

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

CITY OF SAVAGE,
MINNESOTA

For the Year Ended

December 31, 2015

Prepared by

FINANCE DEPARTMENT

CITY OF SAVAGE
6000 McColl Drive
Savage, Minnesota 55378-1800

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CITY OF SAVAGE

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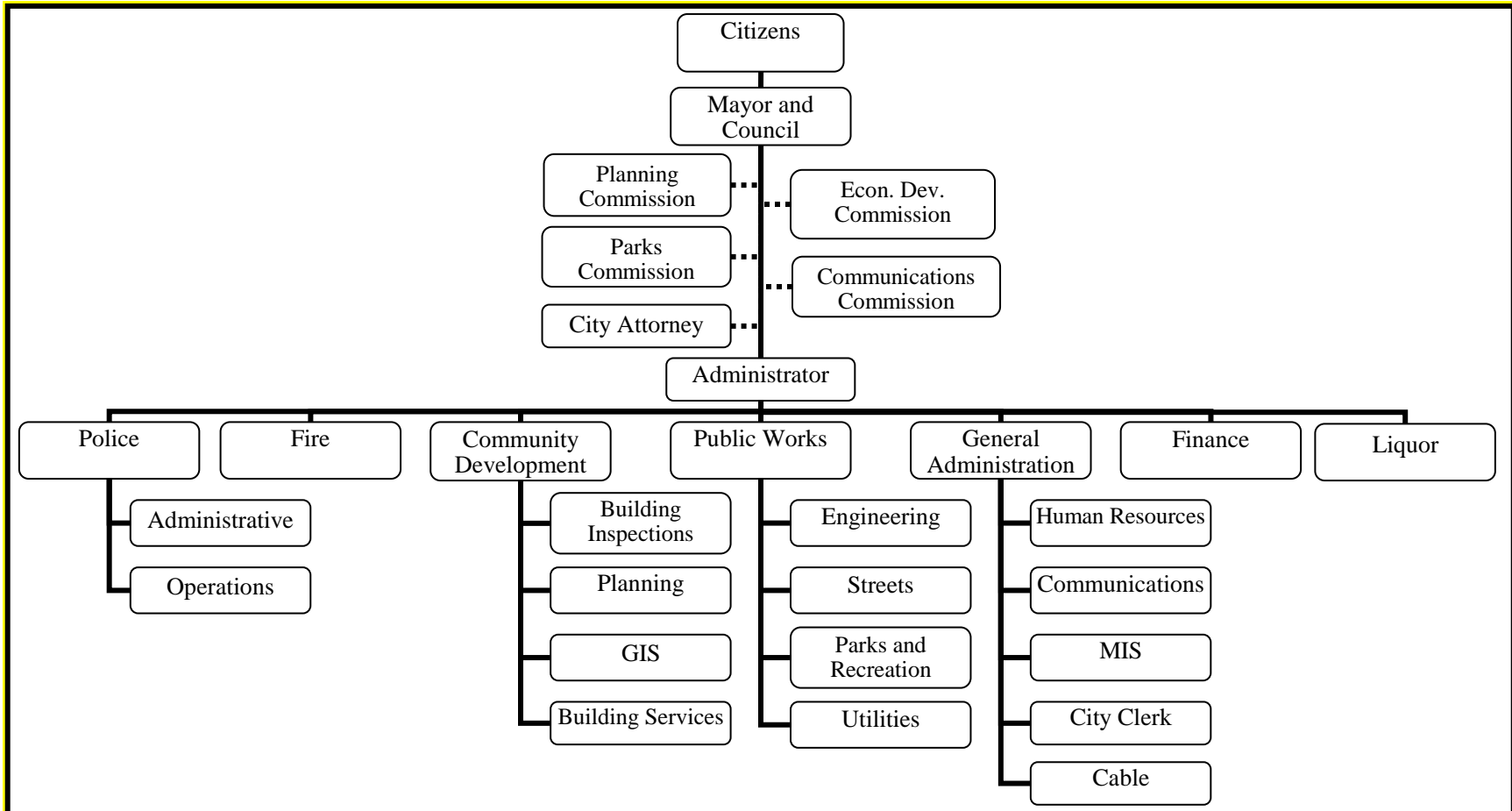
**City of Savage
Elected Officials and Administration
December 31, 2015**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Janet Williams	Mayor	December 31, 2015
Al McColl	Council Member	December 31, 2015
Christine Kelly	Council Member	December 31, 2015
Gene Abbott	Council Member	December 31, 2017
Jane Victorey	Council Member	December 31, 2017
<u>Administration</u>		
Barry A. Stock	City Administrator	Appointed
John M. Powell	Public Works Director/City Engineer	Appointed
Rodney R. Seurer	Chief of Police	Appointed
Joel E. McColl	Fire Chief	Appointed
Julie D. Stahl	Finance Director	Appointed
Stacy R. Schmidt	Liquor Facility Manager	Appointed
Jay M. Scherer	Chief Building Official	Appointed
Bryan L. Tucker	Planning Manager	Appointed

CITY OF SAVAGE

ORGANIZATIONAL CHART

December 31, 2015





City Offices

6000 McColl Drive, Savage, MN 55378 Telephone: 952-882-2660 Fax: 952-882-2656

June 20, 2016

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

Minnesota statutes require all cities to issue an annual report on their financial position and activity, prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Savage, Minnesota for the fiscal year ended December 31, 2015.

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 Bergan KDV, LTD., 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, 2015 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, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Savage, incorporated in 1892, is a suburban community located in the southwest region of the Twin Cities metropolitan region, approximately 20 miles from downtown Minneapolis and 20 miles from downtown St. Paul. This region is considered to be the major population and economic growth area in the state, and among one of the highly ranked economic growth areas in the country. The City of Savage currently occupies a land area of approximately 17 square miles and serves a population of approximately 30,024 individuals, 10,069 households and over 614 businesses employing over 7,638 individuals. The City of Savage is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Savage is still developing within its corporate limits and is bordered on three sides by other incorporated communities.

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

The City of Savage provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure; water, sewer and storm sewer services and recreational activities. A total of 184 full- and part-time employees in seven departments are responsible for the effective delivery of the aforementioned services. The annual budget serves as a foundation for the City of Savage's financial planning and control. All departments of the City of Savage submit requests for appropriation for the following year to the City Administrator, who uses this information to develop a proposed budget. This is presented to the City Council for review. The City Council is required to adopt a proposed budget and tax levy by September 30. The Council is also required to hold a Truth in Taxation (TNT) public hearing if the total proposed property tax levy exceeds the previous year's final property tax levy by more than the percentage increase in the implicit price deflator (IPD). In other words, if the City's proposed property tax levy is less than or equal to the maximum allowable for exemption, the taxing authority (the City) is exempt from the public hearing requirement. The council must also adopt a final budget by no later than December 31.

LOCAL ECONOMY

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

Beginning in 2008 the City began to experience a general slowdown due to the onset of the "great recession." The City of Savage has weathered the storm nicely and signs of an economic turnaround began to emerge in 2011. In each of the past two years the City has seen on average a 5% annual increase in tax capacity. The increase can be attributed to both new development and

an overall recovery in property market values. Residential sale values are steadily increasing and are nearing levels that existed prior to the recession.

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

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

LONG-TERM FINANCIAL PLANNING

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

In May 2009 the City's bond rating was upgraded by Standard & Poor's to AA+ from Aa3 (Moody's) in recognition of a consistent growth rate, improved financial policies and manageable debt. During 2015 conservative spending and early implementation of 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 end. It is noteworthy to mention that the City's actual fund balance ratio has steadily remained at 50% since 2011.

Building and development-related revenues collected in 2016 are expected to exceed budgeted amounts, based on a gradual acceleration of development activity over the past several months. This, combined with anticipated reductions in expenditures, will assist the City in maintaining the 50% fund balance ratio at year end while also allowing the City to build reserves in other governmental funds.

RELEVANT FINANCIAL POLICIES

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 2016 tax levy is \$45,913 more than in 2015. The tax rate decreased by 1.72% - due to the 2016 tax base increasing by \$1.3 million and the use of debt service fund balances. The 2016 budget continues to include our practice of projecting building permit revenue at very conservative levels. The City has also eliminated any reliance on the receipt of financial aid from the State of Minnesota, with the exception of police and fire aid, which is approximately \$345,000.

Moving into the 2017 budgeting process we will continue our past practice of conservatism with our expenditures and staffing levels. Any anticipated increases in General Fund expenditures are projected to be absorbed by the growth in our tax base and will not require an increase in our tax rate nor any reliance on our Fund Balance reserves.

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

MAJOR INITIATIVES

In 2015 developers received approval for the first phase of the Big Sky Subdivision located on the former Prior Lake Aggregate site. Phase I of the Big Sky Subdivision includes 195 single family lots and space for a new elementary school. The Prior Lake Aggregate (Big Sky) project will include two additional phases over the next five years with an additional 350 lots. The density within the two final phases could increase significantly to include multi-family units. Market conditions will be monitored to determine the final land use and density as the project materializes. In 2015 several other smaller single family development projects were also approved that added an additional 53 lots to our inventory.

New subdivision activity in 2016 is anticipated to include phase III of the Creek Hills South development. This development is expected to generate approximately 24 single family lots. The Providence Development project will also be seeking approval of their second phase which will include approximately 20 single family lots.

The vast majority of the lots being created are in high amenity locations and are being absorbed into the marketplace at a brisk pace. In 2015, 85 new single family permits were approved and at the end of March 2016, 40 new single family homes have been recorded. Given the available lot inventory and demand we anticipate that approximately 125 single family units will be constructed this year. If overall global conditions remain steady we anticipate that similar residential development activity will continue into 2017 and beyond.

In addition to residential growth, a new 25,000 sq.ft. grocer and a 25,000 sq.ft. clothing store are expected to occupy space within a vacant commercial building at the northwest corner of CR 42 and TH 13 later this year. Also at this corner, two new multi-tenant commercial/retail buildings (4940 sq. ft. and 7280 sq.ft.) are planned for construction this spring that will include the Noodles Co. and several other yet to be determined fast food and/or retail users.

Topping the list for commercial activity will be a new 100,000 sq.ft. Hy-Vee grocery store and 5000 sq. ft. gas/convenience store to be located at the northeast corner of CR 27 and CR 42. Grading is now underway on the Hy-Vee site and occupancy is scheduled for the spring of 2017. The grocery site will also include an attached 6700 sq. ft. space that will be utilized by the City of Savage for an off-sale liquor facility.

Given the positive economic conditions we expect that overall community market values will increase again in 2017 at levels equal to or greater than those experienced in 2016. Providing expense increases can be held to reasonable levels we anticipate that we will be able to develop a

budget for 2017 that will result in a flat, but hopefully slight reduction in the City's overall tax rate.

AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Savage for CAFR for the fiscal year ended December 31, 2014. This is the 18th consecutive year the City of Savage has earned this honor. In order to be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,



Barry A. Stock
City Administrator



Julie D. Stahl
Finance Director

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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, 2014

Executive Director/CEO

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Savage
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, as of and for the year ended December 31, 2015, and the related notes to 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

BerganKDV, Ltd.

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Opinions

In our opinion, the financial statements referred to 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 of Savage, Minnesota, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 68 and GASB 71

As discussed in Note 17 to the financial statements, the City has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this letter, and Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB) 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 of Savage's basic financial statements. The Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



Other Matters (Continued)

Other Information (Continued)

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is 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.

Report on Summarized Comparative Information

We have previously audited the City's 2014 financial statements, and our report, dated May 27, 2015, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BerganKDV Ltd.

Minneapolis, Minnesota
May 26, 2016

City of Savage Management's Discussion and Analysis

As management of the City of Savage (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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$152,301,256 (net position). Of this amount, \$20,137,760 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$5,588,379 from the original 2014 net position. Due to the change in accounting principle for GASB No.68 (see Note 20), the City was required to account for its' Net Pension Liability (\$7,491,763). Removing this factor, the true change in the net position was an increase of \$1,903,384.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,193,665. Approximately 31% of this total amount, \$12,541,572 is available for spending at the government's discretion (committed, assigned, and or unassigned fund balance).
- At the end of the current fiscal year, total fund balance for the General Fund was \$6,858,241 or 55%, of total General Fund expenditures. The total General Fund balance increased \$130,790 from the prior year.
- The City's total debt decreased by \$1,351,000 (approximately 1.8%) during the current fiscal year. A total of \$9,905,000 of new bonds was issued during the year. This is comprised of G.O. Improvement and Utility Revenue Bonds for \$7,175,000, and G.O. Crossover Refunding Bonds totaling \$2,730,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 supplementary information in addition to the basic financial statements themselves.

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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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.

City of Savage Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Activities presents information showing how the government'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, community development and park and recreation. The business-type activities of the City include water and sewer, storm water, liquor store operations, street lighting, and sports center facility.

The government-wide financial statements can be found on pages 30-31 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, 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 governmental-wide financial statements, governmental fund financial statements focus on the 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 of the government's near-term financing decisions. 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.

City of Savage Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The City maintains 27 individual governmental 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, the G.O. Improvement Bonds Debt Service Fund, and the TH13/150th St. Intersection Improvement which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32-37 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 and sewer, storm water, municipal liquor, street light operations and sports center facility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for risk management. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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 operations and sports center facility.

The basic proprietary fund financial statements can be found on pages 38-45 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements 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 46 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 can be found on pages 47-87 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 91-95 of this report.

City of Savage Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 97-134 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$152,301,256 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (69%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure), 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 investments in its capital assets is reported net of related debt, it should be noted 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.

Net Position

An additional portion of the City's net position (17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$20,137,760) may be used to meet the government's ongoing obligations to citizens and creditors.

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 government as a whole, as well as for its separate governmental and business-type activities.

**City of Savage
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Capital and other assets	\$ 50,913,066	\$ 48,745,775	\$ 17,221,979	\$ 13,627,627	\$ 68,135,045	\$ 62,373,402
Capital assets	99,476,443	101,563,921	74,239,257	77,571,945	173,715,700	179,135,866
Total assets	<u>150,389,509</u>	<u>150,309,696</u>	<u>91,461,236</u>	<u>91,199,572</u>	<u>241,850,745</u>	<u>241,509,268</u>
Deferred Outflows of Resources						
Deferred charge on refunding	818,506	779,167	-	-	818,506	779,167
Deferred related to pension	1,660,632	-	165,270	-	1,825,902	-
Total deferred outflows	<u>2,479,138</u>	<u>779,167</u>	<u>165,270</u>	<u>-</u>	<u>2,644,408</u>	<u>779,167</u>
Total assets and deferred outflows of resources	<u>\$ 152,868,647</u>	<u>\$ 151,088,863</u>	<u>\$ 91,626,506</u>	<u>\$ 91,199,572</u>	<u>\$ 244,495,153</u>	<u>\$ 242,288,435</u>
Liabilities						
Long-term liabilities						
Outstanding	\$ 65,101,016	\$ 58,184,961	\$ 21,784,549	\$ 21,516,280	\$ 86,885,565	\$ 79,701,241
Other liabilities	3,351,997	3,557,772	945,852	1,139,787	4,297,849	4,697,559
Total liabilities	<u>68,453,013</u>	<u>61,742,733</u>	<u>22,730,401</u>	<u>22,656,067</u>	<u>91,183,414</u>	<u>84,398,800</u>
Deferred Outflows of Resources						
Deferred related to pension	<u>901,152</u>	<u>-</u>	<u>109,331</u>	<u>-</u>	<u>1,010,483</u>	<u>-</u>
Net Position						
Net investment in						
Capital assets	\$ 56,788,519	\$ 56,875,347	\$ 58,349,577	\$ 58,707,155	\$ 105,597,787	\$ 105,769,655
Restricted	26,379,496	27,661,964	186,213	186,213	26,565,709	27,848,177
Unrestricted	346,467	4,808,819	10,250,984	9,650,137	20,137,760	24,271,803
Total net position	<u>83,514,482</u>	<u>89,346,130</u>	<u>68,786,774</u>	<u>68,543,505</u>	<u>152,301,256</u>	<u>157,889,635</u>
Total liabilities, deferrd inflows and net position	<u>\$ 152,868,647</u>	<u>\$ 151,088,863</u>	<u>\$ 91,626,506</u>	<u>\$ 91,199,572</u>	<u>\$ 244,495,153</u>	<u>\$ 242,288,435</u>

**City of Savage
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities – Governmental activities increased the City's net position by \$566,195. Details that account for the change in net position are provided in the following analysis of the governmental and business-type activities.

Changes in Net Position

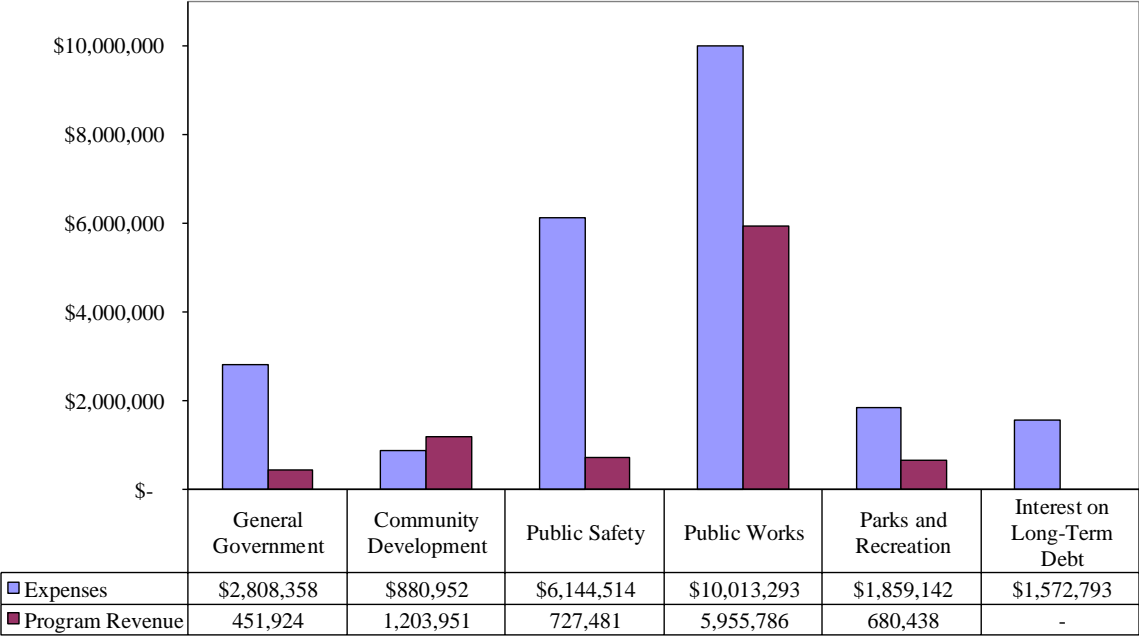
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 2,401,458	\$ 2,661,439	\$ 13,006,090	\$ 15,112,463	\$ 15,407,548	\$ 17,773,902
Operating grants and Contributions	740,935	581,227	-	-	740,935	581,227
Capital grants and Contributions	5,877,187	4,327,779	-	-	5,877,187	4,327,779
General revenues:						
Property taxes	16,612,868	16,134,882	-	-	16,612,868	16,134,882
Franchise taxes	191,425	195,656	-	-	191,425	195,656
Other	746,129	1,315,541	155,687	503,234	901,816	1,818,775
Total revenues	<u>26,570,002</u>	<u>25,216,524</u>	<u>13,161,777</u>	<u>15,615,697</u>	<u>39,731,779</u>	<u>40,832,221</u>
Expenses						
General government	2,808,358	2,635,204	-	-	2,808,358	2,635,204
Community development	880,952	1,126,253	-	-	880,952	1,126,253
Public safety	6,144,514	6,080,356	-	-	6,144,514	6,080,356
Public works	10,013,293	7,655,405	-	-	10,013,293	7,655,405
Park and recreation	1,859,142	1,664,785	-	-	1,859,142	1,664,785
Interest on long-term debt	1,572,793	1,793,677	-	-	1,572,793	1,793,677
Water and sewer	-	-	8,401,436	8,505,471	8,401,436	8,505,471
Storm water	-	-	1,684,442	1,581,519	1,684,442	1,581,519
Liquor	-	-	3,661,334	4,046,382	3,661,334	4,046,382
Street light	-	-	335,488	331,931	335,488	331,931
Sports dome	-	-	466,643	490,481	466,643	490,481
Total expenses	<u>23,279,052</u>	<u>20,955,680</u>	<u>14,549,343</u>	<u>14,955,784</u>	<u>37,828,395</u>	<u>35,911,464</u>
Increase (decrease) in net position before transfers	3,290,950	4,260,844	(1,387,566)	659,913	1,903,384	4,920,757
Transfers	(2,724,755)	758,571	2,724,755	(758,571)	-	-
Increase (decrease) in net position	566,195	5,019,415	1,337,189	(98,658)	1,903,384	4,920,757
Net position - beginning, as previously stated	89,346,130	84,326,715	68,543,505	68,642,163	157,889,635	152,968,878
Change in accounting principle	(6,397,843)	-	(1,093,920)	-	(7,491,763)	-
Net position beginning, as restated	<u>82,948,287</u>	<u>84,326,715</u>	<u>67,449,585</u>	<u>68,642,163</u>	<u>150,397,872</u>	<u>152,968,878</u>
Net position - ending	<u>\$ 83,514,482</u>	<u>\$ 89,346,130</u>	<u>\$ 68,786,774</u>	<u>\$ 68,543,505</u>	<u>\$ 152,301,256</u>	<u>\$ 157,889,635</u>

**City of Savage
Management's Discussion and Analysis**

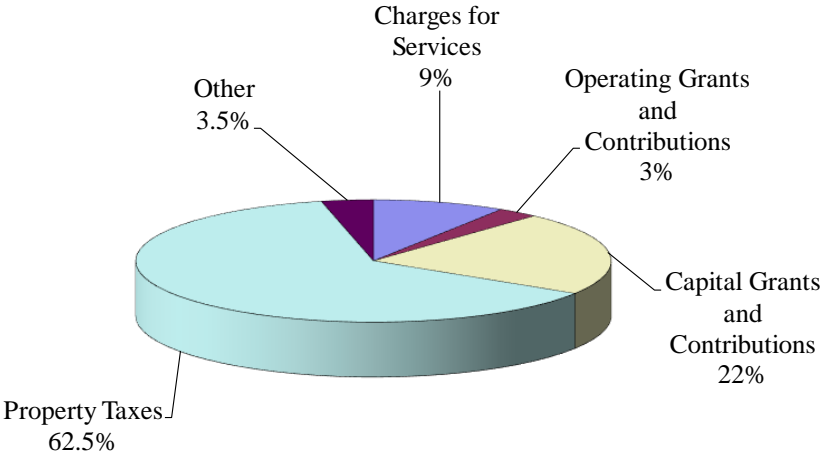
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Below are specific graphs which provide comparison of the governmental activities revenues and expenses.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

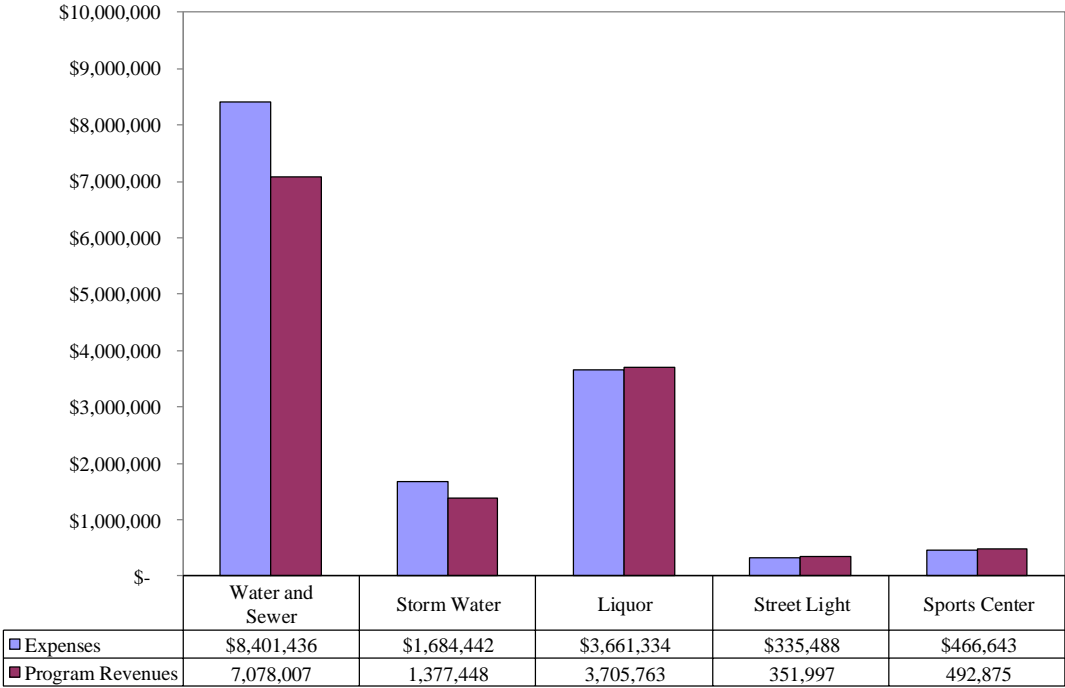


**City of Savage
Management’s Discussion and Analysis**

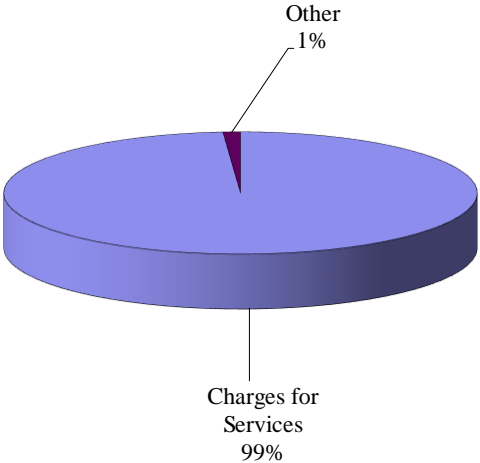
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities – Business-type activities increased the City’s net position by \$1,337,189. This increase is attributable to increased investment earnings that occurred with the stronger market. Shown below are graphs which show the business-type activities revenues and expense components.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



City of Savage Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'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 \$40,193,665. A small amount (15%), \$6,040,687 is classified as unassigned. There is \$797,961 that is classified as nonspendable. The restricted fund balances consist of \$21,842,983 to meet debt service requirements, \$3,067,376 for capital projects, and \$1,943,773 for park and trail improvements. The remainder of fund balance \$6,500,885 is considered to be assigned or committed and unavailable for discretionary spending.

