



City of Savage  
Scott County, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR YEAR ENDED

DECEMBER 31, 2020

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PREPARED BY:

FINANCE DEPARTMENT

Julie Stahl  
Finance Director

Member GFOA of U.S. and Canada  
Published June 9, 2021

CITY OF SAVAGE  
SAVAGE, MINNESOTA  
  
COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
  
FOR THE YEAR ENDED  
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 Comprehensive Annual Financial Report  
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INTRODUCTORY SECTION

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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June 9, 2021

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 of the City of Savage, Minnesota for the fiscal year ended December 31, 2020.

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, 2020 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, 2019 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 32,892 individuals, 10,850 households and over 650 businesses employing over 7,400 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 200 full, part-time, and seasonal employees in seven departments are responsible for the effective delivery of the aforementioned services.

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

## **LOCAL ECONOMY**

The City of Savage is strategically located in the southwest portion of the Twin Cities metropolitan area. The City has two quick access points over the Minnesota River from Highway 13, the Highway 169 Bloomington Ferry Bridge and Interstate 35 Bridge. Both provide City residents and the business community with a direct connection to the 494 corridor and a quick path to downtown Minneapolis. Less than 25 minutes from the Mall of America and the Airport, the City has become an attractive location for both commuters and businesses alike. The location combined with the unique connected system of parks, open spaces, sidewalks and trails has made the City an attractive location to live, work and play.

Beginning in 2008 the City began to experience a general slowdown due to the onset of the "great recession." The City of Savage has weathered the storm nicely and signs of an economic turnaround began to emerge in 2011. In the past seven years, the City has seen on average a 7% 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 at 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 2019 Census Data results indicate the City has a median family income of \$119,291 – one of the highest in the Twin Cities Metropolitan Area.

## **LONG-TERM FINANCIAL PLANNING**

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

In May 2009 the City's bond rating was upgraded by Standard & Poor's to AA+ from Aa3 (Moody's) in recognition of a consistent growth rate, improved financial policies and manageable debt. In November of 2017, Standard & Poor upgraded the City's general obligation debt rating to a AAA. This upgrade reflects the city's healthy trend of economic growth, resulting in stronger wealth and income figures – both of which are expected to continue. The upgrade is also a reflection of the city's strong financial performance, very strong financial policies and practices, and maintenance of very strong reserves and liquidity. During 2019 conservative spending and cost savings measures resulted in an enhanced year-end fund balance ratio. We continue to achieve and plan to maintain our financial policy goal of a 35% - 50% fund balance ratio at year's end. It is noteworthy to mention that the City's actual fund balance ratio has steadily remained at 50% since 2011.

Due to economic factors being experienced with the COVID-19 pandemic, building and development-related revenues collected in 2020 were lower than in years past, but still more than our conservative budgeted amounts. The City was able to transfer \$700,000 of these excess revenues to other funds at yearend to sustain stability in those funds. Despite the effects of the pandemic, the City maintained the 50% fund balance ratio at year's end.

Preliminary valuation reports from Scott County indicate that overall community market values will increase again in 2022, even higher than levels experienced in 2021. The growth in the tax capacity will absorb the cost of the City transitioning to the fulltime fire staffing model in 2022. Staff anticipates that we will be able to develop a budget for 2022 that will result in a flat, but hopefully reduced, overall City tax rate.

Over the years, the City's liquor operations helped to fund over \$4.6 million in community projects – building an environmental learning center and assisting in the payment of the library bonds. Unfortunately, economic factors have negatively affected the operations in the past several years. After two consecutive years of losses in the City's liquor operations, staff has actively been making several changes to turn matters around. Management and council continue to monitor the progress of the fund and are committed to keep the City's best interest in mind. The City made the last payment on the bonds issued for the construction of the Marketplace liquor building in February 2019. The City realized an increase in net position for the Liquor operations fund of \$508,939 in 2019. Continued operational improvements in the liquor stores and the positive effect on sales during the 2020 pandemic enabled the liquor fund to transfer \$400,000 to support various community projects at yearend. Staff is anticipating another strong year in 2021 and looks forward to continuing to transfer out funds in this manner.

## **RELEVANT FINANCIAL POLICIES**

Beginning in 2015 the City was able to eliminate its' reliance on the use of fund balance to balance the annual General Fund operating budget. The 2021 tax levy is \$1.1 million more than in 2020 (6% increase) – mainly due to the transitioning from a paid-on-call fire model to a fulltime model. The tax rate decreased slightly (.12%) - due to the 2021 tax base increasing by \$2.9 million. The 2021 budget continues to include our practice of projecting building permit and development revenue at conservative levels. The City has also eliminated any reliance on the receipt of financial aid from the State of Minnesota, apart from police and fire aid, which is approximately \$460,000.

Moving into the 2022 budgeting process we will continue our past practice of conservatism with our expenditures and staffing levels. The full-year implementation of the new fire staffing model will be a driving factor. Any anticipated increases in General Fund expenditures are projected to be absorbed by the growth in our tax base and will not require an increase in our tax rate nor any reliance on our Fund Balance reserves.

The City participates in the State of Minnesota Performance Measurements Program and will be reviewing these measures as relevant guidelines during future budget sessions. The City is also reviewing any major budget changes (increases or decreases) expected during a five-year projection period. The City completed its' first five-year budget document in 2014 and submitted the 105-page report to the GFOA for the Distinguished Budget Presentation Award. The City received the Distinguished Budget award for this first submission and has subsequently received the award for the 2015 through 2019 budget years as well.

## MAJOR INITIATIVES

The coronavirus pandemic hit hard in 2020. New development slowed tremendously, but alteration permits remained quite high - 1476 in 2020 compared to 1563 in 2019. The City experienced an anomaly and recorded its highest annual total value of building permits at \$142 million in 2019. The 2018 aggregate amount was \$98 million dollars. Due to the pandemic, the total value of permits in 2020 was \$57.8 million – which is what the City experienced in 2013 and 2015. Residentially, there were 75 single family detached dwelling units added – down from the 129 in 2019.

On the commercial side, the City received the first tax increment revenues in 2020 for the completed Valley Oil Redevelopment project. This is a 28,763 sq ft light industrial building located in the Highway 13 Frontage area. The City used tax increment financing to clean up contaminated soils making the site more attractive to development. The building looks great, which encourages redevelopment or reinvestment in properties in the area. The Continental Business Center, a 340,000 sq ft multi-tenant industrial building, continued renovations in 2020. The building was formerly owned by Continental Machines, Inc. which made saws and other tools in its heyday. The business downsized over the years and sold in 2018. The Business Center is designed as a mall for light industrial businesses and was very successful. Other significant projects in 2020 include an addition on to Fabcon, a 40-unit senior memory care center, completion of Everbrook Academy preschool, completion of the 16-bed mental health facility in downtown Savage, and renovations at Boyer Trucks and Pau Hana restaurant.

Proposed 2021 plans include a 28-unit addition to Savage Senior Living at Fen Pointe, a new 150-unit senior living facility near CR42 and CR27 (replacing the City's last working livestock farm), and an automotive repair facility in the same vicinity. Platting activity in 2020 included an additional 98 single family lots for construction over the next few years. The redevelopment (Big Sky Estates) of the former gravel quarry site continues to see new homes being built. When complete, the development will consist of over 500 single family homes – many of these built over the next 5-10 years.

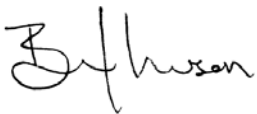
## AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Savage for Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. This is the 23<sup>rd</sup> consecutive year the City of Savage has earned this honor. In order to be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

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

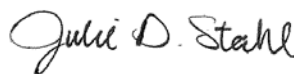
The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor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

Respectfully submitted,



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Brad A. Larson  
City Administrator



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Julie D. Stahl  
Finance Director

City of Savage, Minnesota  
City Directory  
For the Year Ended December 31, 2020

**CITY COUNCIL**

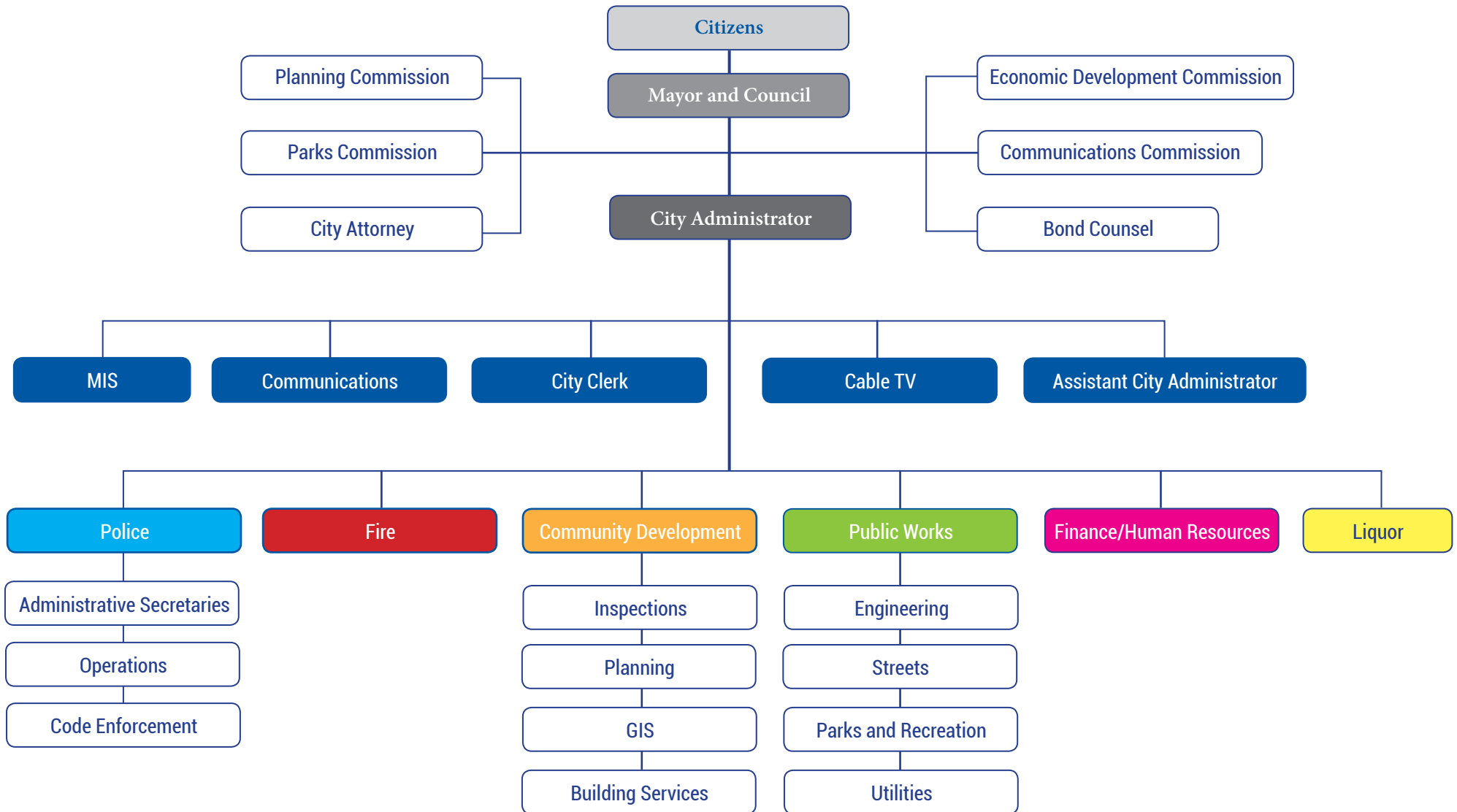
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Janet Williams	Mayor	12/31/24
Christine Kelly	Council Member	12/31/24
Gene Abbott	Council Member	12/31/22
Bob Coughlen	Council Member	12/31/22
Matt Johnson	Council Member	12/31/24

**CITY OFFICIALS**

<u>Name</u>	<u>Title</u>
Brad A. Larson	City Administrator
Seng Thongvanh	City Engineer
Rodney R. Seurer	Chief of Police
Julie D. Stahl	Finance Director
Brenda Visnovec	Liquor Facility Manager
Andrew Slama	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, 2019

*Christopher P. Morill*

Executive Director/CEO

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FINANCIAL SECTION  
CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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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, 2020, 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, 2020, 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, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

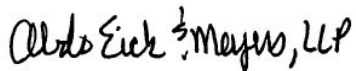
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional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

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021, 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 9, 2021

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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, 2020.

### 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 \$167,714,800 (net position). Of this amount, \$23,372,517 (unrestricted *net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,146,765 over the prior year. This increase is due to an increase in operating grants and contributions related to CARES funding and increases in property taxes in governmental activities and Municipal Liquor activities increasing net position by \$462,371 in business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,716,411, an increase of \$6,542,965 in comparison with the prior year. Approximately 82.0 percent of the ending fund balances, or \$27,646,428, is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$8,874,137, or 56.9 percent of total 2020 General fund expenditures and transfers out.
- The City's total long-term bonded debt increased \$329,198 (0.7 percent) during the current fiscal year. The City issued 2 G.O. refunding bonds totaling \$5,255,000 and G.O. improvement bonds of \$2,795,000. Offsetting these increases were regularly scheduled debt service principal payments of \$8,075,000.

## Overview of the Financial Statements

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

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

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

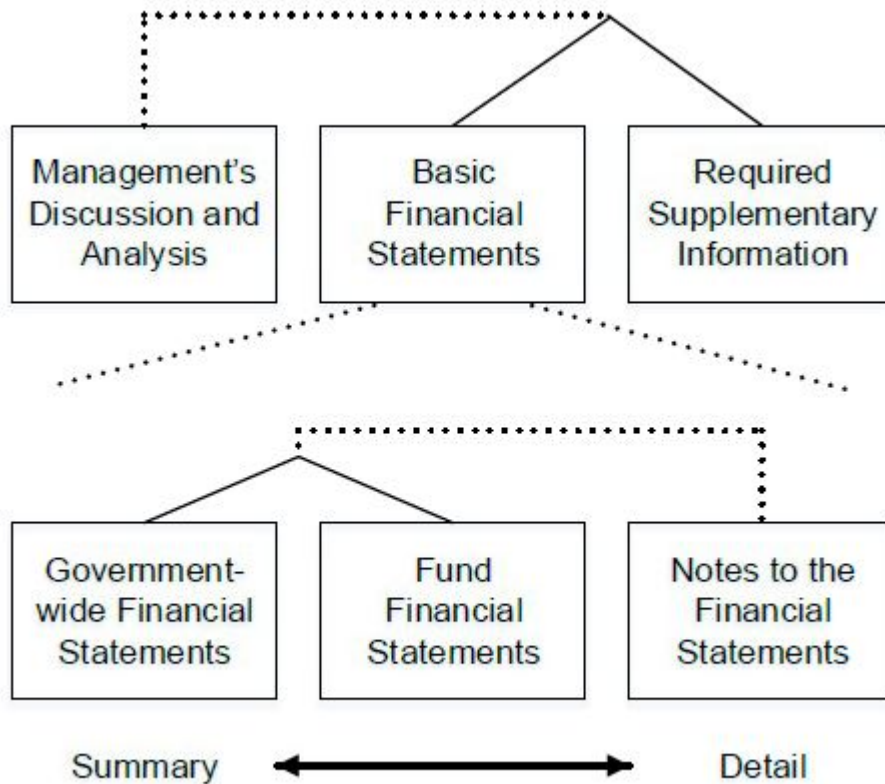




Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

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

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

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

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

The City maintains several individual governmental funds, many of which are debt service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, Tax Increment Construction fund, and 2020 Capital Projects 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 the Strom Project fund as the only activity in this fund is interest revenue on contracts-for-deed the City has with the tenants. The City also did not budget for the CARES fund since funding was awarded after the budget was prepared. The budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 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 and sewer, storm water, municipal liquor, street light utility, and sports center funds all of which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 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 63 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 102 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 114 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 \$167,714,800 at the close of the most recent fiscal year.

A large portion of the City's net position (\$124,288,925 or 74.1 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		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 44,484,093	\$ 39,903,951	\$ 4,580,142	\$ 18,623,103	\$ 17,780,116	\$ 842,987
Capital assets	99,511,046	100,110,341	(599,295)	75,530,908	78,244,565	(2,713,657)
<b>Total Assets</b>	<b>143,995,139</b>	<b>140,014,292</b>	<b>3,980,847</b>	<b>94,154,011</b>	<b>96,024,681</b>	<b>(1,870,670)</b>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding and lease revision	428,661	506,630	(77,969)	-	-	-
Deferred pension resources	3,674,671	4,979,731	(1,305,060)	164,854	145,700	19,154
Deferred other post employment benefit resources	165,212	162,795	2,417	39,759	23,164	16,595
<b>Total Deferred Outflows of Resources</b>	<b>4,268,544</b>	<b>5,649,156</b>	<b>(1,380,612)</b>	<b>204,613</b>	<b>168,864</b>	<b>35,749</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	51,306,301	48,933,620	2,372,681	12,529,434	13,845,943	(1,316,509)
Other liabilities	3,413,303	3,839,008	(425,705)	1,085,778	1,550,998	(465,220)
<b>Total Liabilities</b>	<b>54,719,604</b>	<b>52,772,628</b>	<b>1,946,976</b>	<b>13,615,212</b>	<b>15,396,941</b>	<b>(1,781,729)</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - grants	2,630,620	3,744,853	(1,114,233)	-	-	-
Deferred pension resources	3,756,059	5,991,796	(2,235,737)	59,865	231,365	(171,500)
Deferred other post employment benefit resources	101,677	129,207	(27,530)	24,470	22,168	2,302
<b>Total Deferred Inflows of Resources</b>	<b>6,488,356</b>	<b>9,865,856</b>	<b>(3,377,500)</b>	<b>84,335</b>	<b>253,533</b>	<b>(169,198)</b>
<b>Net Position</b>						
Net investment in capital assets	59,437,507	61,931,750	(2,494,243)	64,851,418	65,957,294	(1,105,876)
Restricted	20,053,358	15,762,927	4,290,431	-	-	-
Unrestricted	7,564,858	5,330,287	2,234,571	15,807,659	14,585,777	1,221,882
<b>Total Net Position</b>	<b>\$ 87,055,723</b>	<b>\$ 83,024,964</b>	<b>\$ 4,030,759</b>	<b>\$ 80,659,077</b>	<b>\$ 80,543,071</b>	<b>\$ 116,006</b>

An additional portion of the City's net position (\$20,053,358 or 12.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, (\$23,372,517 or 13.9 percent), may be used to meet the City's ongoing obligations to citizens and creditors.

Capital assets in both governmental and business-type activities decreased during the year due to depreciation expense. The increase in current and other assets is due to refunding bonds issued that will be used to pay the refunded bonds in 2021.

Deferred outflows of resources decreased due to the change in discounts rates used in the actuarial valuation. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental Activities.** Governmental activities increased the City's net position by \$4,030,759. Key elements of this increase are as follows:

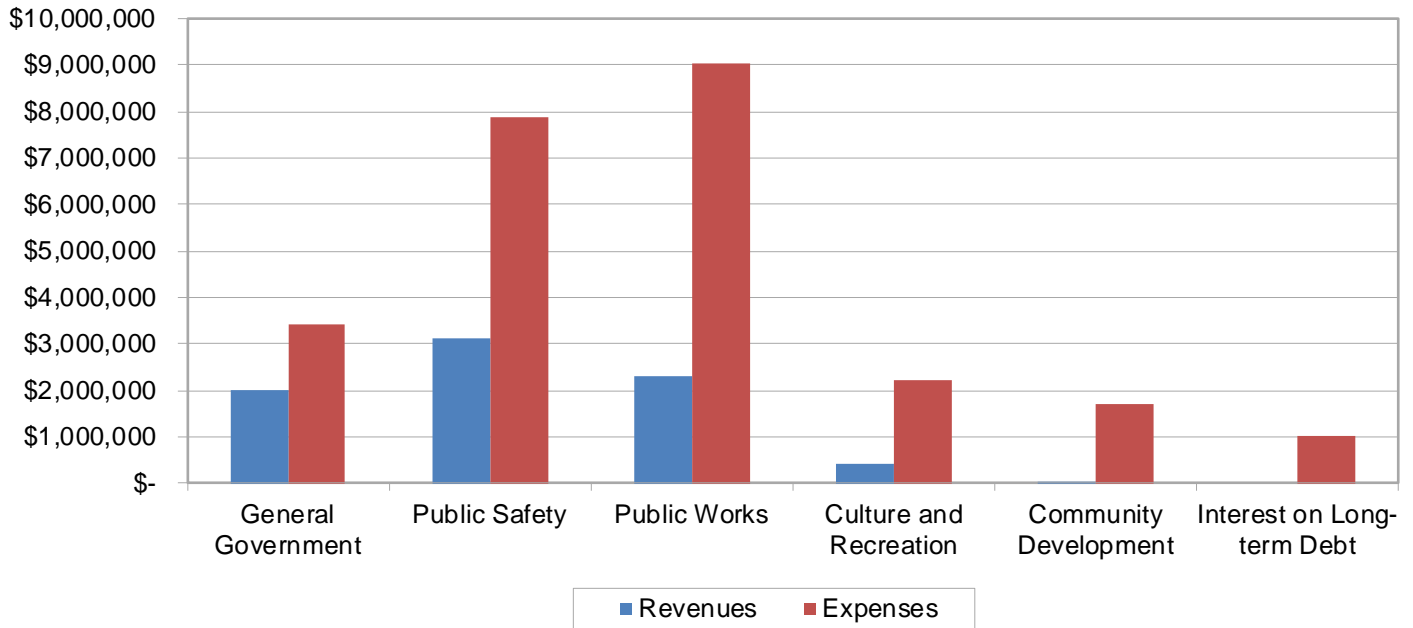
### City of Savage's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 2,376,604	\$ 4,024,212	\$ (1,647,608)	\$ 19,442,755	\$ 19,825,129	\$ (382,374)
Operating grants and contributions	3,117,335	1,046,275	2,071,060	6,750	13,582	(6,832)
Capital grants and contributions	2,372,021	2,426,179	(54,158)	111,395	203,840	(92,445)
Grants and contributions not restricted	25,537	23,176	2,361	-	-	-
General Revenues						
Property taxes/tax increments	19,200,562	18,296,600	903,962	-	-	-
Franchise taxes	186,966	191,698	(4,732)	-	-	-
Other	51,312	49,243	2,069	-	-	-
Other General Revenues	7,741	17,101	(9,360)	-	-	-
Gain on Sale of Capital Assets	120,231	45,809	74,422	89,710	-	89,710
Unrestricted Investment Earnings	625,413	873,039	(247,626)	280,293	403,313	(123,020)
Total Revenues	<u>28,083,722</u>	<u>26,993,332</u>	<u>1,090,390</u>	<u>19,930,903</u>	<u>20,445,864</u>	<u>(514,961)</u>
Expenses						
General government	3,537,333	3,117,228	420,105	-	-	-
Community development	1,911,812	2,028,031	(116,219)	-	-	-
Public safety	8,110,576	8,019,430	91,146	-	-	-
Public works	8,531,735	8,038,006	493,729	-	-	-
Culture and recreation	2,134,573	2,539,161	(404,588)	-	-	-
Interest on long-term debt	1,026,555	1,127,911	(101,356)	-	-	-
Water and sewer	-	-	-	9,925,292	9,378,190	547,102
Storm water	-	-	-	1,350,408	1,389,829	(39,421)
Liquor	-	-	-	6,528,974	5,364,001	1,164,973
Street light	-	-	-	355,911	376,197	(20,286)
Sports dome	-	-	-	454,691	552,170	(97,479)
Total Expenses	<u>25,252,584</u>	<u>24,869,767</u>	<u>382,817</u>	<u>18,615,276</u>	<u>17,060,387</u>	<u>1,554,889</u>
Increase (Decrease) in Net Position						
Before Transfers	2,831,138	2,123,565	707,573	1,315,627	3,385,477	(2,069,850)
Transfers	1,199,621	(94,486)	1,294,107	(1,199,621)	94,486	(1,294,107)
Change in Net Position	4,030,759	2,029,079	2,001,680	116,006	3,479,963	(3,363,957)
Net Position, January 1	83,024,964	80,995,885	2,029,079	80,543,071	77,063,108	3,479,963
Net Position, December 31	<u>\$ 87,055,723</u>	<u>\$ 83,024,964</u>	<u>\$ 4,030,759</u>	<u>\$ 80,659,077</u>	<u>\$ 80,543,071</u>	<u>\$ 116,006</u>

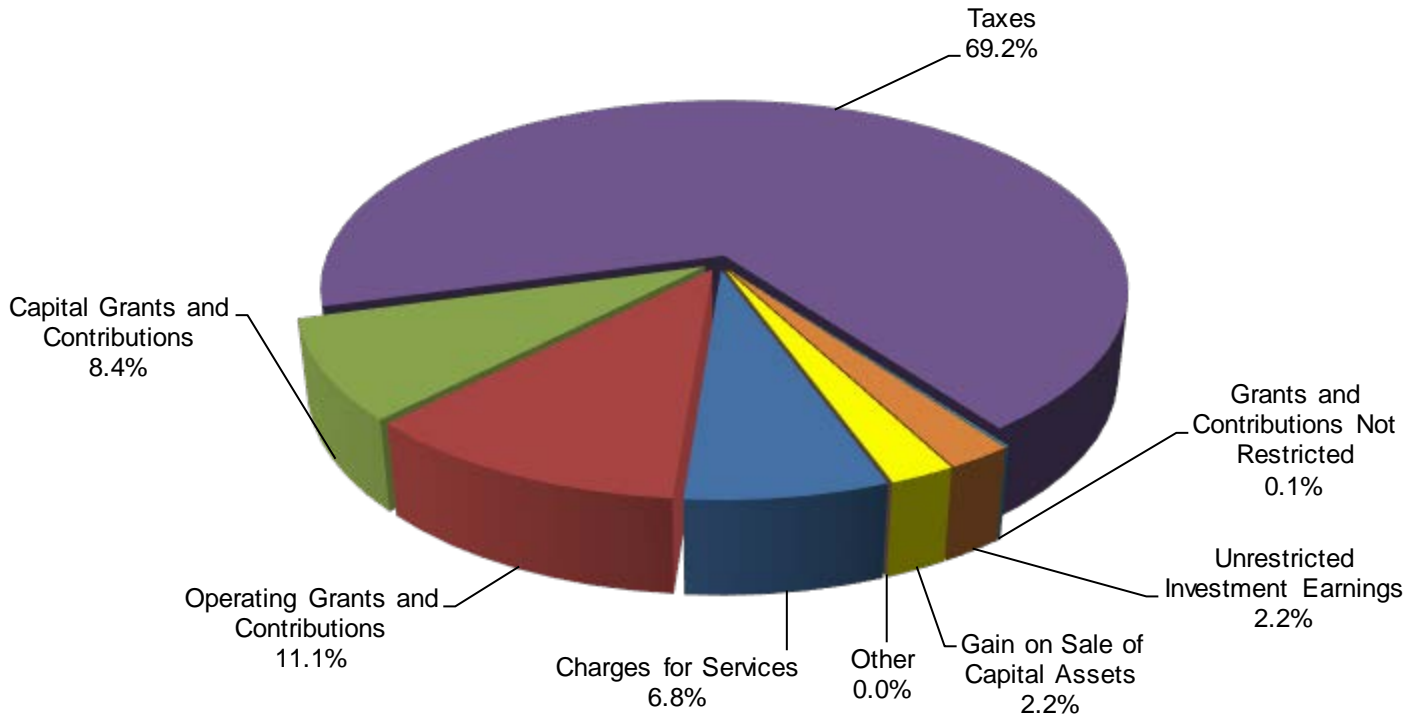
- Property Taxes increased primarily due to increases tax levy.
- Operating grants and contributions increased due to CARES funding of \$2,366,212 received during the year.
- Drop in governmental charges for services as development halted when the coronavirus pandemic hit.
- Increased expenditures in general government, public works and public safety were in direct response to the pandemic - both in mitigation and prevention of the spread.
- Decreased expenditures in community development and culture and recreation were also directly attributed to the pandemic - development slowed and recreation programs were canceled.

