

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
CITY OF CAMBRIDGE, MINNESOTA
FOR THE YEAR ENDED
DECEMBER 31, 2022**



*Signs of Progress in Cambridge, MN
2022 Street Reconstruction Project-Goldenwood Neighborhood and Community Events*

- This page intentionally left blank -

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
CITY OF CAMBRIDGE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

Prepared By:

Finance Department

**CAROLINE MOE,
Director of Finance**

- This page intentionally left blank -

	<u>Reference</u>	<u>Page No.</u>
I. INTRODUCTORY SECTION		
Letter of Transmittal		3
Certificate of Achievement		11
Organization		13
Organizational Chart		15
II. FINANCIAL SECTION		
Independent Auditor's Report		19
Management's Discussion and Analysis		25
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Statement 1	40
Statement of Activities	Statement 2	41
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	42
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	Statement 4	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5	47
Statement of Net Position - Proprietary Funds	Statement 6	48
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	Statement 7	50
Statement of Cash Flows - Proprietary Funds	Statement 8	54
Notes to Financial Statements		59
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 9	104
Schedule of Proportionate Share of Net Pension Liability - General Employees Retirement Fund	Statement 10	108
Schedule of Pension Contributions - General Employees Retirement Fund	Statement 11	109
Schedule of Proportionate Share of Net Pension Liability - Public Employees Police and Fire Fund	Statement 12	110
Schedule of Pension Contributions - Public Employees Police and Fire Fund	Statement 13	111
Schedule of Changes in the Net Pension Liability and Related Ratios - Cambridge Fire Relief Association	Statement 14	112
Schedule of Contributions - Cambridge Fire Relief Association	Statement 15	113
Notes to RSI		115

CITY OF CAMBRIDGE, MINNESOTA
 TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 16	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	Statement 17	125
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	Statement 18	130
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	Statement 19	134
Subcombining Balance Sheet - Nonmajor Capital Project Funds	Statement 20	142
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds	Statement 21	146
Special Revenue Funds:		
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Airport Operating Fund	Statement 22	149
EDA Operating Fund	Statement 23	150
Debt Service Fund	Statement 24	151
Combining Statement of Net Position - Internal Service Funds	Statement 25	154
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	Statement 26	155
Combining Statement of Cash Flows - Internal Service Funds	Statement 27	156
Supplementary Financial Information:		
Combined Schedule of Bond Indebtedness	Exhibit 1	158
Debt Service Payments to Maturity:		
General Obligation Bond	Exhibit 2	160
Enterprise Bonds	Exhibit 3	161
Taxable Valuations, Tax Levies and Tax Rates	Exhibit 4	162
Schedule of Deferred Tax Levies:		
Improvement Bonds	Exhibit 5	163
Subcombining Balance Sheet - Debt Service Funds	Exhibit 6	164
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Funds	Exhibit 7	166

CITY OF CAMBRIDGE, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
III. STATISTICAL SECTION (UNAUDITED)		
Net Position by Component	Table 1	172
Changes in Net Position	Table 2	174
Fund Balances - Governmental Funds	Table 3	178
Changes in Fund Balances - Governmental Funds	Table 4	180
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	184
Direct and Overlapping Property Tax Capacity Rates	Table 6	185
Principal Property Taxpayers	Table 7	186
Property Tax Levies and Collections	Table 8	187
Ratios of Outstanding Debt By Type	Table 9	188
Direct and Overlapping Governmental Activities Debt	Table 10	190
Legal Debt Margin Information	Table 11	191
Pledged-Revenue Coverage	Table 12	192
Demographic and Economic Statistics	Table 13	193
Principal Employers	Table 14	195
Full-Time Equivalent City Government Employees by Function/Program	Table 15	196
Operating Indicators by Function/Program	Table 16	198
Capital Asset Statistics by Function/Program	Table 17	200

- This page intentionally left blank -

I. INTRODUCTORY SECTION

- This page intentionally left blank -

March 28, 2023

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 9,862. 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
 - 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 due to construction of additional housing unit. 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 2022. They are general property taxes at 69%, licenses and permits at 8% and intergovernmental revenues at 19%. 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 70% of intergovernmental revenue and totals \$1,059,979.

In 2022, the City recognized an increase of approximately 4% in general fund intergovernmental revenue as listed below as compared to 2021. The recent history of LGA from 2013 through 2022 is highlighted in the table as follows:

	<u>LGA</u>
2013	426,004
2014	689,437
2015	725,399
2016	736,066
2017	744,292
2018	802,355
2019	806,834
2020	955,567
2021	1,020,839
2022	1,059,979

In 2022, the City had a 29% decrease in license and permits as compared to 2021. The number of single-family home starts dropped from 136 in 2021 to 5 in 2022. Inflation in the cost of building materials was a factor in the decline. However, the City received a substantial amount of revenue from licenses and permits from 2013 through 2022. The past 10 years are shown below:

	<u>Revenues</u>	<u>Increase (Decrease)</u>
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
2018	502,729	(230,397)
2019	414,484	(88,245)
2020	489,618	75,134
2021	955,065	465,447
2022	678,365	(276,700)

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

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	700
Grace Pointe Crossing	Nursing home	500
Wal-Mart Supercenter	Retail merchandise	335
I.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	832
Isanti County	County government	294

MAJOR INITIATIVES

FOR THE YEAR. The City has many accomplishments to report for 2022 as detailed below.