The large fluctuation in the Change in Net Position between FY2014 and FY2015 (disregarding the Change in Accounting Principle) is mainly due to one particularly large capital project and the timing of the funding sources, expenses, and transfers in and out of this Capital fund. The 154th Street Phase III project spanned five years from start to finish. Both G.O. and Utility Revenue bonds were issued across the years to finance this project. Municipal State Aid dollars were also budgeted as a financial resource for this project. However, with no other street projects that qualified for MSA funding during this time period, the City's MSA construction account had grown to a point of possibly receiving a negative "needs" adjustment from the State at the end of 2015. In order to avoid such a reduction, it was determined to submit the maximum MSA amount that this project qualified for. Due to this increased MSA funding source (higher than what was budgeted), there were unused bond proceeds to redistribute. With large upcoming water and sewer projects in 2016, the City determined the best option would be to transfer the \$2 million bond proceeds back to the Water and Sewer Utility fund to help lower the new revenue bonds amounts needed. In 2014, there was a transfer from the Water and Sewer fund to this capital project fund (prior to the realization of the MSA funding situation). These transfers account for the large swing in net position between the two years.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$6,858,241. \$6,783,256 is unassigned; the remaining balance is assigned or nonspendable for prepaid items and inventory. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent respectively 54% and 55% of total General Fund expenditures.

**City of Savage
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

The City's fund balance in the General Fund increased by \$130,790 during the current fiscal year. The net change to revenues from the prior year is a \$391,851 increase. Changes from the prior year to note in revenue categories within the General Fund are as follows:

- Ad Valorem Taxes and miscellaneous taxes increased by \$690,927 due to an increased levy.
- License and permits decreased by \$162,820 due to a fluctuation in development activity.
- Intergovernmental revenues increased by \$40,917 due to a federal grant and increased fire relief state aid.
- Charges for services decreased by \$15,830 due to slightly less engineering services on non-city owned projects.
- Fines and forfeitures decreased by \$47,892 due to the ending of the joint powers agreement for prosecution services.
- Investment income decreased by \$151,804 due to negative changes in fair market values as of December 31, 2015.
- Other miscellaneous income increased by \$38,353.

Expenditures increased \$249,880 over the prior year. Changes from the prior year to note in expenditure categories within the General Fund are as follows:

- Public Safety expenditures increased by \$115,526 due to staffing and health insurance increases.
- Parks & Recreation expenditures increased by \$135,110 due to additional staffing.
- General Government expenditures increased by \$35,985 due to health insurance increases.
- Community Development expenditures increased by \$42,647 due to increased building permit staffing for additional development needs and health insurance increases.

The G.O. Improvement Bonds Debt Service Fund has a total fund balance of \$16,316,262 which is restricted for the payment of debt service.

The TH13/150th Street Intersection Improvement is a new major fund for 2015. This is a joint project with the City of Prior Lake as the project area straddles the border of Prior Lake and Savage. The projected total cost of the project is approximately \$8.8 million. The City of Savage is the Project Lead and Paying Agent for this construction project. The City of Savage is responsible for all vendor and contractor payments and the tracking thereof, and subsequently invoices the City of Prior Lake for their portion of the expenditures. A large portion of this project is funded by the Minnesota Department of Transportation (\$2.22 million). The two cities have a signed cost-share agreement that details the administration, responsibilities, and financial obligations of each city. Prior Lake's portion of the project is approximately \$3.85 million and the City of Savage's portion is approximately \$2.72 million.

**City of Savage
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

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 Water and Sewer Funds at the end of the year amounted to \$4,334,277; those for the Storm Water Fund, \$5,790,478; Municipal Liquor Fund, (\$95,960); Street Light Fund, \$339,856 and Sports Center Fund, (\$117,667).

Again, as noted in the Governmental Activities analysis, the 154th Street project transfers to and from the Water & Sewer Utility fund in the years 2014 and 2015 account for the majority of the large fluctuation in Net Position in the two years. The timing of revenues and expenditures for other capital projects account for the remainder of the change.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget was \$0, both revenues and expenditures were increased by \$16,700 due to donations received and their related expenditures.

Revenues were \$517,461 more than budgeted. Revenue variances from final budget to actual in areas where actual exceeded budget include:

- Licenses and permits \$139,124 due to positive change in the economy and related development activity.
- Intergovernmental \$221,830 due to police and fire insurance premium aid and a federal grant.
- Charges for services \$230,325 due to positive change in the economy and related development activity.

Expenditures were \$639,380 less than the final budgeted amount. Almost all areas of expenditures were under budget due to conservative spending and use of our resources by all staff. The City continues to implement immediate cost saving measures as they become identified. Areas where there were significant reduced expenditures beyond the conservative spending include:

- General government (\$104,871) due to cost savings in supplies, professional services.
- Community development (\$26,482) due to staffing adjustments.
- Public safety (\$171,264) due to decreased fire calls and vacant police positions.
- Public works (\$214,137) due to wages, insurance, repairs, and supplies savings.
- Recreation (\$122,626) due to supplies, other services, and some staff savings.

**City of Savage
Management's Discussion and Analysis**

CAPITAL AND DEBT ADMINISTRATION

Capital Position/Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$173,715,700 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Several street construction projects in new residential developments and widening and expansion projects for existing streets completed. The largest of these was the completion and finalization of the 154th Street Phase III Improvements.

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,458,583	\$ 5,458,583	\$ 1,744,972	\$ 1,744,972	\$ 7,203,555	\$ 7,203,555
Right of Ways and Easements	754,344	754,344	-	-	754,344	754,344
Land Improvements	3,433,807	3,343,303	406,649	469,020	3,840,456	3,812,323
Buildings and Structures	24,347,663	24,474,653	17,002,336	17,651,352	41,349,999	42,126,005
Furniture and Equipment	5,104,347	4,940,105	1,665,727	1,643,636	6,770,074	6,583,741
Improvements Other than Buildings	57,223,301	54,622,507	52,556,704	50,979,349	109,780,005	105,601,856
Construction in Progress	3,154,398	7,970,426	862,869	5,083,616	4,017,267	13,054,042
Total	<u>\$ 99,476,443</u>	<u>\$ 101,563,921</u>	<u>\$ 74,239,257</u>	<u>\$ 77,571,945</u>	<u>\$ 173,715,700</u>	<u>\$ 179,135,866</u>

Additional information on the City's capital assets can be found in Note 6 on pages 62-64 of this report.

Long-Term Debt – At the end of the current fiscal year, the City had total long-term debt outstanding of \$76,612,598. The City retired \$7,190,000 in governmental debt during the year and an additional \$4,066,000 in business-type debt.

The City had two new bond issues during 2015 listed below:

- The G.O. Improvement Bonds, Series 2015A totaling \$7,175,000 were issued to finance various street improvements, major street developments and capital equipment purchases.
- The G.O. Crossover Refunding Bonds, Series 2015B totaling \$2,730,000 were issued to refund G.O. Improvement Bonds, Series 2006A. This refunding achieved a net present value interest savings of approximately \$219,575.

**City of Savage
Management's Discussion and Analysis**

CAPITAL AND DEBT ADMINISTRATION (CONTINUED)

Outstanding Debt – G.O. Improvement Bonds, G.O. Tax Abatement and Tax Increment Bonds, Special Assessment Bonds, Capital Leases and Notes Payable and Revenue Bonds.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
G.O. Bonds,						
Notes and Capital Leases	\$ 16,715,000	\$ 15,195,000	\$ -	\$ -	\$ 16,715,000	\$ 15,195,000
Tax Abatement Bonds	-	-	4,325,000	4,620,000	4,325,000	4,620,000
Special Assessment Debt with Governmental Commitment	37,841,200	39,456,200	-	-	37,841,200	39,456,200
Revenue Bonds and Notes	<u>755,000</u>	<u>1,020,000</u>	<u>15,579,195</u>	<u>16,275,195</u>	<u>16,334,195</u>	<u>17,295,195</u>
Total	<u>\$ 55,311,200</u>	<u>\$ 55,671,200</u>	<u>\$ 19,904,195</u>	<u>\$ 20,895,195</u>	<u>\$ 75,215,395</u>	<u>\$ 76,566,395</u>

As of May 29, 2009, the City has an “AA+” rating from Standard & Poor’s for G.O. debt and revenue bonds. In August 2007, Moody’s rated the City at “Aa3”, an upgrade at that time from an “A1”. Previously, the City had been upgraded in May of 2006 from an “A2”.

Minnesota Statutes limit the amount of G.O. debt a governmental entity may issue to 3% of its total assessed valuation. The current debt limitation for the City is \$45,307,663, which is significantly in excess of the City’s outstanding G.O. debt.

Additional information on the City’s long-term debt note can be found in Note 8 on pages 66-70 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- Growth in the City’s tax base is expected to continue into 2016 in both residential and commercial sectors. Preliminary valuation information from Scott County shows Savage’s tax capacity growth for taxes payable in 2017 at 6.85%. Additionally, the City is experiencing an increase in the existing property values which may enhance this growth.
- Water and sewer rates had a 2.5% increase in 2015 and a 2.5% increase in 2016.
- Storm water rates had no increase in 2015 and no increase for 2016.
- Street light rates had no increase in 2015 and no increase for 2016.
- The General Fund 2016 budget shows no reliance on fund balance to balance the budget.
- As in the past few years, the City’s 2016 budget includes a \$50,000 General Fund budget contingency. The separate “special projects” contingency of \$20,000 was removed for 2016.
- Due to some recovery in the assessed property values and overall change in the City’s tax base (increased 4.9%) there was a 1.72% decrease in the City’s tax rate for 2016. We have also continued to adhere to our practice of maintaining building permit revenue projections at very conservative levels. The City has also totally removed from its’ budget any reliance on the receipt of financial aid from the state with the exception of police and fire aid.

**City of Savage
Management's Discussion and Analysis**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

- Our adherence to fiscally responsible spending has served us well in weathering the economic downturn. Cost savings measures implemented beginning with 2009, combined with our conservative approach to spending in 2015, resulted in another positive year-end fund balance carry over. The addition of this carry over to our existing appropriated General Fund balance continues to put the City in a positive position as we begin to prepare for the 2017 budgeting process. The City's 2015 yearend undesignated General Fund balance reserve has been maintained at 50% of the projected 2016 general fund budget expenditures.
- In 2013, the City was named as one of the top 50 small towns in America by Money Magazine. At a ranking of No. 21, the City was recognized for its quaint downtown, low crime rates, job growth, and investment in a \$5 million indoor sports facility that opened in the fall of 2012.
- Post-recession, the State of Minnesota (the "State") has one of the lowest unemployment rates in the Country and Scott County has the lowest unemployment rate in the State. In 2015, the City's tax capacity increased by 4.9% percent. This is the second year in a row that tax capacity increased after four consecutive years of tax capacity declines. Home foreclosures have dropped to levels experienced prior to the recession. Residential home sales of existing owner-occupied units and the demand for new residential construction are high. New single-family housing construction values are generally in excess of \$500,000.00.
- In 2015, the City saw construction begin in several developments including: Stafford Woods, a 18-lot single family development; Trace Waters 5th Addition, a 62-lot single-family subdivision; Connelly Place, a 20-lot single-family subdivision; Redtail Ridge, a 23-lot detached townhomes; and Providence, a subdivision consisting of 130 single-family lots and 82 twin home units. Construction continued at the Springs of Egan Drive, a 288-unit gated apartment community.
- Commercial development activity completed in 2015 included the construction of the 21,600 square-foot Van Tech Industries building in the Eagle Creek Business Park. Development activity scheduled for 2016 will include the construction of the Hy-Vee grocery (98,000 sq.ft.) and convenience center (4,500 sq.ft.) store; Fresh Thyme Market will be occupying 25,000 sq. ft. of space in the former Rainbow Grocery site. The remaining 25,000 sq. ft. of the space will be occupied by Marshalls Clothing. At the southwest corner of Connelly Parkway and TH 13, Ridgecrest Commercial Development will be constructing a two-building complex with a total of 12,200 sq.ft. space that will accommodate up to four tenants – one of which is Noodles & Co.
- Through the first quarter of 2016, the City of Savage had issued 32 single family unit permits. This is a major shift upward from what was experienced in the first quarters of all years 2011 through 2015. Total detached single family unit construction in 2015 equaled 68 units as compared to 76 units in the preceding year, while total attached unit construction equated to 17 units as compared to 294 units in 2014 – the 294 included the 288 units at Springs of Egan Drive.

**City of Savage
Management's Discussion and Analysis**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)

- 2016 is projected to be a busy year for residential development. The owners of the 200-acre Prior Lake Aggregates site, located in the southern portion of the City, submitted an application to establish a tax increment financing district (a "TIF district") to facilitate the property's development. The resolution to establish the TIF district was approved at the City Council meeting on April 20, 2015. This subdivision (Big Sky Estates) will include two additional phases over the next five years to phase in the site's redevelopment. Grading for the first Phase has commenced and will facilitate the development of up to 75 single-family units and prepare a 15-acre site for a future elementary school. It is anticipated that the entire 200-acre site could support the development of up to 500 single-family units over the next five to ten years. Depending on market conditions, portions of the site could also be developed for mid-density housing. If that occurs, the actual overall site development could provide for up to 1,000 housing units. The second phase of the project and the creation of a second TIF district is anticipated to occur in 2016. In 2016 we also believe that the third phase of Creek Hill South will begin construction including the development of 67 lots. Grading is also expected to occur on the Rose Hill single-family development project which includes 59 single-family lots.
- In May of 2016, the ISD 719 School District will be holding a \$130 million dollar referendum that includes funding for a \$50 million dollar expansion to the Sr. High School in Savage and \$40 million dollars for the construction of a new elementary school site in Savage.

All of these factors were considered in preparing the City's budget for the 2016 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 government'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.

BASIC FINANCIAL STATEMENTS

**City of Savage
Statement of Net Position
December 31, 2015**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (including cash equivalents)	\$ 38,051,020	\$ 14,558,722	\$ 52,609,742
Cash with fiscal agent	3,016,079	-	3,016,079
Receivables			
Accounts receivable	329,439	1,541,901	1,871,340
Interest receivable	176,666	-	176,666
Taxes receivable	196,077	-	196,077
Special assessments receivable	6,523,338	323,651	6,846,989
Notes receivable	939,572	-	939,572
Internal balances	73,707	(73,707)	-
Due from other governments	728,707	-	728,707
Inventories	6,114	753,191	759,305
Prepaid items	52,275	1,480	53,755
Assets held for resale	820,072	116,741	936,813
Capital assets not being depreciated			
Land	5,458,583	1,744,972	7,203,555
Construction in progress	3,154,398	862,869	4,017,267
Right of ways and easements	754,344	-	754,344
Capital assets net of accumulated depreciation			
Land improvements	3,433,807	406,649	3,840,456
Buildings and structures	24,347,663	17,002,336	41,349,999
Furniture and equipment	5,104,347	1,665,727	6,770,074
Improvements other than buildings	57,223,301	52,556,704	109,780,005
Total assets	150,389,509	91,461,236	241,850,745
Deferred Outflows of Resources			
Deferred charge on refunding	818,506	-	818,506
Deferred outflows of resources related to pension	1,660,632	165,270	1,825,902
Total deferred outflows of resources	2,479,138	165,270	2,644,408
Total assets and deferred outflows of resources	\$ 152,868,647	\$ 91,626,506	\$ 244,495,153
Liabilities			
Accounts and contracts payable	\$ 1,600,208	\$ 309,638	\$ 1,909,846
Interest payable	703,603	259,831	963,434
Salaries and benefits payable	345,892	63,131	409,023
Due to other governments	60	55,472	55,532
Deposits	701,188	59,453	760,641
Unearned revenue	1,046	198,327	199,373
Bonds payable, net			
Payable within one year	9,860,000	2,420,000	12,280,000
Payable after one year	44,584,505	15,497,698	60,082,203
Notes payable			
Payable within one year	-	571,000	571,000
Payable after one year	-	1,839,395	1,839,395
Capital lease payable			
Payable within one year	100,000	-	100,000
Payable after one year	1,740,000	-	1,740,000
Compensated absences payable			
Payable within one year	987,308	144,171	1,131,479
Payable after one year	329,102	48,056	377,158
Other post employment benefits (OPEB) obligation	334,481	74,524	409,005
Net pension liability	7,165,620	1,189,705	8,355,325
Total liabilities	68,453,013	22,730,401	91,183,414
Deferred Inflows of Resources			
Deferred Inflows of Resources Related to Pensions	901,152	109,331	1,010,483
Net Position			
Net investment in capital assets	56,788,519	58,349,577	105,597,787
Restricted for			
Debt service	24,419,164	186,213	24,605,377
Park dedication fees	1,960,332	-	1,960,332
Unrestricted	346,467	10,250,984	20,137,760
Total net position	83,514,482	68,786,774	152,301,256
Total liabilities, deferred inflows of resources, and net position	\$ 152,868,647	\$ 91,626,506	\$ 244,495,153

See notes to financial statements.

**City of Savage
Statement of Activities
Year Ended December 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 2,808,358	\$ 451,924	\$ -	\$ -	\$ (2,356,434)	\$ -	\$ (2,356,434)
Community development	880,952	1,072,049	131,902	-	322,999	-	322,999
Public safety	6,144,514	138,373	589,108	-	(5,417,033)	-	(5,417,033)
Public works	10,013,293	509,220	-	5,446,566	(4,057,507)	-	(4,057,507)
Parks and recreation	1,859,142	229,892	19,925	430,621	(1,178,704)	-	(1,178,704)
Interest and fiscal charges	1,572,793	-	-	-	(1,572,793)	-	(1,572,793)
Total governmental activities	<u>23,279,052</u>	<u>2,401,458</u>	<u>740,935</u>	<u>5,877,187</u>	<u>(14,259,472)</u>	<u>-</u>	<u>(14,259,472)</u>
Business-type activities							
Water and sewer	8,401,436	7,078,007	-	-	-	(1,323,429)	(1,323,429)
Storm water	1,684,442	1,377,448	-	-	-	(306,994)	(306,994)
Municipal liquor	3,661,334	3,705,763	-	-	-	44,429	44,429
Street light	335,488	351,997	-	-	-	16,509	16,509
Sports center	466,643	492,875	-	-	-	26,232	26,232
Total business-type activities	<u>14,549,343</u>	<u>13,006,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,543,253)</u>	<u>(1,543,253)</u>
Total governmental and business-type activities	<u>\$ 37,828,395</u>	<u>\$ 15,407,548</u>	<u>\$ 740,935</u>	<u>\$ 5,877,187</u>	<u>(14,259,472)</u>	<u>(1,543,253)</u>	<u>(15,802,725)</u>
General revenues							
Property taxes					16,612,868	-	16,612,868
Franchise taxes					191,425	-	191,425
Unrestricted investment earnings					480,193	153,310	633,503
Other general revenues					-	2,377	2,377
Gain on sale of asset					265,936	-	265,936
Transfers					<u>(2,724,755)</u>	<u>2,724,755</u>	<u>-</u>
Total general revenues and transfers					<u>14,825,667</u>	<u>2,880,442</u>	<u>17,706,109</u>
Change in net position					566,195	1,337,189	1,903,384
Net position - beginning					<u>89,346,130</u>	<u>68,543,505</u>	<u>157,889,635</u>
Change in accounting principle (see Note 20)					<u>(6,397,843)</u>	<u>(1,093,920)</u>	<u>(7,491,763)</u>
Net position - beginning, as restated					<u>82,948,287</u>	<u>67,449,585</u>	<u>150,397,872</u>
Net position - ending					<u>\$ 83,514,482</u>	<u>\$ 68,786,774</u>	<u>\$ 152,301,256</u>

City of Savage
Balance Sheet - Governmental Funds
December 31, 2015

	General	Debt Service G.O. Improvement Bonds	Capital Projects TH13/150th Intersection Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 7,486,297	\$ 15,453,874	\$ 399,794	\$ 13,267,711	\$ 36,607,676
Cash with fiscal agent	-	-	-	3,016,079	3,016,079
Taxes receivable - current	51,236	15,328	-	6,367	72,931
Taxes receivable - delinquent	80,474	30,407	-	12,265	123,146
Special assessments receivable					
Current	-	15,165	-	671	15,836
Delinquent	2,178	24,756	-	1,959	28,893
Deferred	29,687	5,618,931	-	829,991	6,478,609
Accounts receivable	201,085	-	-	128,354	329,439
Interest receivable	167,807	-	-	8,859	176,666
Notes receivable	-	-	-	939,572	939,572
Due from other funds	73,707	831,895	-	6,931	912,533
Due from other governments	7,672	-	721,035	-	728,707
Inventory	6,114	-	-	-	6,114
Prepaid items	52,275	-	-	-	52,275
Assets held for resale	-	-	-	820,072	820,072
	<u>\$ 8,158,532</u>	<u>\$ 21,990,356</u>	<u>\$ 1,120,829</u>	<u>\$ 19,038,831</u>	<u>\$ 50,308,548</u>
Liabilities					
Accounts and contracts payable	\$ 171,059	\$ -	\$ 874,477	\$ 551,687	\$ 1,597,223
Due to other governments	60	-	-	-	60
Salaries and benefits payable	334,640	-	-	11,252	345,892
Due to other funds	-	-	-	838,826	838,826
Deposits	681,147	-	-	20,041	701,188
Deferred revenue	1,046	-	-	-	1,046
Total liabilities	<u>1,187,952</u>	<u>-</u>	<u>874,477</u>	<u>1,421,806</u>	<u>3,484,235</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	80,474	30,407	-	12,265	123,146
Unavailable revenue - special assessments	31,865	5,643,687	-	831,950	6,507,502
Total deferred inflows of resources	<u>112,339</u>	<u>5,674,094</u>	<u>-</u>	<u>844,215</u>	<u>6,630,648</u>
Fund Balances (Deficits)					
Nonspendable	58,389	-	-	739,572	797,961
Restricted	-	16,316,262	246,352	10,291,518	26,854,132
Committed	-	-	-	2,060,967	2,060,967
Assigned	16,596	-	-	4,423,322	4,439,918
Unassigned	6,783,256	-	-	(742,569)	6,040,687
Total fund balances	<u>6,858,241</u>	<u>16,316,262</u>	<u>246,352</u>	<u>16,772,810</u>	<u>40,193,665</u>
	<u>\$ 8,158,532</u>	<u>\$ 21,990,356</u>	<u>\$ 1,120,829</u>	<u>\$ 19,038,831</u>	<u>\$ 50,308,548</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,158,532</u>	<u>\$ 21,990,356</u>	<u>\$ 1,120,829</u>	<u>\$ 19,038,831</u>	<u>\$ 50,308,548</u>

City of Savage
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2015

Total fund balances - governmental funds \$ 40,193,665

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	188,560,934
Less accumulated depreciation	(89,084,491)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	(53,471,200)
Unamortized bond premium and discount	(973,305)
Capital leases payable	(1,840,000)
Compensated absences payable	(1,316,410)
Deferred charge on lease revision	122,460
Deferred charge on refunding	696,046
Net pension liability	(7,165,620)

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Taxes	123,146
Special assessments	28,893

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments	6,478,609
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Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(901,152)
Deferred outflows of resources related to pensions	1,660,632

Governmental funds do not report a liability for accrued interest due and payable.