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

### Expenses and Program Revenues - Governmental Activities



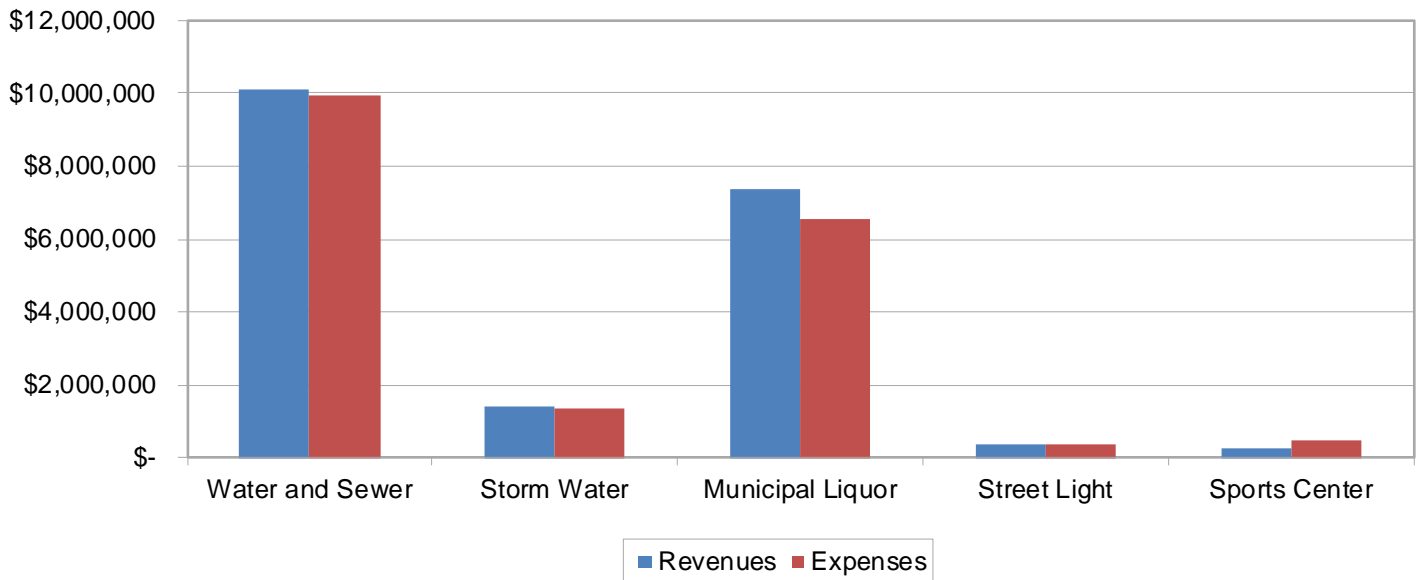
### Revenues by Source - Governmental Activities



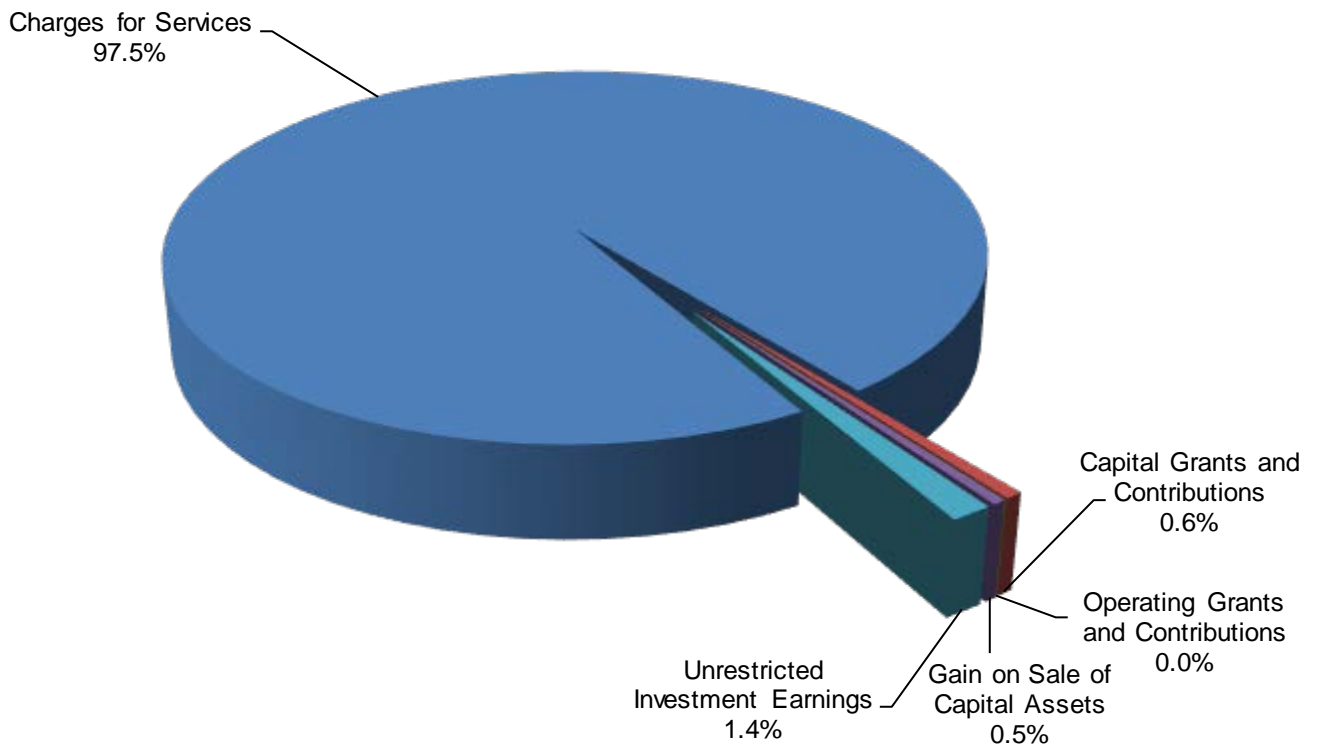
**Business-type Activities.** Business-type activities increased the City's net position by \$116,006, complementing the increase in governmental activities. Key elements of this increase are as follows:

- Net operating income in four of five business-type funds were favorable, with total net operating income of \$1,082,737.

**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 \$33,716,411, an increase of \$6,542,965 in comparison with the prior year. Approximately 18.0 percent of this total amount, \$6,069,983, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$27,646,428) consists of the following 1) nonspendable (\$44,199), 2) restricted (\$16,800,682), 3) committed (\$2,009,906), or 4) assigned (\$8,791,641) for the purposes described in Note 3.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
<b>General</b>	\$ 9,791,322	\$ 8,381,816	\$ 1,409,506
The General Fund had revenues over budget of \$608,910 mainly due to additional revenues from licenses and permits. There was an excess of revenues over expenditures of \$1,845,506, along with net transfers out of \$436,000 contributing to net change in fund balance of \$1,409,506.			
<b>Debt Service</b>	\$ 14,541,011	\$ 9,828,287	\$ 4,712,724
The increase in fund balance of the Debt Service funds is due to refunding of bond proceeds that will be used to refund bonds in 2021.			
<b>Tax Increment Construction</b>	\$ (1,165,956)	(1,334,355)	\$ 168,399
The increase in fund balance of \$168,399 due to tax increment revenues in excess of developer repayments			
<b>2020 Capital Projects</b>	\$ (1,638,198)	\$ 167,329	\$ (1,805,527)
The fund balance decreased \$1,805,527 drawing on State funding in advance of meeting the revenue recognition criteria.			

Nonmajor Government funds have a total fund balance of \$12,188,232. The net increase in fund balance during the current year was \$2,057,863. The increase is mainly attributable to transfers.

**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 \$15,807,659. The total increase in net position for business-type activities was \$116,006. 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 to account multiple changes during the year - the net budgetary effect was no change to fund balance. Actual revenues had a positive budget variance of \$608,910, and expenditures had a positive budget variance of \$1,436,596.

- The largest budget variance for revenues was in license and permits, which was over budget by \$356,040. The positive variance is attributable to community development and building activity during the year resulting in additional permit fees and charges for plan reviews.
- The largest budget variances for expenditures was in public safety, which was under budget by \$875,542. The variance in public safety was due to eligible Covid-19 expenses recorded in the CARES special revenue fund.



## 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, 2020, amounts to \$175,041,954 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was \$3,312,952.

Major capital asset events during the current fiscal year included:

- The 2020 Street Improvements project was completed in 2020.
- The Glendale Avenue Improvements were completed in 2020.
- The Hampshire Avenue Improvements were largely completed in 2020 and will be finished in 2021.

Additional information on the City's capital assets can be found in Note 3C starting on page 77 of this report.

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 5,458,583	\$ 5,458,583	\$ -	\$ 1,661,272	\$ 1,661,272	\$ -
Right of Ways and Easements	754,344	754,344	-	-	-	-
Construction in Progress	3,978,985	4,916,487	(937,502)	1,187,531	2,332,460	(1,144,929)
Land Improvements	4,369,928	4,104,341	265,587	233,334	266,668	(33,334)
Buildings and Structures	21,418,095	22,044,759	(626,664)	21,558,999	22,057,565	(498,566)
Furniture and Equipment	7,423,559	6,410,463	1,013,096	7,622,843	7,299,437	323,406
Improvements other than Buildings	56,107,552	56,421,364	(313,812)	43,266,929	44,627,163	(1,360,234)
Total	<u>\$ 99,511,046</u>	<u>\$ 100,110,341</u>	<u>\$ (599,295)</u>	<u>\$ 75,530,908</u>	<u>\$ 78,244,565</u>	<u>\$ (2,713,657)</u>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$50,026,690. 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		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
General Obligation Bonds	\$ 7,170,000	\$ 8,910,000	\$ (1,740,000)	\$ -	\$ -	\$ -
Unamortized Discount and Premium	1,764,000	1,350,421	413,579	342,690	402,071	(59,381)
Public Facility Revenue Bond	-	-	-	-	-	-
General Obligation Special Assessment Improvement Bonds	30,413,200	27,149,800	3,263,400	-	-	-
General Obligation Revenue Bonds Revenue Bonds	-	-	-	10,336,800	11,885,200	(1,548,400)
Total	<u>\$ 39,347,200</u>	<u>\$ 37,410,221</u>	<u>\$ 1,936,979</u>	<u>\$ 10,679,490</u>	<u>\$ 12,287,271</u>	<u>\$ (1,607,781)</u>

The City's total bonded long-term debt increased \$329,198 (0.66%) during the current fiscal year. The City issued 2 G.O. refunding bonds totaling \$5,255,000 and G.O. improvement bonds of \$2,795,000. Offsetting these increases were regularly scheduled debt service principal payments of \$8,075,000.

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, 2020, 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 80 of this report.

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

The following are key economic factors for the City of Savage. These factors were considered when preparing the budget for fiscal year ending December 31, 2021.

- Growth in the City's tax base is expected to continue into 2021 in both residential and commercial sectors. The City's tax base grew 7.9% between 2020 and 2021. Preliminary valuation information from Scott County shows Savage's net tax capacity growth for taxes payable in 2022 at 7.65% from 2021 actual valuations.
- Water and sewer rates increased 3% in 2019, 1.5% in 2020 and 1.5% in 2021.
- Storm water rates have not increased since the 5% increase in 2009.
- Street light rates have not increased since the 5% increase in 2009.
- The General Fund 2021 budget shows no reliance on fund balance to balance the budget - this is the sixth year in a row.
- Due to continued recovery (from the 2008 Great Recession) in the assessed property values and overall change in the City's tax base, the adjusted net tax base capacity increased 6.9% from 2020 to 2021.
- Adherence to fiscally responsible spending allowed the City to weather the economic downturn that began with the Great Recession of 2008. Cost savings measures implemented beginning with 2009, combined with a conservative approach to spending in 2020, resulted in a positive yearend fund balance carry over. The Coronavirus (COVID-19) pandemic in 2020 brought many challenges and obstacles to normal operations and many initiatives were either canceled or delayed. A great deal of staff time was devoted to mitigating and responding to the pandemic and the state mandates surrounding it. The purchases and/or plans that were delayed in 2020 will proceed in 2021 with the yearend designated fund balance. The existing appropriated General Fund balance continues to put the City in a positive position preparing for the 2022 budgeting process. The City's 2020 yearend Unassigned General Fund balance reserve was maintained at 50% of the projected 2021 General Fund budget expenditures. The \$873K of Assigned fund balance is earmarked for citywide space/storage needs (\$500K), roof repairs and LED light upgrades at three city buildings (\$80K), city facilities' maintenance/capital needs (\$193K), staff trainings (\$50K), study for securing city networks (\$40K), employee committee (\$3K) and police forfeitures (\$7K) spending.
- The Coronavirus officially appeared in the United States in January of 2020. The MN Governor declared an Emergency Order in March when the first confirmed case hit Minnesota. City employees were called upon to respond quickly and unequivocally - adjusting how essential service was provided to residents. Management staff met weekly to plan strategies and responses to the pandemic. The major impacts to the 2020 General fund operations due to the COVID-19 pandemic were most strongly felt in the City's public safety divisions. They were most at risk due to their proximity and contact with the public. Ever since its' inception, the City's fire department has been a paid-on-call model. Although the City was anticipating a transition to a combination duty-crew and fulltime fire staffing model in the next few years, the pandemic necessitated an immediate change for staff to respond to emergency calls effectively. The fire department had better access to personal protective equipment (PPE) and possessed the necessary training to respond to emergency calls that the police department did not in the first few months of the pandemic. The biggest challenge for the fire department was that the one fire station (of the two we have) that could be structured and equipped for the staffing quarters and remote-training capabilities needed a great deal of maintenance and/or upgrades to do so. With the support of council, staff made the necessary upgrades to the O'Connell fire station to accommodate the duty crews and training needs. Council and staff were confident that the health and stability of our city's finances could withstand these additional costs if emergency funding would not cover them.
- Over three months after MN Governor Walz' mandated the closing of all non-essential businesses, he announced on June 25, 2020 that \$841.4 million of the state's share of Federal CARES (Coronavirus Aid, Relief and Economic Security) Act funds would be distributed to local governments that have eligible costs related to the COVID-19 pandemic. The City received \$2.3M of these federal funds based on the per capita calculation. The US Treasury's guidance on what costs qualified for these funds was vague and changed several times between April (when the first guidance was issued) and October of 2020. Once the City received the Coronavirus Relief Fund (CRF) federal funds, a new special revenue fund was created to track the expenditures. Qualifying costs incurred before the separate fund was established were identified and transferred to the new fund.

- A large driver of the increase in the 2021 General fund budget is the staffing costs for transitioning to the duty crew/fulltime staffing for the fire department. With the pandemic prompting this direction, and the upgrades and code-compliant improvements at the O'Connell fire station now in place, management staff budgeted and planned for the staffing model change. To minimize the property tax impact to citizens and to prepare new fire staff for the transition, staff planned a tiered implementation schedule in 2021.
- 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. The pandemic restrictions enacted through the MN governors' mandates negatively impacted the Savage Sports Center in 2020 a great deal. An additional \$100K transfer-in was needed in 2020 to cover lost revenues due to the pandemic-induced closures. Staff budgeted conservatively for 2021 since it was unknown if/when the state mandates surrounding the pandemic would be lifted.
- Post-recession, the State of Minnesota (the "State") had one of the lowest unemployment rates in the country and Scott County had the lowest unemployment rate in the State. However, in 2020, unemployment rose higher in three months of COVID-19 than it did in two years of the Great Recession of 2008. The US unemployment rate peaked at an unprecedented level, not seen since data collection started in 1948, in April 2020 (14.8%) before declining to a still-elevated level in December 2020 (6.7%). Minnesota ranked the 16<sup>th</sup> lowest in the U.S. with an unemployment rate of 6.2% on December 31, 2020. Scott County's annual average unemployment rate in 2020 was 5.6% - compared to 2.5% in 2019.
- In 2020 assessment (2021 collection) year, the City's net tax capacity increased by 7.9%. This is the eighth year in a row that tax capacity increased after four consecutive years of tax capacity declines. Home foreclosures dropped to levels experienced prior to the recession. Foreclosure activity has, for all intents and purposes, ground to a halt due to moratoria put in place by the federal, state, and local governments and the mortgage forbearance program initiated by the CARES Act in 2020. Minnesota ranked 40<sup>th</sup> in the U.S. for foreclosures, with only 162 properties with filings in 3Q 2020 – down 91% from its' pre-recession average of 1,854 filings. Residential home sales of existing owner-occupied units continue to be in high demand due to the City's quality of living.
- From 2011 through 2020 the City realized a significant rebound in residential development. The overall population of Savage in 2019 was 32,245. The City of Savage recorded its highest total value of building permits pulled in 2019. The aggregate amount was \$142 million dollars – surpassing the record aggregate amount of \$98 million in 2018. The COVID-19 pandemic in 2020 paused both new commercial and new residential development. However, the building inspection department remained extremely busy with the amount of residential alteration permits that occurred throughout the year. Staff is optimistic that new development and redevelopment activity will resume in 2021 - which is important for a community approaching full build out. The City's taxable market value increased over 7.3% on average for the past five years. Based on the platted lots and plans the City is in the process of reviewing, this number is expected to continue to be strong in the near future.
- The City expected 2020 to continue to be a strong year for residential development in Savage. The arrival of the COVID-19 pandemic in early 2020 introduced uncertainty on how the development played out. New units in 2020 were down compared to 2019, but residential additions and alterations were still very strong – just slightly under the 2019 permit revenues. Although the pandemic slowed new residential construction in 2020, staff is hopeful this will turn around in 2021. New single-family housing construction values are generally more than \$500,000. Despite the pandemic, the City added 75 single family homes, 10 twin-homes, and a 5-unit townhome in 2020. Platting activity in 2020 included an additional 98 single family lots for construction over the next few years.
- On the commercial side, the City saw activity in redevelopment beginning in 2019. The Valley Oil Redevelopment project was completed. This is a 28,763 sq. ft light industrial building located in the Highway 13 Frontage area. The City used tax increment financing to clean up contaminated soils making the site more attractive to development. The building looks great, which encourages redevelopment or reinvestment in properties in the area. The City received the first tax increment revenues in 2020. The Continental Business Center, a 340,000 sq. ft multi-tenant industrial building, continued renovations in 2020. The building was formerly owned by Continental Machines, Inc. which made saws and other tools in its heyday. The business downsized over the years and sold in 2018. The Business Center is designed as a mall for light industrial businesses and was very successful. Other significant projects in 2020 include an addition on to Fabcon, a 40-unit senior memory care center, completion of Everbrook Academy preschool, and renovations at Boyer Trucks and Pau Hana restaurant. Proposed 2021 plans include a 28-unit addition to Savage Senior Living at Fen Pointe, a new 150-unit senior living facility near CR42 and CR27, and an automotive repair facility in the same vicinity.
- Included in these residential development numbers are plans for Big Sky Estates. The City approved two of the expected three TIF districts to assist with redeveloping the former quarry site. In total the Big Sky Estates development will consist of over 500 single family homes. Many of these homes will be built over the next 5-10 years.