In 2022, the City Council, City Administrator and key management staff worked to implement the City’s vision and core strategies to achieve that vision as defined at the end of 2021. Highlights from vision and core strategies are as follows:

City of Cambridge Vision Statement

Capitalizing on its beautiful, natural setting and presence as a regional center, Cambridge endeavors to deliver a high quality of life and opportunities for residents, businesses, and visitors alike. With a balanced, planned approach to growth and development and an emphasis on its historic downtown, the City will continue to be a leader in quality community development and public services

Core Strategy #1: Encourage and facilitate the revitalization and restoration of a vibrant downtown

Core Strategy #2: Deliver exceptional public services

Core Strategy #3: Connect opportunities to facilitate thriving commercial and industrial sectors

Core Strategy #4: Be responsible and flexible in managing the City’s administrative functions

Core Strategy #5: Foster engaged, informed, and involved citizens and community

Core Strategy #6: Enhance the City’s presence as a regional hub

Core Strategy #7: Provide diverse amenities for a high quality of life

Core Strategy #8: Highlight and capitalize on natural resources

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

Specifically in 2022, the City has expended significant effort on its downtown revitalization plans. The City has been studying barriers to redevelopment in downtown and developing new programs to overcome these barriers. We spent time engaging the downtown business owners and the community at large on proposed changes to the downtown business district. We expect in 2023 to implement our new initiatives to promote downtown redevelopment. Also, early in 2023, the City purchased land to provide additional parking for the downtown business district.

Local Option Sales Tax

After voter's approved a local option sales tax referendum question in November, 2018, the State of Minnesota passed the required legislation to allow the City of Cambridge to begin collecting a .5% local sales tax to fund a new library, future street improvement projects and future improvements to Sandquist Park. In 2022, the City completed improvements to Sandquist Park which included addition of a softball field, two baseball fields, a multi-purpose field and additional parking.

Residential & Commercial Development

While residential development in the City has been strong during the past several years, in 2022 the City experienced a sharp decline in single family home construction. Significant inflation in the cost of building materials was a major factor in the slowing of single-family home construction. The City expects in 2023 that this trend will reverse as a new subdivision, Cambridge Cove, is expected to start construction. Cambridge Cove is expected to have 206 new single-family homes when completed.

The City did see activity in commercial development during 2022. Specifically, Pizza Ranch began construction in 2022 and expected to open in 2023. In addition, two Kwik Trip Convenience Store locations opened within the City during 2022.

Infrastructure Development

During 2022, the City completed a street reconstruction project in the southwest quadrant of the City. Streets, sidewalks and trails were replaced in the north half of the Goldenwood neighborhood. The south half of the Goldenwood neighborhood is scheduled for replacement in 2024.

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.

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

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.

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, certain Special Revenue Funds and Debt Service Fund 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 2022:

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.

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

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.

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, Linda Gerlach and Christine Hadley 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

- This page intentionally left blank -



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cambridge
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