(703,603)

Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

1,105,878

Total net position - governmental activities

\$ 83,514,482

City of Savage
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2015

	General	Debt Service G.O. Improvement Bonds	Capital Projects TH13/150th Intersection Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Taxes ad valorem	\$ 11,055,538	\$ 4,115,315	\$ -	\$ 1,529,975	\$ 16,700,828
Franchise taxes	-	-	-	191,425	191,425
Special assessments	1,720	1,629,403	-	1,049,863	2,680,986
Licenses and permits	689,799	288,920	-	600	979,319
Intergovernmental	554,318	-	1,502,053	2,984,256	5,040,627
Charges for services	852,315	-	-	465,702	1,318,017
Fines and forfeitures	110,039	-	-	-	110,039
Miscellaneous					
Investment income	108,609	186,708	2,079	159,317	456,713
Contributions and donations	16,765	-	-	10,500	27,265
Rent	54,568	-	-	276,834	331,402
Refunds and reimbursements	14,425	-	400	2,616	17,441
Other	21,627	-	-	113,626	135,253
Total revenues	<u>13,479,723</u>	<u>6,220,346</u>	<u>1,504,532</u>	<u>6,784,714</u>	<u>27,989,315</u>
Expenditures					
Current					
General government	2,172,970	-	-	368,010	2,540,980
Community development	717,331	-	-	78,492	795,823
Public safety	5,873,216	-	-	-	5,873,216
Public works	2,211,713	-	-	-	2,211,713
Parks and recreation	1,526,529	-	-	1,589	1,528,118
Debt service					
Principal	-	5,255,000	-	1,935,000	7,190,000
Interest and other charges	-	1,090,266	15,927	629,674	1,735,867
Capital outlay					
General government	-	-	-	130,259	130,259
Community development	-	-	-	21,191	21,191
Public safety	7,174	-	-	577,726	584,900
Public works	-	-	2,949,305	3,120,609	6,069,914
Parks and recreation	-	-	-	510,666	510,666
Total expenditures	<u>12,508,933</u>	<u>6,345,266</u>	<u>2,965,232</u>	<u>7,373,216</u>	<u>29,192,647</u>
Excess of revenues over (under) expenditures	970,790	(124,920)	(1,460,700)	(588,502)	(1,203,332)
Other Financing Sources (Uses)					
Proceeds from sale of capital asset	-	-	-	287,965	287,965
Bonds issued	-	-	1,785,000	2,315,000	4,100,000
Bond premium	-	75,684	36,223	153,438	265,345
Issuance of refunding bonds	-	-	-	2,730,000	2,730,000
Transfers in	200,000	719	97,999	4,229,062	4,527,780
Transfers out	(1,040,000)	(790,469)	(212,170)	(4,527,750)	(6,570,389)
Total other financing sources (uses)	<u>(840,000)</u>	<u>(714,066)</u>	<u>1,707,052</u>	<u>5,187,715</u>	<u>5,340,701</u>
Net change in fund balances	130,790	(838,986)	246,352	4,599,213	4,137,369
Fund Balances					
Beginning of year	<u>6,727,451</u>	<u>17,155,248</u>	<u>-</u>	<u>12,173,597</u>	<u>36,056,296</u>
End of year	<u>\$ 6,858,241</u>	<u>\$ 16,316,262</u>	<u>\$ 246,352</u>	<u>\$ 16,772,810</u>	<u>\$ 40,193,665</u>

**City of Savage
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2015**

Net change in fund balances - governmental funds \$ 4,137,369

Amounts reported for governmental activities in the Statement of Activities
Are different because:

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.

Capital outlays	5,605,012
Depreciation expense	(6,988,315)
Loss on disposal	(22,029)
Assets contributed to enterprise fund	(682,146)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the statement of activities. 79,752

Payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the statement of activities.

Principal payments	
Bonds payable	7,100,000
Capital lease payable	90,000

Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (167,864)

Amortization of deferred charges 39,340

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 expenditure in the funds when it is due and, thus, requires 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. 16,893

Proceeds from long-term debt are recognized as an other financing source in the governmental funds but have no impact on net position in the statement of activities. (6,830,000)

Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property taxes delinquent	(87,960)
Special assessments delinquent	(11,833)
Special assessments deferred	(1,636,386)

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the statement of activities factors in items related to pensions on a full accrual perspective.

Pension expense	(8,297)
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Internal service funds are used by management to charge the costs of insurance and capital equipment to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities in the government-wide financial statements. (67,341)

Change in net position - governmental activities \$ 566,195

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City of Savage
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes ad valorem	\$ 11,058,385	\$ 11,058,385	\$ 11,055,538	\$ (2,847)
Special assessments	-	-	1,720	1,720
Licenses and permits	550,675	550,675	689,799	139,124
Intergovernmental	470,112	471,612	554,318	82,706
Charges for services	621,990	621,990	852,315	230,325
Fines	25,000	25,000	110,039	85,039
Miscellaneous				
Investment income	150,000	150,000	108,609	(41,391)
Contributions and donations	7,000	22,200	16,765	(5,435)
Rent	41,000	41,000	54,568	13,568
Refunds and reimbursements	5,000	5,000	14,425	9,425
Other	16,400	16,400	21,627	5,227
Total revenues	<u>12,945,562</u>	<u>12,962,262</u>	<u>13,479,723</u>	<u>517,461</u>
Expenditures				
Current				
General government	2,290,475	2,272,841	2,172,970	(99,871)
Community development	746,154	743,813	717,331	(26,482)
Public safety	6,072,302	6,040,119	5,873,216	(166,903)
Public works	2,455,855	2,425,850	2,211,713	(214,137)
Parks and recreation	1,600,292	1,649,155	1,526,529	(122,626)
Capital outlay				
General government	5,000	5,000	-	(5,000)
Public safety	11,535	11,535	7,174	(4,361)
Total expenditures	<u>13,181,613</u>	<u>13,148,313</u>	<u>12,508,933</u>	<u>(639,380)</u>
Excess of revenues over (under) expenditures	(236,051)	(186,051)	970,790	1,156,841
Other Financing Sources (Uses)				
Transfers in	250,000	200,000	200,000	-
Transfers out	<u>(225,000)</u>	<u>(225,000)</u>	<u>(1,040,000)</u>	<u>(815,000)</u>
Total other financing sources (uses)	<u>25,000</u>	<u>(25,000)</u>	<u>(840,000)</u>	<u>(815,000)</u>
Net change in fund balance	<u>\$ (211,051)</u>	<u>\$ (211,051)</u>	130,790	<u>\$ 341,841</u>
Fund Balance				
Beginning of year			<u>6,727,451</u>	
End of year			<u>\$ 6,858,241</u>	

City of Savage
Statement of Net Position - Proprietary Funds
December 31, 2015

	Water and Sewer	Storm Water	Municipal Liquor
Assets			
Current assets			
Cash and investments (including cash equivalents)	\$ 8,328,601	\$ 5,815,470	\$ -
Special assessments receivable			
Current	3,039	-	-
Delinquent	27,746	-	-
Deferred	261,029	31,837	-
Accounts receivable	1,143,763	238,131	46,823
Inventories	-	-	753,191
Prepaid items	-	-	1,480
Assets held for resale	-	116,741	-
Total current assets	9,764,178	6,202,179	801,494
Noncurrent assets			
Capital assets			
Land	1,371,272	-	373,700
Construction in progress	342,478	519,651	-
Land improvements	703,205	-	66,485
Buildings and structures	20,221,918	-	2,400,825
Furniture and equipment	4,228,401	373,408	147,481
Improvements other than buildings	93,576,566	23,823,635	-
Total capital assets	120,443,840	24,716,694	2,988,491
Less accumulated depreciation	(65,695,002)	(12,007,089)	(968,140)
Net capital assets	54,748,838	12,709,605	2,020,351
Total assets	64,513,016	18,911,784	2,821,845
Deferred Outflows of Resources			
Deferred outflows of resources related to city pensions	95,575	12,511	52,758
Total assets and deferred outflows of resources	\$ 64,608,591	\$ 18,924,295	\$ 2,874,603
Liabilities			
Current liabilities			
Accounts and contracts payable	\$ 58,753	\$ 55,483	\$ 144,893
Interest payable	195,367	11,764	14,246
Salaries and benefits payable	36,247	3,791	19,586
Due to other funds	-	-	73,707
Due to other governments	17,798	-	36,616
Deposits	2,300	57,153	-
Unearned revenue	-	177,509	1,199
Long-term liabilities due within one year	2,333,954	325,377	173,509
Total current liabilities	2,644,419	631,077	463,756
Noncurrent liabilities			
Compensated absences	144,272	13,502	31,345
Bonds payable, net	11,975,276	872,582	642,136
Notes payable	2,410,395	-	-
Opeb obligation	40,013	6,669	27,724
Net pension liability	688,001	90,064	379,782
Less amount due within one year	(2,333,954)	(325,377)	(173,509)
Total noncurrent liabilities	12,924,003	657,440	907,478
Total liabilities	15,568,422	1,288,517	1,371,234
Deferred Inflows of Resources			
Deferred inflows of resources related to city pensions	63,225	8,277	34,901
Net Position			
Net investment in capital assets	44,642,667	11,837,023	1,378,215
Restricted for debt service	-	-	186,213
Unrestricted	4,334,277	5,790,478	(95,960)
Total net position	48,976,944	17,627,501	1,468,468
Total liabilities, deferred inflows of resources, and net position	\$ 64,608,591	\$ 18,924,295	\$ 2,874,603

See notes to financial statements.

<u>Street Light</u>	<u>Sports Center</u>	<u>Total</u>	<u>Internal Service Fund - Insurance</u>
\$ 295,016	\$ 119,635	\$ 14,558,722	\$ 1,443,344
-	-	3,039	-
-	-	27,746	-
-	-	292,866	-
68,667	44,517	1,541,901	-
-	-	753,191	-
-	-	1,480	-
-	-	116,741	-
<u>363,683</u>	<u>164,152</u>	<u>17,295,686</u>	<u>1,443,344</u>
-	-	1,744,972	-
740	-	862,869	-
-	500,000	1,269,690	-
-	4,256,087	26,878,830	-
-	7,345	4,756,635	-
590,099	-	117,990,300	-
<u>590,839</u>	<u>4,763,432</u>	<u>153,503,296</u>	<u>-</u>
<u>(237,215)</u>	<u>(356,593)</u>	<u>(79,264,039)</u>	<u>-</u>
<u>353,624</u>	<u>4,406,839</u>	<u>74,239,257</u>	<u>-</u>
<u>717,307</u>	<u>4,570,991</u>	<u>91,534,943</u>	<u>1,443,344</u>
-	4,426	165,270	-
<u>\$ 717,307</u>	<u>\$ 4,575,417</u>	<u>\$ 91,700,213</u>	<u>\$ 1,443,344</u>
\$ 23,827	\$ 26,682	\$ 309,638	\$ 2,985
-	38,454	259,831	-
-	3,507	63,131	-
-	-	73,707	-
-	1,058	55,472	-
-	-	59,453	-
-	19,619	198,327	-
-	302,331	3,135,171	-
<u>23,827</u>	<u>391,651</u>	<u>4,154,730</u>	<u>2,985</u>
-	3,108	192,227	-
-	4,427,704	17,917,698	-
-	-	2,410,395	-
-	118	74,524	334,481
-	31,858	1,189,705	-
-	(302,331)	(3,135,171)	-
-	4,160,457	18,649,378	334,481
<u>23,827</u>	<u>4,552,108</u>	<u>22,804,108</u>	<u>337,466</u>
-	2,928	109,331	-
353,624	138,048	58,349,577	-
-	-	186,213	-
339,856	(117,667)	10,250,984	1,105,878
<u>693,480</u>	<u>20,381</u>	<u>68,786,774</u>	<u>1,105,878</u>
<u>\$ 717,307</u>	<u>\$ 4,575,417</u>	<u>\$ 91,700,213</u>	<u>\$ 1,443,344</u>

City of Savage
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
For the Year Ended December 31, 2015

	Water and Sewer	Storm Water	Municipal Liquor
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues			
Charges for services	\$ 6,856,030	\$ 1,281,158	\$ 3,627,102
Special assessments	18,398	72,244	-
Other revenue	203,579	24,046	78,661
Total operating revenues	<u>7,078,007</u>	<u>1,377,448</u>	<u>3,705,763</u>
Operating Expenses			
Cost of sales	-	-	2,773,987
Salaries and benefits	1,156,114	154,605	588,110
Professional services	1,217,697	205,920	78,456
Advertising	-	-	1,659
Shop supplies	160,483	-	-
Sewer charges - MCES	1,593,507	-	-
Utilities	251,458	-	49,851
Depreciation	3,364,638	801,840	65,114
Repairs and maintenance	84,373	446,481	11,462
Rent	99	-	-
Postage	40,426	8,605	-
Telephone	10,089	-	4,354
Insurance	30,643	14	11,879
Office and other supplies	74,029	30,358	17,345
Miscellaneous	21,155	9,437	21,457
Total operating expenses	<u>8,004,711</u>	<u>1,657,260</u>	<u>3,623,674</u>
Operating income (loss)	(926,704)	(279,812)	82,089
Nonoperating Revenues (Expenses)			
Investment income	60,994	87,861	-
Other revenue	159	-	-
Interest expense and other charges	(396,725)	(27,182)	(37,660)
Total nonoperating revenues (expenses)	<u>(335,572)</u>	<u>60,679</u>	<u>(37,660)</u>
Income (loss) before capital contributions and transfers	(1,262,276)	(219,133)	44,429
Capital contributions	264,421	417,725	-
Transfers in	1,992,609	250,000	-
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>-</u>
Change in net position	794,754	448,592	44,429
Net Position			
Beginning of year	<u>48,814,799</u>	<u>17,261,722</u>	<u>1,773,244</u>
Change in accounting principle	<u>(632,609)</u>	<u>(82,813)</u>	<u>(349,205)</u>
Beginning of year, as restated	<u>48,182,190</u>	<u>17,178,909</u>	<u>1,424,039</u>
End of year	<u>\$ 48,976,944</u>	<u>\$ 17,627,501</u>	<u>\$ 1,468,468</u>
Net changes in the net position reported above			

Amounts reported for business-type activities in the Statement of Activities are different because:

- Transfers in of capital assets from governmental activities
- Governmental activities contribution revenue reported above

Change in net position of business-type activities

Street Light	Sports Center	Total	Internal Service Fund - Insurance
\$ 351,997	\$ 492,875	\$ 12,609,162	\$ -
-	-	90,642	-
-	-	306,286	433,699
<u>351,997</u>	<u>492,875</u>	<u>13,006,090</u>	<u>433,699</u>
-	-	2,773,987	-
-	76,727	1,975,556	-
3,439	38,341	1,543,853	-
-	-	1,659	-
-	-	160,483	-
-	-	1,593,507	-
302,519	124,836	728,664	-
23,855	119,683	4,375,130	-
3,233	-	545,549	-
-	-	99	-
2,442	-	51,473	-
-	-	14,443	-
-	605	43,141	524,520
-	16,028	137,760	-
-	5,395	57,444	-
<u>335,488</u>	<u>381,615</u>	<u>14,002,748</u>	<u>524,520</u>
16,509	111,260	(996,658)	(90,821)
4,532	(77)	153,310	23,480
-	2,218	2,377	-
-	(85,028)	(546,595)	-
<u>4,532</u>	<u>(82,887)</u>	<u>(390,908)</u>	<u>23,480</u>
21,041	28,373	(1,387,566)	(67,341)
-	-	682,146	-
-	-	2,242,609	-
-	-	(200,000)	-
21,041	28,373	1,337,189	(67,341)
<u>672,439</u>	<u>21,301</u>	<u>68,543,505</u>	<u>1,173,219</u>
-	(29,293)	(1,093,920)	-
<u>672,439</u>	<u>(7,992)</u>	<u>67,449,585</u>	<u>1,173,219</u>
<u>\$ 693,480</u>	<u>\$ 20,381</u>	<u>\$ 68,786,774</u>	<u>\$ 1,105,878</u>
		\$ 1,337,189	
		682,146	
		<u>(682,146)</u>	
		<u>\$ 1,337,189</u>	

City of Savage
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
Cash Flows - Operating Activities		
Receipts from customers and users	\$ 7,133,354	\$ 1,369,292
Receipts on interfund services provided	-	-
Payments to suppliers	(3,391,117)	(772,441)
Cash payments to other funds	-	-
Payments to employees	(1,101,727)	(157,295)
Other revenue	159	-
Net cash flows - operating activities	2,640,669	439,556
Cash Flows - Noncapital Financing Activities		
Advances from (to) other funds	-	-
Transfer in	1,992,609	250,000
Transfer out	(200,000)	-
Net cash flows - noncapital financing activities	1,792,609	250,000
Cash Flows - Capital and Related Financing Activities		
Principal paid on debt	(3,133,000)	(493,000)
Interest paid on debt	(346,079)	(36,484)
Bond proceeds	3,075,000	-
Acquisition of capital assets	(324,821)	(24,030)
Net cash flows - capital and related financing activities	(728,900)	(553,514)
Cash Flows - Investing Activities		
Interest and dividends received	60,994	87,861
Net change in cash and cash equivalents	3,765,372	223,903
Cash and Cash Equivalents		
January 1	4,563,229	5,591,567
December 31	\$ 8,328,601	\$ 5,815,470

See notes to financial statements.

Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Fund - Insurance
Municipal Liquor	Street Light	Sports Center	Total	
\$ 3,704,291	\$ 353,064	\$ 498,181	\$ 13,058,182	\$ -
-	-	-	-	433,699
(2,939,075)	(314,446)	(197,156)	(7,614,235)	-
-	-	-	-	(527,097)
(572,196)	-	(70,043)	(1,901,261)	22,324
-	-	2,218	2,377	-
<u>193,020</u>	<u>38,618</u>	<u>233,200</u>	<u>3,545,063</u>	<u>(71,074)</u>
(9,727)	-	-	(9,727)	-
-	-	-	2,242,609	-
-	-	-	(200,000)	-
<u>(9,727)</u>	<u>-</u>	<u>-</u>	<u>2,032,882</u>	<u>-</u>
(145,000)	-	(295,000)	(4,066,000)	-
(38,293)	-	(94,918)	(515,774)	-
-	-	-	3,075,000	-
-	(11,446)	-	(360,297)	-
<u>(183,293)</u>	<u>(11,446)</u>	<u>(389,918)</u>	<u>(1,867,071)</u>	<u>-</u>
-	4,532	(77)	153,310	23,480
-	31,704	(156,795)	3,864,184	(47,594)
-	263,312	276,430	10,694,538	1,490,938
<u>\$ -</u>	<u>\$ 295,016</u>	<u>\$ 119,635</u>	<u>\$ 14,558,722</u>	<u>\$ 1,443,344</u>

City of Savage
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2015

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities		
Operating income (loss)	\$ (926,704)	\$ (279,812)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities		
Other revenue	159	-
Depreciation expense	3,364,638	801,840
Accounts receivable	28,202	1,263
Special assessments receivable	27,145	14,627
Prepaid items	132,792	-
Inventory	-	-
Accounts and contracts payable	(38,707)	(89,962)
Salaries and benefits payable	2,226	(1,490)
Due to other governments	2,457	-
Deposits	(3,700)	18,336
Unavailable revenue	-	(24,046)
Pension expense	23,044	3,017
OPEB obligation	3,130	439
Compensated absences payable	25,987	(4,656)
Total adjustments	3,567,373	719,368
Net cash flows - operating activities	\$ 2,640,669	\$ 439,556
Noncash Capital and Related Financing Activities		
Capital assets contributed by other funds and developers	\$ 264,421	\$ 417,725

Business-Type Activities - Enterprise Funds				Governmental Activities
Municipal Liquor	Street Light	Sports Center	Total	Internal Service Fund - Insurance
\$ 82,089	\$ 16,509	\$ 111,260	\$ (996,658)	\$ (90,821)
-	-	2,218	2,377	-
65,114	23,855	119,683	4,375,130	-
(1,475)	1,067	6,737	35,794	-
-	-	-	41,772	-
-	-	-	132,792	-
69,201	-	-	69,201	-
(39,989)	(2,813)	(12,626)	(184,097)	(2,577)
(588)	-	2,391	2,539	-
2,163	-	675	5,295	-
-	-	-	14,636	-
3	-	(1,431)	(25,474)	-
12,720	-	1,067	39,848	-
810	-	118	4,497	25,749
2,972	-	3,108	27,411	(3,425)
<u>110,931</u>	<u>22,109</u>	<u>121,940</u>	<u>4,541,721</u>	<u>19,747</u>
<u>\$ 193,020</u>	<u>\$ 38,618</u>	<u>\$ 233,200</u>	<u>\$ 3,545,063</u>	<u>\$ (71,074)</u>

\$ -	\$ -	\$ -	\$ 682,146	\$ -
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City of Savage
Statement of Fiduciary Net Position
December 31, 2015

	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 32,085</u>
Liabilities	
Due to other governments	<u>\$ 32,085</u>

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Savage operates under the "Optional Plan A" form of government as 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 DEA does not issue separate financial statements and are included in 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 management of the City. The EDA does not issue separate financial statements and are included in the financial section of this report.

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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 Power Agreement accordingly. Under the new agreement, the SJPA member cities will not be charged for any prosecution services.

Correspondingly, the County retains all of 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.

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 City. The fiduciary funds are only reported in the Statement of Fiduciary Net Position at the fund financial statement level.

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 services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments, 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 as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue when 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 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, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

Description of Funds:

Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are on the following page:

**City of Savage
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds: (Continued)

Major Governmental Funds:

General Fund – This Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

General Obligation (G.O.) Improvement Bonds Debt Service Fund – This Fund is used to account for the accumulation of resources used for the payment of principal, interest, and fiscal agent fees on long-term liabilities used for the construction and improvement of public facilities through the use of special assessments.

TH13/150th Intersection Improvement Capital Projects Fund – This Fund is used to account for the construction costs of street improvements.

Proprietary Funds:

Water and Sewer Fund – This Fund is used to account for the activities related to the operation of a water and sewer distribution system.

Storm Water Fund – This Fund is used to account for the operation of a surface water collection system.

Municipal Liquor Fund – This Fund is used to account for the operation of a municipal liquor store.

Street Light Fund – This Fund is used to account for the operation of the City's street light system.

Sports Center Fund – This Fund is used to account for the operation of the City's Sports Center.

Nonmajor Governmental Funds:

Special Revenue Funds – These Funds are used to account for revenue derived from specific revenue sources that are legally restricted or committed to expenditures for specific purposes. For additional information on specific Special Revenue Funds, refer to the Special Revenue Funds tab.

Debt Service Funds – These Funds are used to account for the accumulation of resources used for the payment of principal, interest, and fiscal agent fees on long-term liabilities. For additional information on specific Debt Service Funds, refer to the Debt Service Funds tab.

Capital Projects Funds – These 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 specific Capital Projects Funds, refer to the Capital Projects Funds tab.

**City of Savage
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds: (Continued)

Additional Fund Types:

Internal Service Fund – This Fund is used to account for the City's property, liability, workers' compensation and retiree health insurance provided to other departments within the City.

Fiduciary Funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the City's utility functions and various other functions 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 Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprise Funds and Internal Service Fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity

1. 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.

Investments for the City are reported at fair value.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity
(Continued)**

1. Deposits and Investments (Continued)

The Minnesota Municipal Investment Pool 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 same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

Minnesota Statutes requires all deposits made by cities with financial institutions to be collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance.

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City addresses custodial credit risk by having the authority from the City Council to maintain deposits with various financial institutions that are members of the Federal Reserve System. 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.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, 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.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy addresses credit quality by allowing the City to invest only in instruments permitted by *Minnesota Statutes* Section 475.66, Subdivision 3.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an 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 states the portfolio shall not contain more than 50% of the portfolio value in any one institution.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy states that a collateralization level of 100% is required for repurchase agreements and negotiable or nonnegotiable certificates of deposit.

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity
(Continued)**

2. Receivables

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.

3. Property Taxes

Property tax levies are set by the City Council each year and are certified to Scott County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in intergovernmental revenue in the financial statements.

Scott County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Revenue is accrued and recognized in the year collectible. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable.

Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Scott County provides tax settlements to cities and other taxing districts several times throughout the year. Taxes which remain unpaid are classified as delinquent tax receivable. Revenue from these delinquent taxes that is not collected within 60 days of year-end is deferred in the fund financial statements because it is not known to be available to finance the operations of the City in the current year.

4. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. The corresponding revenue from the delinquent (unremitted) and deferred (certified but not yet levied) special assessments receivable are a deferred inflow of resources in the fund financial statements until the year in which they become available (collected within 60 days of year-end). In the government-wide and proprietary fund financial statements, they are recorded as receivable and revenue upon certification to the County.

5. Due to/from Other Funds

All outstanding balances between funds that are not lending or borrowing arrangements are reported as due to/from other funds.

6. Inventories

The inventories of the General and Proprietary Funds are stated at cost on the first-in, first-out (FIFO) basis. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity
(Continued)

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

8. Assets Held for Resale

These assets are stated at the lower of cost or net realizable value.

9. 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.

Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets where actual historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest costs incurred on the construction of capital assets are not capitalized.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 15 to 20 years for land improvements, 15 to 50 years for buildings and structures, 20 to 30 years for infrastructure and 4 to 30 years for furniture, equipment, and vehicles. Capital assets not being depreciated include land, right of ways and easements and construction in progress.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time. The City has two items that qualify for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for the deferred charge on refunding. A deferred charge on refunding results 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. The City presents deferred outflows of resources on the Statements of Net Position for deferred outflows of resources related to pensions results from the difference between projected and actual investment earnings and employer contributions paid to PERA and the volunteer firefighters relief association subsequent to the measurement date.

**City of Savage
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity
(Continued)**

10. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 City has three items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions. Deferred inflows of resources related to pensions results from the differences between expected and actual economic experience and changes in proportionate shares.

11. Long-Term Obligations

In the government-wide and proprietary 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 of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight line method.

In the fund financial statements, governmental fund types recognize 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.