All these factors were considered in preparing the City's budget for the 2021 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, 2020

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City of Savage, Minnesota  
Statement of Net Position  
December 31, 2020

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 39,092,128	\$ 14,976,321	\$ 54,068,449
Receivables			
Accounts	164,978	1,717,039	1,882,017
Accrued interest	78,095	-	78,095
Taxes	119,029	-	119,029
Special assessments	3,841,319	257,455	4,098,774
Notes	1,038,229	317,450	1,355,679
Due from other governments	20,382	-	20,382
Internal balances	(171,855)	171,855	-
Inventories	6,167	1,050,953	1,057,120
Prepaid items	38,032	-	38,032
Assets held for resale	257,589	132,030	389,619
Capital assets			
Land and construction in progress	10,191,912	2,848,803	13,040,715
Depreciable assets (net of accumulated depreciation)	89,319,134	72,682,105	162,001,239
Total Assets	143,995,139	94,154,011	238,149,150
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding and lease revision	428,661	-	428,661
Deferred pension resources	3,674,671	164,854	3,839,525
Deferred other postemployment benefit resources	165,212	39,759	204,971
Total Deferred Outflows of Resources	4,268,544	204,613	4,473,157
<b>Liabilities</b>			
Accounts and contracts payable	1,038,240	761,517	1,799,757
Accrued salaries and withholdings payable	216,592	27,776	244,368
Accrued interest payable	477,764	118,063	595,827
Due to other governments	407,567	86,441	494,008
Deposits payable	1,269,207	75,563	1,344,770
Unearned revenue	3,933	16,418	20,351
Noncurrent liabilities			
Due within one year			
Long-term liabilities	10,467,678	1,834,996	12,302,674
Due in more than one year			
Long-term liabilities	31,426,179	9,092,690	40,518,869
Other postemployment benefits liability	625,570	150,548	776,118
Net pension liability	8,786,874	1,451,200	10,238,074
Total Liabilities	54,719,604	13,615,212	68,334,816
<b>Deferred Inflows of Resources</b>			
Deferred revenue - grants	2,630,620	-	2,630,620
Deferred pension resources	3,756,059	59,865	3,815,924
Deferred other postemployment benefit resources	101,677	24,470	126,147
Total Deferred Inflows of Resources	6,488,356	84,335	6,572,691
<b>Net Position</b>			
Net investment in capital assets	59,437,507	64,851,418	124,288,925
Restricted for			
Park improvements	2,259,671	-	2,259,671
Debt service	17,793,687	-	17,793,687
Unrestricted	7,564,858	15,807,659	23,372,517
Total Net Position	\$ 87,055,723	\$ 80,659,077	\$ 167,714,800

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 3,537,333	\$ 1,972,318	\$ 31,545	\$ 4,302
Community development	1,911,812	21,286	-	-
Public safety	8,110,576	49,542	3,085,790	-
Public works	8,531,735	37,680	-	2,257,207
Culture and recreation	2,134,573	295,778	-	110,512
Interest on long-term debt	1,026,555	-	-	-
Total Governmental Activities	<u>25,252,584</u>	<u>2,376,604</u>	<u>3,117,335</u>	<u>2,372,021</u>
Business-type Activities				
Water and sewer	9,925,292	9,996,437	3,325	96,395
Storm water	1,350,408	1,401,399	375	15,000
Municipal liquor	6,528,974	7,385,922	2,964	-
Street light	355,911	384,659	-	-
Sports center	454,691	274,338	86	-
Total Business-type Activities	<u>18,615,276</u>	<u>19,442,755</u>	<u>6,750</u>	<u>111,395</u>
Total Governmental and Business-type Activities	<u>\$ 43,867,860</u>	<u>\$ 21,819,359</u>	<u>\$ 3,124,085</u>	<u>\$ 2,483,416</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>
\$ (1,529,168)	\$ -	\$ (1,529,168)
(1,890,526)	-	(1,890,526)
(4,975,244)	-	(4,975,244)
(6,236,848)	-	(6,236,848)
(1,728,283)	-	(1,728,283)
(1,026,555)	-	(1,026,555)
<u>(17,386,624)</u>	<u>-</u>	<u>(17,386,624)</u>
-	170,865	170,865
-	66,366	66,366
-	859,912	859,912
-	28,748	28,748
-	(180,267)	(180,267)
<u>-</u>	<u>945,624</u>	<u>945,624</u>
<u>(17,386,624)</u>	<u>945,624</u>	<u>(16,441,000)</u>
13,936,487	-	13,936,487
4,707,421	-	4,707,421
556,654	-	556,654
186,966	-	186,966
51,312	-	51,312
25,537	-	25,537
625,413	280,293	905,706
7,741	-	7,741
120,231	89,710	209,941
1,199,621	(1,199,621)	-
<u>21,417,383</u>	<u>(829,618)</u>	<u>20,587,765</u>
4,030,759	116,006	4,146,765
<u>83,024,964</u>	<u>80,543,071</u>	<u>163,568,035</u>
<u>\$ 87,055,723</u>	<u>\$ 80,659,077</u>	<u>\$ 167,714,800</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, 2020

City of Savage, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2020

	General	Debt Service	Tax Increment Construction	2020 Capital Projects	Other Governmental Funds	Total
<b>Assets</b>						
Cash and investments	\$ 12,043,013	\$ 14,541,621	\$ 180,066	\$ 1,046,891	\$ 10,002,998	\$ 37,814,589
Receivables						
Accrued interest	78,095	-	-	-	-	78,095
Accounts receivable	85,856	-	18,584	-	60,538	164,978
Taxes	115,553	2,227	1,249	-	-	119,029
Special assessments	1,152	3,730,444	-	-	109,723	3,841,319
Notes	-	-	-	-	1,038,229	1,038,229
Due from other governments	5,023	15,359	-	-	-	20,382
Due from other funds	-	-	-	-	1,194,000	1,194,000
Inventories	6,167	-	-	-	-	6,167
Prepaid items	38,032	-	-	-	-	38,032
Assets held for resale	-	-	-	-	257,589	257,589
<b>Total Assets</b>	<b>\$ 12,372,891</b>	<b>\$ 18,289,651</b>	<b>\$ 199,899</b>	<b>\$ 1,046,891</b>	<b>\$ 12,663,077</b>	<b>\$ 44,572,409</b>
<b>Liabilities</b>						
Accounts payable	\$ 653,164	\$ 18,200	\$ -	\$ 523	\$ 214,608	\$ 886,495
Accrued salaries and withholdings payable	215,541	-	-	-	1,051	216,592
Contracts payable	-	-	-	53,946	91,753	145,699
Due to other governments	407,567	-	-	-	-	407,567
Due to other funds	-	-	1,365,855	-	-	1,365,855
Deposits payable	1,232,872	-	-	-	36,335	1,269,207
Unearned revenue	3,933	-	-	-	-	3,933
<b>Total Liabilities</b>	<b>2,513,077</b>	<b>18,200</b>	<b>1,365,855</b>	<b>54,469</b>	<b>343,747</b>	<b>4,295,348</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - grants	-	-	-	2,630,620	-	2,630,620
Unavailable revenue - property taxes	67,339	1,369	-	-	-	68,708
Unavailable revenue - interest	-	-	-	-	25,297	25,297
Unavailable revenue - special assessments	1,153	3,729,071	-	-	105,801	3,836,025
<b>Total Deferred Inflows of Resources</b>	<b>68,492</b>	<b>3,730,440</b>	<b>-</b>	<b>2,630,620</b>	<b>131,098</b>	<b>6,560,650</b>
<b>Fund Balances</b>						
Nonspendable	44,199	-	-	-	-	44,199
Restricted	-	14,541,011	-	-	2,259,671	16,800,682
Committed	-	-	-	-	2,009,906	2,009,906
Assigned	872,986	-	-	-	7,918,655	8,791,641
Unassigned	8,874,137	-	(1,165,956)	(1,638,198)	-	6,069,983
<b>Total Fund Balances</b>	<b>9,791,322</b>	<b>14,541,011</b>	<b>(1,165,956)</b>	<b>(1,638,198)</b>	<b>12,188,232</b>	<b>33,716,411</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,372,891</b>	<b>\$ 18,289,651</b>	<b>\$ 199,899</b>	<b>\$ 1,046,891</b>	<b>\$ 12,663,077</b>	<b>\$ 44,572,409</b>

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

City of Savage, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2020

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

Total Fund Balances - Governmental	\$ 33,716,411
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of capital assets	219,719,134
Less accumulated depreciation	(120,208,088)
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	(37,583,200)
Unamortized bond premium and discount	(1,764,000)
Capital lease payable	(1,155,000)
Deferred charge on lease revision	75,660
Deferred charge on refunding	353,001
Compensated absences payable	(1,391,657)
Net pension liability	(8,786,874)
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	68,708
Special assessments	3,836,025
Interest on loans	25,297
Governmental fund do not report a liability for accrued interest until due and payable.	(477,764)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	3,674,671
Deferred inflows of pension resources	(3,756,059)
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.	
	709,458
Total Net Position - Governmental Activities	\$ 87,055,723

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, 2020

	General	Debt Service	Tax Increment Construction	2020 Capital Projects	Other Governmental Funds	Total
<b>Revenues</b>						
Taxes	\$ 13,966,603	\$ 4,707,421	\$ 556,654	\$ -	\$ 217,132	\$ 19,447,810
Licenses and permits	912,015	-	-	-	-	912,015
Intergovernmental	679,071	32,731	18,585	55,411	3,783,565	4,569,363
Charges for services	828,127	-	-	-	-	828,127
Fines and forfeits	39,684	-	-	-	-	39,684
Special assessments	489	1,043,313	-	-	52,149	1,095,951
Investment earnings	196,008	144,870	2,355	11,592	244,904	599,729
Miscellaneous	118,293	-	-	-	674,596	792,889
Total Revenues	<u>16,740,290</u>	<u>5,928,335</u>	<u>577,594</u>	<u>67,003</u>	<u>4,972,346</u>	<u>28,285,568</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	2,437,325	-	-	-	823,044	3,260,369
Community development	1,038,514	-	-	-	415,821	1,454,335
Public safety	6,663,262	-	-	-	1,355,258	8,018,520
Public works	2,651,660	-	-	-	16,455	2,668,115
Culture and recreation	1,904,387	-	-	-	32,148	1,936,535
<b>Capital outlay</b>						
General government	16,448	-	-	-	257,173	273,621
Community development	-	-	409,195	-	-	409,195
Public safety	156,449	-	-	-	1,146,550	1,302,999
Public works	-	-	-	2,259,049	2,647,427	4,906,476
Culture and recreation	26,739	-	-	-	893,919	920,658
<b>Debt service</b>						
Principal	-	4,716,600	-	-	-	4,716,600
Interest and other charges	-	1,203,329	-	-	53,004	1,256,333
Bond issuance costs	-	-	-	48,057	-	48,057
Total Expenditures	<u>14,894,784</u>	<u>5,919,929</u>	<u>409,195</u>	<u>2,307,106</u>	<u>7,640,799</u>	<u>31,171,813</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,845,506</u>	<u>8,406</u>	<u>168,399</u>	<u>(2,240,103)</u>	<u>(2,668,453)</u>	<u>(2,886,245)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of capital assets	-	-	-	-	120,231	120,231
Transfers in	264,000	1,266,625	-	668,080	5,683,928	7,882,633
Bonds issued	-	5,255,000	-	2,000,000	795,000	8,050,000
Premiums on bonds issued	-	612,693	-	93,996	52,535	759,224
Payment to refunded bond escrow agent	-	(1,930,000)	-	-	-	(1,930,000)
Transfers out	(700,000)	(500,000)	-	(2,327,500)	(1,925,378)	(5,452,878)
Total Other Financing Sources (Uses)	<u>(436,000)</u>	<u>4,704,318</u>	<u>-</u>	<u>434,576</u>	<u>4,726,316</u>	<u>9,429,210</u>
Net Changes in Fund Balances	1,409,506	4,712,724	168,399	(1,805,527)	2,057,863	6,542,965
Fund Balances, January 1	<u>8,381,816</u>	<u>9,828,287</u>	<u>(1,334,355)</u>	<u>167,329</u>	<u>10,130,369</u>	<u>27,173,446</u>
Fund Balances, December 31	<u>\$ 9,791,322</u>	<u>\$ 14,541,011</u>	<u>\$ (1,165,956)</u>	<u>\$ (1,638,198)</u>	<u>\$ 12,188,232</u>	<u>\$ 33,716,411</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, 2020

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 6,542,965
<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	(6,855,356)
Capital outlay	7,438,554
Loss on disposal	(37,760)
<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>	
	(1,144,736)
<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	25,684
Consolidation of internal service fund activities with governmental activities	(49,149)
<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	(8,970)
Special assessments	(385,484)
Interest on loans	7,000
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are delayed and amortized in the statement of activities.</p>	
Debt issued	(8,050,000)
Debt issuance discounts amortization	345,645
Principal repayments	6,526,600
Capital lease repayments	120,000
Amortization of deferred charges on refunding	(77,969)
Premium on bonds issued and lease revision	(759,224)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	425,044
Pension revenue from state contributions	39,693
<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>	
	10,159
<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	(81,937)
Change in Net Position - Governmental Activities	\$ 4,030,759

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 14,001,307	\$ 14,001,307	\$ 13,966,603	\$ (34,704)
Licenses and permits	555,975	555,975	912,015	356,040
Intergovernmental	575,369	632,055	679,071	47,016
Charges for services	654,050	654,050	828,127	174,077
Fines and forfeits	40,000	40,000	39,684	(316)
Special assessments	-	-	489	489
Investment earnings	100,000	100,000	196,008	96,008
Miscellaneous	98,000	147,993	118,293	(29,700)
Total Revenues	<u>16,024,701</u>	<u>16,131,380</u>	<u>16,740,290</u>	<u>608,910</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,635,931	2,664,094	2,437,325	226,769
Community development	1,102,208	1,102,208	1,038,514	63,694
Public safety	7,566,204	7,538,804	6,663,262	875,542
Public works	2,841,130	2,841,346	2,651,660	189,686
Culture and recreation	2,048,228	2,037,228	1,904,387	132,841
<b>Capital outlay</b>				
General government	-	-	16,448	(16,448)
Public safety	31,000	136,700	156,449	(19,749)
Culture and recreation	-	11,000	26,739	(15,739)
Total Expenditures	<u>16,224,701</u>	<u>16,331,380</u>	<u>14,894,784</u>	<u>1,436,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>1,845,506</u>	<u>2,045,506</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	200,000	200,000	264,000	64,000
Transfers out	-	-	(700,000)	(700,000)
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>(436,000)</u>	<u>(636,000)</u>
Net Change in Fund Balances	-	-	1,409,506	1,409,506
Fund Balances, January 1	<u>8,381,816</u>	<u>8,381,816</u>	<u>8,381,816</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 8,381,816</u>	<u>\$ 8,381,816</u>	<u>\$ 9,791,322</u>	<u>\$ 1,409,506</u>

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

City of Savage, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2020

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Assets			
Current Assets			
Cash and investments	\$ 8,482,256	\$ 5,514,665	\$ 692,520
Receivables			
Accounts	1,347,286	263,172	678
Notes	-	-	317,450
Special assessments - current	7,071	-	-
Special assessments - delinquent	10,082	-	-
Due from other funds	171,855	-	-
Inventories	-	-	1,050,953
Assets held for resale	-	132,030	-
Total Current Assets	<u>10,018,550</u>	<u>5,909,867</u>	<u>2,061,601</u>
Noncurrent Assets			
Special assessments receivable	<u>240,302</u>	-	-
Capital assets			
Land	1,371,272	-	290,000
Land Improvements	703,205	-	52,549
Buildings and structures	27,507,176	-	1,629,578
Machinery and equipment	10,290,330	473,076	145,553
Improvements other than buildings	98,415,171	28,152,704	-
Construction in progress	735,421	424,018	-
Total Capital Assets	<u>139,022,575</u>	<u>29,049,798</u>	<u>2,117,680</u>
Less Accumulated Depreciation	<u>(82,508,425)</u>	<u>(15,972,428)</u>	<u>(863,792)</u>
Net Capital Assets	<u>56,514,150</u>	<u>13,077,370</u>	<u>1,253,888</u>
Total Noncurrent Assets	<u>56,754,452</u>	<u>13,077,370</u>	<u>1,253,888</u>
Total Assets	<u>66,773,002</u>	<u>18,987,237</u>	<u>3,315,489</u>
Deferred Outflows of Resources			
Deferred pension resources	100,562	15,894	44,722
Deferred other postemployment benefit resources	23,596	3,844	10,672
	<u>124,158</u>	<u>19,738</u>	<u>55,394</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
\$ 286,733	\$ 147	\$ 14,976,321	\$ 1,277,539
71,988	33,915	1,717,039	-
-	-	317,450	-
-	-	7,071	-
-	-	10,082	-
-	-	171,855	-
-	-	1,050,953	-
-	-	132,030	-
<u>358,721</u>	<u>34,062</u>	<u>18,382,801</u>	<u>1,277,539</u>
-	-	240,302	-
-	-	1,661,272	-
-	500,000	1,255,754	-
1,176,664	4,256,087	34,569,505	-
-	94,520	11,003,479	-
-	-	126,567,875	-
28,092	-	1,187,531	-
<u>1,204,756</u>	<u>4,850,607</u>	<u>176,245,416</u>	-
<u>(407,332)</u>	<u>(962,531)</u>	<u>(100,714,508)</u>	-
<u>797,424</u>	<u>3,888,076</u>	<u>75,530,908</u>	-
<u>797,424</u>	<u>3,888,076</u>	<u>75,771,210</u>	-
<u>1,156,145</u>	<u>3,922,138</u>	<u>94,154,011</u>	<u>1,277,539</u>
-	3,676	164,854	-
-	1,647	39,759	165,212
-	<u>5,323</u>	<u>204,613</u>	<u>165,212</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, 2020

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 231,106	\$ 4,438	\$ 423,742
Accrued salaries and withholdings payable	18,809	178	8,789
Contracts payable	-	781	-
Due to other governments	12,384	-	74,057
Accrued interest payable	90,216	899	-
Deposits payable	24,206	51,357	-
Unearned revenue	-	-	3,185
Bonds payable - current	1,184,550	82,250	-
Compensated absences payable - current	195,604	24,021	20,426
<b>Total Current Liabilities</b>	<u>1,756,875</u>	<u>163,924</u>	<u>530,199</u>
<b>Noncurrent Liabilities</b>			
Bonds payable	6,557,081	404	-
Net pension liability	885,242	139,914	393,686
Other postemployment benefits payable	89,346	14,556	40,409
<b>Total Noncurrent Liabilities</b>	<u>7,531,669</u>	<u>154,874</u>	<u>434,095</u>
<b>Total Liabilities</b>	<u>9,288,544</u>	<u>318,798</u>	<u>964,294</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	36,518	5,772	16,240
Deferred other postemployment benefit resources	14,522	2,366	6,568
<b>Total Deferred Outflows of Pension Resources</b>	<u>51,040</u>	<u>8,138</u>	<u>22,808</u>
<b>Net Position</b>			
Net investment in capital assets	48,772,519	12,994,716	1,253,888
Unrestricted	8,785,057	5,685,323	1,129,893
<b>Total Net Position</b>	<u>\$ 57,557,576</u>	<u>\$ 18,680,039</u>	<u>\$ 2,383,781</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
\$ 55,242	\$ 46,208	\$ 760,736	\$ 6,046
-	-	27,776	-
-	-	781	-
-	-	86,441	-
-	26,948	118,063	-
-	-	75,563	-
-	13,233	16,418	-
-	320,000	1,586,800	-
-	8,145	248,196	-
<u>55,242</u>	<u>414,534</u>	<u>2,920,774</u>	<u>6,046</u>
-	2,535,205	9,092,690	-
-	32,358	1,451,200	-
-	6,237	150,548	625,570
<u>-</u>	<u>2,573,800</u>	<u>10,694,438</u>	<u>625,570</u>
<u>55,242</u>	<u>2,988,334</u>	<u>13,615,212</u>	<u>631,616</u>
-	1,335	59,865	-
-	1,014	24,470	101,677
<u>-</u>	<u>2,349</u>	<u>84,335</u>	<u>101,677</u>
797,424	1,032,871	64,851,418	-
303,479	(96,093)	15,807,659	709,458
<u>\$ 1,100,903</u>	<u>\$ 936,778</u>	<u>\$ 80,659,077</u>	<u>\$ 709,458</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, 2020

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Operating Revenues			
Sales	\$ -	\$ -	\$ 7,306,000
Cost of sales	-	-	(5,312,509)
Gross Profit	-	-	1,993,491
Charges for services	9,513,973	1,374,103	-
Special assessments	195,808	20,301	-
Other revenue	289,381	7,370	80,979
Total Operating Revenues	<u>9,999,162</u>	<u>1,401,774</u>	<u>2,074,470</u>
Operating Expenses			
Personnel services	1,455,954	233,654	646,172
Professional services	1,329,649	108,277	258,545
Shop supplies	329,433	-	-
Sewer charges - MCES	2,065,098	-	-
Utilities	325,205	-	61,670
Depreciation	3,727,165	885,766	44,450
Repairs and maintenance	326,249	85,575	25,380
Rent	736	-	145,749
Postage	41,510	6,451	-
Telephone	15,056	-	-
Insurance	25,367	-	10,439
Office and other supplies	91,053	5,779	24,060
Capital	17,320	-	-
Miscellaneous	-	7,500	-
Total Operating Expenses	<u>9,749,795</u>	<u>1,333,002</u>	<u>1,216,465</u>
Operating Income (Loss)	<u>249,367</u>	<u>68,772</u>	<u>858,005</u>
Nonoperating Revenues (Expenses)			
Intergovernmental	-	15,000	-
Investment earnings	148,490	124,386	2,459
Interest and other charges	(175,497)	-	-
Gain on disposal of capital assets	59,710	30,000	-
Loss on disposal of capital assets	-	(17,406)	-
Miscellaneous revenue	600	-	1,907
Total Nonoperating Revenues (Expenses)	<u>33,303</u>	<u>151,980</u>	<u>4,366</u>
Income (Loss) Before Contributions and Transfers	282,670	220,752	862,371
Capital Contributions	780,988	450,147	-
Transfers In	-	-	-
Transfers Out	<u>(1,381,767)</u>	<u>(1,021,590)</u>	<u>(400,000)</u>
Change in Net Position	(318,109)	(350,691)	462,371
Net Position, January 1	<u>57,875,685</u>	<u>19,030,730</u>	<u>1,921,410</u>
Net Position, December 31	<u>\$ 57,557,576</u>	<u>\$ 18,680,039</u>	<u>\$ 2,383,781</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
\$ -	\$ -	\$ 7,306,000	\$ -
-	-	(5,312,509)	-
-	-	1,993,491	-
384,659	274,338	11,547,073	-
-	-	216,109	-
-	-	377,730	-
<u>384,659</u>	<u>274,338</u>	<u>14,134,403</u>	<u>-</u>
-	97,594	2,433,374	285,421
1,110	15,658	1,713,239	250,895
-	-	329,433	-
-	-	2,065,098	-
306,258	136,200	829,333	-
42,553	121,562	4,821,496	-
4,525	15,323	457,052	-
-	-	146,485	-
1,465	-	49,426	-
-	-	15,056	-
-	1,823	37,629	-
-	8,333	129,225	-
-	-	17,320	-
-	-	7,500	-
<u>355,911</u>	<u>396,493</u>	<u>13,051,666</u>	<u>536,316</u>
<u>28,748</u>	<u>(122,155)</u>	<u>1,082,737</u>	<u>(536,316)</u>
-	-	15,000	-
4,958	-	280,293	25,684
-	(58,198)	(233,695)	-
-	-	89,710	-
-	-	(17,406)	-
-	86	2,593	572,565
<u>4,958</u>	<u>(58,112)</u>	<u>136,495</u>	<u>598,249</u>
33,706	(180,267)	1,219,232	61,933
9,996	-	1,241,131	-
-	459,000	459,000	-
-	-	(2,803,357)	(85,398)
<u>43,702</u>	<u>278,733</u>	<u>116,006</u>	<u>(23,465)</u>
<u>1,057,201</u>	<u>658,045</u>	<u>80,543,071</u>	<u>732,923</u>
<u>\$ 1,100,903</u>	<u>\$ 936,778</u>	<u>\$ 80,659,077</u>	<u>\$ 709,458</u>

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

City of Savage, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds		
	601 Water and Sewer	660 Storm Water	609 Municipal Liquor
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 10,047,215	\$ 1,387,478	\$ 2,096,876
Payment to suppliers	(4,772,880)	(219,808)	(331,834)
Payment to employees	(1,434,192)	(238,507)	(643,221)
Other operating receipts	600	-	1,907
Net Cash Provided (Used) by Operating Activities	<u>3,840,743</u>	<u>929,163</u>	<u>1,123,728</u>
Cash Flows from Noncapital Financing Activities			
Receipts (payments) from (to) other funds	28,769	-	(33,667)
Transfers in	-	-	-
Transfers out	<u>(1,381,767)</u>	<u>(1,021,590)</u>	<u>(400,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,352,998)</u>	<u>(1,021,590)</u>	<u>(433,667)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(992,641)	(275,003)	-
Proceeds from the sale of assets	59,710	30,000	-
Connection charges	96,395	-	-
Intergovernmental receipts	-	15,000	-
Principal paid on debt	(1,152,900)	(80,500)	-
Interest paid on debt	<u>(240,216)</u>	<u>(3,275)</u>	<u>-</u>
Net Cash Flows Used by Capital and Related Financing Activities	<u>(2,229,652)</u>	<u>(313,778)</u>	<u>-</u>
Cash Flows from Investing Activities			
Investment earnings received	<u>148,490</u>	<u>124,386</u>	<u>2,459</u>
Net Increase (Decrease) in Cash and Cash Equivalents	406,583	(281,819)	692,520
Cash and Cash Equivalents, January 1	<u>8,075,673</u>	<u>5,796,484</u>	<u>-</u>
Cash and Cash Equivalents, December 31	<u>\$ 8,482,256</u>	<u>\$ 5,514,665</u>	<u>\$ 692,520</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
\$ 383,731	\$ 260,837	\$ 14,176,137	\$ -
(285,754)	(177,025)	(5,787,301)	(244,849)
-	(99,828)	(2,415,748)	(307,543)
-	86	2,593	572,565
<u>97,977</u>	<u>(15,930)</u>	<u>5,975,681</u>	<u>20,173</u>
-	-	(4,898)	-
-	459,000	459,000	-
-	-	(2,803,357)	(85,398)
<u>-</u>	<u>459,000</u>	<u>(2,349,255)</u>	<u>(85,398)</u>
(26,459)	(58,901)	(1,353,004)	-
-	-	89,710	-
-	-	96,395	-
-	-	15,000	-
-	(315,000)	(1,548,400)	-
-	(69,044)	(312,535)	-
<u>(26,459)</u>	<u>(442,945)</u>	<u>(3,012,834)</u>	<u>-</u>
<u>4,958</u>	<u>-</u>	<u>280,293</u>	<u>25,684</u>
76,476	125	893,885	(39,541)
<u>210,257</u>	<u>22</u>	<u>14,082,436</u>	<u>1,317,080</u>
<u>\$ 286,733</u>	<u>\$ 147</u>	<u>\$ 14,976,321</u>	<u>\$ 1,277,539</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, 2020

	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)	\$ 249,367	\$ 68,772	\$ 858,005
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Miscellaneous revenues	600	-	1,907
Depreciation	3,727,165	885,766	44,450
(Increase) decrease in assets/deferred resources			
Accounts receivable	3,968	(14,296)	(678)
Special assessments receivable	44,085	-	-
Prepaid items	-	-	495
Notes receivable	-	-	22,321
Inventories	-	-	413
Deferred pension resources	(12,846)	(1,685)	(4,319)
Deferred other post employment benefit resources	(7,823)	(1,514)	(6,210)
Increase (decrease) in liabilities and and deferred inflows of resources			
Accounts payable and contract payable	(160,154)	(6,226)	179,822
Accrued salaries and withholdings payable	(39,277)	(7,535)	(14,816)
Compensated absences payable	25,226	1,826	(9,363)
Deposits payable	(45,120)	-	-
Unearned revenue	-	-	763
Net pension liability	143,301	16,263	63,175
Other postemployment benefits payable	17,175	3,897	19,993
Deferred pension resources	(103,421)	(16,241)	(47,807)
Deferred other post employment benefit resources	(573)	136	2,298
Due to other governments	(930)	-	13,279
	<u>\$ 3,840,743</u>	<u>\$ 929,163</u>	<u>\$ 1,123,728</u>
Net Cash Provided (Used) by Operating Activities			
	<u>\$ 3,840,743</u>	<u>\$ 929,163</u>	<u>\$ 1,123,728</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities			
Amortization of discounts / (premiums) on bonds	\$ (48,476)	\$ (2,405)	\$ -
Disposal of capital assets	\$ (218,239)	\$ (130,733)	\$ -
Disposal of related accumulated depreciation	\$ 218,239	\$ 113,327	\$ -
Loss on disposal of capital assets	\$ -	\$ (17,406)	\$ -
Capital contributions from other funds	\$ 684,593	\$ 450,147	\$ -

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

Business-Type Activities - Enterprise Funds			Governmental
Street Light Utility	Sports Center	Totals	Activities - Internal Service Funds
\$ 28,748	\$ (122,155)	\$ 1,082,737	\$ (536,316)
-	86	2,593	572,565
42,553	121,562	4,821,496	-
(928)	416	(11,518)	-
-	-	44,085	-
-	-	495	-
-	-	22,321	-
-	-	413	-
-	(304)	(19,154)	-
-	(1,048)	(16,595)	(2,417)
27,604	312	41,358	6,046
-	(7,071)	(68,699)	-
-	1,486	19,175	-
-	-	(45,120)	-
-	(13,917)	(13,154)	-
-	4,797	227,536	-
-	3,496	44,561	7,825
-	(4,031)	(171,500)	-
-	441	2,302	(27,530)
-	-	12,349	-
<u>\$ 97,977</u>	<u>\$ (15,930)</u>	<u>\$ 5,975,681</u>	<u>\$ 20,173</u>
<u>\$ -</u>	<u>\$ (8,500)</u>	<u>\$ (59,381)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (348,972)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,566</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,406)</u>	<u>\$ -</u>
<u>\$ 9,996</u>	<u>\$ -</u>	<u>\$ 1,144,736</u>	<u>\$ -</u>

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

City of Savage, Minnesota  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2020

	<u>Custodial Funds</u>
Assets	
Cash and investments	<u>\$ 69,075</u>
Liabilities	
Due to other governments	<u>\$ 69,075</u>

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

City of Savage, Minnesota  
Statement Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2020

	Custodial Funds
Additions	
Service access charges collected for other governments	\$ 380,205
Surcharge fees collected for other governments	30,081
Total Additions	410,286
Deductions	
Payments of service access charges to other governments	380,205
Payments of surcharge fees to other governments	30,081
Total Deductions	410,286
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position, January 1	-
Net Position, December 31	\$ -

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

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## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

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

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

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

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

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

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

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

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

#### 1. Blended Component Unit

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

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

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

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

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

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

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

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

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

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

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

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

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

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

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



City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

The *2020 Capital Projects fund* is fund is used to account for the construction costs of street improvements.

