receivables			
Accounts - net	62,669	592,926	655,595
Taxes	-	353	353
Notes	1,179,233	-	1,179,233
Due from other funds	-	753,815	753,815
Prepaid items	11	14,258	14,269
Land held for resale	398,907	395,202	794,109
 Total Assets	 \$ 2,982,947	 \$ 8,557,352	 \$ 11,540,299
Liabilities			
Accounts payable	\$ 24,557	\$ 323,574	\$ 348,131
Accrued salaries and withholdings payable	10,530	-	10,530
Contracts payable	-	107,636	107,636
Due to other funds	573,348	1,010,228	1,583,576
Deposits payable	23,581	1,550	25,131
Total Liabilities	632,016	1,442,988	2,075,004
Deferred Inflows of Resources			
Unavailable revenue - taxes	-	408	408
Fund Balances			
Nonspendable	11	14,258	14,269
Restricted	-	2,445,777	2,445,777
Committed	2,350,920	-	2,350,920
Assigned	-	4,927,688	4,927,688
Unassigned	-	(273,767)	(273,767)
Total Fund Balances	2,350,931	7,113,956	9,464,887
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 2,982,947	 \$ 8,557,352	 \$ 11,540,299

City of Savage, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2017

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ 231,023	\$ 160,961	\$ 391,984
Intergovernmental	6,188	864,630	870,818
Special assessments	-	176,755	176,755
Investment earnings	17,249	97,149	114,398
Miscellaneous			
Refunds and reimbursements	-	4,897	4,897
Rents	184,603	-	184,603
Other	92,062	804,809	896,871
Total Revenues	531,125	2,109,201	2,640,326
Expenditures			
Current			
General government	359,708	-	359,708
Community development	97,843	-	97,843
Capital outlay			
General government	-	116,058	116,058
Community development	-	160,916	160,916
Public safety	-	235,759	235,759
Public works	-	4,299,763	4,299,763
Culture and recreation	-	1,606,575	1,606,575
Debt service			
Bond issuance costs	-	113,394	113,394
Total Expenditures	457,551	6,532,465	6,990,016
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,574	(4,423,264)	(4,349,690)
Other Financing Sources (Uses)			
Bonds issued	-	3,095,000	3,095,000
Premiums on bonds issued	-	113,037	113,037
Sale of capital assets	241,763	191,347	433,110
Transfers in	168,355	6,013,041	6,181,396
Transfers out	(3,427,869)	(1,340,396)	(4,768,265)
Total Other Financing Sources (Uses)	(3,017,751)	8,072,029	5,054,278
Net Change in Fund Balances	(2,944,177)	3,648,765	704,588
Fund Balances, January 1	5,295,108	3,465,191	8,760,299
Fund Balances, December 31	\$ 2,350,931	\$ 7,113,956	\$ 9,464,887

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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 Fund - This fund accounts for land acquired by the City for purposes of reselling.

Park Fees Fund - This fund was used for grants and dedication fees to provide funding for park and trail improvements. This fund was closed in 2017.

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, 2017

	201	215	225	231
	Cable Television	Valley Oil Site	Park Fees	Economic Development
Assets				
Cash and investments	\$ 412,792	\$ 12,846	\$ -	\$ 464,232
Receivables				
Accounts	53,920	675	-	-
Notes	-	-	-	550,000
Prepaid items	11	-	-	-
Land held for resale	-	-	-	398,907
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 466,723</u>	<u>\$ 13,521</u>	<u>\$ -</u>	<u>\$ 1,413,139</u>
Liabilities				
Accounts payable	\$ 5,447	\$ 7,039	\$ -	\$ 399
Accrued salaries and withholdings payable	10,530	-	-	-
Due to other funds	-	-	-	-
Deposits payable	12,500	900	-	-
Total Liabilities	<u>28,477</u>	<u>7,939</u>	<u>-</u>	<u>399</u>
Fund Balances				
Nonspendable	11	-	-	-
Committed for				
Cable television	438,235	-	-	-
Economic development	-	5,582	-	1,412,740
Hamilton building	-	-	-	-
Post office	-	-	-	-
Total Fund Balances	<u>438,246</u>	<u>5,582</u>	<u>-</u>	<u>1,412,740</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 466,723</u>	<u>\$ 13,521</u>	<u>\$ -</u>	<u>\$ 1,413,139</u>

203	208	233	
Hamilton Building	Strom Project	Post Office	Total
\$ 295,814	\$ -	\$ 156,443	\$ 1,342,127
8,074	-	-	62,669
-	629,233	-	1,179,233
-	-	-	11
-	-	-	398,907
<u>\$ 303,888</u>	<u>\$ 629,233</u>	<u>\$ 156,443</u>	<u>\$ 2,982,947</u>
\$ 1,731	\$ -	\$ 9,941	\$ 24,557
-	-	-	10,530
-	573,348	-	573,348
5,781	-	4,400	23,581
<u>7,512</u>	<u>573,348</u>	<u>14,341</u>	<u>632,016</u>
-	-	-	11
-	-	-	438,235
-	55,885	-	1,474,207
296,376	-	-	296,376
-	-	142,102	142,102
<u>296,376</u>	<u>55,885</u>	<u>142,102</u>	<u>2,350,931</u>
<u>\$ 303,888</u>	<u>\$ 629,233</u>	<u>\$ 156,443</u>	<u>\$ 2,982,947</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, 2017

	201	215	225	231
	Cable Television	Valley Oil Site	Park Fees	Economic Development
Revenues				
Taxes	\$ 203,154	\$ -	\$ -	\$ 27,869
Intergovernmental	-	-	-	6,188
Investment earnings	6,382	671	-	4,852
Miscellaneous revenues				
Rents	-	-	-	-
Other	22,899	24,700	-	-
Total Revenues	<u>232,435</u>	<u>25,371</u>	<u>-</u>	<u>38,909</u>
Expenditures				
Current				
General government	259,680	20,605	-	-
Community development	-	-	-	97,843
Total Expenditures	<u>259,680</u>	<u>20,605</u>	<u>-</u>	<u>97,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,245)</u>	<u>4,766</u>	<u>-</u>	<u>(58,934)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	241,763
Transfers in	-	-	-	108,355
Transfers out	-	(312,414)	(2,975,455)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(312,414)</u>	<u>(2,975,455)</u>	<u>350,118</u>
Net Change in Fund Balances	(27,245)	(307,648)	(2,975,455)	291,184
Fund Balances, January 1	<u>465,491</u>	<u>313,230</u>	<u>2,975,455</u>	<u>1,121,556</u>
Fund Balances, December 31	<u>\$ 438,246</u>	<u>\$ 5,582</u>	<u>\$ -</u>	<u>\$ 1,412,740</u>

203	208	233	
Hamilton Building	Strom Project	Post Office	Total
\$ -	\$ -	\$ -	\$ 231,023
-	-	-	6,188
3,520	-	1,824	17,249
99,463	-	85,140	184,603
11,302	33,161	-	92,062
<u>114,285</u>	<u>33,161</u>	<u>86,964</u>	<u>531,125</u>
40,128	-	39,295	359,708
-	-	-	97,843
<u>40,128</u>	<u>-</u>	<u>39,295</u>	<u>457,551</u>
<u>74,157</u>	<u>33,161</u>	<u>47,669</u>	<u>73,574</u>
-	-	-	241,763
60,000	-	-	168,355
<u>(140,000)</u>	<u>-</u>	<u>-</u>	<u>(3,427,869)</u>
<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>(3,017,751)</u>
(5,843)	33,161	47,669	(2,944,177)
<u>302,219</u>	<u>22,724</u>	<u>94,433</u>	<u>5,295,108</u>
<u>\$ 296,376</u>	<u>\$ 55,885</u>	<u>\$ 142,102</u>	<u>\$ 2,350,931</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, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Franchise taxes	\$ 200,000	\$ 200,000	\$ 203,154	\$ 3,154	\$ 202,011
Investment earnings	-	-	6,382	6,382	7,718
Miscellaneous revenues	22,000	22,000	22,899	899	22,434
Total Revenues	<u>222,000</u>	<u>222,000</u>	<u>232,435</u>	<u>10,435</u>	<u>232,163</u>
Expenditures					
Current					
General government	264,905	264,905	259,680	5,225	256,443
Capital outlay					
General government	-	-	-	-	59,915
Total Expenditures	<u>264,905</u>	<u>264,905</u>	<u>259,680</u>	<u>5,225</u>	<u>316,358</u>
Deficiency of Revenues Under Expenditures	(42,905)	(42,905)	(27,245)	15,660	(84,195)
Fund Balances, January 1	<u>465,491</u>	<u>465,491</u>	<u>465,491</u>	-	<u>549,686</u>
Fund Balances, December 31	<u>\$ 422,586</u>	<u>\$ 422,586</u>	<u>\$ 438,246</u>	<u>\$ 15,660</u>	<u>\$ 465,491</u>

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, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Special assessments	\$ 7,527	\$ 7,527	\$ -	\$ (7,527)	\$ 8,754
Licenses and permits	600	600	-	(600)	400
Charges for services					
Park and recreation	637,143	637,143	-	(637,143)	796,950
Investment earnings	-	-	-	-	23,294
Miscellaneous					
Contributions and donations	-	-	-	-	18,000
Rents	62,940	62,940	-	(62,940)	62,106
Other	-	-	-	-	264
Total Revenues	<u>708,210</u>	<u>708,210</u>	<u>-</u>	<u>(708,210)</u>	<u>909,768</u>
Expenditures					
Current					
Parks and recreation	-	-	-	-	4,836
Capital outlay					
Parks and recreation	1,582,600	1,582,600	-	1,582,600	103,250
Total Expenditures	<u>1,582,600</u>	<u>1,582,600</u>	<u>-</u>	<u>1,582,600</u>	<u>108,086</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(874,390)</u>	<u>(874,390)</u>	<u>-</u>	<u>874,390</u>	<u>801,682</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	230,000
Transfers out	-	-	(2,975,455)	(2,975,455)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,975,455)</u>	<u>(2,975,455)</u>	<u>230,000</u>
Net Change in Fund Balances	(874,390)	(874,390)	(2,975,455)	(2,101,065)	1,031,682
Fund Balances, January 1	<u>2,975,455</u>	<u>2,975,455</u>	<u>2,975,455</u>	<u>-</u>	<u>1,943,773</u>
Fund Balances, December 31	<u>\$ 2,101,065</u>	<u>\$ 2,101,065</u>	<u>\$ -</u>	<u>\$ (2,101,065)</u>	<u>\$ 2,975,455</u>