12. Compensated Absences

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

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity
(Continued)**

12. Compensated Absences (Continued)

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 its service to. The unused vacation and sick leave of the proprietary funds is included in accrued liabilities of the respective fund.

13. 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 the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association 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.

14. Statement of Cash Flows

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

15. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form.

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity
(Continued)**

15. Fund Equity (Continued)

a. Classification (Continued)

- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has authorized the City Administrator to assign fund balance in accordance with the City's fund balance policy.
- Unassigned Fund Balance – 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.

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.

When unrestricted resources are available for use it is the City's policy to use resources in the following order: committed, assigned, and unassigned.

b. Minimum Fund Balance

The City will maintain a minimum combined committed, assigned, and unassigned fund balance in the General Fund of an amount not less than 35% of the subsequent year's budgeted expenditures of the General Fund.

City of Savage
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position or Equity
(Continued)**

16. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. The net investment in capital assets portion of Net Position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. A reclassification of \$9,540,309 is presented in the total column of the Statement of Net Position between this component and unrestricted net position. The amount represents debt to be repaid by governmental activities for proceeds that were used to acquire assets the business-type activities report in the amount of \$8,320,000 and debt to be repaid by business-type activities for proceeds that were used to acquire assets governmental activities report in the amount of \$1,220,309. Net position are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

17. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements and governmental funds.

18. Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

**City of Savage
Notes to Financial Statements**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Equity

The following Funds had deficit fund balances at December 31, 2015:

The City intends to fund these deficits through future tax levies, tax increments, transfers from other funds and various other sources.

Special Revenue Funds	
Strom Project	\$ (2,997)

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

In accordance with applicable *Minnesota Statutes*, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risks – Deposits: As of December 31, 2015, the City's bank balance was not exposed to custodial credit risk because it was insured through the FDIC and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

As of December 31, 2015, the City had deposits as follows:

General checking	\$ 2,307,947
Money market	94,581
Liquor deposit	19,404
Payroll	34,648
Utility	<u>32,053</u>
 Total deposits	 <u><u>\$ 2,488,633</u></u>

**City of Savage
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2015, the City had the following investments:

Investment Type	Fair Value	Investment Maturities			
		Less than One Year	1-5 Years	6-10 Years	Greater than 10 Years
Pooled Investments					
Brokered certificates of deposit	\$ 9,440,661	\$ 4,092,897	\$ 4,888,470	\$ 459,293	\$ -
Government securities	33,982,283	3,040,369	13,390,172	15,161,638	2,390,105
Cash with broker and brokered					
Money market accounts	6,973,100	6,973,100	-	-	-
Nonpooled Investments:					
U.S. Treasury state and local					
Government Series time deposit	<u>2,765,079</u>	<u>2,765,079</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 53,161,123</u>	<u>\$ 16,871,445</u>	<u>\$ 18,278,642</u>	<u>\$ 15,620,931</u>	<u>\$ 2,390,105</u>

Credit Risk: As of December 31, 2015, the City's investments in government securities were rated AA- or better by S&P and A1 or better by Moody's Investors Services.

Concentration of Credit Risk: As of December 31, 2015, investments in government FNMA (21.33%), FHLMC (5.15%) and FHLB (10.21%) were exposed to concentration of credit risk as they exceeded 5% of the City's total investments. The City's investments follow its investments policy in terms of concentration of credit risk.

Custodial Credit Risk: Securities held by the City's broker-dealer are not registered to the City, but are in an insured account. The account is insured up to \$500,000 by SIPC insurance and the broker-dealer provides an addition \$500 million aggregate policy for all of its customers as a group, not individually. It is not known what portion of this policy is applicable to the City's portfolio.

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 2,488,633
Investments	53,161,123
Petty cash	<u>8,150</u>
Total deposits and investments	<u>\$ 55,657,906</u>

**City of Savage
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Deposits and investments are presented in the December 31, 2015, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 52,609,742
Cash with fiscal agent	3,016,079
Statement of Fiduciary Net Position	
Cash and investments	<u>32,085</u>
Total deposits and investments	<u><u>\$ 55,657,906</u></u>

NOTE 4 – NOTES RECEIVABLE

The City sold six properties on contract for deeds. These notes are due and payable on various dates with interest accruing at rates between 5% to 8% per annum. These notes were recorded as receivables in the Strom Project Special Revenue Fund.

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

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivables and payables balances at year-end were as follows:

	Due from Other Funds			Total
	General	G.O. Improvement Bonds	Other Governmental Funds	
Due to other funds				
Other governmental funds	\$ -	\$ 831,895	\$ 6,931	\$ 838,826
Municipal liquor	<u>73,707</u>	<u>-</u>	<u>-</u>	<u>73,707</u>
Total	<u><u>\$ 73,707</u></u>	<u><u>\$ 831,895</u></u>	<u><u>\$ 6,931</u></u>	<u><u>\$ 912,533</u></u>

These amounts were utilized to address temporary cash deficits in the recipient funds.

City of Savage
Notes to Financial Statements

NOTE 5 – INTERFUND TRANSFERS (CONTINUED)

Transfers during the year ended December 31, 2015, were as follows:

	Transfer Out					Total
	G.O. Improvement Bonds	TH13/150th Intersection Improvement	Other Governmental Funds	Water and Sewer		
Transfers in						
General	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
G.O. Improvement Bonds	-	-	-	719	-	719
TH13/150th Intersection Improvement	-	-	-	97,999	-	97,999
Other governmental funds	1,040,000	790,469	212,170	2,186,423	-	4,229,062
Water and sewer	-	-	-	1,992,609	-	1,992,609
Storm water	-	-	-	250,000	-	250,000
Total transfers	<u>\$ 1,040,000</u>	<u>\$ 790,469</u>	<u>\$ 212,170</u>	<u>\$ 4,527,750</u>	<u>\$ 200,000</u>	<u>\$ 6,770,389</u>

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

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,458,583	\$ -	\$ -	\$ 5,458,583
Construction in progress	7,970,426	3,392,339	8,208,367	3,154,398
Rights of ways and easement	754,344	-	-	754,344
Total capital assets not being depreciated	<u>14,183,353</u>	<u>3,392,339</u>	<u>8,208,367</u>	<u>9,367,325</u>
Capital assets being depreciated				
Land improvements	9,803,441	497,957	-	10,301,398
Buildings and structures	31,141,089	505,378	-	31,646,467
Furniture and equipment	10,359,606	1,169,459	312,314	11,216,751
Improvements other than buildings	118,462,893	7,566,100	-	126,028,993
Total capital assets being depreciated	<u>169,767,029</u>	<u>9,738,894</u>	<u>312,314</u>	<u>179,193,609</u>
Less accumulated depreciation for				
Land improvements	6,460,138	407,453	-	6,867,591
Buildings and structures	6,666,436	632,368	-	7,298,804
Furniture and equipment	5,419,501	692,903	-	6,112,404
Improvements other than buildings	63,840,386	5,255,591	290,285	68,805,692
Total accumulated depreciation	<u>82,386,461</u>	<u>6,988,315</u>	<u>290,285</u>	<u>89,084,491</u>
Total capital assets being depreciated, net	<u>87,380,568</u>	<u>2,750,579</u>	<u>22,029</u>	<u>90,109,118</u>
Governmental activities capital position, net	<u>\$ 101,563,921</u>	<u>\$ 6,142,918</u>	<u>\$ 8,230,396</u>	<u>\$ 99,476,443</u>

City of Savage
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 1,744,972	\$ -	\$ -	\$ 1,744,972
Construction in progress	5,083,616	775,910	4,996,657	862,869
Total capital assets not being depreciated	<u>6,828,588</u>	<u>775,910</u>	<u>4,996,657</u>	<u>2,607,841</u>
Capital assets being depreciated				
Land improvements	1,269,690	-	-	1,269,690
Buildings and structures	26,878,830	-	-	26,878,830
Furniture and equipment	4,603,640	191,335	38,340	4,756,635
Improvements other than buildings	112,918,446	5,071,854	-	117,990,300
Total capital assets being depreciated	<u>145,670,606</u>	<u>5,263,189</u>	<u>38,340</u>	<u>150,895,455</u>
Less accumulated depreciation for				
Land improvements	800,670	62,371	-	863,041
Buildings and structures	9,227,478	649,016	-	9,876,494
Furniture and equipment	2,960,004	169,244	38,340	3,090,908
Improvements other than buildings	61,939,097	3,494,499	-	65,433,596
Total accumulated depreciation	<u>74,927,249</u>	<u>4,375,130</u>	<u>38,340</u>	<u>79,264,039</u>
Total capital assets being depreciated, net	<u>70,743,357</u>	<u>888,059</u>	<u>-</u>	<u>71,631,416</u>
Business-type activities capital assets, net	<u>\$ 77,571,945</u>	<u>\$ 1,663,969</u>	<u>\$ 4,996,657</u>	<u>\$ 74,239,257</u>

Depreciation expense was charged to the various functions of the City as follows:

Governmental activities	
General government	\$ 212,634
Community development	56,633
Public safety	323,311
Public works	6,130,955
Parks and recreation	<u>264,782</u>
Total depreciation expense - governmental activities	<u>\$ 6,988,315</u>

City of Savage
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the various functions of the City as follows:

Business-type activities	
Water and Sewer	\$ 3,364,638
Storm Water	801,840
Municipal Liquor	65,114
Sports Center	23,855
Street Light	<u>119,683</u>
Total depreciation expense - business-type activities	<u><u>\$ 4,375,130</u></u>

NOTE 7 – LEASES

A. Capital Lease Obligations

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 \$2,260,000. 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, and have a final maturity of February 1, 2029 and February 1, 2007, 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. 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 as follows:

	Governmental Activities
Assets	
Buildings and structures	\$ 2,260,000
Less accumulated depreciation	<u>(768,400)</u>
Total	<u><u>\$ 1,491,600</u></u>

**City of Savage
Notes to Financial Statements**

NOTE 7 – LEASES (CONTINUED)

A. Capital Lease Obligations (Continued)

The future minimum lease obligation and the net present value of these minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 178,805
2017	179,500
2018	175,090
2019	180,470
2020	180,535
2021-2025	871,683
2026-2029	<u>705,990</u>
Net minimum lease payments	2,472,073
Less amount representing interest	<u>632,073</u>
Present value of net minimum lease payments	<u><u>\$ 1,840,000</u></u>

The City subleases office space in the Hamilton Building to various tenants.

B. Operating Lease

The following is a schedule by years of future minimum payments required under the leases as of December 31, 2015:

<u>Year Ending December 31,</u>	
2016	\$ 55,625
2017	51,300
2018	<u>30,000</u>
Total	<u><u>\$ 136,925</u></u>

City of Savage
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Balance End of Year</u>
Governmental activities					
G.O. Bonds					
G.O. Recreation Facility Refunding Bonds, Series 2006C	11/01/06	4.00%-4.12%	\$ 3,650,000	02/01/22	\$ 2,330,000
Build America Taxable Bond, Series 2010A	06/17/10	1.30%-5.00%	5,160,000	02/01/26	3,485,000
Advanced Refunding, Series 2014B	06/05/14	2.00%-2.375%	6,600,000	02/01/27	6,330,000
G.O Improvement & Street Reconstruction Crossover Refunding Bonds, Series 2015B	06/04/15	1.50-2.50%	2,730,000	02/01/22	2,730,000
Special Assessment Bonds					
G.O. Improvement Bonds, Series 2006A	05/01/06	4.00%-4.50%	6,590,000	02/01/22	3,165,000
G.O. Improvement Bonds, Series 2007A	08/01/07	4.000%-4.125%	2,530,000	02/01/23	1,490,000
G.O. Improvement Bonds, Series 2008A	06/15/08	3.00%-4.00%	3,845,000	02/01/24	2,485,000
G.O. Improvement Refunding Bonds, Series 2008C	06/15/08	3.25%-4.00%	1,700,000	02/01/16	245,000
G.O. Improvement Bonds, Series 2009A	06/25/09	2.00%-4.10%	4,415,000	02/02/25	3,115,000
G.O. Improvement Refunding Bonds, Series 2010C	06/17/10	2.50%-3.00%	5,030,000	02/01/18	1,800,000
G.O. Improvement and Refunding Bonds, Series 2010D	11/18/10	3.00%-4.00%	6,875,000	03/01/19	3,200,000
G.O. Improvement Bonds, Series 2011A	06/14/11	2.00%-3.75%	6,495,000	02/01/27	4,570,000
G.O. Improvement Refunding Bonds, Series 2011C	11/01/11	1.50%	2,145,000	02/01/17	675,000
G.O. Improvement Refunding Bonds, Series 2012A	05/21/12	1.00%-2.62%	5,085,000	02/01/28	4,020,000
G.O. Improvement Bond, Series 2013A	06/01/13	1.50-2.50%	5,750,000	02/01/29	5,195,000
G.O. Improvement Refunding Bonds, Series 2013B	06/01/13	2.00%	491,200	02/01/16	491,200
G.O. Improvement Bond, Series 2014A	06/05/14	2.00%-3.5%	3,290,000	02/01/30	3,290,000
G.O. Improvement Bonds, Series 2015A	06/04/15	2.00%-4.00%	4,100,000	02/01/31	4,100,000
G.O. Aid Anticipation Bonds:					
State Aid Road Bonds, Series 2000B	04/01/00	4.40%-5.40%	800,000	04/01/16	50,000
Public Facility Revenue Bonds					
Public Facility Revenue Refunding Bonds, Series 2004	12/15/04	3.20%-4.25%	2,510,000	02/01/18	<u>705,000</u>
Subtotal bonds payable					<u>53,471,200</u>
Capital lease payable					1,840,000
Unamortized bond premium					973,305
Compensated absences payable					<u>1,316,410</u>
Total governmental activities					<u>\$ 57,600,915</u>

**City of Savage
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year
Business-type activities					
Liquor Revenue Bonds, Series 1998A	12/01/98	4.00%-5.30%	\$ 2,270,000	02/01/19	\$ 650,000
G.O. Utility Revenue Bonds, Series 2007B	08/01/07	4.0%-4.1%	5,705,000	02/01/23	3,480,000
G.O. Utility Revenue Refunding Bonds, Series 2010B	06/17/10	3.00%-4.00%	4,310,000	02/01/18	1,325,000
G.O. Utility Revenue Refunding Bonds, Series 2010E	11/18/10	3.00%	3,810,000	03/01/19	2,330,000
G.O. Utility Revenue Refunding Bonds, Series 2011B	06/01/11	2.0%-3.0%	2,045,000	02/01/21	1,265,000
Tax Abatement Bond, Series 2012B	5/21/2012	1.00%-2.62%	4,915,000	02/01/28	4,325,000
G.O. Crossover Refunding Bonds, Series 2013B	06/01/13	2.00%	1,043,800	02/01/16	1,043,800
G.O. Improvement Bonds, Series 2015A	06/04/15	2.00%-4.00%	3,075,000	02/01/31	3,075,000
Subtotal Bonds Payable					<u>17,493,800</u>
G.O. Water Revenue Notes, Series 1999	08/17/99	3.62%	8,984,395	08/20/19	2,410,395
Unamortized bond premium					423,898
Compensated absences payable					<u>192,227</u>
Total business-type activities					<u>\$ 20,520,320</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for bonds and notes are as follows:

Year Ending December 31,	Governmental Activities					
	Bonds Payable			Capital Lease Payable		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 9,860,000	\$ 1,501,889	\$ 11,361,889	\$ 100,000	\$ 78,805	\$ 178,805
2017	6,770,000	1,279,450	8,049,450	105,000	74,500	179,500
2018	5,528,200	1,097,386	6,625,586	105,000	70,090	175,090
2019	4,793,200	931,018	5,724,218	115,000	65,470	180,470
2020	3,916,600	783,605	4,700,205	120,000	60,535	180,535
2021-2025	15,823,200	2,099,733	17,922,933	650,000	221,683	871,683
2026-2030	6,510,000	360,503	6,870,503	645,000	60,990	705,990
2031-2035	270,000	4,036	274,036	-	-	-
Total	<u>\$ 53,471,200</u>	<u>\$ 8,057,620</u>	<u>\$ 61,528,820</u>	<u>\$ 1,840,000</u>	<u>\$ 632,073</u>	<u>\$ 2,472,073</u>
Year Ending December 31,	Business-Type Activities					
	Bonds Payable			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 2,420,000	\$ 506,683	\$ 2,926,683	\$ 571,000	\$ 87,256	\$ 658,256
2017	2,110,000	419,842	2,529,842	591,000	66,586	657,586
2018	2,231,800	349,712	2,581,512	613,000	45,192	658,192
2019	2,406,800	275,441	2,682,241	635,395	23,001	658,396
2020	1,333,400	217,876	1,551,276	-	-	-
2021-2025	4,506,800	573,482	5,080,282	-	-	-
2026-2030	2,240,000	149,245	2,389,245	-	-	-
2031-2035	245,000	3,369	248,369	-	-	-
Total	<u>\$ 17,493,800</u>	<u>\$ 2,495,650</u>	<u>\$ 19,989,450</u>	<u>\$ 2,410,395</u>	<u>\$ 222,035</u>	<u>\$ 2,632,430</u>

City of Savage
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable	\$ 53,741,200	\$ 6,830,000	\$ 7,100,000	\$ 53,471,200	\$ 9,860,000
Unamortized discount and Premium	805,442	265,343	97,480	973,305	-
Total bonds payable	<u>54,546,642</u>	<u>7,095,343</u>	<u>7,197,480</u>	<u>54,444,505</u>	<u>9,860,000</u>
Capital lease payable	1,930,000	-	90,000	1,840,000	100,000
Compensated absences payable	<u>1,399,587</u>	<u>739,088</u>	<u>822,265</u>	<u>1,316,410</u>	<u>987,308</u>
Total governmental activities	<u>\$ 57,876,229</u>	<u>\$ 7,834,431</u>	<u>\$ 8,109,745</u>	<u>\$ 57,600,915</u>	<u>\$ 10,947,308</u>
Business-type activities					
Bonds payable	\$ 17,933,800	\$ 3,075,000	\$ 3,515,000	\$ 17,493,800	\$ 2,420,000
Unamortized discount and premium	<u>386,244</u>	<u>118,692</u>	<u>81,038</u>	<u>423,898</u>	<u>-</u>
Total bonds payable	<u>18,320,042</u>	<u>3,193,692</u>	<u>3,596,038</u>	<u>17,917,698</u>	<u>2,420,000</u>
Note payable	2,961,395	-	551,000	2,410,395	571,000
Compensated absences payable	<u>164,816</u>	<u>124,742</u>	<u>97,331</u>	<u>192,227</u>	<u>144,171</u>
Total business-type activities	<u>\$ 21,446,253</u>	<u>\$ 3,318,434</u>	<u>\$ 4,244,369</u>	<u>\$ 20,520,320</u>	<u>\$ 3,135,171</u>

D. Descriptions and Restrictions of Long-Term Liabilities

G.O. Bonds – These Bonds were issued for improvements, recreational facilities, or projects which benefited the City as a whole and are, therefore, repaid from ad valorem levies.

Special Assessment 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.

In June 2013, the City issued \$1,535,000 G.O Crossover Refunding Bonds, Series 2013B for the current refunding of \$3,565,000 of G.O. Utility Revenue Bonds, Series 2005A. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease in future debt service payments of \$103,245. The net present value cash flow savings from the transaction was \$99,127. The call date for the 2005A item was February 1, 2015.

In December 2013, the City deposited \$1,363,917 into an escrow account to pay off the \$2,865,000 G.O. Refunding Bonds, Series 2005B. The bond is considered defeased as of December 16, 2013 due to funds being moved to the irrevocable trust until the future call date. The call date was February 1, 2015.

In June 2015, the City issued \$7,175,000 G.O. Bond Series, 2015A to finance various street improvements, major street developments, and capital equipment purchase. The final maturity date for the 2015A item is February 1, 2031.

**City of Savage
Notes to Financial Statements**

NOTE 8– LONG-TERM DEBT (CONTINUED)

D. Descriptions and Restrictions of Long-Term Liabilities (Continued)

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

Aid Anticipation Bonds – These Bonds were issued to finance various road improvements and will be paid primarily through the City's annual street aid allotment received from the State Aid Street Fund of Minnesota. In addition, scheduled ad valorem levies will be used to finance a portion of the bonds.

Public Facility Revenue Bonds – These Bonds refunded the bonds that were issued by the EDA for the purpose of financing the construction of a library facility. Pursuant to *Minnesota Statutes* 471.64, Subd. 1 and 465.71 and a lease purchase contract between the Savage EDA and the City, a trust indenture between the Savage EDA and a regional bank has been established for the purpose of financing payment of these Bonds. The Bonds are special obligations of the City as issuer and owner of the land and building. The City has pledged rental payments in amounts equal to the debt service requirements and plans to annually appropriate City funds available for this purpose. As required by bond covenant, a reserve account has been established with a trustee that is to be used to pay principal and interest on the Bonds in the event available resources are inadequate to do so.

Through the transactions described above, the City has, in substance, assumed the debt service on the revenue bonds issued by the Savage EDA. Further, the lease payments made by the City will be reflected as debt service principal and interest payments on the City's operating statements.

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

Tax Abatement Bonds – These Bonds were issued for the Savage Sports Center.

G.O. Water Revenue Note – The City issued a G.O. Water Revenue Note with the Minnesota Public Facilities Authority (PFA) in 1999 for the construction of a new water treatment plant and new wells. The total value of the Note is based on completed construction costs submitted to the PFA for reimbursement, up to a maximum of \$10,000,000. As of December 31, 2015, the City has drawn \$8,984,395 on this Note. The Note will be retired from net revenue of the Water and Sewer Fund.

**City of Savage
Notes to Financial Statements**

NOTE 8– LONG-TERM DEBT (CONTINTUED)

E. Ultimate Responsibility of Debt

All long-term debt, with the exception of the 1998 Liquor Revenue Bonds, is backed by the full faith and credit of the City. The 1998 Liquor Revenue Bonds are backed solely by net revenues from the City's municipal liquor operation. The City's compensated absences are generally liquidated with resources from the General and Enterprise Funds.

NOTE 9 – PENSION PLANS

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Fund (GERF)

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

Public Employees Police and Fire Fund (PEPFF)

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

B. Benefits Provided

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

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

City of Savage
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

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

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

PEPFF Benefits

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

C. Contributions

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

**City of Savage
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015, were \$405,918. The City's contributions were equal to the required contributions as set by state statute.

PEPPF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPPF members in calendar year 2015. The City's contributions to the PEPPF for the year ended December 31, 2015, were \$451,807. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

GERF Pension Costs

At December 31, 2015, the City reported a liability of \$4,586,529 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 0.089%.

For the year ended December 31, 2015, the City recognized pension expense of \$547,957 for its proportionate share of GERF's pension expense.

**City of Savage
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At December 31, 2015, the City reported its proportionate share of GERS's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 231,239
Difference between projected and actual investment earnings	434,185	-
Changes in proportion	-	190,250
Contributions paid to PERA subsequent to the measurement date	202,959	-
	\$ 637,144	\$ 421,489

\$202,959 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2016	\$ (31,950)
2017	(31,950)
2018	(31,950)
2019	108,547

**City of Savage
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$3,465,514 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 0.305 %.

For the year ended December 31, 2015, the City recognized pension expense of \$591,790 for its proportionate share of the PEPFF's pension expense. The City also recognized \$27,450 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the sources below.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 561,993
Difference between projected and actual investment earnings	603,809	-
Changes in proportion	-	27,001
Contributions paid to PERA subsequent to the measurement Date	<u>225,904</u>	<u>-</u>
	<u>\$ 829,713</u>	<u>\$ 588,994</u>

**City of Savage
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

\$225,904 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2016	\$ 33,153
2017	33,153
2018	33,153
2019	33,154
2020	(117,798)

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.75 % Per year
Active member payroll growth	3.50 % Per year
Investment rate of return	7.90 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

**City of Savage
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50 %
International stocks	15%	6.00
Bonds	18%	1.45
Alternative assets	20%	6.40
Cash	2%	0.50
Total	<u>100%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Savage
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
City's proportionate share of the GERP net pension liability	\$ 7,211,654	\$ 4,586,529	\$ 2,418,579
City's proportionate share of the PEPFF net pension liability	\$ 6,754,323	\$ 3,465,514	\$ 748,385

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; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Defined Contribution Plan

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

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 5% of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

**City of Savage
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Contribution Plan (Continued)

Total contributions made by the entity during fiscal year 2015 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,300	\$ 1,300	5%	5%	5%

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association

A. Plan Description

The Savage Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Savage Fire Department per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtainable at the Savage City Hall at 6000 McColl Drive, Savage, Minnesota 55378.

B. Benefits Provided

Volunteer firefighters of the City are members of the Savage Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 15 years of service for monthly service pension, or 10 years of service for lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

C. Employees Covered by Benefit Terms

At December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	40
Active employees	<u>35</u>
Total	75

City of Savage
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

D. Contributions.

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$149,192 made by the State of Minnesota for the Relief Association.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions.

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Built in to other rate assumptions
Salary increase	2.5 %, average, including inflation
Investment rate of return	6.5 %, net of pensions plan investment expense: including inflation

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table on the following page.

**City of Savage
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

E. Net Pension Liability (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	8.00%	2.00%
Fixed income	25.00%	3.50%
Equities	<u>67.00%</u>	7.50%
Total	100.00%	

Discount rate.