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 purposed. 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.

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

Additionally, the City reports the following fund types:

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

Fiduciary Funds:

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial funds account for activities of Service Availability Charges and State Surcharge collections.

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

*State Surcharges* account for assets in the form of state building permit charges collected by the City and remitted to the state.

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

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

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

#### ***Deposits and Investments***

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

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

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.

City of Savage, Minnesota  
Notes to the Financial Statements  
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**Note 1: Summary of Significant Accounting Policies (Continued)**

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

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

The City has the following recurring fair value measurements as of December 31, 2020:

- U.S. Government Agency Securities of \$7,274,554 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$1,949,480 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

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

### ***Investment Policy***

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

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

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

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

### ***Property Taxes***

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

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

### ***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.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

***Interfund Receivables and Payables***

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

***Inventories and Prepaid Items***

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

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

***Assets Held for Resale***

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

***Capital Assets***

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

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, 2020, no interest was capitalized in connection with construction in progress.

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

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

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

### ***Deferred Outflows of Resources***

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

### ***Compensated Absences***

Paid vacation and sick leave is granted to all regular, benefit eligible employees of the City. Vacation benefits vary with the length of service of the employee. Sick leave can be accumulated up to a maximum of 720 hours. In addition, regular benefit eligible employees can receive payment for any amount accrued over the maximum of 720 hours.

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

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

### ***Postemployment Benefits other than Pensions***

Under *Minnesota statute 471.61*, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 75, at January 1, 2019 valuation date. The measurement date is January 1, 2020. The General fund is typically used to liquidate governmental other postemployment benefits payable.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

***Long-term Obligations***

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

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

***Pensions***

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP, PEPFP, DCP and Savage Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
Pension Expense	\$ 302,577	\$ 562,505	\$ 2,000	\$ 311,866	\$ 1,178,948

***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 four sources: property taxes, special assessments, interest and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

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

### **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 2020, 35 percent of the next year's budgeted operating expenditures is \$6,114,287.

### **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.



City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

***Use of Estimates***

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

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

**A. Budgetary Information**

The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. The City adopts an annual budget for the General fund, Cable Television, Economic Development, Hamilton Building and Post Office special revenue funds and all enterprise funds. Budget amounts are presented as originally adopted or amended. The City 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. Deficit Fund Equity**

As of December 31, 2020, the following funds reported deficit fund equity:

Fund	Amount
Primary Government	
Major funds	
2020 Capital Projects	\$ 1,638,198
Tax Increment Construction	1,165,956

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

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

### Note 3: Detailed Notes on All Funds

#### A. Deposits and Investments

##### *Deposits*

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, 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 \$5,980,331 and the bank balance was \$4,058,964. 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, 2020

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

**Investments**

As of December 31, 2020, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
<b>Pooled Investments at Amortized Costs</b>					
4M Fund	N/A	less than 1 year	\$ 8,688,301		
Broker Money Market Funds	N/A	less than 1 year	30,244,858		
Total Pooled Investments			<u>38,933,159</u>		
<b>Non-pooled Investments at Amortized Costs</b>					
Negotiable certifications of deposits	NA	less than 1 year	941,692	\$ -	\$ 941,692
Negotiable certifications of deposits	NA	1 to 5 years	1,007,788	-	1,007,788
Government Agency Securities	A	1 to 5 years	1,066,460	1,066,460	-
Government Agency Securities	AA-	1 to 5 years	2,168,020	2,168,020	-
Government Agency Securities	AA+	1 to 5 years	1,415,100	1,415,100	-
Government Agency Securities	AAA	1 to 5 years	2,624,974	2,624,974	-
Total Investments			<u>\$ 48,157,193</u>	<u>\$ 7,274,554</u>	<u>\$ 1,949,480</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.

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

Carrying Amount of Deposits	\$ 5,980,331
Investments	<u>48,157,193</u>
Total	<u>\$ 54,137,524</u>
<b>Primary Government</b>	
Governmental activities	\$ 39,092,128
Business-type activities	14,976,321
Subtotal	<u>54,068,449</u>
<b>Fiduciary</b>	
Cash and investments	<u>69,075</u>
Total	<u>\$ 54,137,524</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**B. Notes Receivable**

The City sold seven properties on contract for deeds. The notes are due and payable on various dates with interest accruing at rates between 2% to 5% per annum. These notes were recorded as receivables in the Strom Project Special Revenue Fund. The receivable balance at December 31, 2020 was \$462,932.

Additionally the developer for Village Commons received a grant from the Metropolitan Council to assist with project construction costs. Minnesota Statutes require these fund to be directed to the City before being disbursed to the developer. The developer requested the funds as a note, which has a term of thirty years and an interest rate of 0%. The principal balance is to be repaid in one lump sum on December 21, 2042. This notes is recorded as a receivable in the Economic Development Special Revenue fund. The receivable balance December 31, 2020 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, 2020 including accrued interest, was \$375,297.

On January 27, 2017, the City entered into a contract for deed with SHIMKIDS, LLC, a Minnesota liability company, for lots 6 and 7, block 45, Village of Savage, formerly Hamilton. A portion of this contract is payable to the City in the amount of \$400,000 over a 15-year term and is amortized over 15 years at 4 percent payable in monthly principal and interest payments. The receivable balance at December 31, 2020 was \$317,450.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 5,458,583	\$ -	\$ -	\$ 5,458,583
Construction in progress	4,916,487	4,249,816	(5,187,318)	3,978,985
Rights of ways and easement	754,344	-	-	754,344
Total Capital Assets not Being Depreciated	<u>11,129,414</u>	<u>4,249,816</u>	<u>(5,187,318)</u>	<u>10,191,912</u>
Capital Assets Being Depreciated				
Land improvements	12,731,029	775,559	-	13,506,588
Buildings and structures	31,916,833	21,908	-	31,938,741
Furniture and equipment	13,303,615	1,990,885	(444,161)	14,850,339
Improvements other than buildings	144,788,585	4,442,969	-	149,231,554
Total Capital Assets Being Depreciated	<u>202,740,062</u>	<u>7,231,321</u>	<u>(444,161)</u>	<u>209,527,222</u>
Less Accumulated Depreciation for				
Land improvements	(8,626,688)	(509,972)	-	(9,136,660)
Buildings and structures	(9,872,074)	(648,572)	-	(10,520,646)
Furniture and equipment	(6,893,152)	(940,031)	406,401	(7,426,780)
Improvements other than buildings	(88,367,221)	(4,756,781)	-	(93,124,002)
Total Accumulated Depreciation	<u>(113,759,135)</u>	<u>(6,855,356)</u>	<u>406,401</u>	<u>(120,208,088)</u>
Total Capital Assets Being Depreciated, Net	<u>88,980,927</u>	<u>375,965</u>	<u>(37,760)</u>	<u>89,319,134</u>
Governmental Activities Capital Assets, Net	<u>\$ 100,110,341</u>	<u>\$ 4,625,781</u>	<u>\$ (5,225,078)</u>	<u>\$ 99,511,046</u>

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

<b>Governmental Activities</b>	
General government	\$ 208,588
Community development	55,555
Public safety	317,160
Public works	6,014,309
Parks and recreation	259,744
Total Depreciation Expense - Governmental Activities	<u>\$ 6,855,356</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,661,272	\$ -	\$ -	\$ 1,661,272
Construction in progress	2,332,460	1,380,219	(2,525,148)	1,187,531
Total Capital Assets not Being Depreciated	<u>3,993,732</u>	<u>1,380,219</u>	<u>(2,525,148)</u>	<u>2,848,803</u>
Capital Assets Being Depreciated				
Land improvements	1,255,754	-	-	1,255,754
Buildings and structures	34,310,049	259,456	-	34,569,505
Furniture and equipment	10,556,035	796,416	(348,972)	11,003,479
Improvements other than buildings	124,353,573	2,214,302	-	126,567,875
Total Capital Assets Being Depreciated	<u>170,475,411</u>	<u>3,270,174</u>	<u>(348,972)</u>	<u>173,396,613</u>
Less Accumulated Depreciation for				
Land improvements	(989,086)	(33,334)	-	(1,022,420)
Buildings and structures	(12,252,484)	(758,022)	-	(13,010,506)
Furniture and equipment	(3,256,598)	(455,604)	331,566	(3,380,636)
Improvements other than buildings	(79,726,410)	(3,574,536)	-	(83,300,946)
Total Accumulated Depreciation	<u>(96,224,578)</u>	<u>(4,821,496)</u>	<u>331,566</u>	<u>(100,714,508)</u>
Total Capital Assets Being Depreciated, Net	<u>74,250,833</u>	<u>(1,551,322)</u>	<u>(17,406)</u>	<u>72,682,105</u>
Business-type Activities Capital Assets, Net	<u>\$ 78,244,565</u>	<u>\$ (171,103)</u>	<u>\$ (2,542,554)</u>	<u>\$ 75,530,908</u>

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

<b>Business-type Activities</b>	
Water and sewer	\$ 3,727,165
Storm Water	885,766
Municipal Liquor	44,450
Sports Center	121,562
Street Light	42,553
Total Depreciation Expense - Business-type Activities	<u>\$ 4,821,496</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**Construction Commitments**

The City has active construction projects as of December 31, 2020. 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
TH13/Dakota/Yose Design Study	\$ 120,991	\$ 28,229
Hampshire Ave. Improvements	1,790,300	554,126
Hidden Valley Parking Lot	223,822	38,049
2020 St.Improvements	2,157,827	641,792
Gendale Ave Improvements	4,115,944	580,114
Providence Ln RearYd Drng	39,048	23,384
<b>Total</b>	<b>\$ 8,447,932</b>	<b>\$ 1,865,694</b>

**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	Tax Increment Construction	\$ 171,855
Nonmajor governmental	Tax Increment Construction	1,194,000
<b>Total</b>		<b>\$ 1,365,855</b>

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

Fund	Transfers In					Total
	General	Debt Service	2020 Capital Improvements	Nonmajor Governmental Funds	Sports Center	
Transfer Out						
General	\$ -	\$ -	\$ -	\$ 700,000	\$ -	\$ 700,000
Debt Service	-	-	-	400,000	100,000	500,000
2020 Capital Improvements	-	-	-	2,327,500	-	2,327,500
Nonmajor governmental	-	1,266,625	-	349,753	309,000	1,925,378
Water and Sewer	200,000	-	314,574	867,193	-	1,381,767
Storm Water	-	-	353,506	668,084	-	1,021,590
Liquor	64,000	-	-	286,000	50,000	400,000
Internal service	-	-	-	85,398	-	85,398
<b>Total Transfers</b>	<b>\$ 264,000</b>	<b>\$ 1,266,625</b>	<b>\$ 668,080</b>	<b>\$ 5,683,928</b>	<b>\$ 459,000</b>	<b>\$ 8,341,633</b>

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

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

**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:

**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	\$ 640,000
2020B G.O. Advanced Refunding	1,760,000	5.00	06/04/20	02/01/26	1,760,000
2014B G.O. Advanced Refunding	6,600,000	2.00 - 2.38	06/05/14	02/01/27	3,880,000
2015B G.O. Improvement and Street Reconstruction Crossover Refunding Bonds	2,730,000	1.50 - 2.50	06/04/15	02/01/22	<u>890,000</u>
Total General Obligation Bonds					<u><u>\$ 7,170,000</u></u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 1,540,000	\$ 204,214	\$ 1,744,214
2022	1,570,000	146,368	1,716,368
2023	825,000	110,618	935,618
2024	855,000	84,368	939,368
2025	875,000	57,565	932,565
2026 - 2027	<u>1,505,000</u>	<u>35,922</u>	<u>1,540,922</u>
Total	<u><u>\$ 7,170,000</u></u>	<u><u>\$ 639,055</u></u>	<u><u>\$ 7,809,055</u></u>



City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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
2011A G.O. Improvement Bonds	\$ 6,495,000	2.00 - 3.75 %	06/01/11	02/01/27	\$ 2,375,000
2012A G.O. Improvement Bonds	5,085,000	1.00 - 2.62	06/15/12	02/01/28	1,995,000
2013A G.O. Improvement Bonds	5,750,000	1.50 - 2.50	06/01/13	02/01/29	2,745,000
2013B G.O. Refunding Improvement Bonds	491,200	2.00	06/01/13	02/01/21	83,200
2014A G.O. Improvement Bonds	3,290,000	2.00 - 3.50	06/05/14	02/01/30	1,715,000
2015A G.O. Improvement Bonds	4,100,000	2.00 - 4.00	06/04/15	02/01/31	2,790,000
2016A G.O. Improvement Bonds	3,335,000	2.00 - 3.00	06/16/16	02/01/32	2,465,000
2017A G.O. Improvement Bonds	3,095,000	2.00 - 3.00	07/12/17	02/01/33	2,155,000
2018A G.O. Improvement Bonds	3,200,000	3.00 - 3.15	05/17/18	02/01/34	2,910,000
2018B G.O. Refunding Bonds	1,220,000	3.00 - 5.00	05/17/18	02/01/24	835,000
2019A G.O. Improvement Bonds	2,615,000	3.00 - 5.00	06/06/19	02/01/35	2,615,000
2019B G.O. Refunding Bonds	1,685,000	5.00	06/06/19	02/01/25	1,440,000
2020A G.O. Improvement Bonds	2,795,000	2.00 - 3.00	06/04/20	02/01/36	2,795,000
2020C G.O. Advanced Refunding	3,495,000	2.00 - 4.00	11/05/20	02/01/29	<u>3,495,000</u>
Total G.O. Special Assessment Improvement Bonds					<u>\$ 30,413,200</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 7,763,200	\$ 794,912	\$ 8,558,112
2022	3,215,000	646,888	3,861,888
2023	3,225,000	534,420	3,759,420
2024	2,870,000	427,776	3,297,776
2025	2,595,000	332,294	2,927,294
2026 - 2030	7,935,000	822,982	8,757,982
2031 - 2035	2,680,000	143,925	2,823,925
2036	130,000	1,300	131,300
Total	<u>\$ 30,413,200</u>	<u>\$ 3,704,497</u>	<u>\$ 34,117,697</u>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

General Obligation Revenue Bonds

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

	Water and Sewer	Storm Water	Sports Center
Operating Revenues	\$ 9,999,162	\$ 1,401,774	\$ 274,338
Principal and Interest	1,393,116	83,775	384,044
Percentage of Revenues	718 %	1,673 %	71 %

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

Description	Authorized and Issued	Interest Rate	Dated	Maturity Date	Balance at Year End
G.O. Utility Revenue Bonds					
Series 2011B	\$ 2,045,000	2.00 - 3.00 %	06/01/11	02/01/21	\$ 225,000
Tax Abatement Bonds					
Series 2012B	4,915,000	1.00 - 2.62	06/15/12	02/01/28	2,795,000
G.O. Crossover Refunding Bonds					
Series 2013B	1,043,800	2.00	06/01/13	02/01/21	176,800
G.O. Improvement Bonds					
Series 2015A	3,075,000	2.00 - 4.00	06/04/15	02/01/31	2,365,000
G.O. Improvement Bonds					
Series 2017A	3,830,000	2.00 - 3.00	07/12/17	02/01/33	3,375,000
G.O. Utility Revenue Refunding Bonds					
Series 2018B	3,480,000	3.00 - 5.00	05/17/18	02/01/23	1,400,000
Total Business-type Bonds					<b>\$ 10,336,800</b>

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 1,586,800	\$ 260,682	\$ 1,847,482
2022	1,225,000	216,983	1,441,983
2023	1,255,000	180,742	1,435,742
2024	795,000	152,777	947,777
2025	810,000	132,957	942,957
2026 - 2030	3,555,000	366,977	3,921,977
2031 - 2033	1,110,000	42,473	1,152,473
Total	<b>\$ 10,336,800</b>	<b>\$ 1,353,591</b>	<b>\$ 11,690,391</b>

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

Capital Leases

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

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Building and structures	\$ 2,260,000
Less accumulated depreciation	(1,265,600)
Total	\$ 994,400

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 115,000	\$ 31,308	\$ 146,308
2022	120,000	28,633	148,633
2023	120,000	25,723	145,723
2024	120,000	22,543	142,543
2025	125,000	19,113	144,113
2026 - 2030	555,000	36,279	591,279
Total	\$ 1,155,000	\$ 163,599	\$ 1,318,599

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

Changes in Long-term Liabilities

During the year ended December 31, 2020, the following changes occurred in non-current liabilities reported on the government-wide statements.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 8,910,000	\$ 1,760,000	\$ (3,500,000)	\$ 7,170,000	\$ 1,540,000
General obligation special assessment bonds	27,149,800	6,290,000	(3,026,600)	30,413,200	7,763,200
Unamortized discount and premium	1,350,421	759,224	(345,645)	1,764,000	-
Total Bonds Payable - Net	<u>37,410,221</u>	<u>8,809,224</u>	<u>(6,872,245)</u>	<u>39,347,200</u>	<u>9,303,200</u>
Capital Lease Payable	1,275,000	-	(120,000)	1,155,000	115,000
Compensated Absences Payable	<u>1,309,720</u>	<u>982,290</u>	<u>(900,353)</u>	<u>1,391,657</u>	<u>1,049,478</u>
Governmental Activity Long-term Liabilities	<u>\$ 39,994,941</u>	<u>\$ 9,791,514</u>	<u>\$ (7,892,598)</u>	<u>\$ 41,893,857</u>	<u>\$ 10,467,678</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation revenue bonds	\$ 11,885,200	\$ -	\$ (1,548,400)	\$ 10,336,800	\$ 1,586,800
Unamortized discount and premium	402,071	-	(59,381)	342,690	-
Total Bonds Payable - Net	<u>12,287,271</u>	<u>-</u>	<u>(1,607,781)</u>	<u>10,679,490</u>	<u>1,586,800</u>
Compensated Absences Payable	<u>229,021</u>	<u>186,147</u>	<u>(166,972)</u>	<u>248,196</u>	<u>248,196</u>
Business-type Activity Long-term Liabilities	<u>\$ 12,516,292</u>	<u>\$ 186,147</u>	<u>\$ (1,774,753)</u>	<u>\$ 10,927,686</u>	<u>\$ 1,834,996</u>

Current Refundings

On June 4, 2020 the City issued \$1,760,000 of 2020B G.O. Refunding Bonds. The bonds bear an average coupon rate of 5.0 percent and were used to call \$1,930,000 of the outstanding principal of the 2010A Taxable G.O. Improvement Bonds (Build America Bonds-Direct Pay). As a result of the refunding issue, the City will save \$33,558 in debt service payments and achieve an economic gain (the present value of the difference between the old and the new debt service) of \$32,240.

On November 5, 2020 the City issued \$3,495,000 of 2020C G.O. Refunding Bonds. The bonds bear an average coupon rate of 3.0239297 percent and were used, along with City contribution of \$700,000, to call \$2,055,000 of the 2011A G.O. Improvement Bonds and \$2,465,000 of the 2013A G.O. Improvement Bonds. As a result of the refunding issue, the City will save \$257,240 in debt service payments and achieve an economic gain (the present value of the difference between the old and the new debt service) of \$223,621.

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

Conduit Debt Obligations

The City of Savage has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private-sector entity revenues. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City of Savage or the State of Minnesota, or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2020 there were two revenue bonds outstanding with Aspen Academy Charter School with a total principal amount \$18,710,000.

**F. Components of Fund Balance**

At December 31, 2020, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement Revolving</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable for Prepaid Items</b>					
Prepaid items	\$ 38,032	\$ -	\$ -	\$ -	\$ 38,032
Inventory	6,167	-	-	-	6,167
<b>Total Nonspendable</b>	<b><u>\$ 44,199</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 44,199</u></b>
<b>Restricted for</b>					
Debt service	\$ -	\$ 14,541,011	\$ -	\$ -	\$ 14,541,011
Park improvements	-	-	-	2,259,671	2,259,671
<b>Total Restricted</b>	<b><u>\$ -</u></b>	<b><u>\$ 14,541,011</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,259,671</u></b>	<b><u>\$ 16,800,682</u></b>
<b>Committed for</b>					
Cable television	\$ -	\$ -	\$ -	\$ 208,546	\$ 208,546
Economic development	-	-	-	1,495,104	1,495,104
Hamilton building	-	-	-	219,086	219,086
Post office	-	-	-	87,170	87,170
<b>Total Committed</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,009,906</u></b>	<b><u>\$ 2,009,906</u></b>
<b>Assigned to</b>					
Capital projects	\$ 864,000	\$ -	\$ -	\$ 7,918,655	\$ 8,782,655
Employee committee	2,576	-	-	-	2,576
Forfeiture	6,410	-	-	-	6,410
<b>Total Assigned</b>	<b><u>\$ 872,986</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,918,655</u></b>	<b><u>\$ 8,791,641</u></b>

## Note 4: Defined Benefit Pension Plans - Statewide

### A. Plan Description

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

#### General Employees Retirement Plan

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

#### Public Employees Police and Fire Plan

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

### B. Benefits Provided

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

#### General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

#### Police and Fire Plan Benefits

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

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ending December 31, 2020, 2019 and 2018 were \$514,545, \$476,249 and \$457,087, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were \$645,643, \$569,503 and \$523,700, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$5,467,857 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$168,587. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0912 percent which was an increase of 0.0028 percent from its proportion measured as of June 30, 2019.

City's Proportionate Share of the Net Pension Liability	\$ 5,467,857
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	168,587
Total	\$ 5,636,444

For the year ended December 31, 2020, the City recognized pension expense of \$287,905 for its proportionate share of the General Employees Fund's pension expense. In addition, the City recognized an additional \$14,672 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

At December 31, 2020, the City reported its proportionate share of General Employees Fund's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 48,790	\$ 24,942
Changes in Actuarial Assumptions	1,766	200,619
Net Difference Between Projected and Actual Earnings on Plan Investments	121,389	-
Changes in Proportion	182,330	-
Contributions Paid to PERA Subsequent to the Measurement Date	266,860	-
Total	\$ 621,135	\$ 225,561

The \$266,860 reported as deferred outflows of resources related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (210,023)
2022	59,500
2023	147,136
2024	132,101

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$3,988,592 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.3026 percent which was a decrease of 0.0111 percent from its proportionate share measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$533,590 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$28,915 for the year ended December 31, 2020, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.



City of Savage, Minnesota  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 195,075	\$ 246,107
Changes in Actuarial Assumptions	1,536,848	2,703,448
Net Difference Between Projected and Actual Earnings on Plan Investments	131,024	-
Changes in Proportion	203,681	233,454
Contributions Paid to PERA Subsequent to the Measurement Date	351,433	-
Total	\$ 2,418,061	\$ 3,183,009

The \$351,435 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (306,382)
2022	(1,122,366)
2023	153,197
2024	192,241
2025	(33,071)

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employee Plan and 1.0 percent per year for Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

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

The following changes in actuarial assumptions and plan provisions occurred in 2020:

##### General Employees Fund

###### Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

###### Changes in Plan Provisions

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

##### Police and Fire Fund

###### Changes in Actuarial Assumptions

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

###### Changes in Plan Provisions

- There have been no changes since the prior valuation.