City of Savage, Minnesota
 Economic Development Fund
 Budgeted Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended December 31, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes	\$ 29,000	\$ 29,000	\$ 27,869	\$ (1,131)	\$ 26,063
Intergovernmental	-	-	6,188	6,188	19,550
Investment earnings	8,600	8,600	4,852	(3,748)	2,819
Miscellaneous					
Other	-	-	-	-	5,871
Total Revenues	<u>37,600</u>	<u>37,600</u>	<u>38,909</u>	<u>1,309</u>	<u>54,303</u>
Expenditures					
Current					
Community development	<u>6,822</u>	<u>6,822</u>	<u>97,843</u>	<u>(91,021)</u>	<u>73,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,778</u>	<u>30,778</u>	<u>(58,934)</u>	<u>(89,712)</u>	<u>(18,897)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	241,763	241,763	4,578
Transfers in	-	-	108,355	108,355	-
Transfers out	-	-	-	-	(990)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>350,118</u>	<u>350,118</u>	<u>3,588</u>
Net Change in Fund Balances	30,778	30,778	291,184	260,406	(15,309)
Fund Balances, January 1	<u>1,121,556</u>	<u>1,121,556</u>	<u>1,121,556</u>	<u>-</u>	<u>1,136,865</u>
Fund Balances, December 31	<u>\$ 1,152,334</u>	<u>\$ 1,152,334</u>	<u>\$ 1,412,740</u>	<u>\$ 260,406</u>	<u>\$ 1,121,556</u>

City of Savage, Minnesota
Hamilton Building Fund
Budgeted Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 3,000	\$ 3,000	\$ 3,520	\$ 520	\$ 1,646
Miscellaneous					
Rents	87,459	87,459	99,463	12,004	81,845
Other	-	-	11,302	11,302	8,195
Total Revenues	<u>90,459</u>	<u>90,459</u>	<u>114,285</u>	<u>23,826</u>	<u>91,686</u>
Expenditures					
Current					
General government	<u>45,822</u>	<u>45,822</u>	<u>40,128</u>	<u>5,694</u>	<u>38,484</u>
Excess of Revenues Over Expenditures	<u>44,637</u>	<u>44,637</u>	<u>74,157</u>	<u>29,520</u>	<u>53,202</u>
Other Financing Sources (Uses)					
Transfers in	60,000	60,000	60,000	-	100,000
Transfers out	<u>(140,000)</u>	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>(125,000)</u>
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>(25,000)</u>
Net Changes in Fund Balances	(35,363)	(35,363)	(5,843)	29,520	28,202
Fund Balances, January 1	<u>302,219</u>	<u>302,219</u>	<u>302,219</u>	<u>-</u>	<u>274,017</u>
Fund Balances, December 31	<u>\$ 266,856</u>	<u>\$ 266,856</u>	<u>\$ 296,376</u>	<u>\$ 29,520</u>	<u>\$ 302,219</u>

City of Savage, Minnesota
 Post Office Fund
 Budgeted Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended December 31, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017				2016
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 1,351	\$ 1,351	\$ 1,824	\$ 473	\$ 1,907
Miscellaneous					
Rents	88,080	88,080	85,140	(2,940)	91,020
Total Revenues	89,431	89,431	86,964	(2,467)	92,927
Expenditures					
Current					
General government	89,012	89,012	39,295	49,717	98,893
Net Changes in Fund Balances	419	419	47,669	47,250	(5,966)
Fund Balances, January 1	94,433	94,433	94,433	-	100,399
Fund Balances, December 31	\$ 94,852	\$ 94,852	\$ 142,102	\$ 47,250	\$ 94,433

NONMAJOR CAPITAL PROJECTS FUNDS

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

Nonmajor capital projects funds presently established are as follows:

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

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

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

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

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

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

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

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

TH13/150th Intersection Improvement Fund: This fund accounts for the costs associated with the street improvement project.

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.

2018 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, 2017

	230	419	424	702	503	507	509
	Community Investment	Tax Increment Construction	Tax Increment Financing #12	Capital Equipment Certificates	Sidewalk	Street Infrastructure	Park Dedication
Assets							
Cash and investments	\$ 1,619,767	\$ 69,051	\$ -	\$ 946,701	\$ 227,421	\$ 1,114,419	\$ 2,036,381
Receivables							
Accounts	-	-	-	-	-	-	-
Taxes	-	-	-	353	-	-	-
Special assessments	-	-	-	-	-	-	-
Due from other funds	325,815	-	-	-	-	264,000	-
Prepays	-	-	-	14,258	-	-	-
Land held for resale	82,788	-	312,414	-	-	-	-
Total Assets	<u>\$ 2,028,370</u>	<u>\$ 69,051</u>	<u>\$ 312,414</u>	<u>\$ 961,312</u>	<u>\$ 227,421</u>	<u>\$ 1,378,419</u>	<u>\$ 2,036,381</u>
Liabilities							
Accounts payable	\$ -	\$ 73,004	\$ -	\$ 5,643	\$ 15,119	\$ -	\$ 187,400
Contracts payable	-	-	-	-	-	-	26,692
Due to other funds	-	256,413	325,815	-	-	-	-
Deposits payable	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>329,417</u>	<u>325,815</u>	<u>5,643</u>	<u>15,119</u>	<u>-</u>	<u>214,092</u>
Deferred Inflows of Resources							
Unavailable revenue - grants	-	-	-	-	-	-	-
Unavailable revenue - taxes	-	-	-	408	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Nonspendable	-	-	-	14,258	-	-	-
Restricted for							
Capital projects	-	-	-	-	-	623,488	1,822,289
Assigned for							
Capital projects	2,028,370	-	-	941,003	212,302	754,931	-
Future capital improvements	-	-	-	-	-	-	-
Unassigned	-	(260,366)	(13,401)	-	-	-	-
Total Fund Balances	<u>2,028,370</u>	<u>(260,366)</u>	<u>(13,401)</u>	<u>955,261</u>	<u>212,302</u>	<u>1,378,419</u>	<u>1,822,289</u>
Total Liabilities Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,028,370</u>	<u>\$ 69,051</u>	<u>\$ 312,414</u>	<u>\$ 961,312</u>	<u>\$ 227,421</u>	<u>\$ 1,378,419</u>	<u>\$ 2,036,381</u>

511 Park Improvement	515 TH13/150th Intersection Improvement	532 2015 Capital Projects	533 2016 Capital Projects	534 2017 Capital Projects	535 2018 Capital Projects	Total
\$ 455,509	\$ 743	\$ -	\$ 659	\$ 311,761	\$ 18,386	\$ 6,800,798
-	383,350	-	209,576	-	-	592,926
-	-	-	-	-	-	353
-	-	-	-	164,000	-	753,815
-	-	-	-	-	-	14,258
-	-	-	-	-	-	395,202
<u>\$ 455,509</u>	<u>\$ 384,093</u>	<u>\$ -</u>	<u>\$ 210,235</u>	<u>\$ 475,761</u>	<u>\$ 18,386</u>	<u>\$ 8,557,352</u>
\$ -	\$ 1,540	\$ -	\$ 25,455	\$ -	\$ 15,413	\$ 323,574
24,019	-	-	20,734	36,191	-	107,636
-	264,000	-	164,000	-	-	1,010,228
1,550	-	-	-	-	-	1,550
<u>25,569</u>	<u>265,540</u>	<u>-</u>	<u>210,189</u>	<u>36,191</u>	<u>15,413</u>	<u>1,442,988</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	408
-	-	-	-	-	-	-
-	-	-	-	-	-	408
-	-	-	-	-	-	14,258
-	-	-	-	-	-	2,445,777
429,940	-	-	46	439,570	2,973	4,809,135
-	118,553	-	-	-	-	118,553
-	-	-	-	-	-	(273,767)
<u>429,940</u>	<u>118,553</u>	<u>-</u>	<u>46</u>	<u>439,570</u>	<u>2,973</u>	<u>7,113,956</u>
<u>\$ 455,509</u>	<u>\$ 384,093</u>	<u>\$ -</u>	<u>\$ 210,235</u>	<u>\$ 475,761</u>	<u>\$ 18,386</u>	<u>\$ 8,557,352</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, 2017

	230	419	424	702	503	507	509
	Community Investment	Tax Increment Construction	Tax Increment Financing #12	Capital Equipment Certificates	Sidewalk	Street Infrastructure	Park Dedication
Revenues							
Taxes							
Tax increment	\$ -	\$ 160,961	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental							
State of Minnesota	-	-	-	-	-	-	-
County	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	167,399	9,356
Investment earnings	14,128	145	-	13,303	3,664	13,476	35,560
Miscellaneous							
Refunds and reimbursements	-	-	-	-	-	-	-
Other	5,000	6,653	-	2,706	-	-	691,560
Total Revenues	<u>19,128</u>	<u>167,759</u>	<u>-</u>	<u>16,009</u>	<u>3,664</u>	<u>180,875</u>	<u>736,476</u>
Expenditures							
Current							
Capital outlay							
General government	-	-	-	116,058	-	-	-
Community development	-	147,601	13,315	-	-	-	-
Public safety	-	-	-	235,759	-	-	-
Public works	-	-	-	851,668	-	42,219	-
Culture and recreation	-	-	-	95,744	-	-	1,006,628
Debt service							
Bond issuance costs	-	3,200	-	11,362	45,230	8,893	15,345
Total Expenditures	<u>-</u>	<u>150,801</u>	<u>13,315</u>	<u>1,310,591</u>	<u>45,230</u>	<u>51,112</u>	<u>1,021,973</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,128</u>	<u>16,958</u>	<u>(13,315)</u>	<u>(1,294,582)</u>	<u>(41,566)</u>	<u>129,763</u>	<u>(285,497)</u>
Other Financing Sources (Uses)							
Bonds issued	-	-	-	700,000	-	615,000	-
Premium on bonds issued	-	-	-	27,475	-	19,674	-
Sale of capital assets	-	-	-	191,347	-	-	-
Transfers in	612,500	-	312,414	175,000	-	600,000	2,315,123
Transfers out	(205,000)	(8,355)	(312,500)	-	-	-	(207,337)
Total Other Financing Sources (Uses)	<u>407,500</u>	<u>(8,355)</u>	<u>(86)</u>	<u>1,093,822</u>	<u>-</u>	<u>1,234,674</u>	<u>2,107,786</u>
Net Changes in Fund Balances	426,628	8,603	(13,401)	(200,760)	(41,566)	1,364,437	1,822,289
Fund Balances, January 1	<u>1,601,742</u>	<u>(268,969)</u>	<u>-</u>	<u>1,156,021</u>	<u>253,868</u>	<u>13,982</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,028,370</u>	<u>\$ (260,366)</u>	<u>\$ (13,401)</u>	<u>\$ 955,261</u>	<u>\$ 212,302</u>	<u>\$ 1,378,419</u>	<u>\$ 1,822,289</u>

