

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF CAMBRIDGE, MINNESOTA**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

**Prepared By:**

**Finance Department**

**CAROLINE MOE,  
Director of Finance**

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**CITY OF CAMBRIDGE, MINNESOTA**  
**TABLE OF CONTENTS**

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	<b>Reference</b>	<b>Page No.</b>
<b>I. INTRODUCTORY SECTION</b>		
Letter of Transmittal		3
Certificate of Achievement		11
Organization		13
Organizational Chart		15
<b>II. FINANCIAL SECTION</b>		
Independent Auditor's Report		19
Management's Discussion and Analysis		23
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Statement 1	38
Statement of Activities	Statement 2	39
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	40
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	Statement 4	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5	45
Statement of Net Position - Proprietary Funds	Statement 6	46
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	Statement 7	48
Statement of Cash Flows - Proprietary Funds	Statement 8	52
Notes to Financial Statements		57
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 9	98
Schedule of Proportionate Share of Net Pension Liability - General Employees Retirement Fund	Statement 10	103
Schedule of Pension Contributions - General Employees Retirement Fund	Statement 11	104
Schedule of Proportionate Share of Net Pension Liability - Public Employees Police and Fire Fund	Statement 12	105
Schedule of Pension Contributions - Public Employees Police and Fire Fund	Statement 13	106
Schedule of Changes in the Net Pension Liability and Related Ratios - Cambridge Fire Relief Association	Statement 14	107

**CITY OF CAMBRIDGE, MINNESOTA**  
**TABLE OF CONTENTS**

	<u>Reference</u>	<u>Page No.</u>
Schedule of Contributions - Cambridge Fire Relief Association	Statement 15	108
Notes to RSI		109
 Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 16	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	Statement 17	117
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	Statement 18	120
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	Statement 19	122
Subcombining Balance Sheet - Nonmajor Capital Project Funds	Statement 20	128
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds	Statement 21	132
 Special Revenue Funds:		
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Airport Operating Fund	Statement 22	136
EDA Operating Fund	Statement 23	137
Combining Statement of Net Position - Internal Service Funds	Statement 24	140
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	Statement 25	141
Combining Statement of Cash Flows - Internal Service Funds	Statement 26	142
 Supplementary Financial Information:		
Combined Schedule of Bond Indebtedness	Exhibit 1	144
 Debt Service Payments to Maturity:		
Improvement Bonds	Exhibit 2	147
Enterprise Bonds	Exhibit 3	149
Taxable Valuations, Tax Levies and Tax Rates	Exhibit 4	150
 Schedule of Deferred Tax Levies:		
Improvement Bonds	Exhibit 5	151
Subcombining Balance Sheet - Debt Service Funds	Exhibit 6	153
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Debt Service Funds	Exhibit 7	157

**CITY OF CAMBRIDGE, MINNESOTA**  
**TABLE OF CONTENTS**

---

	<u>Reference</u>	<u>Page No.</u>
<b>III. STATISTICAL SECTION (UNAUDITED)</b>		
Net Position by Component	Table 1	164
Changes in Net Position	Table 2	166
Fund Balances - Governmental Funds	Table 3	170
Changes in Fund Balances - Governmental Funds	Table 4	172
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	176
Direct and Overlapping Property Tax Capacity Rates	Table 6	177
Principal Property Taxpayers	Table 7	178
Property Tax Levies and Collections	Table 8	179
Ratios of Outstanding Debt By Type	Table 9	180
Direct and Overlapping Governmental Activities Debt	Table 10	182
Legal Debt Margin Information	Table 11	183
Pledged-Revenue Coverage	Table 12	184
Demographic and Economic Statistics	Table 13	185
Principal Employers	Table 14	187
Full-Time Equivalent City Government Employees by Function/Program	Table 15	188
Operating Indicators by Function/Program	Table 16	190
Capital Asset Statistics by Function/Program	Table 17	192

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## I. INTRODUCTORY SECTION

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April 2, 2018

To the Honorable Mayor  
and City Council  
City of Cambridge  
300 Third Avenue NE  
Cambridge, Minnesota 55008

Dear Honorable Mayor and Council Members:

The Comprehensive Annual Financial Report is submitted in conformance with all applicable governing laws and regulations. The following has set the standards forth:

- \* Cambridge City Policy and Code
- \* The State Auditor, State of Minnesota
- \* Government Finance Officers Association
- \* Governmental Accounting Standards Board

**RESPONSIBILITY.** Responsibility for both the accuracy of the presented data and the completeness of the financial statements including all disclosures rests with the City. We believe the data, as presented, is accurate in all material aspects. This report has been presented in a manner designed to fairly set forth the financial position and results of operations as measured by the financial activity of its various funds. 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). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Cambridge's MD&A can be found immediately following the report of the independent auditors.

**REPORTING ENTITY.** All City funds, departments, commissions, and other organizations for which the City of Cambridge is financially accountable are presented within the Comprehensive Annual Financial Report. The Cambridge Fire Relief Association does not meet the established criteria for inclusion in the reporting entity, and accordingly is excluded from this report.

**GENERAL INFORMATION.** The City of Cambridge was formed on January 21, 1876. Cambridge became a statutory City on January 1, 1974. The City of Cambridge as it exists today consists of 7.9 square miles. Cambridge has a population estimated at 8,749. Cambridge is a suburb of the northern metropolitan area, the City of Cambridge is a forty-minute drive from Minneapolis and Saint Paul.

To the Honorable Mayor and City Council  
City of Cambridge, Minnesota

**SERVICES PROVIDED.** The City of Cambridge provides various services to the residents in the community. The current services are:

- I. General Government
  - a) Mayor & Council
  - b) Administration
  - c) Elections
  - d) Finance
  - e) Legal
  - f) Building
  - g) Planning
  - h) Engineering
  - i) City Hall Buildings
  
- II. Public Safety
  - a) Police Protection
  - b) Fire Protection
  - c) Emergency Management
  - d) Animal Control
  
- III. Public Works
  - a) Street Maintenance
  - b) Street Lighting
  - c) Park Maintenance (includes ice rink)
  - d) Water Maintenance
  - e) Sewer Maintenance
  - f) Storm Sewer Maintenance
  - g) Airport Maintenance
  
- IV. Housing & Redevelopment
  
- V. Municipal Liquor Store

**GOVERNMENT STRUCTURE.** Cambridge is a statutory city with the City Council appointing a City Administrator. The City Administrator has operating responsibilities for all City functions.

To the Honorable Mayor and City Council  
City of Cambridge, Minnesota

**ECONOMIC CONDITION AND OUTLOOK**

The population of Cambridge is increasing, but at a slow pace. Cambridge is also still experiencing growth in its commercial base and development as a regional trade center.

The City's General Fund has three major categories of revenue, which accounted for 96% of the total in 2017. They are general property taxes at 69%, licenses and permits at 10% and intergovernmental revenues at 17%. Intergovernmental revenue includes state aids, such as local government aid, highway maintenance aid and police aid as well as payments from the Cambridge-Isanti School District for school resource officers. Local Government Aid (LGA), from the State of Minnesota makes up approximately 68% of intergovernmental revenue and totals \$744,292.

In 2017, the City recognized an increase of approximately 1.1% in certain intergovernmental revenue as listed below as compared to 2016. The recent history of certain amounts of intergovernmental revenue is highlighted in the table below. LGA and the Market Value Homestead Credit (MVHC) for 2008 through 2017 are as follows:

	<u>LGA</u>	<u>MVHC</u>	<u>Total</u>
2008	\$396,359	\$217,282	\$613,641
2009	634,242	202,705	836,947
2010	426,004	31,161	457,165
2011	426,004	30,804	456,808
2012	426,004	180	426,184
2013	426,004	53	426,057
2014	689,437	52	689,489
2015	725,399	162	725,561
2016	736,066	166	736,232
2017	744,292	194	744,486

To the Honorable Mayor and City Council  
 City of Cambridge, Minnesota

In 2017, the City had an 85% increase in licenses and permits as compared to 2016. The City received a substantial amount of revenue from licenses and permits from 2008 through 2017. The past 10 years are shown below:

	<u>Revenues</u>	<u>Increase (Decrease)</u>
2008	\$249,275	(\$200,944)
2009	270,661	21,386
2010	189,302	(81,359)
2011	306,940	117,638
2012	250,643	(56,297)
2013	317,572	66,929
2014	310,730	(6,842)
2015	385,333	74,603
2016	395,993	10,660
2017	733,126	337,133

Revenue from residential building activity has continued the positive trend from the previous year. In 2017, seventy-three single family home permits were issued. Commercial permit activity continues to have a reasonable amount of activity in the City as well.

**EMPLOYMENT**

Commercial and industrial development is helping to improve the employment outlook for Cambridge.

Major employers in the Cambridge area are as follows:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate # of Employees</u>
Cambridge Medical Center	Health care facility	654
Grace Pointe Crossing	Nursing home	500
Wal-Mart Supercenter	Retail merchandise	335
I.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	919
Isanti County	County government	309

To the Honorable Mayor and City Council  
City of Cambridge, Minnesota

## **MAJOR INITIATIVES**

**FOR THE YEAR.** The City has many accomplishments to report for 2017. Most notably, the City of Cambridge in regards to residential and commercial development as detailed below.

### **Residential Development**

Residential development in the City has been strong during the past several years. The City is pleased with the issuance of single family home permits numbering 36, 49 and 73 in 2015, 2016 and 2017, respectively. We are encouraged about this trend in our residential housing development. Strong residential growth has made Cambridge an attractive location for various types of commercial entities, including retail, office-warehouse, and service industries.

### **Commercial Development**

During 2017, we saw tremendous permit activity for commercial development including Grace Pointe Crossing for a nursing home facility in Cambridge as well as Walker-Methodist, a new senior housing unit with memory care and assisted living units. Furthermore, additional retail developed in Cambridge with the addition of Famous Footwear, Maurice's, Kay Jewelers and others in new retail space near the existing Target store.

**FOR THE FUTURE.** The City continues to focus on quality of life improvements throughout the City. These efforts cover a broad array of areas, including protecting and improving the environment, expanding recreational opportunities, expanding city services, and increased communication between city representatives and the public.

Other City information can be obtained at our website located at [www.ci.cambridge.mn.us](http://www.ci.cambridge.mn.us).

## **FINANCIAL INFORMATION**

**INTERNAL CONTROL.** The City's accounting system was developed and is continually evaluated to assure the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance in the areas of: (1) safeguarding assets against loss from unauthorized use or disposition; and (2) reliability of financial records and convenience of access for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance adopted by the City of Cambridge recognizes that: (1) the evaluation of cost and benefits requires estimates and judgments by management; and (2) the cost of a control should not exceed the benefits likely to be derived. All internal controls are evaluated against the above criteria. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and also provide reasonable assurance of properly recording financial transactions.

To the Honorable Mayor and City Council  
City of Cambridge, Minnesota

**BUDGETING CONTROLS.** In addition to internal accounting controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General Fund and certain Special Revenue Funds are included in the annual budget. Expenditures may not legally exceed budgeted appropriations on a fund level without City Council authorization.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**RELEVANT FINANCIAL POLICIES.** The City relies on many financial policies to promote proper financial management and financial reporting. Specifically, three policies are particularly important to the City during 2017:

1. The City has a policy regarding General Fund unassigned fund balance policy which sets down guidelines for maintaining the proper reserve level. Specifically, the policy prescribes the following:
  - Maintenance of fund balance not less than 30-50% of the ensuing year's General Fund tax levy and Local Government Aid from the State of MN.
  - Maintenance of fund balance to cover accumulated compensated absences and prepaid items.
  - Maintenance of fund balance for emergencies at a level of 5% of ensuing year's general fund expenditures.
2. Since 2001, the City has had a fairly aggressive schedule for replacing the infrastructure in the original sections of the City of Cambridge. An essential part of funding this infrastructure comes from assessment to property owners that receive the benefit of the replacement. The City's assessment policy describes the process for determining assessments for property owners as well as setting repayment terms and interest rates.
3. The City's most valued financial policy is its Long Range Financial Planning Policy. On an annual basis, the City Staff and Council work together to update its financial plan. The plan encompasses all funds and considers staffing levels, equipment purchases, capital project planning, debt management, as well as tax and utility rates. The policy also includes the practice of benchmarking its tax rate against all cities in the State of MN to determine the appropriate level for future tax levies.

To the Honorable Mayor and City Council  
City of Cambridge, Minnesota

**OTHER INFORMATION**

**INDEPENDENT AUDIT.** State Statutes require an annual audit by independent certified public accountants. Redpath and Company, Ltd. was engaged by the City to render an opinion on the City's financial statements. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

**ACKNOWLEDGMENTS.** The preparation of this report could not have been accomplished without the efficient services of the Finance Department staff and the consultation of the City's auditing firm. Staff members, Joleen Kriesel and Linda Gerlach, have my sincere appreciation for their contribution in the preparation of this report.

I also want to express our appreciation to the Mayor, members of the City Council, and City Administrator for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Caroline Moe  
Director of Finance

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Government Finance Officers Association

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

Presented to

**City of Cambridge  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morrill*

Executive Director/CEO

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**CITY OF CAMBRIDGE, MINNESOTA**

**ORGANIZATION**

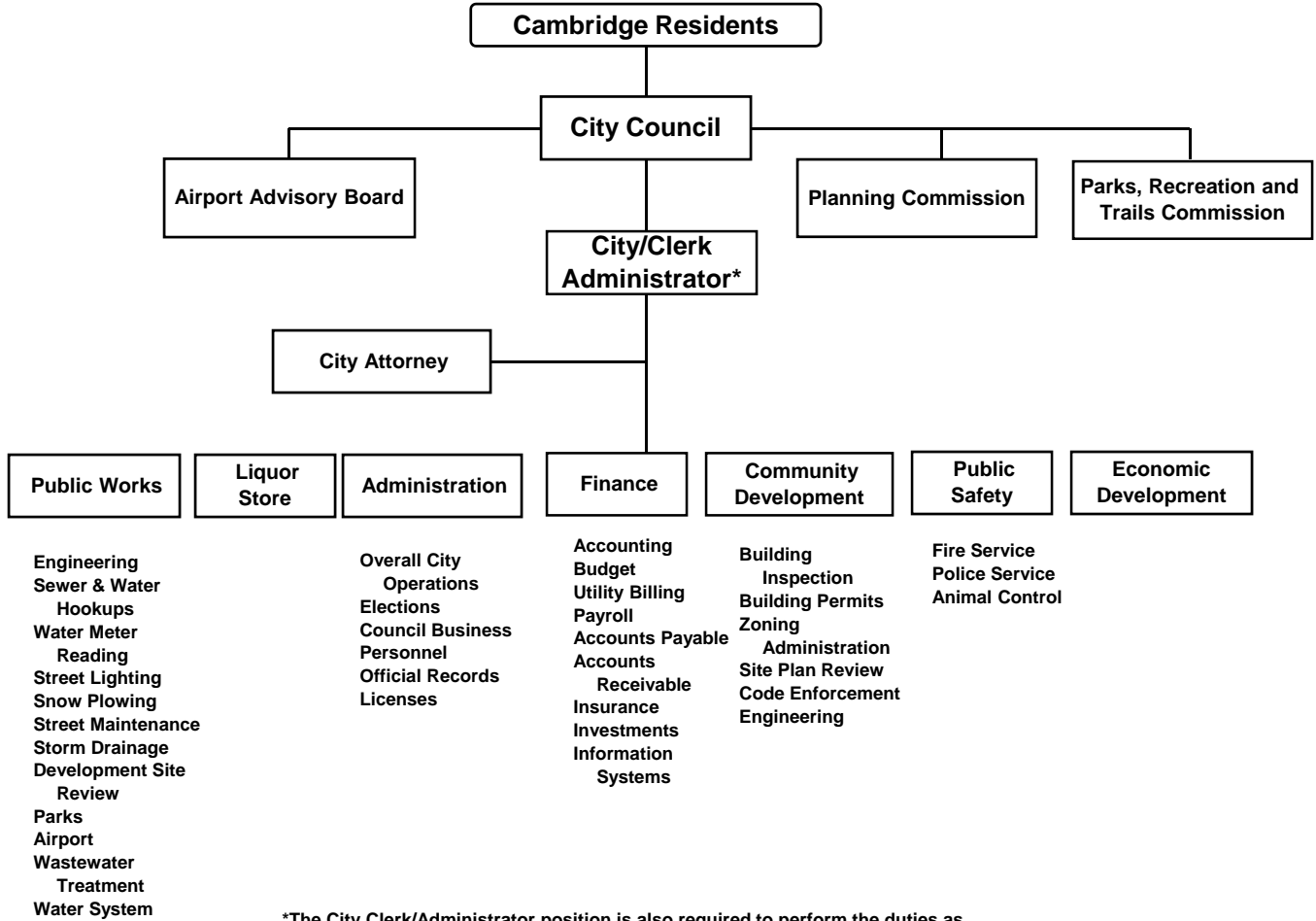
December 31, 2017

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	<u>Term Expires</u>
Mayor: Marlys Palmer	December 31, 2018
Council Members:	
Kersten Barfknecht-Conley	December 31, 2018
Joe Morin	December 31, 2018
Lisa Iverson	December 31, 2020
Jim Godfrey	December 31, 2020
Administrator/Clerk: Lynda Woulfe	Appointed
Director of Finance: Caroline Moe	Appointed
Public Works Director: Todd Schwab	Appointed
City Engineer: Todd Blank	Appointed
Chief of Police: Todd Schuster	Appointed
Attorney: Rupp, Anderson, Squires & Walspurger	Appointed
Fiscal Consultants: Ehlers & Associates	Appointed

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**City of Cambridge  
Organizational  
Chart  
December 31, 2017**



\*The City Clerk/Administrator position is also required to perform the duties as defined in Minnesota Statutes 412.141 (Treasurer's duties) pursuant to Ordinance #176 dated September 8, 1975.

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## **II. FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Cambridge, 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 Cambridge, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Cambridge, Minnesota's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cambridge, Minnesota, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the City of Cambridge, Minnesota's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated April 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension 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 the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual fund financial statements and supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2018, on our consideration of the City of Cambridge, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cambridge, Minnesota's internal control over financial reporting and compliance.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

April 2, 2018

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Cambridge, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. 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 through 9 of this report.

### **Financial Highlights**

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$109,502,317. Of this amount, \$13,170,893 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$1,281,456.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,478,182. The amount nonspendable, restricted, committed or assigned was \$9,660,856.

At the end of the current fiscal year the general fund balance of \$3,503,608 included \$284,867 of nonspendable, \$323,286 committed and \$2,895,455 unassigned.

The City's total debt decreased by \$3,906,013 during the current fiscal year, from \$30,694,909 to \$26,788,896 due to a combination of factors, such as scheduled principal payments and early retirement of the Improvement Bonds of 2011.

### **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 liabilities, 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.

## Management's Discussion and Analysis

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The governmental activities of the City include general government, housing and redevelopment, public safety and public works. The business-type activities of the City include water, wastewater, storm sewer, municipal liquor sales and housing.

The government-wide financial statements can be found on Statements 1 and 2 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 two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two individual major 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 balance for the following major funds:

- General Fund
- Debt Service Fund

## Management's Discussion and Analysis

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of subcombining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and certain special revenue funds.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Statements 3 through 5 of this report.

**Proprietary funds.** The City maintains five enterprise funds and one internal service fund as a part of its proprietary fund type. 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, wastewater, storm sewer, municipal liquor sales and housing operations.

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 following funds:

Enterprise funds:

- Water
- Wastewater
- Storm sewer
- Municipal liquor sales
- Housing

The internal service funds are in a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided elsewhere in this report as Statements 24 through 26.

The basic proprietary fund financial statements can be found on Statements 6 through 8 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 immediately following Statement 8 of this report.

## Management's Discussion and Analysis

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons and pensions. Combining and individual fund statements can be found on Statements 16 through 26 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 exceeded liabilities by \$109,502,317 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$91,102,799 or 83%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City adopted the accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* in 2015. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota statutes.

Net position was negatively impacted by \$4,512,571 at December 31, 2017 due to this standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	(\$3,032,285)
Deferred inflows of resources	3,272,663
Noncurrent liabilities	4,272,193
Total	<u><u>\$4,512,571</u></u>

A portion of the City's net positions represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$13,229,258) may be used to meet the City'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.



## Management's Discussion and Analysis

### Governmental Activities

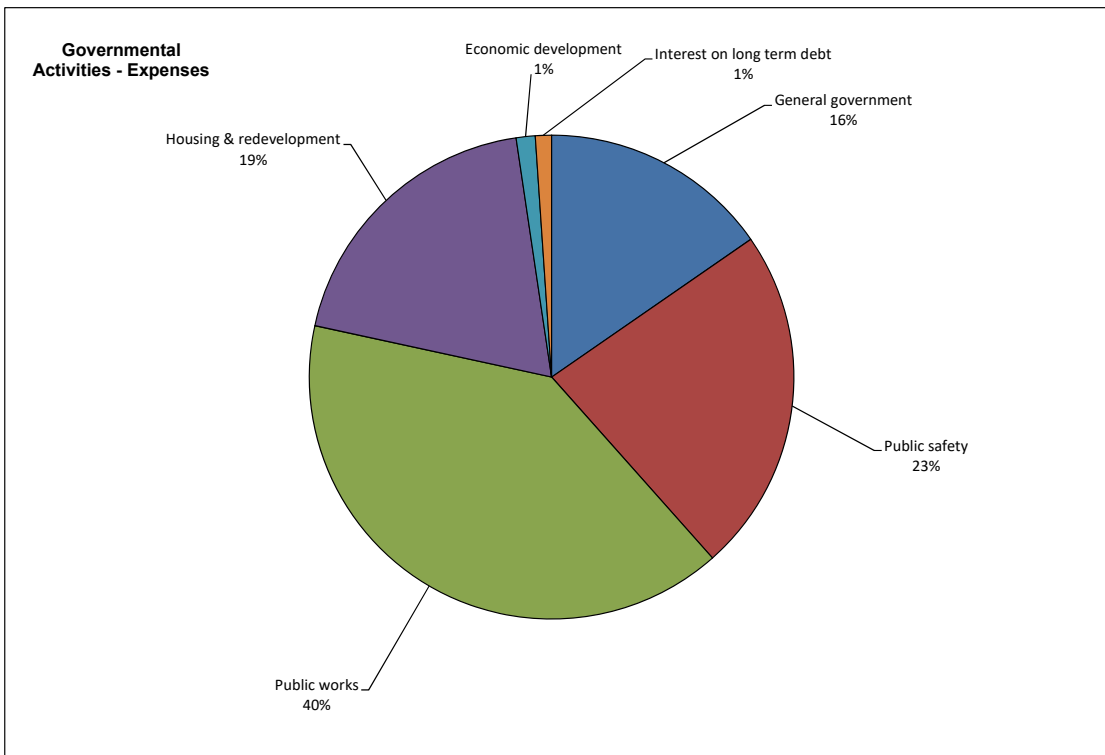
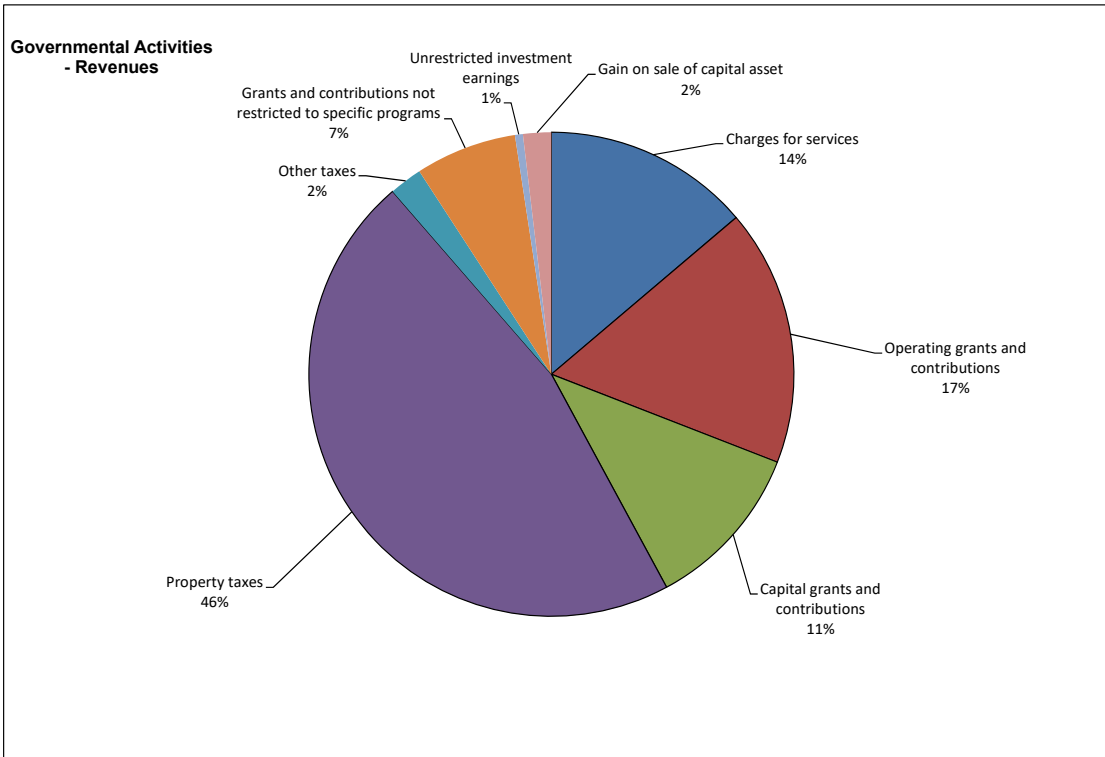
Governmental activities increased the City's net position by \$1,081,066 related to strong building permit activity and sale of government owned land. Business activities increased the City's net position by \$200,390 primarily to strong municipal liquor store performance as well as good performance in other proprietary funds.