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**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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	2.0	-
Total	<u>100.00 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund 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 one percentage point lower or one percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 8,763,078	\$ 5,467,857	\$ 2,749,564
Police and Fire Fund	7,949,838	3,988,592	711,355

**H. Pension Plan Fiduciary Net Position**

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

City of Savage, Minnesota  
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**Note 5: Defined Contribution Plan**

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City During the fiscal year 2020 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 DCP plan for the years ending December 31, 2020, 2019 and 2018 were \$2,000, \$2,000 and \$2,000, respectively.

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

**A. Plan Description**

All members of the Savage Fire Department (the Department) are covered by a defined benefit plan administered by the Savage Firefighter's Relief Association (the Association). As of December 31, 2019, the plan covered 36 active firefighters and 8 vested terminated, retirees and beneficiaries fire fighters whose pension benefits are deferred. The plan is a single employer defined benefit retirement plan and is established and administered in accordance with *Minnesota statute*, chapter 69.

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

**B. Benefits Provided**

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

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**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 \$188,508 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2020, 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, 2020 were \$365,042. The City's contributions were equal to the required contributions as set by state statute. In addition, the City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

**D. Pension Costs**

At December 31, 2020, the City reported a net pension liability of \$781,625 for the Volunteer Firefighter Fund. The net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in the net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Beginning Balance January 1, 2019	\$ 7,552,017	\$ 6,234,510	\$ 1,317,507
Changes for the Year			
Service cost	149,704	-	149,704
Interest cost	447,060	-	447,060
Assumption changes	254,253	-	254,253
Plan changes	72,800	-	72,800
Projected investment return	-	369,537	(369,537)
Contributions (employer)	-	184,514	(184,514)
Nonemployer contributions	-	176,529	(176,529)
(Gain)/loss	14,950	754,785	(739,835)
Benefit payments	(501,451)	(501,451)	-
Administrative expenses	-	(10,716)	10,716
Total Net Changes	<u>437,316</u>	<u>973,198</u>	<u>(535,882)</u>
Ending Balance December 31, 2019	<u>\$ 7,989,333</u>	<u>\$ 7,207,708</u>	<u>\$ 781,625</u>

For the year ended December 31, 2020, the City recognized pension expense of \$53,171.

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

At December 31, 2020, 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	\$ 68,034	\$ 42,879
Changes in Actuarial Assumptions	367,253	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	364,475
Contributions to Plan Subsequent to the Measurement Date	365,042	-
Total	\$ 800,329	\$ 407,354

Deferred outflows of resources totaling \$365,042 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, 2021. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2021	\$ 73,923
2022	38,040
2023	66,927
2024	(150,957)

**E. Actuarial Assumptions**

The total pension liability at December 31, 2020 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Salary Increases	2.50% per year
Cost of Living Increases	2.00%
Investment Rate of Return	5.75%
20-Year Municipal Bond Yield	3.00%

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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash and Equivalents	9.00 %	2.00 %
Fixed Income	30.00	3.50
Equities	61.00	7.60
Other	<u>-</u>	6.50
Total	<u>100.00 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

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

	<u>1 Percent Decrease (4.75%)</u>	<u>Current (5.75%)</u>	<u>1 Percent Increase (6.75%)</u>
Defined Benefit Plan	\$ 2,053,377	\$ 781,625	\$ (224,669)

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

**A. Plan Description**

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

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

**B. Funding Policy**

Contribution requirements are also negotiated between the City and union representatives. The City contributes a predetermined portion of the cost of current-year premiums for eligible retired plan members and their spouses based on the employment contract in effect at the time of retirement. For the year ended December 31, 2020, the City's average contribution rate was 8.91 percent of covered-employee payroll. For the year 2020, the City directly contributed \$35,552 to the Plan, while implicit contributions totaled \$23,225.

**C. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$776,118 was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2019. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.90%
20-Year Municipal Bond Yield	2.90%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.25% in 2020 grading to 5.00% over 5 years
Dental Trend Rate	4.00%

The discount rate used to measure the total OPEB liability was 2.90 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

The actuarial assumptions used in the January 1, 2019 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.



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

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

	Total OPEB Liability (a)
Balances at December 31, 2019	<u>\$ 723,732</u>
Changes for the Year:	
Service cost	36,123
Interest	27,914
Changes in assumptions or other inputs	39,388
Benefit payments	<u>(51,039)</u>
Net Changes	<u>52,386</u>
Balances at December 31, 2020	<u>\$ 776,118</u>

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.80% to 2.90%
- Health care trend rates were changed to better anticipate short term and long term medical increases
- The retirement withdrawal tables for police and fire personnel were updated

Since the prior measurement date, the following benefit terms changed: None

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.90 percent) or 1-percentage-point higher (3.90 percent) than the current discount rate:

1 Percent Decrease (1.90%)	Current (2.90%)	1 Percent Increase (3.90%)
\$ 828,911	\$ 776,118	\$ 727,076

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.25 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.25 percent increasing to 6.00 percent) than the cost trend rate:

1 Percent Decrease (5.25% Decreasing to 4%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5%)	1 Percent Increase (7.25% Decreasing to 6%)
\$ 706,940	\$ 776,118	\$ 855,833

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

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$66,921. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 33,761	\$ 126,147
Changes in Liability (Gain)/Loss	112,433	-
Contributions to OPEB Subsequent to the Measurement Date	58,777	-
Total	\$ 204,971	\$ 126,147

Deferred outflows of resources totaling \$58,777 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021.

**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 2020.

**B. Legal Claims**

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

**C. Revenue Bonds**

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

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

City of Savage, Minnesota  
Notes to the Financial Statements  
December 31, 2020

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

During December 2017, the City revised its capital lease agreement using Taxable Facility Lease Revenue Refunding Bonds, Series 2017B with Scott County CDA in order to take advantage of lower interest rates. The revised lease agreement requires the City to make yearly payments beginning February 1, 2019 equal to the principal and interest due on the Facility Lease Revenue Refunding Bonds, Series 2017B with interest rates between 2.0% to 3.25%. As of December 31, 2020, the outstanding principal and interest balance on these revenue bonds is \$1,318,599.

**D. Flexible Benefit Plan**

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

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. The City is contingently liable for claim against the total amount of participants’ annual contributions to the health and dental care portion of the Plan, whether or not such contribution have been made.

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

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

**Note 9: Subsequent Events**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The City has experienced a decrease in revenues in its community center and incurred a loss for the year ended December 31, 2020 as a result of the COVID-19 pandemic due to closure of its sports center.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City’s financial condition, liquidity, and future results of its revenue collections is uncertain.

On May 17, 2021, City Council authorized the sale of a \$2,800,000 General Obligation Bond, series 2021A that will be awarded on June 21, 2021. The issuance will finance the 2021 Neighborhood Street Improvement project, plus equipment purchases.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of Savage, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2020

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0912 %	\$ 5,467,857	\$ 168,587	\$ 5,636,444	\$ 6,488,577	84.3 %	79.0 %
06/30/19	0.0884	4,887,438	151,827	5,039,265	6,253,241	80.6	80.2
06/30/18	0.0874	4,848,594	159,101	5,007,695	5,877,053	85.2	79.5
06/30/17	0.0861	5,496,567	69,094	5,565,661	5,545,085	100.4	75.9
06/30/16	0.0847	6,877,220	89,813	6,967,033	5,256,467	132.5	68.9
06/30/15	0.0885	4,586,529	-	4,586,529	5,202,050	88.2	78.2

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 514,545	\$ 514,545	\$ -	\$ 6,860,594	7.5 %
12/31/19	476,249	476,249	-	6,349,992	7.5
12/31/18	457,087	457,087	-	6,094,490	7.5
12/31/17	426,380	426,380	-	5,685,072	7.5
12/31/16	401,004	401,004	-	5,346,720	7.5
12/31/15	394,189	394,189	-	5,255,853	7.5

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

City of Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

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

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

City of Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

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

Changes in Plan Provisions

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

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

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

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

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, 2020

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.3026 %	\$ 3,988,592	\$ -	\$3,988,592	\$ 3,417,310	116.7 %	87.2 %
06/30/19	0.3137	3,339,653	-	3,339,653	3,385,650	98.6	89.3
06/30/18	0.2957	3,151,857	-	3,151,857	3,116,313	101.1	88.8
06/30/17	0.3010	4,063,858	-	4,063,858	3,088,646	131.6	85.4
06/30/16	0.3050	12,240,181	-	12,240,181	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 - Police and Fire Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 645,643	\$ 645,643	\$ -	\$ 3,647,702	17.70 %
12/31/19	569,503	569,503	-	3,359,897	16.95
12/31/18	523,700	523,700	-	3,232,716	16.20
12/31/17	497,852	497,852	-	3,073,162	16.20
12/31/16	490,172	490,172	-	3,025,753	16.20
12/31/15	459,350	459,350	-	2,835,494	16.20

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

City of Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

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

Changes in Actuarial Assumptions

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

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

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

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

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

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

City of Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

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

Changes in Plan Provisions

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

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

City of Savage, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

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

	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
<b>Total Pension Liability</b>						
Service cost	\$ 149,704	\$ 124,685	\$ 110,794	\$ 118,368	\$ 95,357	\$ 87,353
Interest on pension liability (asset)	447,060	433,199	401,172	387,067	361,511	350,753
Changes of benefit terms	72,800	71,495	95,143	79,133	60,427	-
Gain (loss)	14,950	113,646	(171,516)	26,177	94,849	-
Changes of assumptions	254,253	150,603	405,055	(28,593)	186,213	-
Benefit payments	(501,451)	(296,205)	(388,016)	(309,796)	(260,917)	(288,652)
<b>Net Change in Total Pension Liability</b>	<u>437,316</u>	<u>597,423</u>	<u>452,632</u>	<u>272,356</u>	<u>537,440</u>	<u>149,454</u>
<b>Total Pension Liability - January 1</b>	<u>7,552,017</u>	<u>6,954,594</u>	<u>6,501,962</u>	<u>6,229,606</u>	<u>5,692,166</u>	<u>5,542,712</u>
<b>Total Pension Liability - December 31 (a)</b>	<u>\$ 7,989,333</u>	<u>\$ 7,552,017</u>	<u>\$ 6,954,594</u>	<u>\$ 6,501,962</u>	<u>\$ 6,229,606</u>	<u>\$ 5,692,166</u>
<b>Plan Fiduciary Net Position</b>						
Employer contributions	\$ 184,514	\$ 184,514	\$ 184,514	\$ 184,514	\$ 184,514	\$ 149,192
Nonemployer contributions	176,529	168,582	164,768	162,295	158,225	184,514
Projected investment return	369,537	409,851	358,176	331,448	352,571	329,228
Gain (loss)	754,785	(752,939)	474,769	112,519	(518,661)	(20,383)
Benefit payments	(501,451)	(296,205)	(388,016)	(309,796)	(260,917)	(288,652)
Administrative expenses	(10,716)	(16,916)	(13,540)	(17,389)	(11,254)	(15,067)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>973,198</u>	<u>(303,113)</u>	<u>780,671</u>	<u>463,591</u>	<u>(95,522)</u>	<u>338,832</u>
<b>Plan Fiduciary Net Position - January 1</b>	<u>6,234,510</u>	<u>6,537,623</u>	<u>5,756,952</u>	<u>5,293,361</u>	<u>5,388,883</u>	<u>5,050,051</u>
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<u>\$ 7,207,708</u>	<u>\$ 6,234,510</u>	<u>\$ 6,537,623</u>	<u>\$ 5,756,952</u>	<u>\$ 5,293,361</u>	<u>\$ 5,388,883</u>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<u>\$ 781,625</u>	<u>\$ 1,317,507</u>	<u>\$ 416,971</u>	<u>\$ 745,010</u>	<u>\$ 936,245</u>	<u>\$ 303,283</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	90.22%	82.55%	94.00%	88.54%	84.97%	94.67%
<b>Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to the Schedule:**

The mortality improvement scale changed from MP-2018 to MP-2019  
The expected long-term investment return and GASB discounting rate were lowered from 6.00% to 5.75%.  
The 20-year municipal bond rate assumption was lowered from 3.5% to 3.00%.

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

City of Savage, Minnesota  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2020

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

Changes in Actuarial Assumptions

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

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

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

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

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

2015 - No changes in actuarial assumptions.

Changes in Plan Provisions

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

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

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

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

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

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/19	\$ 361,043	\$ 361,043	\$ -
12/31/18	353,096	353,096	-
12/31/17	349,282	349,282	-
12/31/16	346,809	346,809	-
12/31/15	342,739	342,739	-

*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, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 36,123	\$ 30,473	\$ 48,000
Interest	27,914	24,792	24,967
Differences between expected and actual experience	-	157,406	-
Changes in assumptions	39,388	(176,605)	-
Benefit payments	<u>(51,039)</u>	<u>(65,724)</u>	<u>(55,868)</u>
Net Change in Total OPEB Liability	52,386	(29,658)	17,099
Total OPEB Liability - Beginning	<u>723,732</u>	<u>753,390</u>	<u>736,291</u>
Total OPEB Liability - Ending	<u><u>\$ 776,118</u></u>	<u><u>\$ 723,732</u></u>	<u><u>\$ 753,390</u></u>
Covered Payroll	\$ 8,980,357	\$ 8,124,416	\$ 8,124,416
City's total OPEB liability as a percentage of covered payroll	8.64 %	8.91 %	9.27 %

*Changes in Method by Year:*

2020 None

2019 None

2018

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

*Changes in Assumptions by Year:*

2020

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

2019

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP 2016 Generational Improvement Scale with the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale.

The retirement and withdrawal tables for Police and Fire Personnel were updated.

The discount rate was changed from 3.3% to 3.8%.

The percent of future retirees electing post-employment medical coverage was changed from 50% to 35%.

2018

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

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

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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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, 2020

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and investments	\$ 808,626	\$ 9,194,372	\$ 10,002,998
Receivables			
Accounts	60,538	-	60,538
Special assessments	-	109,723	109,723
Notes	1,038,229	-	1,038,229
Due from other funds	-	1,194,000	1,194,000
Assets held for resale	174,801	82,788	257,589
 Total Assets	<b>\$ 2,082,194</b>	<b>\$ 10,580,883</b>	<b>\$ 12,663,077</b>
<b>Liabilities</b>			
Accounts payable	\$ 11,009	\$ 203,599	\$ 214,608
Accrued salaries and withholdings payable	1,051	-	1,051
Contracts payable	-	91,753	91,753
Deposits payable	34,931	1,404	36,335
Total Liabilities	46,991	296,756	343,747
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - interest	25,297	-	25,297
Unavailable revenue - special assessments	-	105,801	105,801
Total Deferred Inflows of Resources	25,297	105,801	131,098
<b>Fund Balances</b>			
Restricted	-	2,259,671	2,259,671
Committed	2,009,906	-	2,009,906
Assigned	-	7,918,655	7,918,655
Total Fund Balances	2,009,906	10,178,326	12,188,232
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<b>\$ 2,082,194</b>	<b>\$ 10,580,883</b>	<b>\$ 12,663,077</b>

City of Savage, Minnesota  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2020

	Special Revenue	Capital Projects	Total
<b>Revenues</b>			
Taxes	\$ 217,132	\$ -	\$ 217,132
Intergovernmental	2,366,212	1,417,353	3,783,565
Special assessments	-	52,149	52,149
Investment earnings	26,212	218,692	244,904
<b>Miscellaneous</b>			
Loan interest payments	14,286	-	14,286
Refunds and reimbursements	-	110,512	110,512
Rents	224,570	-	224,570
Other	82,072	243,156	325,228
<b>Total Revenues</b>	<b><u>2,930,484</u></b>	<b><u>2,041,862</u></b>	<b><u>4,972,346</u></b>
<b>Expenditures</b>			
<b>Current</b>			
General government	823,044	-	823,044
Community development	415,821	-	415,821
Public safety	1,355,258	-	1,355,258
Public works	16,455	-	16,455
Culture and recreation	26,856	5,292	32,148
<b>Capital outlay</b>			
General government	82,398	174,775	257,173
Public safety	65,676	1,080,874	1,146,550
Public works	5,070	2,642,357	2,647,427
Culture and recreation	-	893,919	893,919
<b>Debt service</b>			
Interest and other charges	-	53,004	53,004
<b>Total Expenditures</b>	<b><u>2,790,578</u></b>	<b><u>4,850,221</u></b>	<b><u>7,640,799</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>139,906</u></b>	<b><u>(2,808,359)</u></b>	<b><u>(2,668,453)</u></b>
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	-	120,231	120,231
Transfers in	207,111	5,476,817	5,683,928
Bonds issued	-	795,000	795,000
Premiums on bonds issued	-	52,535	52,535
Transfers out	(412,111)	(1,513,267)	(1,925,378)
<b>Total Other Financing Sources (Uses)</b>	<b><u>(205,000)</u></b>	<b><u>4,931,316</u></b>	<b><u>4,726,316</u></b>
<b>Net Change in Fund Balances</b>	<b>(65,094)</b>	<b>2,122,957</b>	<b>2,057,863</b>
<b>Fund Balances, January 1</b>	<b><u>2,075,000</u></b>	<b><u>8,055,369</u></b>	<b><u>10,130,369</u></b>
<b>Fund Balances, December 31</b>	<b><u>\$ 2,009,906</u></b>	<b><u>\$ 10,178,326</u></b>	<b><u>\$ 12,188,232</u></b>

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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.

**CARES Fund** - This fund accounted for the receipt of the Federal CARES funding and eligible expenses.

**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, 2020

	<b>201</b>	<b>215</b>	<b>231</b>
	<u>Cable Television</u>	<u>CARES Fund</u>	<u>Economic Development</u>
<b>Assets</b>			
Cash and investments	\$ 175,140	\$ 219	\$ 639,545
Receivables			
Accounts	50,110	-	-
Notes	-	-	575,297
Assets held for resale	-	-	174,801
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 225,250</u>	<u>\$ 219</u>	<u>\$ 1,389,643</u>
<b>Liabilities</b>			
Accounts payable	\$ 3,153	\$ 100	\$ -
Accrued salaries and withholdings payable	1,051	-	-
Deposits payable	12,500	-	7,500
Total Liabilities	<u>16,704</u>	<u>100</u>	<u>7,500</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - interest	-	-	25,297
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balances</b>			
Committed for			
Cable television	208,546	-	-
Economic development	-	119	1,356,846
Hamilton building	-	-	-
Post office	-	-	-
Total Fund Balances	<u>208,546</u>	<u>119</u>	<u>1,356,846</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 225,250</u>	<u>\$ 219</u>	<u>\$ 1,389,643</u>

<b>203</b>	<b>208</b>	<b>233</b>	
Hamilton Building	Strom Project	Post Office	Total
\$ 229,998	\$ (324,793)	\$ 88,517	\$ 808,626
-	-	10,428	60,538
-	462,932	-	1,038,229
-	-	-	174,801
<u>\$ 229,998</u>	<u>\$ 138,139</u>	<u>\$ 98,945</u>	<u>\$ 2,082,194</u>
\$ 3,531	\$ -	\$ 4,225	\$ 11,009
-	-	-	1,051
7,381	-	7,550	34,931
<u>10,912</u>	<u>-</u>	<u>11,775</u>	<u>46,991</u>
-	-	-	25,297
-	-	-	208,546
-	138,139	-	1,495,104
219,086	-	-	219,086
-	-	87,170	87,170
<u>219,086</u>	<u>138,139</u>	<u>87,170</u>	<u>2,009,906</u>
<u>\$ 229,998</u>	<u>\$ 138,139</u>	<u>\$ 98,945</u>	<u>\$ 2,082,194</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, 2020

	<b>201</b>	<b>219</b>	<b>231</b>
	Cable Television	CARES Fund	Economic Development
<b>Revenues</b>			
Taxes	\$ 186,966	\$ -	\$ 30,166
Intergovernmental	-	2,366,212	-
Investment earnings	5,763	118	12,129
Miscellaneous revenues			
Loan interest payments	-	-	14,286
Rents	-	-	-
Other	16,719	-	23,388
<b>Total Revenues</b>	<u>209,448</u>	<u>2,366,330</u>	<u>79,969</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	258,160	462,741	-
Community development	-	203,052	212,769
Public safety	-	1,355,258	-
Public works	-	16,455	-
Culture and recreation	-	26,856	-
<b>Capital outlay</b>			
General government	58,406	23,992	-
Public safety	-	65,676	-
Public works	-	5,070	-
<b>Total Expenditures</b>	<u>316,566</u>	<u>2,159,100</u>	<u>212,769</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(107,118)</u>	<u>207,230</u>	<u>(132,800)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	207,111
Transfers out	-	(207,111)	-
<b>Total Other Financing Sources     (Uses)</b>	<u>-</u>	<u>(207,111)</u>	<u>207,111</u>
<b>Net Change in Fund Balances</b>	(107,118)	119	74,311
<b>Fund Balances, January 1</b>	<u>315,664</u>	<u>-</u>	<u>1,282,535</u>
<b>Fund Balances, December 31</b>	<u>\$ 208,546</u>	<u>\$ 119</u>	<u>\$ 1,356,846</u>



<b>203</b>	<b>208</b>	<b>233</b>	
Hamilton Building	Strom Project	Post Office	Total
\$ -	\$ -	\$ -	\$ 217,132
-	-	-	2,366,212
5,624	-	2,578	26,212
-	-	-	14,286
130,099	-	94,471	224,570
17,285	24,680	-	82,072
<u>153,008</u>	<u>24,680</u>	<u>97,049</u>	<u>2,930,484</u>
37,254	-	64,889	823,044
-	-	-	415,821
-	-	-	1,355,258
-	-	-	16,455
-	-	-	26,856
-	-	-	82,398
-	-	-	65,676
-	-	-	5,070
<u>37,254</u>	<u>-</u>	<u>64,889</u>	<u>2,790,578</u>
<u>115,754</u>	<u>24,680</u>	<u>32,160</u>	<u>139,906</u>
-	-	-	207,111
(145,000)	-	(60,000)	(412,111)
<u>(145,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>(205,000)</u>
(29,246)	24,680	(27,840)	(65,094)
<u>248,332</u>	<u>113,459</u>	<u>115,010</u>	<u>2,075,000</u>
<u>\$ 219,086</u>	<u>\$ 138,139</u>	<u>\$ 87,170</u>	<u>\$ 2,009,906</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Franchise taxes	\$ 195,000	\$ 195,000	\$ 186,966	\$ (8,034)	\$ 191,698
Investment earnings	-	-	5,763	5,763	10,579
Miscellaneous revenues	21,000	21,000	16,719	(4,281)	18,997
Total Revenues	<u>216,000</u>	<u>216,000</u>	<u>209,448</u>	<u>(6,552)</u>	<u>221,274</u>
Expenditures					
Current					
General government	285,758	285,758	258,160	27,598	287,670
Capital outlay					
General government	60,000	60,000	58,406	1,594	-
Total Expenditures	<u>345,758</u>	<u>345,758</u>	<u>316,566</u>	<u>29,192</u>	<u>287,670</u>
Deficiency of Revenues Under Expenditures	(129,758)	(129,758)	(107,118)	22,640	(66,396)
Other Financing Sources					
Sale of capital assets	-	-	-	-	2,200
Net Change in Fund Balances	(129,758)	(129,758)	(107,118)	22,640	(64,196)
Fund Balances, January 1	<u>315,664</u>	<u>315,664</u>	<u>315,664</u>	<u>-</u>	<u>379,860</u>
Fund Balances, December 31	<u>\$ 185,906</u>	<u>\$ 185,906</u>	<u>\$ 208,546</u>	<u>\$ 22,640</u>	<u>\$ 315,664</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes	\$ 30,000	\$ 30,000	\$ 30,166	\$ 166	\$ 28,448
Intergovernmental	-	-	-	-	300,000
Investment earnings	7,180	7,180	12,129	4,949	17,542
Miscellaneous					
Loan interest payments	14,280	14,280	14,286	6	9,524
Other	23,387	23,387	23,388	1	23,800
Total Revenues	<u>74,847</u>	<u>74,847</u>	<u>79,969</u>	<u>5,122</u>	<u>379,314</u>
Expenditures					
Current					
Community development	<u>12,231</u>	<u>219,331</u>	<u>212,769</u>	<u>6,562</u>	<u>529,372</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>62,616</u>	<u>(144,484)</u>	<u>(132,800)</u>	<u>11,684</u>	<u>(150,058)</u>
Other Financing Sources					
Sale of capital assets	-	-	-	-	5,000
Transfers in	<u>-</u>	<u>207,100</u>	<u>207,111</u>	<u>11</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>207,100</u>	<u>207,111</u>	<u>11</u>	<u>5,000</u>
Net Change in Fund Balances	62,616	62,616	74,311	11,695	(145,058)
Fund Balances, January 1	<u>1,282,535</u>	<u>1,282,535</u>	<u>1,282,535</u>	<u>-</u>	<u>1,427,593</u>
Fund Balances, December 31	<u>\$ 1,345,151</u>	<u>\$ 1,345,151</u>	<u>\$ 1,356,846</u>	<u>\$ 11,695</u>	<u>\$ 1,282,535</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 2,000	\$ 2,000	\$ 5,624	\$ 3,624	\$ 6,433
Miscellaneous					
Rents	137,895	137,895	130,099	(7,796)	137,168
Other	-	-	17,285	17,285	8,223
Total Revenues	<u>139,895</u>	<u>139,895</u>	<u>153,008</u>	<u>13,113</u>	<u>151,824</u>
Expenditures					
Current					
General government	45,429	45,429	37,254	8,175	37,801
Capital outlay					
General government	-	-	-	-	5,810
Total Expenditures	<u>45,429</u>	<u>45,429</u>	<u>37,254</u>	<u>8,175</u>	<u>43,611</u>
Excess of Revenues Over Expenditures	<u>94,466</u>	<u>94,466</u>	<u>115,754</u>	<u>21,288</u>	<u>108,213</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	50,000
Transfers out	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>(145,000)</u>
Total Other Financing Sources (Uses)	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>(95,000)</u>
Net Changes in Fund Balances	(50,534)	(50,534)	(29,246)	21,288	13,213
Fund Balances, January 1	<u>248,332</u>	<u>248,332</u>	<u>248,332</u>	<u>-</u>	<u>235,119</u>
Fund Balances, December 31	<u>\$ 197,798</u>	<u>\$ 197,798</u>	<u>\$ 219,086</u>	<u>\$ 21,288</u>	<u>\$ 248,332</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 1,632	\$ 1,632	\$ 2,578	\$ 946	\$ 3,566
Miscellaneous					
Rents	94,470	94,470	94,471	1	90,870
Total Revenues	<u>96,102</u>	<u>96,102</u>	<u>97,049</u>	<u>947</u>	<u>94,436</u>
Expenditures					
Current					
General government	<u>69,320</u>	<u>69,320</u>	<u>64,889</u>	<u>4,431</u>	<u>39,815</u>
Excess of Revenues Over Expenditures	26,782	26,782	32,160	5,378	54,621
Other Financing Uses					
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Net Changes in Fund Balances	(33,218)	(33,218)	(27,840)	5,378	(5,379)
Fund Balances, January 1	<u>115,010</u>	<u>115,010</u>	<u>115,010</u>	<u>-</u>	<u>120,389</u>
Fund Balances, December 31	<u><u>\$ 81,792</u></u>	<u><u>\$ 81,792</u></u>	<u><u>\$ 87,170</u></u>	<u><u>\$ 5,378</u></u>	<u><u>\$ 115,010</u></u>