- This page intentionally left blank -

CITY OF CAMBRIDGE, MINNESOTA

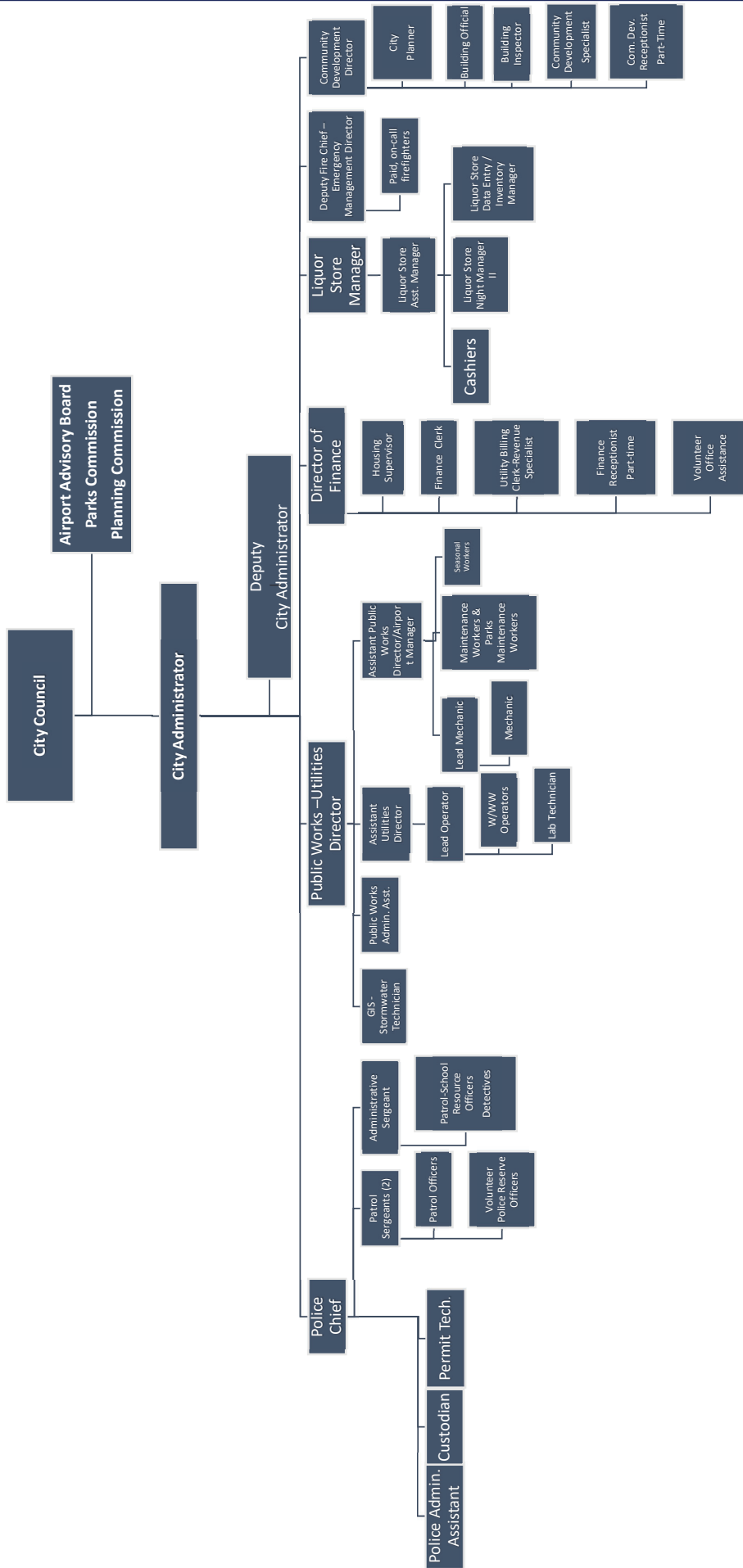
ORGANIZATION

December 31, 2022

	<u>Term Expires</u>
Mayor: Jim Godfrey	December 31, 2026
Council Members: Kersten Barfknecht-Conley	December 31, 2022
Lisa Iverson	December 31, 2024
Robert Shogren	December 31, 2026
Mark Ziebarth	December 31, 2024
Administrator/Clerk: Evan Vogel	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

- This page intentionally left blank -

City of Cambridge Organizational Chart



- This page intentionally left blank -

II. FINANCIAL SECTION

- This page intentionally left blank -



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Cambridge, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Report on Summarized Comparative Information

We have previously audited the City of Cambridge, Minnesota's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated March 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cambridge, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Cambridge, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cambridge, Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Change in Accounting Principle

As described in Note 18 to the financial statements, the City of Cambridge, Minnesota adopted new accounting guidance for the year ended December 31, 2022, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and the schedules of pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedules and supplementary financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements and schedules and supplementary financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cambridge, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cambridge, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

March 28, 2023

- This page intentionally left blank -

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, as referred to within the table of contents, of this report.

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$117,422,082. Of this amount, \$21,704,257 (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 \$698,979

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,367,744. The amount nonspendable, restricted, committed or assigned was \$17,367,055.

At the end of the current fiscal year the general fund balance of \$3,992,899 included \$427,196 of nonspendable, \$561,275 of committed and \$3,004,428 of unassigned fund balance.

The City's total long-term liabilities (excluding net pension liabilities) increased by \$1,026,485 during the current fiscal year, from \$32,587,177 to \$33,613,662 due to the issuance of bonds to fund the 2022 Street Improvement Project offset by scheduled principal payments.

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.

Management's Discussion and Analysis

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) 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, street lights, 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.

Management's Discussion and Analysis

The City maintains four 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
- Redevelopment Capital Fund
- Local Option Sales Tax Fund
- 2022 Street Improvement Project Fund

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, certain special revenue funds and debt service fund.

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 six enterprise funds and two internal service funds 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, street lights, 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
- Street Lights
- Municipal Liquor Store
- 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 25 through 27.

Management's Discussion and Analysis

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.

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 27 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$117,422,082 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$89,042,524 or 76%) 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.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 26,029,620	\$22,818,535	\$ 10,975,796	\$10,938,934	\$37,005,416	\$33,757,469
Capital assets	66,436,855	63,883,000	55,752,174	58,216,118	122,189,029	122,099,118
Total assets	92,466,475	86,701,535	66,727,970	69,155,052	159,194,445	155,856,587
Total deferred outflows of resources	4,683,224	2,893,498	-	-	4,683,224	2,893,498
Other liabilities	2,559,750	1,481,801	439,666	392,541	2,999,416	1,874,342
Noncurrent liabilities	25,994,119	17,511,607	15,966,602	17,748,345	41,960,721	35,259,952
Total liabilities	28,553,869	18,993,408	16,406,268	18,140,886	44,960,137	37,134,294
Total deferred inflows of resources	1,436,037	4,806,492	59,413	86,196	1,495,450	4,892,688
Net position:						
Net investment in capital assets	48,959,849	49,467,130	40,082,675	40,700,089	89,042,524	90,167,219
Restricted	6,675,301	5,088,270	-	-	6,675,301	5,088,270
Unrestricted	11,524,643	11,239,733	10,179,614	10,227,881	21,704,257	21,467,614
Total net position	\$67,159,793	\$65,795,133	\$50,262,289	\$50,927,970	\$117,422,082	\$116,723,103