511 Park Improvement	515 TH13/150th Intersection Improvement	532 2015 Capital Projects	533 2016 Capital Projects	534 2017 Capital Projects	535 2018 Capital Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,961
-	-	-	242,478	-	65,000	307,478
-	-	-	173,802	-	-	173,802
-	383,350	-	-	-	-	383,350
-	-	-	-	-	-	176,755
9,967	1,278	452	4,686	490	-	97,149
1,200	3,697	-	-	-	-	4,897
63,116	-	-	35,774	-	-	804,809
<u>74,283</u>	<u>388,325</u>	<u>452</u>	<u>456,740</u>	<u>490</u>	<u>65,000</u>	<u>2,109,201</u>
-	-	-	-	-	-	116,058
-	-	-	-	-	-	160,916
-	-	-	-	-	-	235,759
-	344,913	18,605	467,392	2,512,939	62,027	4,299,763
504,203	-	-	-	-	-	1,606,575
472	-	-	-	28,892	-	113,394
<u>504,675</u>	<u>344,913</u>	<u>18,605</u>	<u>467,392</u>	<u>2,541,831</u>	<u>62,027</u>	<u>6,532,465</u>
<u>(430,392)</u>	<u>43,412</u>	<u>(18,153)</u>	<u>(10,652)</u>	<u>(2,541,341)</u>	<u>2,973</u>	<u>(4,423,264)</u>
-	-	-	-	1,780,000	-	3,095,000
-	-	-	-	65,888	-	113,037
-	-	-	-	-	-	191,347
860,332	-	-	-	1,137,672	-	6,013,041
-	(600,000)	(7,204)	-	-	-	(1,340,396)
<u>860,332</u>	<u>(600,000)</u>	<u>(7,204)</u>	<u>-</u>	<u>2,983,560</u>	<u>-</u>	<u>8,072,029</u>
429,940	(556,588)	(25,357)	(10,652)	442,219	2,973	3,648,765
-	675,141	25,357	10,698	(2,649)	-	3,465,191
<u>\$ 429,940</u>	<u>\$ 118,553</u>	<u>\$ -</u>	<u>\$ 46</u>	<u>\$ 439,570</u>	<u>\$ 2,973</u>	<u>\$ 7,113,956</u>

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City of Savage, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget	2016
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Taxes					
General property	\$ 11,916,076	\$ 11,916,076	\$ 11,692,026	\$ (224,050)	\$ 11,573,951
Gravel tax	13,000	13,000	16,547	3,547	21,639
Total taxes	<u>11,929,076</u>	<u>11,929,076</u>	<u>11,708,573</u>	<u>(220,503)</u>	<u>11,595,590</u>
Licenses and permits					
Business	80,925	80,925	86,160	5,235	99,229
Non-business	472,700	472,700	1,017,125	544,425	962,141
Total licenses and permits	<u>553,625</u>	<u>553,625</u>	<u>1,103,285</u>	<u>549,660</u>	<u>1,061,370</u>
Intergovernmental					
Federal					
Grants	-	-	31,369	31,369	18,013
State					
Local performance aid	4,000	4,000	4,240	240	4,203
MSA maintenance aid	37,125	37,125	37,125	-	37,125
Fire aid	160,000	160,000	173,624	13,624	171,033
Police aid	240,000	240,000	268,688	28,688	262,792
PERA aid	16,782	16,782	16,782	-	16,782
Other state aid	14,000	14,000	14,539	539	30,130
County					
Other county grants	5,000	7,779	3,439	(4,340)	3,766
Local					
Miscellaneous	107,672	107,672	93,824	(13,848)	75,078
Total intergovernmental	<u>584,579</u>	<u>587,358</u>	<u>643,630</u>	<u>56,272</u>	<u>618,922</u>
Charges for services					
General government	2,350	2,350	3,655	1,305	3,100
Community development	451,050	451,050	955,686	504,636	868,355
Public safety	20,500	20,500	19,890	(610)	34,422
Public works	-	-	34,321	34,321	16,555
Culture and recreation	162,386	162,386	145,094	(17,292)	176,545
Total charges for services	<u>636,286</u>	<u>636,286</u>	<u>1,158,646</u>	<u>522,360</u>	<u>1,098,977</u>
Fines and forfeitures	25,000	25,000	45,258	20,258	43,699
Special assessments	-	-	13,150	13,150	29,732
Investment earnings	125,000	125,000	104,562	(20,438)	78,682
Miscellaneous revenues					
Contributions and donations	7,000	43,259	36,259	(7,000)	17,132
Rent	61,200	61,200	75,694	14,494	58,465
Refunds and reimbursements	5,000	5,000	4,280	(720)	11,897
Other	12,800	12,800	26,495	13,695	27,401
Total miscellaneous	<u>86,000</u>	<u>122,259</u>	<u>142,728</u>	<u>20,469</u>	<u>114,895</u>
Total Revenues	<u>13,939,566</u>	<u>13,978,604</u>	<u>14,919,832</u>	<u>941,228</u>	<u>14,641,867</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, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget	2016
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and Council					
Personnel services	\$ 42,648	\$ 42,648	\$ 42,649	\$ (1)	\$ 42,644
Supplies	2,750	2,750	1,202	1,548	2,706
Other services and charges	55,134	55,134	53,304	1,830	48,702
Total Mayor and City Council	<u>100,532</u>	<u>100,532</u>	<u>97,155</u>	<u>3,377</u>	<u>94,052</u>
Administration					
Personnel services	553,721	553,721	566,727	(13,006)	552,731
Supplies	14,750	14,750	17,388	(2,638)	7,800
Other services and charges	48,150	48,150	42,879	5,271	45,486
Total administration	<u>616,621</u>	<u>616,621</u>	<u>626,994</u>	<u>(10,373)</u>	<u>606,017</u>
Elections					
Supplies	2,000	2,000	977	1,023	5,785
Other services and charges	27,400	27,400	3,243	24,157	20,702
Total elections	<u>29,400</u>	<u>29,400</u>	<u>4,220</u>	<u>25,180</u>	<u>26,487</u>
General government buildings					
Personnel services	331,810	331,810	336,518	(4,708)	321,902
Supplies	23,600	24,990	18,872	6,118	17,963
Other services and charges	136,084	136,084	130,053	6,031	122,649
Total general government buildings	<u>491,494</u>	<u>492,884</u>	<u>485,443</u>	<u>7,441</u>	<u>462,514</u>
Communications					
Supplies	6,750	6,750	4,028	2,722	5,098
Other services and charges	58,500	58,500	51,498	7,002	56,186
Total communications	<u>65,250</u>	<u>65,250</u>	<u>55,526</u>	<u>9,724</u>	<u>61,284</u>
Finance					
Personnel services	252,947	252,947	243,504	9,443	241,464
Supplies	1,800	1,800	4,495	(2,695)	3,553
Other services and charges	95,835	95,835	83,589	12,246	74,581
Total finance	<u>350,582</u>	<u>350,582</u>	<u>331,588</u>	<u>18,994</u>	<u>319,598</u>
Legal					
Other services and charges	120,000	120,000	139,183	(19,183)	136,854
Assessor					
Other services and charges	210,100	210,100	201,524	8,576	184,000
Management information systems (MIS)					
Personnel services	158,123	158,123	157,298	825	172,062
Supplies	35,250	35,250	24,164	11,086	14,804
Other services and charges	87,850	87,850	85,514	2,336	36,440
Total MIS	<u>281,223</u>	<u>281,223</u>	<u>266,976</u>	<u>14,247</u>	<u>223,306</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, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget	2016
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Geographic information systems (GIS)					
Personnel services	\$ 109,627	\$ 109,627	\$ 112,177	\$ (2,550)	\$ 108,713
Supplies	10,500	10,500	1,998	8,502	1,708
Other services and charges	25,480	25,480	34,529	(9,049)	19,831
Total GIS	<u>145,607</u>	<u>145,607</u>	<u>148,704</u>	<u>(3,097)</u>	<u>130,252</u>
Contingency					
Other services and charges	-	-	4,307	(4,307)	21,956
Total General Government	<u>2,410,809</u>	<u>2,412,199</u>	<u>2,361,620</u>	<u>50,579</u>	<u>2,266,320</u>
Community development					
Community development					
Personnel services	253,424	253,424	254,514	(1,090)	252,137
Supplies	2,900	2,900	2,216	684	3,401
Other services and charges	72,300	72,300	33,801	38,499	9,799
Total community development	<u>328,624</u>	<u>328,624</u>	<u>290,531</u>	<u>38,093</u>	<u>265,337</u>
Building inspection					
Personnel services	461,883	461,883	448,749	13,134	436,443
Supplies	9,200	9,200	8,451	749	7,635
Other services and charges	23,619	23,619	32,659	(9,040)	17,762
Total building inspection	<u>494,702</u>	<u>494,702</u>	<u>489,859</u>	<u>4,843</u>	<u>461,840</u>
Total Community Development	<u>823,326</u>	<u>823,326</u>	<u>780,390</u>	<u>42,936</u>	<u>727,177</u>
Public safety					
Police					
Personnel services	4,748,769	4,748,769	4,753,855	(5,086)	4,592,722
Supplies	201,344	210,603	218,569	(7,966)	207,613
Other services and charges	433,116	433,116	458,561	(25,445)	411,877
Total police	<u>5,383,229</u>	<u>5,392,488</u>	<u>5,430,985</u>	<u>(38,497)</u>	<u>5,212,212</u>
Fire					
Personnel services	877,705	877,705	849,438	28,267	821,029
Supplies	93,950	100,950	78,420	22,530	49,818
Other services and charges	179,259	179,259	173,712	5,547	160,075
Total fire	<u>1,150,914</u>	<u>1,157,914</u>	<u>1,101,570</u>	<u>56,344</u>	<u>1,030,922</u>
Total Public Safety	<u>6,534,143</u>	<u>6,550,402</u>	<u>6,532,555</u>	<u>17,847</u>	<u>6,243,134</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, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget	2016
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Expenditures (Continued)					
Current (continued)					
Public works					
Administration					
Personnel services	\$ 147,596	\$ 147,596	\$ 148,104	\$ (508)	\$ 142,668
Supplies	21,100	22,489	15,341	7,148	16,866
Other services and charges	132,880	132,880	123,901	8,979	110,694
Total administration	<u>301,576</u>	<u>302,965</u>	<u>287,346</u>	<u>15,619</u>	<u>270,228</u>
Maintenance (streets and alleys)					
Personnel services	645,662	645,662	596,440	49,222	610,743
Supplies	131,000	131,000	107,889	23,111	101,987
Other services and charges	222,635	222,635	231,614	(8,979)	213,501
Total maintenance	<u>999,297</u>	<u>999,297</u>	<u>935,943</u>	<u>63,354</u>	<u>926,231</u>
Engineering					
Personnel services	527,758	527,758	542,986	(15,228)	529,650
Supplies	13,300	13,300	9,623	3,677	12,651
Other services and charges	106,204	106,204	55,693	50,511	145,116
Total engineering	<u>647,262</u>	<u>647,262</u>	<u>608,302</u>	<u>38,960</u>	<u>687,417</u>
Snow and ice removal					
Personnel services	15,363	15,363	6,061	9,302	21,021
Supplies	116,000	116,000	106,174	9,826	101,313
Other services and charges	51,100	51,100	58,204	(7,104)	54,546
Total snow and ice removal	<u>182,463</u>	<u>182,463</u>	<u>170,439</u>	<u>12,024</u>	<u>176,880</u>
Traffic signs					
Supplies	25,400	25,400	32,337	(6,937)	24,278
Other services and charges	35,200	35,200	32,592	2,608	33,147
Total traffic signs	<u>60,600</u>	<u>60,600</u>	<u>64,929</u>	<u>(4,329)</u>	<u>57,425</u>
Vehicle maintenance					
Personnel services	175,706	175,706	163,490	12,216	172,241
Supplies	80,500	80,500	59,952	20,548	50,986
Other services and charges	44,550	44,550	29,465	15,085	24,747
Total vehicle maintenance	<u>300,756</u>	<u>300,756</u>	<u>252,907</u>	<u>47,849</u>	<u>247,974</u>
Total Public Works	<u>2,491,954</u>	<u>2,493,343</u>	<u>2,319,866</u>	<u>173,477</u>	<u>2,366,155</u>
Culture and recreation					
Parks and recreation					
Personnel services	1,292,490	1,292,490	1,263,691	28,799	1,178,095
Supplies	207,500	207,500	180,181	27,319	200,516
Other services and charges	192,727	212,727	224,165	(11,438)	205,282
Total Parks and Recreation	<u>1,692,717</u>	<u>1,712,717</u>	<u>1,668,037</u>	<u>44,680</u>	<u>1,583,893</u>
Library					
Supplies	7,500	7,500	4,178	3,322	4,189
Other services and charges	67,165	67,165	66,628	537	54,933
Total library	<u>74,665</u>	<u>74,665</u>	<u>70,806</u>	<u>3,859</u>	<u>59,122</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, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	2017			Variance with Final Budget	2016
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Forestry and natural resources					
Personnel services	\$ 88,092	\$ 88,092	\$ 92,709	\$ (4,617)	\$ 88,647
Supplies	25,300	25,300	9,998	15,302	18,055
Other services and charges	7,525	7,525	9,231	(1,706)	9,591
Total forestry and natural resources	<u>120,917</u>	<u>120,917</u>	<u>111,938</u>	<u>8,979</u>	<u>116,293</u>
Total Culture and Recreation	<u>1,888,299</u>	<u>1,908,299</u>	<u>1,850,781</u>	<u>57,518</u>	<u>1,759,308</u>
Total Current	<u>14,148,531</u>	<u>14,187,569</u>	<u>13,845,212</u>	<u>342,357</u>	<u>13,362,094</u>
Capital outlay					
General government	<u>11,535</u>	<u>11,535</u>	<u>13,528</u>	<u>(1,993)</u>	<u>17,190</u>
Total Expenditures	<u>14,160,066</u>	<u>14,199,104</u>	<u>13,858,740</u>	<u>340,364</u>	<u>13,379,284</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>(220,500)</u>	<u>(220,500)</u>	<u>1,061,092</u>	<u>1,281,592</u>	<u>1,262,583</u>
Other Financing Sources (Uses)					
Sale of capital assets	500	500	5,208	4,708	620
Transfers in	220,000	220,000	200,000	(20,000)	200,000
Transfers out	-	-	(835,000)	(835,000)	(1,300,000)
Total Other Financing Sources (Uses)	<u>220,500</u>	<u>220,500</u>	<u>(629,792)</u>	<u>(850,292)</u>	<u>(1,099,380)</u>
Net Change in Fund Balances	-	-	431,300	431,300	163,203
Fund Balances, January 1	<u>7,021,444</u>	<u>7,021,444</u>	<u>7,021,444</u>	<u>-</u>	<u>6,858,241</u>
Fund Balances, December 31	<u>\$ 7,021,444</u>	<u>\$ 7,021,444</u>	<u>\$ 7,452,744</u>	<u>\$ 431,300</u>	<u>\$ 7,021,444</u>