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## NONMAJOR CAPITAL PROJECTS FUNDS

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

Nonmajor capital projects funds presently established are as follows:

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

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

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

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

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

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

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

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

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

**2021 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, 2020

	<b>230</b>	<b>702</b>	<b>501</b>	<b>503</b>	<b>507</b>
	Community Investment	Capital Equipment Certificates	Permanent Improvement Revolving	Sidewalk	Street Infrastructure
<b>Assets</b>					
Cash and investments	\$ 1,657,549	\$ 1,103,494	\$ 2,131,076	\$ 351,757	\$ 527,624
Receivables					
Special assessments	-	-	109,723	-	-
Due from other funds	1,194,000	-	-	-	-
Assets held for resale	82,788	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 2,934,337</u></b>	<b><u>\$ 1,103,494</u></b>	<b><u>\$ 2,240,799</u></b>	<b><u>\$ 351,757</u></b>	<b><u>\$ 527,624</u></b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 29,752	\$ 131,358	\$ -	\$ -
Contracts payable	-	-	89,515	-	-
Deposits payable	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>29,752</u></b>	<b><u>220,873</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	-	105,801	-	-
<b>Fund Balances</b>					
Restricted for					
Capital projects	-	-	-	-	-
Assigned for					
Capital projects	2,934,337	1,073,742	1,914,125	351,757	527,624
<b>Total Fund Balances</b>	<b><u>2,934,337</u></b>	<b><u>1,073,742</u></b>	<b><u>1,914,125</u></b>	<b><u>351,757</u></b>	<b><u>527,624</u></b>
<b>Total Liabilities Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 2,934,337</u></b>	<b><u>\$ 1,103,494</u></b>	<b><u>\$ 2,240,799</u></b>	<b><u>\$ 351,757</u></b>	<b><u>\$ 527,624</u></b>



<b>509</b>	<b>511</b>	<b>535</b>	<b>536</b>	<b>538</b>	
Park Dedication	Park Improvement	2018 Capital Projects	2019 Capital Projects	2021 Capital Projects	Total
\$ 2,289,811	\$ 790,709	\$ -	\$ -	\$ 342,352	\$ 9,194,372
-	-	-	-	-	109,723
-	-	-	-	-	1,194,000
-	-	-	-	-	82,788
<u>\$ 2,289,811</u>	<u>\$ 790,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,352</u>	<u>\$ 10,580,883</u>
\$ 27,902	\$ 7,510	\$ -	\$ -	\$ 7,077	\$ 203,599
2,238	-	-	-	-	91,753
-	1,404	-	-	-	1,404
<u>30,140</u>	<u>8,914</u>	<u>-</u>	<u>-</u>	<u>7,077</u>	<u>296,756</u>
-	-	-	-	-	105,801
2,259,671	-	-	-	-	2,259,671
-	781,795	-	-	335,275	7,918,655
<u>2,259,671</u>	<u>781,795</u>	<u>-</u>	<u>-</u>	<u>335,275</u>	<u>10,178,326</u>
<u>\$ 2,289,811</u>	<u>\$ 790,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,352</u>	<u>\$ 10,580,883</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, 2020

	<b>230</b>	<b>702</b>	<b>501</b>	<b>503</b>	<b>507</b>
	Community Investment	Capital Equipment Certificates	Permanent Improvement Revolving	Sidewalk	Street Infrastructure
<b>Revenues</b>					
Intergovernmental					
State of Minnesota	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	52,149	-	-
Investment earnings	37,847	21,852	50,070	3,662	14,566
Miscellaneous					
Refunds and reimbursements	-	-	-	-	-
Other	-	2,129	-	-	-
<b>Total Revenues</b>	<u>37,847</u>	<u>23,981</u>	<u>102,219</u>	<u>3,662</u>	<u>14,566</u>
<b>Expenditures</b>					
Current					
Culture and recreation	-	-	-	-	-
Capital outlay					
General government	60,808	113,967	-	-	-
Public safety	-	1,080,874	-	-	-
Public works	-	248,566	2,028,331	6,298	123,713
Culture and recreation	-	120,377	-	-	-
Debt service					
Interest and other charges	-	18,765	-	20,841	-
<b>Total Expenditures</b>	<u>60,808</u>	<u>1,582,549</u>	<u>2,028,331</u>	<u>27,139</u>	<u>123,713</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,961)</u>	<u>(1,558,568)</u>	<u>(1,926,112)</u>	<u>(23,477)</u>	<u>(109,147)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	-	120,231	-	-	-
Transfers in	188,000	400,000	1,642,919	200,000	-
Bonds issued	-	795,000	-	-	-
Premium on bonds issued	-	52,535	-	-	-
Transfers out	(309,000)	-	-	-	(82,642)
<b>Total Other Financing     Sources (Uses)</b>	<u>(121,000)</u>	<u>1,367,766</u>	<u>1,642,919</u>	<u>200,000</u>	<u>(82,642)</u>
<b>Net Changes in Fund Balances</b>	<u>(143,961)</u>	<u>(190,802)</u>	<u>(283,193)</u>	<u>176,523</u>	<u>(191,789)</u>
Fund Balances, January 1	<u>3,078,298</u>	<u>1,264,544</u>	<u>2,197,318</u>	<u>175,234</u>	<u>719,413</u>
Fund Balances, December 31	<u>\$ 2,934,337</u>	<u>\$ 1,073,742</u>	<u>\$ 1,914,125</u>	<u>\$ 351,757</u>	<u>\$ 527,624</u>

<b>509</b>	<b>511</b>	<b>535</b>	<b>536</b>	<b>538</b>	
<u>Park Dedication</u>	<u>Park Improvement</u>	<u>2018 Capital Projects</u>	<u>2019 Capital Projects</u>	<u>2021 Capital Projects</u>	<u>Total</u>
\$ -	\$ -	\$ 1,417,353	\$ -	\$ -	\$ 1,417,353
-	-	-	-	-	52,149
47,605	16,700	-	26,390	-	218,692
106,743	3,769	-	-	-	110,512
174,758	66,269	-	-	-	243,156
<u>329,106</u>	<u>86,738</u>	<u>1,417,353</u>	<u>26,390</u>	<u>-</u>	<u>2,041,862</u>
-	5,292	-	-	-	5,292
-	-	-	-	-	174,775
-	-	-	-	-	1,080,874
-	-	-	195,724	39,725	2,642,357
700,231	73,311	-	-	-	893,919
12,886	512	-	-	-	53,004
<u>713,117</u>	<u>79,115</u>	<u>-</u>	<u>195,724</u>	<u>39,725</u>	<u>4,850,221</u>
<u>(384,011)</u>	<u>7,623</u>	<u>1,417,353</u>	<u>(169,334)</u>	<u>(39,725)</u>	<u>(2,808,359)</u>
-	-	-	-	-	120,231
343,398	-	-	2,327,500	375,000	5,476,817
-	-	-	-	-	795,000
-	-	-	-	-	52,535
-	-	-	(1,121,625)	-	(1,513,267)
<u>343,398</u>	<u>-</u>	<u>-</u>	<u>1,205,875</u>	<u>375,000</u>	<u>4,931,316</u>
(40,613)	7,623	1,417,353	1,036,541	335,275	2,122,957
2,300,284	774,172	(1,417,353)	(1,036,541)	-	8,055,369
<u>\$ 2,259,671</u>	<u>\$ 781,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,275</u>	<u>\$ 10,178,326</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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Taxes					
General property	\$ 13,985,307	\$ 13,985,307	\$ 13,945,457	\$ (39,850)	\$ 13,260,895
Gravel tax	16,000	16,000	21,146	5,146	20,795
Total taxes	<u>14,001,307</u>	<u>14,001,307</u>	<u>13,966,603</u>	<u>(34,704)</u>	<u>13,281,690</u>
Licenses and permits					
Business	83,275	83,275	91,315	8,040	89,974
Non-business	472,700	472,700	820,700	348,000	1,331,294
Total licenses and permits	<u>555,975</u>	<u>555,975</u>	<u>912,015</u>	<u>356,040</u>	<u>1,421,268</u>
Intergovernmental					
Federal					
Grants	15,000	15,000	16,241	1,241	29,840
State					
Local performance aid	4,200	4,200	4,514	314	4,397
MSA maintenance aid	37,725	37,725	37,725	-	37,725
Fire aid	160,000	188,507	188,508	1	187,606
Police aid	300,100	300,100	344,595	44,495	322,629
PERA aid	-	-	-	-	16,782
Other state aid	14,000	26,802	25,889	(913)	10,335
County					
Other county grants	3,000	18,377	17,817	(560)	2,035
Local					
Miscellaneous	41,344	41,344	43,782	2,438	41,737
Total intergovernmental	<u>575,369</u>	<u>632,055</u>	<u>679,071</u>	<u>47,016</u>	<u>653,086</u>
Charges for services					
General government	2,350	2,350	850	(1,500)	721
Community development	470,000	470,000	733,646	263,646	1,003,982
Public safety	39,700	39,700	11,696	(28,004)	17,049
Public works	-	-	4,009	4,009	830
Culture and recreation	142,000	142,000	77,926	(64,074)	163,150
Total charges for services	<u>654,050</u>	<u>654,050</u>	<u>828,127</u>	<u>174,077</u>	<u>1,185,732</u>
Fines and forfeitures	40,000	40,000	39,684	(316)	81,334
Special assessments	-	-	489	489	1,186
Investment earnings	100,000	100,000	196,008	96,008	256,466
Miscellaneous revenues					
Contributions and donations	7,000	56,993	49,993	(7,000)	53,652
Rent	60,000	60,000	41,390	(18,610)	85,443
Refunds and reimbursements	5,000	5,000	7,741	2,741	17,101
Other	26,000	26,000	19,169	(6,831)	31,690
Total miscellaneous	<u>98,000</u>	<u>147,993</u>	<u>118,293</u>	<u>(29,700)</u>	<u>187,886</u>
Total Revenues	<u>16,024,701</u>	<u>16,131,380</u>	<u>16,740,290</u>	<u>608,910</u>	<u>17,068,648</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personnel services	\$ 42,652	\$ 42,652	\$ 42,638	\$ 14	\$ 42,651
Supplies	1,150	1,150	311	839	260
Other services and charges	69,972	69,972	67,299	2,673	66,648
Total mayor and council	<u>113,774</u>	<u>113,774</u>	<u>110,248</u>	<u>3,526</u>	<u>109,559</u>
Administration					
Personnel services	621,680	622,125	514,897	107,228	554,825
Supplies	7,250	13,250	12,984	266	6,623
Other services and charges	72,700	66,700	51,430	15,270	49,266
Total administration	<u>701,630</u>	<u>702,075</u>	<u>579,311</u>	<u>122,764</u>	<u>610,714</u>
Elections					
Personnel services	-	19,176	14,824	4,352	-
Supplies	3,200	800	808	(8)	-
Other services and charges	24,350	35,092	34,730	362	-
Total elections	<u>27,550</u>	<u>55,068</u>	<u>50,362</u>	<u>4,706</u>	<u>-</u>
General government buildings					
Personnel services	380,117	356,117	354,569	1,548	367,612
Supplies	34,000	19,000	18,260	740	17,664
Other services and charges	142,191	181,191	181,722	(531)	140,286
Total general government buildings	<u>556,308</u>	<u>556,308</u>	<u>554,551</u>	<u>1,757</u>	<u>525,562</u>
Communications					
Supplies	2,850	5,850	5,734	116	23,513
Other services and charges	79,900	77,100	68,074	9,026	70,121
Total communications	<u>82,750</u>	<u>82,950</u>	<u>73,808</u>	<u>9,142</u>	<u>93,634</u>
Finance					
Personnel services	309,103	309,103	298,105	10,998	302,090
Supplies	4,600	4,600	3,047	1,553	3,338
Other services and charges	331,827	331,827	320,067	11,760	319,775
Total finance	<u>645,530</u>	<u>645,530</u>	<u>621,219</u>	<u>24,311</u>	<u>625,203</u>
Legal					
Other services and charges	<u>130,000</u>	<u>130,000</u>	<u>128,954</u>	<u>1,046</u>	<u>153,707</u>
Management information systems (MIS)					
Personnel services	208,814	208,814	193,710	15,104	189,874
Supplies	46,250	46,250	18,301	27,949	36,382
Other services and charges	123,325	123,325	106,861	16,464	80,894
Total MIS	<u>378,389</u>	<u>378,389</u>	<u>318,872</u>	<u>59,517</u>	<u>307,150</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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Contingency					
Other services and charges	\$ -	\$ -	\$ -	\$ -	\$ 4,500
Total general government	<u>2,635,931</u>	<u>2,664,094</u>	<u>2,437,325</u>	<u>226,769</u>	<u>2,430,029</u>
Community development					
Geographic information systems (GIS)					
Personnel services	111,703	111,703	108,847	2,856	105,951
Supplies	14,000	14,000	1,305	12,695	3,044
Other services and charges	24,400	24,400	11,852	12,548	13,801
Total GIS	<u>150,103</u>	<u>150,103</u>	<u>122,004</u>	<u>28,099</u>	<u>122,796</u>
Community development					
Personnel services	288,811	288,811	286,851	1,960	279,142
Supplies	2,900	2,900	487	2,413	636
Other services and charges	31,790	31,790	17,707	14,083	14,287
Total community development	<u>323,501</u>	<u>323,501</u>	<u>305,045</u>	<u>18,456</u>	<u>294,065</u>
Building inspection					
Personnel services	557,387	557,387	552,817	4,570	519,548
Supplies	11,500	11,500	7,772	3,728	8,930
Other services and charges	59,717	59,717	50,876	8,841	44,087
Total building inspection	<u>628,604</u>	<u>628,604</u>	<u>611,465</u>	<u>17,139</u>	<u>572,565</u>
Total community development	<u>1,102,208</u>	<u>1,102,208</u>	<u>1,038,514</u>	<u>63,694</u>	<u>989,426</u>
Public safety					
Police					
Personnel services	5,581,733	5,415,733	4,664,363	751,370	5,247,739
Supplies	236,975	322,277	274,606	47,671	305,342
Other services and charges	518,145	551,145	495,131	56,014	515,542
Total police	<u>6,336,853</u>	<u>6,289,155</u>	<u>5,434,100</u>	<u>855,055</u>	<u>6,068,623</u>
Fire					
Personnel services	922,548	743,055	709,932	33,123	909,273
Supplies	101,770	86,061	85,746	315	70,705
Other services and charges	205,033	420,533	433,484	(12,951)	206,381
Total fire	<u>1,229,351</u>	<u>1,249,649</u>	<u>1,229,162</u>	<u>20,487</u>	<u>1,186,359</u>
Total public safety	<u>7,566,204</u>	<u>7,538,804</u>	<u>6,663,262</u>	<u>875,542</u>	<u>7,254,982</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Administration					
Personnel services	\$ 180,419	\$ 175,419	\$ 174,527	\$ 892	\$ 165,889
Supplies	22,450	22,950	22,827	123	34,354
Other services and charges	162,825	167,325	163,190	4,135	133,634
Total administration	<u>365,694</u>	<u>365,694</u>	<u>360,544</u>	<u>5,150</u>	<u>333,877</u>
Maintenance (streets and alleys)					
Personnel services	808,603	798,819	731,492	67,327	755,686
Supplies	150,900	130,900	126,425	4,475	151,334
Other services and charges	260,400	260,400	249,397	11,003	252,796
Total maintenance	<u>1,219,903</u>	<u>1,190,119</u>	<u>1,107,314</u>	<u>82,805</u>	<u>1,159,816</u>
Engineering					
Personnel services	595,170	595,170	571,979	23,191	562,331
Supplies	15,000	15,000	6,172	8,828	8,513
Other services and charges	112,780	112,780	44,995	67,785	34,570
Total engineering	<u>722,950</u>	<u>722,950</u>	<u>623,146</u>	<u>99,804</u>	<u>605,414</u>
Snow and ice removal					
Personnel services	17,215	27,215	25,816	1,399	33,317
Supplies	154,000	154,000	154,476	(476)	145,988
Other services and charges	67,100	67,100	67,125	(25)	66,057
Total snow and ice removal	<u>238,315</u>	<u>248,315</u>	<u>247,417</u>	<u>898</u>	<u>245,362</u>
Vehicle maintenance					
Personnel services	183,718	183,718	180,807	2,911	174,949
Supplies	70,500	70,500	69,483	1,017	66,875
Other services and charges	40,050	60,050	62,949	(2,899)	53,159
Total vehicle maintenance	<u>294,268</u>	<u>314,268</u>	<u>313,239</u>	<u>1,029</u>	<u>294,983</u>
Total public works	<u>2,841,130</u>	<u>2,841,346</u>	<u>2,651,660</u>	<u>189,686</u>	<u>2,639,452</u>
Culture and recreation					
Parks and recreation					
Personnel services	1,348,313	1,348,313	1,233,028	115,285	1,332,244
Supplies	213,500	194,500	142,865	51,635	200,223
Other services and charges	280,300	288,300	257,241	31,059	202,655
Total parks and recreation	<u>1,842,113</u>	<u>1,831,113</u>	<u>1,633,134</u>	<u>197,979</u>	<u>1,735,122</u>
Library					
Supplies	6,000	3,000	2,894	106	3,466
Other services and charges	73,228	76,228	150,305	(74,077)	65,276
Total library	<u>79,228</u>	<u>79,228</u>	<u>153,199</u>	<u>(73,971)</u>	<u>68,742</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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Forestry and natural resources					
Personnel services	\$ 94,787	\$ 103,787	\$ 102,419	\$ 1,368	\$ 99,346
Supplies	20,700	11,700	10,015	1,685	3,749
Other services and charges	11,400	11,400	5,620	5,780	20,110
Total forestry and natural resources	<u>126,887</u>	<u>126,887</u>	<u>118,054</u>	<u>8,833</u>	<u>123,205</u>
Total culture and recreation	<u>2,048,228</u>	<u>2,037,228</u>	<u>1,904,387</u>	<u>132,841</u>	<u>1,927,069</u>
Total current	<u>16,193,701</u>	<u>16,183,680</u>	<u>14,695,148</u>	<u>1,488,532</u>	<u>15,240,958</u>
Capital outlay					
General government	-	-	16,448	(16,448)	-
Public safety	31,000	136,700	156,449	(19,749)	25,378
Culture and recreation	-	11,000	26,739	(15,739)	21,402
Total capital outlay	<u>31,000</u>	<u>147,700</u>	<u>199,636</u>	<u>(51,936)</u>	<u>46,780</u>
Total Expenditures	<u>16,224,701</u>	<u>16,331,380</u>	<u>14,894,784</u>	<u>1,436,596</u>	<u>15,287,738</u>
Excess (Deficiency) of Revenues					
Over(Under) Expenditures	<u>(200,000)</u>	<u>(200,000)</u>	<u>1,845,506</u>	<u>2,045,506</u>	<u>1,780,910</u>
Other Financing Sources (Uses)					
Transfers in	200,000	200,000	264,000	64,000	250,000
Transfers out	-	-	(700,000)	(700,000)	(1,450,000)
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>(436,000)</u>	<u>(636,000)</u>	<u>(1,200,000)</u>
Net Change in Fund Balances	-	-	1,409,506	1,409,506	580,910
Fund Balances, January 1	<u>8,381,816</u>	<u>8,381,816</u>	<u>8,381,816</u>	-	<u>7,800,906</u>
Fund Balances, December 31	<u>\$ 8,381,816</u>	<u>\$ 8,381,816</u>	<u>\$ 9,791,322</u>	<u>\$ 1,409,506</u>	<u>\$ 8,381,816</u>

City of Savage, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued)  
December 31, 2020

	<b>331</b>	<b>336</b>	<b>339</b>	<b>341</b>
	2006C/2017B Recreation Refunding	2018B G.O. Refunding Bonds	2009A G.O. Street Reconstruction/CIP Bonds	2010A/2020B G.O. Build America Bonds
<b>Assets</b>				
Cash and investments	\$ 436,737	\$ 344,444	\$ 336,793	\$ 740,128
Receivables				
Taxes - current	858	-	-	-
Taxes - delinquent	1,369	-	-	-
Special assessments - current	-	-	-	-
Special assessments - delinquent	-	19,347	-	-
Special assessments - deferred	-	55,741	35,589	17,814
Due from other governments	-	-	-	15,359
<b>Total Assets</b>	<b><u>\$ 438,964</u></b>	<b><u>\$ 419,532</u></b>	<b><u>\$ 372,382</u></b>	<b><u>\$ 773,301</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	1,369	-	-	-
Unavailable revenue - special assessments	-	75,088	35,589	17,814
<b>Total Deferred Inflows of Resources</b>	<b><u>1,369</u></b>	<b><u>75,088</u></b>	<b><u>35,589</u></b>	<b><u>17,814</u></b>
<b>Fund Balances</b>				
Restricted for debt service	<u>437,595</u>	<u>344,444</u>	<u>336,793</u>	<u>755,487</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 438,964</u></b>	<b><u>\$ 419,532</u></b>	<b><u>\$ 372,382</u></b>	<b><u>\$ 773,301</u></b>

<b>344</b> 2011A G.O. Street Reconstruction/CIP Bonds	<b>346</b> 2012A G.O. Bonds	<b>347</b> 2020C/2013A G.O. Bonds
\$ 2,203,371	\$ 356,500	\$ 2,543,354
-	-	-
-	-	-
81	224	-
84	216	-
85,408	166,453	173,762
-	-	-
<u>\$ 2,288,944</u>	<u>\$ 523,393</u>	<u>\$ 2,717,116</u>
\$ 6,049	\$ -	\$ 7,951
-	-	-
85,492	166,669	173,762
<u>85,492</u>	<u>166,669</u>	<u>173,762</u>
<u>2,197,403</u>	<u>356,724</u>	<u>2,535,403</u>
<u>\$ 2,288,944</u>	<u>\$ 523,393</u>	<u>\$ 2,717,116</u>

City of Savage, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued)  
December 31, 2019

	<b>348</b>	<b>349</b>	<b>350</b>	<b>351</b>	<b>352</b>	<b>353</b>
	2013B	2014A	2014B	2015A	2015B	2016A
	G.O. Refunding	G.O.	Advance Refunding	G.O.	Crossover Refunding	G.O. Street
	Bonds	Bonds	(2006 EDA Lease)	Bonds	(2006A Bonds)	Improvement
	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds
<b>Assets</b>						
Cash and investments	\$ 381,490	\$ 325,273	\$ 865,201	\$ 589,609	\$ 504,007	\$ 376,076
Receivables						
Taxes - current	-	-	-	-	-	-
Taxes - delinquent	-	-	-	-	-	-
Special assessments - current	-	-	-	-	228	-
Special assessments - delinquent	-	-	-	-	-	6
Special assessments - deferred	-	88,439	-	196,828	29,599	26,604
Due from other governments	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 381,490</u>	<u>\$ 413,712</u>	<u>\$ 865,201</u>	<u>\$ 786,437</u>	<u>\$ 533,834</u>	<u>\$ 402,686</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - taxes	-	-	-	-	-	-
Unavailable revenue - special assessments	-	88,439	-	196,828	29,599	26,610
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>88,439</u>	<u>-</u>	<u>196,828</u>	<u>29,599</u>	<u>26,610</u>
<b>Fund Balances</b>						
Restricted for debt service	<u>381,490</u>	<u>325,273</u>	<u>865,201</u>	<u>589,609</u>	<u>504,235</u>	<u>376,076</u>
<b>Total Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 381,490</u>	<u>\$ 413,712</u>	<u>\$ 865,201</u>	<u>\$ 786,437</u>	<u>\$ 533,834</u>	<u>\$ 402,686</u>