#### City of Cambridge, Minnesota's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$1,530,184	\$1,041,224	\$10,151,355	\$9,955,898	\$11,681,539	\$10,997,122
Operating grants and contributions	1,900,505	1,137,206	75,931	80,942	1,976,436	1,218,148
Capital grants and contributions	1,243,398	795,494	577,958	205,399	1,821,356	1,000,893
General revenues:						
Property taxes	5,161,658	5,004,822	-	-	5,161,658	5,004,822
Other taxes	244,088	289,334	-	-	244,088	289,334
Grants and contributions not restricted to specific programs	750,114	744,888	-	-	750,114	744,888
Gain on sale of capital asset	207,931	2,500	-	6,937	207,931	9,437
Other revenue	-	-	6,541	-	6,541	-
Unrestricted investment earnings	59,076	80,750	46,545	64,864	105,621	145,614
Total revenues	<u>11,096,954</u>	<u>9,096,218</u>	<u>10,858,330</u>	<u>10,314,040</u>	<u>21,955,284</u>	<u>19,410,258</u>
<b>Expenses:</b>						
General government	1,602,648	1,725,921	-	-	1,602,648	1,725,921
Housing and redevelopment	2,007,846	951,330	-	-	2,007,846	951,330
Public safety	2,408,839	2,995,476	-	-	2,408,839	2,995,476
Public works	4,171,040	4,113,329	-	-	4,171,040	4,113,329
Economic development	132,213	155,569	-	-	132,213	155,569
Interest on long-term debt	112,302	143,336	-	-	112,302	143,336
Water	-	-	1,665,223	1,647,004	1,665,223	1,647,004
Wastewater	-	-	2,842,823	2,416,961	2,842,823	2,416,961
Storm sewer	-	-	437,085	438,845	437,085	438,845
Municipal liquor	-	-	5,065,569	4,950,661	5,065,569	4,950,661
Housing	-	-	228,240	235,520	228,240	235,520
Total expenses	<u>10,434,888</u>	<u>10,084,961</u>	<u>10,238,940</u>	<u>9,688,991</u>	<u>20,673,828</u>	<u>19,773,952</u>
Increase in net position before transfers	662,066	(988,743)	619,390	625,049	1,281,456	(363,694)
Transfers	<u>419,000</u>	<u>476,500</u>	<u>(419,000)</u>	<u>(476,500)</u>	<u>-</u>	<u>-</u>
Change in net position	1,081,066	(512,243)	200,390	148,549	1,281,456	(363,694)
Net position - January 1	<u>56,687,577</u>	<u>57,199,820</u>	<u>51,533,284</u>	<u>51,384,735</u>	<u>108,220,861</u>	<u>108,584,555</u>
Net position - December 31	<u>\$57,768,643</u>	<u>\$56,687,577</u>	<u>\$51,733,674</u>	<u>\$51,533,284</u>	<u>\$109,502,317</u>	<u>\$108,220,861</u>

## Management's Discussion and Analysis

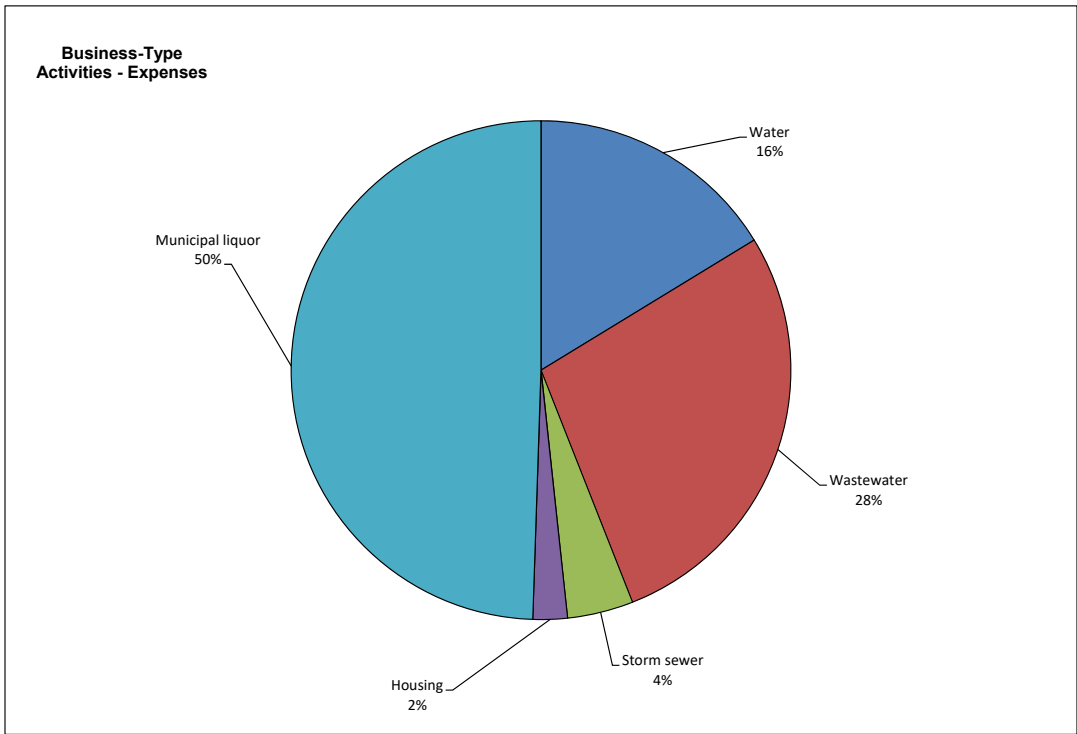
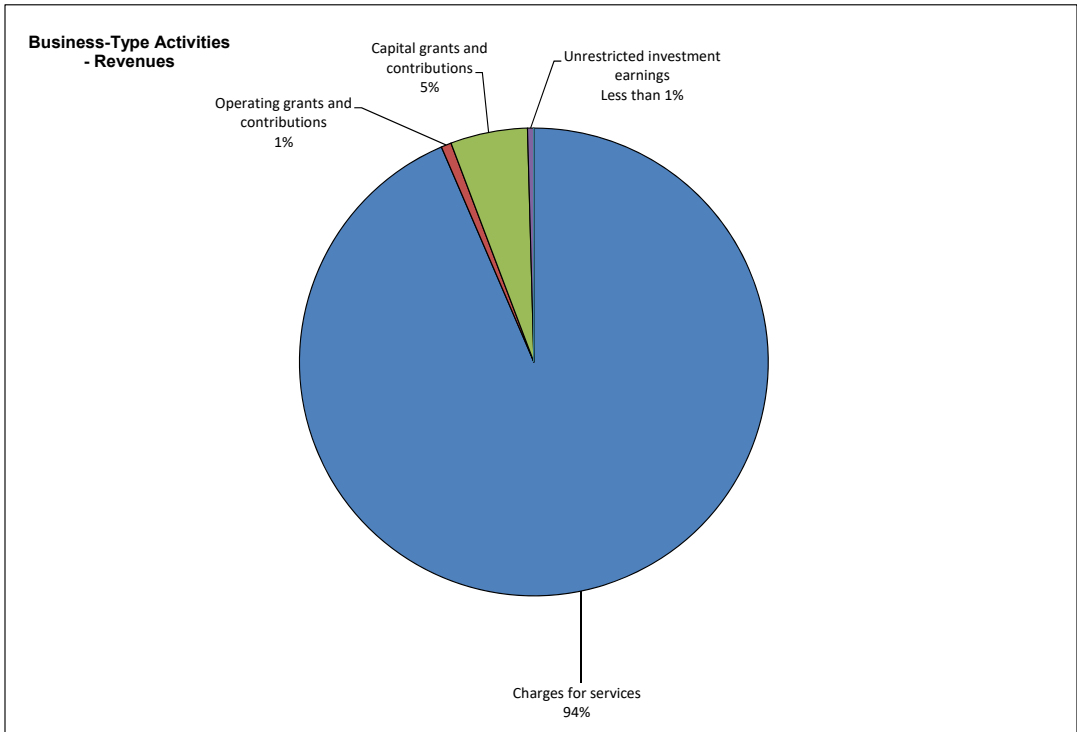
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Management's Discussion and Analysis

Business-Type Activities

Business-type activities increased net position by \$200,390. Specifically, unrestricted net position increased by \$764,855 while net investment in capital assets decreased by \$564,465. Below are graphs showing the business-type activities revenue and expense comparisons:



## **Financial Analysis of the Government's Funds**

**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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,478,182. Approximately 56 percent, or \$6,433,215, of this total amount constitutes assigned fund balance. Approximately 23 percent, or \$2,599,100, of the governmental funds ending fund balance is restricted due to debt covenants or applicable statute. Unassigned fund balance in total is \$1,817,326, which is comprised of unassigned General Fund balance of \$2,895,455 less capital project funds deficit of \$1,078,129. Of the remainder of the fund balance, \$305,255 is considered nonspendable as it represents \$285,799 for prepaid items and \$19,456 for inventory. Also \$323,286 is committed for compensated absences.

The general fund increased by \$81,858 in 2017 due in part to strong permit revenue and better than expected property tax collection. In 2017, the City transferred \$450,000 to the City Hall Debt Service fund which was not anticipated in the originally adopted budget.

The Debt Service Funds fund balance increased by \$211,522 as accumulation of revenues and other financing sources for debt service was less than principal and interest payments.

The nonmajor special revenue funds increased by \$189,841 primarily due to positive results in our EDA operating fund as funds available from the general fund were transferred in to provide for future abatement commitments related to development projects.

The nonmajor capital project funds increased by \$1,304,639, primarily due to the sale of government assets along with accumulation of resources for future projects in the 2018 Street Improvement project fund as well as other capital funds.

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

The unrestricted net position in the respective proprietary funds are water \$2,938,284, wastewater \$4,172,118, storm sewer \$266,701, municipal liquor \$724,437 and housing \$710,280. The water, wastewater, storm sewer, municipal liquor and housing funds had changes in net position in 2017 of \$297,647, (\$13,612), (\$95,967), \$28,080 and \$45,463, respectively.

## Management's Discussion and Analysis

### **Budgetary Highlights**

#### **General Fund**

The General Fund budget was amended during 2017 with a summary of the significant changes detailed as follows.

#### GENERAL FUND REVENUES AND TRANSFERS IN:

Budgeted General Fund revenues and transfers in were increased by \$809,943 during 2017 from the originally adopted budget as detailed below:

Description	2017 Originally Adopted General Fund Budget	2017 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2017 Budget
Taxes	\$4,325,555	\$4,541,976	\$216,421	Tax collections exceeded initial estimates.
Licenses and permits	257,871	733,123	475,252	Permit activity exceeded expectations for the year. More single family home permit activity. Two very large commercial permits.
Intergovernmental	1,062,688	1,099,626	36,938	Additional police aid from State of MN received as compared to expected as well as collections from school district for school resource officer.
Charges for services	116,391	130,855	14,464	Fees for public safety exceeded expectations.
Fines and forfeits	40,740	54,474	13,734	Fines and forfeitures exceeded expectations.
Other	47,496	65,630	18,134	Private grants received for park activities that were not anticipated in original budget.
Transfers from other funds	452,350	487,350	35,000	Additional funding from municipal liquor store for projects planned in 2018.
Total	\$6,303,091	\$7,113,034	\$809,943	

## Management's Discussion and Analysis

### GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General Fund expenditures and transfers out were increased by \$729,760 during 2017 from the originally adopted budget as detailed below.

Description	2017 Originally Adopted General Fund Budget	2017 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2017 Budget
Mayor and city council	\$55,012	\$51,801	(\$3,211)	Supply costs were less than initially anticipated.
Administration	244,587	248,795	4,208	Professional services increased due to pay equity study work added that was not part of the initial budget.
Elections	1,200	775	(425)	Minor change in the budget.
Finance	303,047	299,304	(3,743)	Supply costs were less than initially anticipated.
Legal	95,000	80,502	(14,498)	Legal costs were lower than anticipated.
Building	287,347	280,203	(7,144)	Training, supply and insurance costs were lower than anticipated.
Engineering	30,000	28,135	(1,865)	Minor change in the budget.
Planning	239,425	245,214	5,789	Budget increased due to comprehensive plan project costs.
City hall buildings	136,038	125,245	(10,793)	Utility and supply costs were lower than anticipated.
Police	2,053,466	1,990,427	(63,039)	Utility and supply costs were lower than anticipated along with personnel costs being lower due to turnover.
Fire protection	294,080	287,302	(6,778)	Training and insurance costs were lower than anticipated.
Emergency management	6,700	7,864	1,164	Minor change in the budget.
Animal control	5,500	4,880	(620)	Minor change in the budget.
Street maintenance	1,165,089	1,106,002	(59,087)	Utility and supply costs were lower than anticipated along with personnel costs being lower due to mild winter conditions in 2017.
Street lighting	186,500	186,668	168	Minor change in the budget.
Maintenance building	21,000	14,602	(6,398)	Utility costs were less than expected.
Ice rink	50,000	67,857	17,857	Utility costs on new refrigerated ice rink were greater than planned.
Park operation and maintenance	332,315	341,490	9,175	Additional costs for private grant funded activities such as yoga and art in the park.
Transfers to other funds	796,785	1,665,785	869,000	Transferred funds to debt service and to prefund abatement commitments.
Total	\$6,303,091	\$7,032,851	\$729,760	

### GENERAL FUND REVENUES AND TRANSFERS IN:

Budgeted General Fund revenues and transfers are compared to 2017 actual results as detailed below:

Description	2017 Final Amended General Fund Budget	2017 Actual Results	Variance from Budget	Reason for Significant Variance from 2017 Budget
Taxes	\$4,541,976	\$4,541,980	\$4	No significant variance.
Licenses and permits	733,123	733,126	3	No significant variance.
Intergovernmental	1,099,626	1,099,628	2	No significant variance.
Charges for services	130,855	130,857	2	No significant variance.
Fines and forfeits	54,474	54,474	-	No significant variance.
Other	65,630	65,838	208	No significant variance.
Transfer from other funds	487,350	487,350	-	No significant variance.
Total	\$7,113,034	\$7,113,253	\$219	

## Management's Discussion and Analysis

### GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General fund expenditures and transfers out are compared to the 2017 actual results as detailed below:

Description	2017 Final Amended General Fund Budget	2017 Actual Results	Variance From Budget	Reason for Significant Variance from 2017 Budget
Mayor and city council	\$51,801	\$51,785	\$16	No significant budget variance.
Administration	248,795	248,785	10	No significant budget variance.
Elections	775	775	-	No significant budget variance.
Finance	299,304	299,299	5	No significant budget variance.
Legal	80,502	80,502	-	No significant budget variance.
Building	280,203	280,191	12	No significant budget variance.
Engineering	28,135	28,135	-	No significant budget variance.
Planning	245,214	243,888	1,326	No significant budget variance.
New city hall buildings	125,245	125,237	8	No significant budget variance.
Police	1,990,427	1,990,404	23	No significant budget variance.
Fire protection	287,302	287,289	13	No significant budget variance.
Emergency management	7,864	7,863	1	No significant budget variance.
Animal control	4,880	4,879	1	No significant budget variance.
Street maintenance	1,106,002	1,105,987	15	No significant budget variance.
Street lighting	186,668	186,668	-	No significant budget variance.
Maintenance building	14,602	14,602	-	No significant budget variance.
Ice rink	67,857	67,850	7	No significant budget variance.
Parks operation and maintenance	341,490	341,471	19	No significant budget variance.
Transfers to other funds	1,665,785	1,665,785	-	No significant budget variance.
Total	\$7,032,851	\$7,031,395	\$1,456	

## Management's Discussion and Analysis

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$117,410,249 (net of accumulated depreciation). Specifically, the City's investment in capital assets includes land, buildings, infrastructure, machinery and equipment and is detailed below:

#### City of Cambridge, Minnesota's Capital Assets (Net of Depreciation)

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$8,661,455	\$126,782	\$90,204	\$8,698,033
Construction in progress	1,512,181	262,518	1,593,148	181,551
Total capital assets, not being depreciated	<u>10,173,636</u>	<u>389,300</u>	<u>1,683,352</u>	<u>8,879,584</u>
Capital assets, being depreciated:				
Buildings and structures	7,320,440	1,593,148	-	8,913,588
Vehicles, equipment and furniture	7,974,751	69,167	-	8,043,918
Streets, airport runways, bridges and signals	65,188,904	-	-	65,188,904
Total capital assets, being depreciated	<u>80,484,095</u>	<u>1,662,315</u>	<u>0</u>	<u>82,146,410</u>
Less accumulated depreciation for:				
Buildings and structures	3,075,674	285,541	-	3,361,215
Vehicles, equipment and furniture	5,469,737	493,697	-	5,963,434
Streets, airport runways, bridges and signals	25,233,829	1,708,063	-	26,941,892
Total accumulated depreciation	<u>33,779,240</u>	<u>2,487,301</u>	<u>0</u>	<u>36,266,541</u>
Total capital assets being depreciated - net	<u>46,704,855</u>	<u>(824,986)</u>	<u>-</u>	<u>45,879,869</u>
Governmental activities capital assets - net	<u>\$56,878,491</u>	<u>(\$435,686)</u>	<u>\$1,683,352</u>	<u>\$54,759,453</u>
<b>Primary Government</b>				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$2,615,179	\$ -	\$ -	\$2,615,179
Construction in progress	-	12,736	-	12,736
Total capital assets, not being depreciated	<u>2,615,179</u>	<u>12,736</u>	<u>0</u>	<u>2,627,915</u>
Capital assets, being depreciated:				
Buildings and structures	10,926,871	-	-	10,926,871
Machinery and equipment	1,297,628	-	-	1,297,628
Distribution and collection systems	82,086,005	-	-	82,086,005
Total capital assets, being depreciated	<u>94,310,504</u>	<u>0</u>	<u>0</u>	<u>94,310,504</u>
Less accumulated depreciation for:				
Buildings and structures	3,998,870	279,352	-	4,278,222
Machinery and equipment	1,079,999	52,530	-	1,132,529
Distribution and collection systems	26,416,527	2,460,345	-	28,876,872
Total accumulated depreciation	<u>31,495,396</u>	<u>2,792,227</u>	<u>0</u>	<u>34,287,623</u>
Total capital assets being depreciated - net	<u>62,815,108</u>	<u>(2,792,227)</u>	<u>0</u>	<u>60,022,881</u>
Business-type activities capital assets - net	<u>\$65,430,287</u>	<u>(\$2,779,491)</u>	<u>\$0</u>	<u>\$62,650,796</u>



Management’s Discussion and Analysis

Additional information on the City’s capital assets can be found in Note 5.

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$26,788,896, a decrease of \$3,906,013 from 2016. Of the total debt, \$6,487,957 is for general obligation improvement debt which is supported in part by special assessments. Also outstanding is \$19,122,049 of revenue bonds which financed capital investments for the water, wastewater and storm sewer operations.

Additional long-term debt in the amount of \$481,466 for compensated absences was also outstanding at the end of 2017.

City of Cambridge, Minnesota’s Outstanding Debt

General Obligation Improvement Bonds, General Obligation Tax Increment Bonds, Long-Term Notes and Compensated Absences:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$6,487,957	\$8,080,851	\$ -	\$ -	\$6,487,957	\$8,080,851
Revenue bonds	-	-	19,122,049	21,272,154	19,122,049	21,272,154
Compensated absences	323,286	322,010	158,160	210,752	481,446	532,762
Bond premium	255,021	301,798	442,423	507,344	697,444	809,142
Total	<u>\$7,066,264</u>	<u>\$8,704,659</u>	<u>\$19,722,632</u>	<u>\$21,990,250</u>	<u>\$26,788,896</u>	<u>\$30,694,909</u>

During 2016, Standard and Poor’s affirmed the City’s AA bond rating due to consistently very strong financial position, very strong budget flexibility, very strong liquidity, very strong management conditions, and strong budget performance. Since the City did not issue bonds in 2017, there was no update to the bond rating in 2017.

State Statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City of Cambridge, Minnesota is \$15,871,992. Of the City's outstanding debt, \$1,600,000 is counted within the statutory limitation.

Additional information on the City’s long-term debt can be found in Note 6.

**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 Director of Finance, 300 Third Avenue NE, Cambridge, Minnesota 55008.

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## **BASIC FINANCIAL STATEMENTS**

CITY OF CAMBRIDGE, MINNESOTA  
STATEMENT OF NET POSITION  
December 31, 2017  
With Comparative Totals For December 31, 2016

Statement 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2017	2016
<b>Assets:</b>				
Cash and investments	\$11,558,746	\$7,905,936	\$19,464,682	\$17,306,151
Restricted cash	10,332	-	10,332	5,988
Accrued interest	31,469	-	31,469	23,613
Due from other governmental units	33,544	-	33,544	52,088
Accounts receivable - net	60,912	415,017	475,929	422,090
Prepaid items	285,799	8,084	293,883	279,253
Internal balances	(402,388)	402,388	-	-
Loan receivable	65,843	-	65,843	10,942
Land held for resale	581,130	-	581,130	581,130
Property taxes receivable	110,656	-	110,656	191,037
Special assessments receivable	2,606,181	-	2,606,181	2,535,464
Inventories - at cost	19,456	560,966	580,422	553,216
Net pension asset	170,522	-	170,522	63,660
Capital assets (net of accumulated depreciation):				
Land	8,698,033	2,615,179	11,313,212	11,276,634
Construction in progress	181,551	12,736	194,287	1,512,181
Buildings and structures	5,552,373	6,648,649	12,201,022	11,172,767
Vehicle, equipment and furniture	2,080,484	165,099	2,245,583	2,722,643
Infrastructure	38,247,012	53,209,133	91,456,145	95,624,553
Total assets	<u>69,891,655</u>	<u>71,943,187</u>	<u>141,834,842</u>	<u>144,333,410</u>
<b>Deferred outflows of resources:</b>				
Related to pensions	<u>3,032,285</u>	<u>-</u>	<u>3,032,285</u>	<u>4,793,678</u>
<b>Liabilities:</b>				
Accounts payable	249,686	154,953	404,639	460,219
Contracts payable	-	100,037	100,037	275,478
Deposits payable	65,326	28,528	93,854	56,643
Salaries and withholdings payable	163,166	-	163,166	154,102
Accrued liabilities	-	58,942	58,942	58,535
Accrued interest payable	63,332	144,421	207,753	269,105
Unearned revenue	2,667	-	2,667	40,650
Compensated absences payable:				
Due within one year	100,000	158,160	258,160	310,752
Due in more than one year	223,286	-	223,286	222,010
Bonds payable:				
Due within one year	1,138,591	1,880,404	3,018,995	3,153,003
Due in more than one year	5,604,387	17,684,068	23,288,455	27,009,144
Net pension liability:				
Due in more than one year	<u>4,272,193</u>	<u>-</u>	<u>4,272,193</u>	<u>7,862,952</u>
Total liabilities	<u>11,882,634</u>	<u>20,209,513</u>	<u>32,092,147</u>	<u>39,872,593</u>
<b>Deferred inflows of resources:</b>				
Related to pensions	<u>3,272,663</u>	<u>-</u>	<u>3,272,663</u>	<u>1,033,634</u>
<b>Net position:</b>				
Net investment in capital assets	48,016,475	43,086,324	91,102,799	92,146,631
Restricted for:				
Debt service	5,009,845	-	5,009,845	4,832,096
Public safety programs	19,234	-	19,234	12,957
Trails program	12,145	-	12,145	8,741
Park programs	16,879	-	16,879	16,764
Economic development programs	-	-	-	133,253
Pensions	170,522	-	170,522	63,660
Unrestricted	<u>4,523,543</u>	<u>8,647,350</u>	<u>13,170,893</u>	<u>11,006,759</u>
Total net position	<u>\$57,768,643</u>	<u>\$51,733,674</u>	<u>\$109,502,317</u>	<u>\$108,220,861</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CAMBRIDGE, MINNESOTA

STATEMENT OF ACTIVITIES

Statement 2

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating	Capital	Governmental Activities	Business-Type Activities	Totals	
			Grants and Contributions	Grants and Contributions			2017	2016
Primary government:								
Governmental activities:								
General government	\$1,602,648	\$760,266	\$4,883	\$ -	(\$837,499)	\$ -	(\$837,499)	(\$1,297,956)
Housing and redevelopment	2,007,846	227,050	1,342,507	-	(438,289)	-	(438,289)	21,310
Public safety	2,408,839	223,514	309,747	39,580	(1,835,998)	-	(1,835,998)	(2,459,662)
Public works	4,171,040	319,354	243,368	1,203,818	(2,404,500)	-	(2,404,500)	(3,075,824)
Economic development	132,213	-	-	-	(132,213)	-	(132,213)	(155,569)
Interest on long-term debt	112,302	-	-	-	(112,302)	-	(112,302)	(143,336)
Total governmental activities	10,434,888	1,530,184	1,900,505	1,243,398	(5,760,801)	0	(5,760,801)	(7,111,037)
Business-type activities:								
Water	1,665,223	1,856,559	-	493	-	191,829	191,829	156,992
Wastewater	2,842,823	2,249,564	-	555,810	-	(37,449)	(37,449)	(26,345)
Storm sewer	437,085	340,242	-	-	-	(96,843)	(96,843)	(105,067)
Municipal liquor	5,065,569	5,531,308	-	-	-	465,739	465,739	446,016
Housing	228,240	173,682	75,931	21,655	-	43,028	43,028	81,652
Total business-type activities	10,238,940	10,151,355	75,931	577,958	0	566,304	566,304	553,248
Total primary government	\$20,673,828	\$11,681,539	\$1,976,436	\$1,821,356	(5,760,801)	566,304	(5,194,497)	(6,557,789)
General revenues:								
Property taxes					5,161,658	-	5,161,658	5,004,822
Tax increment collections					244,088	-	244,088	289,334
Grants and contributions not restricted to specific programs					750,114	-	750,114	744,888
Unrestricted investment earnings					59,076	46,545	105,621	145,614
Gain on sale of capital asset					207,931	-	207,931	9,437
Other					-	6,541	6,541	-
Transfers					419,000	(419,000)	-	-
Total general revenues and transfers					6,841,867	(365,914)	6,475,953	6,194,095
Change in net position					1,081,066	200,390	1,281,456	(363,694)
Net position - January 1					56,687,577	51,533,284	108,220,861	108,584,555
Net position - December 31					\$57,768,643	\$51,733,674	\$109,502,317	\$108,220,861

The accompanying notes are an integral part of these financial statements.

**CITY OF CAMBRIDGE, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2017  
With Comparative Totals For December 31, 2016

	<u>General Fund</u>
<b>Assets</b>	
Cash and investments	\$3,441,032
Restricted cash	-
Accrued interest	31,469
Due from other governmental units	4,819
Accounts receivable - net	56,961
Interfund receivable	-
Prepaid items	284,867
Loan receivable	-
Land held for resale	-
Property taxes receivable:	
Delinquent	65,289
Due from County	35,044
Special assessments receivable	-
Inventory	-
Total assets	<u><u>\$3,919,481</u></u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	
<b>Liabilities:</b>	
Interfund payable	\$ -
Accounts payable	137,549
Contracts payable	-
Deposits payable	47,202
Salaries payable	163,166
Unearned revenue	2,667
Total liabilities	<u><u>350,584</u></u>
<b>Deferred inflows of resources:</b>	
Unavailable revenue	<u>65,289</u>
<b>Fund balance:</b>	
Nonspendable	284,867
Restricted	-
Committed	323,286
Assigned	-
Unassigned	2,895,455
Total fund balance (deficit)	<u><u>3,503,608</u></u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u><u>\$3,919,481</u></u>

Fund balance reported above

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

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

Other long-term assets are not available to pay for current-period expenditures, and therefore, are reported as unavailable revenue in the funds.

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

Internal service funds are used by management to charge the cost of insurance and pension benefits to individual funds.

The assets and liabilities are included in the government-wide statement of net position.

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

Debt Service Fund	Other Gov't Funds	Intra Activity Eliminations	Totals Governmental Funds	
			2017	2016
\$2,564,209	\$5,397,115	\$ -	\$11,402,356	\$9,970,092
-	10,332	-	10,332	5,988
-	-	-	31,469	23,613
-	28,725	-	33,544	52,088
-	3,951	-	60,912	39,364
-	1,091,086	(1,091,086)	-	-
-	932	-	285,799	272,084
-	65,843	-	65,843	10,942
-	581,130	-	581,130	581,130
10,323	-	-	75,612	148,462
-	-	-	35,044	42,575
2,512,012	94,169	-	2,606,181	2,520,868
-	19,456	-	19,456	17,168
<u>\$5,086,544</u>	<u>\$7,292,739</u>	<u>(\$1,091,086)</u>	<u>\$15,207,678</u>	<u>\$13,684,374</u>
\$11,168	\$1,646,776	(\$1,091,086)	\$566,858	\$632,201
391	111,746	-	249,686	311,316
-	-	-	-	155,546
1,808	16,316	-	65,326	30,907
-	-	-	163,166	154,102
-	-	-	2,667	40,650
<u>13,367</u>	<u>1,774,838</u>	<u>(1,091,086)</u>	<u>1,047,703</u>	<u>1,324,722</u>
<u>2,522,335</u>	<u>94,169</u>	<u>-</u>	<u>2,681,793</u>	<u>2,669,330</u>
-	20,388	-	305,255	289,252
2,550,842	48,258	-	2,599,100	2,511,035
-	-	-	323,286	322,010
-	6,433,215	-	6,433,215	4,868,692
-	(1,078,129)	-	1,817,326	1,699,333
<u>2,550,842</u>	<u>5,423,732</u>	<u>0</u>	<u>11,478,182</u>	<u>9,690,322</u>
<u>\$5,086,544</u>	<u>\$7,292,739</u>	<u>(\$1,091,086)</u>	<u>\$15,207,678</u>	<u>\$13,684,374</u>
			\$11,478,182	\$9,690,322
			54,759,453	56,878,491
			2,681,793	2,669,330
			(7,129,596)	(8,795,621)
			(4,021,189)	(3,754,945)
			<u>\$57,768,643</u>	<u>\$56,687,577</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

	<u>General Fund</u>
Revenues:	
General property taxes	\$4,541,980
Tax increment collections	-
Licenses and permits	733,126
Intergovernmental	1,099,628
Special assessments	-
Charges for services	130,857
Fines and forfeits	54,474
Investment income	18,415
Rents	19,305
Other	28,118
Total revenues	<u>6,625,903</u>
Expenditures:	
Current:	
General government	1,358,597
Housing and redevelopment	-
Public safety	2,290,435
Public works	1,716,578
Economic development	-
Capital outlay:	
General government	-
Public safety	-
Public works	-
Debt service:	
Principal retirement	-
Interest	-
Paying agent fees	-
Bond issuance costs	-
Construction/acquisition costs	-
Total expenditures	<u>5,365,610</u>
Revenues over (under) expenditures	<u>1,260,293</u>
Other financing sources (uses):	
Refunding bonds issued	-
Bonds issued	-
Bond premium	-
Sale of property	-
Transfers in	487,350
Transfers out	(1,665,785)
Total other financing sources (uses)	<u>(1,178,435)</u>
Net change in fund balance	81,858
Fund balance - January 1	<u>3,421,750</u>
Fund balance - December 31	<u><u>\$3,503,608</u></u>

The accompanying notes are an integral part of these financial statements.