City of Savage, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2017

	331	336	339	341
	2006C/2017B	2008A	2009A	2010A
	Recreation	G.O. Street	G.O. Street	G.O. Build
	Refunding	Reconstruction	Reconstruction/CIP	America
	Bonds	Bonds	Bonds	Bonds
Assets				
Cash and investments	\$ 381,086	\$ 792,310	\$ 483,545	\$ 881,950
Cash with fiscal agent	-	-	-	-
Receivables				
Accrued interest	-	-	-	-
Taxes - current	938	137	480	132
Taxes - delinquent	2,295	1,274	1,786	1,588
Special assessments - current	-	9,609	156	-
Special assessments - deferred	-	132,467	62,257	70,026
Special assessments - delinquent	-	-	-	-
Due from other funds	-	-	-	-
Total Assets	<u>\$ 384,319</u>	<u>\$ 935,797</u>	<u>\$ 548,224</u>	<u>\$ 953,696</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes	\$ 2,295	\$ 1,274	\$ 1,786	\$ 1,588
Unavailable revenue - special assessments	-	142,076	62,257	70,026
Total Deferred Inflows	<u>2,295</u>	<u>143,350</u>	<u>64,043</u>	<u>71,614</u>
of Resources				
Fund Balances				
Restricted for debt service	<u>382,024</u>	<u>792,447</u>	<u>484,181</u>	<u>882,082</u>
Total Deferred				
Inflows of Resources,				
and Fund Balances	<u>\$ 384,319</u>	<u>\$ 935,797</u>	<u>\$ 548,224</u>	<u>\$ 953,696</u>

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
\$ 514,043	\$ 228,947	\$ 659,859	\$ -
-	-	-	-
-	-	-	-
-	2,103	93	-
358	3,001	1,725	835
1,019	-	-	-
617,234	167,403	142,896	-
1,288	8,389	-	-
-	-	-	-
<u>\$ 1,133,942</u>	<u>\$ 409,843</u>	<u>\$ 804,573</u>	<u>\$ 835</u>
\$ 792	\$ 3,001	\$ 1,725	\$ 835
618,522	175,792	142,896	-
619,314	178,793	144,621	835
514,628	231,050	659,952	-
<u>\$ 1,133,942</u>	<u>\$ 409,843</u>	<u>\$ 804,573</u>	<u>\$ 835</u>

City of Savage, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2017

	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	\$ 356,879	\$ 733,553	\$ 429,004	\$ 633,082	\$ 914,089
Cash with fiscal agent	-	-	-	-	-
Receivables					
Accrued interest	-	-	-	-	-
Taxes - current	-	670	-	562	633
Taxes - delinquent	1,673	2,177	-	1,439	3,390
Special assessments - current	15	154	-	-	-
Special assessments - deferred	298,846	246,548	171,683	203,096	-
Special assessments - delinquent	-	1,013	-	16,053	-
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 657,413</u>	<u>\$ 984,115</u>	<u>\$ 600,687</u>	<u>\$ 854,232</u>	<u>\$ 918,112</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes	\$ 1,673	\$ 2,177	\$ -	\$ 1,439	\$ 3,390
Unavailable revenue - special assessments	298,847	247,560	171,683	219,149	-
Total Deferred Inflows	<u>300,520</u>	<u>249,737</u>	<u>171,683</u>	<u>220,588</u>	<u>3,390</u>
Of Resources					
Fund Balances					
Restricted for debt service	<u>356,893</u>	<u>734,378</u>	<u>429,004</u>	<u>633,644</u>	<u>914,722</u>
Total Deferred Inflows of Resources, and Fund Balances	<u>\$ 657,413</u>	<u>\$ 984,115</u>	<u>\$ 600,687</u>	<u>\$ 854,232</u>	<u>\$ 918,112</u>

351	352	353	354	380	372	399	
2015A G.O. Bonds	2015B Crossover Refunding (2006A Bonds) Bonds	2016A G.O. Street Improvement Bonds	2017A G.O. Street Improvement Bonds	Lease Revenue Bonds	Capital Lease	Debt Service Revolving Fund	Total
\$ 591,216	\$ 657,837	\$ 374,629	\$ 241,735	\$ 934	\$ 42,222	\$ 569,397	\$ 9,486,317
-	-	-	-	251,000	-	-	251,000
-	-	-	-	160	-	-	160
1,230	920	1,556	-	-	-	-	9,454
1,728	2,475	1,422	-	-	-	314	27,480
345	3	-	-	-	-	287	11,588
306,886	154,054	35,180	314,430	-	-	1,290,786	4,213,792
639	215	-	-	-	-	2,203	29,800
-	-	-	-	-	-	573,348	573,348
<u>\$ 902,044</u>	<u>\$ 815,504</u>	<u>\$ 412,787</u>	<u>\$ 556,165</u>	<u>\$ 252,094</u>	<u>\$ 42,222</u>	<u>\$ 2,436,335</u>	<u>\$ 14,602,939</u>
\$ 1,728	\$ 2,475	\$ 1,422	\$ -	\$ -	\$ -	\$ 1,191	\$ 28,791
307,525	154,269	35,180	314,430	-	-	1,292,989	4,253,201
309,253	156,744	36,602	314,430	-	-	1,294,180	4,281,992
592,791	658,760	376,185	241,735	252,094	42,222	1,142,155	10,320,947
<u>\$ 902,044</u>	<u>\$ 815,504</u>	<u>\$ 412,787</u>	<u>\$ 556,165</u>	<u>\$ 252,094</u>	<u>\$ 42,222</u>	<u>\$ 2,436,335</u>	<u>\$ 14,602,939</u>

City of Savage, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Year Ended December 31, 2017