<b>354</b> 2017A G.O. Street Improvement Bonds	<b>355</b> 2018A G.O. Street Improvement Bonds	<b>356</b> 2019A G.O. Street Improvement Bonds	<b>357</b> 2020A G.O. Street Improvement Bonds	<b>372</b> Capital Lease	<b>399</b> Debt Service Revolving Fund	Total
\$ 569,891	\$ 668,268	\$ 1,037,828	\$ 214,568	\$ 20,150	\$ 2,027,933	\$ 14,541,621
-	-	-	-	-	-	858
-	-	-	-	-	-	1,369
687	-	-	-	-	153	1,373
-	170	-	-	-	9,070	28,893
107,530	709,284	365,212	293,118	-	1,348,797	3,700,178
-	-	-	-	-	-	15,359
<u>\$ 678,108</u>	<u>\$ 1,377,722</u>	<u>\$ 1,403,040</u>	<u>\$ 507,686</u>	<u>\$ 20,150</u>	<u>\$ 3,385,953</u>	<u>\$ 18,289,651</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,200	\$ 18,200
-	-	-	-	-	-	1,369
107,530	709,454	365,212	293,118	-	1,357,867	3,729,071
107,530	709,454	365,212	293,118	-	1,357,867	3,730,440
570,578	668,268	1,037,828	214,568	20,150	2,023,886	14,541,011
<u>\$ 678,108</u>	<u>\$ 1,377,722</u>	<u>\$ 1,403,040</u>	<u>\$ 507,686</u>	<u>\$ 20,150</u>	<u>\$ 3,385,953</u>	<u>\$ 18,289,651</u>

City of Savage, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2020

	331	336	339	341
	2006C/2017B Recreation Refunding	2018B G.O. Refunding Bonds	2009A G.O. Street Reconstruction/CIP Bonds	2010A/2020B G.O. Build America Bonds
Revenues				
Taxes	\$ 339,821	\$ 88,000	\$ 338,600	\$ 280,000
Intergovernmental	-	-	-	32,731
Special assessments	-	29,340	10,276	6,432
Investment earnings	4,514	3,394	2,585	19,571
Total Revenues	<u>344,335</u>	<u>120,734</u>	<u>351,461</u>	<u>338,734</u>
Expenditures				
Debt service				
Principal	310,000	190,000	245,000	295,000
Interest and other charges	24,300	36,350	91,497	142,283
Total Expenditures	<u>334,300</u>	<u>226,350</u>	<u>336,497</u>	<u>437,283</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,035</u>	<u>(105,616)</u>	<u>14,964</u>	<u>(98,549)</u>
Other Financing Sources (Uses)				
Transfers in	-	200,000	-	-
Bonds issued	-	-	-	1,760,000
Premiums on bonds issued	-	-	-	217,689
Payment to refunded bond escrow agent	-	-	-	(1,930,000)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>47,689</u>
Net Change in Fund Balances	10,035	94,384	14,964	(50,860)
Fund Balances, January 1	<u>427,560</u>	<u>250,060</u>	<u>321,829</u>	<u>806,347</u>
Fund Balances, December 31	<u>\$ 437,595</u>	<u>\$ 344,444</u>	<u>\$ 336,793</u>	<u>\$ 755,487</u>

<b>344</b> 2011A G.O. Street Reconstruction/CIP Bonds	<b>346</b> 2012A G.O. Bonds	<b>347</b> 2020C/2013A G.O. Bonds
\$ 334,000	\$ 290,000	\$ 327,000
-	-	-
22,065	57,235	31,628
7,905	2,674	4,229
<u>363,970</u>	<u>349,909</u>	<u>362,857</u>
310,000	225,000	280,000
113,341	49,444	95,481
<u>423,341</u>	<u>274,444</u>	<u>375,481</u>
(59,371)	75,465	(12,624)
-	-	-
1,510,000	-	1,985,000
175,099	-	219,905
-	-	-
-	-	-
<u>1,685,099</u>	<u>-</u>	<u>2,204,905</u>
1,625,728	75,465	2,192,281
571,675	281,259	343,122
<u>\$ 2,197,403</u>	<u>\$ 356,724</u>	<u>\$ 2,535,403</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, 2020

	348	349	350 2014B	351	352 2015B	353 2016A
	2013B G.O. Refunding Bonds	2014A G.O. Bonds	Advance Refunding (2006 EDA Lease) Bonds	2015A G.O. Bonds	Crossover Refunding (2006A Bonds) Bonds	G.O. Street Improvement Bonds
Revenues						
Taxes	\$ -	\$ 151,000	\$ 548,000	\$ 326,000	\$ 354,000	\$ 330,000
Intergovernmental	-	-	-	-	-	-
Special assessments	55,331	11,894	-	37,002	39,752	3,127
Investment earnings	7,302	5,452	11,084	7,915	5,367	3,614
Total Revenues	<u>62,633</u>	<u>168,346</u>	<u>559,084</u>	<u>370,917</u>	<u>399,119</u>	<u>336,741</u>
Expenditures						
Debt service						
Principal	81,600	315,000	510,000	330,000	455,000	290,000
Interest and other charges	2,980	51,025	88,919	81,113	26,175	61,750
Total Expenditures	<u>84,580</u>	<u>366,025</u>	<u>598,919</u>	<u>411,113</u>	<u>481,175</u>	<u>351,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,947)</u>	<u>(197,679)</u>	<u>(39,835)</u>	<u>(40,196)</u>	<u>(82,056)</u>	<u>(15,009)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-
Premiums on bonds issued	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(21,947)	(197,679)	(39,835)	(40,196)	(82,056)	(15,009)
Fund Balances, January 1	<u>403,437</u>	<u>522,952</u>	<u>905,036</u>	<u>629,805</u>	<u>586,291</u>	<u>391,085</u>
Fund Balances, December 31	<u>\$ 381,490</u>	<u>\$ 325,273</u>	<u>\$ 865,201</u>	<u>\$ 589,609</u>	<u>\$ 504,235</u>	<u>\$ 376,076</u>



354 2017A G.O. Street Improvement Bonds	355 2018A G.O. Street Improvement Bonds	356 2019A G.O. Street Improvement Bonds	357 2020A G.O. Street Improvement Bonds	372 Capital Lease	399 Debt Service Revolving Fund	Eliminations	Total
\$ 430,000	\$ 219,000	\$ 352,000	\$ -	\$ -	\$ -	\$ -	\$ 4,707,421
-	-	-	-	-	-	-	32,731
72,371	123,451	89,578	214,412	-	239,419	-	1,043,313
5,430	9,887	9,229	156	99	34,463	-	144,870
<u>507,801</u>	<u>352,338</u>	<u>450,807</u>	<u>214,568</u>	<u>99</u>	<u>273,882</u>	<u>-</u>	<u>5,928,335</u>
470,000	290,000	-	-	120,000	-	-	4,716,600
70,725	92,375	137,508	-	33,863	4,200	-	1,203,329
<u>540,725</u>	<u>382,375</u>	<u>137,508</u>	<u>-</u>	<u>153,863</u>	<u>4,200</u>	<u>-</u>	<u>5,919,929</u>
<u>(32,924)</u>	<u>(30,037)</u>	<u>313,299</u>	<u>214,568</u>	<u>(153,764)</u>	<u>269,682</u>	<u>-</u>	<u>8,406</u>
-	-	300,000	-	145,000	821,625	(200,000)	1,266,625
-	-	-	-	-	-	-	5,255,000
-	-	-	-	-	-	-	612,693
-	-	-	-	-	-	-	(1,930,000)
-	-	-	-	-	(700,000)	200,000	(500,000)
-	-	300,000	-	145,000	121,625	-	4,704,318
(32,924)	(30,037)	613,299	214,568	(8,764)	391,307	-	4,712,724
603,502	698,305	424,529	-	28,914	1,632,579	-	9,828,287
<u>\$ 570,578</u>	<u>\$ 668,268</u>	<u>\$ 1,037,828</u>	<u>\$ 214,568</u>	<u>\$ 20,150</u>	<u>\$ 2,023,886</u>	<u>\$ -</u>	<u>\$ 14,541,011</u>

City of Savage, Minnesota  
 Summary Financial Report  
 Revenues and Expenditures For General Operations  
 Governmental Funds  
 For the Years Ended December 31, 2020 and 2019

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 19,447,810	\$ 18,538,789	4.90 %
Licenses and permits	912,015	1,421,268	(35.83)
Intergovernmental	4,569,363	2,330,153	96.10
Charges for services	828,127	1,185,732	(30.16)
Fines and forfeits	39,684	81,334	(51.21)
Special assessments	1,095,951	1,242,291	(11.78)
Investment earnings	599,729	813,596	(26.29)
Miscellaneous	792,889	1,475,390	(46.26)
	<u>\$ 28,285,568</u>	<u>\$ 27,088,553</u>	4.42 %
Total Revenues	<u>\$ 28,285,568</u>	<u>\$ 27,088,553</u>	4.42 %
Per capita	\$ 860	\$ 840	2.36 %
Expenditures			
Current			
General government	\$ 3,260,369	\$ 2,795,315	16.64 %
Public safety	8,018,520	7,254,982	10.52
Public works	2,668,115	2,681,120	(0.49)
Culture and recreation	1,936,535	1,928,338	0.43
Community development	1,454,335	1,518,798	(4.24)
Capital outlay	7,812,949	8,583,762	(8.98)
Debt service			
Principal	4,716,600	5,533,200	(14.76)
Interest and other charges	1,256,333	1,231,466	2.02
Issuance costs	48,057	-	N/A
	<u>\$ 31,171,813</u>	<u>\$ 31,526,981</u>	(1.13) %
Total Expenditures	<u>\$ 31,171,813</u>	<u>\$ 31,526,981</u>	(1.13) %
Per capita	\$ 948	\$ 978	(3.07) %
Total Long-term indebtedness	\$ 40,502,200	\$ 38,685,221	4.70 %
Per capita	1,231	1,200	2.64
General Fund Balance - December 31	\$ 9,791,322	\$ 8,381,816	16.82 %
Per capita	298	260	14.52

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.

STATISTICAL SECTION (UNAUDITED)

CITY OF SAVAGE  
SAVAGE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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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			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 44,947,035	\$ 51,868,908	\$ 55,245,476	\$ 56,875,347
Restricted	28,661,106	26,923,205	24,780,907	27,661,964
Unrestricted	<u>7,595,872</u>	<u>4,828,615</u>	<u>4,300,332</u>	<u>4,808,819</u>
<b>Total Governmental Activities</b>				
Net Position	<u>\$ 81,204,013</u>	<u>\$ 83,620,728</u>	<u>\$ 84,326,715</u>	<u>\$ 89,346,130</u>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 59,136,142	\$ 57,394,271	\$ 56,798,875	\$ 58,707,155
Restricted	186,213	186,213	186,213	186,213
Unrestricted	<u>12,050,334</u>	<u>13,433,615</u>	<u>11,657,075</u>	<u>9,650,137</u>
<b>Total Business-type Activities</b>				
Net Position	<u>\$ 71,372,689</u>	<u>\$ 71,014,099</u>	<u>\$ 68,642,163</u>	<u>\$ 68,543,505</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 94,262,715	\$ 99,215,256	\$ 101,888,966	\$ 105,769,655
Restricted	28,847,319	27,109,418	24,967,120	27,848,177
Unrestricted	<u>29,466,668</u>	<u>28,310,153</u>	<u>26,112,792</u>	<u>24,271,803</u>
<b>Total Primary Government</b>				
Net Position	<u>\$ 152,576,702</u>	<u>\$ 154,634,827</u>	<u>\$ 152,968,878</u>	<u>\$ 157,889,635</u>

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

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

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

Source: City of Savage, audited financial statements.

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 56,788,519	\$ 52,404,031	\$ 56,043,065	\$ 60,647,943	\$ 61,931,750	\$ 59,437,507
26,379,496	23,798,360	15,945,047	15,881,764	15,762,927	20,053,358
346,467	6,125,991	6,952,544	4,466,178	5,330,287	7,564,858
<u>\$ 83,514,482</u>	<u>\$ 82,328,382</u>	<u>\$ 78,940,656</u>	<u>\$ 80,995,885</u>	<u>\$ 83,024,964</u>	<u>\$ 87,055,723</u>
\$ 58,349,577	\$ 58,757,241	\$ 62,456,787	\$ 63,945,940	\$ 65,957,294	\$ 64,851,418
186,213	186,213	186,213	186,213	-	-
10,250,984	10,765,788	12,020,899	12,930,955	14,585,777	15,807,659
<u>\$ 68,786,774</u>	<u>\$ 69,709,242</u>	<u>\$ 74,663,899</u>	<u>\$ 77,063,108</u>	<u>\$ 80,543,071</u>	<u>\$ 80,659,077</u>
\$ 105,597,787	\$ 111,161,272	\$ 118,499,852	\$ 124,593,883	\$ 127,889,044	\$ 124,288,925
26,565,709	23,984,573	16,131,260	16,067,977	15,762,927	20,053,358
20,137,760	16,891,779	18,973,443	17,397,133	19,916,064	23,372,517
<u>\$ 152,301,256</u>	<u>\$ 152,037,624</u>	<u>\$ 153,604,555</u>	<u>\$ 158,058,993</u>	<u>\$ 163,568,035</u>	<u>\$ 167,714,800</u>

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

Table 2

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental Activities				
General government	\$ 2,465,817	\$ 2,579,553	\$ 2,586,203	\$ 2,635,204
Community development	664,475	731,022	1,492,904	1,126,253
Public safety	5,650,788	5,881,131	5,736,452	6,080,356
Public works	8,364,994	9,186,780	9,625,099	7,655,405
Culture and recreation	1,679,064	1,609,802	1,754,704	1,664,785
Interest on long-term debt	2,172,544	2,257,180	2,024,222	1,793,677
Total Governmental Activities Expenses	<u>20,997,682</u>	<u>22,245,468</u>	<u>23,219,584</u>	<u>20,955,680</u>
Business-type Activities				
Water and sewer	10,092,700	10,187,040	9,973,931	8,505,471
Storm water	1,966,042	1,676,891	1,775,795	1,581,519
Municipal liquor	4,472,836	4,326,242	4,205,135	4,046,382
Street light	316,629	332,040	325,596	331,931
Sports center	-	134,016	527,728	490,481
Total Business-type Activities Expenses	<u>16,848,207</u>	<u>16,656,229</u>	<u>16,808,185</u>	<u>14,955,784</u>
Total Primary Government Expenses	<u>\$ 37,845,889</u>	<u>\$ 38,901,697</u>	<u>\$ 40,027,769</u>	<u>\$ 35,911,464</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 485,867	\$ 401,917	\$ 407,780	\$ 425,638
Community development	763,244	1,072,671	935,318	1,152,731
Public safety	254,405	230,613	229,931	191,024
Public works	882,681	1,432,254	1,061,729	629,211
Culture and recreation	191,863	168,882	244,232	262,835
Operating grants and contributions	643,307	853,424	598,964	581,227
Capital grants and contributions	4,065,639	7,080,462	5,744,272	4,327,779
Total Governmental Activities Program Revenues	<u>7,287,006</u>	<u>11,240,223</u>	<u>9,222,226</u>	<u>7,570,445</u>
Business-type Activities				
Charges for services				
Water and sewer	6,641,873	7,457,902	7,525,396	8,584,064
Storm water	1,288,222	1,243,080	1,293,742	1,415,134
Municipal liquor	4,657,014	4,560,288	4,435,027	4,245,608
Street light	335,105	345,255	344,842	347,059
Sports center	-	111,522	504,008	520,598
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total Business-type Activities Program Revenues	<u>12,922,214</u>	<u>13,718,047</u>	<u>14,103,015</u>	<u>15,112,463</u>
Total Primary Government Program Revenues	<u>\$ 20,209,220</u>	<u>\$ 24,958,270</u>	<u>\$ 23,325,241</u>	<u>\$ 22,682,908</u>



Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 2,808,358	\$ 3,702,654	\$ 3,007,733	\$ 3,151,299	\$ 3,117,228	\$ 3,537,333
880,952	1,207,177	1,097,374	2,240,018	2,028,031	1,911,812
6,144,514	8,119,785	7,191,221	6,597,722	8,019,430	8,110,576
10,013,293	12,269,023	9,910,401	7,914,737	8,038,006	8,531,735
1,859,142	2,102,361	3,591,953	465,338	2,539,161	2,134,573
1,572,793	1,521,939	1,355,906	1,316,898	1,127,911	1,026,555
<u>23,279,052</u>	<u>28,922,939</u>	<u>26,154,588</u>	<u>21,686,012</u>	<u>24,869,767</u>	<u>25,252,584</u>
8,401,436	8,972,833	9,289,662	9,249,657	9,378,190	9,925,292
1,684,442	1,285,147	1,371,284	1,663,561	1,389,829	1,350,408
3,661,334	3,910,277	4,961,257	5,199,119	5,364,001	6,528,974
335,488	358,525	387,609	371,087	376,197	355,911
466,643	463,356	491,401	573,093	552,170	454,691
<u>14,549,343</u>	<u>14,990,138</u>	<u>16,501,213</u>	<u>17,056,517</u>	<u>17,060,387</u>	<u>18,615,276</u>
<u>\$ 37,828,395</u>	<u>\$ 43,913,077</u>	<u>\$ 42,655,801</u>	<u>\$ 38,742,529</u>	<u>\$ 41,930,154</u>	<u>\$ 43,867,860</u>
\$ 451,924	\$ 2,172,767	\$ 2,340,982	\$ 2,491,834	\$ 2,798,696	\$ 1,972,318
1,072,049	37,650	57,861	34,884	9,524	21,286
138,373	77,347	68,783	140,383	101,953	49,542
509,220	38,705	28,800	32,700	52,315	37,680
229,892	1,059,107	884,066	593,003	1,061,724	295,778
740,935	1,615,121	1,182,258	815,644	1,046,275	3,117,335
5,877,187	5,110,433	4,116,418	2,890,999	2,426,179	2,372,021
<u>9,019,580</u>	<u>10,111,130</u>	<u>8,679,168</u>	<u>6,999,447</u>	<u>7,496,666</u>	<u>7,865,960</u>
7,078,007	9,221,873	9,048,111	10,110,211	11,580,076	9,996,437
1,377,448	1,566,646	1,538,029	1,424,700	1,551,700	1,401,399
3,705,763	3,801,453	4,887,610	5,338,168	5,870,314	7,385,922
351,997	364,653	365,915	375,038	382,704	384,659
492,875	481,285	464,101	478,526	440,335	274,338
-	24,443	5,200	19,061	13,582	6,750
-	341,392	582,599	218,902	203,840	111,395
<u>13,006,090</u>	<u>15,801,745</u>	<u>16,891,565</u>	<u>17,964,606</u>	<u>20,042,551</u>	<u>19,560,900</u>
<u>\$ 22,025,670</u>	<u>\$ 25,912,875</u>	<u>\$ 25,570,733</u>	<u>\$ 24,964,053</u>	<u>\$ 27,539,217</u>	<u>\$ 27,426,860</u>

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

Table 2

	Fiscal Year			
	2011	2012	2013	2014
Net (Expense)/Revenue				
Governmental activities	\$(13,710,676)	\$(11,005,245)	\$(13,997,358)	\$(13,385,235)
Business-type activities	(3,925,993)	(2,938,182)	(2,705,170)	156,679
Total Primary Government Net Expense	<u>\$(17,636,669)</u>	<u>\$(13,943,427)</u>	<u>\$(16,702,528)</u>	<u>\$(13,228,556)</u>
General Revenues and other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 14,937,657	\$ 15,063,473	\$ 15,554,819	\$ 16,121,557
Tax increments	36,356	34,233	32,397	13,325
Franchise taxes	196,149	189,980	194,057	195,656
Other taxes	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	4,004
Unrestricted investment earnings	1,471,561	895,463	(570,068)	1,249,535
Other general revenues	13,514	14,862	16,566	3,480
Gain on sale of capital assets	-	8,751	73,492	58,522
Transfers	(1,151,874)	(2,353,133)	(597,918)	758,571
Total Governmental Activities	<u>15,503,363</u>	<u>13,853,629</u>	<u>14,703,345</u>	<u>18,404,650</u>
Business-type Activities				
Unrestricted investment earnings	510,392	348,402	(269,402)	494,736
Other general revenues	-	12,730	4,718	8,498
Gain on sale of capital assets	-	-	-	-
Transfers	1,151,874	2,353,133	597,918	(758,571)
Total Business-type Activities	<u>1,662,266</u>	<u>2,714,265</u>	<u>333,234</u>	<u>(255,337)</u>
Total Primary Government	<u>\$ 17,165,629</u>	<u>\$ 16,567,894</u>	<u>\$ 15,036,579</u>	<u>\$ 18,149,313</u>
Change in Net Position				
Governmental activities	\$ 1,792,687	\$ 2,848,384	\$ 705,987	\$ 5,019,415
Business-type activities	(2,263,727)	(223,917)	(2,371,936)	(98,658)
Total Primary Government	<u>\$ (471,040)</u>	<u>\$ 2,624,467</u>	<u>\$ (1,665,949)</u>	<u>\$ 4,920,757</u>

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

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

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

Source: City of Savage, audited financial statements.

Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$(14,259,472)	\$(18,811,809)	\$(17,475,420)	\$(14,686,565)	\$(17,373,101)	\$(17,386,624)
<u>(1,543,253)</u>	<u>811,607</u>	<u>390,352</u>	<u>908,089</u>	<u>2,982,164</u>	<u>945,624</u>
<u>\$(15,802,725)</u>	<u>\$(18,000,202)</u>	<u>\$(17,085,068)</u>	<u>\$(13,778,476)</u>	<u>\$(14,390,937)</u>	<u>\$(16,441,000)</u>
\$ 16,612,868	\$ 16,584,312	\$ 16,946,478	\$ 17,383,219	\$ 17,899,998	\$ 18,643,908
-	100,392	160,961	180,462	396,602	556,654
191,425	202,011	203,154	196,673	191,698	186,966
-	47,702	44,416	47,848	49,243	51,312
-	22,595	262,976	26,246	23,176	25,537
480,193	399,871	390,900	406,919	873,039	625,413
-	33,994	3,406	1,098	17,101	7,741
265,936	130,444	433,110	87,979	45,809	120,231
<u>(2,724,755)</u>	<u>104,388</u>	<u>(4,357,707)</u>	<u>(1,356,235)</u>	<u>(94,486)</u>	<u>1,199,621</u>
<u>14,825,667</u>	<u>17,625,709</u>	<u>14,087,694</u>	<u>16,974,209</u>	<u>19,402,180</u>	<u>21,417,383</u>
153,310	204,218	206,598	185,921	403,313	280,293
2,377	-	-	-	-	-
-	11,031	-	-	-	89,710
<u>2,724,755</u>	<u>(104,388)</u>	<u>4,357,707</u>	<u>1,356,235</u>	<u>94,486</u>	<u>(1,199,621)</u>
<u>2,880,442</u>	<u>110,861</u>	<u>4,564,305</u>	<u>1,542,156</u>	<u>497,799</u>	<u>(829,618)</u>
<u>\$ 17,706,109</u>	<u>\$ 17,736,570</u>	<u>\$ 18,651,999</u>	<u>\$ 18,516,365</u>	<u>\$ 19,899,979</u>	<u>\$ 20,587,765</u>
\$ 566,195	\$ (1,186,100)	\$ (3,387,726)	\$ 2,287,644	\$ 2,029,079	\$ 4,030,759
<u>1,337,189</u>	<u>922,468</u>	<u>4,954,657</u>	<u>2,450,245</u>	<u>3,479,963</u>	<u>116,006</u>
<u>\$ 1,903,384</u>	<u>\$ (263,632)</u>	<u>\$ 1,566,931</u>	<u>\$ 4,737,889</u>	<u>\$ 5,509,042</u>	<u>\$ 4,146,765</u>

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

**Table 3**

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 8,100	\$ 26,951	\$ 35,633	\$ 27,616
Assigned	57,506	57,070	14,393	14,129
Unassigned	<u>6,095,222</u>	<u>6,259,170</u>	<u>6,416,262</u>	<u>6,685,706</u>
Total General Fund	<u>\$ 6,160,828</u>	<u>\$ 6,343,191</u>	<u>\$ 6,466,288</u>	<u>\$ 6,727,451</u>
All other Governmental Funds				
Unreserved, reported in				
Nonspendable	\$ 1,457,031	\$ 1,432,675	\$ 840,625	\$ 790,573
Restricted	19,401,374	19,581,241	23,507,078	24,394,291
Committed	1,119,599	1,276,006	1,276,323	1,324,188
Assigned - capital projects	14,609,278	10,355,038	8,085,760	4,620,966
Unassigned	<u>(1,995,184)</u>	<u>(5,754,031)</u>	<u>(6,935,079)</u>	<u>(1,801,173)</u>
Total All Other Governmental Funds	<u>\$ 34,592,098</u>	<u>\$ 26,890,929</u>	<u>\$ 26,774,707</u>	<u>\$ 29,328,845</u>

Source: City of Savage, audited financial statements.