Debt Service Fund	Other Gov't'l Funds	Intra Activity Eliminations	Totals Governmental Funds	
			2017	2016
\$692,528	\$ -	\$ -	\$5,234,508	\$5,032,465
193,314	50,774	-	244,088	289,334
-	-	-	733,126	395,993
-	1,929,654	-	3,029,282	2,416,290
637,000	50,958	-	687,958	843,976
-	369,139	-	499,996	365,973
-	-	-	54,474	30,994
7,616	31,828	-	57,859	78,383
-	223,283	-	242,588	248,264
-	52,008	-	80,126	83,962
<u>1,530,458</u>	<u>2,707,644</u>	<u>0</u>	<u>10,864,005</u>	<u>9,785,634</u>
-	6,295	-	1,364,892	1,557,613
-	1,710,212	-	1,710,212	862,025
-	10,430	-	2,300,865	2,200,364
-	326,319	-	2,042,897	2,037,452
132,213	-	-	132,213	155,569
-	-	-	-	13,785
-	51,067	-	51,067	355,045
-	144,882	-	144,882	1,075,101
1,592,894	-	-	1,592,894	3,722,466
186,709	-	-	186,709	179,335
4,120	-	-	4,120	4,340
-	-	-	-	37,024
-	262,529	-	262,529	2,869,818
<u>1,915,936</u>	<u>2,511,734</u>	<u>0</u>	<u>9,793,280</u>	<u>15,069,937</u>
<u>(385,478)</u>	<u>195,910</u>	<u>0</u>	<u>1,070,725</u>	<u>(5,284,303)</u>
-	-	-	-	1,230,000
-	-	-	-	1,340,000
-	-	-	-	172,047
-	298,135	-	298,135	2,500
691,074	1,157,785	(1,917,209)	419,000	635,500
(94,074)	(157,350)	1,917,209	-	-
<u>597,000</u>	<u>1,298,570</u>	<u>0</u>	<u>717,135</u>	<u>3,380,047</u>
211,522	1,494,480	0	1,787,860	(1,904,256)
2,339,320	3,929,252	-	9,690,322	11,594,578
<u>\$2,550,842</u>	<u>\$5,423,732</u>	<u>\$0</u>	<u>\$11,478,182</u>	<u>\$9,690,322</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF CAMBRIDGE, MINNESOTA**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

**Statement 5**

	<u>2017</u>	<u>2016</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balances - total governmental funds (Statement 4)	\$1,787,860	(\$1,904,256)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation	(2,487,301)	(2,415,963)
Capital outlay	458,478	4,313,749
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position. In the statement of activities, the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold.	(90,215)	44,058
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	12,463	(761,363)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,592,894	1,152,466
Internal service funds are used by management to charge the cost of insurance and pension expense to individual funds. This amount is net revenue attributable to governmental activities.	(266,244)	(820,196)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>73,131</u>	<u>(120,738)</u>
Change in net position of governmental activities (Statement 2)	<u><u>\$1,081,066</u></u>	<u><u>(\$512,243)</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2017  
With Comparative Totals For December 31, 2016

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$2,332,861	\$4,196,678	\$248,853
Accounts receivable:			
Customers	158,304	223,285	33,428
Prepaid items	-	-	-
Interfund receivable	566,858	-	-
Inventories - at cost	-	-	-
Total current assets	<u>3,058,023</u>	<u>4,419,963</u>	<u>282,281</u>
<b>Noncurrent assets:</b>			
Special assessments	-	-	-
<b>Capital assets:</b>			
Land	999,579	1,135,642	106,416
Buildings and structures	7,560,701	125,425	-
Machinery and equipment	275,069	760,282	-
Distribution and collection system	21,880,771	44,776,692	15,428,542
Construction in progress	12,736	-	-
Total capital assets	<u>30,728,856</u>	<u>46,798,041</u>	<u>15,534,958</u>
Less: Allowance for depreciation	<u>(9,806,777)</u>	<u>(16,325,754)</u>	<u>(5,735,453)</u>
Net capital assets	<u>20,922,079</u>	<u>30,472,287</u>	<u>9,799,505</u>
Total noncurrent assets	<u>20,922,079</u>	<u>30,472,287</u>	<u>9,799,505</u>
Total assets	<u>23,980,102</u>	<u>34,892,250</u>	<u>10,081,786</u>
<b>Deferred outflows of resources:</b>			
Related to pensions	-	-	-
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	12,656	12,027	162
Contracts payable	-	100,037	-
Accrued liabilities	1,643	-	-
Accrued interest payable	79,778	49,225	15,418
Deposits payable	-	-	-
Compensated absences payable - current portion	25,662	86,556	-
Bonds payable - current portion	880,108	787,755	212,541
Total current liabilities	<u>999,847</u>	<u>1,035,600</u>	<u>228,121</u>
<b>Noncurrent liabilities:</b>			
Bonds payable - noncurrent portion	6,332,655	10,093,557	1,257,856
Net pension liability	-	-	-
Total noncurrent liabilities	<u>6,332,655</u>	<u>10,093,557</u>	<u>1,257,856</u>
Total liabilities	<u>7,332,502</u>	<u>11,129,157</u>	<u>1,485,977</u>
<b>Deferred inflows of resources:</b>			
Related to pensions	-	-	-
<b>Net position:</b>			
Net investment in capital assets	13,709,316	19,590,975	8,329,108
Unrestricted	2,938,284	4,172,118	266,701
Total net position	<u>\$16,647,600</u>	<u>\$23,763,093</u>	<u>\$8,595,809</u>

Net position reported above  
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.  
Net position of business-type activities (Statement 1)

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
610 Municipal Liquor Store	901 Housing	Totals			
		2017	2016		
\$373,911	\$753,633	\$7,905,936	\$7,155,005	\$156,390	
-	-	415,017	382,726	-	
4,374	3,710	8,084	7,169	-	
-	-	566,858	632,201	-	
560,966	-	560,966	536,048	-	
939,251	757,343	9,456,861	8,713,149	156,390	
-	-	-	14,596	-	
239,500	134,042	2,615,179	2,615,179	-	
1,364,729	1,876,016	10,926,871	10,926,871	-	
171,302	90,975	1,297,628	1,297,628	-	
-	-	82,086,005	82,086,005	-	
-	-	12,736	-	-	
1,775,531	2,101,033	96,938,419	96,925,683	0	
(727,641)	(1,691,998)	(34,287,623)	(31,495,396)	-	
1,047,890	409,035	62,650,796	65,430,287	0	
1,047,890	409,035	62,650,796	65,444,883	0	
1,987,141	1,166,378	72,107,657	74,158,032	156,390	
-	-	-	-	3,020,447	
111,573	18,535	154,953	148,903	-	
-	-	100,037	119,932	-	
57,299	-	58,942	58,535	-	
-	-	144,421	178,143	-	
-	28,528	28,528	25,736	-	
45,942	-	158,160	210,752	-	
-	-	1,880,404	1,870,108	-	
214,814	47,063	2,525,445	2,612,109	0	
-	-	17,684,068	19,909,390	-	
-	-	-	-	4,272,193	
0	0	17,684,068	19,909,390	4,272,193	
214,814	47,063	20,209,513	22,521,499	4,272,193	
-	-	-	-	3,205,589	
1,047,890	409,035	43,086,324	43,650,789	-	
724,437	710,280	8,811,820	7,985,744	(4,300,945)	
\$1,772,327	\$1,119,315	\$51,898,144	\$51,636,533	(\$4,300,945)	
		\$51,898,144			
		(164,470)			
		\$51,733,674			

The accompanying notes are an integral part of these financial statements.

**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>601 Water</u>	<u>602 Wastewater</u>	<u>603 Storm Sewer</u>
Sales	\$ -	\$ -	\$ -
Cost of sales	-	-	-
Gross profit	<u>0</u>	<u>0</u>	<u>0</u>
Operating revenues:			
Customer billings	1,817,929	2,249,564	340,242
Charges for services	-	-	-
Rental and service income	-	-	-
HUD operating subsidy	-	-	-
Other	-	-	-
Insurance dividends	-	-	-
Sale of water meters	38,630	-	-
Total operating revenues	<u>1,856,559</u>	<u>2,249,564</u>	<u>340,242</u>
Total gross profit and operating revenues	<u>1,856,559</u>	<u>2,249,564</u>	<u>340,242</u>
Operating expenses:			
Salaries and wages	273,162	447,835	-
Employee benefits	105,132	194,273	-
Professional services	41,923	93,961	8,585
Shop supplies	47,268	17,892	-
Heat, light, and power	93,305	158,727	-
Maintenance and repairs	143,103	166,880	6,102
Advertising	1,381	-	-
Telephone	6,571	2,282	-
Insurance and bonds	14,942	32,442	-
Office supplies	5,808	6,097	6
Miscellaneous	11,532	20,224	5,282
Claims	-	-	-
Depreciation	755,831	1,541,154	389,888
Total operating expenses	<u>1,499,958</u>	<u>2,681,767</u>	<u>409,863</u>
Operating income (loss)	<u>356,601</u>	<u>(432,203)</u>	<u>(69,621)</u>
Nonoperating revenues (expenses):			
Investment income	13,562	27,097	876
Intergovernmental	-	-	-
Lottery proceeds-net	-	-	-
Bond issuance costs	-	-	-
Interest expense	(159,407)	(125,314)	(27,222)
Miscellaneous	(1,102)	(1,502)	-
Total nonoperating revenues (expenses)	<u>(146,947)</u>	<u>(99,719)</u>	<u>(26,346)</u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
610 Municipal Liquor Store	901 Housing	Intra Activity Elimination	Totals		
			2017	2016	
\$5,531,308	\$ -	\$ -	\$5,531,308	\$5,396,677	\$ -
(4,178,917)	-	-	(4,178,917)	(4,077,693)	-
1,352,391	0	0	1,352,391	1,318,984	0
-	-	-	4,407,735	4,361,153	-
-	-	-	-	-	394,434
-	173,682	-	173,682	172,206	-
-	75,931	-	75,931	80,942	-
1,000	50	-	1,050	2,191	-
-	-	-	-	-	34,419
-	-	-	38,630	25,862	-
1,000	249,663	0	4,697,028	4,642,354	428,853
1,353,391	249,663	0	6,049,419	5,961,338	428,853
392,498	48,624	-	1,162,119	1,138,123	-
134,987	8,642	-	443,034	407,647	758,650
4,254	37,674	-	186,397	178,135	-
-	10,140	-	75,300	94,177	-
26,653	42,450	-	321,135	296,044	-
51,967	15,349	-	383,401	302,093	-
42,606	-	-	43,987	39,197	-
9,606	7,487	-	25,946	26,362	-
13,246	9,555	-	70,185	67,599	-
1,802	1,351	-	15,064	18,932	-
126,941	1,481	-	165,460	158,388	-
-	-	-	-	-	60,300
59,867	45,487	-	2,792,227	2,410,195	-
864,427	228,240	0	5,684,255	5,136,892	818,950
488,964	21,423	0	365,164	824,446	(390,097)
2,625	2,385	-	46,545	64,864	1,217
-	-	-	-	-	11,338
5,491	-	-	5,491	4,746	-
-	-	-	-	(50,679)	-
-	-	-	(311,943)	(341,657)	-
-	-	-	(2,604)	(1,395)	-
8,116	2,385	0	(262,511)	(324,121)	12,555

The accompanying notes are an integral part of these financial statements.

**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Income (loss) before contributions and transfers	\$209,654	(\$531,922)	(\$95,967)
Capital contributions:			
Contributed from developers	-	-	-
Capital grant	-	-	-
Connection charges & special assessments	493	555,810	-
Total capital contributions	<u>493</u>	<u>555,810</u>	<u>0</u>
Transfers in	100,000	-	-
Transfers out	<u>(12,500)</u>	<u>(37,500)</u>	<u>-</u>
	<u>87,500</u>	<u>(37,500)</u>	<u>0</u>
Change in net position	<u>297,647</u>	<u>(13,612)</u>	<u>(95,967)</u>
Net position - January 1	<u>16,349,953</u>	<u>23,776,705</u>	<u>8,691,776</u>
Net position - December 31	<u><u>\$16,647,600</u></u>	<u><u>\$23,763,093</u></u>	<u><u>\$8,595,809</u></u>

Change in net position reported for business-type activities above.  
Adjustment for the net effect of the current year activity between the internal service fund  
and the enterprise funds net position of business-type activities.  
Change in net position of business-type activities (Statement 2).



Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
610 Municipal Liquor Store	901 Housing	Intra Activity Elimination	Totals		
			2017	2016	
\$497,080	\$23,808	\$ -	\$102,653	\$500,325	(\$377,542)
-	-	-	-	3,025	-
-	21,655	-	21,655	64,024	-
-	-	-	556,303	138,350	-
<u>0</u>	<u>21,655</u>	<u>0</u>	<u>577,958</u>	<u>205,399</u>	<u>0</u>
-	21,655	(121,655)	-	-	-
(469,000)	(21,655)	121,655	(419,000)	(476,500)	-
<u>(469,000)</u>	<u>0</u>	<u>0</u>	<u>(419,000)</u>	<u>(476,500)</u>	<u>0</u>
28,080	45,463	0	261,611	229,224	(377,542)
1,744,247	1,073,852	-	51,636,533	51,407,309	(3,923,403)
<u>\$1,772,327</u>	<u>\$1,119,315</u>	<u>\$0</u>	<u>\$51,898,144</u>	<u>\$51,636,533</u>	<u>(\$4,300,945)</u>
			\$261,611		
			(61,221)		
			<u>\$200,390</u>		

The accompanying notes are an integral part of these financial statements.

**CITY OF CAMBRIDGE, MINNESOTA**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Cash flows from operating activities:			
Receipts from customers and users	\$1,841,983	\$2,233,090	\$339,001
Payment to suppliers	(472,686)	(702,214)	(19,943)
Payment of wages and benefits	(274,292)	(449,522)	-
Connection fees	-	555,810	-
Miscellaneous revenue	493	-	-
Net cash flows from operating activities	<u>1,095,498</u>	<u>1,637,164</u>	<u>319,058</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	100,000	-	-
Transfer to other funds	-	-	-
Repayment of interfund receivable	-	65,343	-
Transfer to General Fund	(12,500)	(37,500)	-
Net cash flows from noncapital financing activities	<u>87,500</u>	<u>27,843</u>	<u>0</u>
Cash flows from capital and related financing activities:			
Principal received on special assessments	7,298	7,298	-
HUD contribution	-	-	-
Acquisition of capital assets	(12,736)	-	-
Debt proceeds, net of issue costs, discount & fiscal fees	-	-	-
Interest paid on debt	(183,821)	(134,771)	(29,677)
Principal paid on debt	(1,094,242)	(888,468)	(232,316)
Net cash flows from capital and related financing activities	<u>(1,283,501)</u>	<u>(1,015,941)</u>	<u>(261,993)</u>
Cash flows from investing activities:			
Investment income	<u>13,562</u>	<u>27,097</u>	<u>876</u>
Net increase (decrease) in cash and cash equivalents	(86,941)	676,163	57,941
Cash and cash equivalents - January 1	<u>2,419,802</u>	<u>3,520,515</u>	<u>190,912</u>
Cash and cash equivalents - December 31	<u><u>\$2,332,861</u></u>	<u><u>\$4,196,678</u></u>	<u><u>\$248,853</u></u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds				Governmental
610	901	Totals		Activities -
Municipal	Housing	2017	2016	Internal
Liquor Store				Service Funds
\$5,532,308	\$252,455	\$10,198,837	\$10,039,115	\$428,853
(4,621,340)	(132,212)	(5,948,395)	(6,088,052)	(60,300)
(409,862)	(80,737)	(1,214,413)	(1,127,408)	(394,434)
-	-	555,810	137,365	-
5,491	-	5,984	5,731	-
<u>506,597</u>	<u>39,506</u>	<u>3,597,823</u>	<u>2,966,751</u>	<u>(25,881)</u>
-	-	100,000	100,000	-
(34,000)	-	(34,000)	(125,000)	-
-	-	65,343	156,170	-
<u>(435,000)</u>	<u>-</u>	<u>(485,000)</u>	<u>(451,500)</u>	<u>-</u>
<u>(469,000)</u>	<u>0</u>	<u>(353,657)</u>	<u>(320,330)</u>	<u>0</u>
-	-	14,596	14,596	-
-	21,655	21,655	86,884	-
-	-	(12,736)	(2,327,945)	-
-	-	-	4,264,441	-
-	-	(348,269)	(354,718)	-
<u>-</u>	<u>-</u>	<u>(2,215,026)</u>	<u>(3,651,920)</u>	<u>-</u>
<u>0</u>	<u>21,655</u>	<u>(2,539,780)</u>	<u>(1,968,662)</u>	<u>0</u>
<u>2,625</u>	<u>2,385</u>	<u>46,545</u>	<u>64,864</u>	<u>1,217</u>
40,222	63,546	750,931	742,623	(24,664)
<u>333,689</u>	<u>690,087</u>	<u>7,155,005</u>	<u>6,412,382</u>	<u>181,054</u>
<u>\$373,911</u>	<u>\$753,633</u>	<u>\$7,905,936</u>	<u>\$7,155,005</u>	<u>\$156,390</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF CAMBRIDGE, MINNESOTA**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>601</u> Water	<u>602</u> Wastewater	<u>603</u> Storm Sewer
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$356,601</u>	<u>(\$432,203)</u>	<u>(\$69,621)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Intergovernmental revenue	-	-	-
Miscellaneous revenue	493	-	-
Connection fees	-	555,810	-
Depreciation	755,831	1,541,154	389,888
Changes in assets and liabilities:			
Decrease (increase) in receivables	(14,576)	(16,474)	(1,241)
Decrease (increase) in prepaid items	-	495	-
Decrease (increase) in inventory	-	-	-
Decrease (increase) in deferred outflows of resources	-	-	-
Increase (decrease) in payables	(2,851)	(11,618)	32
Increase (decrease) in deferred inflows of resources	-	-	-
Total adjustments	<u>738,897</u>	<u>2,069,367</u>	<u>388,679</u>
Net cash provided by operating activities	<u>\$1,095,498</u>	<u>\$1,637,164</u>	<u>\$319,058</u>
Noncash investing, capital and financing activities:			
None			

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
610 Municipal Liquor Store	901 Housing	Totals		
		2017	2016	
\$488,964	\$21,423	\$365,164	\$824,446	(\$390,097)
-	-	-	-	11,338
5,491	-	5,984	5,731	-
-	-	555,810	137,365	-
59,867	45,487	2,792,227	2,410,195	-
-	-	(32,291)	(2,211)	-
470	(1,880)	(915)	(457)	-
(24,918)	-	(24,918)	61	-
-	-	-	-	1,755,473
(23,277)	(25,524)	(63,238)	(408,379)	(3,590,759)
-	-	-	-	2,188,164
17,633	18,083	3,232,659	2,142,305	364,216
\$506,597	\$39,506	\$3,597,823	\$2,966,751	(\$25,881)

The accompanying notes are an integral part of these financial statements.

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**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Cambridge, Minnesota (the City) operates under the State of Minnesota Statutory Plan A form of government. The City Council, composed of an elected mayor and four elected trustee or council members, exercises legislative authority and determines all matters of policy.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

**A. FINANCIAL REPORTING ENTITY**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**COMPONENT UNITS**

The City has one component unit, the Economic Development Authority (EDA). The EDA is considered a component unit because the governing boards are substantively the same as that of the City and because the City is in a relationship of financial burden with the entity.

The financial position and results of operations of the EDA component unit is presented using the blended method. Blended component units, although legally separate entities, are, in substance, part of the City's operations and as such are reported as Special Revenue Funds, Debt Service Funds, Capital Project Funds and Enterprise Funds. The component unit includes Governmental Funds using the modified accrual basis of accounting. Separate financial statements for the EDA are not prepared.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**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 financial statements. 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 year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

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

The *Debt Service Fund* is used to account for the accumulation of resources and costs related to the servicing of the governmental funds bonds. While the City maintains sub-funds for each bond issue, for external financial reporting purposes, the City maintains one debt service fund.

The City reports the following major proprietary funds:

The *water fund* accounts for the water service charges which are used to finance the water system operating expenses.

The *wastewater fund* accounts for the sewer service charges which are used to finance the sanitary sewer system operating expenses.

The *storm sewer fund* accounts for storm sewer charges which are used to finance the storm sewer operating expenses.

The *municipal liquor store fund* accounts for operations of the municipal liquor store.

The *housing fund* accounts for operations of the EDA's apartment and other housing programs.



Additionally, the City reports the following fund type:

*Internal Service Fund* – accounts for property insurance and pension benefits provided to other departments of the City on a cost reimbursement basis.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 water, wastewater, storm sewer and municipal liquor enterprise funds are charges to customers for sales and services. The principal revenue of the Housing Fund is rental income. Operating expenses for enterprise funds 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.

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

#### **D. BUDGETS**

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the General, EDA Operating, and Airport Operating special revenue funds. Budgeted expenditure appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

#### **E. LEGAL COMPLIANCE - BUDGETS**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following January 1. These budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a departmental basis for the General Fund and on the fund basis for the EDA Operating and Airport Operating special revenue funds.

4. Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Additionally, management cannot amend the budget without Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and budgeted Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are provided and reviewed by council for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. Expenditures may not legally exceed budgeted appropriations at the total fund level without City Council authorization. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel; material and supplies; other services and charges; capital outlay) within each activity.
8. The City Council may authorize transfer of budgeted amounts between City funds.
9. The City Council made supplemental budget appropriations throughout the year. Individual amendments were not material in relation to the original appropriations which were adjusted.

#### **F. CASH AND INVESTMENTS**

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Investment income is accrued at the balance sheet date. Investments are stated at fair value, based upon quoted market prices. Investment income is accrued at the balance sheet date.

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less. Therefore the entire balance in the Proprietary Funds are considered cash equivalents.

Cash and investments held by escrow agent includes balances held in segregated accounts that are established for specific purposes.

#### **G. RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Interfund loans are classified as "interfund receivables/payables." All interfund receivables and payables at December 31, 2017 are planned to be eliminated in 2018 except for an interfund loan between the TIF 6.9 RTC Redevelopment and RTC Redevelopment capital project funds as described in Note 9. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes and special assessments (See Notes 1.H and 1.I) have been reported net of estimated uncollectible accounts. Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

#### **H. PROPERTY TAX REVENUE RECOGNITION**

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

##### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

##### GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflow of resources because they are not available to finance current expenditures.

#### **I. SPECIAL ASSESSMENT REVENUE RECOGNITION**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are remitted to the City in payment of delinquent special assessments. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City generally recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. However, in cases where the project is not substantially complete, the assessment roll is deemed unearned. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funding are completely offset by deferred inflows of resources.

**J. INVENTORIES**

GOVERNMENTAL FUNDS

Inventories of the Airport Operating special revenue fund are stated at cost, which approximates market, using the first-in, first out (FIFO) method. The primary government does not maintain material amounts of inventory within the other governmental funds. Inventories of the other governmental funds are recorded as expenditures at the time of purchase.

PROPRIETARY FUNDS

Inventories of the proprietary funds are stated at cost, which approximates market, using the first-in, first-out (FIFO) method.

**K. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City of Cambridge accounts for prepaid items under the consumption method.

**L. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (except for easements which is \$50,000) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2017, no interest was capitalized in connection with construction in progress.

The City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010 which required the City to capitalize and amortize intangible assets. For governmental entities with total annual revenues of less than \$10 million for the fiscal year ended December 31, 1999, the retroactive reporting of intangible assets is not required under the provision of GASB Statement No. 51. The City has elected not to report intangible assets acquired in years prior to 2010. The City did not acquire any intangible assets for the year ending December 31, 2017.

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

Assets	
Buildings and structures	20 – 40 years
Machinery, vehicles, equipment and furniture	5 – 15 years
Streets, airport runway, bridges and signals	25 – 40 years
Distribution and collection systems	40 years

**M. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay.

**N. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are immaterial and are expensed in the year of bond issuance.

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.

**O. FUND BALANCE CLASSIFICATIONS**

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* - consists of amounts that cannot be spent because they are not in spendable form, such as prepaid items and land held for resale.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. The committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by resolution.

*Assigned* - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed:

- In governmental funds other than the General Fund, assigned fund balances represent the remaining amount that is not restricted or committed.
- In the General Fund, assigned amounts represent the specific purpose for which it is the City's intended use. These constraints are established by the City Council.

*Unassigned* - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

**P. INTERFUND TRANSACTIONS**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

**Q. USE OF ESTIMATES**

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**R. MAJOR CUSTOMER**

The City has a contract with J. Rettenmaier USA where the Company reimburses the City for expenses associated with the operations of the industrial wastewater treatment plant. The total of such transactions amounted to \$378,197 and \$396,962 for 2017 and 2016, respectively.

**S. RESTRICTED ASSETS**

Certain assets of the Housing Division special revenue fund are restricted for tenant deposits.

**T. COMPARATIVE TOTALS**

The basic financial statements and combining and individual fund financial statements and schedules include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2016 from which the summarized information was derived.

**U. 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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. It is the pension related deferred outflows reported on the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has pension related deferred inflows reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The government also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes and special assessments.

**V. PENSION PLANS**

**COST SHARING MULTIPLE – EMPLOYER PLANS**

*Pensions.* For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except 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.

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**SINGLE EMPLOYER PLAN**

*Pensions.* For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Cambridge Volunteer Fire Department Relief Association (Relief) and additions to/deductions from the Relief’s fiduciary net position have been determined on the same basis as they were reported by the Relief. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**W. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$7,129,596) difference are as follows:

Bonds payable	(\$6,487,957)
Compensated absences	(323,286)
Accrued interest payable	(63,332)
Unamortized bond premium	<u>(255,021)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position governmental activities	<u><u>(\$7,129,596)</u></u>



2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$2,028,823) difference are as follows:

Capital outlay	\$195,949
Construction/acquisition costs	262,529
Depreciation expense	<u>(2,487,301)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$2,028,823)</u></u>

Another element of that reconciliation states that “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$12,463 difference are as follows:

General property taxes unavailable revenue:	
December 31, 2016	(\$148,462)
December 31, 2017	75,612
Special assessments unavailable revenue:	
December 31, 2016	(2,520,868)
December 31, 2017	<u>2,606,181</u>
Net adjustments to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$12,463</u></u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$1,592,894 difference are as follows:

Principal repayments	<u>\$1,592,894</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$1,592,894</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$73,131 difference are as follows:

Amortization of bond premium	\$46,777
Accrued interest payable	27,630
Compensated absences	<u>(1,276)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$73,131</u></u>

**Note 2 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

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- accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any Federal agency.

At December 31, 2017 the carrying amount of the City's deposits with financial institutions was \$11,179,462, all of which was insured by FDIC or protected by collateral provided by the financial institution.