Management's Discussion and Analysis

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 \$3,959,620 at December 31, 2022 due to this standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$4,683,224
Deferred inflows of resources	(295,785)
Noncurrent liabilities	<u>(8,347,059)</u>
Total	<u><u>(\$3,959,620)</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 \$21,704,257 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

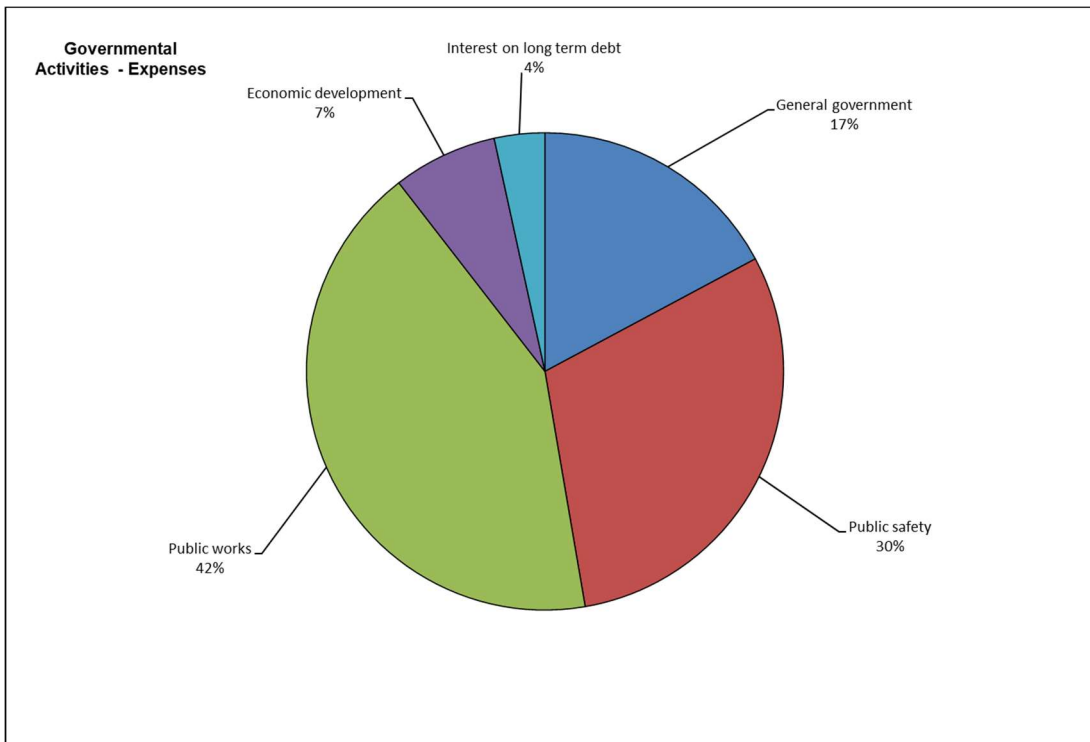
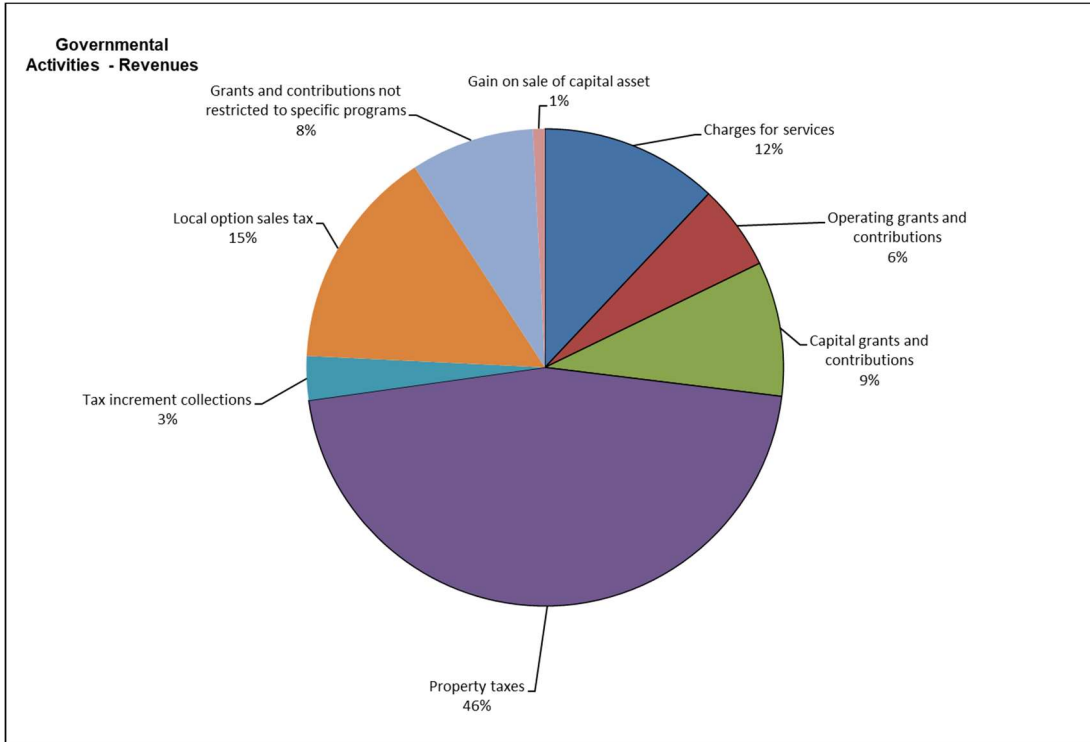
Governmental activities increased the City's net position by \$1,364,660 as the result of strong local option sales tax collections and additional transfers in from municipal liquor store. Business activities decreased the City's net position by \$665,681 primarily due to planned reductions in the fund balance of the Wastewater fund.