The discount rate used to measure the total pension liability was 6.50%. 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 municipal bond rate. The equivalent single rate is the discount rate.

F. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2015	<u>\$ 5,542,712</u>	<u>\$ 5,050,051</u>	<u>\$ 492,661</u>
Changes for the year			
Service cost	87,353	-	87,353
Interest cost	350,753	-	350,753
State contributions	-	149,192	(149,192)
Municipal contributions	-	184,514	(184,514)
Projected investment return	-	329,228	(329,228)
Gain or loss	-	(20,383)	20,383
Benefit payments	(288,652)	(288,652)	-
Administrative expense	-	(15,067)	15,067
Net charges	<u>149,454</u>	<u>338,832</u>	<u>(189,378)</u>
Balances at December 31, 2015	<u><u>\$ 5,692,166</u></u>	<u><u>\$ 5,388,883</u></u>	<u><u>\$ 303,283</u></u>

**City of Savage
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

F. Changes in the Net Pension Liability (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50%) or 1-percentage-point higher (5.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
City's net pension liability	\$ 1,138,830	\$ 303,283	\$ (363,492)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2015, the City recognized pension expense of \$128,022. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 16,306	\$ -
Contributions paid to Volunteer Firefighter's Relief association subsequent to the measurement date	342,739	-
Total	\$ 359,045	\$ -

**City of Savage
Notes to Financial Statements**

NOTE 9 –PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions**

\$342,739 reported as deferred outflows of resources related to pensions resulting from State and City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	\$ 4,077
2017	4,077
2018	4,077
2019	4,075

H. Payable to the Pension Plan

At December 31, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

NOTE 10 – 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 checks to the Plan for health and dental care, dependent care, life insurance premiums and disability insurance benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from October 1 to September 30, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. The City is contingently liable for claims against the total amount of participants' annual contributions to the health and dental care portion of the Plan, whether or not such contributions 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 expenses incurred by the participants. The City believes it is unlikely it will use the assets to satisfy the claims of general creditors in the future.

City of Savage
Notes to Financial Statements

NOTE 11 –FUND BALANCES

Fund equity balances are classified as listed on the following page to reflect the limitations and restrictions of the respective funds.

At December 31, 2015, the City had recorded the following classifications of fund balances:

	<u>General Fund</u>	<u>G.O. Improvement Bonds</u>	<u>TH13/150th Intersection Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable					
Inventory	\$ 6,114	\$ -	\$ -	\$ -	\$ 6,114
Prepaid items	52,275	-	-	-	52,275
Notes receivable	-	-	-	739,572	739,572
Restricted					
Debt service	-	16,316,262	-	5,526,721	21,842,983
Capital projects	-	-	246,352	2,821,024	3,067,376
Park fees	-	-	-	1,943,773	1,943,773
Committed					
Cable television	-	-	-	549,686	549,686
Economic development	-	-	-	1,136,865	1,136,865
Hamilton building	-	-	-	274,017	274,017
Post office	-	-	-	100,399	100,399
Assigned					
Capital projects	-	-	-	4,423,322	4,423,322
Employee comm.	1,856	-	-	-	1,856
Park concessions	12,294	-	-	-	12,294
Forfeiture	2,446	-	-	-	2,446
Unassigned	6,783,256	-	-	(742,569)	6,040,687
Total fund balance	<u>\$ 6,858,241</u>	<u>\$ 16,316,262</u>	<u>\$ 246,352</u>	<u>\$ 16,772,810</u>	<u>\$ 40,193,665</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. 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.

B. 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

City of Savage
Notes to Financial Statements

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. Revenue Bonds (Continued)

On March 14, 2008, the CDA issued \$2,400,000 Facility Lease Revenue Refunding Bonds, Series 2008A, which refunded their previous Housing Bonds.

In the event the City makes advances to pay debt service on the Housing Bonds, the Scott County CDA will reimburse the City from future surplus funds. As of December 31, 2015, the outstanding principal and interest balance of these revenue bonds is \$2,472,073.

C. Construction

During the year ended December 31, 2015, the City contracted for several capital projects. At year-end, the total outstanding construction contracts totaled \$6,545,434.

Project	Contractor	Project Authorization	Work Expended	12/31/2015 Commitment
154th Street Improvement Phase III	WSB & Associates	\$ 97,800	\$ 97,322	\$ 478
Hamilton Phase VIII	Bolton & Menk	267,321	261,369	5,952
TH13/150th Street Intersection	SM Hentges	6,607,530	1,342,960	5,264,570
2015 Street Improvements	McNamara Contracting	2,248,067	1,580,904	667,163
TH13/Dakota Intersection	WSB & Associates	89,487	41,339	48,148
157th Street Road Construction	Chard Tiling	707,314	148,191	559,123
		<u>\$ 10,017,519</u>	<u>\$ 3,472,085</u>	<u>\$ 6,545,434</u>

The TH13/150th Street Intersection project is part of a cooperative agreement with the City of Prior Lake. Under this agreement project costs will be covered by Minnesota Department of Transportation funding of \$2,102,000, \$857,000 from the City of Prior Lake related to the difference in Alternative 5B and all acquisition costs in excess of \$862,000 and the remaining costs will be split equally between the two cities.

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters. 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.

**City of Savage
Notes to Financial Statements**

NOTE 13 – RISK MANAGEMENT (CONTINUED)

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 2015.

NOTE 14 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

B. Funding Policy

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Benefits Extra Inc. The required contributions are based on projected pay-as-you-go financing requirements. For 2015, the City contributed \$57,648 to the plan. As of December 31, 2015, there were approximately seven retirees and two spouses receiving health benefits from the City's health plan.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the plan.

ARC	\$ 93,596
Interest on net OPEB obligation	17,044
Amortization of net OPEB obligation with interest	(22,746)
Adjustment to ARC	-
Annual OPEB cost (expense)	<u>87,894</u>
Contributions made	<u>(57,648)</u>
Increase in net OPEB obligation	30,246
Net OPEB obligation - beginning of year	<u>378,759</u>
Net OPEB obligation - end of year	<u><u>\$ 409,005</u></u>

**City of Savage
Notes to Financial Statements**

NOTE 14 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the last three years was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/13	\$ 70,642	\$ 23,131	33%	\$ 331,419
12/31/14	87,668	40,328	46%	378,759
12/31/15	87,894	57,648	66%	409,005

D. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$755,299 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$755,299. The covered payroll (annual payroll of active employees covered by the plan) was \$7,252,711, and the ratio of the UAAL to the covered payroll was 10.4%.

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

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

The City internally provides for the payment of retiree health insurance premiums through an internal service fund.

**City of Savage
Notes to Financial Statements**

NOTE 14 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

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

In the January 1, 2014, the actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions included a 4.5% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7.0% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5.0%, shorter term, based on City's general assets). The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 7.5% initially, reduced incrementally to an ultimate rate of 5% after 10 years. Both rates included a 2.5% inflation assumption. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at January 1, 2014 was 30 years.

NOTE 15 – SUBSEQUENT EVENTS

In May 2016, the City authorized the sale of the G.O. Bonds, Series 2016A in the amount of \$3,335,000.

In May 2016, the City authorized the defeasance of G.O. Street Reconstruction Bond, Series 2007A and the execution of an escrow agreement.

NOTE 16 –NEW STANDARD ISSUED BUT NOT YET IMPLEMENTED

GASB has issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$7,491,763 to add the beginning net pension liability, and an adjustment to the beginning net position on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds of \$1,093,920 to add the beginning net pension liability.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Savage
Retiree Health Plan – Schedule of Funding Progress

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	01/01/08	\$ -	\$ 698,655	\$ 698,655	0%	\$ 5,984,899	12%
12/31/11	01/01/11	-	625,696	625,696	0%	6,500,557	10%
12/31/14	01/01/14	-	755,299	755,299	0%	7,252,711	10%

City of Savage
Schedule of City's Proportionate Share
of Net Pension Liability - GERF Retirement Fund
Last Ten Years*

For Fiscal Year Ended December 31,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0885%	\$ 4,586,529	\$ 5,412,240	84.7%	78.2%

Schedule of City's Proportionate Share
of Net Pension Liability - PEPFF Retirement Fund
Last Ten Years*

For Fiscal Year Ended December 31,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.3050%	\$ 3,465,514	\$ 2,788,932	124.3%	86.6%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**City of Savage
Schedule of City Contributions -
GERF Retirement Fund
Last Ten Years***

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 405,918	\$ 405,918	\$ -	\$ 5,412,240	7.50%

**Schedule of City Contributions -
PEPPF Retirement Fund
Last Ten Years***

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 451,807	\$ 451,807	\$ -	\$ 2,788,932	16.2%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

City of Savage
Schedule of Employer Contributions
and Non-Employer Contributing
Entities - Fire Relief Association

	2014
Employer	
Statutorily determined contribution (SDC)	\$ -
Contribution deficiency SDC	184,514
Contribution deficiency (excess)	\$ (184,514)
Non-employer	
2% aid	\$ 149,192

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2014. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

City of Savage
Schedule of Changes in Net Pension Liability
and Related Ratios - Fire Relief Association

	2014
Total Pension Liability (TPL)	
Service cost	\$ 87,353
Interest	350,753
Benefit payments, including refunds or member contributions	(288,652)
Net change in total pension liability	149,454
Beginning of year (1)	5,542,712
End of year	\$ 5,692,166
Plan Fiduciary Net Pension (FNP)	
Contributions - employer	\$ 333,706
Net investment income	329,228
Gain or loss	(20,383)
Benefit payments, including refunds of member contributions	(288,652)
Administrative expense	(15,067)
Net change in plan fiduciary net position	338,832
Beginning of year	5,050,051
End of year	\$ 5,388,883
Net Pension Liability (NPL)	\$ 303,283

The City implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2014. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

**City of Savage
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2015**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 3,090,330	\$ 2,593,450	\$ 7,583,931	\$ 13,267,711
Cash with fiscal agent	-	3,016,079	-	3,016,079
Taxes receivable - current	-	6,047	320	6,367
Taxes receivable - delinquent	-	11,331	934	12,265
Special assessments receivable				
Current	-	469	202	671
Delinquent	-	1,959	-	1,959
Deferred	16,559	390,853	422,579	829,991
Accounts receivable	54,610	-	73,744	128,354
Interest receivable	-	2	8,857	8,859
Notes receivable	939,572	-	-	939,572
Due from other funds	6,931	-	-	6,931
Assets held for resale	737,284	-	82,788	820,072
	<u>\$ 4,845,286</u>	<u>\$ 6,020,190</u>	<u>\$ 8,173,355</u>	<u>\$ 19,038,831</u>
Liabilities				
Accounts and contracts payable	\$ 53,122	\$ -	\$ 498,565	\$ 551,687
Salaries and benefits payable	11,252	-	-	11,252
Due to other funds	742,569	89,326	6,931	838,826
Deposits	20,041	-	-	20,041
Total liabilities	<u>826,984</u>	<u>89,326</u>	<u>505,496</u>	<u>1,421,806</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	11,331	934	12,265
Unavailable revenue - special assessments	16,559	392,812	422,579	831,950
Total deferred inflows of resources	<u>16,559</u>	<u>404,143</u>	<u>423,513</u>	<u>844,215</u>
Fund Balances (Deficits)				
Nonspendable	739,572	-	-	739,572
Restricted	1,943,773	5,526,721	2,821,024	10,291,518
Committed	2,060,967	-	-	2,060,967
Assigned	-	-	4,423,322	4,423,322
Unassigned	(742,569)	-	-	(742,569)
Total fund balances (deficits)	<u>4,001,743</u>	<u>5,526,721</u>	<u>7,244,346</u>	<u>16,772,810</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,845,286</u>	<u>\$ 6,020,190</u>	<u>\$ 8,173,355</u>	<u>\$ 19,038,831</u>

City of Savage
Combining Statement of Revenues, Expenditures, and
Changes In Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Taxes				
Taxes ad valorem	\$ 5,048	\$ 1,449,534	\$ 75,393	\$ 1,529,975
Franchise taxes	191,425	-	-	191,425
Special assessments	9,032	230,755	810,076	1,049,863
Licenses and permits	600	-	-	600
Intergovernmental	71,061	104,755	2,808,440	2,984,256
Charges for services	465,702	-	-	465,702
Miscellaneous				
Investment income	29,640	21,193	108,484	159,317
Contributions and donations	10,500	-	-	10,500
Rent	276,834	-	-	276,834
Refunds and reimbursements	1,016	-	1,600	2,616
Other	76,440	-	37,186	113,626
Total revenues	<u>1,137,298</u>	<u>1,806,237</u>	<u>3,841,179</u>	<u>6,784,714</u>
Expenditures				
Current				
General government	336,938	-	31,072	368,010
Community development	78,492	-	-	78,492
Parks and recreation	1,589	-	-	1,589
Debt service				
Principal	-	1,935,000	-	1,935,000
Interest and other charges	-	605,420	24,254	629,674
Capital outlay				
General government	-	-	130,259	130,259
Community development	-	-	21,191	21,191
Public safety	-	-	577,726	577,726
Public works	-	-	3,120,609	3,120,609
Parks and recreation	377,862	-	132,804	510,666
Total expenditures	<u>794,881</u>	<u>2,540,420</u>	<u>4,037,915</u>	<u>7,373,216</u>
Excess of revenues over (under) expenditures	342,417	(734,183)	(196,736)	(588,502)
Other Financing Sources (uses)				
Proceeds from sale of capital asset	42,599	-	245,366	287,965
Bonds issued	-	-	2,315,000	2,315,000
Bond premium	-	90,060	63,378	153,438
Issuance of refunding bonds	-	2,730,000	-	2,730,000
Transfers in	855,384	601,523	2,772,155	4,229,062
Transfers out	(125,210)	-	(4,402,540)	(4,527,750)
Total other financing sources (uses)	<u>772,773</u>	<u>3,421,583</u>	<u>993,359</u>	<u>5,187,715</u>
Net change in fund balances	1,115,190	2,687,400	796,623	4,599,213
Fund Balances				
Beginning of year	<u>2,886,553</u>	<u>2,839,321</u>	<u>6,447,723</u>	<u>12,173,597</u>
End of year	<u>\$ 4,001,743</u>	<u>\$ 5,526,721</u>	<u>\$ 7,244,346</u>	<u>\$ 16,772,810</u>

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City of Savage
Nonmajor Special Revenue Funds

Nonmajor Special Revenue Funds are used to account for revenue derived from specific revenue sources that are legally restricted to expenditures for specific purposes.

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.

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

Economic Development Fund – This Fund is used to account for the economic development activities of the City.

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

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

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

**City of Savage
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2015**

	Special Revenue		
	Cable Television	Park Fees	Economic Development
Assets			
Cash and investments	\$ 528,656	\$ 1,985,368	\$ 198,199
Special assessments receivable			
Deferred	-	16,559	-
Accounts receivable	48,228	-	-
Notes receivable	-	-	200,000
Due from other funds	-	-	6,931
Assets held for resale	-	-	737,284
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 576,884</u>	<u>\$ 2,001,927</u>	<u>\$ 1,142,414</u>
Liabilities			
Accounts and contracts payable	\$ 3,446	\$ 40,104	\$ 5,549
Salaries and benefits payable	11,252	-	-
Due to other funds	-	-	-
Deposits	12,500	1,491	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>27,198</u>	<u>41,595</u>	<u>5,549</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	16,559	-
	<u> </u>	<u> </u>	<u> </u>
Fund Balances (Deficits)			
Nonspendable	-	-	-
Restricted	-	1,943,773	-
Committed	549,686	-	1,136,865
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>549,686</u>	<u>1,943,773</u>	<u>1,136,865</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 576,884</u>	<u>\$ 2,001,927</u>	<u>\$ 1,142,414</u>

Special Revenue

Hamilton Building	Strom Project	Post Office	Total
\$ 270,517	\$ -	\$ 107,590	\$ 3,090,330
-	-	-	16,559
6,382	-	-	54,610
-	739,572	-	939,572
-	-	-	6,931
-	-	-	737,284
<u>\$ 276,899</u>	<u>\$ 739,572</u>	<u>\$ 107,590</u>	<u>\$ 4,845,286</u>
\$ 1,232	\$ -	\$ 2,791	\$ 53,122
-	-	-	11,252
-	742,569	-	742,569
1,650	-	4,400	20,041
<u>2,882</u>	<u>742,569</u>	<u>7,191</u>	<u>826,984</u>
-	-	-	16,559
-	739,572	-	739,572
-	-	-	1,943,773
274,017	-	100,399	2,060,967
-	(742,569)	-	(742,569)
<u>274,017</u>	<u>(2,997)</u>	<u>100,399</u>	<u>4,001,743</u>
<u>\$ 276,899</u>	<u>\$ 739,572</u>	<u>\$ 107,590</u>	<u>\$ 4,845,286</u>

City of Savage
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Special Revenue Funds
Year Ended December 31, 2015

	Special Revenue		
	Cable Television	Park Fees	Economic Development
Revenues			
Taxes			
Taxes ad valorem	\$ -	\$ -	\$ 5,048
Franchise taxes	191,425	-	-
Special assessments	-	9,032	-
Licenses and permits	-	600	-
Intergovernmental	-	-	71,061
Charges for services	-	465,702	-
Miscellaneous			
Investment income	9,100	27,184	1,455
Contributions and donations	-	10,500	-
Rent	-	61,336	5,100
Refunds and reimbursements	-	-	4
Other	21,962	-	-
Total revenues	<u>222,487</u>	<u>574,354</u>	<u>82,668</u>
Expenditures			
Current			
General government	263,737	-	-
Community development	-	-	78,492
Parks and recreation	-	1,589	-
Capital outlay			
Parks and recreation	-	377,862	-
Total expenditures	<u>263,737</u>	<u>379,451</u>	<u>78,492</u>
Excess of revenues over (under) expenditures	<u>(41,250)</u>	<u>194,903</u>	<u>4,176</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	42,599	-
Transfers in	-	115,000	640,384
Transfers out	-	-	(210)
Total other financing source (uses)	<u>-</u>	<u>157,599</u>	<u>640,174</u>
Net change in fund balances	(41,250)	352,502	644,350
Fund Balances			
Beginning of year	<u>590,936</u>	<u>1,591,271</u>	<u>492,515</u>
End of year	<u>\$ 549,686</u>	<u>\$ 1,943,773</u>	<u>\$ 1,136,865</u>

Special Revenue

Hamilton Building	Strom Project	Post Office	Total
\$ -	\$ -	\$ -	\$ 5,048
-	-	-	191,425
-	-	-	9,032
-	-	-	600
-	-	-	71,061
-	-	-	465,702
3,614	(12,853)	1,140	29,640
-	-	-	10,500
125,258	-	85,140	276,834
1,012	-	-	1,016
15,716	38,762	-	76,440
<u>145,600</u>	<u>25,909</u>	<u>86,280</u>	<u>1,137,298</u>
42,277	-	30,924	336,938
-	-	-	78,492
-	-	-	1,589
-	-	-	377,862
<u>42,277</u>	<u>-</u>	<u>30,924</u>	<u>794,881</u>
<u>103,323</u>	<u>25,909</u>	<u>55,356</u>	<u>342,417</u>
-	-	-	42,599
100,000	-	-	855,384
(125,000)	-	-	(125,210)
<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>772,773</u>
78,323	25,909	55,356	1,115,190
<u>195,694</u>	<u>(28,906)</u>	<u>45,043</u>	<u>2,886,553</u>
<u>\$ 274,017</u>	<u>\$ (2,997)</u>	<u>\$ 100,399</u>	<u>\$ 4,001,743</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
Cable Television Special Revenue Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			2014
	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
Revenues				
Franchise Taxes	\$ 195,000	\$ 191,425	\$ (3,575)	\$ 195,656
Miscellaneous revenues				
Investment Income	22,000	9,100	(12,900)	26,653
Other	25,500	21,962	(3,538)	24,264
Total revenues	<u>242,500</u>	<u>222,487</u>	<u>(20,013)</u>	<u>246,573</u>
Expenditures				
Current				
General government	261,381	263,737	2,356	211,039
Capital outlay				
General government	-	-	-	19,359
Total expenditures	<u>261,381</u>	<u>263,737</u>	<u>2,356</u>	<u>230,398</u>
Excess of revenues over (under) expenditures	<u>\$ (18,881)</u>	(41,250)	<u>\$ (22,369)</u>	16,175
Fund Balance				
Beginning of year		<u>590,936</u>		<u>574,761</u>
End of year		<u>\$ 549,686</u>		<u>\$ 590,936</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
Park Fees Special Revenue Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015		Variance with Final Budget - Over (Under)	2014
	Original and Final Budget	Actual Amounts		Actual Amounts
Revenues				
Special assessments	\$ 9,032	\$ 9,032	\$ -	\$ 13,346
Licenses and permits	600	600	-	800
Intergovernmental	-	-	-	50,000
Charges for services	220,000	465,702	245,702	651,429
Miscellaneous revenues				
Investment income	19,331	27,184	7,853	43,655
Contributions and donations	50,000	10,500	(39,500)	15,000
Rent	50,000	61,336	11,336	53,826
Total revenues	<u>348,963</u>	<u>574,354</u>	<u>225,391</u>	<u>828,056</u>
Expenditures				
Current				
Parks and recreation	-	1,589	1,589	-
Capital outlay				
Parks and recreation	867,000	377,862	(489,138)	126,923
Total expenditures	<u>867,000</u>	<u>379,451</u>	<u>(487,549)</u>	<u>126,923</u>
Excess of revenues over (under) expenditures	(518,037)	194,903	712,940	701,133
Other Financing Sources				
Proceeds from sale of capital asset	-	42,599	42,599	-
Transfers in	-	115,000	115,000	146,097
Total other financing sources	<u>-</u>	<u>157,599</u>	<u>157,599</u>	<u>146,097</u>
Net change in fund balance	<u>\$ (518,037)</u>	352,502	<u>\$ 870,539</u>	847,230
Fund Balance				
Beginning of year		<u>1,591,271</u>		<u>744,041</u>
End of year		<u>\$ 1,943,773</u>		<u>\$ 1,591,271</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
Economic Development Special Revenue Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			2014
	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
Revenues				
Taxes ad valorem	\$ 9,000	\$ 5,048	\$ (3,952)	\$ 9,041
Intergovernmental	-	71,061	71,061	-
Miscellaneous revenues				
Investment income	4,000	1,455	(2,545)	4,026
Rent	6,600	5,100	(1,500)	3,238
Refunds and reimbursements	13,000	4	(12,996)	12,032
Other	-	-	-	44,277
Total revenues	<u>32,600</u>	<u>82,668</u>	<u>50,068</u>	<u>72,614</u>
Expenditures				
Current				
Community development	<u>19,985</u>	<u>78,492</u>	<u>58,507</u>	<u>78,556</u>
Excess of revenues over (under) expenditures	12,615	4,176	(8,439)	(5,942)
Other Financing Sources (Uses)				
Transfers in	-	640,384	640,384	18,864
Transfers out	-	(210)	(210)	(8,146)
Total other financing sources (uses)	<u>-</u>	<u>640,174</u>	<u>640,174</u>	<u>10,718</u>
Net change in fund balances	<u>\$ 12,615</u>	644,350	<u>\$ 631,735</u>	4,776
Fund Balance				
Beginning of year		<u>492,515</u>		<u>487,739</u>
End of year		<u>\$ 1,136,865</u>		<u>\$ 492,515</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
Hamilton Building Special Revenue Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015		Variance with Final Budget - Over (Under)	2014
	Original and Final Budget	Actual Amounts		Actual Amounts
Revenues				
Special assessments				
Investment income	\$ 4,000	\$ 3,614	\$ (386)	\$ 6,930
Rent	146,950	125,258	(21,692)	141,125
Refunds and reimbursements	-	1,012	1,012	5
Other	25,000	15,716	(9,284)	18,367
Total revenues	<u>175,950</u>	<u>145,600</u>	<u>(30,350)</u>	<u>166,427</u>
Expenditures				
Current				
General government	<u>41,439</u>	<u>42,277</u>	<u>838</u>	<u>53,014</u>
Excess of revenues over (under) expenditures	134,511	103,323	(31,188)	113,413
Other Financing Sources (uses)				
Transfers in	-	100,000	100,000	100,000
Transfers out	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(125,000)</u>	<u>(25,000)</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 9,511</u>	78,323	<u>\$ 68,812</u>	113,413
Fund Balance				
Beginning of year		<u>195,694</u>		<u>82,281</u>
End of year		<u>\$ 274,017</u>		<u>\$ 195,694</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
Post Office Special Revenue Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015		Variance with Final Budget - Over (Under)	2014
	Original and Final Budget	Actual Amounts		Actual Amounts
Revenues				
Miscellaneous revenues				
Investment income	\$ 800	\$ 1,140	\$ 340	\$ 2,472
Rent	88,080	85,140	(2,940)	82,620
Total revenues	<u>88,880</u>	<u>86,280</u>	<u>(2,600)</u>	<u>85,092</u>
Expenditures				
Current				
General government	34,150	30,924	(3,226)	55,328
Capital outlay				
General government	-	-	-	14,255
Total expenditures	<u>34,150</u>	<u>30,924</u>	<u>(3,226)</u>	<u>69,583</u>
Excess of revenues over expenditures	<u>\$ 54,730</u>	55,356	<u>\$ 626</u>	<u>15,509</u>
Fund Balance				
Beginning of year		<u>45,043</u>		<u>29,534</u>
End of year		<u>\$ 100,399</u>		<u>\$ 45,043</u>

City of Savage Nonmajor Debt Service Funds

Nonmajor Debt Service Funds are used to account for the accumulation of resources used for the payment of principal, interest, and fiscal agent fees on long-term liabilities.