	331	336	339	341	342
	2006C/2017B	2008A	2009A	2010A	2010C
	Recreation	G.O. Street	G.O. Street	G.O. Build	G.O. Improvement
	Refunding	Reconstruction	Reconstruction/CIP	America	and Refunding
	Bonds	Bonds	Bonds	Bonds	Bonds
Revenues					
Taxes	\$ 407,095	\$ 221,437	\$ 345,191	\$ 295,219	\$ (1,172)
Intergovernmental	-	-	-	43,122	-
Special assessments	-	32,836	26,606	64,225	110,395
Investment earnings	6,086	9,549	4,014	9,967	7,749
Miscellaneous	-	-	-	-	-
Total Revenues	<u>413,181</u>	<u>263,822</u>	<u>375,811</u>	<u>412,533</u>	<u>116,972</u>
Expenditures					
Debt service					
Principal	305,000	250,000	280,000	270,000	815,000
Interest and other charges	112,337	85,250	105,333	132,788	17,775
Total Expenditures	<u>417,337</u>	<u>335,250</u>	<u>385,333</u>	<u>402,788</u>	<u>832,775</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,156)</u>	<u>(71,428)</u>	<u>(9,522)</u>	<u>9,745</u>	<u>(715,803)</u>
Other Financing Sources (Uses)					
Bonds issued	1,520,000	-	-	-	-
Premiums on bonds issued	66,932	-	-	-	-
Principal paid on refunded bonds	(1,730,000)	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(143,068)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(147,224)	(71,428)	(9,522)	9,745	(715,803)
Fund Balances, January 1	<u>529,248</u>	<u>863,875</u>	<u>493,703</u>	<u>872,337</u>	<u>1,230,431</u>
Fund Balances, December 31	<u>\$ 382,024</u>	<u>\$ 792,447</u>	<u>\$ 484,181</u>	<u>\$ 882,082</u>	<u>\$ 514,628</u>

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
\$ 708,459	\$ 327,353	\$ -	\$ 319,131	\$ 462,155
-	-	-	-	-
60,449	29,546	-	56,146	40,034
-	7,447	-	2,437	6,556
-	-	-	-	-
<u>768,908</u>	<u>364,346</u>	<u>-</u>	<u>377,714</u>	<u>508,745</u>
720,000	645,000	335,000	525,000	545,000
61,700	113,513	2,512	70,481	86,248
<u>781,700</u>	<u>758,513</u>	<u>337,512</u>	<u>595,481</u>	<u>631,248</u>
(12,792)	(394,167)	(337,512)	(217,767)	(122,503)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
200,000	-	-	-	-
-	-	(30,279)	-	-
<u>200,000</u>	<u>-</u>	<u>(30,279)</u>	<u>-</u>	<u>-</u>
187,208	(394,167)	(367,791)	(217,767)	(122,503)
43,842	1,054,119	367,791	574,660	856,881
<u>\$ 231,050</u>	<u>\$ 659,952</u>	<u>\$ -</u>	<u>\$ 356,893</u>	<u>\$ 734,378</u>

City of Savage, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
December 31, 2017

	348	349	350 2014B	351	352 2015B
	2013B G.O. Refunding Bonds	2014A G.O. Bonds	Advance Refunding (2006 EDA Lease) Bonds	2015A G.O. Bonds	Crossover Refunding (2006A Bonds) Bonds
Revenues					
Taxes	\$ -	\$ 305,938	\$ 591,304	\$ 406,610	\$ 484,777
Intergovernmental	-	-	-	-	-
Special assessments	87,400	18,012	-	56,628	43,854
Investment earnings	5,492	6,570	8,216	4,673	4,778
Miscellaneous	-	-	-	-	-
Total Revenues	<u>92,892</u>	<u>330,520</u>	<u>599,520</u>	<u>467,911</u>	<u>533,409</u>
Expenditures					
Debt service					
Principal	80,000	315,000	480,000	325,000	470,000
Interest and other charges	7,849	69,875	118,569	110,538	50,200
Total Expenditures	<u>87,849</u>	<u>384,875</u>	<u>598,569</u>	<u>435,538</u>	<u>520,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,043</u>	<u>(54,355)</u>	<u>951</u>	<u>32,373</u>	<u>13,209</u>
Other Financing Sources (Uses)					
Bonds issued	-	-	-	-	-
Premiums on bonds issued	-	-	-	-	-
Principal paid on refunded bonds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,043	(54,355)	951	32,373	13,209
Fund Balances, January 1	<u>423,961</u>	<u>687,999</u>	<u>913,771</u>	<u>560,418</u>	<u>645,551</u>
Fund Balances, December 31	<u>\$ 429,004</u>	<u>\$ 633,644</u>	<u>\$ 914,722</u>	<u>\$ 592,791</u>	<u>\$ 658,760</u>

353 2016A G.O. Street Improvement Bonds	354 2017A G.O. Street Improvement Bonds	380 Lease Revenue Bonds	372 Capital Lease	399 Debt Service Revolving Fund	Eliminations	Total
\$ 380,554	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,254,051
-	-	-	-	-	-	43,122
3,773	188,940	-	-	271,578	-	1,090,422
1,680	530	514	467	35,655	-	122,380
-	-	-	298,903	-	-	298,903
<u>386,007</u>	<u>189,470</u>	<u>514</u>	<u>299,370</u>	<u>307,233</u>	<u>-</u>	<u>6,808,878</u>
-	-	235,000	105,000	-	-	6,700,000
93,881	800	17,835	123,403	450	-	1,381,337
<u>93,881</u>	<u>800</u>	<u>252,835</u>	<u>228,403</u>	<u>450</u>	<u>-</u>	<u>8,081,337</u>
292,126	188,670	(252,321)	70,967	306,783	-	(1,272,459)
-	-	-	1,385,000	-	-	2,905,000
-	53,065	-	-	-	-	119,997
-	-	-	(1,635,000)	-	-	(3,365,000)
-	-	252,000	140,000	37,483	(482,279)	147,204
-	-	-	-	(5,352,000)	482,279	(4,900,000)
-	53,065	252,000	(110,000)	(5,314,517)	-	(5,092,799)
292,126	241,735	(321)	(39,033)	(5,007,734)	-	(6,365,258)
84,059	-	252,415	81,255	6,149,889	-	16,686,205
<u>\$ 376,185</u>	<u>\$ 241,735</u>	<u>\$ 252,094</u>	<u>\$ 42,222</u>	<u>\$ 1,142,155</u>	<u>\$ -</u>	<u>\$ 10,320,947</u>

City of Savage, Minnesota
Agency Funds
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Service Availability Charge				
Assets				
Cash and investments	<u>\$ 39,760</u>	<u>\$ 606,340</u>	<u>\$ 608,825</u>	<u>\$ 37,275</u>
Liabilities				
Accounts payable	<u>\$ 39,760</u>	<u>\$ 606,340</u>	<u>\$ 608,825</u>	<u>\$ 37,275</u>
State Surcharge				
Assets				
Cash and investments	<u>\$ 3,541</u>	<u>\$ 49,114</u>	<u>\$ 49,623</u>	<u>\$ 3,032</u>
Liabilities				
Accounts payable	<u>\$ 3,541</u>	<u>\$ 49,114</u>	<u>\$ 49,623</u>	<u>\$ 3,032</u>
Total All Agency				
Assets				
Cash and investments	<u>\$ 43,301</u>	<u>\$ 655,454</u>	<u>\$ 658,448</u>	<u>\$ 40,307</u>
Liabilities				
Accounts payable	<u>\$ 43,301</u>	<u>\$ 655,454</u>	<u>\$ 658,448</u>	<u>\$ 40,307</u>

City of Savage, Minnesota
 Summary Financial Report
 Revenues and Expenditures For General Operations
 Governmental Funds
 For the Years Ended December 31, 2017 and 2016

	Total		Percent Increase (Decrease)
	2017	2016	
Revenues			
Taxes	\$ 17,354,608	\$ 16,966,415	2.29 %
Licenses and permits	1,103,285	1,061,770	3.91
Intergovernmental	3,959,527	5,659,137	(30.03)
Charges for services	1,158,646	1,895,927	(38.89)
Fines and forfeits	45,258	43,699	3.57
Special assessments	1,414,733	2,238,634	(36.80)
Investment earnings	370,860	381,172	(2.71)
Miscellaneous	1,528,002	492,927	209.99
	<u>\$ 26,934,919</u>	<u>\$ 28,739,681</u>	(6.28) %
Total Revenues	<u>\$ 26,934,919</u>	<u>\$ 28,739,681</u>	(6.28) %
Per capita	\$ 877	\$ 949	(7.59) %
Expenditures			
Current			
General government	\$ 2,721,328	\$ 2,691,979	1.09 %
Public safety	6,532,555	6,243,134	4.64
Public works	2,319,866	2,366,155	(1.96)
Culture and recreation	1,850,781	1,764,144	4.91
Community development	878,233	800,377	9.73
Capital outlay	9,804,826	12,481,059	(21.44)
Debt service			
Principal	6,700,000	11,280,000	(40.60)
Interest and other charges	1,381,337	1,616,804	(14.56)
Issuance costs	113,394	94,318	20.23
	<u>\$ 32,302,320</u>	<u>\$ 39,337,970</u>	(17.89) %
Total Expenditures	<u>\$ 32,302,320</u>	<u>\$ 39,337,970</u>	(17.89) %
Per capita	\$ 1,052	\$ 1,299	(19.03) %
Total Long-term indebtedness	\$ 44,394,350	\$ 48,355,432	(8.19) %
Per capita	1,445	1,597	(9.47)
General Fund Balance - December 31	\$ 7,452,744	\$ 7,021,444	6.14 %
Per capita	243	232	4.66

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, 2017

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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			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 49,854,699	\$ 47,712,409	\$ 49,995,780	\$ 44,947,035
Restricted	24,248,309	25,069,381	27,783,068	28,661,106
Unrestricted	5,969,039	6,018,098	1,632,478	7,595,872
Total Governmental Activities				
Net Position	<u>\$ 80,072,047</u>	<u>\$ 78,799,888</u>	<u>\$ 79,411,326</u>	<u>\$ 81,204,013</u>
Business-type Activities				
Net investment in capital assets	\$ 71,915,835	\$ 67,857,147	\$ 64,274,645	\$ 59,136,142
Restricted	186,213	186,213	186,213	186,213
Unrestricted	9,710,253	9,508,728	9,175,558	12,050,334
Total Business-type Activities				
Net Position	<u>\$ 81,812,301</u>	<u>\$ 77,552,088</u>	<u>\$ 73,636,416</u>	<u>\$ 71,372,689</u>
Primary Government				
Net investment in capital assets	\$ 110,182,457	\$ 105,241,479	\$ 102,327,425	\$ 94,262,715
Restricted	24,434,522	25,255,594	27,969,281	28,847,319
Unrestricted	27,267,369	25,854,903	22,751,036	29,466,668
Total Primary Government				
Net Position	<u>\$ 161,884,348</u>	<u>\$ 156,351,976</u>	<u>\$ 153,047,742</u>	<u>\$ 152,576,702</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					
2012	2013	2014	2015	2016	2017
\$ 51,868,908	\$ 55,245,476	\$ 56,875,347	\$ 56,788,519	\$ 52,404,031	\$ 56,043,065
26,923,205	24,780,907	27,661,964	26,379,496	23,798,360	15,945,047
4,828,615	4,300,332	4,808,819	346,467	6,125,991	6,952,544
<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>	<u>\$ 78,940,656</u>
\$ 57,394,271	\$ 56,798,875	\$ 58,707,155	\$ 58,349,577	\$ 58,757,241	\$ 62,456,787
186,213	186,213	186,213	186,213	186,213	186,213
13,433,615	11,657,075	9,650,137	10,250,984	10,765,788	12,020,899
<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>	<u>\$ 74,663,899</u>
\$ 99,215,256	\$ 101,888,966	\$ 105,769,655	\$ 105,597,787	\$ 111,161,272	\$ 118,499,852
27,109,418	24,967,120	27,848,177	26,565,709	23,984,573	16,131,260
28,310,153	26,112,792	24,271,803	20,137,760	16,891,779	18,973,443
<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>	<u>\$ 153,604,555</u>