**B. INVESTMENTS**

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
  - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
  - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
  - 3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

At December 31, 2017 the City's investment balances were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Over 10 Years
External investment pool - 4M Fund	\$56,294	\$56,294	\$ -	\$ -	\$ -
Brokered certificates of deposit	5,815,575	1,175,464	3,564,793	1,075,318	-
Federal Home Loan Mortgage Corp	959,244	-	-	959,244	-
Federal Home Loan Bank	435,574	-	435,574	-	-
Federal National Mortgage Association	1,026,490	-	-	1,026,490	-
Total	<u>\$8,293,177</u>	<u>\$1,231,758</u>	<u>\$4,000,367</u>	<u>\$3,061,052</u>	<u>\$0</u>
		Total investments			\$8,293,177
		Deposits			11,179,462
		Petty cash			2,375
		Total cash and investments			<u>\$19,475,014</u>

A reconciliation to Statement 1 is as follows:

Cash and investments	\$19,464,682
Restricted cash	10,332
Total cash and investments	<u>\$19,475,014</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2017:

Investment Type	12/31/2017	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$5,815,575	\$ -	\$5,815,575	\$ -
Federal Home Loan Mortgage Corp	959,244	-	959,244	-
Federal Home Loan Bank	435,574	-	435,574	-
Federal National Mortgage Association	1,026,490	-	1,026,490	-
Subtotal	<u>8,236,883</u>	<u>\$0</u>	<u>\$8,236,883</u>	<u>\$0</u>
Investments at amortized cost:				
External investment pool - 4M Fund	56,294			
Total	<u>\$8,293,177</u>			

The City's external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

**C. INVESTMENT RISKS**

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2017, \$56,294 of the City’s investments were invested in the 4M Fund. Investments in the 4M Fund are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City’s investment policy does not address custodial risk. However, the City’s investments in Federal Agency securities and brokered CDs are held by the broker-dealer, of which \$500,000 is insured through SIPC. Each broker-dealer has provided additional protection by purchasing additional private insurance. This insurance is subject to aggregate limits applied to all of the broker’s accounts.

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The City’s investment policy shall be designed to attain market-average rates of return during budgetary and economic cycles taking into account the City’s investment risk constraint and cash flow characteristics, however, the City does not have a formal policy relating to interest rate risk. Also, the City does not have any duration limitations on its investments.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to items listed in Note 2.B. The City’s investment policy places further restrictions on bankers acceptances and commercial paper.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. More than 5% of the City’s investments are with the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association.

At December 31, 2017 the City’s investments in U.S. Government securities and U.S. Agency securities were rated “AAA” by Standard & Poor’s.

**Note 3 RECEIVABLES**

Significant receivable balances not expected to be collected within one year of December 31, 2017 are as follows:

	Major Fund		Nonmajor	Total
	General	Debt Service	Governmental Funds	
Special assessments receivable	\$ -	\$2,232,001	\$54,945	\$2,286,946
Property taxes receivable	22,000	3,000	-	25,000
Total	\$22,000	\$2,235,001	\$54,945	\$2,311,946

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**Note 4 UNAVAILABLE REVENUES**

Governmental funds report inflows of resources revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Total</u>
Major fund:			
General fund	\$65,289	\$ -	\$65,289
Debt service fund	10,323	2,512,012	2,522,335
Nonmajor funds	-	94,169	94,169
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$75,612</u>	<u>\$2,606,181</u>	<u>\$2,681,793</u>

**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 was as follows:

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$8,661,455	\$126,782	\$90,204	\$8,698,033
Construction in progress	1,512,181	262,529	1,593,159	181,551
Total capital assets, not being depreciated	<u>10,173,636</u>	<u>389,311</u>	<u>1,683,363</u>	<u>8,879,584</u>
Capital assets, being depreciated:				
Buildings and structures	7,320,440	1,593,148	-	8,913,588
Vehicles, equipment and furniture	7,974,751	69,167	-	8,043,918
Streets, airport runways, bridges and signals	65,188,904	-	-	65,188,904
Total capital assets, being depreciated	<u>80,484,095</u>	<u>1,662,315</u>	<u>0</u>	<u>82,146,410</u>
Less accumulated depreciation for:				
Buildings and structures	3,075,674	285,541	-	3,361,215
Vehicles, equipment and furniture	5,469,737	493,697	-	5,963,434
Streets, airport runways, bridges and signals	25,233,829	1,708,063	-	26,941,892
Total accumulated depreciation	<u>33,779,240</u>	<u>2,487,301</u>	<u>0</u>	<u>36,266,541</u>
Total capital assets being depreciated - net	<u>46,704,855</u>	<u>(824,986)</u>	<u>-</u>	<u>45,879,869</u>
Governmental activities capital assets - net	<u>\$56,878,491</u>	<u>(\$435,675)</u>	<u>\$1,683,363</u>	<u>\$54,759,453</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$2,615,179	\$ -	\$ -	\$2,615,179
Construction in progress	-	12,736	-	12,736
Total capital assets, not being depreciated	<u>2,615,179</u>	<u>12,736</u>	<u>0</u>	<u>2,627,915</u>
Capital assets, being depreciated:				
Buildings and structures	10,926,871	-	-	10,926,871
Machinery and equipment	1,297,628	-	-	1,297,628
Distribution and collection systems	82,086,005	-	-	82,086,005
Total capital assets, being depreciated	<u>94,310,504</u>	<u>0</u>	<u>0</u>	<u>94,310,504</u>
Less accumulated depreciation for:				
Buildings and structures	3,998,870	279,352	-	4,278,222
Machinery and equipment	1,079,999	52,530	-	1,132,529
Distribution and collection systems	26,416,527	2,460,345	-	28,876,872
Total accumulated depreciation	<u>31,495,396</u>	<u>2,792,227</u>	<u>0</u>	<u>34,287,623</u>
Total capital assets being depreciated - net	<u>62,815,108</u>	<u>(2,792,227)</u>	<u>-</u>	<u>60,022,881</u>
Business-type activities capital assets - net	<u>\$65,430,287</u>	<u>(\$2,779,491)</u>	<u>\$0</u>	<u>\$62,650,796</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$154,858
Housing and redevelopment	87,472
Public safety	169,485
Public works, including depreciation of general infrastructure assets	2,075,486
Total depreciation expense - governmental activities	<u>\$2,487,301</u>
Business-type activities:	
Water	\$755,831
Wastewater	1,541,154
Storm sewer	389,888
Liquor store	59,867
Housing	45,487
Total depreciation expense - business-type activities	<u>\$2,792,227</u>

CONSTRUCTION COMMITMENTS

At December 31, 2017, obligations under the contract for the City's wastewater treatment plant renovation have either been paid or accrued in contracts payable.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**Note 6 LONG-TERM DEBT**

The City issues general obligation bonds and equipment certificates to provide funds for the acquisition and construction of major capital facilities. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

As of December 31, 2017, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/17
<b>Governmental Activities:</b>					
G.O. Improvement Bonds:					
Improvement Bonds of 2010	.60% - 3.15%	5/26/2010	2/1/2019	\$986,845	\$115,800
Improvement Bonds of 2012	2.00%	6/5/2012	2/1/2023	5,780,000	2,935,000
Improvement Bonds of 2014	2% - 2.375%	5/28/2014	2/1/2025	1,601,532	987,157
Improvement Bonds of 2016	2% - 3%	5/17/2016	2/1/2027	2,570,000	2,450,000
Total G.O. Improvement Bonds				<u>10,938,377</u>	<u>6,487,957</u>
Compensated absences payable					<u>323,286</u>
Bond issuance premium					<u>255,021</u>
Total City indebtedness - governmental activities				<u>10,938,377</u>	<u>7,066,264</u>
<b>Business-Type Activities:</b>					
G.O. Revenue Bonds:					
G.O. Wastewater Revenue Note, Series 2013A (PFA Loan)	1.00%	8/13/2013	8/20/2032	\$11,737,686	\$9,349,000
G.O. Water PFA Bonds of 2001	4.05%	11/1/2001	8/20/2021	2,080,000	566,000
G.O. Water & Sewer Bonds of 2010	.60% - 3.15%	5/26/2010	2/1/2019	1,188,155	89,204
G.O. Water & Sewer Bonds of 2012	2.00%	6/5/2012	2/1/2023	790,000	485,000
G.O. Water & Sewer Bonds of 2014	2% - 2.375%	5/28/2014	2/1/2025	6,813,466	5,232,843
G.O. Water & Sewer Refunding Bonds of 2016	2% - 3%	5/17/2016	2/1/2027	3,570,000	3,400,002
Total G.O. Revenue Bonds				<u>26,179,307</u>	<u>19,122,049</u>
Compensated absences payable					<u>158,160</u>
Bond issuance premium					<u>442,423</u>
Total City indebtedness - business type activities				<u>26,179,307</u>	<u>19,722,632</u>
Total City indebtedness				<u>\$37,117,684</u>	<u>\$26,788,896</u>



**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending December 31	G.O. Improvement Bonds		G.O. Revenue Bonds	
	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$1,138,591	\$139,136	\$1,880,404	\$346,586
2019	1,009,366	115,365	1,766,645	306,303
2020	995,000	92,806	1,761,000	266,210
2021	945,000	69,931	1,798,000	224,133
2022	590,000	51,006	1,679,000	181,002
2023	605,000	35,406	1,725,000	142,938
2024	380,000	22,219	1,677,000	107,209
2025	395,000	12,766	1,703,000	75,602
2026	280,000	5,800	1,024,000	53,320
2027	150,000	1,500	835,000	41,080
2028	-	-	642,000	32,730
2029	-	-	648,000	26,310
2030	-	-	654,000	19,830
2031	-	-	661,000	13,290
2032	-	-	668,000	6,680
Total	<u>\$6,487,957</u>	<u>\$545,935</u>	<u>\$19,122,049</u>	<u>\$1,843,223</u>

It is not practicable to determine the specific year for payment of accrued compensated absences.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
G.O. improvement bonds	\$8,080,851	\$ -	\$1,592,894	\$6,487,957	\$1,138,591
Issuance premium	301,798	-	46,777	255,021	-
Total bonds payable	<u>8,382,649</u>	<u>0</u>	<u>1,639,671</u>	<u>6,742,978</u>	<u>1,138,591</u>
Compensated absences	322,010	179,468	178,192	323,286	100,000
Total government activity long-term debt	<u>\$8,704,659</u>	<u>\$179,468</u>	<u>\$1,817,863</u>	<u>\$7,066,264</u>	<u>\$1,238,591</u>
Business-type activities:					
Bonds payable:					
G.O. revenue bonds	\$21,272,154	\$ -	\$2,150,105	\$19,122,049	\$1,880,404
Issuance premium	507,344	-	64,921	442,423	-
Total bonds payable	<u>21,779,498</u>	<u>0</u>	<u>2,215,026</u>	<u>19,564,472</u>	<u>1,880,404</u>
Compensated absences	210,752	69,017	121,609	158,160	158,160
Total business-type activity long-term liabilities	<u>\$21,990,250</u>	<u>\$69,017</u>	<u>\$2,336,635</u>	<u>\$19,722,632</u>	<u>\$2,038,564</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

All long-term bonded indebtedness outstanding at December 31, 2017 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2017 totaled \$12,301.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**REVENUE PLEDGED**

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of total debt service	Term of Pledge		Principal and Interest paid	Pledged Revenue received
2014 GO Bonds	Infrastructure improvements and refund 2007 bonds	Special Assessments	100%	2014-2025	\$1,082,560	\$268,876	\$103,473
2013 Wastewater Revenue Note	Waste Water Treatment Plant Improvements	Sewer Customer Net Revenue	100%	2013-2032	\$10,114,310	\$674,240	\$2,249,564
2001 Water PFA Bonds	Water Tower Construction	Water Customer Net Revenue	100%	2001-2032	\$624,441	\$156,107	\$1,817,929
2014 Water & Sewer Bonds	Infrastructure Improvements and refund 2005 & 2007 Bonds and refinance water treatment construction	Water & Sewer Customer Net Revenue	100%	2014-2025	\$5,801,714	\$855,725	\$4,407,735
2010 GO Bonds	Infrastructure Improvements	Special Assessments	100%	2010-2019	\$119,407	\$65,774	\$58,658
2010 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2010-2019	\$91,982	\$46,749	\$340,242
2012 GO Bonds	Infrastructure Improvements	Special Assessments	100%	2012-2023	\$3,080,250	\$644,500	\$86,418
2012 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2012-2023	\$514,350	\$90,500	\$4,067,493
2016 GO Bonds	Infrastructure Improvements	Special Assessments	100%	2016-2027	\$2,751,675	\$196,136	\$298,943
2015 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2016-2027	\$3,818,475	\$275,775	\$4,407,735

**Note 7 DEFINED BENEFIT PENSION PLANS – PERA**

**A. PLAN DESCRIPTION**

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

1. General Employees Retirement Fund (GERF)

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

2. 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.

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.

### **1. 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.

### **2. 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 members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

## **C. CONTRIBUTIONS**

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

### **1. 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 2017. The City was required to contribute

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the GERF for the year ended December 31, 2017, were \$199,412. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2017. The City's contributions to the PEPFF members for the year ended December 31, 2017, were \$195,022. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

1. GERF Pension Costs

At December 31, 2017, the City reported a liability of \$2,719,556 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$34,212. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.0426%, which was an increase of 0.0026% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$355,348 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$988 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

At December 31, 2017, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$89,628	\$176,088
Changes in actuarial assumptions	451,505	272,636
Difference between projected and actual investment earnings	19,691	-
Changes in proportion	113,918	129,944
Contributions paid to PERA subsequent to the measurement date	98,765	-
Total	\$773,507	\$578,668

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

\$98,765 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2018	\$67,564
2019	157,479
2020	(13,529)
2021	(115,440)
2022	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$1,552,637 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.115 %, which was equal to its proportion measured as of June 30, 2016. The City also recognized \$10,350 for the year ended December 31, 2017, as revenue (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the 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.

For the year ended December 31, 2017, the City recognized pension expense of \$402,314 for its proportionate share of the PEPFF's pension expense. At December 31, 2017, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$35,739	\$415,078
Changes in actuarial assumptions	2,031,935	2,204,359
Difference between projected and actual investment earnings	21,323	-
Changes in proportion	59,403	7,484
Contributions paid to PERA subsequent to the measurement date	98,540	-
Total	<u>\$2,246,940</u>	<u>\$2,626,921</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

\$98,540 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2018	\$44,962
2019	44,962
2020	(11,955)
2021	(122,766)
2022	(433,724)
Thereafter	-

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The following changes in actuarial assumptions occurred in 2017:

**General Employees Fund**

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

**Police and Fire Fund**

- The single discount rate was changed from 5.6% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.

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

The long-term expected rate of return on pension plan investments is 7.5%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Total	100%	

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employees will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. At June 30, 2016, the Police and Fire Fund Projected benefit payments to exceed the funds projected fiduciary net position after June 30, 2056 and therefore used a single discount rate of 5.6%, which as stated above, increased to 7.5% at June 30, 2017.



**G. PENSION LIABILITY SENSITIVITY**

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

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the GERF net pension liability	\$4,218,233	\$2,719,556	\$1,492,616
City's proportionate share of the PEPFF net pension liability	2,924,068	1,552,637	420,445

**H. PENSION PLAN FIDUCIARY NET POSITION**

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

**I. PENSION EXPENSE**

Pension expense recognized by the City for the fiscal year ended December 31, 2017 is as follows:

GERF	\$356,336
PEPFF	402,314
Fire Relief (Note 8)	<u>34,652</u>
Total	<u><u>\$793,302</u></u>

**Note 8 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Pensions.* For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA’s fiscal year is June 30. For this purpose, plan contributions are recognized when due according to state statute and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**B. PLAN DESCRIPTION**

The Cambridge Firefighter's Relief Association participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2017 (Measurement Date), the plan covered 29 active firefighters and 1 vested terminated firefighter whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

**C. BENEFITS PROVIDED**

The SVF provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City of Cambridge. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

**D. CONTRIBUTIONS**

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$74,729 in fire state aid to the plan for the year ended December 31, 2017. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the SVF plan for the year ended December 31, 2017, were \$0. The City's contributions were equal to the required contributions as set by state statute, if applicable. In addition, the City made voluntary contributions of \$10,000 to the plan.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**E. PENSION COSTS**

At December 31, 2017, the City reported a net pension asset of \$170,522 for the SVF plan. The net pension asset was measured as of December 31, 2017. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department as of December 31, 2017. The following table presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning balance December 31, 2016	\$668,353	\$732,013	(\$63,660)
Changes for the year:			
Service cost	48,503	-	48,503
Interest on pension liability	41,410	-	41,410
Actuarial experience(gains)/losses	(19,056)	-	(19,056)
Projected investment earnings	-	43,921	(43,921)
Contributions - employer	-	10,000	(10,000)
Contributions - State of MN	-	74,729	(74,729)
Adjustment to initial transfer	-	-	-
Asset (gain)/loss	-	49,892	(49,892)
Benefit payouts	(53,360)	(53,360)	-
PERA administrative fee	-	(823)	823
Net changes	<u>17,497</u>	<u>124,359</u>	<u>(106,862)</u>
Balance end of year December 31, 2017	<u><u>\$685,850</u></u>	<u><u>\$856,372</u></u>	<u><u>(\$170,522)</u></u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2017, the City recognized pension expense of \$34,652.

At December 31, 2017, the City reported deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$11,838	\$ -
Difference between actual assumptions and actual experience	-	67,074
Total	<u><u>\$11,838</u></u>	<u><u>\$67,074</u></u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2018	(\$12,163)
2019	(12,163)
2020	(17,118)
2021	(13,792)
Thereafter	-

**F. ACTUARIAL ASSUMPTIONS**

The total pension liability at December 31, 2017, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2017.

**G. DISCOUNT RATE**

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. PENSION LIABILITY SENSITIVITY**

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

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net pension liability/(asset)	(\$142,112)	(\$170,522)	(\$198,251)

**I. PLAN INVESTMENTS**

1. Investment Policy

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

2. Asset Allocation

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35%	5.10%
International Stocks	15%	5.30%
Bonds	45%	0.75%
Cash	5%	0.00%

The six percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

3. Description of significant investment policy changes during the year

The SBI made no significant changes to their investment policy during Fiscal Year 2017 for the Statewide Volunteer Firefighter Retirement Plan.

**J. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about the SVF plan's fiduciary net position as of December 31, 2017, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**Note 9 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS**

Individual fund interfund receivable and payable balances at December 31, 2017 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Debt Service Fund	\$ -	\$11,168
Nonmajor governmental funds	1,091,086	1,646,776
Water Enterprise Fund	566,858	-
Total	<u>\$1,657,944</u>	<u>\$1,657,944</u>

Of the interfund receivable and payable balances listed above, \$1,078,129 is related to an internal loan from the RTC Property Development Capital Project Fund to the TIF 6.9 RTC Redevelopment Capital Project Fund. This loan will be repaid with tax increment proceeds, and is expected to be fully repaid, with interest, by 2021. The interfund receivable in the water enterprise fund of \$566,858 will be repaid when land held for resale is sold. The remaining interfund receivable and payables relate to lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year and are short-term in nature.

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$487,350	\$1,665,785
Debt Service Fund	691,074	94,074
Nonmajor Funds	1,157,785	157,350
Total governmental funds	<u>2,336,209</u>	<u>1,917,209</u>
Proprietary Funds:		
Water	100,000	12,500
Wastewater	-	37,500
Municipal liquor	-	469,000
Housing	21,655	21,655
Total proprietary funds	<u>121,655</u>	<u>540,655</u>
Total	<u>\$2,457,864</u>	<u>\$2,457,864</u>

Interfund transfers provide assistance in financing various activities and/or projects.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**Note 10 TAX INCREMENT DISTRICTS**

The City is the administrating authority for the various tax increment districts within the municipal development districts established under MS 472.A as redevelopment districts.

The following table reflects values as of December 31, 2017:

	Renewal and Renovation District #6.9 (Heritage Greens) M.S. 469	Econ Dev District #6.11 (East Central Dental) M.S. 469	Econ Dev District #6.14 (CMP) M.S. 469	Preserve Housing #6.15 M.S. 469	Senior Housing #6.16 M.S. 469	Oppidan #6.17 (Greenburg Motor) M.S. 469	Star Hollow
Authorizing law							
Year established	2004	2011	2012	2014	2015	2015	2017
Final year of district	2021	2021	2017	2040	2041	2041	2028
Tax capacity (net):							
Original	\$24,291	\$7,458	\$11,236	\$1,933	\$ -	\$ -	\$ -
Current (payable 2017)	53,095	10,756	82,112	11,451	-	-	-
Captured - retained	<u>\$28,804</u>	<u>\$3,298</u>	<u>\$70,876</u>	<u>\$9,518</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
					No increment	No increment	

**Note 11 DEFICIT FUND BALANCES/NET POSITION**

The City has deficit fund balances/net position at December 31, 2017 as follows:

Fund	Amount
Capital Project Fund:	
TIF 6.9 RTC Redevelopment	(\$1,078,129)
Internal Service Fund:	
Pension Benefits	(4,457,335)

Tax increments from future years will correct the negative fund balance for the TIF 6.9 RTC Redevelopment capital project fund.

Future pension contributions and investment earnings will reduce the negative net position in the pension benefits fund.

**Note 12 COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

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

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation,

the City has a \$250 deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property, casualty, and automobile insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portions. These deductibles are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including employee health and disability insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

Employee health is provided through commercial insurance. For employee health insurance coverage, the City provides employees with deductibles up to \$750 for single coverage and \$1,500 for family coverage.

Governmental Accounting Standards Board Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. As of the date of the report, liabilities that have occurred are immaterial.

## **B. LITIGATION**

The City attorney has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

## **C. FEDERAL AND STATE FUNDS**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2017.

## **D. TAX INCREMENT DISTRICTS**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.



**E. TAX ABATEMENTS**

PAY-AS-YOU-GO TAX INCREMENT

The City provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

The City has two tax increment pay-as-you-go agreements. The agreements are not a general obligation of the City and are payable solely from available tax increment. Accordingly, these agreements are not reflected in the financial statements of the City. Details of the pay-as-you-go notes are as follows:

TIF District #6-11-East Cambridge Dental-Smile Bros.

Issued in 2011 in the principal sum of \$100,000 with no interest. Principal shall be paid on August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2022. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and public utilities. Principal payments will be completed by February 1, 2022. The City shall have no obligation to pay any unpaid balance of principal that remain after the final payment on February 1, 2022. The current year payment to the developer amounted to \$3,665. At December 31, 2017, the principal outstanding on the note was \$81,085.

TIF District #6-15-Preserve Apartment Project

Issued in 2013 in the principal sum of \$1,307,861 with no interest. Principal shall be paid on August 1, 2015 and each February 1 and August 1 thereafter to and including February 1, 2037. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and utilities. Principal payments will be completed by February 1, 2037. The City shall have no obligation to pay any unpaid balance of principal that remain after the final payment on February 1, 2037. The current year payment to the developer amounted to \$62,180. At December 31, 2017, the principal outstanding on the note was \$1,229,459.

TAX ABATEMENT

The City provides tax abatement pursuant to Minnesota Statute 469.1813 (Tax Abatement). Under this Statute, the City may abate property taxes imposed only by the City.

The City has two tax abatement agreements. The agreements are not a general obligation of the City and are payable solely from available property taxes abated. Accordingly, these agreements are not reflected in the financial statements of the City. Details of the tax abatement agreements are as follows:

Main & 65, LLC -

The City of Cambridge has entered into an agreement with Main & 65 LLC to refund the City's share of property taxes beginning in 2017 up to a total amount of \$40,000 for the purpose of assisting with improving the onsite sewage treatment system as well as updating lighting, signage, gas pumps and parking lot pavement at a gas station/convenience store location that had been closed for several years to make it suitable to reopen. The current year payment to the developer amounted to \$6,403. As of December 31, 2017, a balance of \$33,597 remains to be paid to Main & 65 LLC.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

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Motek-Team Industries Inc -

The City of Cambridge has entered into an agreement with Motek-Team Industries Inc to refund the City's share of property taxes beginning in 2017 up to a total amount of \$187,000 for the purpose of assisting of relocating their loading dock to eliminate traffic conflicts in the City's southeast industrial park. The current year payment to the developer amounted to \$32,876. As of December 31, 2017, a balance of \$154,124 remains to be paid to Motek-Team Industries Inc.

**F. CONTINGENT RECEIVABLE**

In 2012 the City recognized a loss related to special assessments on parcels in the Parkwood Development. At that time, the parcels had been declared by Isanti County to be in tax forfeit status and the special assessments were cancelled. In 2016, the City entered into an agreement with a developer relating to seventeen parcels within the Parkwood Development area. The agreement provides that upon purchase of the parcels from Isanti County, a portion of the sale proceeds will be paid to the City of Cambridge representing the cancelled special assessments. At December 31, 2017, the amount was not determinable.

**Note 13 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT**

General Obligation bond issues sold by the City are financed by ad valorem tax levies and special assessment bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2017. Future scheduled tax levies for all bonds outstanding at December 31, 2017 totaled \$2,784,000.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**Note 14 FUND BALANCE**

Definitions of fund balance are included in Note 1.O.

**A. CLASSIFICATIONS**

At December 31, 2017 a summary of the governmental fund balance classifications are as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid items	\$284,867	\$ -	\$932	\$285,799
Inventory	-	-	19,456	19,456
Total nonspendable	<u>284,867</u>	<u>0</u>	<u>20,388</u>	<u>305,255</u>
Restricted for:				
Debt service	-	2,550,842	-	2,550,842
Police admin fines program	-	-	13,536	13,536
Police forfeiture	-	-	3,190	3,190
Park dedication fee funded capital projects	-	-	16,879	16,879
Senior watch program	-	-	2,508	2,508
Cambridge Isanti Bike/Walk Trail Operating Fund	-	-	12,145	12,145
Total restricted	<u>0</u>	<u>2,550,842</u>	<u>48,258</u>	<u>2,599,100</u>
Committed to:				
Compensated absences	<u>323,286</u>	-	-	<u>323,286</u>
Assigned to:				
Nonmajor funds capital projects	-	-	5,181,985	5,181,985
Economic development	-	-	532,930	532,930
Airport operations	-	-	31,829	31,829
Downtown Revolving Loan Fund	-	-	149,700	149,700
Cambridge Economic Development Revolving Loan Fund	-	-	96,953	96,953
Housing programs	-	-	439,818	439,818
Total assigned	<u>0</u>	<u>0</u>	<u>6,433,215</u>	<u>6,433,215</u>
Unassigned	<u>2,895,455</u>	-	<u>(1,078,129)</u>	<u>1,817,326</u>
Total	<u><u>\$3,503,608</u></u>	<u><u>\$2,550,842</u></u>	<u><u>\$5,423,732</u></u>	<u><u>\$11,478,182</u></u>

**B. MINIMUM UNASSIGNED FUND BALANCE POLICY**

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes. The City’s policy for unassigned funds in the General Fund is:

- Minimum cash flow – ranging from 30% to 50% of the following year General Fund property tax levy and anticipated local government aids.
- Potential obligations under the City administrator’s contract.
- Emergency or unanticipated expenditures – equal to 5% of the upcoming year budgeted General Fund expenditures, excluding transfers out to other funds.

At December 31, 2017, the unassigned fund balance of the General Fund was \$2,895,455, compared to its targeted unassigned fund balance ranging from \$1,883,936 to \$2,948,092 on the above policy.

**Note 15 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The City does not provide post employment benefits other than permitting retired employees to continue in the City’s group health insurance plan, as required by Minnesota Statutes. The retiree is required to pay 100% of the premium. The premium charged is a single common premium for both active and retired employees. This practice has the potential to create an OPEB liability based on the theory that retirees have higher utilization of health care benefits than active employees (implicit rate subsidy).

The City hired an actuary and determined the liability resulting from an implicit rate subsidy is not material and therefore not included in these financial statements.

**Note 16 CONDUIT DEBT**

From time to time, the City has issued Industrial and Housing Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Balances as of December 31, 2017 for outstanding conduit debt issues are not available.