City of Cambridge, Minnesota's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$1,531,237	\$1,969,009	\$12,244,007	\$12,374,241	\$13,775,244	\$14,343,250
Operating grants and contributions	735,214	523,529	-	87,113	735,214	610,642
Capital grants and contributions	1,161,754	1,588,218	161,755	797,602	1,323,509	2,385,820
General revenues:						
Property taxes	5,835,367	5,597,350	-	-	5,835,367	5,597,350
Tax increment collections	378,706	529,573	-	-	378,706	529,573
Local option sales tax	1,914,082	1,677,517	-	-	1,914,082	1,677,517
Grants and contributions not restricted to specific programs	1,066,721	1,020,839	-	-	1,066,721	1,020,839
Gain on sale of capital asset	103,252	405,485	13,154	-	116,406	405,485
Unrestricted investment earnings	(272,541)	(13,639)	(160,847)	(19,677)	(433,388)	(33,316)
Total revenues	<u>12,453,792</u>	<u>13,297,881</u>	<u>12,258,069</u>	<u>13,239,279</u>	<u>24,711,861</u>	<u>26,537,160</u>
Expenses:						
General government	\$2,030,203	1,898,897	-	-	2,030,203	1,898,897
Public safety	3,557,925	2,572,587	-	-	3,557,925	2,572,587
Public works	4,985,768	4,543,440	-	-	4,985,768	4,543,440
Economic development	835,852	566,142	-	-	835,852	566,142
Interest on long-term debt	404,384	297,334	-	-	404,384	297,334
Water	-	-	1,776,137	1,792,306	1,776,137	1,792,306
Wastewater	-	-	3,451,617	3,146,261	3,451,617	3,146,261
Storm sewer	-	-	524,784	498,479	524,784	498,479
Street Lights	-	-	215,735	251,192	215,735	251,192
Municipal liquor	-	-	5,949,961	6,011,374	5,949,961	6,011,374
Housing	-	-	280,516	243,394	280,516	243,394
Total expenses	<u>11,814,132</u>	<u>9,878,400</u>	<u>12,198,750</u>	<u>11,943,006</u>	<u>24,012,882</u>	<u>21,821,406</u>
Increase in net position before transfers and special items	639,660	3,419,481	59,319	1,296,273	698,979	4,715,754
Transfers	<u>725,000</u>	<u>700,000</u>	<u>(725,000)</u>	<u>(700,000)</u>	<u>-</u>	<u>-</u>
Change in net position	1,364,660	4,119,481	(665,681)	596,273	698,979	4,715,754
Net position - January 1	<u>65,795,133</u>	<u>61,675,652</u>	<u>50,927,970</u>	<u>50,331,697</u>	<u>116,723,103</u>	<u>112,007,349</u>
Net position - December 31	<u>\$67,159,793</u>	<u>\$65,795,133</u>	<u>\$50,262,289</u>	<u>\$50,927,970</u>	<u>\$117,422,082</u>	<u>\$116,723,103</u>