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

Table 2

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities				
General government	\$ 2,892,117	\$ 2,432,911	\$ 2,412,774	\$ 2,465,817
Community development	952,383	777,406	595,330	664,475
Public safety	5,121,220	5,418,324	5,619,912	5,650,788
Public works	8,470,718	8,702,435	8,829,965	8,364,994
Culture and recreation	1,536,144	1,604,608	1,630,060	1,679,064
Interest on long-term debt	2,755,432	2,679,241	2,508,079	2,172,544
Total Governmental Activities Expenses	<u>21,728,014</u>	<u>21,614,925</u>	<u>21,596,120</u>	<u>20,997,682</u>
Business-type Activities				
Water and sewer	9,497,948	9,760,949	10,205,970	10,092,700
Storm water	1,822,550	1,715,389	1,949,972	1,966,042
Municipal liquor	5,871,035	5,293,536	5,026,231	4,472,836
Street light	303,912	298,660	300,908	316,629
Sports center	-	-	-	-
Total Business-type Activities Expenses	<u>17,495,445</u>	<u>17,068,534</u>	<u>17,483,081</u>	<u>16,848,207</u>
Total Primary Government Expenses	<u>\$ 39,223,459</u>	<u>\$ 38,683,459</u>	<u>\$ 39,079,201</u>	<u>\$ 37,845,889</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 747,510	\$ 414,480	\$ 448,515	\$ 485,867
Community development	456,627	368,097	589,626	763,244
Public safety	287,263	256,450	272,055	254,405
Public works	773,642	643,557	789,646	882,681
Culture and recreation	171,754	172,768	152,341	191,863
Operating grants and contributions	704,340	838,217	494,766	643,307
Capital grants and contributions	2,177,071	1,712,373	4,083,430	4,065,639
Total Governmental Activities Program Revenues	<u>5,318,207</u>	<u>4,405,942</u>	<u>6,830,379</u>	<u>7,287,006</u>
Business-type Activities				
Charges for services				
Water and sewer	6,768,780	6,580,504	6,077,544	6,641,873
Storm water	1,563,967	1,302,696	1,413,006	1,288,222
Municipal liquor	6,315,723	5,570,183	5,181,548	4,657,014
Street light	310,154	328,577	331,197	335,105
Sports center	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	145,704	-	-
Total Business-type Activities Program Revenues	<u>14,958,624</u>	<u>13,927,664</u>	<u>13,003,295</u>	<u>12,922,214</u>
Total Primary Government Program Revenues	<u>\$ 20,276,831</u>	<u>\$ 18,333,606</u>	<u>\$ 19,833,674</u>	<u>\$ 20,209,220</u>

Table 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 2,579,553	\$ 2,586,203	\$ 2,635,204	\$ 2,808,358	\$ 3,702,654	\$ 3,007,733
731,022	1,492,904	1,126,253	880,952	1,207,177	1,097,374
5,881,131	5,736,452	6,080,356	6,144,514	8,119,785	7,191,221
9,186,780	9,625,099	7,655,405	10,013,293	12,269,023	9,910,401
1,609,802	1,754,704	1,664,785	1,859,142	2,102,361	3,591,953
2,257,180	2,024,222	1,793,677	1,572,793	1,521,939	1,355,906
<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>	<u>26,154,588</u>
10,187,040	9,973,931	8,505,471	8,401,436	8,972,833	9,289,662
1,676,891	1,775,795	1,581,519	1,684,442	1,285,147	1,371,284
4,326,242	4,205,135	4,046,382	3,661,334	3,910,277	4,961,257
332,040	325,596	331,931	335,488	358,525	387,609
134,016	527,728	490,481	466,643	463,356	491,401
<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>16,501,213</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>	<u>\$ 42,655,801</u>
\$ 401,917	\$ 407,780	\$ 425,638	\$ 451,924	\$ 2,172,767	\$ 2,340,982
1,072,671	935,318	1,152,731	1,072,049	37,650	57,861
230,613	229,931	191,024	138,373	77,347	68,783
1,432,254	1,061,729	629,211	509,220	38,705	28,800
168,882	244,232	262,835	229,892	1,059,107	884,066
853,424	598,964	581,227	740,935	1,615,121	1,182,258
7,080,462	5,744,272	4,327,779	5,877,187	5,110,433	4,116,418
<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>	<u>8,679,168</u>
7,457,902	7,525,396	8,584,064	7,078,007	9,221,873	9,048,111
1,243,080	1,293,742	1,415,134	1,377,448	1,566,646	1,538,029
4,560,288	4,435,027	4,245,608	3,705,763	3,801,453	4,887,610
345,255	344,842	347,059	351,997	364,653	365,915
111,522	504,008	520,598	492,875	481,285	464,101
-	-	-	-	24,443	5,200
-	-	-	-	341,392	582,599
<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>16,891,565</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>	<u>\$ 25,570,733</u>

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

Table 2

	Fiscal Year			
	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental activities	\$(16,409,807)	\$(17,208,983)	\$(14,765,741)	\$(13,710,676)
Business-type activities	<u>(2,536,821)</u>	<u>(3,140,870)</u>	<u>(4,479,786)</u>	<u>(3,925,993)</u>
Total Primary Government Net Expense	<u><u>\$(18,946,628)</u></u>	<u><u>\$(20,349,853)</u></u>	<u><u>\$(19,245,527)</u></u>	<u><u>\$(17,636,669)</u></u>
General Revenues and other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 14,413,739	\$ 15,158,454	\$ 15,115,141	\$ 14,937,657
Tax increments	2,148,452	128,612	140,606	36,356
Franchise taxes	171,332	181,704	189,678	196,149
Other taxes	-	-	-	-
Grants and contributions not restricted to specific programs	207,074	-	-	-
Unrestricted investment earnings	1,441,689	495,882	330,672	1,471,561
Other general revenues	6,263	12,542	17,928	13,514
Gain on sale of capital assets	9,719	17,122	1,288	-
Transfers	<u>(822,875)</u>	<u>386,176</u>	<u>(418,134)</u>	<u>(1,151,874)</u>
Total Governmental Activities	<u>17,575,393</u>	<u>16,380,492</u>	<u>15,377,179</u>	<u>15,503,363</u>
Business-type Activities				
Unrestricted investment earnings	352,274	159,690	145,343	510,392
Other general revenues	-	4,164	637	-
Gain on sale of capital assets	-	-	-	-
Transfers	<u>822,875</u>	<u>(386,176)</u>	<u>418,134</u>	<u>1,151,874</u>
Total Business-type Activities	<u>1,175,149</u>	<u>(222,322)</u>	<u>564,114</u>	<u>1,662,266</u>
Total Primary Government	<u><u>\$ 18,750,542</u></u>	<u><u>\$ 16,158,170</u></u>	<u><u>\$ 15,941,293</u></u>	<u><u>\$ 17,165,629</u></u>
Change in Net Position				
Governmental activities	\$ 1,165,586	\$ (828,491)	\$ 611,438	\$ 1,792,687
Business-type activities	<u>(1,361,672)</u>	<u>(3,363,192)</u>	<u>(3,915,672)</u>	<u>(2,263,727)</u>
Total Primary Government	<u><u>\$ (196,086)</u></u>	<u><u>\$ (4,191,683)</u></u>	<u><u>\$ (3,304,234)</u></u>	<u><u>\$ (471,040)</u></u>

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

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

Source: City of Savage, audited financial statements.

Table 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
<u>\$(11,005,245)</u>	<u>\$(13,997,358)</u>	<u>\$(13,385,235)</u>	<u>\$(14,259,472)</u>	<u>\$(18,811,809)</u>	<u>\$(17,475,420)</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>390,352</u>
<u><u>\$(13,943,427)</u></u>	<u><u>\$(16,702,528)</u></u>	<u><u>\$(13,228,556)</u></u>	<u><u>\$(15,802,725)</u></u>	<u><u>\$(18,000,202)</u></u>	<u><u>\$(17,085,068)</u></u>
\$ 15,063,473	\$ 15,554,819	\$ 16,121,557	\$ 16,612,868	\$ 16,584,312	\$ 16,946,478
34,233	32,397	13,325	-	100,392	160,961
189,980	194,057	195,656	191,425	202,011	203,154
-	-	-	-	47,702	44,416
-	-	4,004	-	22,595	262,976
895,463	(570,068)	1,249,535	480,193	399,871	390,900
14,862	16,566	3,480	-	33,994	3,406
8,751	73,492	58,522	265,936	130,444	433,110
<u>(2,353,133)</u>	<u>(597,918)</u>	<u>758,571</u>	<u>(2,724,755)</u>	<u>104,388</u>	<u>(4,357,707)</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>	<u>14,087,694</u>
348,402	(269,402)	494,736	153,310	204,218	206,598
12,730	4,718	8,498	2,377	-	-
-	-	-	-	11,031	-
<u>2,353,133</u>	<u>597,918</u>	<u>(758,571)</u>	<u>2,724,755</u>	<u>(104,388)</u>	<u>4,357,707</u>
<u>2,714,265</u>	<u>333,234</u>	<u>(255,337)</u>	<u>2,880,442</u>	<u>110,861</u>	<u>4,564,305</u>
<u><u>\$ 16,567,894</u></u>	<u><u>\$ 15,036,579</u></u>	<u><u>\$ 18,149,313</u></u>	<u><u>\$ 17,706,109</u></u>	<u><u>\$ 17,736,570</u></u>	<u><u>\$ 18,651,999</u></u>
\$ 2,848,384	\$ 705,987	\$ 5,019,415	\$ 566,195	\$ (1,186,100)	\$ (3,387,726)
<u>(223,917)</u>	<u>(2,371,936)</u>	<u>(98,658)</u>	<u>1,337,189</u>	<u>922,468</u>	<u>4,954,657</u>
<u><u>\$ 2,624,467</u></u>	<u><u>\$ (1,665,949)</u></u>	<u><u>\$ 4,920,757</u></u>	<u><u>\$ 1,903,384</u></u>	<u><u>\$ (263,632)</u></u>	<u><u>\$ 1,566,931</u></u>