The types of long-term liabilities outstanding include:

G.O. Bonds Debt Service Fund – These Bonds are used for the acquisition of equipment or construction of public use facilities such as the City Hall building, fire station, recreational facilities and park improvements. These Bonds are being repaid solely from property tax levies and are backed by the full faith and credit of the City.

G.O. State Aid Road Bonds – These Bonds are used for the construction of collector streets that qualify for Municipal State Aid and are being repaid from the annual allotment received from the State of Minnesota. These Bonds are also G.O. bonds backed by the full faith and credit of the City.

G.O. Utility Revenue Bonds – These Bonds were issued to finance South Savage Trunk Sewer, Boudin's Acres and 2004 street improvements.

Lease Revenue Bonds – These Bonds were issued by the EDA for the construction of the City Public Library building. These Bonds are being repaid from lease revenues from leasing the building back to the City.

Capital Lease – The City entered into a lease agreement with the Scott County HRA for financing construction of 17,500 square feet of office and classroom space. The Scott County HRA issued Facility Lease Revenue Bonds and Taxable Facility Lease Revenue Bonds to pay for the construction. The lease agreement requires the City to make yearly payments equal to the principal and interest due on the revenue bonds. These payments are made from the Capital Lease Debt Service Fund. Revenues from sublease agreements are used to pay these lease payments.

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**City of Savage
Combining Balance Sheet -
Nonmajor Debt Service Funds
December 31, 2015**

	Debt Service			
	General			Total
	Obligation	Lease Revenue		
	Bonds	Bonds	Capital Lease	
Assets				
Cash and investments	\$ 2,460,239	\$ -	\$ 133,211	\$ 2,593,450
Cash with fiscal agent	2,765,079	251,000	-	3,016,079
Taxes receivable - current	6,047	-	-	6,047
Taxes receivable - delinquent	11,331	-	-	11,331
Special assessment receivable				
Current	469	-	-	469
Delinquent	1,959	-	-	1,959
Deferred	390,853	-	-	390,853
Interest receivable	-	2	-	2
	<u>\$ 5,635,977</u>	<u>\$ 251,002</u>	<u>\$ 133,211</u>	<u>\$ 6,020,190</u>
Liabilities				
Due to other funds	\$ -	\$ 89,326	\$ -	\$ 89,326
Deferred Inflows of Resources				
Unavailable revenue - property taxes	11,331	-	-	11,331
Unavailable revenue - special assessments	392,812	-	-	392,812
Total deferred inflows of resources	<u>404,143</u>	<u>-</u>	<u>-</u>	<u>404,143</u>
Fund Balances				
Restricted	<u>5,231,834</u>	<u>161,676</u>	<u>133,211</u>	<u>5,526,721</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,635,977</u>	<u>\$ 251,002</u>	<u>\$ 133,211</u>	<u>\$ 6,020,190</u>

City of Savage
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended December 31, 2015

	Debt Service					Total
	General Obligation Bonds	G.O. State Aid Road Bonds	G.O. Utility Revenue Bond	Lease Revenue Bonds	Capital Lease	
Revenues						
Taxes						
Taxes ad valorem	\$ 1,449,534	\$ -	\$ -	\$ -	\$ -	\$ 1,449,534
Special assessments	90,840	-	139,915	-	-	230,755
Intergovernmental	50,717	54,038	-	-	-	104,755
Miscellaneous						
Investment income	20,311	-	-	21	861	21,193
Total revenues	<u>1,611,402</u>	<u>54,038</u>	<u>139,915</u>	<u>21</u>	<u>861</u>	<u>1,806,237</u>
Expenditures						
Debt service						
Principal	1,120,000	50,000	460,000	215,000	90,000	1,935,000
Interest and other charges	473,108	4,038	8,925	36,554	82,795	605,420
Total expenditures	<u>1,593,108</u>	<u>54,038</u>	<u>468,925</u>	<u>251,554</u>	<u>172,795</u>	<u>2,540,420</u>
Excess of revenues over (under) expenditures	18,294	-	(329,010)	(251,533)	(171,934)	(734,183)
Other Financing Sources						
Bond premium	90,060	-	-	-	-	90,060
Issuance of refunding bonds	2,730,000	-	-	-	-	2,730,000
Transfers in	1,438	-	250,085	225,000	125,000	601,523
Total other financing sources	<u>2,821,498</u>	<u>-</u>	<u>250,085</u>	<u>225,000</u>	<u>125,000</u>	<u>3,421,583</u>
Net change in fund balances	2,839,792	-	(78,925)	(26,533)	(46,934)	2,687,400
Fund Balances						
Beginning of year	<u>2,392,042</u>	<u>-</u>	<u>78,925</u>	<u>188,209</u>	<u>180,145</u>	<u>2,839,321</u>
End of year	<u>\$ 5,231,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,676</u>	<u>\$ 133,211</u>	<u>\$ 5,526,721</u>

City of Savage
Nonmajor Capital Projects Funds

Nonmajor Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Downtown Redevelopment Fund – This Fund is used to account for the infrastructure replacement of the downtown area.

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.

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

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

2010 Street Improvements– This Fund is used to account for the construction costs of street improvements.

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

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

Public Works Expansion – This Fund is used to account for construction costs for public works projects.

2012 Capital Projects – This Fund is used to account for the construction costs of street improvements.

2013 Capital Projects – This Fund is used to account for the construction costs of street improvements.

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

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

**City of Savage
Combining Balance Sheet -
Nonmajor Capital Projects Funds
December 31, 2015**

	Capital Projects		
	Sidewalk Fund	Street Infrastructure Fund	Tax Increment Construction
Assets			
Cash and investments	\$ 418,424	\$ 1,338,796	\$ -
Taxes receivable - current	-	-	-
Taxes receivable - delinquent	-	-	-
Special assessments receivable			
Current	-	-	-
Deferred	-	-	-
Accounts receivable	-	-	7,079
Interest receivable	-	-	-
Assets held for resale	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 418,424</u>	<u>\$ 1,338,796</u>	<u>\$ 7,079</u>
Liabilities			
Accounts and contracts payable	\$ -	\$ 153,331	\$ -
Due to other funds	-	-	6,931
Total liabilities	<u>-</u>	<u>153,331</u>	<u>6,931</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - special assessments	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	-	-	-
Assigned	418,424	1,185,465	148
Total fund balances	<u>418,424</u>	<u>1,185,465</u>	<u>148</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 418,424</u>	<u>\$ 1,338,796</u>	<u>\$ 7,079</u>

Capital Projects

Capital Equipment Certificates	2010 Street Improvements	Permanent Improvement Revolving Fund	Community Investment	2014 Capital Projects	2015 Capital Projects	Total
\$ 947,099	\$ 30,993	\$ 846,345	\$ 1,800,011	\$ 722,024	\$ 1,480,239	\$ 7,583,931
320	-	-	-	-	-	320
934	-	-	-	-	-	934
-	-	202	-	-	-	202
-	-	422,579	-	-	-	422,579
-	66,665	-	-	-	-	73,744
-	-	-	-	8,857	-	8,857
-	-	-	82,788	-	-	82,788
<u>\$ 948,353</u>	<u>\$ 97,658</u>	<u>\$ 1,269,126</u>	<u>\$ 1,882,799</u>	<u>\$ 730,881</u>	<u>\$ 1,480,239</u>	<u>\$ 8,173,355</u>
\$ 896	\$ 97,658	\$ -	\$ 10,037	\$ 20,000	\$ 216,643	\$ 498,565
-	-	-	-	-	-	6,931
<u>896</u>	<u>97,658</u>	<u>-</u>	<u>10,037</u>	<u>20,000</u>	<u>216,643</u>	<u>505,496</u>
934	-	-	-	-	-	934
-	-	422,579	-	-	-	422,579
<u>934</u>	<u>-</u>	<u>422,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,513</u>
-	-	846,547	-	710,881	1,263,596	2,821,024
946,523	-	-	1,872,762	-	-	4,423,322
<u>946,523</u>	<u>-</u>	<u>846,547</u>	<u>1,872,762</u>	<u>710,881</u>	<u>1,263,596</u>	<u>7,244,346</u>
<u>\$ 948,353</u>	<u>\$ 97,658</u>	<u>\$ 1,269,126</u>	<u>\$ 1,882,799</u>	<u>\$ 730,881</u>	<u>\$ 1,480,239</u>	<u>\$ 8,173,355</u>

City of Savage
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2015

	Capital Projects		
	Downtown Redevelopment Fund	Sidewalk Fund	Street Infrastructure Fund
	Fund	Fund	Fund
Revenues			
Taxes			
Taxes ad valorem	\$ -	\$ -	\$ -
Special assessments	-	-	224,176
Intergovernmental	-	-	-
Miscellaneous			
Investment income	3,450	3,818	15,777
Refunds and reimbursements	-	-	-
Other	-	-	-
Total revenues	<u>3,450</u>	<u>3,818</u>	<u>239,953</u>
Expenditures			
Current			
General government	-	-	-
Debt service			
Interest and other charges	-	-	-
Capital outlay			
General government	-	-	-
Community development	(1,071)	-	-
Public safety	-	-	-
Public works	100,554	-	190,422
Park and recreation	-	-	-
Total expenditures	<u>99,483</u>	<u>-</u>	<u>190,422</u>
Excess of revenues over (under) expenditures	(96,033)	3,818	49,531
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	-	-
Bonds issued	-	-	-
Bond premium	-	-	-
Transfers in	74,019	179,429	312,170
Transfers out	(179,429)	-	-
Total other financing sources (uses)	<u>(105,410)</u>	<u>179,429</u>	<u>312,170</u>
Net change in fund balances	(201,443)	183,247	361,701
Fund Balances			
Beginning of year	<u>201,443</u>	<u>235,177</u>	<u>823,764</u>
End of year	<u>\$ -</u>	<u>\$ 418,424</u>	<u>\$ 1,185,465</u>

(Continued)

Capital Projects						
Tax Increment Construction	Capital Equipment Certificates	2010 Street Improvements	Permanent Improvement Revolving Fund	Community Investment	Public Works Expansion	2012 Capital Projects
\$ -	\$ 393	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	585,900	-	-	-
-	-	2,771,569	36,871	-	-	-
109	17,063	(6,571)	4,991	24,315	6,183	3,625
-	-	-	-	-	1,600	-
22,079	-	-	15,107	-	-	-
<u>22,188</u>	<u>17,456</u>	<u>2,764,998</u>	<u>642,869</u>	<u>24,315</u>	<u>7,783</u>	<u>3,625</u>
-	-	-	-	31,072	-	-
-	8,951	-	-	-	-	-
-	108,598	-	-	-	21,661	-
22,262	-	-	-	-	-	-
-	490,539	-	-	-	87,187	-
-	343,573	(98,651)	3,703	-	409,176	-
-	132,804	-	-	-	-	-
<u>22,262</u>	<u>1,084,465</u>	<u>(98,651)</u>	<u>3,703</u>	<u>31,072</u>	<u>518,024</u>	<u>-</u>
(74)	(1,067,009)	2,863,649	639,166	(6,757)	(510,241)	3,625
-	95,366	-	-	150,000	-	-
-	600,000	-	-	-	-	-
-	27,288	-	-	-	-	-
210	200,000	-	276,327	200,000	-	-
-	(1,438)	(1,942,609)	(74,019)	-	(719)	(226,327)
<u>210</u>	<u>921,216</u>	<u>(1,942,609)</u>	<u>202,308</u>	<u>350,000</u>	<u>(719)</u>	<u>(226,327)</u>
136	(145,793)	921,040	841,474	343,243	(510,960)	(222,702)
12	1,092,316	(921,040)	5,073	1,529,519	510,960	222,702
<u>\$ 148</u>	<u>\$ 946,523</u>	<u>\$ -</u>	<u>\$ 846,547</u>	<u>\$ 1,872,762</u>	<u>\$ -</u>	<u>\$ -</u>

City of Savage
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Capital Projects Funds
For the Year Ended December 31, 2015

	Capital Projects			
	2013 Capital Projects	2014 Capital Projects	2015 Capital Projects	Total
Revenues				
Taxes				
Taxes ad valorem	\$ -	\$ -	\$ 75,000	\$ 75,393
Special assessments	-	-	-	810,076
Intergovernmental	-	-	-	2,808,440
Miscellaneous				
Investment income	26,944	9,798	(1,018)	108,484
Refunds and reimbursements	-	-	-	1,600
Other	-	-	-	37,186
Total revenues	26,944	9,798	73,982	3,841,179
Expenditures				
Current				
General government	-	-	-	31,072
Debt service				
Interest and other charges	-	-	15,303	24,254
Capital outlay				
General government	-	-	-	130,259
Community development	-	-	-	21,191
Public safety	-	-	-	577,726
Public works	5,885	150,428	2,015,519	3,120,609
Park and recreation	-	-	-	132,804
Total expenditures	5,885	150,428	2,030,822	4,037,915
Excess of revenues over (under) expenditures	21,059	(140,630)	(1,956,840)	(196,736)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	245,366
Bonds issued	-	-	1,715,000	2,315,000
Bond premium	-	-	36,090	63,378
Transfers in	-	-	1,530,000	2,772,155
Transfers out	(1,677,999)	(300,000)	-	(4,402,540)
Total other financing sources (uses)	(1,677,999)	(300,000)	3,281,090	993,359
Net change in fund balances	(1,656,940)	(440,630)	1,324,250	796,623
Fund Balances				
Beginning of year	1,656,940	1,151,511	(60,654)	6,447,723
End of year	\$ -	\$ 710,881	\$ 1,263,596	\$ 7,244,346

City of Savage General Fund

The General Fund was established to account for all revenues and expenditures which are not required to be accounted for in other funds. It has more diverse revenue sources than other funds, including: property taxes, licenses, permits, fines, and forfeitures, intergovernmental, service charges, rents, and investment interest earnings. The Fund's resources finance a wide range of functions including current operations of general government, community development, public safety, public works, parks and recreation, and general service expenditures.

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**City of Savage
Comparative Balance Sheet -
General Fund
December 31, 2015 and 2014**

	2015	2014
Assets		
Cash and investments (including cash equivalents)	\$ 7,486,297	\$ 7,919,158
Receivables		
Current taxes	51,236	34,006
Delinquent taxes	80,474	136,245
Delinquent special assessments	2,178	2,178
Deferred special assessments	29,687	1,639
Accounts	201,085	14,030
Accrued interest	167,807	117,353
Due from other funds	73,707	-
Due from other governments	7,672	7,615
Inventory	6,114	10,710
Prepaid items	52,275	16,906
	<u>\$ 8,158,532</u>	<u>\$ 8,259,840</u>
Liabilities		
Accounts and contracts payable	\$ 171,059	\$ 200,007
Due to other governments	60	5
Salaries and benefits payable	334,640	297,369
Deposits	681,147	894,946
Deferred revenue	1,046	-
Total liabilities	<u>1,187,952</u>	<u>1,392,327</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	80,474	136,245
Unavailable revenue - special assessments	31,865	3,817
Total deferred inflows of resources	<u>112,339</u>	<u>140,062</u>
Fund Balances		
Nonspendable for		
Inventory	6,114	10,710
Prepaid items	52,275	16,906
Assigned for		
Employee comm.	1,856	2,256
Forfeiture	2,446	-
Park concessions	12,294	11,873
Unassigned	6,783,256	6,685,706
Total fund balances	<u>6,858,241</u>	<u>6,727,451</u>
	<u>\$ 8,158,532</u>	<u>\$ 8,259,840</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,158,532</u>	<u>\$ 8,259,840</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual -
General Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			Variance with Final Budget - Over (Under)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes ad valorem	\$ 11,058,385	\$ 11,058,385	\$ 11,055,538	\$ (2,847)	\$ 10,363,872
Special assessments	-	-	1,720	1,720	2,459
Licenses and permits	550,675	550,675	689,799	139,124	852,619
Intergovernmental					
Federal					
Grants	-	-	19,841	19,841	-
State					
Police aid	242,000	242,000	261,582	19,582	254,704
Fire aid	115,000	115,000	158,225	43,225	148,192
Miscellaneous	36,782	38,282	32,225	(6,057)	36,364
Local					
Miscellaneous	76,330	76,330	82,445	6,115	74,141
Total intergovernmental	<u>470,112</u>	<u>471,612</u>	<u>554,318</u>	<u>82,706</u>	<u>513,401</u>
Charges for services					
General government	7,400	7,400	2,892	(4,508)	13,402
Community development	449,050	449,050	639,194	190,144	652,396
Public safety	21,340	21,340	23,278	1,938	25,988
Public works	-	-	32,350	32,350	-
Parks and recreation	144,200	144,200	154,601	10,401	176,359
Total charges for services	<u>621,990</u>	<u>621,990</u>	<u>852,315</u>	<u>230,325</u>	<u>868,145</u>
Fines	25,000	25,000	110,039	85,039	157,931
Miscellaneous					
Investment income	150,000	150,000	108,609	(41,391)	260,413
Contributions and donations	7,000	22,200	16,765	(5,435)	1,621
Rent	41,000	41,000	54,568	13,568	24,005
Refunds and reimbursements	5,000	5,000	14,425	9,425	14,375
Other	16,400	16,400	21,627	5,227	29,031
Total miscellaneous	<u>219,400</u>	<u>234,600</u>	<u>215,994</u>	<u>(18,606)</u>	<u>329,445</u>
Total revenues	<u>12,945,562</u>	<u>12,962,262</u>	<u>13,479,723</u>	<u>517,461</u>	<u>13,087,872</u>
Expenditures					
General government					
Mayor and city council					
Personal services	34,892	34,892	34,210	(682)	34,228
Other current expenditures	55,250	55,250	53,773	(1,477)	51,447
Capital outlay	2,000	2,000	-	(2,000)	-
Total mayor and city council	<u>92,142</u>	<u>92,142</u>	<u>87,983</u>	<u>(4,159)</u>	<u>85,675</u>
Administration					
Personal services	542,085	531,835	555,263	23,428	494,982
Other current expenditures	55,775	55,775	50,657	(5,118)	51,915
Total administration	<u>597,860</u>	<u>587,610</u>	<u>605,920</u>	<u>18,310</u>	<u>546,897</u>
Elections					
Personal services	-	-	-	-	210
Other current expenditures	9,550	9,550	6,685	(2,865)	15,036
Total elections	<u>9,550</u>	<u>9,550</u>	<u>6,685</u>	<u>(2,865)</u>	<u>15,246</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
General Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014
(Continued)

	2015			Variance with Final Budget - Over (Under)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
General government (continued)					
Legal/city attorney					
Other current expenditures	\$ 120,000	\$ 120,000	\$ 141,408	\$ 21,408	\$ 186,130
General government buildings					
Personal services	300,809	297,362	298,692	1,330	303,103
Other current expenditures	179,071	179,071	122,721	(56,350)	100,165
Total general government buildings	<u>479,880</u>	<u>476,433</u>	<u>421,413</u>	<u>(55,020)</u>	<u>403,268</u>
Communications					
Other current expenditures	57,600	57,600	47,826	(9,774)	51,501
Finance					
Personal services	237,859	235,290	228,797	(6,493)	236,564
Other current expenditures	99,420	99,420	85,890	(13,530)	83,941
Total finance	<u>337,279</u>	<u>334,710</u>	<u>314,687</u>	<u>(20,023)</u>	<u>320,505</u>
Assessor					
Other current expenditures	168,950	168,950	168,129	(821)	160,587
Management information systems (MIS)					
Personal services	189,855	188,487	188,914	427	174,368
Other current expenditures	58,500	58,500	63,192	4,692	50,830
Capital outlay	3,000	3,000	-	(3,000)	-
Total MIS	<u>251,355</u>	<u>249,987</u>	<u>252,106</u>	<u>2,119</u>	<u>225,198</u>
Geographic information systems (GIS)					
Personal services	104,879	104,879	102,631	(2,248)	102,622
Other current expenditures	35,980	35,980	24,182	(11,798)	18,551
Total GIS	<u>140,859</u>	<u>140,859</u>	<u>126,813</u>	<u>(14,046)</u>	<u>121,173</u>
Contingency					
Personal services	20,000	20,000	-	(20,000)	-
Other current expenditures	20,000	20,000	-	(20,000)	20,805
Total contingency	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>	<u>20,805</u>
Total general government	<u>2,295,475</u>	<u>2,277,841</u>	<u>2,172,970</u>	<u>(104,871)</u>	<u>2,136,985</u>
Community development					
Community development					
Personal services	252,770	250,463	249,463	(1,000)	243,519
Other current expenditures	17,700	17,700	8,919	(8,781)	10,615
Total community development	<u>270,470</u>	<u>268,163</u>	<u>258,382</u>	<u>(9,781)</u>	<u>254,134</u>
Building inspection					
Personal services	435,945	435,911	430,724	(5,187)	396,351
Other current expenditures	39,739	39,739	28,225	(11,514)	24,199
Total building inspection	<u>475,684</u>	<u>475,650</u>	<u>458,949</u>	<u>(16,701)</u>	<u>420,550</u>
Total community development	<u>746,154</u>	<u>743,813</u>	<u>717,331</u>	<u>(26,482)</u>	<u>674,684</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
General Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014
(Continued)

	2015			Variance with Final Budget - Over (Under)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Public safety					
Police					
Personal services	\$ 4,389,088	\$ 4,351,237	\$ 4,242,076	\$ (109,161)	\$ 4,154,466
Other current expenditures	597,911	597,911	576,599	(21,312)	577,161
Total police	<u>4,986,999</u>	<u>4,949,148</u>	<u>4,818,675</u>	<u>(130,473)</u>	<u>4,731,627</u>
Fire					
Personal services	508,565	506,033	470,609	(35,424)	448,394
Other current expenditures	277,224	278,224	241,193	(37,031)	244,963
Capital outlay	11,535	18,735	7,174	(11,561)	-
Fire relief pension contributions	299,514	299,514	342,739	43,225	332,706
Total fire	<u>1,096,838</u>	<u>1,102,506</u>	<u>1,061,715</u>	<u>(40,791)</u>	<u>1,026,063</u>
Total public safety	<u>6,083,837</u>	<u>6,051,654</u>	<u>5,880,390</u>	<u>(171,264)</u>	<u>5,757,690</u>
Public works					
Streets and alleys					
Personal services	630,312	624,303	563,791	(60,512)	558,508
Other current expenditures	352,273	352,273	301,502	(50,771)	348,859
Total streets and alleys	<u>982,585</u>	<u>976,576</u>	<u>865,293</u>	<u>(111,283)</u>	<u>907,367</u>
Administration					
Personal services	153,342	136,657	135,214	(1,443)	146,684
Other current expenditures	159,312	159,312	153,657	(5,655)	143,953
Total administration	<u>312,654</u>	<u>295,969</u>	<u>288,871</u>	<u>(7,098)</u>	<u>290,637</u>
Engineering					
Personal services	552,299	546,876	498,491	(48,385)	520,668
Other current expenditures	98,576	98,576	103,464	4,888	79,103
Total engineering	<u>650,875</u>	<u>645,452</u>	<u>601,955</u>	<u>(43,497)</u>	<u>599,771</u>
Snow and ice removal					
Personal services	19,263	19,263	13,926	(5,337)	34,296
Other current expenditures	139,150	139,150	134,045	(5,105)	149,203
Total snow and ice removal	<u>158,413</u>	<u>158,413</u>	<u>147,971</u>	<u>(10,442)</u>	<u>183,499</u>
Traffic signs					
Other current expenditures	59,100	59,100	55,615	(3,485)	49,632
Vehicle maintenance					
Personal services	167,178	165,290	160,668	(4,622)	160,233
Other current expenditures	125,050	125,050	91,340	(33,710)	107,136
Total vehicle maintenance	<u>292,228</u>	<u>290,340</u>	<u>252,008</u>	<u>(38,332)</u>	<u>267,369</u>
Total public works	<u>2,455,855</u>	<u>2,425,850</u>	<u>2,211,713</u>	<u>(214,137)</u>	<u>2,298,275</u>

City of Savage
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -
General Fund
Year Ended December 31, 2015
With Comparative Actual Amounts for the Year Ended December 31, 2014
(Continued)

	2015			Variance with Final Budget - Over (Under)	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Parks and recreation					
Parks administration					
Personal services	\$ 1,047,951	\$ 1,089,136	\$ 1,055,720	\$ (33,416)	\$ 223,644
Other current expenditures	378,861	387,361	304,905	(82,456)	100,219
Total parks administration	<u>1,426,812</u>	<u>1,476,497</u>	<u>1,360,625</u>	<u>(115,872)</u>	<u>323,863</u>
Parks maintenance					
Personal services	-	-	-	-	669,077
Other current expenditures	-	-	-	-	176,648
Total parks maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,725</u>
Library					
Personal services	-	-	-	-	1,693
Other current expenditures	65,306	65,306	55,228	(10,078)	62,937
Total library	<u>65,306</u>	<u>65,306</u>	<u>55,228</u>	<u>(10,078)</u>	<u>64,630</u>
Community park					
Personal services	-	-	-	-	3,391
Other current expenditures	-	-	-	-	35,664
Total community park	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,055</u>
Skating rinkss					
Personal services	-	-	-	-	12,980
Other current expenditures	-	-	-	-	3,184
Total skating rinks	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,164</u>
Forestry and natural resources					
Personal services	77,574	76,752	100,159	23,407	77,999
Other current expenditures	30,600	30,600	10,517	(20,083)	23,983
Total forestry and natural resources	<u>108,174</u>	<u>107,352</u>	<u>110,676</u>	<u>3,324</u>	<u>101,982</u>
Total parks and recreation	<u>1,600,292</u>	<u>1,649,155</u>	<u>1,526,529</u>	<u>(122,626)</u>	<u>1,391,419</u>
Total expenditures	<u>13,181,613</u>	<u>13,148,313</u>	<u>12,508,933</u>	<u>(639,380)</u>	<u>12,259,053</u>
Excess of revenues over (under) expenditures	(236,051)	(186,051)	970,790	1,156,841	828,819
Other Financing Sources (uses)					
Transfers in	250,000	200,000	200,000	-	207,625
Transfers out	(225,000)	(225,000)	(1,040,000)	(815,000)	(775,281)
Total other financing sources (uses)	<u>25,000</u>	<u>(25,000)</u>	<u>(840,000)</u>	<u>(815,000)</u>	<u>(567,656)</u>
Net change in fund balance	<u>\$ (211,051)</u>	<u>\$ (211,051)</u>	130,790	<u>\$ 341,841</u>	261,163
Fund Balance					
Beginning of year			6,727,451		6,466,288
End of year			<u>\$ 6,858,241</u>		<u>\$ 6,727,451</u>

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**City of Savage
Enterprise Fund**

Enterprise Funds are used to account for the operations of self-supporting activities which render services or goods to the public. The accounting records are maintained on the accrual basis of accounting.