Management's Discussion and Analysis

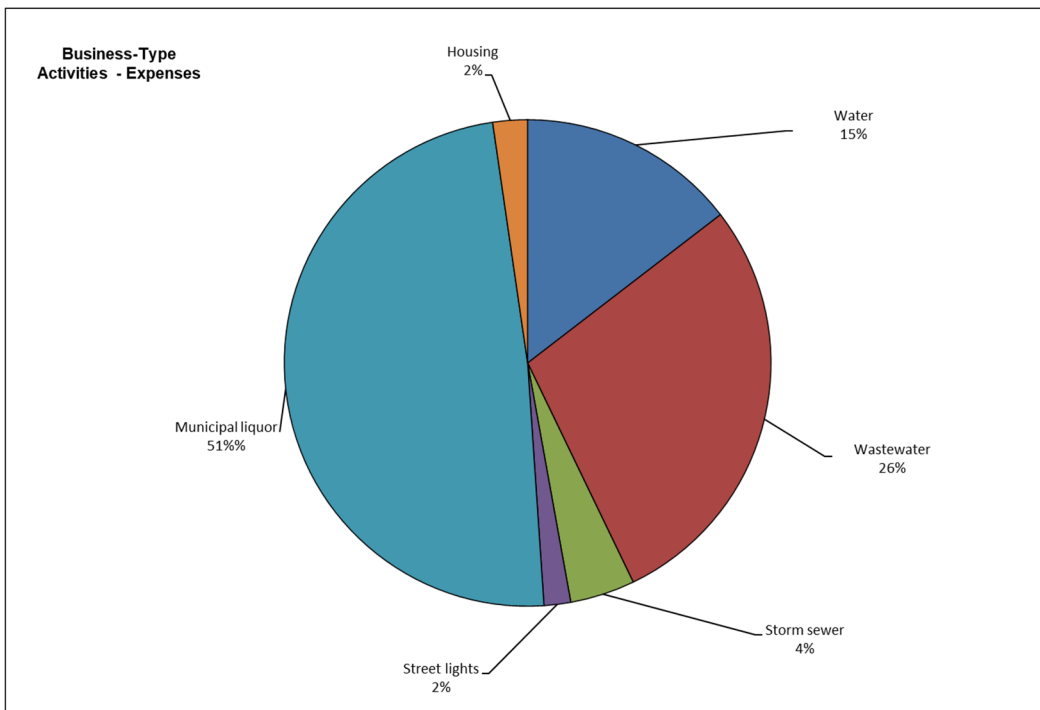
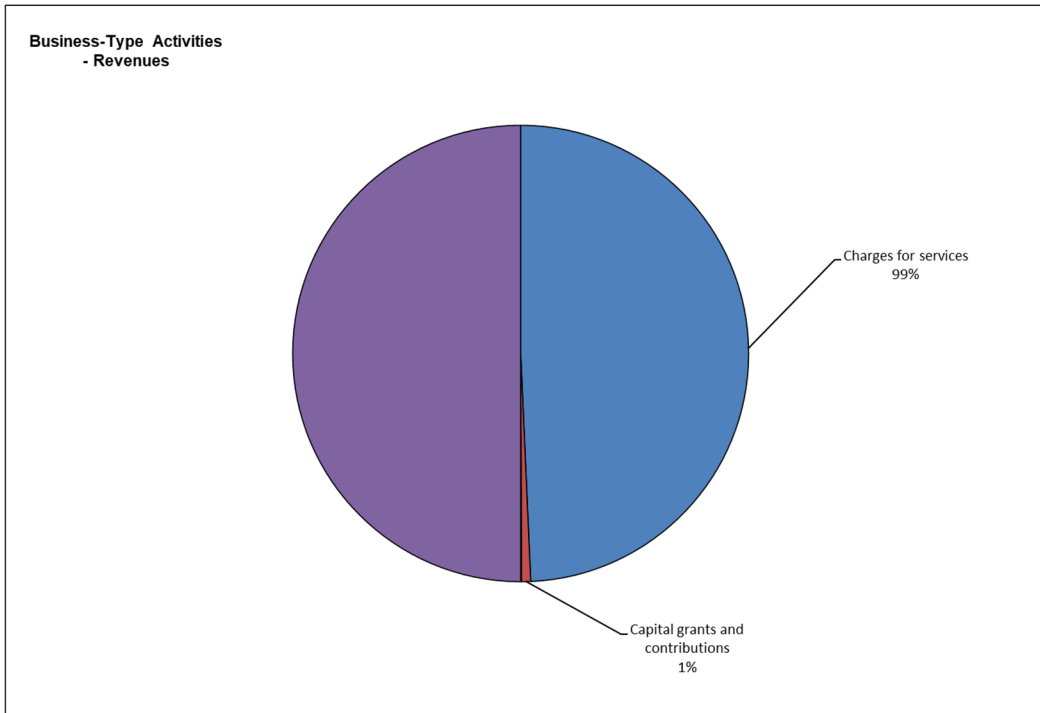
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Management's Discussion and Analysis

Business-Type Activities

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:



Management's Discussion and Analysis

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 \$20,367,744. Approximately 55% or \$11,121,648 of this total amount constitutes assigned fund balance. Approximately 26% or \$5,245,941 of the governmental funds ending fund balance is restricted due to debt covenants or applicable statute. Unassigned fund balance in total is \$3,000,689, which is comprised of unassigned General Fund balance. Of the remainder of the fund balance, \$438,191 is considered nonspendable as it represents \$428,239 for prepaid items and \$9,952 for inventory. Also \$561,275 is committed for compensated absences.

The General Fund fund balance increased by \$168,648 in 2022 due to strong property tax collection, and expenditures less than planned due to staff vacancy.

The Debt Service Funds fund balance increased by \$314,294 due significant special assessment prepayments during the year.