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

Table 3

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved	\$ 6,753	\$ 3,946	\$ 1,051	\$ -
Unreserved	4,244,038	4,797,233	5,571,994	-
Nonspendable	-	-	-	8,100
Assigned	-	-	-	57,506
Unassigned	-	-	-	6,095,222
Total General Fund	<u>\$ 4,250,791</u>	<u>\$ 4,801,179</u>	<u>\$ 5,573,045</u>	<u>\$ 6,160,828</u>
All other Governmental Funds				
Reserved	\$ 1,829,650	\$ 1,824,740	\$ 1,659,499	\$ -
Unreserved, reported in				
Special revenue funds	567,236	1,124,062	1,399,116	-
Debt service funds	19,282,173	19,366,228	25,176,670	-
Capital projects funds	10,357,936	8,328,545	9,330,389	-
Nonspendable	-	-	-	1,457,031
Restricted	-	-	-	19,401,374
Committed	-	-	-	1,119,599
Assigned - capital projects	-	-	-	14,609,278
Unassigned	-	-	-	(1,995,184)
Total All Other Governmental Funds	<u>\$ 32,036,995</u>	<u>\$ 30,643,575</u>	<u>\$ 37,565,674</u>	<u>\$ 34,592,098</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					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
26,951	35,633	27,616	58,389	68,435	34,956
57,070	14,393	14,129	16,596	18,659	226,626
<u>6,259,170</u>	<u>6,416,262</u>	<u>6,685,706</u>	<u>6,783,256</u>	<u>6,934,350</u>	<u>7,191,162</u>
<u>\$ 6,343,191</u>	<u>\$ 6,466,288</u>	<u>\$ 6,727,451</u>	<u>\$ 6,858,241</u>	<u>\$ 7,021,444</u>	<u>\$ 7,452,744</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,432,675	840,625	790,573	739,572	688,869	14,269
19,581,241	23,507,078	24,394,291	26,854,132	19,661,660	12,766,724
1,276,006	1,276,323	1,324,188	2,060,967	2,293,894	2,350,920
10,355,038	8,085,760	4,620,966	4,423,322	5,447,669	6,808,382
<u>(5,754,031)</u>	<u>(6,935,079)</u>	<u>(1,801,173)</u>	<u>(742,569)</u>	<u>(934,728)</u>	<u>(273,767)</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>	<u>\$ 21,666,528</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			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 16,382,638	\$ 15,194,950	\$ 15,377,240	\$ 15,038,116
Special assessments	2,681,370	2,124,181	2,106,741	3,823,356
Licenses and permits	645,593	573,884	910,748	1,070,212
Intergovernmental	992,352	617,579	626,826	1,852,531
Charges for services	1,084,003	649,618	788,813	799,037
Fines and forfeits	200,218	212,124	240,775	221,984
Interest on investments	1,418,912	483,637	319,413	1,434,005
Miscellaneous	861,946	1,235,608	770,497	881,852
Total Revenues	<u>24,267,032</u>	<u>21,091,581</u>	<u>21,141,053</u>	<u>25,121,093</u>
Expenditures				
General government	2,221,348	2,172,553	2,156,341	2,205,108
Community development	749,816	639,003	538,168	542,925
Public safety	4,586,587	4,989,459	5,231,715	5,234,134
Public works	2,245,875	2,170,754	2,140,871	2,058,008
Culture and recreation	1,300,309	1,278,987	1,280,481	1,388,032
Capital outlay	6,869,032	5,440,945	7,305,029	5,390,043
Debt service				
Principal	7,340,000	6,755,000	7,040,000	6,240,000
Interest and other	2,742,476	2,734,946	2,561,618	2,452,449
Other Charges	-	-	-	-
Total Expenditures	<u>28,055,443</u>	<u>26,181,647</u>	<u>28,254,223</u>	<u>25,510,699</u>
Deficiency of Revenues Under Expenditures	<u>(3,788,411)</u>	<u>(5,090,066)</u>	<u>(7,113,170)</u>	<u>(389,606)</u>
Other Financing Sources (Uses)				
Sale of capital assets	29,715	38,282	37,778	41,412
Debt issued	6,180,000	5,050,000	17,065,000	8,640,000
Premium/discount on debt issued	34,250	33,420	548,790	147,401
Principal paid on refunded bonds	-	(1,675,000)	(3,555,000)	(11,025,000)
Transfers in	4,676,783	8,202,090	2,620,628	3,992,995
Transfers out	<u>(3,412,306)</u>	<u>(7,401,758)</u>	<u>(1,910,061)</u>	<u>(3,792,995)</u>
Total Other Financing Sources (Uses)	<u>7,508,442</u>	<u>4,247,034</u>	<u>14,807,135</u>	<u>(1,996,187)</u>
Net Change in Fund Balances	<u>\$ 3,720,031</u>	<u>\$ (843,032)</u>	<u>\$ 7,693,965</u>	<u>\$ (2,385,793)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>43.0%</u>	<u>44.2%</u>	<u>45.5%</u>	<u>43.0%</u>

Source: City of Savage, audited financial statements.

Table 4

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 15,040,188	\$ 15,706,099	\$ 16,239,954	\$ 16,700,828	\$ 16,966,415	\$ 17,354,608
3,116,273	4,856,987	4,131,438	2,680,986	1,061,770	1,103,285
1,963,399	1,377,386	1,144,093	979,319	5,659,137	3,959,527
5,059,511	681,259	2,803,618	5,040,627	1,895,927	1,158,646
1,045,284	1,088,336	1,519,574	1,318,017	43,699	45,258
205,691	201,687	157,931	110,039	2,238,634	1,414,733
872,295	(548,819)	1,189,774	456,713	381,172	370,860
825,963	762,758	945,303	702,786	492,927	1,528,002
<u>28,128,604</u>	<u>24,125,693</u>	<u>28,131,685</u>	<u>27,989,315</u>	<u>28,739,681</u>	<u>26,934,919</u>
2,353,023	2,373,190	2,468,850	2,540,980	2,691,979	2,721,328
622,229	720,049	753,240	795,823	800,377	878,233
5,480,860	5,423,978	5,757,690	5,873,216	6,243,134	6,532,555
2,071,901	2,179,378	2,298,275	2,211,713	2,366,155	2,319,866
1,242,838	1,404,258	1,419,873	1,528,118	1,764,144	1,850,781
19,249,033	11,702,470	10,829,083	7,316,930	12,481,059	9,804,826
7,825,000	7,750,000	6,625,000	7,190,000	11,280,000	6,700,000
2,173,145	2,186,986	1,946,410	1,735,867	1,616,804	1,381,337
-	-	1,114,435	-	94,318	113,394
<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>32,302,320</u>
<u>(12,889,425)</u>	<u>(9,614,616)</u>	<u>(5,081,171)</u>	<u>(1,203,332)</u>	<u>(10,598,289)</u>	<u>(5,367,401)</u>
37,891	73,492	62,633	287,965	131,064	438,318
5,085,000	6,241,200	9,890,000	6,830,000	3,335,000	6,000,000
132,741	216,594	212,244	265,345	147,335	233,034
-	-	(6,600,000)	-	-	(3,365,000)
1,245,987	5,064,796	6,868,636	4,527,780	5,824,715	7,504,778
<u>(1,131,000)</u>	<u>(1,974,591)</u>	<u>(3,956,582)</u>	<u>(6,570,389)</u>	<u>(4,854,682)</u>	<u>(10,503,265)</u>
<u>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>307,865</u>
<u>\$ (7,518,806)</u>	<u>\$ 6,875</u>	<u>\$ 1,395,760</u>	<u>\$ 4,137,369</u>	<u>\$ (6,014,857)</u>	<u>\$ (5,059,536)</u>
<u>45.4%</u>	<u>43.7%</u>	<u>42.6%</u>	<u>37.8%</u>	<u>42.5%</u>	<u>31.4%</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
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
2017	16,946,478	160,961	247,570	17,355,009

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
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
2017	16,946,077	160,961	247,570	17,354,608

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	
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
2017	34,350,260	(138,187)	(3,248,711)	30,963,362	47.84	2,957,985,300	1.16

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

Source: Scott County

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

Table 8

Fiscal Year	City of Savage			Overlapping Rates ⁽¹⁾		Special Districts ⁽²⁾	Total Direct and Overlapping Rates
	General Operating Rate	Debt Service Rate	Total Tax Capacity Rate	School District #191 Total Tax Capacity Rate	Scott County Total Tax Capacity Rate		
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
2017	33.816	14.025	47.841	27.529	35.896	7.746	119.012

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

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

Source: Scott County

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

Table 9

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Cargill, Inc.	\$ 24,778,600	1	0.84 %	\$ 10,898,400	6	0.40 %
Karl Bohn	18,940,600	2	0.64	18,689,500	1	0.68
BRE	16,466,300	3	0.56	-		
Target Corporation	15,790,000	4	0.53	15,616,300	2	0.57
Continental 298 Fund, LLC	24,500,000	5	0.83	-		
BF Nelson	14,000,000	6	0.47	-		
Savage Station, LLC ⁽¹⁾	12,652,000	7	0.43	-		
Riverland AG Corporation	10,125,000	8	0.34	-		
Stag Savage, LLC	10,080,000	9	0.34	-		
Centerpoint Energy Resource	8,874,200	10	0.30	-		
Larry M. Ross, LLC	-		-	12,743,800	3	0.46
Centro Bradley Spe 7, LLC	-		-	12,601,800	4	0.46
CHC Highview, LLC	-		-	11,357,200	5	0.41
DC Lease Management, LLC	-		-	10,561,200	7	0.38
Prudential Insurance Co.	-		-	10,487,200	8	0.38
Meritex Twin Cities Industrial	-		-	9,310,300	9	0.34
Southcross, LLC	-		-	7,857,000	10	0.29
Total	\$156,206,700		5.28 %	\$120,122,700		4.37 %