Municipal Liquor Fund – This Fund is used to account for operations of the City's municipal liquor stores.

City of Savage
Comparative Schedule of Revenues, Expenses, and Changes In Net Position -
Proprietary Funds - Municipal Liquor
Year Ended December 31, 2015
With Comparative Amounts for the Year Ended December 31, 2014

	<u>Dan Patch Liquors</u>		<u>Marketplace Liquors</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Sales and Cost of Sales				
Sales and other revenue	\$ 1,029,016	100.0%	\$ 2,676,747	100.0%
Cost of sales	818,929	79.6%	1,955,058	73.0%
Gross profit	<u>210,087</u>	<u>20.4%</u>	<u>721,689</u>	<u>27.0%</u>
Operating Expenses				
Salaries and benefits	163,907	15.9%	424,203	15.8%
Professional services	21,157	2.1%	57,299	2.1%
Advertising	814	0.1%	845	0.0%
Utilities	14,375	1.4%	35,476	1.3%
Depreciation	17,602	1.7%	47,512	1.8%
Repairs and maintenance	2,397	0.2%	9,065	0.3%
Telephone	2,668	0.3%	1,686	0.1%
Insurance	4,335	0.4%	7,544	0.3%
Office and other supplies	3,034	0.3%	14,311	0.5%
Miscellaneous	<u>19,062</u>	<u>1.9%</u>	<u>2,395</u>	<u>0.1%</u>
Total operating expenses	<u>249,351</u>	<u>24.3%</u>	<u>600,336</u>	<u>22.3%</u>
Operating income (loss)	<u>\$ (39,264)</u>	<u>-3.9%</u>	<u>\$ 121,353</u>	<u>4.7%</u>
Nonoperating Expenses				
Interest expense				
Income before transfers				
Transfers out				
Change in net position				
Net Position				
Beginning of year				
Change in accounting principle				
Beginning of year, restated				
End of year				

2015		2014	
Amount	Percent	Amount	Percent
\$ 3,705,763	100.0%	\$ 4,245,608	100.0%
2,773,987	74.9%	3,079,994	72.5%
931,776	25.1%	1,165,614	27.5%
588,110	15.9%	628,017	14.8%
78,456	2.1%	86,529	2.0%
1,659	0.0%	3,467	0.1%
49,851	1.3%	52,453	1.2%
65,114	1.8%	64,055	1.5%
11,462	0.3%	12,762	0.3%
4,354	0.1%	4,750	0.1%
11,879	0.3%	15,946	0.4%
17,345	0.5%	31,952	0.8%
21,457	0.6%	21,095	0.5%
849,687	22.9%	921,026	21.7%
82,089	2.2%	244,588	5.8%
(37,660)	-1.0%	(45,362)	-1.1%
44,429	1.2%	199,226	4.7%
-	-	-	-
44,429	1.2%	199,226	4.7%
1,773,244		1,574,018	
(349,205)		-	
1,424,039		1,574,018	
\$ 1,468,468		\$ 1,773,244	

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**City of Savage
Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the City in an agent capacity.

Service Availability Charge – Agency Fund – This Fund is used to account for assets in the form of sewer availability charges collected by the City and remitted to the Metropolitan Council Environmental Services (MCES).

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

City of Savage
Statement of Changes in Agency Fund
Assets and Liabilities
For the Year Ended December 31, 2015

	<u>December 31,</u> <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31,</u> <u>2015</u>
Total Agency Fund				
Assets				
Cash and investments	<u>\$ 25,838</u>	<u>\$ 265,833</u>	<u>\$ 259,586</u>	<u>\$ 32,085</u>
Liabilities				
Due to other governments	<u>\$ 25,838</u>	<u>\$ 265,833</u>	<u>\$ 259,586</u>	<u>\$ 32,085</u>
Service Availability Charge				
Assets				
Cash and investments	<u>\$ 22,365</u>	<u>\$ 238,560</u>	<u>\$ 231,105</u>	<u>\$ 29,820</u>
Liabilities				
Due to other governments	<u>\$ 22,365</u>	<u>\$ 238,560</u>	<u>\$ 231,105</u>	<u>\$ 29,820</u>
State Surcharge				
Assets				
Cash and investments	<u>\$ 3,473</u>	<u>\$ 27,273</u>	<u>\$ 28,481</u>	<u>\$ 2,265</u>
Liabilities				
Due to other governments	<u>\$ 3,473</u>	<u>\$ 27,273</u>	<u>\$ 28,481</u>	<u>\$ 2,265</u>

City of Savage Statistical Section

This part of the City'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 City's overall financial health.

CONTENTS	Pages
Financial Trends	136-145
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	146-151
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	152-158
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	159-161
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	162-164
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

**City of Savage
Scott County, Minnesota**

Table 1

**Net Position by Component
Last Ten Fiscal Years**

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net Investment in Capital Assets	\$ 44,741,262	\$ 48,761,492	\$ 49,854,699	\$ 47,712,409
Restricted	18,732,794	21,941,615	24,248,309	25,069,381
Unrestricted	7,527,634	8,203,354	5,969,039	6,018,098
Total Governmental Activities Net Position	<u>\$ 71,001,690</u>	<u>\$ 78,906,461</u>	<u>\$ 80,072,047</u>	<u>\$ 78,799,888</u>
Business-Type Activities				
Net Investment in Capital Assets	\$ 80,025,976	\$ 72,683,156	\$ 71,915,835	\$ 67,857,147
Restricted	186,213	186,213	186,213	186,213
Unrestricted	9,361,651	10,304,604	9,710,253	9,508,728
Total Business-Type Activities Net Position	<u>\$ 89,573,840</u>	<u>\$ 83,173,973</u>	<u>\$ 81,812,301</u>	<u>\$ 77,552,088</u>
Primary Government				
Net Investment in Capital Assets	\$ 114,767,238	\$ 109,556,571	\$ 110,182,457	\$ 105,241,479
Restricted	18,919,007	22,127,828	24,434,522	25,255,594
Unrestricted	26,889,285	30,396,035	27,267,369	25,854,903
Total Primary Government Net Position	<u>\$ 160,575,530</u>	<u>\$ 162,080,434</u>	<u>\$ 161,884,348</u>	<u>\$ 156,351,976</u>

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

**City of Savage
Scott County, Minnesota**

Table 1 (cont)

**Net Position By Component
Last Ten Fiscal Years**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 49,995,780	\$ 44,947,035	\$ 51,868,908	\$ 55,245,476	\$ 56,875,347	\$ 56,788,519
27,783,068	28,661,106	26,923,205	24,780,907	27,661,964	26,379,496
1,632,478	7,595,872	4,828,615	4,300,332	4,808,819	346,467
<u>\$ 79,411,326</u>	<u>\$ 81,204,013</u>	<u>\$ 83,620,728</u>	<u>\$ 84,326,715</u>	<u>\$ 89,346,130</u>	<u>\$ 83,514,482</u>
\$ 64,274,645	\$ 59,136,142	\$ 57,394,271	\$ 56,798,875	\$ 58,707,155	\$ 58,349,577
186,213	186,213	186,213	186,213	186,213	186,213
9,175,558	12,050,334	13,433,615	11,657,075	9,650,137	10,250,984
<u>\$ 73,636,416</u>	<u>\$ 71,372,689</u>	<u>\$ 71,014,099</u>	<u>\$ 68,642,163</u>	<u>\$ 68,543,505</u>	<u>\$ 68,786,774</u>
\$ 102,327,425	\$ 94,262,715	\$ 99,215,256	\$ 101,888,966	\$ 105,769,655	\$ 105,597,787
27,969,281	28,847,319	27,109,418	24,967,120	27,848,177	26,565,709
22,751,036	29,466,668	28,310,153	26,112,792	24,271,803	20,137,760
<u>\$ 153,047,742</u>	<u>\$ 152,576,702</u>	<u>\$ 154,634,827</u>	<u>\$ 152,968,878</u>	<u>\$ 157,889,635</u>	<u>\$ 152,301,256</u>

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

**City of Savage
Scott County, Minnesota**

Table 2

**Changes In Net Position
Last Ten Fiscal Years**

	Fiscal Year			
	2006	2007	2008	2009
EXPENSES				
Governmental Activities:				
General Government	\$ 2,335,763	\$ 3,059,024	\$ 2,892,117	\$ 2,432,911
Community Development	904,223	1,597,153	952,383	777,406
Public Safety	4,220,708	4,832,404	5,121,220	5,418,324
Public Works	7,543,448	8,609,148	8,470,718	8,702,435
Park and Recreation	1,556,781	1,628,673	1,536,144	1,604,608
Interest and Fiscal Charges	2,608,488	2,904,919	2,755,432	2,679,241
Total Governmental Activities Expenses	<u>19,169,411</u>	<u>22,631,321</u>	<u>21,728,014</u>	<u>21,614,925</u>
Business-Type Activities:				
Water and Sewer	\$ 8,887,937	\$ 9,821,122	\$ 9,497,948	\$ 9,760,949
Storm Water	1,473,508	1,644,393	1,822,550	1,715,389
Liquor	5,457,928	5,679,296	5,871,035	5,293,536
Street Light	271,495	290,624	303,912	298,660
Sports Dome	-	-	-	-
Total Business-Type Activities Expenses	<u>16,090,868</u>	<u>17,435,435</u>	<u>17,495,445</u>	<u>17,068,534</u>
Total Primary Government Expenses	<u>\$ 35,260,279</u>	<u>\$ 40,066,756</u>	<u>\$ 39,223,459</u>	<u>\$ 38,683,459</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services				
General Government	\$ 418,902	\$ 807,910	\$ 747,510	\$ 414,480
Community Development	809,134	1,197,738	456,627	368,097
Public Safety	261,161	234,189	287,263	256,450
Public Works	1,865,163	1,507,692	773,642	643,557
Park and Recreation	141,605	135,987	171,754	172,768
Operating Grants and Contributions	486,988	759,005	704,340	838,217
Capital Grants and Contributions	8,042,447	4,552,777	2,177,071	1,712,373
Total Government Activities Program Revenues	<u>12,025,400</u>	<u>9,195,298</u>	<u>5,318,207</u>	<u>4,405,942</u>
Business-Type Activities:				
Charges for Services				
Water and Sewer	\$ 5,555,784	\$ 6,180,999	\$ 6,768,780	\$ 6,580,504
Storm Water	1,159,611	1,087,297	1,563,967	1,302,696
Liquor	5,846,986	6,123,185	6,315,723	5,570,183
Street Light	267,394	292,847	310,154	328,577
Sports Center	-	-	-	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	1,132,690	330,697	-	145,704
Total Business-Type Activities Program Revenues	<u>13,962,465</u>	<u>14,015,025</u>	<u>14,958,624</u>	<u>13,927,664</u>
Total Primary Government Program Revenues	<u>\$ 25,987,865</u>	<u>\$ 23,210,323</u>	<u>\$ 20,276,831</u>	<u>\$ 18,333,606</u>

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

**City of Savage
Scott County, Minnesota**

Table 2 (cont)

**Changes in Net Position
Last Ten Fiscal Years**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,412,774	\$ 2,465,817	\$ 2,579,553	\$ 2,586,203	\$ 2,635,204	\$ 2,808,358
595,330	664,475	731,022	1,492,904	1,126,253	880,952
5,619,912	5,650,788	5,881,131	5,736,452	6,080,356	6,144,514
8,829,965	8,364,994	9,186,780	9,625,099	7,655,405	10,013,293
1,630,060	1,679,064	1,609,802	1,754,704	1,664,785	1,859,142
2,508,079	2,172,544	2,257,180	2,024,222	1,793,677	1,572,793
<u>21,596,120</u>	<u>20,997,682</u>	<u>22,245,468</u>	<u>23,219,584</u>	<u>20,955,680</u>	<u>23,279,052</u>
\$ 10,205,970	\$ 10,092,700	\$ 10,187,040	\$ 9,973,931	\$ 8,505,471	\$ 8,401,436
1,949,972	1,966,042	1,676,891	1,775,795	1,581,519	1,684,442
5,026,231	4,472,836	4,326,242	4,205,135	4,046,382	3,661,334
300,908	316,629	332,040	325,596	331,931	335,488
-	-	134,016	527,728	490,481	466,643
<u>17,483,081</u>	<u>16,848,207</u>	<u>16,656,229</u>	<u>16,808,185</u>	<u>14,955,784</u>	<u>14,549,343</u>
<u>\$ 39,079,201</u>	<u>\$ 37,845,889</u>	<u>\$ 38,901,697</u>	<u>\$ 40,027,769</u>	<u>\$ 35,911,464</u>	<u>\$ 37,828,395</u>
\$ 448,515	\$ 485,867	\$ 401,917	\$ 407,780	\$ 425,638	\$ 451,924
589,626	763,244	1,072,671	935,318	1,152,731	1,072,049
272,055	254,405	230,613	229,931	191,024	138,373
789,646	882,681	1,432,254	1,061,729	629,211	509,220
152,341	191,863	168,882	244,232	262,835	229,892
494,766	643,307	853,424	598,964	581,227	740,935
<u>4,083,430</u>	<u>4,065,639</u>	<u>7,080,462</u>	<u>5,744,272</u>	<u>4,327,779</u>	<u>5,877,187</u>
<u>6,830,379</u>	<u>7,287,006</u>	<u>11,240,223</u>	<u>9,222,226</u>	<u>7,570,445</u>	<u>9,019,580</u>
\$ 6,077,544	\$ 6,641,873	\$ 7,457,902	\$ 7,525,396	\$ 8,584,064	\$ 7,078,007
1,413,006	1,288,222	1,243,080	1,293,742	1,415,134	1,377,448
5,181,548	4,657,014	4,560,288	4,435,027	4,245,608	3,705,763
331,197	335,105	345,255	344,842	347,059	351,997
-	-	111,522	504,008	520,598	492,875
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,003,295</u>	<u>12,922,214</u>	<u>13,718,047</u>	<u>14,103,015</u>	<u>15,112,463</u>	<u>13,006,090</u>
<u>\$ 19,833,674</u>	<u>\$ 20,209,220</u>	<u>\$ 24,958,270</u>	<u>\$ 23,325,241</u>	<u>\$ 22,682,908</u>	<u>\$ 22,025,670</u>

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

**City of Savage
Scott County, Minnesota**

Table 2 (cont)

**Changes in Net Position
Last Ten Fiscal Years**

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
PROGRAM REVENUES (CONTINUED)				
Net (Expense)/Revenue:				
Governmental Activities	\$ (7,144,011)	\$ (13,436,023)	\$ (16,409,807)	\$ (17,208,983)
Business-Type Activities	(2,128,403)	(3,420,410)	(2,536,821)	(3,140,870)
	<hr/>			
Total Primary Government Net Expense	<u>\$ (9,272,414)</u>	<u>\$ (16,856,433)</u>	<u>\$ (18,946,628)</u>	<u>\$ (20,349,853)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
General Revenues				
Property Taxes	\$ 13,467,012	\$ 15,494,394	\$ 16,562,191	\$ 15,287,066
Franchise Taxes	142,409	162,103	171,332	181,704
Intergovernmental	-	440,789	207,074	-
Unrestricted Investment Earnings	1,321,732	1,631,876	1,441,689	495,882
Other General Revenues	18,315	22,983	6,263	12,542
Gain on Sale of Asset	-	-	9,719	17,122
Transfers	(3,844,707)	1,230,005	(822,875)	386,176
Total Governmental Activities	<u>11,104,761</u>	<u>18,982,150</u>	<u>17,575,393</u>	<u>16,380,492</u>
Business-Type Activities:				
General Revenues				
Unrestricted Investment Earnings	151,436	429,920	352,274	159,690
Other General Revenues	215,818	179,272	-	4,164
Transfers	3,844,707	(1,230,005)	822,875	(386,176)
Total Business-Type Activities	<u>4,211,961</u>	<u>(620,813)</u>	<u>1,175,149</u>	<u>(222,322)</u>
	<hr/>			
Total Primary Government	<u>\$ 15,316,722</u>	<u>\$ 18,361,337</u>	<u>\$ 18,750,542</u>	<u>\$ 16,158,170</u>
CHANGE IN NET POSITION				
Governmental Activities	\$ 3,960,750	\$ 5,546,127	\$ 1,165,586	\$ (828,491)
Business-Type Activities	2,083,558	(4,041,223)	(1,361,672)	(3,363,192)
	<hr/>			
Total Primary Government	<u>\$ 6,044,308</u>	<u>\$ 1,504,904</u>	<u>\$ (196,086)</u>	<u>\$ (4,191,683)</u>

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

**City of Savage
Scott County, Minnesota**

Table 2 (cont)

**Changes in Net Position
Last Ten Fiscal Years**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (14,765,741)	\$ (13,710,676)	\$ (11,005,245)	\$ (13,997,358)	\$ (13,385,235)	\$ (14,259,472)
(4,479,786)	(3,925,993)	(2,938,182)	(2,705,170)	156,679	(1,543,253)
<u>\$ (19,245,527)</u>	<u>\$ (17,636,669)</u>	<u>\$ (13,943,427)</u>	<u>\$ (16,702,528)</u>	<u>\$ (13,228,556)</u>	<u>\$ (15,802,725)</u>
\$ 15,255,747	\$ 14,974,013	\$ 15,097,706	\$ 15,587,216	\$ 16,134,882	\$ 16,612,868
189,678	196,149	189,980	194,057	195,656	191,425
-	-	-	-	4,004	-
330,672	1,471,561	895,463	(570,068)	1,249,535	480,193
17,928	13,514	14,862	16,566	3,480	-
1,288	-	8,751	73,492	58,522	265,936
(418,134)	(1,151,874)	(2,353,133)	(597,918)	758,571	(2,724,755)
<u>15,377,179</u>	<u>15,503,363</u>	<u>13,853,629</u>	<u>14,703,345</u>	<u>18,404,650</u>	<u>14,825,667</u>
145,343	510,392	348,402	(269,402)	494,736	153,310
637	-	12,730	4,718	8,498	2,377
418,134	1,151,874	2,353,133	597,918	(758,571)	2,724,755
<u>564,114</u>	<u>1,662,266</u>	<u>2,714,265</u>	<u>333,234</u>	<u>(255,337)</u>	<u>2,880,442</u>
<u>\$ 15,941,293</u>	<u>\$ 17,165,629</u>	<u>\$ 16,567,894</u>	<u>\$ 15,036,579</u>	<u>\$ 18,149,313</u>	<u>\$ 17,706,109</u>
\$ 611,438	\$ 1,792,687	\$ 2,848,384	\$ 705,987	\$ 5,019,415	\$ 566,195
(3,915,672)	(2,263,727)	(223,917)	(2,371,936)	(98,658)	1,337,189
<u>\$ (3,304,234)</u>	<u>\$ (471,040)</u>	<u>\$ 2,624,467</u>	<u>\$ (1,665,949)</u>	<u>\$ 4,920,757</u>	<u>\$ 1,903,384</u>

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

**City of Savage
Scott County, Minnesota**

Table 3

**Fund Balances of Governmental Funds
Last 10 Fiscal Years**

	Fiscal Year			
	2006	2007	2008	2009
General Fund:				
Reserved	\$ -	\$ -	\$ 6,753	\$ 3,946
Unreserved	3,459,550	3,790,828	4,244,038	4,797,233
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 3,459,550</u>	<u>\$ 3,790,828</u>	<u>\$ 4,250,791</u>	<u>\$ 4,801,179</u>
All Other Governmental Funds:				
Reserved	\$ 19,998,952	\$ 1,834,197	\$ 1,829,650	\$ 1,824,740
Unreserved, Reported in:				
Special Revenue Funds	846,174	1,945,184	567,236	1,124,062
Debt Service Funds	(18,213)	17,459,772	19,282,173	19,366,228
Capital Projects Funds	9,073,760	7,537,774	10,357,936	8,328,545
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned - Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 29,900,673</u>	<u>\$ 28,776,927</u>	<u>\$ 32,036,995</u>	<u>\$ 30,643,575</u>

Note: GASB 54 was implemented in 2011.