**Table 3**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 58,389	\$ 68,435	\$ 34,956	\$ 105,053	\$ 55,381	\$ 44,199
16,596	18,659	226,626	50,378	254,143	872,986
<u>6,783,256</u>	<u>6,934,350</u>	<u>7,191,162</u>	<u>7,645,475</u>	<u>8,072,292</u>	<u>8,874,137</u>
<u><u>\$ 6,858,241</u></u>	<u><u>\$ 7,021,444</u></u>	<u><u>\$ 7,452,744</u></u>	<u><u>\$ 7,800,906</u></u>	<u><u>\$ 8,381,816</u></u>	<u><u>\$ 9,791,322</u></u>
\$ 739,572	\$ 688,869	\$ 14,269	\$ 7,277	\$ 7,482	\$ -
26,854,132	19,661,660	12,766,724	13,048,666	12,128,571	16,800,682
2,060,967	2,293,894	2,350,920	2,241,728	2,067,518	2,009,906
4,423,322	5,447,669	6,808,382	7,317,105	8,376,308	7,918,655
<u>(742,569)</u>	<u>(934,728)</u>	<u>(273,767)</u>	<u>(3,810,212)</u>	<u>(3,788,249)</u>	<u>(2,804,154)</u>
<u><u>\$ 33,335,424</u></u>	<u><u>\$ 27,157,364</u></u>	<u><u>\$ 21,666,528</u></u>	<u><u>\$ 18,804,564</u></u>	<u><u>\$ 18,791,630</u></u>	<u><u>\$ 23,925,089</u></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			
	2011	2012	2013	2014
<b>Revenues</b>				
Taxes	\$ 15,038,116	\$ 15,040,188	\$ 15,706,099	\$ 16,239,954
Special assessments	3,823,356	3,116,273	4,856,987	4,131,438
Licenses and permits	1,070,212	1,963,399	1,377,386	1,144,093
Intergovernmental	1,852,531	5,059,511	681,259	2,803,618
Charges for services	799,037	1,045,284	1,088,336	1,519,574
Fines and forfeits	221,984	205,691	201,687	157,931
Interest on investments	1,434,005	872,295	(548,819)	1,189,774
Miscellaneous	881,852	825,963	762,758	945,303
Total Revenues	<u>25,121,093</u>	<u>28,128,604</u>	<u>24,125,693</u>	<u>28,131,685</u>
<b>Expenditures</b>				
General government	2,205,108	2,353,023	2,373,190	2,468,850
Community development	542,925	622,229	720,049	753,240
Public safety	5,234,134	5,480,860	5,423,978	5,757,690
Public works	2,058,008	2,071,901	2,179,378	2,298,275
Culture and recreation	1,388,032	1,242,838	1,404,258	1,419,873
Capital outlay	5,390,043	19,249,033	11,702,470	10,829,083
Debt service				
Principal	6,240,000	7,825,000	7,750,000	6,625,000
Interest and other	2,452,449	2,173,145	2,186,986	1,946,410
Other charges	-	-	-	1,114,435
Total Expenditures	<u>25,510,699</u>	<u>41,018,029</u>	<u>33,740,309</u>	<u>33,212,856</u>
Deficiency of Revenues Under Expenditures	<u>(389,606)</u>	<u>(12,889,425)</u>	<u>(9,614,616)</u>	<u>(5,081,171)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	41,412	37,891	73,492	62,633
Transfers in	3,992,995	1,245,987	5,064,796	6,868,636
Debt issued	8,640,000	5,085,000	6,241,200	9,890,000
Premium/discount on debt issued	147,401	132,741	216,594	212,244
Principal paid on refunded bonds	(11,025,000)	-	-	(6,600,000)
Transfers out	<u>(3,792,995)</u>	<u>(1,131,000)</u>	<u>(1,974,591)</u>	<u>(3,956,582)</u>
Total Other Financing Sources (Uses)	<u>(1,996,187)</u>	<u>5,370,619</u>	<u>9,621,491</u>	<u>6,476,931</u>
Net Change in Fund Balances	<u>\$ (2,385,793)</u>	<u>\$ (7,518,806)</u>	<u>\$ 6,875</u>	<u>\$ 1,395,760</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>43.0%</u>	<u>45.4%</u>	<u>43.7%</u>	<u>42.6%</u>

Source: City of Savage, audited financial statements.

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 16,700,828	\$ 16,966,415	\$ 17,354,608	\$ 17,822,759	\$ 18,538,789	\$ 19,447,810
2,680,986	1,061,770	1,103,285	1,194,088	1,421,268	912,015
979,319	5,659,137	3,959,527	2,079,088	2,330,153	4,569,363
5,040,627	1,895,927	1,158,646	1,135,001	1,185,732	828,127
1,318,017	43,699	45,258	118,515	81,334	39,684
110,039	2,238,634	1,414,733	1,273,975	1,242,291	1,095,951
456,713	381,172	370,860	387,862	813,596	599,729
702,786	492,927	1,528,002	1,077,592	1,475,390	792,889
<u>27,989,315</u>	<u>28,739,681</u>	<u>26,934,919</u>	<u>25,088,880</u>	<u>27,088,553</u>	<u>28,285,568</u>
2,540,980	2,691,979	2,721,328	2,856,200	2,795,315	3,260,369
795,823	800,377	878,233	1,039,347	1,518,798	1,454,335
5,873,216	6,243,134	6,532,555	6,830,635	7,254,982	8,018,520
2,211,713	2,366,155	2,319,866	2,576,056	2,681,120	2,668,115
1,528,118	1,764,144	1,850,781	1,870,107	1,928,338	1,936,535
7,316,930	12,481,059	9,804,826	8,867,349	8,583,762	7,812,949
7,190,000	11,280,000	6,700,000	7,328,200	5,533,200	4,716,600
1,735,867	1,616,804	1,381,337	1,396,076	1,231,466	1,256,333
-	94,318	113,394	-	-	48,057
<u>29,192,647</u>	<u>39,337,970</u>	<u>32,302,320</u>	<u>32,763,970</u>	<u>31,526,981</u>	<u>31,171,813</u>
<u>(1,203,332)</u>	<u>(10,598,289)</u>	<u>(5,367,401)</u>	<u>(7,675,090)</u>	<u>(4,438,428)</u>	<u>(2,886,245)</u>
287,965	131,064	438,318	90,019	45,809	120,231
4,527,780	5,824,715	7,504,778	4,192,992	5,083,565	7,882,633
6,830,000	3,335,000	6,000,000	4,420,000	4,300,000	8,050,000
265,345	147,335	233,034	138,269	465,410	759,224
-	-	(3,365,000)	-	(1,825,000)	(1,930,000)
<u>(6,570,389)</u>	<u>(4,854,682)</u>	<u>(10,503,265)</u>	<u>(3,679,992)</u>	<u>(3,063,380)</u>	<u>(5,452,878)</u>
<u>5,340,701</u>	<u>4,583,432</u>	<u>307,865</u>	<u>5,161,288</u>	<u>5,006,404</u>	<u>9,429,210</u>
<u>\$ 4,137,369</u>	<u>\$ (6,014,857)</u>	<u>\$ (5,059,536)</u>	<u>\$ (2,513,802)</u>	<u>\$ 567,976</u>	<u>\$ 6,542,965</u>
<u>37.8%</u>	<u>42.5%</u>	<u>31.4%</u>	<u>38.1%</u>	<u>28.9%</u>	<u>25.2%</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
2011	\$ 14,937,657	\$ 36,356	\$ 196,149	\$ 15,170,162
2012	15,063,473	34,233	189,980	15,287,686
2013	15,554,819	32,397	194,057	15,781,273
2014	16,121,557	13,325	195,656	16,330,538
2015	16,612,868	-	191,425	16,804,293
2016	16,584,312	100,392	249,713	16,934,417
2017	16,946,478	160,961	247,570	17,355,009
2018	17,383,219	180,462	244,521	17,808,202
2019	17,899,998	396,602	240,941	18,537,541
2020	18,643,908	556,654	238,278	19,438,840

Source: City of Savage, audited financial statements.



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

**Table 6**

Fiscal Year	Property Tax	Tax Increment	Franchise/Other Tax	Total
2011	\$ 15,001,760	\$ 36,356	\$ 196,149	\$ 15,234,265
2012	15,005,955	34,233	189,980	15,230,168
2013	15,657,638	32,397	194,057	15,884,092
2014	16,226,469	13,325	195,656	16,435,450
2015	16,700,828	-	191,425	16,892,253
2016	16,616,310	100,392	249,713	16,966,415
2017	16,946,077	160,961	247,570	17,354,608
2018	17,397,776	180,462	244,521	17,822,759
2019	17,901,246	396,602	240,941	18,538,789
2020	18,652,878	556,654	238,278	19,447,810

Source: City of Savage, audited financial statements.

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

**Table 7**

Fiscal Year Ended December 31,	Real and Personal Property <sup>(1)</sup>						Ratio of Total Tax Capacity to Taxable Market Value
	Total Tax Capacity	Tax Increment Tax Capacity	Net Fiscal Disparity	Net Tax Capacity	Total Direct Tax Rate	Taxable Market Value	
2011	\$ 30,658,327	\$ (36,196)	\$ 862,581	\$ 31,484,712	48.28 %	\$ 2,652,900,000	1.16 %
2012	28,690,321	(26,264)	220,938	28,884,995	51.12	2,477,077,500	1.16
2013	27,003,916	(25,738)	414,077	27,392,255	55.51	2,311,627,400	1.17
2014	28,256,725	(25,738)	177,866	28,408,853	55.28	2,434,515,600	1.16
2015	30,700,138	-	313,279	31,013,417	51.74	2,658,879,100	1.15
2016	32,186,980	(81,937)	248,077	32,353,120	49.91	2,799,503,700	1.15
2017	34,350,260	(138,187)	650,645	34,862,718	47.84	2,957,985,300	1.16
2018	36,068,844	(159,437)	436,671	36,346,078	47.12	3,115,183,500	1.16
2019	39,173,698	(358,727)	741,358	39,556,329	44.47	3,396,640,700	1.15
2020	42,694,112	(515,519)	905,265	43,083,858	42.36	3,707,956,100	1.15

<sup>(1)</sup> Personal property values are minimal and are included in the total value.

Source: Scott County

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

**Table 8**

Fiscal Year	City of Savage			Overlapping Rates <sup>(1)</sup>			Total Direct and Overlapping Rates
	General Operating Rate	Debt Service Rate	Total Tax Capacity Rate	School District #191 Total Tax Capacity Rate	Scott County Total Tax Capacity Rate	Special Districts <sup>(2)</sup>	
2011	32.441 %	15.837 %	48.278 %	21.855 %	35.541 %	6.519 %	112.193 %
2012	33.763	17.360	51.123	21.878	38.802	6.958	118.761
2013	37.008	18.500	55.508	26.168	40.674	7.143	129.493
2014	36.379	18.899	55.278	25.661	39.720	6.934	127.593
2015	35.325	16.418	51.743	24.554	36.638	6.976	119.911
2016	35.633	14.272	49.905	31.065	36.175	7.676	124.821
2017	33.816	14.025	47.841	27.529	35.896	7.746	119.012
2018	33.474	13.643	47.117	25.759	35.114	8.687	116.677
2019	33.669	10.805	44.474	26.202	33.841	8.271	112.788
2020	32.274	10.083	42.357	23.765	32.718	7.744	106.584

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

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

Source: Scott County

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

**Table 9**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Continental 298 Fund, LLC	\$ 49,000,000	1	1.32 %			
Cargill, Inc.	27,002,200	2	0.73	\$ 15,906,600	2	0.60 %
CHC Highview, LLC	23,808,500	3	0.64	14,600,000	5	0.55
Karl Bohn	21,620,500	4	0.58	22,398,500	1	0.84
Centerpoint Energy Resource	16,794,700	5	0.45			
NP Eagle Creek Industrial, LLC	14,680,000	6	0.40			
BRE Retail Residual Owner 4, LLC	14,186,700	7	0.38			
BF Nelson Corporation	13,500,000	8	0.36	15,000,000	3	0.57
Target Corporation & Property Tax	13,300,000	9	0.36			
Stag Savage, LLC	11,614,200	10	0.31			
Centro Bradley Spc 7, LLC				14,602,300	4	0.55
Larry M. Ross, LLC				13,200,000	6	0.50
Trout Run Preserve LLC				11,779,000	7	0.44
MN Savage 16, LLC & Wangard Advisors, LLC				11,100,000	8	0.42
Whitebox Riverport Savage, LLC				9,000,000	9	0.34
Southcross, LLC				8,450,000	10	0.32
<b>Total</b>	<b><u>\$205,506,800</u></b>		<b><u>5.53 %</u></b>	<b><u>\$136,036,400</u></b>		<b><u>5.13 %</u></b>

Source: Scott County

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

**Table 10**

Fiscal Year Ended December 31,	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	Percent of Levy
		Amount	Percent of Levy			
2011	\$ 15,570,374 <sup>(1)</sup>	\$ 15,345,901	98.6 %	\$ 224,473	\$ 15,570,374	100.0 %
2012	15,082,185	14,815,544	98.2	266,641	15,082,185	100.0
2013	15,468,230	15,280,212	98.8	188,018	15,468,230	100.0
2014	16,121,503	15,987,944	99.2	133,559	16,121,503	100.0
2015	16,570,700	16,490,100	99.5	80,509	16,570,609	100.0
2016	16,616,613	16,560,804	99.7	54,775	16,615,579	100.0
2017	17,169,079	16,944,862	98.7	222,759	17,167,621	100.0
2018	17,499,645	17,447,577	99.7	49,110	17,496,687	100.0
2019	18,046,699	17,989,905	99.7	49,706	18,039,611	100.0
2020	18,687,907	18,634,254	99.7	-	18,634,254	99.7

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

Source: Scott County

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

Table 11

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Public Facility Revenue Bonds	Tax Increment Bonds	Capital Leases	Utility Revenue Bonds	Liquor Revenue Bonds	Tax Abatement Bonds			
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 %	\$ 3,839
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	3,158
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	3,133
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	3,008
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	2,677
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	2,552
2017	12,151,247	30,618,103	240,000	-	1,385,000	14,328,521	337,378	3,810,704	62,870,953	3.61	2,300
2018	10,582,749	29,477,034	-	-	1,385,000	11,955,881	175,000	3,497,205	57,072,869	3.04	2,047
2019	8,989,631	28,420,590	-	-	1,275,000	9,108,566	-	3,178,705	50,972,492	2.54	1,581
2020	7,455,365	31,891,835	-	-	1,155,000	7,824,285	-	2,855,205	51,181,690	N/A	1,556

N/A = Not Available

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

Sources: City of Savage, audited financial statements.

Metropolitan Council, population estimates, with exception of 2020. Estimate provided by City Planner as Census information not yet available.

Bureau of Economic Analysis, local area personal income reports.

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

**Table 12**

Fiscal Year	Gross Bonded Debt <sup>(1)</sup>	Less Amounts Available in Debt Service Funds <sup>(2)</sup>	Total Net Bonded Debt	Percentage of Total Estimated Taxable Market Value of Property	Per Capita
2011	\$ 48,922,284	\$ 18,652,075	\$ 30,270,209	1.14 %	\$ 1,108
2012	50,125,826	18,688,499	31,437,327	1.27	1,141
2013	49,742,393	19,190,858	30,551,535	1.32	1,105
2014	46,614,592	19,814,426	26,800,166	1.10	923
2015	47,461,417	21,709,772	25,751,645	0.97	858
2016	40,570,197	16,686,205	23,883,992	0.85	789
2017	37,702,408	10,320,947	27,381,461	0.93	892
2018	34,673,740	9,842,056	24,831,684	0.80	791
2019	31,970,379	9,828,287	22,142,092	0.65	687
2020	33,883,022	14,541,011	19,342,011	0.52	588

<sup>(1)</sup> 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.

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

Sources: City of Savage, audited financial statements.

Metropolitan Council, population estimates, with exception of 2020.

Estimate provided by City Planner as Census information not yet available.

Scott County, estimated taxable market value of property.

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City of Savage, Minnesota  
 Computation of Direct and Overlapping Debt  
 December 31, 2020

**Table 13**

	Gross Debt <sup>(1)</sup>	City Share	
		Percentage <sup>(2)</sup>	Amount
Direct Debt			
City of Savage	<u>\$ 40,502,200</u>	100.00 %	<u>\$ 40,502,200</u>
Overlapping Debt			
School District No. 191	142,835,000	17.74 %	25,338,929
School District No. 271	159,785,000	0.10	159,785
School District No. 719	185,224,049	17.46	32,340,119
School District No. 720	204,043,822	0.74	1,509,924
Scott County	125,530,000	20.25	25,419,825
Scott County CDA	48,980,000	3.49	1,709,402
Metropolitan Council	<u>1,688,625,662</u>	0.52	<u>8,780,853</u>
Total Overlapping Debt	<u>2,555,023,533</u>		<u>95,258,837</u>
Total Direct and Overlapping Debt	<u><u>\$ 2,595,525,733</u></u>		<u><u>\$ 135,761,037</u></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			
	2011	2012	2013	2014
Debt Limit	\$ 79,587,000	\$ 74,312,325	\$ 69,348,822	\$ 73,035,468
Total Net Debt Applicable to Limit	<u>14,887,278</u>	<u>13,492,971</u>	<u>12,046,299</u>	<u>10,872,956</u>
Legal Debt Margin	<u>\$ 64,699,722</u>	<u>\$ 60,819,354</u>	<u>\$ 57,302,523</u>	<u>\$ 62,162,512</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.71%	18.16%	17.37%	14.89%

Legal debt margin

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

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

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the 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					
2015	2016	2017	2018	2019	2020
\$ 79,766,373	\$ 83,985,111	\$ 88,739,559	\$ 93,455,505	\$ 101,899,221	\$ 111,238,683
<u>9,643,165</u>	<u>10,719,093</u>	<u>9,107,412</u>	<u>7,657,005</u>	<u>6,184,766</u>	<u>4,607,482</u>
<u>\$ 70,123,208</u>	<u>\$ 73,266,018</u>	<u>\$ 79,632,147</u>	<u>\$ 85,798,500</u>	<u>\$ 95,714,455</u>	<u>\$ 106,631,201</u>
12.09%	12.76%	10.26%	8.19%	6.07%	4.14%

Legal Debt Margin Calculation for Fiscal Year 2020

Taxable Market Value	<u>\$ 3,707,956,100</u>
Debt Limit (Note A)	<u>\$ 111,238,683</u>
Debt Applicable to Limit	
General obligation bonds	7,170,000
Less amount available in	
Debt Service funds (Note B)	<u>2,562,518</u>
Total Net Debt Applicable to Limit	<u>4,607,482</u>
Legal Debt Margin	<u>\$ 106,631,201</u>

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

Table 15

Enterprise Funds Revenue Bonds

Fiscal Year	Gross Revenues	Operating Expenses <sup>(3)</sup>	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2011	\$ 9,535,274	\$ 5,638,291	\$ 3,896,983 <sup>(1)</sup>	\$ 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 <sup>(2)</sup>	6,621,857	5,546,489	2,822,000	704,057	3,526,057	1.57
2015	10,028,884	6,541,998	3,486,886	4,066,000	613,142	4,679,142	0.75
2016	12,404,473	6,881,644	5,522,829	2,991,000	597,261	3,588,261	1.54
2017	12,405,534	7,475,364	4,930,170	2,701,000	527,079	3,228,079	1.53
2018	13,437,708	7,761,011	5,676,697	2,844,800	535,071	3,379,871	1.68
2019	15,501,919	7,492,927	8,008,992	3,277,194	422,447	3,699,641	2.16
2020	11,948,150	6,744,797	5,203,353	1,548,400	311,534	1,859,934	2.80

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.

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

<sup>(2)</sup> Revised figures represent calculation match final figures within 2014 annual report

<sup>(3)</sup> 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)
2011	27,325	\$ 1,240,555	\$ 45,400	6,765	5.2 %
2012	27,552	1,301,281	47,230	6,743	4.7
2013	27,655	1,304,597	47,174	6,628	4.1
2014	29,047	1,416,942	48,781	6,602	3.4
2015	30,024	1,581,064	52,660	6,728	2.9
2016	30,285	1,614,948	53,325	6,766	2.9
2017	30,713	1,743,055	56,753	6,771	2.8
2018	31,407	1,874,590	59,687	7,224	2.4
2019	32,245	2,004,478	62,164	7,352	2.5
2020	32,892	N/A	N/A	7,335	3.8

Source:

- (1) Metropolitan Council, population estimates, with exception of 2020. Estimate provided by City Planner as Census information not yet available.
- (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 December 2020 preliminary rate versus 12 month average used in prior years (5.6% for 2020).

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

Table 17

Employer	Product/Service	2020			2011		
		Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
HyVee	Grocery Store	443	1	5.52 %			
Prior Lake-Savage School District 719 (a)	Education	262	2	3.26	900	2	13.31 %
Burnsville-Eagan-Savage School District 191 (a)	Education	289	3	3.60	1,200	1	17.74
Fabcon	Cement & Concrete Products	270	4	3.36	175	4	2.59
SuperTarget	Discount Retail	200	5	2.49	330	3	4.88
City of Savage (b)	Government	169	6	2.10	145	6	2.14
Lifetime Fitness	Health Club	131	7	1.63			
Associated Partnership Ltd	Van Conversion	120	8	1.49			
BF Nelson	Printing	100	9	1.25			
Soo Line Corporation	Railroad, Line-haul Operation	100	9	1.25			
STS Operating, Inc.	Power Flow Control Equipment	100	9	1.25			
Siligan Container Corp	Shipping Containers				150	5	2.22
Cargill, Inc.	Agricultural Producer/Distributor				135	7	2.00
Waste Management	Waste Management Services				125	8	1.85
Continental Hydraulics & Machines	Manufacturing				124	9	1.83
Cub Foods	Grocery Store				120	10	1.77
Total City Employment		(c) 8,030		27.20 %	6,764		50.33 %

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

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

(c) Based on average of available quarterly information

Source: Council Approved Authorized Position Report  
Scott County CDA, First Stop Shop  
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>										
Administration	8.9	8.5	10.5	10.5	10.5	10.0	10.0	10.5	12.0	12.0
Finance	4.0	4.7	5.0	4.6	5.7	5.7	5.7	5.5	5.8	6.0
Community development	5.6	6.8	7.5	8.5	8.5	8.5	8.5	9.6	8.6	8.6
Building maintenance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
<b>Public Safety</b>										
Police										
Police chief	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Officers	33.0	32.0	31.0	31.0	31.0	32.0	33.0	33.0	33.0	34.0
Civilians	9.6	9.2	8.9	9.5	9.5	9.8	11.2	11.1	12.2	12.2
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
Paid on call	35.0	41.0	41.0	36.0	35.0	38.0	37.0	38.0	38.0	38.0
<b>Public Works:</b>										
Administration	4.5	4.5	4.8	5.0	5.0	4.0	4.0	6.6	6.6	6.6
Engineering	4.5	4.0	4.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0
Parks and recreation	10.5	10.5	10.5	11.0	12.0	12.0	13.0	12.0	12.0	12.0
Streets	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	11.0
Utilities	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0
<b>Propriety</b>										
Water <sup>(a)</sup>										
Sewer <sup>(a)</sup>										
Liquor	3.0	3.0	3.5	4.5	4.0	4.0	4.0	4.0	4.0	5.8
<b>Total</b>	<b>145.6</b>	<b>151.2</b>	<b>153.7</b>	<b>152.6</b>	<b>153.2</b>	<b>156.0</b>	<b>158.4</b>	<b>162.3</b>	<b>165.2</b>	<b>169.2</b>

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

<sup>(a)</sup> Includes full, part-time & on-call employees but does not include temporary or seasonal workers

Source: Council Approved Authorized Position Report

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

Table 19

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Number of law contacts	15,255	14,925	14,512	14,724	14,455	13,629	14,013 <sup>(a)</sup>	14,292	14,424	13,899 <sup>(b)</sup>
Number of sworn officers	34	33	32	32	32	33	34	34	35	34
Fire										
Number of calls answered	356	378	412	385	349	351	377	421	520	702
Number of volunteer firefighters	35	41	41	36	35	38	37	38	38	35
Building inspection:										
Number of residential permits	1,166	1,360	1,123	1,593	1,251	957	1,187	1,309	1,378	1,566
Number of commercial permits	177	197	153	136	170	165	111	133	161	144
Total permit valuation	40,236,518	81,761,264	56,903,187	79,728,667	47,204,497	91,766,515	89,826,021	98,012,973	133,297,705	57,794,548
Public Works:										
Water system:										
Number of service connections	8,798	8,949	9,082	9,293	9,377	9,447	9,638	9,709	10,066	10,151
Sewage system:										
Number of service connections	8,800	8,973	9,078	9,276	9,360	9,457	9,615	9,686	10,178	10,224

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

(a) Reflects Revised Police Department Data for 2017

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

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	26	25	26	26	27	28	28	28	28
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Response units	18	18	18	18	18	18	18	18	18	18
Inspection Units	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Street division										
Municipal streets and roads (1)	127	128	119	120	122	126	128	129	131	131
Number of street lights	1,631	1,639	1,880	1,907	1,907	2,085	2,079	2,188	2,223	2,283
Water system										
Miles of water mains	148	149	151	155	155	160	161	164	164	166
Number of fire hydrants	1,613	1,625	1,658	1,682	1,701	1,765	1,799	1,805	1,826	1,851
Sewer system										
Miles of sanitary sewers	124	125	126	127	128	131	131	136	137	138
<b>Parks and Recreation</b>										
Number of parks	23	23	23	23	23	23	23	23	23	23
Park acreage	457	457	457	457	457	457	457	457	457	457
Tennis courts	10	10	10	10	10	10	6	6	6	6
Basketball courts	9	9	9	9	9	9	9	10	10	10
Softball fields	30	30	30	30	30	30	30	30	30	30
Ice rinks	9	6	6	6	7	7	6	6	6	6

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

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