⁽¹⁾ Formerly MN Savage 1-5, LLC

Source: Scott County

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

Table 10

Fiscal Year Ended December 31,	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	Percent of Levy
		Amount	Percent of Levy			
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	323,154	15,721,036	100.0
2010	15,720,696 ⁽¹⁾	15,421,506	98.1	296,070	15,717,576	100.0
2011	15,570,374 ⁽¹⁾	15,345,901	98.6	223,084	15,568,985	100.0
2012	15,082,185	14,815,544	98.2	265,681	15,081,225	100.0
2013	15,468,230	15,280,212	98.8	187,001	15,467,213	100.0
2014	16,121,503	15,987,944	99.2	131,627	16,119,571	100.0
2015	16,570,700	16,490,100	99.5	75,011	16,565,111	100.0
2016	16,616,613	16,560,804	99.7	47,673	16,608,477	100.0
2017	17,169,079	16,944,862	98.7	-	16,944,862	98.7

⁽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	Public Facility Revenue Bonds	Tax Increment Bonds	Capital Leases	Utility Revenue Bonds	Liquor Revenue Bonds	Tax Abatement Bonds			
2008	\$ 19,770,000	\$ 40,490,000	\$ 2,040,000	\$ 4,630,000	\$ 2,400,000	\$ 24,925,395	\$ 1,515,000	\$ -	\$ 95,770,395	9.18 %	\$ 3,751
2009	19,230,000	39,000,000	1,875,000	3,530,000	2,315,000	23,285,395	1,410,000	-	90,645,395	8.56	3,400
2010	19,695,000	46,390,000	1,700,000	2,380,000	2,255,000	29,584,395	1,300,000	-	103,304,395	8.99	3,839
2011	18,375,000	39,685,000	1,515,000	2,045,000	2,175,000	21,311,395	1,185,000	-	86,291,395	6.96	3,158
2012	16,875,000	40,765,000	1,325,000	-	2,090,000	19,131,395	1,060,000	4,915,000	86,161,395	6.63	3,133
2013	15,330,000	40,691,200	1,125,000	-	2,010,000	17,872,195	930,000	4,915,000	82,873,395	6.35	3,008
2014	13,411,267	40,215,375	920,000	-	1,930,000	15,765,718	784,516	4,731,203	77,758,079	5.49	2,677
2015	15,062,802	38,676,912	705,000	-	1,840,000	15,258,253	642,137	4,427,703	76,612,807	4.85	2,552
2016	13,812,723	32,327,709	475,000	-	1,740,000	12,638,286	494,758	4,119,204	65,607,680	3.95	2,300
2017	12,151,247	30,618,103	240,000	-	1,385,000	14,328,521	337,378	3,810,704	62,870,953	N/A	2,047

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
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
2017	37,702,408	10,320,947	27,381,461	0.93	892

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

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

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

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City of Savage, Minnesota
 Computation of Direct and Overlapping Debt
 December 31, 2017

Table 13

	Gross Debt	City Share	
		Percentage ⁽²⁾	Amount
Direct debt			
City of Savage	\$ 44,154,350	100.00 %	\$ 44,154,350
Overlapping debt			
School District No. 191	202,205,000	17.74 %	35,871,167
School District No. 271	78,225,000	0.10	78,225
School District No. 719	114,285,000	17.46	19,954,161
School District No. 720	210,905,000	0.74	1,560,697
Scott County	52,465,000	20.25	10,624,163
Scott County CDA	51,185,000	3.49	1,786,357
Metropolitan Council	1,484,038,432	0.52	7,717,000
Total overlapping debt	<u>2,193,308,432</u>		<u>77,591,770</u>
Total direct and overlapping debt	<u>\$ 2,237,462,782</u>		<u>\$ 121,746,120</u>

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

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

Source: Scott County

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

Table 14

	Fiscal Year			
	2008	2009	2010	2011
Debt Limit	\$ 82,644,672	\$ 85,705,696	\$ 81,552,075	\$ 79,587,000
Total Net Debt Applicable to Limit	<u>13,876,700</u>	<u>12,945,468</u>	<u>16,618,813</u>	<u>14,887,278</u>
Legal Debt Margin	<u>\$ 68,767,972</u>	<u>\$ 72,760,228</u>	<u>\$ 64,933,262</u>	<u>\$ 64,699,722</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.79%	15.10%	20.38%	18.71%

Legal debt margin

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

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

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

Sources: City of Savage, audited financial statements.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 74,312,325	\$ 69,348,822	\$ 73,035,468	\$ 79,766,373	\$ 83,985,111	\$ 88,739,559
<u>13,492,971</u>	<u>12,046,299</u>	<u>10,872,956</u>	<u>9,643,165</u>	<u>10,719,093</u>	<u>9,107,412</u>
<u>\$ 60,819,354</u>	<u>\$ 57,302,523</u>	<u>\$ 62,162,512</u>	<u>\$ 70,123,208</u>	<u>\$ 73,266,018</u>	<u>\$ 79,632,147</u>
18.16%	17.37%	14.89%	12.09%	12.76%	10.26%

Legal Debt Margin Calculation for Fiscal Year 2017

	<u>\$2,957,985,300</u>
Taxable Market Value	
	<u>\$ 88,739,559</u>
Debt Limit (Note A)	
Debt Applicable to Limit	
General obligation bonds	11,945,000
Less amount available in	
Debt Service funds (Note B)	<u>2,837,588</u>
Total Net Debt Applicable to Limit	<u>9,107,412</u>
Legal Debt Margin	<u>\$ 79,632,147</u>

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

Table 15

Enterprise Funds Revenue Bonds

Fiscal Year	Gross Revenues	Operating Expenses (3)	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
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
2017	12,405,534	7,475,364	4,930,170	2,701,000	527,079	3,228,079	1.53

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)
2008	25,532	1,043,008	\$ 40,851	6,740	4.5 %
2009	26,661	1,051,377	39,435	6,503	6.7
2010	26,911	1,149,476	42,714	6,552	6.5
2011	27,325	1,240,555	45,400	6,765	5.2
2012	27,552	1,301,281	47,230	6,743	4.7
2013	27,655	1,304,597	47,174	6,628	4.1
2014	29,047	1,416,942	48,781	6,602	3.4
2015	30,024	1,581,064	52,660	6,728	2.9
2016	30,285	1,614,948	53,325	6,766	2.9
2017	30,713	N/A	N/A	6,771	2.8

Source:

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

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

Table 17

	2017			2008		
	Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
Burnsville-Eagan-Savage School District 191	1,324	1	16.34 %	231	5	3.98 %
Prior Lake-Savage School District 719	1,200	2	14.81	275	3	4.74
HyVee	600	3	7.40			
Fabcon	275	4	3.39	408	1	7.03
SuperTarget	275	4	3.39	340	2	5.86
Siligan Container Corp	160	6	1.97	151	8	2.60
City of Savage (a)	158	7	1.95	155	7	2.67
Lifetime Fitness	150	8	1.85			
Waste Management	125	9	1.54			
Continental Hydraulics & Machines	100	10	1.23	240	4	4.14
Fresh Thyme	100	10	1.23			
Sick, Inc	100	10	1.23			
Cub Foods				200	6	3.45
Chief Manufacturing				140	9	2.41
Master Electric				135	10	2.33
Total city employment	8,103		56.33 %	5,800		39.21 %

^(a) Includes full and part-time employees but does not include temporary or seasonal workers

Source: Council Approved Authorized Position Report
School Districts 191 & 719
Savage Chamber of Commerce
State of Minnesota Department of Employment and Economic Development.

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

Table 18

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration	11.0	10.0	8.9	8.9	8.5	10.5	10.5	10.5	10.0	10.0
Finance	4.0	4.0	4.0	4.0	4.7	5.0	4.6	5.7	5.7	5.7
Community development	8.0	8.0	6.2	5.6	6.8	7.5	8.5	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	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	31.0	33.0	31.0	32.0	31.0	31.0	31.0	31.0	32.0	33.0
Civilians	6.0	8.0	8.5	9.6	9.2	8.9	9.5	9.5	9.8	11.2
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	40.0	36.0	38.0	35.0	41.0	41.0	36.0	35.0	38.0	37.0
Public Works:										
Administration	5.0	5.0	4.5	4.5	4.5	4.8	5.0	5.0	4.0	4.0
Building maintenance	-	-	-	-	-	-	-	-	-	-
Engineering	6.0	6.0	4.5	4.5	4.0	4.0	5.0	5.0	5.0	5.0
Parks and recreation	11.0	11.0	10.5	10.5	10.5	10.5	11.0	12.0	12.0	13.0
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	3.0	3.0	3.5	4.5	4.0	4.0	4.0
Total	155.0	154.0	149.1	144.6	150.2	153.7	152.6	153.2	156.0	158.4

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Number of law contacts	16,378	15,867	16,043	15,255	14,925	14,512	14,724	14,455	13,629	12,829
Number of sworn officers	32	34	32	33	32	32	32	32	33	34
Fire										
Number of calls answered	416	328	319	356	378	412	385	349	351	377
Number of volunteer firefighters	40	36	38	35	41	41	36	35	38	37
Building inspection:										
Number of residential permits	846	665	929	1,166	1,360	1,123	1,593	1,251	957	1,187
Number of commercial permits	197	146	124	177	197	153	136	170	165	111
Total permit valuation	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	89,826,021
Public Works:										
Water system:										
Number of service connections	8,572	8,616	8,701	8,798	8,949	9,082	9,293	9,377	9,447	9,638
Sewage system:										
Number of service connections	8,216	8,260	8,609	8,800	8,973	9,078	9,276	9,360	9,457	9,615

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	25	26	26	26	25	26	26	27	28
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Response units	18	18	18	18	18	18	18	18	18	18
Inspection Units	1	1	1	1	1	1	1	1	1	1
Public Works										
Street division										
Municipal streets and roads (1)	125	125	126	127	128	119	120	122	126	128
Number of street lights	1,609	1,609	1,614	1,631	1,639	1,880	1,907	1,907	2,085	2,079
Water system										
Miles of water mains	142	142	147	148	149	151	155	155	160	161
Number of fire hydrants	1,265	1,267	1,587	1,613	1,625	1,658	1,682	1,701	1,765	1,799
Sewer system										
Miles of sanitary sewers	111	111	123	124	125	126	127	128	131	131
Parks and Recreation										
Number of parks	20	22	23	23	23	23	23	23	23	23
Park acreage	320	340	441	457	457	457	457	457	457	457
Tennis courts	8	8	10	10	10	10	10	10	10	6
Basketball courts	10	9	9	9	9	9	9	9	9	9
Softball fields	22	30	30	30	30	30	30	30	30	30
Ice rinks	10	9	9	9	6	6	6	7	7	6

⁽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