**Note 17 RECENTLY ISSUED ACCOUNTING STANDARDS**

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

**Statement No. 75** *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

**Statement No. 83** *Certain Asset Retirement Obligations*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

**Statement No. 84** *Fiduciary Activities*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

**Statement No. 85** *Omnibus 2017*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

**Statement No. 86** *Certain Debt Extinguishment Issues*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2017.

**Statement No. 87** *Leases*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 75 will have a material impact.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAMBRIDGE, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017  
 With Comparative Actual Amounts For The Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
<b>Revenues:</b>					
<b>General property taxes:</b>					
Current	\$4,298,228	\$4,421,434	\$4,421,435	\$1	\$4,181,384
Delinquent	25,000	131,505	131,507	2	71,326
Penalties, interest and other	2,327	6,699	6,700	1	8,302
Decertify TIF district revenue	-	(17,662)	(17,662)	-	4,718
Total general property taxes	<u>4,325,555</u>	<u>4,541,976</u>	<u>4,541,980</u>	<u>4</u>	<u>4,265,730</u>
Special assessments	-	-	-	0	56,660
Licenses and permits	<u>257,871</u>	<u>733,123</u>	<u>733,126</u>	<u>3</u>	<u>395,993</u>
<b>Intergovernmental:</b>					
Federal	-	6,382	6,382	-	7,560
State:					
Local government aid	744,292	744,292	744,292	-	739,066
Municipal state aid	50,000	50,000	50,000	-	25,000
State aid - police	120,000	130,440	130,441	1	128,409
State aid - fire	-	-	-	-	780
PERA	5,822	5,822	5,822	-	5,822
Other	7,791	11,447	11,447	-	4,574
County:					
Highway aid	4,027	4,972	4,972	-	4,027
Other	-	3,600	3,600	-	-
Local:					
ISD #911	130,756	142,671	142,672	1	132,272
Total intergovernmental	<u>1,062,688</u>	<u>1,099,626</u>	<u>1,099,628</u>	<u>2</u>	<u>1,047,510</u>
<b>Charges for services:</b>					
General government	5,737	7,833	7,835	2	9,956
Public safety	110,654	120,279	120,279	-	108,674
Public works	-	2,743	2,743	-	-
Total charges for services	<u>116,391</u>	<u>130,855</u>	<u>130,857</u>	<u>2</u>	<u>118,630</u>
Fines and forfeits	<u>40,740</u>	<u>54,474</u>	<u>54,474</u>	<u>0</u>	<u>30,994</u>
<b>Miscellaneous:</b>					
Investment income	20,000	18,414	18,415	1	23,178
Facility rental	15,000	19,304	19,305	1	23,565
Patronage	500	3,883	3,883	-	5,634
Contributions and donations	100	3,200	3,200	-	2,450
Other	11,896	20,829	21,035	206	17,749
Total miscellaneous	<u>47,496</u>	<u>65,630</u>	<u>65,838</u>	<u>208</u>	<u>72,576</u>
Total revenues	<u>5,850,741</u>	<u>6,625,684</u>	<u>6,625,903</u>	<u>219</u>	<u>5,988,093</u>



**CITY OF CAMBRIDGE, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017  
 With Comparative Actual Amounts For The Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
<b>Expenditures:</b>					
General government:					
Mayor and city council:					
Current:					
Personal services	\$32,310	\$32,325	\$32,312	\$13	\$23,112
Materials and supplies	3,352	1,429	1,429	-	292
Other charges and services	4,200	2,454	2,452	2	3,662
Miscellaneous	15,150	15,593	15,592	1	15,259
Total mayor and city council	<u>55,012</u>	<u>51,801</u>	<u>51,785</u>	<u>16</u>	<u>42,325</u>
Administration:					
Current:					
Personal services	193,035	185,489	185,484	5	183,766
Materials and supplies	11,500	5,081	5,079	2	9,267
Other charges and services	12,250	32,486	32,484	2	9,285
Miscellaneous	27,802	25,739	25,738	1	25,042
Total administration	<u>244,587</u>	<u>248,795</u>	<u>248,785</u>	<u>10</u>	<u>227,360</u>
Elections:					
Current:					
Personal services	-	-	-	-	6,535
Materials and supplies	-	-	-	-	175
Other charges and services	-	-	-	-	174
Miscellaneous	1,200	775	775	-	728
Total elections	<u>1,200</u>	<u>775</u>	<u>775</u>	<u>0</u>	<u>7,612</u>
Finance:					
Current:					
Personal services	216,368	215,487	215,485	2	208,698
Materials and supplies	8,400	4,105	4,104	1	7,232
Other charges and services	59,690	60,605	60,604	1	60,964
Miscellaneous	18,589	19,107	19,106	1	16,855
Total finance	<u>303,047</u>	<u>299,304</u>	<u>299,299</u>	<u>5</u>	<u>293,749</u>
Legal:					
Current:					
General legal	55,000	41,000	41,000	-	46,514
Prosecution services	40,000	39,502	39,502	-	39,502
Total legal	<u>95,000</u>	<u>80,502</u>	<u>80,502</u>	<u>0</u>	<u>86,016</u>
Building:					
Current:					
Personal services	265,747	263,847	263,842	5	300,377
Materials and supplies	6,150	5,545	5,544	1	2,722
Other charges and services	7,700	7,146	7,142	4	6,796
Miscellaneous	7,750	3,665	3,663	2	4,279
Total building	<u>287,347</u>	<u>280,203</u>	<u>280,191</u>	<u>12</u>	<u>314,174</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2017  
With Comparative Actual Amounts For The Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
Expenditures (continued):					
Engineering:					
Current:					
Contractual services	\$30,000	\$28,135	\$28,135	\$ -	\$25,575
Planning:					
Current:					
Personal services	204,125	200,523	200,519	4	312,521
Materials and supplies	2,900	3,092	3,090	2	3,881
Other charges and services	20,000	13,181	13,179	2	13,154
Miscellaneous	12,400	28,418	27,100	1,318	69,189
Total planning	239,425	245,214	243,888	1,326	398,745
City hall building:					
Current:					
Personal services	40,018	38,457	38,455	2	37,192
Materials and supplies	14,700	5,705	5,704	1	6,484
Other charges and services	49,900	35,022	35,019	3	43,965
Miscellaneous	31,420	46,061	46,059	2	60,969
Total city hall building	136,038	125,245	125,237	8	148,610
Total general government	1,391,656	1,359,974	1,358,597	1,377	1,544,166
Public safety:					
Police:					
Current:					
Personal services	1,781,414	1,757,955	1,757,949	6	1,613,008
Materials and supplies	124,450	98,790	98,784	6	119,596
Other charges and services	84,932	78,050	78,044	6	78,824
Miscellaneous	62,670	55,632	55,627	5	52,552
Total police	2,053,466	1,990,427	1,990,404	23	1,863,980
Fire protection:					
Current:					
Personal services	190,330	185,107	185,104	3	169,478
Materials and supplies	40,600	42,739	42,735	4	61,457
Other charges and services	50,850	47,829	47,826	3	49,879
Miscellaneous	12,300	11,627	11,624	3	5,818
Total fire protection	294,080	287,302	287,289	13	286,632
Emergency management:					
Current:					
Materials and supplies	4,500	5,508	5,507	1	10,974
Other charges and services	700	830	830	-	2,822
Miscellaneous	1,500	1,526	1,526	-	1,350
Total emergency management	6,700	7,864	7,863	1	15,146
Animal control:					
Current:					
Other charges and services	5,500	4,880	4,879	1	4,985
Total animal control	5,500	4,880	4,879	1	4,985
Total public safety	2,359,746	2,290,473	2,290,435	38	2,170,743

**CITY OF CAMBRIDGE, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017  
 With Comparative Actual Amounts For The Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
Expenditures (continued):					
Public works:					
Street maintenance:					
Current:					
Personal services	\$861,439	\$837,969	\$837,962	\$7	\$828,219
Materials and supplies	195,450	158,624	158,621	3	166,676
Other charges and services	33,400	36,596	36,594	2	34,409
Miscellaneous	74,800	72,813	72,810	3	93,024
Total street maintenance	<u>1,165,089</u>	<u>1,106,002</u>	<u>1,105,987</u>	<u>15</u>	<u>1,122,328</u>
Street lighting:					
Current:					
Materials and supplies	20,000	12,744	12,744	-	9,025
Other charges and services	165,000	165,824	165,824	-	172,833
Miscellaneous	1,500	8,100	8,100	-	630
Total street lighting	<u>186,500</u>	<u>186,668</u>	<u>186,668</u>	<u>0</u>	<u>182,488</u>
Maintenance building:					
Current:					
Materials and supplies	500	144	144	-	-
Other charges and services	18,000	12,958	12,958	-	13,401
Miscellaneous	2,500	1,500	1,500	-	841
Total maintenance building	<u>21,000</u>	<u>14,602</u>	<u>14,602</u>	<u>0</u>	<u>14,242</u>
Ice rink:					
Current:					
Personal services	-	1,076	1,074	2	-
Materials and supplies	2,852	9,029	9,026	3	417
Other charges and services	23,500	55,441	55,440	1	8,206
Miscellaneous	23,648	2,311	2,310	1	423
Total ice rink	<u>50,000</u>	<u>67,857</u>	<u>67,850</u>	<u>7</u>	<u>9,046</u>
Parks operation and maintenance:					
Current:					
Personal services	186,365	180,108	180,105	3	174,119
Materials and supplies	21,000	38,913	38,909	4	26,074
Other charges and services	47,550	51,948	51,946	2	41,220
Miscellaneous	77,400	70,521	70,511	10	62,138
Total parks operation and maintenance	<u>332,315</u>	<u>341,490</u>	<u>341,471</u>	<u>19</u>	<u>303,551</u>
Total public works	<u>1,754,904</u>	<u>1,716,619</u>	<u>1,716,578</u>	<u>41</u>	<u>1,631,655</u>
Total expenditures	<u>5,506,306</u>	<u>5,367,066</u>	<u>5,365,610</u>	<u>1,456</u>	<u>5,346,564</u>
Revenues over expenditures	<u>344,435</u>	<u>1,258,618</u>	<u>1,260,293</u>	<u>1,675</u>	<u>641,529</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017  
 With Comparative Actual Amounts For The Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
Other financing sources (uses):					
Transfers in	\$452,350	\$487,350	\$487,350	\$ -	\$516,702
Transfers out	(796,785)	(1,665,785)	(1,665,785)	-	(1,020,678)
Total other financing sources (uses)	<u>(344,435)</u>	<u>(1,178,435)</u>	<u>(1,178,435)</u>	<u>0</u>	<u>(503,976)</u>
Net change in fund balance	<u>\$0</u>	<u>\$80,183</u>	81,858	<u>\$1,675</u>	137,553
Fund balance - January 1			<u>3,421,750</u>		<u>3,284,197</u>
Fund balance - December 31			<u>\$3,503,608</u>		<u>\$3,421,750</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY\* -**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
For The Year Ended December 31, 2017

**Statement 10**

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0430%	\$2,228,483	\$ -	\$2,228,483	\$2,530,509	88.1%	78.2%
2016	2016	0.0400%	3,247,802	42,499	3,290,301	2,484,980	132.4%	68.9%
2017	2017	0.0426%	2,719,556	34,212	2,753,768	2,745,659	100.3%	75.9%

\* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF CAMBRIDGE, MINNESOTA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Statement 11**

**SCHEDULE OF PENSION CONTRIBUTIONS\* - GENERAL EMPLOYEES RETIREMENT FUND**

For The Year Ended December 31, 2017

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<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
December 31, 2015	\$192,156	\$192,156	\$0	\$2,562,080	7.5%
December 31, 2016	192,348	192,348	-	2,564,628	7.5%
December 31, 2017	199,412	199,412	-	2,658,818	7.5%

\* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF CAMBRIDGE, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

**Statement 12**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY\* -

PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Year Ended December 31, 2017

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	0.11600%	\$1,318,031	\$1,057,915	124.6%	86.6%
June 30, 2016	December 31, 2016	0.11500%	4,615,150	1,107,053	416.9%	63.9%
June 30, 2017	December 31, 2017	0.11500%	1,552,637	1,181,042	131.5%	85.4%

\* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF CAMBRIDGE, MINNESOTA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION CONTRIBUTIONS\* - PUBLIC EMPLOYEES POLICE AND FIRE FUND**

For The Year Ended December 31, 2017

**Statement 13**

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<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered Payroll (c)</u>	<u>Contributions as a Percentage of Covered Payroll (b/c)</u>
December 31, 2015	\$183,786	\$183,786	\$0	\$1,134,481	16.2%
December 31, 2016	177,542	177,542	-	1,095,933	16.2%
December 31, 2017	195,022	195,022	-	1,203,838	16.2%

\* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.



**CITY OF CAMBRIDGE, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

**Statement 14**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS\* -

CAMBRIDGE FIRE RELIEF ASSOCIATION

For The Year Ended December 31, 2017

Fiscal year ending	December 31, 2017	December 31, 2016	December 31, 2015
Measurement date	December 31, 2017	December 31, 2016	December 31, 2015
Total pension liability:			
Service cost	\$48,503	\$48,584	\$48,536
Interest on pension liability	41,410	38,415	33,762
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(19,056)	(10,313)	(4,803)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(53,360)	-	-
Net change in total pension liability	17,497	76,686	77,495
Total pension liability - beginning	668,353	591,667	514,172
Total pension liability - ending (a)	<u>\$685,850</u>	<u>\$668,353</u>	<u>\$591,667</u>
Plan fiduciary net position:			
Contributions - employer	\$10,000	\$10,000	\$10,000
Contributions - State of Minnesota	74,729	74,946	77,120
Adjustment to initial asset transfer	-	-	3,438
Net investment income	93,813	42,669	1,269
Benefit payments, including refunds of employee contributions	(53,360)	-	-
Administrative expense	(823)	(946)	(918)
Other	-	-	-
Net change in plan fiduciary net position	124,359	126,669	90,909
Plan fiduciary net position - beginning	732,013	605,344	514,435
Plan fiduciary net position - ending (b)	<u>\$856,372</u>	<u>\$732,013</u>	<u>\$605,344</u>
Net pension liability/(asset) - ending (a) - (b)	<u>(\$170,522)</u>	<u>(\$63,660)</u>	<u>(\$13,677)</u>
Plan fiduciary net position as a percentage of the total pension liability	124.86%	109.52%	102.30%
Covered-employee payroll**	Not Available	Not Available	Not Available
Net pension liability as a percentage of covered employee payroll**	Not Available	Not Available	Not Available

\*GASB 68 was implemented in 2015. Information prior to 2015 is not available.

\*\*The Cambridge Fire Relief Association is comprised on volunteers, therefore there are no payroll expenditures.

**CITY OF CAMBRIDGE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS<sup>(1)</sup>-**  
**CAMBRIDGE FIRE RELIEF ASSOCIATION**  
**For The Year Ended December 31, 2017**

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Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
December 31, 2015	\$992	\$10,000	(\$9,008)	(2)	(2)
December 31, 2016	-	10,000	(10,000)	(2)	(2)
December 31, 2017	-	10,000	(10,000)	(2)	(2)

<sup>(1)</sup> GASB 68 was implemented in 2015. Information prior to 2015 is not available.

<sup>(2)</sup> The Cambridge Fire Relief Association is comprised of volunteers, therefore, there are no payroll expenditures. (i.e., there are no covered payroll amounts or percentage calculations.)

**Note A LEGAL COMPLIANCE – BUDGETS**

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund and the fund level for certain Special Revenue Funds.

**Note B PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

*2017 Changes*

Changes in Actuarial Assumptions:

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

*2016 Changes*

Changes in Actuarial Assumptions:

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

**PERA – Public Employees Police and Fire Fund**

*2017 Changes*

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6 percent to 7.5 percent.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year for 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed from healthy retirees.

**CITY OF CAMBRIDGE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO RSI**  
December 31, 2017

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- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

*2016 Changes*

Changes in Actuarial Assumptions:

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

**Single Employer – Fire Relief Association**

There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. With only two years reported in the RSI, there is no additional information to include in the notes. Details can be obtained from the financial reports of the Fire Relief Association.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES**

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**NONMAJOR GOVERNMENTAL FUNDS**

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### SPECIAL REVENUE FUNDS

The Special Revenue Funds account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance and/or resolution to finance particular functions, activities or governments.

### CAPITAL PROJECT FUNDS

The Capital Project Funds were established to account for the resources expended to acquire assets of a relatively permanent nature other than those financed by Enterprise Funds.

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**Statement 16**

December 31, 2017

With Comparative Totals For The Year End December 31, 2016

	Special Revenue	Capital Project	Totals	
			Nonmajor Governmental Funds	
			2017	2016
<b>Assets</b>				
Cash and investments	\$1,228,013	\$4,169,102	\$5,397,115	\$4,193,774
Restricted cash	10,332	-	10,332	5,988
Due from other governmental units	14,692	14,033	28,725	44,571
Accounts receivable	732	3,219	3,951	71
Interfund receivable	12,557	1,078,529	1,091,086	1,148,706
Prepaid items	932	-	932	932
Loan receivable	65,843	-	65,843	10,942
Land held for resale	-	581,130	581,130	581,130
Special assessments receivable:				
Deferred	-	91,717	91,717	138,393
Delinquent	-	2,452	2,452	715
Inventory	19,456	-	19,456	17,168
<b>Total assets</b>	<b>\$1,352,557</b>	<b>\$5,940,182</b>	<b>\$7,292,739</b>	<b>\$6,142,390</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$31,855	\$79,891	\$111,746	\$149,907
Contracts payable	-	-	-	155,546
Interfund payable	1,389	1,645,387	1,646,776	1,715,564
Deposits payable	16,316	-	16,316	12,363
Unearned revenue	-	-	-	40,650
<b>Total liabilities</b>	<b>49,560</b>	<b>1,725,278</b>	<b>1,774,838</b>	<b>2,074,030</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	94,169	94,169	139,108
<b>Fund balance:</b>				
Nonspendable	20,388	-	20,388	18,100
Restricted	31,379	16,879	48,258	171,715
Assigned	1,251,230	5,181,985	6,433,215	4,868,692
Unassigned	-	(1,078,129)	(1,078,129)	(1,129,255)
<b>Total fund balance</b>	<b>1,302,997</b>	<b>4,120,735</b>	<b>5,423,732</b>	<b>3,929,252</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$1,352,557</b>	<b>\$5,940,182</b>	<b>\$7,292,739</b>	<b>\$6,142,390</b>

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

**Statement 17**

	Special Revenue	Capital Project	Totals	
			Nonmajor Governmental Funds	
			2017	2016
Revenues:				
Intergovernmental	\$1,355,303	\$574,351	\$1,929,654	\$1,368,780
Special assessments	-	50,958	50,958	58,469
Tax increment collections	-	50,774	50,774	42,533
Charges for services	24,114	37,721	61,835	62,668
Connection, facility, and area charges	-	261,113	261,113	146,863
Investment income	7,297	24,531	31,828	38,636
Sale of merchandise and property	46,191	-	46,191	37,812
Direct charges to developers	-	2,558	2,558	1,637
Contributions and donations	-	27,100	27,100	41,504
Rents	223,283	-	223,283	224,699
Other	22,350	-	22,350	14,988
Total revenues	<u>1,678,538</u>	<u>1,029,106</u>	<u>2,707,644</u>	<u>2,038,589</u>
Expenditures:				
Current:				
General government	-	6,295	6,295	13,447
Housing and redevelopment	1,710,212	-	1,710,212	862,025
Public safety	3,318	7,112	10,430	29,621
Public works	69,477	256,842	326,319	405,797
Economic development	-	-	-	50,921
Capital outlay:				
General government	-	-	-	13,785
Housing and redevelopment	-	-	-	-
Public safety	10,000	41,067	51,067	355,045
Public works	-	144,882	144,882	1,075,101
Debt service:				
Bond issuance costs	-	-	-	19,140
Construction/acquisition costs	-	262,529	262,529	2,869,818
Total expenditures	<u>1,793,007</u>	<u>718,727</u>	<u>2,511,734</u>	<u>5,694,700</u>
Revenues over (under) expenditures	<u>(114,469)</u>	<u>310,379</u>	<u>195,910</u>	<u>(3,656,111)</u>
Other financing sources (uses):				
Bonds issued	-	-	-	1,340,000
Bond premium	-	-	-	90,490
Sale of property	-	298,135	298,135	2,500
Transfers in	321,660	836,125	1,157,785	2,689,274
Transfers out	(17,350)	(140,000)	(157,350)	(1,533,624)
Total other financing sources (uses)	<u>304,310</u>	<u>994,260</u>	<u>1,298,570</u>	<u>2,588,640</u>
Net change in fund balance	189,841	1,304,639	1,494,480	(1,067,471)
Fund balance - January 1	<u>1,113,156</u>	<u>2,816,096</u>	<u>3,929,252</u>	<u>4,996,723</u>
Fund balance - December 31	<u>\$1,302,997</u>	<u>\$4,120,735</u>	<u>\$5,423,732</u>	<u>\$3,929,252</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

The City of Cambridge had the following Special Revenue Funds during the year:

Senior Watch Program Fund – This fund was established to account for monies received for the purpose of funding a program to monitor the welfare and safety of senior citizens in the City. This program is administered by the Cambridge Police Reserve Volunteers.

EDA Operating Fund – This fund was established to account for the operations of the Mall and EDA administration.

Forfeited Proceeds Fund – This fund was established to account for confiscated goods and cash related to controlled substance crimes.

Airport Operating Fund – This fund was established to account for the operating revenues and expenses associated with the operations and maintenance of the Cambridge Municipal Airport.

Police Administration Fines Fund – This fund was established to account for fines collected by the police department under the provisions of Minnesota Statutes allowing imposing of fines for minor traffic offenses by the City.

Cambridge Economic Development Revolving Loan Fund – This fund was established for activity related to the Minnesota Investment Fund loan passed through the City of Cambridge to Waterworks, Inc.

Downtown Revolving Loan Fund – This fund was established for activity related to a downtown improvement loan fund program established by the Cambridge City Council.

Cambridge Isanti Bike/Walk Trail Operating Fund – This fund was established to account for operating costs of the Cambridge-Isanti Bike/Walk Trail, including funds received from the City of Isanti and Isanti Township.

DEED Highway 95 Grant Fund – This fund was established for activity related to the Minnesota Department of Employment and Economic Development grant related to the potential widening of Minnesota Trunk Highway 95 through Cambridge.

Housing Programs Fund – This fund was established to account for grants received related to certain housing programs.

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2017  
With Comparative Totals For The Year End December 31, 2016

	202 Senior Watch Program Fund	205 EDA Operating Fund	209 Forfeited Proceeds Fund	211 Airport Operating Fund
<b>Assets</b>				
Cash and investments	\$2,508	\$526,104	\$3,190	\$46,133
Restricted cash	-	-	-	-
Due from other governmental units	-	-	-	-
Accounts receivable	-	732	-	-
Interfund receivable	-	12,557	-	-
Prepaid items	-	-	-	932
Loan receivable	-	-	-	-
Inventory	-	-	-	19,456
<b>Total assets</b>	<b>\$2,508</b>	<b>\$539,393</b>	<b>\$3,190</b>	<b>\$66,521</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$479	\$ -	\$14,304
Interfund payable	-	-	-	-
Deposits payable	-	5,984	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>0</b>	<b>6,463</b>	<b>0</b>	<b>14,304</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund balance:</b>				
Nonspendable	-	-	-	20,388
Restricted	2,508	-	3,190	-
Assigned	-	532,930	-	31,829
<b>Total fund balance</b>	<b>2,508</b>	<b>532,930</b>	<b>3,190</b>	<b>52,217</b>
<b>Total liabilities, inflows or resources, and fund balance</b>	<b>\$2,508</b>	<b>\$539,393</b>	<b>\$3,190</b>	<b>\$66,521</b>

213 Police Administration Fines Fund	214 Cambridge Economic Development Revolving Loan Fund	215 Downtown Revolving Loan Fund	219 Cambridge-Isanti Bike/Walk Trail Operating Fund	221 Deed Grant	Housing Programs Fund	Totals Nonmajor Special Revenue Funds	
						2017	2016
						\$13,996	\$96,953
-	-	-	-	-	10,332	10,332	5,988
-	-	-	-	14,692	-	14,692	44,571
-	-	-	-	-	-	732	-
-	-	-	-	-	-	12,557	20,485
-	-	-	-	-	-	932	932
-	-	65,843	-	-	-	65,843	10,942
-	-	-	-	-	-	19,456	17,168
<u>\$13,996</u>	<u>\$96,953</u>	<u>\$149,700</u>	<u>\$12,145</u>	<u>\$14,692</u>	<u>\$453,459</u>	<u>\$1,352,557</u>	<u>\$1,221,917</u>
\$460	\$ -	\$ -	\$ -	\$13,303	\$3,309	\$31,855	\$35,263
-	-	-	-	1,389	-	1,389	20,485
-	-	-	-	-	10,332	16,316	12,363
-	-	-	-	-	-	-	40,650
<u>460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,692</u>	<u>13,641</u>	<u>49,560</u>	<u>108,761</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	20,388	18,100
13,536	-	-	12,145	-	-	31,379	154,951
-	96,953	149,700	-	-	439,818	1,251,230	940,105
<u>13,536</u>	<u>96,953</u>	<u>149,700</u>	<u>12,145</u>	<u>0</u>	<u>439,818</u>	<u>1,302,997</u>	<u>1,113,156</u>
<u>\$13,996</u>	<u>\$96,953</u>	<u>\$149,700</u>	<u>\$12,145</u>	<u>\$14,692</u>	<u>\$453,459</u>	<u>\$1,352,557</u>	<u>\$1,221,917</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

	202 Senior Watch Program Fund	205 EDA Operating Fund	209 Forfeited Proceeds Fund	211 Airport Operating Fund	213 Police Administration Fines Fund
<b>Revenues:</b>					
Intergovernmental:					
Federal	\$ -	\$ -	\$ -	\$ -	\$ -
State aid	-	-	-	24,733	-
County aid	-	-	-	-	-
Other	-	-	-	-	-
Charges for services:					
Police administrative fees	-	-	-	-	11,040
Hangar fees and tie down	-	-	-	9,307	-
Housing services	-	-	-	-	-
MIF loan	-	-	-	-	-
Forfeited property	-	-	5,267	-	-
Investment income	19	2,954	16	356	85
Fuel sales	-	-	-	46,191	-
Rents	-	223,283	-	-	-
Other	-	-	-	-	-
Total revenues	<u>19</u>	<u>226,237</u>	<u>5,283</u>	<u>80,587</u>	<u>11,125</u>
<b>Expenditures:</b>					
Current:					
Housing and redevelopment	-	333,891	-	-	-
Public safety	679	-	2,639	-	-
Public works	-	-	-	60,790	-
Capital outlay:					
General government	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-
Public safety	-	-	-	-	10,000
Total expenditures	<u>679</u>	<u>333,891</u>	<u>2,639</u>	<u>60,790</u>	<u>10,000</u>
Revenues over (under) expenditures	<u>(660)</u>	<u>(107,654)</u>	<u>2,644</u>	<u>19,797</u>	<u>1,125</u>
<b>Other financing sources (uses):</b>					
Transfers from other funds	-	275,000	-	-	-
Transfers to other funds	-	(2,350)	-	(15,000)	-
Total other financing sources (uses)	<u>0</u>	<u>272,650</u>	<u>0</u>	<u>(15,000)</u>	<u>0</u>
Net change in fund balance	(660)	164,996	2,644	4,797	1,125
Fund balance - January 1	<u>3,168</u>	<u>367,934</u>	<u>546</u>	<u>47,420</u>	<u>12,411</u>
Fund balance - December 31	<u><u>\$2,508</u></u>	<u><u>\$532,930</u></u>	<u><u>\$3,190</u></u>	<u><u>\$52,217</u></u>	<u><u>\$13,536</u></u>



214 Cambridge Economic Development Revolving Loan Fund	215 Downtown Revolving Loan Fund	219 Cambridge- Isanti Bike/Walk Trail Operating Fund	221 Deed Grant	Housing Programs Fund	Totals Nonmajor Special Revenue Funds	
					2017	2016
\$ -	\$ -	\$ -	\$ -	\$457,683	\$457,683	\$423,802
-	-	-	867,547	-	892,280	333,296
-	-	5,340	-	-	5,340	5,340
-	-	-	-	-	-	6,500
-	-	-	-	-	11,040	16,720
-	-	-	-	-	9,307	9,307
-	-	-	-	3,167	3,167	1,822
-	600	-	-	-	600	-
-	-	-	-	-	5,267	1,400
811	1,105	91	-	1,860	7,297	9,222
-	-	-	-	-	46,191	37,812
-	-	-	-	-	223,283	224,699
-	-	-	-	17,083	17,083	13,588
<u>811</u>	<u>1,705</u>	<u>5,431</u>	<u>867,547</u>	<u>479,793</u>	<u>1,678,538</u>	<u>1,083,508</u>
24,036	13,523	-	867,547	471,215	1,710,212	862,025
-	-	-	-	-	3,318	14,563
-	-	8,687	-	-	69,477	85,937
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	10,000	23,000
<u>24,036</u>	<u>13,523</u>	<u>8,687</u>	<u>867,547</u>	<u>471,215</u>	<u>1,793,007</u>	<u>985,525</u>
<u>(23,225)</u>	<u>(11,818)</u>	<u>(3,256)</u>	<u>0</u>	<u>8,578</u>	<u>(114,469)</u>	<u>97,983</u>
-	40,000	6,660	-	-	321,660	8,660
-	-	-	-	-	(17,350)	(54,000)
<u>0</u>	<u>40,000</u>	<u>6,660</u>	<u>0</u>	<u>0</u>	<u>304,310</u>	<u>(45,340)</u>
<u>(23,225)</u>	<u>28,182</u>	<u>3,404</u>	<u>0</u>	<u>8,578</u>	<u>189,841</u>	<u>52,643</u>
<u>120,178</u>	<u>121,518</u>	<u>8,741</u>	<u>-</u>	<u>431,240</u>	<u>1,113,156</u>	<u>1,060,513</u>
<u>\$96,953</u>	<u>\$149,700</u>	<u>\$12,145</u>	<u>\$0</u>	<u>\$439,818</u>	<u>\$1,302,997</u>	<u>\$1,113,156</u>

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## NONMAJOR CAPITAL PROJECT FUNDS

The City of Cambridge had the following Capital Project Funds during the year:

Water Treatment Facility Fund – This fund was established to account for future construction of a water treatment facility. The project will be funded by water treatment facility charges to new development.