**City of Savage
Scott County, Minnesota**

Table 3 (cont)

**Fund Balances of Governmental Funds
Last 10 Fiscal Years**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 1,051	\$ -	\$ -	\$ -	\$ -	\$ -
5,571,994	-	-	-	-	-
-	8,100	26,951	35,633	27,616	58,389
-	57,506	57,070	14,393	14,129	16,596
-	6,095,222	6,259,170	6,416,262	6,685,706	6,783,256
<u>\$ 5,573,045</u>	<u>\$ 6,160,828</u>	<u>\$ 6,343,191</u>	<u>\$ 6,466,288</u>	<u>\$ 6,727,451</u>	<u>\$ 6,858,241</u>
\$ 1,659,499	\$ -	\$ -	\$ -	\$ -	\$ -
1,399,116	-	-	-	-	-
25,176,670	-	-	-	-	-
9,330,389	-	-	-	-	-
-	1,457,031	1,432,675	840,625	790,573	739,572
-	19,401,374	19,581,241	23,507,078	24,394,291	26,854,132
-	1,119,599	1,276,006	1,276,323	1,324,188	2,060,967
-	14,609,278	10,355,038	8,085,760	4,620,966	4,423,322
-	(1,995,184)	(5,754,031)	(6,935,079)	(1,801,173)	(742,569)
<u>\$ 37,565,674</u>	<u>\$ 34,592,098</u>	<u>\$ 26,890,929</u>	<u>\$ 26,774,707</u>	<u>\$ 29,328,845</u>	<u>\$ 33,335,424</u>

**City of Savage
Scott County, Minnesota**

Table 4

**Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years**

	Fiscal Year			
	2006	2007	2008	2009
REVENUES:				
Taxes	\$ 13,423,943	\$ 15,420,227	\$ 16,382,638	\$ 15,194,950
Special Assessments	2,554,388	2,221,834	2,681,370	2,124,181
Licenses and Permits	1,510,100	1,612,773	645,593	573,884
Intergovernmental	2,961,495	1,359,092	992,352	617,579
Charges for Services	1,737,371	837,196	1,084,003	649,618
Fines and Forfeits	978,457	194,561	200,218	212,124
Interest on Investments	1,309,252	1,612,274	1,418,912	483,637
Miscellaneous Revenue	-	1,497,617	861,946	1,235,608
Total Revenues	<u>24,475,006</u>	<u>24,755,574</u>	<u>24,267,032</u>	<u>21,091,581</u>
EXPENDITURES:				
General Government	2,084,639	2,240,589	2,221,348	2,172,553
Community Development	782,300	1,358,289	749,816	639,003
Public Safety	3,834,315	4,126,771	4,586,587	4,989,459
Public Works	1,910,736	2,135,374	2,245,875	2,170,754
Parks and Recreation	1,220,636	1,261,641	1,300,309	1,278,987
Capital Projects	19,448,183	10,657,280	6,869,032	5,440,945
Debt Service				
Principal	6,570,000	6,660,000	7,340,000	6,755,000
Interest	2,633,076	3,057,378	2,742,476	2,734,946
Other Charges	-	-	-	-
Total Expenditures	<u>38,483,885</u>	<u>31,497,322</u>	<u>28,055,443</u>	<u>26,181,647</u>
Excess of Revenues Over (Under) Expenditures	(14,008,879)	(6,741,748)	(3,788,411)	(5,090,066)
OTHER FINANCING SOURCES (USES):				
Debt Issued	20,605,000	3,295,000	6,180,000	5,050,000
Premium/Discount on Debt Issued	(222,756)	(10,664)	34,250	33,420
Payments on Refunded Bonds	(8,615,000)	-	-	(1,675,000)
Proceeds from Sale of Assets	18,315	19,444	29,715	38,282
Transfers in	9,662,906	6,771,724	4,676,783	8,202,090
Transfers out	(10,903,802)	(4,126,224)	(3,412,306)	(7,401,758)
Total Other Financing Sources (Uses)	<u>10,544,663</u>	<u>5,949,280</u>	<u>7,508,442</u>	<u>4,247,034</u>
Net Change in Fund Balance	<u>\$ (3,464,216)</u>	<u>\$ (792,468)</u>	<u>\$ 3,720,031</u>	<u>\$ (843,032)</u>
Debt Service as a Percentage of Noncapital Expenditures	41.7%	41.3%	43.0%	44.2%

**City of Savage
Scott County, Minnesota**

Table 4 (cont)

**Changes in Fund Balances of Governmental Funds
Last 10 Fiscal Years**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 15,377,240	\$ 15,038,116	\$ 15,040,188	\$ 15,706,099	\$ 16,239,954	\$ 16,700,828
2,106,741	3,823,356	3,116,273	4,856,987	4,131,438	2,680,986
910,748	1,070,212	1,963,399	1,377,386	1,144,093	979,319
626,826	1,852,531	5,059,511	681,259	2,803,618	5,040,627
788,813	799,037	1,045,284	1,088,336	1,519,574	1,318,017
240,775	221,984	205,691	201,687	157,931	110,039
319,413	1,434,005	872,295	(548,819)	1,189,774	456,713
770,497	881,852	825,963	762,758	945,303	702,786
<u>21,141,053</u>	<u>25,121,093</u>	<u>28,128,604</u>	<u>24,125,693</u>	<u>28,131,685</u>	<u>27,989,315</u>
2,156,341	2,205,108	2,353,023	2,373,190	2,468,850	2,540,980
538,168	542,925	622,229	720,049	753,240	795,823
5,231,715	5,234,134	5,480,860	5,423,978	5,757,690	5,873,216
2,140,871	2,058,008	2,071,901	2,179,378	2,298,275	2,211,713
1,280,481	1,388,032	1,242,838	1,404,258	1,419,873	1,528,118
7,305,029	5,390,043	19,249,033	11,702,470	10,829,083	7,316,930
7,040,000	6,240,000	7,825,000	7,750,000	6,625,000	7,190,000
2,561,618	2,452,449	2,173,145	2,186,986	1,946,410	1,735,867
-	-	-	-	1,114,435	-
<u>28,254,223</u>	<u>25,510,699</u>	<u>41,018,029</u>	<u>33,740,309</u>	<u>33,212,856</u>	<u>29,192,647</u>
(7,113,170)	(389,606)	(12,889,425)	(9,614,616)	(5,081,171)	(1,203,332)
17,065,000	8,640,000	5,085,000	6,241,200	9,890,000	6,830,000
548,790	147,401	132,741	216,594	212,244	265,345
(3,555,000)	(11,025,000)	-	-	(6,600,000)	-
37,778	41,412	37,891	73,492	62,633	287,965
2,620,628	3,992,995	1,245,987	5,064,796	6,868,636	4,527,780
(1,910,061)	(3,792,995)	(1,131,000)	(1,974,591)	(3,956,582)	(6,570,389)
<u>14,807,135</u>	<u>(1,996,187)</u>	<u>5,370,619</u>	<u>9,621,491</u>	<u>6,476,931</u>	<u>5,340,701</u>
<u>\$ 7,693,965</u>	<u>\$ (2,385,793)</u>	<u>\$ (7,518,806)</u>	<u>\$ 6,875</u>	<u>\$ 1,395,760</u>	<u>\$ 4,137,369</u>
45.5%	43.0%	45.4%	43.7%	42.6%	37.8%

**City of Savage
Scott County, Minnesota**

Table 5

**Governmental Activities Tax Revenue by Source
(Accrual Basis Of Accounting)
Last Ten Fiscal Years**

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2006	11,664,459	1,802,553	142,409	13,609,421
2007	13,460,114	2,034,280	162,103	15,656,497
2008	14,413,739	2,148,452	171,332	16,733,523
2009	15,158,454	128,612	181,704	15,468,770
2010	15,115,141	140,606	189,678	15,445,425
2011	14,937,657	36,356	196,149	15,170,162
2012	15,063,473	34,233	189,980	15,287,686
2013	15,554,819	32,397	194,057	15,781,273
2014	16,121,557	13,325	195,656	16,330,538
2015	16,612,868	-	191,425	16,804,293

**City of Savage
Scott County, Minnesota**

Table 6

**General Governmental Activities Tax Revenue by Source
(Modified Accrual Basis of Accounting)
Last 10 Fiscal Years**

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Total
2006	11,621,390	1,802,553	142,409	13,566,352
2007	13,385,947	2,034,280	162,103	15,582,330
2008	14,234,186	2,148,452	171,332	16,553,970
2009	15,066,338	128,612	181,704	15,376,654
2010	15,236,634	140,606	189,678	15,566,918
2011	15,001,760	36,356	196,149	15,234,265
2012	15,005,955	34,233	189,980	15,230,168
2013	15,657,638	32,397	194,057	15,884,092
2014	16,226,469	13,325	195,656	16,435,450
2015	16,700,828	-	191,425	16,892,253

**City Of Savage
Scott County, Minnesota**

Table 7

**Net Tax Capacity and Estimated Market Value of Property
Last 10 Fiscal Years**

Fiscal Year	Real and Personal Property ⁽¹⁾						Ratio of Total Tax Capacity to Taxable Market Value
	Total Tax Capacity	Tax Increment Tax Capacity	Net Area-Wide Allocation	Net Tax Capacity	Total Direct Tax Rate	Taxable Market Value	
2006	\$ 26,305,315	\$ (1,784,806)	\$ (1,762,033)	\$ 22,758,476	46.39%	\$ 2,352,975,300	1.12%
2007	28,649,548	(1,967,961)	(2,117,126)	24,564,461	50.16%	2,560,813,400	1.12%
2008	31,134,241	(2,091,713)	(2,294,796)	26,747,732	48.36%	2,754,822,400	1.13%
2009	32,433,758	(138,233)	(2,732,329)	29,563,196	46.01%	2,856,856,547	1.14%
2010	31,342,817	(129,985)	(2,929,479)	28,283,353	47.34%	2,718,402,500	1.15%
2011	30,658,327	(36,196)	(3,157,705)	27,464,426	48.28%	2,652,900,000	1.16%
2012	28,690,321	(26,264)	(3,157,705)	25,480,640	51.12%	2,477,077,500	1.16%
2013	27,003,916	(25,738)	(2,963,384)	24,014,794	55.51%	2,311,627,400	1.17%
2014	28,256,725	(25,738)	(2,977,350)	25,253,637	55.28%	2,434,515,600	1.16%
2015	30,700,138	-	(2,927,312)	27,772,826	51.74%	2,658,879,100	1.15%

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

**City of Savage
Scott County, Minnesota**

Table 8

**Property Tax Rates
Direct And Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Savage			Overlapping Rates ⁽¹⁾		Special Districts ⁽²⁾	Total Direct and Overlapping Rates
	Operating Rate	Debt Service Rate	Total Tax Capacity Rate	School District No. 191 Total Tax Capacity Rate	Scott County Total Tax Capacity Rate		
2006	31.171%	15.308%	46.479%	19.543%	34.318%	7.038%	107.378%
2007	35.322%	14.833%	50.155%	18.152%	33.140%	6.525%	107.972%
2008	32.152%	16.204%	48.356%	19.374%	32.646%	6.130%	106.506%
2009	30.906%	15.107%	46.013%	19.842%	32.684%	5.812%	104.351%
2010	31.807%	15.528%	47.335%	20.668%	33.237%	6.246%	107.487%
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%	127.592%
2015	35.325%	16.418%	51.743%	24.554%	36.638%	6.976%	119.910%

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

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

**City of Savage
Scott County, Minnesota**

Table 9

**Principal Property Taxpayers
December 31, 2015**

Taxpayer	Taxes Payable 2015			Taxes Payable 2006		
	Assessed Valuation	Rank	Percent of Total Assessed Valuation	Assessed Valuation	Rank	Percent of Total Assessed Valuation
Cargill, Inc.	\$ 24,228,600	1	0.91%	\$ 9,393,200	5	0.40%
Karl Bohn	18,881,200	2	0.71%	16,913,800	1	0.72%
BRE	14,702,300	3	0.55%			
Target Corporation	14,100,000	4	0.53%	13,698,300	2	0.58%
Larry M. Ross, LLC	12,000,000	5	0.45%	11,178,700	4	0.48%
Savage Station, LLC ⁽¹⁾	11,300,000	6	0.42%			
Stag Savage, LLC	9,750,000	7	0.37%			
Riverland AG Corporation	9,350,200	8	0.35%			
Centerpoint Energy Resource	8,493,200	9	0.32%			
Southcross, LLC	7,925,000	10	0.30%	7,474,900	9	0.32%
Bradley Operating, LP				13,313,000	3	0.57%
Prudential Insurance Co.				8,591,200	6	0.37%
Opus Real Estate America II MN				8,477,000	7	0.36%
CHC Highview, LLC				8,333,800	8	0.35%
Meritex Twin Cities Industrial				7,282,400	10	0.31%
Total	<u>\$ 130,730,500</u>		<u>4.92%</u>	<u>\$ 104,656,300</u>		<u>4.46%</u>

⁽¹⁾ Formerly MN Savage 1-5, LLC

**City of Savage
Scott County, Minnesota**

Table 10

**Property Tax Levies and Collections
Last 10 Fiscal Years**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2006	13,791,931 ⁽¹⁾	13,622,754	98.8%	169,139	13,791,893	100.0%
2007	16,077,311 ⁽¹⁾	15,853,094	98.6%	221,924	16,075,018	100.0%
2008	17,060,459 ⁽¹⁾	16,701,758	97.9%	355,340	17,057,098	100.0%
2009	15,722,693 ⁽¹⁾	15,397,882	97.9%	321,662	15,719,544	100.0%
2010	15,720,696 ⁽¹⁾	15,421,506	98.1%	294,224	15,715,730	100.0%
2011	15,570,374 ⁽¹⁾	15,345,901	98.6%	219,254	15,565,155	100.0%
2012	15,082,185	14,815,544	98.2%	259,829	15,075,373	100.0%
2013	15,468,230	15,280,212	98.8%	181,177	15,461,389	100.0%
2014	16,121,503	15,987,944	99.2%	123,837	16,111,781	99.9%
2015	16,570,700	16,490,100	99.5%	-	16,490,100	99.5%

⁽¹⁾ Levied TIF tax revenues are included in these amounts

**City of Savage
Scott County, Minnesota**

Table 11

**Ratios of Outstanding Debt By Type
Last 10 Fiscal Years**

Fiscal Year	Governmental Activities ⁽¹⁾			
	G.O. Bonds	Special Assessment Bonds	Tax Increment Bonds	Capital Leases
2006	22,855,429	40,230,000	7,230,000	2,310,000
2007	22,495,000	39,550,000	5,990,000	2,260,000
2008	21,810,000	40,490,000	4,630,000	2,400,000
2009	21,105,000	39,000,000	3,530,000	2,315,000
2010	21,395,000	46,390,000	2,380,000	2,255,000
2011	19,890,000	39,685,000	2,045,000	2,175,000
2012	18,200,000	40,765,000	-	2,090,000
2013	16,455,000	40,691,200	-	2,010,000
2014	14,331,267	40,215,375	-	1,930,000
2015	15,767,802	38,676,912	-	1,840,000

N/A = Not Available

⁽¹⁾ As of year 2014 outstanding debt amounts include unamortized bond premium/discount

Sources: City of Savage, audited financial statements. Metropolitan Council, population estimates. 2010 is U.S. Census figure. Bureau of Economic Analysis, local area personal income reports. City of Savage, personal income estimate for fiscal year 2011.

**City Of Savage
Scott County, Minnesota**

Table 11 (cont)

**Ratios of Outstanding Debt by Type
Last 10 Fiscal Years**

Business-Type Activities ⁽¹⁾				Total Primary Government	Percentage of Personal Income	Per Capita
Utility Revenue Bonds	Liquor Revenue Bonds	Tax Abatement Bonds	Capital Leases			
23,068,395	1,710,000	-	119,795	97,523,619	10.55%	3,891
26,314,395	1,615,000	-	-	98,224,395	9.87%	3,854
24,925,395	1,515,000	-	-	95,770,395	9.18%	3,751
23,285,395	1,410,000	-	-	90,645,395	8.56%	3,400
29,584,395	1,300,000	-	-	103,304,395	8.99%	3,839
21,311,395	1,185,000	-	-	86,291,395	6.96%	3,158
19,131,395	1,060,000	4,915,000	-	86,161,395	6.63%	3,133
17,872,195	930,000	4,915,000	-	82,873,395	6.35%	3,008
15,765,718	784,516	4,731,203	-	77,758,079	5.49%	2,677
15,258,253	642,137	4,427,703	-	76,612,807	N/A	2,552

**City of Savage
Scott County, Minnesota**

Table 12

**Ratios of Net General Bonded Debt Outstanding
Last 10 Fiscal Years**

Fiscal Year	Gross Bonded Debt (1)	Less Amounts Available in Debt Service Funds (2)	Total	Percentage of Total Estimated Taxable Market Value of Property	Per Capita
2006	54,990,670	17,979,818	37,010,852	1.57%	1,477
2007	50,864,690	19,271,496	31,593,194	1.23%	1,240
2008	50,110,953	19,483,763	30,627,190	1.11%	1,200
2009	49,001,991	19,653,701	29,348,290	1.03%	1,101
2010	55,051,916	26,896,102	28,155,814	1.04%	1,046
2011	48,922,284	18,652,075	30,270,209	1.14%	1,108
2012	50,125,826	18,688,499	31,437,327	1.27%	1,141
2013	49,742,393	19,190,858	30,551,535	1.32%	1,105
2014	46,614,592	19,814,426	26,800,166	1.10%	923
2015	47,461,417	21,709,772	25,751,645	0.97%	858

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

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

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

**City of Savage
Scott County, Minnesota**

Table 13

**Computation of Direct and Overlapping Debt
As of December 31, 2015**

Governmental Unit	Gross Debt ⁽¹⁾	City's Share	
		Percent ⁽²⁾	Amount
Direct:			
City of Savage	\$ 53,895,098	100.00%	\$ 53,895,098
Overlapping:			
School District No. 191	162,490,000	17.74%	\$ 28,825,726
School District No. 271	53,870,000	0.10%	\$ 53,870
School District No. 719	112,710,000	17.46%	\$ 19,679,166
School District No. 720	216,945,000	0.74%	\$ 1,605,393
Scott County	78,735,000	20.25%	\$ 15,943,838
Scott County CDA	47,340,000	3.49%	\$ 1,652,166
Metropolitan Council	<u>1,485,891,649</u>	0.52%	\$ 7,726,637
Total Overlapping Debt	<u>\$ 2,157,981,649</u>		<u>\$ 75,486,795</u>
Total Direct and Overlapping Debt	<u><u>\$ 2,211,876,747</u></u>		<u><u>\$ 129,381,893</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 the 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 of Savage. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents 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.

**City of Savage
Scott County, Minnesota**

Table 14

**Legal Debt Margin Information
Last 10 Fiscal Years**

	Fiscal Year			
	2006	2007	2008 *	2009
Debt Limit	\$ 47,059,506	\$ 51,216,268	\$ 82,644,672	\$ 85,705,696
Total Net Debt Applicable to Limit	9,329,205	14,420,268	13,876,700	12,945,468
Legal Debt Margin	<u>\$ 37,730,301</u>	<u>\$ 36,796,000</u>	<u>\$ 68,767,972</u>	<u>\$ 72,760,228</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.82%	28.16%	16.79%	15.10%

Note: Under state law, the City of Savage's G.O. debt should not exceed 3% (2% prior to 2008) of the total taxable market value of the City. By law, the G.O. debt subject to the limitation may be offset by amounts set aside for repaying G.O. bonds.

**City of Savage
Scott County, Minnesota**

Table 14 (cont)

**Legal Debt Margin Information
Last 10 Fiscal Years**

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 81,552,075	\$ 79,587,000	\$ 74,312,325	\$ 69,348,822	\$ 73,035,468	\$ 79,766,373
16,618,813	14,887,278	13,492,971	12,046,299	10,872,956	9,643,165
<u>\$ 64,933,262</u>	<u>\$ 64,699,722</u>	<u>\$ 36,048,579</u>	<u>\$ 57,302,523</u>	<u>\$ 62,162,512</u>	<u>\$ 70,123,208</u>
20.38%	18.71%	18.16%	17.37%	14.89%	12.09%

Legal Debt Margin Calculation for Fiscal Year 2014

Taxable Market Value	\$ 2,658,879,100
Debt limit (3% of Taxable Market Value)	79,766,373
Debt Applicable to limit:	
G.O. Bonds	14,875,000
Less Amount Set Aside for Repayment of G.O. Debt	<u>5,231,835</u>
Total Net Debt Applicable to Limit	<u>9,643,165</u>
Legal Debt Margin	<u><u>\$ 70,123,208</u></u>

**City of Savage
Scott County, Minnesota**

Table 15

**Pledged Revenue Coverage
Last 10 Fiscal Years**

Fiscal Year	Enterprise Funds Revenue Bonds					
	Gross Revenues	Less Operating Expenses ⁽³⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	8,406,572	4,623,557	3,783,015	1,250,000	1,020,994	1.67
2007	9,416,747	4,734,667	4,682,080	1,429,000	920,630	1.99
2008	10,312,316	4,983,597	5,328,719	1,489,000	1,097,232	2.06
2009	9,470,265	5,061,243	4,409,022	1,745,000	1,036,684	1.59
2010	8,976,434	5,700,918	3,275,516	1,931,000	966,625	1.13
2011	9,535,274	5,638,291	3,896,983 ⁽¹⁾	10,433,000	965,125	0.34
2012	10,363,957	5,585,812	4,778,145	2,305,000	740,777	1.57
2013	10,270,125	5,621,295	4,648,830	2,433,000	801,269	1.44
2014	12,168,346 ⁽²⁾	6,621,857	5,546,489	2,822,000	704,057	1.57
2015	10,028,884	6,541,998	3,486,886	4,066,000	613,142	0.75

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. Special assessment collections and tax increment collections include investment earnings.

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

(2) Revised to accurately match final figures within 2014 CAFR report

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

**City of Savage
Scott County, Minnesota**

Table 16

**Demographic and Economic Statistics
Last 10 Fiscal Years**

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands) ⁽²⁾	Per Capita Personal Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2006	25,065	924,247	36,874	10,591	3.5%
2007	25,485	994,985	39,042	10,389	4.1%
2008	25,532	1,043,008	40,851	10,161	5.1%
2009	26,661	1,051,377	39,435	10,049	7.5%
2010	26,911	1,149,476	42,714	9,919	6.7%
2011	27,325	1,240,555	45,400	9,772	6.0%
2012	27,552	1,301,281	47,230	9,710	5.2%
2013	27,655	1,304,597	47,174	9,566	4.7%
2014	29,047	1,416,942	48,781	9,213	3.5%
2015	30,024	N/A	N/A	8,989	3.1%

Sources:

- ⁽¹⁾ 2010 U.S. Census figure. All other years estimated by Metropolitan Council, updated with actuals.
- ⁽²⁾ Minnesota Department of Economic Security, Scott County average.
- ⁽³⁾ Minnesota Department of Education for District 191
- ⁽⁴⁾ U.S. Bureau of Economic Analysis, Scott County average

**City of Savage
Scott County, Minnesota**

Table 17

**Principal Employers
Current Year and Ten Years Ago**

Employer	Product/Service	2015			2006		
		Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Burnsville-Eagan-Savage School District 191	Education	1507	1	19.73%			
Prior Lake-Savage School District 719	Education	950	2	12.44%			
SuperTarget	Discount Retail	300	3	3.93%	280	2	3.56%
Fabcon	Cement & concrete products	275	4	3.60%	300	1	3.82%
City of Savage ^(a)	Government	184	5	2.41%	107	8	1.36%
Continental Hydraulics & Machines	Manufacturing	180	6	2.36%	254	3	3.23%
Siligan Container Corp	Shipping Containers	150	7	1.96%			
Waste Management ^(b)	Refuse Systems	125	8	1.64%	110	7	1.40%
Cub Foods	Grocery retail	115	9	1.51%	150	4	1.91%
Road Machinery and Supplies Co. ^(c)	Heavy contsr equip sales/rental	100	10	1.31%	117	6	1.49%
BF Nelson	Printing				85	10	1.08%
CSAV, Inc.	Manufacturer of LCD Displays				120	5	1.53%
Alliance Homes of Minnesota	Mail Order Homes				105	9	1.34%
Total		3,886		50.88%	1,628		20.72%

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

^(b) As of May 2012; most recent information available

^(c) As of April 2013; most recent information available

Source: This does not purport to be a comprehensive list and is based on a mid-year 2015 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

**City of Savage
Scott County, Minnesota**

Table 18

**Full-Time City Government Employees by Function
Last 10 Fiscal Years**

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
Administration	11	11	11	10	8.9	8.9	8.5	10.5	10.5	10.5
Finance	4	4	4	4	4	4	5	5	5	6
Community Development	9	9	8	8	6.2	5.6	6.8	7.5	8.5	8.5
Building Maintenance	0	0	5	5	5	5	5	5	5	5
Public Safety:										
Police:										
Police Chief	1	1	1	1	1	1	1	1	1	1
Sworn Officers	26	28	31	33	31	32	31	31	31	31
Civilian	5	5	6	8	9	9.6	9.2	8.9	9.5	9.5
Fire:										
Fire Chief	1	1	1	1	1	1	1	1	1	1
Fire Inspector		1	1	1	1	1	1	1	1	1
Paid on Call	39	35	40	36	38	35	41	41	36	35
Public Works:										
Administration	5	6	5	5	4.5	4.5	4.5	4.8	5	5
Building Maintenance	3	3	0	0	0	0	0	0	0	0
Engineering	6	6	6	6	4.5	4.5	4	4	5	5
Parks and Recreation	9	11	11	11	10.5	10.5	10.5	10.5	11	12
Streets	9	10	10	10	10	10	10	10	10	10
Utilities	9	9	9	9	9	9	9	9	9	9
Proprietary:										
Water ^(a)										
Sewer ^(a)										
Liquor	6	6	6	6	6	3	3	3.5	4.5	4
Total	143	146	155	154	149.1	144.6	150.2	153.7	152.6	153.2

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

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

Source: Council Approved Authorized Position Report

**City of Savage
Scott County, Minnesota**

Table 19

**Operating Indicators by Function
Last 10 Fiscal Years**

Function	Fiscal Year			
	2006	2007	2008	2009
Public Safety:				
Police:				
Number of Law Contacts	15,665	16,535	16,378	15,867
Number of Sworn Officers	27	29	32	34
Fire:				
Number of Calls Answered	400	400	416	328
Number of Volunteer Firefighters	39	35	40	36
Building Inspection:				
Number of Residential Permits	557	830	846	665
Number of Commercial Permits	268	155	197	146
Total Permit Valuation	\$ 46,855,517	\$ 52,977,378	\$ 21,045,333	\$ 16,746,212
Public Works:				
Water System:				
Number of Service Connections	8,428	8,523	8,572	8,616
Sewage System:				
Number of Service Connections	8,320	8,415	8,216	8,260

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

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

**City of Savage
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Table 19 (cont)

**Operating Indicators by Function
Last 10 Fiscal Years**

Fiscal Year					
2010	2011	2012	2013	2014	2015
16,043	15,255	14,925	14,512	14,724	14,455
32	32	32	32	32	32
319	356	378	412	385	349
38	35	41	36	36	35
929	1,166	1,360	1,123	1,593	1,251
124	177	197	153	136	170
\$ 27,134,835	\$ 40,236,518	\$ 81,761,264	\$ 56,903,187	\$ 79,728,667	\$ 47,204,497
8,701	8,798	8,949	9,082	9,293	9,377
8,609	8,800	8,973	9,078	9,276	9,360

**City of Savage
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Table 20

**Capital Asset Statistics by Function
Last 7 Fiscal Years**

Function	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
Public Safety:							
Police:							
Number of Stations	1	1	1	1	1	1	1
Number of Patrol Units	25	26	26	26	25	26	26
Fire:							
Number of Stations	2	2	2	2	2	2	2
Number of Response Units	18	18	18	18	18	18	18
Number of Inspection Units	1	1	1	1	1	1	1
Public Works:							
Streets and Highways:							
Municipal Streets and Roads ⁽¹⁾	125	126	127	128	119	120	122
Number of Street Lights	1,609	1,614	1,631	1,639	1,880	1,907	1,907
Water System:							
Miles of Water Mains	142	147	148.4	149	151	155	155
Number of Fire Hydrants	1,267	1,587	1,613	1,625	1,658	1,682	1,701
Sewage System:							
Miles of Sanitary Sewers	111	123	124	125	126	127	128
Parks and Recreation:							
Parks:							
Number of Parks	22	23	23	23	23	23	23
Park Acreage	340	441	457	457	457	457	457
Tennis Courts	8	10	10	10	10	10	10
Basketball Courts	9	9	9	9	9	9	9
Softball Fields	30	30	30	30	30	30	30
Ice Rinks	9	9	9	6	6	6	7

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

Sources: Savage Police Statistics
Savage Fire Statistics
Savage Public Works Department Statistics