Water Area and Connection Charge Fund – This fund was established to account for future enhancements to the water system, including but not limited to water towers, wells, pumphouses and watermain oversizing. The projects will be funded by water area demand charges to new development and water connection fees for all new connections to the water system.

Sewer Area Charge Fund – This fund was established to account for future enhancements to the waste water system, including but not limited to lift stations, force mains and sewer trunk oversizing. The projects will be funded by sewer area demand charges to new development.

Downtown Parking Construction – This fund was established to account for resources accumulated for future downtown parking construction projects.

TIF 6.9 RTC Redevelopment – This fund is used to account for the accumulation of resources and the costs related to the State of Minnesota’s old regional treatment center redevelopment.

RTC Property Development – This fund was established to account for activity related to the redevelopment of the old State of Minnesota Regional Treatment Center site that is not related to tax increment funding. Funding for these costs will include a grant from the Blandin Foundation, land sales, and other potential sources.

Park Improvement Capital Fund – This fund was established to account for resources accumulated for Park improvements.

Police Capital Fund – This fund was established to account for resources accumulated for Police Department capital projects and equipment replacement.

Public Works Capital Project Fund – This fund was established to account for resources accumulated for Public Works capital projects and equipment replacement.

City Hall Capital Project Fund – This fund was established to account for resources accumulated for City Hall capital projects and equipment replacement.

Fire Department Capital Project Fund – This fund was established to account for resources accumulated for Fire Department capital projects and equipment replacement.

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Park Dedication Capital Project Fund – This fund was established to account for resources accumulated from Park Dedication fees collected and related expenditures for development of parks.

EDA Land Acquisition Capital Project Fund – This fund was established to account for resources accumulated for the acquisition of land related to economic development plans for the City of Cambridge.

Cambridge Isanti Bike/Walk Trail Capital Project Fund – This fund was established to account for resources accumulated by the City of Cambridge for future capital replacement needs related to the Bike/Walk Trail.

Library Capital Fund – This fund was established to account for resources accumulated and spent on development of a new library in Cambridge.

Refrigerated Ice Sheets Capital Project Fund – This fund was established to account for resources for construction of new refrigerated ice sheets and related facilities to the management of the ice sheets in Central Green Park.

2018 Street Improvement Fund – This fund was established to account for resources accumulated for the 2018 Street Improvement Project. This project includes reconstruction of streets and utilities in the northwest quadrant of the City, including the streets of northern 2<sup>nd</sup> Avenue NW, North Dellwood, and North Elm, along with some other smaller sections of streets in the City.

Pavement Management Fund – This fund was established to account for costs associated with the annual crack sealing and sealcoating programs, funded through annual transfers from the General Fund.

Airport Improvement Fund – This fund was established to account for costs associated with airport improvements, funded through transfers from the General Fund and federal government grants.

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2017  
With Comparative Totals For Year End December 31, 2016

	<u>401 Water Treatment Facility</u>	<u>402 Water Area and Connection</u>	<u>403 Sewer Area Charge</u>	<u>407 Downtown Parking Construction</u>
<b>Assets</b>				
Cash and investments	\$340,718	\$685,869	\$124,325	\$5,000
Interfund receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Land held for resale	-	-	-	-
Accounts receivable	-	-	-	-
Special assessments receivable:				
Deferred	-	-	-	-
Delinquent	-	-	-	-
<b>Total assets</b>	<u><u>\$340,718</u></u>	<u><u>\$685,869</u></u>	<u><u>\$124,325</u></u>	<u><u>\$5,000</u></u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Contracts payable	-	-	-	-
<b>Total liabilities</b>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund balance:</b>				
Restricted	-	-	-	-
Assigned	340,718	685,869	124,325	5,000
Unassigned	-	-	-	-
<b>Total fund balance (deficit)</b>	<u><u>340,718</u></u>	<u><u>685,869</u></u>	<u><u>124,325</u></u>	<u><u>5,000</u></u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u><u>\$340,718</u></u>	<u><u>\$685,869</u></u>	<u><u>\$124,325</u></u>	<u><u>\$5,000</u></u>

408 TIF 6.9 RTC Redevelopment	409 RTC Property Development	415 Park Improvement Capital Fund	417 Police Capital Fund	418 Public Works Capital Project Fund	419 City Hall Capital Project Fund
\$400	\$25,763	\$254,644	\$407,635	\$238,615	\$146,420
-	1,078,529	-	-	-	-
-	-	-	-	-	-
-	-	-	3,120	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$400</u>	<u>\$1,104,292</u>	<u>\$254,644</u>	<u>\$410,755</u>	<u>\$238,615</u>	<u>\$146,420</u>
\$1,078,529	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,040	-	-	-
-	-	-	-	-	-
<u>1,078,529</u>	<u>0</u>	<u>4,040</u>	<u>0</u>	<u>0</u>	<u>0</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	1,104,292	250,604	410,755	238,615	146,420
(1,078,129)	-	-	-	-	-
<u>(1,078,129)</u>	<u>1,104,292</u>	<u>250,604</u>	<u>410,755</u>	<u>238,615</u>	<u>146,420</u>
<u>\$400</u>	<u>\$1,104,292</u>	<u>\$254,644</u>	<u>\$410,755</u>	<u>\$238,615</u>	<u>\$146,420</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2017  
With Comparative Totals For Year End December 31, 2016

	420 Fire Department Capital Project Fund	421 Park Dedication Capital Project Fund	422 EDA Land Acquisition Capital Project Fund	423 Cambridge - Isanti Bike/Walk Trail Capital Project Fund
<b>Assets</b>				
Cash and investments	\$305,870	\$16,879	\$207,950	\$68,684
Interfund receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Land held for resale	-	-	581,130	-
Accounts receivable	-	-	-	-
Special assessments receivable:				
Deferred	-	-	-	-
Delinquent	-	-	-	-
<b>Total assets</b>	<b>\$305,870</b>	<b>\$16,879</b>	<b>\$789,080</b>	<b>\$68,684</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Interfund payable	\$ -	\$ -	\$566,858	\$ -
Accounts payable	-	-	-	-
Contracts payable	-	-	-	-
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>566,858</b>	<b>0</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund balance:</b>				
Restricted	-	16,879	-	-
Assigned	305,870	-	222,222	68,684
Unassigned	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>305,870</b>	<b>16,879</b>	<b>222,222</b>	<b>68,684</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$305,870</b>	<b>\$16,879</b>	<b>\$789,080</b>	<b>\$68,684</b>



425 Library Capital Fund	428 2018 Street Improvements	443 Pavement Management	444 Airport Improvement	Totals Nonmajor Capital Project Funds	
				2017	2016
\$495	\$904,347	\$427,521	\$7,967	\$4,169,102	\$3,071,943
-	-	-	-	1,078,529	1,128,221
-	-	-	14,033	14,033	-
-	-	-	-	581,130	581,130
-	-	99	-	3,219	71
-	-	91,717	-	91,717	138,393
-	-	2,452	-	2,452	715
<u>\$495</u>	<u>\$904,347</u>	<u>\$521,789</u>	<u>\$22,000</u>	<u>\$5,940,182</u>	<u>\$4,920,473</u>
\$ -	\$ -	\$ -	\$ -	\$1,645,387	\$1,695,079
-	75,851	-	-	79,891	114,644
-	-	-	-	-	155,546
<u>0</u>	<u>75,851</u>	<u>0</u>	<u>0</u>	<u>1,725,278</u>	<u>1,965,269</u>
-	-	94,169	-	94,169	139,108
-	-	-	-	16,879	16,764
495	828,496	427,620	22,000	5,181,985	3,928,587
-	-	-	-	(1,078,129)	(1,129,255)
<u>495</u>	<u>828,496</u>	<u>427,620</u>	<u>22,000</u>	<u>4,120,735</u>	<u>2,816,096</u>
<u>\$495</u>	<u>\$904,347</u>	<u>\$521,789</u>	<u>\$22,000</u>	<u>\$5,940,182</u>	<u>\$4,920,473</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

	401 Water Treatment Facility	402 Water Area and Connection	403 Sewer Area Charge	407 Downtown Parking Construction
<b>Revenues:</b>				
Intergovernmental:				
Federal:				
Airport improvement entitlement	\$ -	\$ -	\$ -	\$ -
State:				
MSA	-	-	-	-
Other	-	-	-	-
Local:				
Other	-	-	-	-
Special assessments:				
Current	-	-	-	-
Prepayments	-	-	-	-
Interest and penalties	-	-	-	-
Tax increment collections	-	-	-	-
Charges for services	-	-	-	-
Connection, facility, and area charges	213,816	47,297	-	-
Investment income	2,333	4,577	846	34
Direct charges to developers	-	-	-	-
Contributions and donations	-	-	-	-
Total revenues	<u>216,149</u>	<u>51,874</u>	<u>846</u>	<u>34</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Economic development	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Construction/acquisition costs	-	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenues over (under) expenditures	<u>216,149</u>	<u>51,874</u>	<u>846</u>	<u>34</u>
<b>Other financing sources (uses):</b>				
Bonds issued	-	-	-	-
Bond premium	-	-	-	-
Sale of property	-	-	-	-
Transfer from other funds	-	-	-	-
Transfer to other funds	(100,000)	-	-	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	116,149	51,874	846	34
Fund balance - January 1	<u>224,569</u>	<u>633,995</u>	<u>123,479</u>	<u>4,966</u>
Fund balance - December 31	<u><u>\$340,718</u></u>	<u><u>\$685,869</u></u>	<u><u>\$124,325</u></u>	<u><u>\$5,000</u></u>

<u>408 TIF 6.9 RTC Redevelopment</u>	<u>409 RTC Property Development</u>	<u>415 Park Improvement Capital Fund</u>	<u>417 Police Capital Fund</u>	<u>418 Public Works Capital Project Fund</u>	<u>419 City Hall Capital Project Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
194	-	-	-	-	-
-	-	-	12,480	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,898	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	95	1,354	1,651	1,054	736
-	-	-	-	-	-
-	-	-	-	-	-
<u>50,092</u>	<u>95</u>	<u>1,354</u>	<u>14,131</u>	<u>1,054</u>	<u>736</u>
-	-	-	-	-	6,295
-	-	-	5,820	-	-
-	-	19,407	-	3,098	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	41,067	-	-
-	-	138,682	-	6,200	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>0</u>	<u>0</u>	<u>158,089</u>	<u>46,887</u>	<u>9,298</u>	<u>6,295</u>
<u>50,092</u>	<u>95</u>	<u>(156,735)</u>	<u>(32,756)</u>	<u>(8,244)</u>	<u>(5,559)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	298,135	-	-
-	-	214,000	70,000	140,000	67,000
-	(40,000)	-	-	-	-
<u>0</u>	<u>(40,000)</u>	<u>214,000</u>	<u>368,135</u>	<u>140,000</u>	<u>67,000</u>
50,092	(39,905)	57,265	335,379	131,756	61,441
(1,128,221)	1,144,197	193,339	75,376	106,859	84,979
<u>(\$1,078,129)</u>	<u>\$1,104,292</u>	<u>\$250,604</u>	<u>\$410,755</u>	<u>\$238,615</u>	<u>\$146,420</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
 SUBCOMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR CAPITAL PROJECT FUNDS  
 For The Year Ended December 31, 2017  
 With Comparative Totals For The Year Ended December 31, 2016

	420 Fire Department Capital Project Fund	421 Park Dedication Capital Project Fund	422 EDA Land Acquisition Capital Project Fund	423 Cambridge - Isanti Bike/Walk Trail Capital Project Fund
Revenues:				
Intergovernmental:				
Federal:				
Airport improvement entitlement	\$ -	\$ -	\$ -	\$ -
State:				
MSA	-	-	-	-
Other	-	-	-	-
Local:				
Other	-	-	-	7,500
Special assessments:				
Current	-	-	-	-
Prepayments	-	-	-	-
Interest and penalties	-	-	-	-
Tax increment collections	-	-	-	-
Charges for services	37,721	-	-	-
Connection, facility, and area charges	-	-	-	-
Investment income	1,670	115	1,414	421
Direct charges to developers	-	-	-	-
Contributions and donations	27,100	-	-	-
Total revenues	<u>66,491</u>	<u>115</u>	<u>1,414</u>	<u>7,921</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	1,292	-	-	-
Public works	-	-	-	-
Economic development	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Construction/acquisition costs	-	-	-	-
Total expenditures	<u>1,292</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenues over (under) expenditures	<u>65,199</u>	<u>115</u>	<u>1,414</u>	<u>7,921</u>
Other financing sources (uses):				
Bonds issued	-	-	-	-
Bond premium	-	-	-	-
Sale of property	-	-	-	-
Transfer from other funds	54,785	-	-	8,340
Transfer to other funds	-	-	-	-
Total other financing sources (uses)	<u>54,785</u>	<u>0</u>	<u>0</u>	<u>8,340</u>
Net change in fund balance	119,984	115	1,414	16,261
Fund balance - January 1	<u>185,886</u>	<u>16,764</u>	<u>220,808</u>	<u>52,423</u>
Fund balance - December 31	<u><u>\$305,870</u></u>	<u><u>\$16,879</u></u>	<u><u>\$222,222</u></u>	<u><u>\$68,684</u></u>

425 Library Capital Fund	426 Refridgerated Ice Sheets Capital Project Fund	428 2018 Street Improvements	443 Pavement Management	444 Airport Improvement	Totals Nonmajor Capital Project Funds	
					2017	2016
\$ -	\$ -	\$ -	\$ -	\$124,236	\$124,236	\$88,088
-	-	423,047	-	-	423,047	421,354
-	-	-	-	6,894	7,088	66,260
-	-	-	-	-	19,980	24,140
-	-	-	38,543	-	38,543	10,183
-	-	-	6,239	-	6,239	45,000
-	-	-	6,176	-	6,176	3,286
-	-	-	876	-	50,774	42,533
-	-	-	-	-	37,721	34,819
-	-	-	-	-	261,113	146,863
4	-	6,317	1,905	5	24,531	29,414
-	-	-	2,558	-	2,558	1,637
-	-	-	-	-	27,100	41,504
<u>4</u>	<u>0</u>	<u>429,364</u>	<u>56,297</u>	<u>131,135</u>	<u>1,029,106</u>	<u>955,081</u>
-	-	-	-	-	6,295	13,447
-	-	-	-	-	7,112	15,058
-	-	-	111,236	123,101	256,842	319,860
-	-	-	-	-	-	50,921
-	-	-	-	-	-	13,785
-	-	-	-	-	41,067	332,045
-	-	-	-	-	144,882	1,075,101
-	-	-	-	-	-	19,140
-	80,978	181,551	-	-	262,529	2,869,818
<u>0</u>	<u>80,978</u>	<u>181,551</u>	<u>111,236</u>	<u>123,101</u>	<u>718,727</u>	<u>4,709,175</u>
<u>4</u>	<u>(80,978)</u>	<u>247,813</u>	<u>(54,939)</u>	<u>8,034</u>	<u>310,379</u>	<u>(3,754,094)</u>
-	-	-	-	-	-	1,340,000
-	-	-	-	-	-	90,490
-	-	-	-	-	298,135	2,500
-	-	-	267,000	15,000	836,125	2,680,614
-	-	-	-	-	(140,000)	(1,479,624)
<u>0</u>	<u>0</u>	<u>0</u>	<u>267,000</u>	<u>15,000</u>	<u>994,260</u>	<u>2,633,980</u>
<u>4</u>	<u>(80,978)</u>	<u>247,813</u>	<u>212,061</u>	<u>23,034</u>	<u>1,304,639</u>	<u>(1,120,114)</u>
<u>491</u>	<u>80,978</u>	<u>580,683</u>	<u>215,559</u>	<u>(1,034)</u>	<u>2,816,096</u>	<u>3,936,210</u>
<u>\$495</u>	<u>\$0</u>	<u>\$828,496</u>	<u>\$427,620</u>	<u>\$22,000</u>	<u>\$4,120,735</u>	<u>\$2,816,096</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SPECIAL REVENUE FUND - 211 AIRPORT OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2017**  
**With Comparative Actual Amounts For The Year Ended December 31, 2016**

**Statement 22**

	2017		Actual	2016 Actual
	Budgeted Amounts			
	Original	Final		
Revenues:				
Intergovernmental:				
State aid	\$21,000	\$24,733	\$24,733	\$24,733
Charges for services:				
Hangar fees and tie down	9,000	9,306	9,307	9,307
Investment income	200	355	356	347
Fuel sales	35,000	46,190	46,191	37,812
Total revenues	<u>65,200</u>	<u>80,584</u>	<u>80,587</u>	<u>72,199</u>
Expenditures:				
Current:				
Public works	<u>62,200</u>	<u>60,796</u>	<u>60,790</u>	<u>73,051</u>
Revenues over (under) expenditures	3,000	19,788	19,797	(852)
Other financing sources (uses):				
Transfer to other funds	<u>(3,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	<u>\$0</u>	<u>\$4,788</u>	4,797	(852)
Fund balance - January 1			<u>47,420</u>	<u>48,272</u>
Fund balance - December 31			<u>\$52,217</u>	<u>\$47,420</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SPECIAL REVENUE FUND - 205 EDA OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2017**  
**With Comparative Actual Amounts For The Year Ended December 31, 2016**

**Statement 23**

	2017			2016 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Investment income	\$100	\$2,954	\$2,954	\$3,938
Charges for services:				
Rents	210,000	223,283	223,283	224,699
Other	-	-	-	5,134
Total revenues	<u>210,100</u>	<u>226,237</u>	<u>226,237</u>	<u>233,771</u>
Expenditures:				
Current:				
Housing and redevelopment	278,917	333,913	333,891	152,489
Capital outlay	-	-	-	-
Total expenditures	<u>278,917</u>	<u>333,913</u>	<u>333,891</u>	<u>152,489</u>
Revenues over (under) expenditures	<u>(68,817)</u>	<u>(107,676)</u>	<u>(107,654)</u>	<u>81,282</u>
Other financing sources (uses):				
Transfers from other funds	75,000	275,000	275,000	-
Transfers to other funds	-	(2,350)	(2,350)	(54,000)
Total other financing sources (uses)	<u>75,000</u>	<u>272,650</u>	<u>272,650</u>	<u>(54,000)</u>
Net change in fund balance	<u>\$6,183</u>	<u>\$164,974</u>	164,996	27,282
Fund balance - January 1			<u>367,934</u>	<u>340,652</u>
Fund balance - December 31			<u>\$532,930</u>	<u>\$367,934</u>

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## INTERNAL SERVICE FUNDS

The Internal Service Funds were established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Property Insurance Fund – This fund is used to account for the accumulation and allocation of costs associated with the partial self-insuring of property and casualty insurance coverages with higher deductibles.

Pension Benefits Fund – This fund is used to provide pension benefits to other departments of the City on a cost reimbursed basis.

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
December 31, 2017  
With Comparative Totals For December 31, 2016

**Statement 24**

	Property Insurance	Pension Benefits	Total	
			2017	2016
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$156,390	\$ -	\$156,390	\$181,054
Accounts receivable - net	-	-	-	-
Total assets	<u>156,390</u>	<u>0</u>	<u>156,390</u>	<u>181,054</u>
Deferred outflows of resources:				
Related to pensions	-	3,020,447	3,020,447	4,775,920
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	-	-	-	-
Noncurrent liabilities:				
Net pension liability	-	4,272,193	4,272,193	7,862,952
Total liabilities	<u>0</u>	<u>4,272,193</u>	<u>4,272,193</u>	<u>7,862,952</u>
Deferred inflows of resources:				
Related to pensions	-	3,205,589	3,205,589	1,017,425
<b>Net position:</b>				
Unrestricted	156,390	(4,457,335)	(4,300,945)	(3,923,403)
Total net position	<u>\$156,390</u>	<u>(\$4,457,335)</u>	<u>(\$4,300,945)</u>	<u>(\$3,923,403)</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

**Statement 25**

	Property Insurance	Pension Benefits	Total	
			2017	2016
Operating revenues:				
Charges for services	\$ -	\$394,434	\$394,434	\$383,480
Insurance dividends	34,419	-	34,419	69,137
Total operating revenues	34,419	394,434	428,853	452,617
Operating expenses:				
Claims	60,300	-	60,300	46,269
Pension	-	758,650	758,650	1,205,304
Total operating expenses	60,300	758,650	818,950	1,251,573
Operating income (loss)	(25,881)	(364,216)	(390,097)	(798,956)
Nonoperating revenues (expenses):				
Intergovernmental revenue	-	11,338	11,338	23,022
Investment income	1,217	-	1,217	2,367
Total nonoperating operating revenues (expenses)	1,217	11,338	12,555	25,389
Income (loss) before transfers	(24,664)	(352,878)	(377,542)	(773,567)
Transfers out	-	-	-	159,000
Change in net position	(24,664)	(352,878)	(377,542)	(932,567)
Net position - January 1	181,054	(4,104,457)	(3,923,403)	(2,990,836)
Net position - December 31	\$156,390	(\$4,457,335)	(\$4,300,945)	(\$3,923,403)

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**

**Statement 26**

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

	Property Insurance	Pension Benefits	Total	
			2017	2016
Cash flows from operating activities:				
Receipts from interfund services provided	\$34,419	\$394,434	\$428,853	\$452,819
Payment of wages and benefits	-	(394,434)	(394,434)	(369,890)
Payment to suppliers	(60,300)	-	(60,300)	(46,269)
Net cash flows from operating activities	<u>(25,881)</u>	<u>0</u>	<u>(25,881)</u>	<u>36,660</u>
Cash flows from noncapital financing activities:				
Transfer to other funds	-	-	-	(159,000)
Cash flows from investing activities:				
Investment income	1,217	-	1,217	2,367
Net increase (decrease) in cash and cash equivalents	(24,664)	-	(24,664)	(119,973)
Cash and cash equivalents - January 1	181,054	-	181,054	301,027
Cash and cash equivalents - December 31	<u>\$156,390</u>	<u>\$0</u>	<u>\$156,390</u>	<u>\$181,054</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>(\$25,881)</u>	<u>(\$364,216)</u>	<u>(\$390,097)</u>	<u>(\$798,956)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Intergovernmental revenue	-	11,338	11,338	23,022
Changes in assets and liabilities:				
Decrease (increase) in receivables	-	-	-	202
Decrease (increase) in deferred outflows of resources	-	1,755,473	1,755,473	(4,040,359)
Increase (decrease) in payables	-	(3,590,759)	(3,590,759)	4,316,438
Increase (decrease) in deferred inflows of resources	-	2,188,164	2,188,164	536,313
Total adjustments	<u>0</u>	<u>364,216</u>	<u>364,216</u>	<u>835,616</u>
Net cash provided (used) by operating activities	<u>(\$25,881)</u>	<u>\$0</u>	<u>(\$25,881)</u>	<u>\$36,660</u>

## **SUPPLEMENTARY FINANCIAL INFORMATION**

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINED SCHEDULE OF BOND INDEBTEDNESS**  
 December 31, 2017

	Dated	Final Maturity Date	Interest Rates (in percent)
Bonded indebtedness:			
Improvement Bonds:			
Improvement Bonds of 2010 <sup>(3)</sup>	5/26/2010	2/1/2019	.60% - 3.15%
Improvement Bonds of 2012 <sup>(1)</sup>	6/5/2012	2/1/2023	2.00%
Improvement Bonds of 2014 <sup>(4)</sup>	5/28/2014	2/1/2025	2% - 2.375%
Improvement Bonds of 2016 <sup>(2)</sup>	5/17/2016	2/1/2027	2% - 3%
Total Special Assessment Bonds			
Revenue Bonds:			
G.O. Waste Water PFA Bonds of 2013	8/13/2013	8/20/2032	1.00%
G.O. Water PFA Bonds of 2001	11/1/2001	8/20/2021	4.05%
G.O. Water & Sewer Bonds of 2010 <sup>(3)</sup>	5/26/2010	2/1/2019	.60%-3.15%
G.O. Water & Sewer Bonds of 2012 <sup>(1)</sup>	6/5/2012	2/1/2023	2.00%
G.O. Water & Sewer Bonds of 2014 <sup>(4)</sup>	5/28/2014	2/1/2025	2% - 2.375%
G.O. Water & Sewer Refunding Bonds of 2016 <sup>(2)</sup>	5/17/2016	2/1/2027	2% - 3%
Total Revenue Bonds			
Total City bonded indebtedness			

(1) Components of \$6,570,000 GO Bonds of 2012.

(2) Components of \$6,140,000 GO Bonds of 2016.

(3) Components of \$2,175,000 GO Bonds of 2010.

(4) Components of \$8,415,000 GO Bonds of 2014.

Note: This schedule does not include debt that had final payment in 2017.

Authorized and Issued	Amount Retired		Outstanding at 12/31/17	Due in 2018	
	Prior Years	Current Year		Principal	Interest
\$986,845	\$809,610	\$61,435	\$115,800	\$56,436	\$2,673
5,780,000	2,265,000	580,000	2,935,000	605,000	52,650
1,601,532	377,130	237,245	987,157	247,155	24,363
<u>2,570,000</u>	<u>-</u>	<u>120,000</u>	<u>2,450,000</u>	<u>230,000</u>	<u>59,450</u>
<u>10,938,377</u>	<u>3,451,740</u>	<u>998,680</u>	<u>6,487,957</u>	<u>1,138,591</u>	<u>139,136</u>
11,737,686	1,813,686	575,000	9,349,000	581,000	93,490
2,080,000	1,386,000	128,000	566,000	133,000	22,923
1,188,155	1,055,389	43,562	89,204	43,562	2,060
790,000	225,000	80,000	485,000	80,000	8,900
6,813,466	882,867	697,756	5,232,843	722,842	136,663
<u>3,570,000</u>	<u>-</u>	<u>169,998</u>	<u>3,400,002</u>	<u>320,000</u>	<u>82,550</u>
<u>26,179,307</u>	<u>5,362,942</u>	<u>1,694,316</u>	<u>19,122,049</u>	<u>1,880,404</u>	<u>346,586</u>
<u><u>\$37,117,684</u></u>	<u><u>\$8,814,682</u></u>	<u><u>\$2,692,996</u></u>	<u><u>\$25,610,006</u></u>	<u><u>\$3,018,995</u></u>	<u><u>\$485,722</u></u>

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**CITY OF CAMBRIDGE, MINNESOTA**  
**DEBT SERVICE PAYMENTS TO MATURITY**  
**IMPROVEMENT BONDS**  
December 31, 2017

**Exhibit 2**

	\$1,327,993 G.O. Improv. Refunding Bonds of 2010A	\$5,780,000 G.O. Improv. Bonds of 2012	\$1,601,532 G.O. Improv. Bonds of 2014	\$1,532,130 G.O. Improv. Bonds of 2016	Total
Bonds payable	\$115,800	\$2,935,000	\$987,157	\$2,450,000	\$6,487,957
Future interest payable	3,607	145,250	95,403	301,675	545,935
Totals	<u>\$119,407</u>	<u>\$3,080,250</u>	<u>\$1,082,560</u>	<u>\$2,751,675</u>	<u>\$7,033,892</u>
Payments to maturity:					
2018	\$59,109	\$657,650	\$271,518	\$289,450	\$1,277,727
2019	60,298	660,400	114,233	289,800	1,124,731
2020	-	682,650	116,306	288,850	1,087,806
2021	-	605,200	118,231	291,500	1,014,931
2022	-	237,000	115,081	288,925	641,006
2023	-	237,350	116,856	286,200	640,406
2024	-	-	113,969	288,250	402,219
2025	-	-	116,366	291,400	407,766
2026	-	-	-	285,800	285,800
2027	-	-	-	151,500	151,500
Totals	<u>\$119,407</u>	<u>\$3,080,250</u>	<u>\$1,082,560</u>	<u>\$2,751,675</u>	<u>\$7,033,892</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**DEBT SERVICE PAYMENTS TO MATURITY**  
**ENTERPRISE BONDS**  
December 31, 2017

		\$1,188,155
		G.O.
		Water and
		Sewer
		<u>Bonds of 2010</u>
Bonds payable		\$89,204
Future interest payable		<u>2,778</u>
Totals		<u><u>\$91,982</u></u>
Payments to maturity:		
	2018	\$45,622
	2019	46,360
	2020	-
	2021	-
	2022	-
	2023	-
	2024	-
	2025	-
	2026	-
	2027	-
	2028	-
	2029	-
	2030	-
	2031	-
	2032	-
Totals		<u><u>\$91,982</u></u>

\$11,737,686 G.O. Wastewater PFA Bond of 2013	\$2,080,000 G.O. Water PFA Bond of 2001	\$6,813,468 G.O. Water and Sewer Bonds of 2014	\$790,000 G.O. Water and Sewer Bonds of 2012	\$3,570,000 G.O. Water and Sewer Bonds of 2016	Total
\$9,349,000	\$566,000	\$5,232,843	\$485,000	\$3,400,002	\$19,122,049
765,310	58,441	568,871	29,350	418,473	1,843,223
<u>\$10,114,310</u>	<u>\$624,441</u>	<u>\$5,801,714</u>	<u>\$514,350</u>	<u>\$3,818,475</u>	<u>\$20,965,272</u>
\$674,490	\$155,923	\$859,505	\$88,900	\$402,550	\$2,226,990
674,680	156,536	706,972	87,300	401,100	2,072,948
673,810	155,907	708,968	85,700	402,825	2,027,210
673,890	156,075	705,443	84,100	402,625	2,022,133
673,910	-	701,467	82,500	402,125	1,860,002
673,870	-	706,893	85,850	401,325	1,867,938
674,770	-	709,214	-	400,225	1,784,209
674,600	-	703,252	-	400,750	1,778,602
674,370	-	-	-	402,950	1,077,320
674,080	-	-	-	202,000	876,080
674,730	-	-	-	-	674,730
674,310	-	-	-	-	674,310
673,830	-	-	-	-	673,830
674,290	-	-	-	-	674,290
674,680	-	-	-	-	674,680
<u>\$10,114,310</u>	<u>\$624,441</u>	<u>\$5,801,714</u>	<u>\$514,350</u>	<u>\$3,818,475</u>	<u>\$20,965,272</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**TAXABLE VALUATIONS, TAX LEVIES AND TAX RATES**

**Exhibit 4**

	<u>Tax Capacity Values</u> <u>2017/2018</u>		<u>Tax Capacity Values</u> <u>2016/2017</u>
Taxable valuations:			
Real estate	\$6,509,600		\$6,022,870
Personal property	117,913		114,720
Total	<u>6,627,513</u>		<u>6,137,590</u>
Less: captured tax increment value	<u>(230,841)</u>		<u>(191,457)</u>
 Total for debt levy	 6,396,672		 5,946,133
 Less: JOBZ value	 <u>-</u>		 <u>-</u>
 Total for general fund levy	 <u><u>\$6,396,672</u></u>		 <u><u>\$5,946,133</u></u>
	<u>2018</u>		<u>2017</u>
	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>	<u>Certified Levy</u>
			<u>Tax Capacity Rate</u>
Taxes levied:			
General fund revenue	\$4,518,430	70.637%	\$4,408,439
Debt service levy	<u>679,000</u>	<u>10.615%</u>	<u>687,000</u>
 Totals	<u><u>\$5,197,430</u></u>	<u><u>81.252%</u></u>	<u><u>\$5,095,439</u></u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SCHEDULE OF DEFERRED TAX LEVIES**  
**IMPROVEMENT BONDS**  
 December 31, 2017

**Exhibit 5**

Year	\$2,570,000 Improvement Bonds of 2016	\$5,780,000 Improvement Bonds of 2012	Total
2018	\$142,000	\$537,000	\$679,000
2019	142,000	171,000	313,000
2020	142,000	311,000	453,000
2021	142,000	308,000	450,000
2022	142,000	127,000	269,000
2023	142,000	127,000	269,000
2024	142,000	-	142,000
2025	142,000	-	142,000
2026	67,000	-	67,000
	\$1,203,000	\$1,581,000	\$2,784,000

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**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

Assets	<u>305 TIF 6.15</u>	<u>306 TIF 6.16</u>	<u>307 TIF 6.17</u>	<u>309 TIF 6-19 Star Hallow</u>	<u>311 Anderson Builders Project (TIF 6.11)</u>	<u>314 2010 Refunding Bond Series</u>
Cash and investments	\$8,645	\$82	\$1,880	\$ -	\$2,178	\$164,611
Property taxes receivable:						
Delinquent	-	-	-	-	-	-
Special assessments receivable:						
Delinquent	-	-	-	-	-	-
Deferred	-	-	-	-	-	45,700
<b>Total assets</b>	<u><u>\$8,645</u></u>	<u><u>\$82</u></u>	<u><u>\$1,880</u></u>	<u><u>\$0</u></u>	<u><u>\$2,178</u></u>	<u><u>\$210,311</u></u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$391	\$ -	\$ -
Deposits payable	-	-	1,808	-	-	-
Interfund payable	-	-	-	11,168	-	-
<b>Total liabilities</b>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>1,808</u></u>	<u><u>11,559</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
Deferred inflow of resources:						
Unavailable revenues	-	-	-	-	-	45,700
Fund balance:						
Restricted	8,645	82	72	(11,559)	2,178	164,611
<b>Total fund balance (deficit)</b>	<u><u>8,645</u></u>	<u><u>82</u></u>	<u><u>72</u></u>	<u><u>(11,559)</u></u>	<u><u>2,178</u></u>	<u><u>164,611</u></u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u><u>\$8,645</u></u>	<u><u>\$82</u></u>	<u><u>\$1,880</u></u>	<u><u>\$0</u></u>	<u><u>\$2,178</u></u>	<u><u>\$210,311</u></u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

	324 2016 Street Improvement Fund	328 GO Improvement Bonds of 2018	337 G.O. Improvement Bonds of 2007	340 G.O. City Hall Bonds of 2012
<b>Assets</b>				
Cash and investments	\$412,433	\$ -	\$158,580	\$914,186
Property taxes receivable:				
Delinquent	568	-	-	6,538
Special assessments receivable:				
Delinquent	2,426	-	-	-
Deferred	448,157	695,450	-	-
<b>Total assets</b>	<b>\$863,584</b>	<b>\$695,450</b>	<b>\$158,580</b>	<b>\$920,724</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Interfund payable	-	-	-	-
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Deferred inflow of resources:				
Unavailable revenues	451,151	695,450	-	6,538
Fund balance:				
Restricted	412,433	-	158,580	914,186
<b>Total fund balance (deficit)</b>	<b>412,433</b>	<b>0</b>	<b>158,580</b>	<b>914,186</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$863,584</b>	<b>\$695,450</b>	<b>\$158,580</b>	<b>\$920,724</b>



372 G.O. Improvement Bonds 2014	385 2016 Bonds (2015 Project portion)	393 2012 Street Improvement Fund	Total Debt Service Funds	
			2017	2016
\$318,586	\$177,955	\$405,073	\$2,564,209	\$2,408,136
-	1,173	2,044	10,323	20,054
3,665	1,407	2,351	9,849	22,549
542,231	445,510	325,115	2,502,163	2,359,211
<u>\$864,482</u>	<u>\$626,045</u>	<u>\$734,583</u>	<u>\$5,086,544</u>	<u>\$4,809,950</u>
\$ -	\$ -	\$ -	\$391	\$ -
-	-	-	1,808	3,473
-	-	-	11,168	65,343
<u>0</u>	<u>0</u>	<u>0</u>	<u>13,367</u>	<u>68,816</u>
<u>545,896</u>	<u>448,090</u>	<u>329,510</u>	<u>2,522,335</u>	<u>2,401,814</u>
<u>318,586</u>	<u>177,955</u>	<u>405,073</u>	<u>2,550,842</u>	<u>2,339,320</u>
<u>318,586</u>	<u>177,955</u>	<u>405,073</u>	<u>2,550,842</u>	<u>2,339,320</u>
<u>\$864,482</u>	<u>\$626,045</u>	<u>\$734,583</u>	<u>\$5,086,544</u>	<u>\$4,809,950</u>

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CITY OF CAMBRIDGE, MINNESOTA

SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS

For The Year Ended December 31, 2017

With Comparative Totals For The Year Ended December 31, 2016

Exhibit 7

Page 1 of 2

	304 TIF 6.14	305 TIF 6.15	306 TIF 6.16	307 TIF 6.17	309 TIF 6-19 Star Hallow	311 Anderson Builders Project (TIF 6.11)
<b>Revenues:</b>						
General property taxes:						
Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent	-	-	-	-	-	-
Tax increment collections	120,152	69,090	-	-	-	4,072
Special assessments:						
Prepayments	-	-	-	-	-	-
Principal and interest	-	-	-	-	-	-
Investment income	-	24	2	13	-	13
Total revenues	<u>120,152</u>	<u>69,114</u>	<u>2</u>	<u>13</u>	<u>0</u>	<u>4,085</u>
<b>Expenditures:</b>						
Current:						
Economic development	54,809	62,180	-	-	11,559	3,665
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Paying agent fees	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Total expenditures	<u>54,809</u>	<u>62,180</u>	<u>0</u>	<u>0</u>	<u>11,559</u>	<u>3,665</u>
Revenues over (under) expenditures	<u>65,343</u>	<u>6,934</u>	<u>2</u>	<u>13</u>	<u>(11,559)</u>	<u>420</u>
<b>Other financing sources (uses):</b>						
Refunding bonds issued	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-
Transfer to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	65,343	6,934	2	13	(11,559)	420
Fund balance - January 1	<u>(65,343)</u>	<u>1,711</u>	<u>80</u>	<u>59</u>	<u>-</u>	<u>1,758</u>
Fund balance - December 31	<u>\$0</u>	<u>\$8,645</u>	<u>\$82</u>	<u>\$72</u>	<u>(\$11,559)</u>	<u>\$2,178</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**DEBT SERVICE FUNDS**  
For The Year Ended December 31, 2017  
With Comparative Totals For The Year Ended December 31, 2016

	314 2010 Refunding Bond Series	315 Xylite Abatement Bonds 2006A/2011	316 Street Improvement Bonds Fund 2006A/2011	324 2016 Street Improvement Fund	328 GO Improvement Bonds of 2018
<b>Revenues:</b>					
General property taxes:					
Current	\$ -	\$ -	\$ -	\$67,106	\$ -
Delinquent	-	-	-	-	-
Tax increment collections	-	-	-	-	-
Special assessments:					
Prepayments	3,730	-	-	148,999	-
Principal and interest	54,928	-	12,627	75,298	-
Investment income	862	-	-	1,447	-
Total revenues	<u>59,520</u>	<u>0</u>	<u>12,627</u>	<u>292,850</u>	<u>0</u>
<b>Expenditures:</b>					
Current:					
Economic development	-	-	-	-	-
Debt service:					
Principal retirement	61,436	83,667	135,544	-	-
Interest	4,338	690	1,117	40,266	-
Paying agent fees	717	-	450	717	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>66,491</u>	<u>84,357</u>	<u>137,111</u>	<u>40,983</u>	<u>0</u>
Revenues over (under) expenditures	<u>(6,971)</u>	<u>(84,357)</u>	<u>(124,484)</u>	<u>251,867</u>	<u>0</u>
<b>Other financing sources (uses):</b>					
Refunding bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfer from other funds	-	-	-	-	-
Transfer to other funds	-	(3,828)	(51,726)	-	-
Total other financing sources (uses)	<u>0</u>	<u>(3,828)</u>	<u>(51,726)</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(6,971)	(88,185)	(176,210)	251,867	0
Fund balance - January 1	<u>171,582</u>	<u>88,185</u>	<u>176,210</u>	<u>160,566</u>	<u>-</u>
Fund balance - December 31	<u>\$164,611</u>	<u>\$0</u>	<u>\$0</u>	<u>\$412,433</u>	<u>\$0</u>

337 G.O. Improvement Bonds of 2007	340 G.O. City Hall Bonds of 2012	372 G.O. Improvement Bonds 2014	373 Parkwood Debt Service Bonds 2011A	385 2016 Bonds (2015 Project portion)	393 2012 Street Improvement Fund	Totals Debt Service Funds	
						2017	2016
(\$7)	\$395,214	\$ -	\$ -	\$80,086	\$145,078	\$687,477	\$757,641
103	3,317	-	101	255	1,275	5,051	9,094
-	-	-	-	-	-	193,314	246,801
-	-	15,975	2,147	9,627	8,562	189,040	222,869
62,443	-	87,498	12,291	65,019	77,856	447,960	505,978
855	659	1,762	-	595	1,384	7,616	16,569
<u>63,394</u>	<u>399,190</u>	<u>105,235</u>	<u>14,539</u>	<u>155,582</u>	<u>234,155</u>	<u>1,530,458</u>	<u>1,758,952</u>
-	-	-	-	-	-	132,213	104,648
147,247	370,000	90,000	375,000	120,000	210,000	1,592,894	3,722,466
6,773	35,700	24,856	8,298	35,871	28,800	186,709	179,335
267	267	717	-	267	718	4,120	4,340
-	-	-	-	-	-	-	17,884
<u>154,287</u>	<u>405,967</u>	<u>115,573</u>	<u>383,298</u>	<u>156,138</u>	<u>239,518</u>	<u>1,915,936</u>	<u>4,028,673</u>
<u>(90,893)</u>	<u>(6,777)</u>	<u>(10,338)</u>	<u>(368,759)</u>	<u>(556)</u>	<u>(5,363)</u>	<u>(385,478)</u>	<u>(2,269,721)</u>
-	-	-	-	-	-	-	1,230,000
-	-	-	-	-	-	-	81,557
-	597,000	-	-	-	94,074	691,074	189,528
-	-	-	(38,520)	-	-	(94,074)	(205,702)
<u>0</u>	<u>597,000</u>	<u>0</u>	<u>(38,520)</u>	<u>0</u>	<u>94,074</u>	<u>597,000</u>	<u>1,295,383</u>
(90,893)	590,223	(10,338)	(407,279)	(556)	88,711	211,522	(974,338)
249,473	323,963	328,924	407,279	178,511	316,362	2,339,320	3,313,658
<u>\$158,580</u>	<u>\$914,186</u>	<u>\$318,586</u>	<u>\$0</u>	<u>\$177,955</u>	<u>\$405,073</u>	<u>\$2,550,842</u>	<u>\$2,339,320</u>

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### **III. STATISTICAL SECTION (UNAUDITED)**

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### III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Cambridge, Minnesota’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 of Cambridge, Minnesota’s overall financial health.

Contents	Pages
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	164 – 175
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	176 – 179
<b>Debt Capacity</b>	
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.	180 – 184
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	185 – 189
<b>Operating Information</b>	
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.	190 - 193

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**CITY OF CAMBRIDGE, MINNESOTA**

**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$34,940,301	\$35,799,581	\$38,172,505	\$40,276,520
Restricted	8,204,010	7,180,167	6,692,720	8,110,998
Unrestricted	8,354,257	8,933,037	9,690,838	8,635,601
Total governmental activities net position	<u>\$51,498,568</u>	<u>\$51,912,785</u>	<u>\$54,556,063</u>	<u>\$57,023,119</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$38,802,366	\$40,213,261	\$40,426,429	\$40,442,761
Unrestricted	7,315,661	5,553,202	5,334,122	5,371,166
Total business-type activities net position	<u>\$46,118,027</u>	<u>\$45,766,463</u>	<u>\$45,760,551</u>	<u>\$45,813,927</u>
<b>Primary government:</b>				
Net investment in capital assets	\$73,742,667	\$76,012,842	\$78,598,934	\$80,719,281
Restricted	8,204,010	7,180,167	6,692,720	8,110,998
Unrestricted	15,669,918	14,486,239	15,024,960	14,006,767
Total primary government net position	<u>\$97,616,595</u>	<u>\$97,679,248</u>	<u>\$100,316,614</u>	<u>\$102,837,046</u>

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

Table 1

2012	2013	2014	2015	2016	2017
\$41,830,425	\$42,200,342	\$44,584,330	\$45,533,852	\$48,495,842	\$48,016,475
6,114,057	6,096,815	6,691,401	6,862,625	5,067,471	5,228,625
7,724,302	8,434,547	7,306,374	4,803,343	3,124,264	4,523,543
<u>\$55,668,784</u>	<u>\$56,731,704</u>	<u>\$58,582,105</u>	<u>\$57,199,820</u>	<u>\$56,687,577</u>	<u>\$57,768,643</u>
\$41,438,393	\$43,715,295	\$44,536,149	\$44,339,512	\$43,650,789	\$43,086,324
5,622,837	5,377,157	6,210,656	7,045,223	7,882,495	8,647,350
<u>\$47,061,230</u>	<u>\$49,092,452</u>	<u>\$50,746,805</u>	<u>\$51,384,735</u>	<u>\$51,533,284</u>	<u>\$51,733,674</u>
\$83,268,818	\$85,915,637	\$89,120,479	\$89,873,364	\$92,146,631	\$91,102,799
6,114,057	6,096,845	6,691,401	6,862,625	5,067,471	5,228,625
13,347,139	13,811,704	13,517,030	11,848,566	11,006,759	13,170,893
<u>\$102,730,014</u>	<u>\$105,824,186</u>	<u>\$109,328,910</u>	<u>\$108,584,555</u>	<u>\$108,220,861</u>	<u>\$109,502,317</u>

**CITY OF CAMBRIDGE, MINNESOTA**

**CHANGES IN NET POSITION**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2008	2009	2010	2011
<b>Expenses:</b>				
Governmental activities:				
General government	\$1,527,806	\$1,492,268	\$1,500,059	\$1,409,171
Housing and redevelopment	1,430,101	862,126	844,802	901,656
Public safety	1,701,159	1,680,322	1,819,808	2,021,321
Public works	3,360,500	3,510,717	3,273,114	3,404,117
Economic development	-	-	-	-
Interest on long-term debt	565,206	544,249	503,016	425,334
Total governmental activities expenses	<u>8,584,772</u>	<u>8,089,682</u>	<u>7,940,799</u>	<u>8,161,599</u>
Business-type activities:				
Water	1,773,789	1,736,187	1,644,671	1,608,340
Wastewater	2,011,734	2,005,674	2,001,732	2,040,866
Storm sewer	442,762	427,144	418,344	396,189
Municipal liquor	3,771,063	3,876,874	3,858,252	3,998,164
Housing	262,014	271,842	253,111	259,686
Total business-type activities expenses	<u>8,261,362</u>	<u>8,317,721</u>	<u>8,176,110</u>	<u>8,303,245</u>
Total primary government expenses	<u><u>\$16,846,134</u></u>	<u><u>\$16,407,403</u></u>	<u><u>\$16,116,909</u></u>	<u><u>\$16,464,844</u></u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Licenses and permits	\$249,275	\$270,661	\$189,302	\$306,940
Connection and area charges	166,938	-	-	-
Other activities	450,258	518,407	653,766	710,228
Operating grants and contributions	719,147	865,494	915,523	955,316
Capital grants and contributions	3,640,272	1,039,285	3,217,535	3,190,997
Total governmental activities program revenues	<u>5,225,890</u>	<u>2,693,847</u>	<u>4,976,126</u>	<u>5,163,481</u>
Business-type activities:				
Charges for services:				
Water	1,486,104	1,531,669	1,466,595	1,439,192
Wastewater	1,903,784	1,859,168	1,971,844	2,106,022
Storm sewer	247,524	259,471	275,263	285,593
Municipal liquor	4,117,154	4,233,356	4,173,707	4,351,019
Housing	149,422	147,920	143,670	156,651
Operating grants and contributions	79,120	96,798	70,910	94,420
Capital grants and contributions	499,241	183,609	198,088	122,192
Total business-type activities program revenues	<u>8,482,349</u>	<u>8,311,991</u>	<u>8,300,077</u>	<u>8,555,089</u>
Total primary government program revenues	<u><u>\$13,708,239</u></u>	<u><u>\$11,005,838</u></u>	<u><u>\$13,276,203</u></u>	<u><u>\$13,718,570</u></u>

**Table 2**  
**Page 1 of 2**

2012	2013	2014	2015	2016	2017
\$1,285,039	\$1,328,784	\$1,472,329	\$1,538,023	\$1,725,921	\$1,602,648
1,225,806	714,292	716,792	698,375	951,330	2,007,846
1,925,716	2,045,633	2,274,727	2,453,949	2,995,476	2,408,839
3,451,262	3,526,175	3,737,160	3,760,192	4,113,329	4,171,040
-	-	-	-	155,569	132,213
309,905	192,142	168,476	159,171	143,336	112,302
<u>8,197,728</u>	<u>7,807,026</u>	<u>8,369,484</u>	<u>8,609,710</u>	<u>10,084,961</u>	<u>10,434,888</u>
1,556,018	1,539,343	1,680,185	1,546,130	1,647,004	1,665,223
2,001,625	1,916,863	2,043,445	2,022,060	2,416,961	2,842,823
393,848	392,451	397,066	407,716	438,845	437,085
4,255,132	4,358,978	4,533,434	4,665,906	4,950,661	5,065,569
251,272	246,460	246,895	202,671	235,520	228,240
<u>8,457,895</u>	<u>8,454,095</u>	<u>8,901,025</u>	<u>8,844,483</u>	<u>9,688,991</u>	<u>10,238,940</u>
<u>\$16,655,623</u>	<u>\$16,261,121</u>	<u>\$17,270,509</u>	<u>\$17,454,193</u>	<u>\$19,773,952</u>	<u>\$20,673,828</u>
\$250,643	\$317,572	\$310,730	\$385,333	\$395,993	\$733,126
-	-	-	-	-	-
585,573	536,853	493,435	613,840	645,231	797,058
804,002	905,736	829,587	873,237	1,137,206	1,900,505
<u>1,429,328</u>	<u>2,017,130</u>	<u>2,277,691</u>	<u>2,098,399</u>	<u>795,494</u>	<u>1,243,398</u>
<u>3,069,546</u>	<u>3,777,291</u>	<u>3,911,443</u>	<u>3,970,809</u>	<u>2,973,924</u>	<u>4,674,087</u>
1,608,964	1,575,258	1,614,945	1,702,107	1,799,986	1,856,559
2,215,651	2,198,526	2,228,823	2,207,400	2,253,251	2,249,564
301,704	319,451	324,469	328,219	333,778	340,242
4,680,080	4,795,307	4,971,838	5,121,556	5,396,677	5,531,308
157,053	155,656	155,169	162,759	172,206	173,682
-	330,625	74,818	80,773	80,942	75,931
60,539	371,360	1,442,111	231,174	205,399	577,958
<u>9,023,991</u>	<u>9,746,183</u>	<u>10,812,173</u>	<u>9,833,988</u>	<u>10,242,239</u>	<u>10,805,244</u>
<u>\$12,093,537</u>	<u>\$13,523,474</u>	<u>\$14,723,616</u>	<u>\$13,804,797</u>	<u>\$13,216,163</u>	<u>\$15,479,331</u>

**CITY OF CAMBRIDGE, MINNESOTA**

**CHANGES IN NET POSITION**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2008	2009	2010	2011
<b>Net (expense) revenue:</b>				
Governmental activities	(\$3,358,882)	(\$5,395,835)	(\$2,964,673)	(\$2,998,118)
Business-type activities	220,987	(5,730)	123,967	251,844
Total primary government net (expense) revenue	<u>(\$3,137,895)</u>	<u>(\$5,401,565)</u>	<u>(\$2,840,706)</u>	<u>(\$2,746,274)</u>
<b>General revenues and other changes in net assets:</b>				
Governmental activities:				
General property taxes	\$4,340,602	\$4,329,802	\$4,406,479	\$4,312,109
Tax increment collections	372,625	210,264	175,747	80,491
Unrestricted grants and contributions	615,891	858,951	469,741	469,976
Investment earnings	390,082	14,448	346,031	258,939
Gain on disposal of capital assets	-	-	-	-
Decertified TIF district income	126,519	-	4,390	-
Special item - gain on sale of parkland	5,196,855	-	-	-
Special item - write-off of assessments	-	-	-	-
Other	26,921	39,425	22,276	53,392
Transfers	1,147,570	357,161	272,585	290,267
Total governmental activities	<u>12,217,065</u>	<u>5,810,051</u>	<u>5,697,249</u>	<u>5,465,174</u>
Business-type activities:				
Investment earnings	212,644	7,942	137,109	86,448
Gain (loss) on disposal of capital assets	-	-	-	-
Miscellaneous	6,336	3,385	5,597	5,351
Transfers	(1,147,570)	(357,161)	(272,585)	(290,267)
Total business-type activities	<u>(928,590)</u>	<u>(345,834)</u>	<u>(129,879)</u>	<u>(198,468)</u>
Total primary government	<u>\$11,288,475</u>	<u>\$5,464,217</u>	<u>\$5,567,370</u>	<u>\$5,266,706</u>
<b>Change in net position:</b>				
Governmental activities	\$8,858,183	\$414,216	\$2,732,576	\$2,467,056
Business-type activities	(707,603)	(351,564)	(5,912)	53,376
Total primary government	<u>\$8,150,580</u>	<u>\$62,652</u>	<u>\$2,726,664</u>	<u>\$2,520,432</u>

Note: GASB 68 was implemented for 2015. Expenses for years prior to 2015 were not restated.

2012	2013	2014	2015	2016	2017
(\$5,128,182)	(\$4,029,735)	(\$4,458,041)	(\$4,638,901)	(\$7,111,037)	(\$5,760,801)
566,096	1,292,088	1,911,148	989,505	553,248	566,304
<u>(\$4,562,086)</u>	<u>(\$2,737,647)</u>	<u>(\$2,546,893)</u>	<u>(\$3,649,396)</u>	<u>(\$6,557,789)</u>	<u>(\$5,194,497)</u>
\$4,568,549	\$4,843,909	\$4,895,037	\$4,968,378	\$5,004,822	\$5,161,658
82,710	126,673	60,524	184,629	289,334	244,088
432,006	431,826	695,259	731,221	744,888	750,114
155,590	(129,396)	242,628	118,306	80,750	59,076
-	614,675	22,507	13,208	2,500	207,931
-	-	-	-	-	-
-	-	-	-	-	-
(1,317,379)	-	-	-	-	-
-	-	13,142	-	-	-
(147,629)	(795,002)	379,315	428,000	476,500	419,000
<u>3,773,847</u>	<u>5,092,685</u>	<u>6,308,412</u>	<u>6,443,742</u>	<u>6,598,794</u>	<u>6,841,867</u>
43,651	(61,430)	118,263	67,991	64,864	46,545
481,345	-	-	-	6,937	-
8,582	5,562	4,257	8,434	-	6,541
147,629	795,002	(379,315)	(428,000)	(476,500)	(419,000)
681,207	739,134	(256,795)	(351,575)	(404,699)	(365,914)
<u>\$4,455,054</u>	<u>\$5,831,819</u>	<u>\$6,051,617</u>	<u>\$6,092,167</u>	<u>\$6,194,095</u>	<u>\$6,475,953</u>
(\$1,354,335)	\$1,062,950	\$1,850,371	\$1,804,841	(\$512,243)	\$1,081,066
1,247,303	2,031,222	1,654,353	637,930	148,549	200,390
<u>(\$107,032)</u>	<u>\$3,094,172</u>	<u>\$3,504,724</u>	<u>\$2,442,771</u>	<u>(\$363,694)</u>	<u>\$1,281,456</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund:				
Nonspendable	\$163,519	\$177,914	\$185,165	\$195,776
Committed for compensated absences	178,877	184,145	202,006	257,124
Assigned for expected State aid cuts	-	426,004	376,546	-
Unassigned	1,830,605	2,144,401	1,884,505	2,329,467
Total general fund	<u>\$2,173,001</u>	<u>\$2,932,464</u>	<u>\$2,648,222</u>	<u>\$2,782,367</u>
All other governmental funds:				
Nonspendable	\$30,435	\$428,006	\$10,489	\$28,481
Restricted:				
Debt service funds (Reserved 2003-2010)	5,313,064	4,378,019	4,252,036	3,592,542
Special revenue funds (Designated 2003-2010)	-	-	-	303,150
Capital project funds (Designated 2003-2010)	-	-	-	579,176
Assigned reported in (Designated 2003-2010):				
Special revenue funds	1,333,780	863,135	790,471	534,906
Capital projects funds	4,229,857	3,956,569	5,610,291	6,082,340
Unassigned (Undesignated 2003-2010):				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	(1,318,703)
Total all other governmental funds	<u>\$10,907,136</u>	<u>\$9,625,729</u>	<u>\$10,663,287</u>	<u>\$9,801,892</u>

Note:

The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011, resulting in significant reclassification of the components of fund balances.



**Table 3**

2012	2013	2014	2015	2016	2017
\$221,407	\$225,009	\$269,415	\$250,151	\$271,152	\$284,867
245,836	295,645	324,368	337,320	322,010	323,286
-	-	-	-	-	-
2,495,497	2,593,638	2,518,074	2,696,726	2,828,588	2,895,455
<u>\$2,962,740</u>	<u>\$3,114,292</u>	<u>\$3,111,857</u>	<u>\$3,284,197</u>	<u>\$3,421,750</u>	<u>\$3,503,608</u>
\$21,005	\$13,479	\$32,248	\$40,743	\$18,100	\$20,388
2,859,512	2,885,541	3,651,834	3,300,192	2,339,320	2,550,842
287,771	-	171,134	141,633	154,951	31,379
645,457	289,355	113,540	154,951	16,764	16,879
550,939	-	493,642	891,603	940,105	1,251,230
5,012,881	6,366,272	4,765,196	4,963,087	3,928,587	5,181,985
(8,661)	-	-	-	-	-
<u>(1,311,005)</u>	<u>(1,250,151)</u>	<u>(1,205,940)</u>	<u>(1,170,958)</u>	<u>(1,129,255)</u>	<u>(1,078,129)</u>
<u>\$8,057,899</u>	<u>\$8,304,496</u>	<u>\$8,021,654</u>	<u>\$8,321,251</u>	<u>\$6,268,572</u>	<u>\$7,974,574</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

	2008	2009	2010	2011
<b>Revenues:</b>				
General property taxes	\$4,244,595	\$4,324,299	\$4,425,183	\$4,337,623
Tax increment collections	372,625	210,264	175,747	75,054
Licenses and permits	249,275	270,661	189,302	306,940
Intergovernmental	3,809,979	1,904,942	3,738,634	2,616,922
Special assessments	696,276	1,031,786	720,219	741,635
Charges for services	292,276	252,330	429,095	436,979
Fines and forfeits	30,788	24,541	36,044	44,712
Connection, facility and area charges	165,944	80,224	-	-
Investment income	384,686	14,315	341,603	255,773
Decertify TIF district revenue	126,519	-	4,390	-
Sale of merchandise and property	75,538	35,811	-	-
Direct charges to developers	994	719	-	-
Contributions and donations	13,507	6,850	-	-
Insurance	22,162	206	-	-
Patronage	3,566	3,640	-	-
Rents	249,224	212,722	251,594	255,976
AFRC user fees	-	28,620	-	-
Other	23,355	35,785	51,685	205,884
Total revenues	<u>10,761,309</u>	<u>8,437,715</u>	<u>10,363,496</u>	<u>9,277,498</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,332,537	1,292,408	1,261,075	1,269,812
Housing and redevelopment	652,600	696,118	761,974	676,274
Public safety	1,535,031	1,524,496	1,625,492	1,760,990
Public works	1,521,178	2,073,060	1,669,428	1,743,549
Economic development	-	125,748	-	18,104
<b>Capital outlay:</b>				
General government	52,862	232,264	25,090	-
Housing and redevelopment	-	-	1,184	55,430
Public safety	66,693	41,103	593,863	422,183
Public works	171,508	141,135	543,722	363,821
<b>Debt service:</b>				
Principal retirement	2,333,246	2,091,428	1,233,025	1,827,230
Interest	632,443	547,891	534,031	473,589
Paying agent fees	7,118	3,089	5,412	5,544
Professional service	59,085	23,407	-	-
Decertify TIF districts	56,666	-	9,251	9,038
Bond issuance costs	16,000	-	28,125	46,423
Developer reimbursement	101,522	76,595	112,518	54,242
Construction/acquisition costs	8,823,339	1,974,676	1,380,575	2,178,786
Total expenditures	<u>17,361,828</u>	<u>10,843,418</u>	<u>9,784,765</u>	<u>10,905,015</u>
Revenues over (under) expenditures	<u>(6,600,519)</u>	<u>(2,405,703)</u>	<u>578,731</u>	<u>(1,627,517)</u>

**Table 4**  
**Page 1 of 2**

2012	2013	2014	2015	2016	2017
\$4,621,502	\$4,918,255	\$4,815,821	\$4,933,807	\$5,032,465	\$5,234,508
83,586	125,461	63,940	312,093	289,334	244,088
250,643	317,572	310,730	385,333	395,993	733,126
1,511,328	1,629,385	1,813,457	2,167,365	2,416,290	3,029,282
957,486	637,779	1,499,907	866,002	843,976	687,958
350,970	696,745	365,312	314,801	365,973	499,996
50,378	50,186	61,877	49,342	30,994	54,474
-	-	-	-	-	-
153,841	(129,396)	239,998	115,465	78,383	57,859
-	-	-	-	-	-
-	-	-	-	-	-
14,700	18,140	1,600	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
264,619	247,235	244,035	244,280	248,264	242,588
-	-	-	-	-	-
179,673	64,920	51,391	95,642	83,962	80,126
8,438,726	8,576,282	9,468,068	9,484,130	9,785,634	10,864,005
1,206,678	1,211,341	1,316,405	1,381,897	1,557,613	1,364,892
722,309	794,966	617,738	614,716	862,025	1,710,212
1,692,461	1,802,824	2,037,856	2,199,013	2,200,364	2,300,865
1,806,317	1,857,061	1,961,529	1,883,657	2,037,452	2,042,897
354,003	(2,351)	3,196	293	155,569	132,213
72,566	103,060	68,280	58,957	13,785	-
-	-	100,421	38,453	-	-
85,214	109,341	147,431	116,365	355,045	51,067
28,196	222,707	837,478	536,492	1,075,101	144,882
5,677,901	1,554,398	1,581,506	1,449,749	3,722,466	1,592,894
358,495	238,731	188,965	191,983	179,335	186,709
5,998	2,681	2,250	5,275	4,340	4,120
-	-	-	-	-	-
6,257	10,563	1,391	-	-	-
57,460	-	-	-	37,024	-
69,194	-	35,683	-	-	-
4,208,042	268,920	2,348,493	2,529,551	2,869,818	262,529
16,351,091	8,174,242	11,248,622	11,006,401	15,069,937	9,793,280
(7,912,365)	402,040	(1,780,554)	(1,522,271)	(5,284,303)	1,070,725

**CITY OF CAMBRIDGE, MINNESOTA**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Other financing sources (uses):				
Redemption of refunded bonds	\$ -	\$ -	(\$986,844)	(\$2,198,238)
Refunding bonds issued/bonds issued	550,000	1,540,000	986,844	2,808,238
Transfers in	4,321,982	357,161	3,298,807	1,703,950
Transfers out	(3,046,816)	-	(3,026,222)	(1,413,683)
Premium (discount) on debt issued	-	(13,402)	(8,700)	-
Sale of property	-	-	-	-
Special item - proceeds from sale of parkland	5,256,855	-	-	-
Total other financing sources (uses)	<u>7,082,021</u>	<u>1,883,759</u>	<u>263,885</u>	<u>900,267</u>
Net change in fund balance	<u>\$481,502</u>	<u>(\$521,944)</u>	<u>\$842,616</u>	<u>(\$727,250)</u>
Debt service as a percentage of noncapital expenditures	37.6%	31.8%	24.4%	29.2%
Debt service as percentage of total expenditures	17.5%	24.6%	18.1%	21.1%

2012	2013	2014	2015	2016	2017
\$ -	\$ -	(\$593,894)	\$ -	\$635,500	\$ -
5,780,000	-	1,601,532	1,532,130	2,570,000	-
1,540,607	-	2,310,993	2,939,619	-	419,000
(1,135,549)	(795,002)	(1,931,678)	(2,511,619)	-	-
163,687	-	85,817	-	172,047	-
-	-	22,507	23,208	2,500	298,135
-	791,111	-	-	-	-
<u>6,348,745</u>	<u>(3,891)</u>	<u>1,495,277</u>	<u>1,983,338</u>	<u>3,380,047</u>	<u>717,135</u>
<u>(\$1,563,620)</u>	<u>\$398,149</u>	<u>(\$285,277)</u>	<u>\$461,067</u>	<u>(\$1,904,256)</u>	<u>\$1,787,860</u>
50.5%	24.0%	22.9%	21.2%	36.3%	19.1%
36.9%	21.9%	15.7%	14.9%	25.9%	18.2%

CITY OF CAMBRIDGE, MINNESOTA  
 TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years

Table 5

Fiscal Year Ended December 31,	Residential Property	Commercial/Industrial Property	Non-Homestead Residential	All Other	Total Tax Capacity	Less: Captured Tax Increment Tax Capacity	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
2008	3,563,614	2,634,761	1,103,255	183,376	7,485,006	404,288	7,080,718	63.827	608,797,700	1.16%
2009	3,655,568	2,738,428	1,185,600	254,199	7,833,795	161,465	7,672,330	59.039	634,890,800	1.21%
2010	3,345,398	2,766,885	1,186,972	247,490	7,546,745	176,654	7,370,091	63.308	610,271,200	1.21%
2011	2,686,157	2,628,138	1,061,664	247,380	6,623,339	63,108	6,560,231	72.220	493,105,626	1.33%
2012	2,058,804	2,531,505	985,235	261,376	5,836,920	52,772	5,784,148	80.699	446,078,349	1.30%
2013	1,877,003	2,752,268	906,539	169,763	5,705,573	82,197	5,623,376	87.403	426,742,100	1.32%
2014	1,786,845	2,647,529	791,040	220,041	5,445,455	102,373	5,343,082	92.053	484,853,500	1.10%
2015	1,989,706	2,711,476	818,912	131,572	5,651,666	118,986	5,531,906	89.819	481,552,200	1.15%
2016	2,395,430	2,526,618	865,750	198,533	5,986,331	167,761	5,818,570	85.601	512,490,195	1.14%
2017	2,565,156	2,543,898	893,333	135,203	6,137,590	191,457	5,946,133	85.694	538,471,900	1.10%

Source: Continuing Disclosure Document or Isanti County Auditor's Office

**CITY OF CAMBRIDGE, MINNESOTA**  
**DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES**  
 Last Ten Fiscal Years

**Table 6**

Fiscal Year	Operating City Direct Rate	Debt Service City Direct Rate	Total City Direct Rate	Overlapping Rates			Total
				County	School District	Other	
2008	55.697	8.130	63.827	42.677	25.944	0.149	132.597
2009	52.746	6.293	59.039	42.051	25.956	0.149	127.195
2010	54.463	8.845	63.308	42.245	30.800	0.175	136.528
2011	59.569	12.651	72.220	48.222	33.415	0.184	154.041
2012	67.435	13.264	80.699	57.371	39.099	0.215	177.384
2013	72.908	14.495	87.403	60.303	39.478	0.224	187.408
2014	77.307	14.746	92.053	66.754	41.343	0.248	200.398
2015	76.324	13.495	89.819	66.485	47.737	0.235	204.276
2016	72.436	13.165	85.601	64.711	39.512	0.225	190.049
2017	74.140	11.554	85.694	66.005	39.330	0.228	191.257

Source: Continuing Disclosure Document

Note: Overlapping rates are those of the City of Cambridge, Isanti County, and Cambridge-Isanti School District #911 that apply to property owners within the City of Cambridge.

**CITY OF CAMBRIDGE, MINNESOTA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

**Table 7**

Taxpayer	2017			2008		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Wal-Mart Real Estate Business Trust	\$189,912	1	3.09%	\$213,838	-	3.02%
Mills Properties Inc.	144,038	2	2.24%	-	-	0.00%
Menards, Inc.	137,258	3	2.35%	200,806	-	2.84%
Target Corporation	115,322	4	1.88%	140,412	-	1.98%
East Central Electric Association	81,648	5	1.29%	80,312	-	1.13%
Water Works Fabrication	79,216	6	1.33%	64,784	-	0.91%
Allina Medical Clinic	63,448	7	1.03%	70,256	-	0.99%
BNSF Railroad	62,226	8	0.77%	-	-	0.00%
LAAM Properties	55,208	9	0.90%	62,668	-	0.89%
Recycling Fulfillment Centers LLC	47,250	10	1.01%	-	-	0.00%
S & H Material Handling Corp.	-	-	0.00%	64,044	-	0.90%
Copar Development	-	-	0.00%	59,694	-	0.84%
L & P Acquisition Company	-	-	0.00%	-	-	0.00%
Guetschoff Theater Management Corp	-	-	0.00%	53,779	-	0.76%
Arrow Tank	-	-	0.00%	-	-	0.00%
<b>Total</b>	<b>\$975,526</b>		<b>15.89%</b>	<b>\$1,010,593</b>		<b>14.26%</b>
<b>Total all property</b>	<b>\$6,137,590</b>			<b>\$7,080,718</b>		

Source: Isanti County



**CITY OF CAMBRIDGE, MINNESOTA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

**Table 8**

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year <sup>(1)</sup>	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	4,272,798	4,013,160	93.92%	259,638	4,272,798	100.00%
2009	4,276,382	4,102,633	95.94%	148,052	4,250,685	99.40%
2010	4,325,933	4,263,695	98.56%	62,238	4,325,933	100.00%
2011	4,390,731	4,142,820	94.35%	110,340	4,253,160	96.87%
2012	4,680,361	4,518,032	96.53%	67,266	4,585,298	97.97%
2013	4,844,174	4,795,494	99.00%	(23,910)	4,771,584	98.50%
2014	4,844,174	4,793,705	98.96%	31,298	4,825,003	99.60%
2015	4,907,148	4,837,402	98.58%	38,385	4,875,787	99.36%
2016	4,980,755	4,925,010	98.88%	8,393	4,933,403	99.05%
2017	5,095,439	5,088,602	99.87%	-	5,088,602	99.87%

Source: City Finance Department.

<sup>(1)</sup> Amount shown is after deduction for Market Value Homestead Credit.

**CITY OF CAMBRIDGE, MINNESOTA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Total Bond Premiums	Total Governmental Activities
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	Lease Revenue Bonds	Note Payable	Due to State of Minnesota		
2008	\$175,000	\$9,047,535	\$ -	\$4,750,000	\$206,250	\$350,353	\$ -	\$14,529,138
2009	120,000	8,607,357	-	4,750,000	150,000	314,018	-	13,941,375
2010	-	7,550,582	-	4,750,000	93,750	276,577	-	12,670,909
2011	-	6,389,606	-	4,750,000	37,500	237,998	-	11,415,104
2012	-	11,279,202	-	-	-	198,245	155,143	11,632,590
2013	-	9,724,804	-	-	-	-	138,055	9,862,859
2014	-	9,150,936	-	-	-	-	199,335	9,350,271
2015	-	9,233,317	-	-	-	-	169,478	9,402,795
2016	-	8,080,851	-	-	-	-	301,798	8,382,649
2017	-	6,487,957	-	-	-	-	255,021	6,742,978

Source: Isanti County

Note: Per capita statistics based on 2010 Census data or State Demographer Statistics

Table 9

Percentage Market Value of Taxable Property	Business-Type Activities			Total Business-Type Activities	Per Customer	Total Primary Government	Per Capita
	Water / Wastewater Bonds	Capital Lease	Total Bond Premiums				
2%	\$17,641,487	\$465,846	\$ -	\$18,107,333	2,598	\$32,636,471	5,912
2%	16,237,947	360,926	-	16,598,873	4,696	30,540,248	5,533
2%	14,603,607	201,750	-	14,805,357	4,113	27,476,266	3,388
2%	12,920,506	85,821	-	13,006,327	3,613	24,421,431	3,011
2%	11,943,267	-	-	11,943,267	3,318	23,575,857	2,907
2%	12,464,842	-	-	12,464,842	3,424	22,327,701	2,711
2%	24,435,950	-	364,551	24,800,501	6,813	34,150,772	4,147
2%	20,846,785	-	323,214	21,169,999	6,115	30,572,794	3,667
2%	21,272,154	-	507,344	21,779,498	5,925	30,162,147	3,550
2%	19,122,049	-	442,423	19,564,472	5,161	26,307,450	3,007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Isanti County	\$13,045,000	20.7509%	\$2,706,955
I.S.D. No. 911 (Cambridge-Isanti)	76,450,332	27.9721%	<u>21,384,763</u>
Subtotal - overlapping debt			24,091,718
City direct debt			<u>6,742,978</u>
Total direct and overlapping debt			<u><u>\$30,834,696</u></u>

Sources: Isanti County Auditor

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The City of Cambridge lies wholly within the geographic boundaries of Isanti County and ISD 911. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cambridge. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable net tax capacities (NTC). Applicable percentages were estimated by determining the portion of another governmental unit's NTC that is within the City's boundaries and dividing that amount by each unit's NTC.

**CITY OF CAMBRIDGE, MINNESOTA**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years

**Table 11**

**Legal Debt Margin Calculation for Fiscal Year 2017**

Market value	\$529,066,400
Applicable debt limit	3%
Debt limit	<u>15,871,992</u>
Debt applicable to limit:	
General obligation bonds	<u>(1,600,000)</u>
Legal debt margin	<u><u>\$14,271,992</u></u>

**Legal Debt Margin Calculation for Fiscal Years 2008 Through 2017**

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit
2008	\$13,794,037	\$4,750,000	\$9,044,037	34.44%
2009	19,046,724	4,750,000	14,296,724	24.94%
2010	18,308,136	4,750,000	13,558,136	25.94%
2011	15,555,207	4,750,000	10,805,207	30.54%
2012	13,382,350	3,615,000	9,767,350	27.01%
2013	12,802,263	3,010,000	9,792,263	23.51%
2014	13,787,973	2,660,000	11,127,973	19.29%
2015	14,446,566	2,335,000	12,111,566	16.16%
2016	15,374,706	1,970,000	13,404,706	12.81%
2017	15,871,992	1,600,000	14,271,992	10.08%

**Water Revenue Bonds**

Fiscal Year	Water Enterprise Fund			Debt Service		Coverage
	Operating Revenues	Less:	Net	Principal	Interest	
		Operating Expenses (1)	Available Revenue			
2008	\$1,486,104	\$660,970	\$825,134	\$518,584	\$416,143	0.88
2009	1,531,669	702,862	828,807	577,959	393,438	0.85
2010	1,466,595	629,442	837,153	597,590	370,471	0.86
2011	1,439,192	628,199	810,993	1,378,886	345,791	0.47
2012	1,608,964	599,382	1,009,582	650,080	300,451	1.06
2013	1,575,258	586,771	988,487	685,155	290,815	1.01
2014	1,614,945	592,487	1,022,458	984,142	247,637	0.83
2015	1,702,107	632,565	1,069,542	653,086	302,437	1.12
2016 (3)	1,799,986	682,580	1,117,406	1,665,304	155,334	0.61
2017	1,856,559	744,127	1,112,432	1,094,242	159,407	0.89

**Wastewater Revenue Bonds**

Fiscal Year	Wastewater Enterprise Fund			Debt Service		Coverage
	Operating Revenues	Less:	Net	Principal	Interest	
		Operating Expenses (1)	Available Revenue			
2008	\$1,903,784	\$1,008,348	\$895,436	\$690,335	\$186,212	1.02
2009	1,859,168	1,080,133	779,035	749,042	161,248	0.86
2010	1,971,844	1,077,791	894,053	778,885	136,196	0.98
2011	2,106,022	1,117,837	988,185	1,096,266	111,180	0.82
2012	2,215,651	1,105,304	1,110,347	829,586	74,800	1.23
2013	2,198,526	1,054,860	1,143,666	1,202,326	301,587	0.76
2014	2,228,823	1,124,136	1,104,687	683,410	55,378	1.50
2015	2,207,400	1,056,696	1,150,704	946,848	126,670	1.07
2016 (3)	2,253,251	1,057,434	1,195,817	1,119,107	123,753	0.96
2017	2,249,564	1,140,613	1,108,951	888,468	125,314	1.09

**Special Assessment Improvement Bonds**

Fiscal Year	Special Assessment Collections	Debt Service		(2) Coverage
		Principal	Interest	
2008	\$703,834	\$1,876,996	\$347,971	0.32
2009	749,663	580,178	277,817	0.87
2010	720,219	1,980,526	507,296	0.29
2011	702,776	3,969,215	240,429	0.17
2012	957,486	890,404	128,943	0.94
2013	621,300	872,589	157,153	0.60
2014	1,499,907	1,231,506	132,265	1.10
2015	857,310	1,114,749	142,132	0.68
2016 (3)	843,976	1,007,874	136,385	0.74
2017	687,958	1,222,894	151,009	0.50

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Operating expenses does not include interest and depreciation.
- (2) Certain special assessment bond issues are also serviced by tax levy.
- (3) The 2016 principal amounts include the refunding of 2015 bonds.

<u>Fiscal Year</u>	<u>Population<sup>(3)</sup></u>	<u>Unemployment Rate<sup>(2)</sup></u>	<u>Personal Income<sup>(1)</sup></u>	<u>Per Capita Personal Income<sup>(1)</sup></u>
2008	7,615	12.40%	1,312,952,000	34,687
2009	7,657	13.30%	1,281,092,000	33,883
2010	8,111	10.30%	1,324,742,000	34,957
2011	8,111	10.00%	1,399,031,000	36,544
2012	8,194	5.80%	1,462,565,272	38,248
2013	8,236	4.70%	1,381,705,950	36,194
2014	8,273	5.00%	1,430,829,198	37,267
2015	8,338	4.30%	1,495,195,532	38,908
2016	8,496	5.20%	1,557,443,000	39,909
2017	8,749	4.80%	<b>Information Not Available</b>	

Sources: Minnesota State Demographer, Continuing Disclosure Document (unemployment rate)

<sup>(1)</sup> Personal income statistics for entire Isanti County and Per Capita Personal Income for Isanti County according to US Bureau of Economic Analysis.

<sup>(2)</sup> Isanti County rate

<sup>(3)</sup> 2010 & 2011 population per US Census Bureau  
 2007-2009 and 2012-2015 population per estimates from State of MN Demographer

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**CITY OF CAMBRIDGE, MINNESOTA**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

**Table 14**

Employer	Product/Service	2017		2008	
		Employees	% of Total Employees	Employees	% of Total Employees
Cambridge Medical Center	Hospital	654	3.3%	900	6.5%
Grace Pointe Crossing	Skilled nursing facility	500	2.4%	429	2.1%
Wal-Mart Supercenter	Discount retail and grocery store	335	1.6%	475	2.4%
I.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	919	4.5%	441	2.2%
Isanti County	County government and service	309	1.5%	284	1.4%
TEAM Industries Cambridge, Inc.	Precision machine shop	220	1.1%	233	1.2%
Menards Mega Store	Home improvement store	200	1.0%	160	0.8%
Cambridge Metals & Plastics Inc.	Manufacture recreational accessories	200	1.0%	-	0.0%
Target	Retail Merchandise	150	0.7%	-	0.0%
Minnesota Extended Treatment Options	Residential treatment facility for people	-	0.0%	181	0.9%
Cambridge Health Care Center	Health care	-	0.0%	170	0.8%
Arrow Tank & Engineering Company	Metal fabrication	-	0.0%	150	0.7%
Total <sup>(1)</sup>		20,598	17%	20,141	19%

Source: Continuing Disclosure Document

<sup>(1)</sup> Total employment listed is for all of Isanti County, not just the City of Cambridge.

**CITY OF CAMBRIDGE, MINNESOTA**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

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Function/Program	Full-Time Equivalent Employees as of December 31,		
	2008	2009	2010
General government:			
Administration	1	1	1
EDA	3	2	2
Finance	3	3	3
Building inspections	3	3	3
Building maintenance	-	-	-
Community development	3	3	3
Municipal liquor store	3	3	3
Public safety	14	14	14
Public works	10	10	10
Parks and recreation	1	1	1
Water	2	3	3
Sewer	6	6	6
Total	49	49	49

Source: City Finance Department

**Table 15**

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Full-Time Equivalent Employees as of December 31,						
2011	2012	2013	2014	2015	2016	2017
1	1	1	1	2	2	2
2	2	2	2	2	2	2
3	3	3	3	3	3	3
3	3	3	3	3	3	3
-	-	1	1	1	1	1
2	2	2	2	2	2	2
3	3	3	4	4	4	4
13	13	13	15	16	16	16
10	10	10	10	10	9	9
1	1	1	1	1	2	2
3	3	3	3	3	3	3
6	6	6	6	6	6	6
<u>47</u>	<u>47</u>	<u>48</u>	<u>51</u>	<u>53</u>	<u>53</u>	<u>53</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Function/Program	Fiscal Year		
	2008	2009	2010
Police:			
Calls	8,036	10,473	10,847
Juvenile arrests	91	39	77
Adult arrests	163	128	461
Crime rate (per 100,000)	13,386	9,776	8,989
Clearance	49%	44%	50%
Fire:			
Total calls dispatched	120	140	136
False alarms/cancelled calls	15	41	51
Building inspection:			
Permits issued:			
Residential	1	1	5
Commercial	1	2	1
Total permit valuation	\$13,742,305	\$12,906,125	\$4,360,552
Water:			
Connections	3,664	3,535	3,415
Annual consumption (thousands of gallons)	299,618,601	331,754,045	284,666,546
Sewer:			
Connections	3,579	3,526	3,443

Sources: Various City departments

**Table 16**

							Fiscal Year						
2011	2012	2013	2014	2015	2016	2017	2011	2012	2013	2014	2015	2016	2017
12,013	12,490	15,035	15,919	12,323	17,390	15,810							
127	160	150	126	78	71	111							
623	661	1,062	1,092	1,113	1,144	978							
9,704	N/A	9,961	10,784	9,200	10,558	10,972							
49%	N/A	54%	58%	54%	50%	45%							
169	193	163	259	198	256	374							
57	59	52	N/A	N/A	N/A	45							
4	15	21	40	37	49	73							
2	1	2	N/A	2	4	2							
\$5,365,754	\$11,831,342	\$30,856,987	\$18,833,654	\$20,843,136	\$22,340,621	\$57,629,800							
3,654	3,579	3,644	3,625	3,657	3,681	3,769							
280,454,961	330,830,532	229,661,040	227,115,120	277,328,691	272,184,001	284,941,015							
3,652	3,577	3,639	3,637	3,650	3,676	3,791							

**CITY OF CAMBRIDGE, MINNESOTA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police:				
Stations	1	1	1	1
Squad cars	15	15	15	15
Fire stations	1	1	1	1
Other public works:				
Miles of paved streets	55.0	55.6	55.6	55.6
Traffic signals	9	10	10	10
Park land:				
Number of parks	16	16	16	16
Water:				
Water mains (miles)	45.2	45.2	45.2	45.2
Storage capacity (gallons)	1,300,000	1,300,000	1,300,000	1,300,000
Wastewater:				
Sanitary sewers (miles)	42.5	43.5	43.5	43.5
Storm sewers (miles)	34.0	34.8	34.8	34.8
Treatment capacity	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd

Sources: Various City departments

**Table 17**

Fiscal Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
15	15	15	16	16	16	16
1	1	1	1	1	1	1
55.6	55.6	56.0	56.0	56.0	56.0	56.0
10	10	10	10	10	10	10
16	16	16	16	16	16	16
45.2	45.2	45.5	45.5	45.5	45.5	45.5
1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
43.5	44.1	44.5	44.5	44.5	44.5	44.5
34.8	34.8	35.0	35.0	35.0	35.0	35.0
1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd

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