The Redevelopment Capital Fund fund balance decreased by \$92,172 primarily due to transfers out to create new Downtown Grant Program Fund.

The Local Option Sales Tax Fund fund balance increased by \$1,114,082 due to collection of local option sales tax exceeding expectations. Accumulated resources will be used on projects approved by MN State Statute in future years.

The 2022 Street Improvement Project Fund fund balance decreased by \$973,765 due to costs related the capital project.

The nonmajor special revenue funds increased by \$339,052 primarily due accumulation of funds for future projects in the EDA Operating Fund.

The nonmajor capital project funds increased by \$1,757,467, primarily due to accumulation of resources for 2024 Street Improvement Project.

Management’s Discussion and Analysis

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 \$3,435,964 Wastewater \$4,785,594, Storm Sewer \$716,189, Street Lights \$81,182, Municipal Liquor Store \$942,429 and Housing \$326,849. The Water, Wastewater, Storm Sewer, Street Lights, Municipal Liquor Store and Housing funds had changes in net position in 2022 of \$356,892, (\$939,950), (\$131,376), \$31,298, (\$6,414) and \$100,162, respectively.

Budgetary Highlights

General Fund

The General Fund budget was amended during 2022 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 \$706,345 during 2022 from the originally adopted budget as detailed below:

Description	2022 Originally Adopted General Fund Budget	2022 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2022 Budget
Taxes	\$5,466,558	\$5,593,723	\$127,165	Tax collections were better than anticipated in 2022.
Licenses and permits	369,950	678,363	308,413	Permit activity was higher than anticipated due to start of construction on a new restaurant and many commercial remodeling projects.
Intergovernmental	1,373,252	1,518,430	145,178	Increase in amount due to addition of pass-through aid from the State of MN to the Cambridge Fire Relief Association for firefighter pensions and due to higher than expected funding for school resource police officer from the Cambridge-Isanti School District.
Charges for services	198,378	223,989	25,611	Increase due to higher than expected fire protection contract collections along with positive variances in other charge for service lines.
Fines and forfeits	42,000	48,782	6,782	Fine income was higher than anticipated this year.
Other	22,197	15,393	(6,804)	Decreases to fair value of investments were not anticipated to the level experienced.
Transfers from other funds	525,000	625,000	100,000	Increase due to additional transfer of \$100,000 from Northbound Liquor not initially anticipated.
Total	\$7,997,335	\$8,703,680	\$706,345	

Management's Discussion and Analysis

GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General Fund expenditures and transfers out were decreased by \$704,879 during 2022 from the originally adopted budget as detailed below:

Description	2022 Originally Adopted General Fund Budget	2022 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2022 Budget
Mayor and city council	\$62,210	\$58,876	(\$3,334)	Reduction due to less travel expense to annual conference than expected.
Administration	346,479	338,778	(7,701)	Reduction due to staff vacancies during the year.
Elections	11,900	7,590	(4,310)	Decrease due to lower than expected election judge cost for 2022 as compared to 2020 due to only having 1 primary election in 2022 date versus 2 in 2020.
Finance	352,307	337,835	(14,472)	Decrease due to reduced personnel costs related to timing of compensated absence usage.
Legal	118,000	111,743	(6,257)	Legal expenses were less than anticipated.
Building	336,431	450,014	113,583	Increase due to hiring of contracted building inspector offset by decrease in personnel cost due to delay in hiring of in-house inspection personnel.
Engineering	38,000	32,576	(5,424)	Decrease due to amount of development plan activity that required review by engineer.
Planning	377,673	269,271	(108,402)	Reduction due to lower than expected personnel costs for the year due to staff turnover and unexpected delay in filling new position.
City hall buildings	154,335	139,857	(14,478)	Reduction due to lower than expected contracted maintenance costs.
Police	2,673,756	2,597,807	(75,949)	Reduction due to delays in filling new position.
Fire protection	365,656	487,642	121,986	Increase due to cost of pension pass through funding from the State of MN.
Emergency management	4,600	3,897	(703)	No significant change.
Animal control	5,000	4,800	(200)	No significant change.
Street maintenance	1,480,373	1,478,866	(1,507)	Reduction due to staff vacancies during the year offset by increase in fuel costs for Public Works vehicles.
Park operation and maintenance	532,105	437,915	(94,190)	Reduction due to staff vacancies during the year.
Library operations	100,100	117,938	17,838	Increase due to higher than expected contracted maintenance costs.
Transfers to other funds	(1,038,410)	(1,659,769)	(621,359)	Increase in transfers to support Council initiatives.
Total	\$5,920,515	\$5,215,636	(\$704,879)	

Management’s Discussion and Analysis

GENERAL FUND REVENUES AND TRANSFERS IN:

Budgeted General Fund revenues and transfers are compared to 2022 actual results as detailed below:

Description	2022 Final Amended General Fund Budget	2022 Actual Results	Variance from Budget	Reason for Variance Between 2022 Final Amended Budget and Actual Results
Taxes	\$5,593,723	\$5,593,724	\$1	No significant change.
Licenses and permits	678,363	678,365	2	No significant change.
Intergovernmental	1,518,430	1,518,435	5	No significant change.
Charges for services	223,989	223,990	1	No significant change.
Fines and forfeits	48,782	48,782	-	No significant change.
Other	15,393	15,396	3	No significant change.
Transfer from other funds	625,000	625,000	-	No significant change.
Total	\$8,703,680	\$8,703,692	\$12	

GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General fund expenditures and transfers out are compared to the 2022 actual results as detailed below:

Description	2022 Final Amended General Fund Budget	2022 Actual Results	Variance from Budget	Reason for Variance Between 2022 Final Amended Budget and Actual Results
Mayor and city council	\$58,876	\$58,872	(\$4)	No significant change.
Administration	338,778	338,765	(13)	No significant change.
Elections	7,590	7,587	(3)	No significant change.
Finance	337,835	337,830	(5)	No significant change.
Legal	111,743	111,740	(3)	No significant change.
Building	450,014	450,008	(6)	No significant change.
Engineering	32,576	32,575	(1)	No significant change.
Planning	269,271	269,259	(12)	No significant change.
New city hall buildings	139,857	139,850	(7)	No significant change.
Police	2,597,807	2,597,788	(19)	No significant change.
Fire protection	487,642	487,631	(11)	No significant change.
Emergency management	3,897	3,896	(1)	No significant change.
Animal control	4,800	4,800	-	No significant change.
Street maintenance	1,478,866	1,478,844	(22)	No significant change.
Parks operation and maintenance	437,915	437,898	(17)	No significant change.
Library operations	117,938	117,933	(5)	No significant change.
Transfers to other funds	(1,659,769)	(1,659,768)	1	No significant change.
Total	\$5,215,636	\$5,215,508	(\$128)	

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, 2022, amounts to \$122,189,029 (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)

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$8,805,437	\$333,800	\$35,286	\$9,103,951
Construction in progress	2,156,925	4,765,544	6,742,251	180,218
Total capital assets, not being depreciated	<u>10,962,362</u>	<u>5,099,344</u>	<u>6,777,537</u>	<u>9,284,169</u>
Capital assets, being depreciated:				
Buildings and structures	16,687,073	1,441,828	492,805	17,636,096
Vehicles, equipment and furniture	8,557,636	339,829	285,626	8,611,839
Streets, airport runways, bridges and signals	73,234,265	5,405,465	-	78,639,730
Total capital assets, being depreciated	<u>98,478,974</u>	<u>7,187,122</u>	<u>778,431</u>	<u>104,887,665</u>
Less accumulated depreciation for:				
Buildings and structures	4,903,078	536,194	483,774	4,955,498
Vehicles, equipment and furniture	6,861,195	541,603	285,626	7,117,172
Streets, airport runways, bridges and signals	33,794,063	1,868,246	-	35,662,309
Total accumulated depreciation	<u>45,558,336</u>	<u>2,946,043</u>	<u>769,400</u>	<u>47,734,979</u>
Total capital assets being depreciated - net	<u>52,920,638</u>	<u>4,241,079</u>	<u>9,031</u>	<u>57,152,686</u>
Governmental activities capital assets - net	<u>\$63,883,000</u>	<u>\$9,340,423</u>	<u>\$6,786,568</u>	<u>\$66,436,855</u>
Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$2,878,597	\$ -	\$159,603	\$2,718,994
Construction in progress	-	44,166	-	44,166
Total capital assets, not being depreciated	<u>2,878,597</u>	<u>44,166</u>	<u>159,603</u>	<u>2,763,160</u>
Capital assets, being depreciated:				
Buildings and structures	11,008,964	109,294	51,663	11,066,595
Machinery and equipment	1,485,726	122,701	128,072	1,480,355
Distribution and collection systems	88,169,655	390,709	9,855	88,550,509
Total capital assets, being depreciated	<u>100,664,345</u>	<u>622,704</u>	<u>189,590</u>	<u>101,097,459</u>
Less accumulated depreciation for:				
Buildings and structures	5,359,470	285,788	51,663	5,593,595
Machinery and equipment	1,193,583	81,194	128,072	1,146,705
Distribution and collection systems	38,773,771	2,604,229	9,855	41,368,145
Total accumulated depreciation	<u>45,326,824</u>	<u>2,971,211</u>	<u>189,590</u>	<u>48,108,445</u>
Total capital assets being depreciated - net	<u>55,337,521</u>	<u>(2,348,507)</u>	<u>0</u>	<u>52,989,014</u>
Business-type activities capital assets - net	<u>\$58,216,118</u>	<u>(\$2,304,341)</u>	<u>\$159,603</u>	<u>\$55,752,174</u>

Additional information on the City's capital assets can be found in Note 6.

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$33,613,662 an increase of \$1,026,485 from 2021. Of the total debt, \$7,150,000 is for general obligation improvement debt which is supported in part by special assessments. An additional \$9,415,000 is for general obligation sales tax revenue bonds which is supported by revenues derived from the local option sales tax. Also outstanding is \$15,252,000 of revenue bonds which financed capital investments for the water, wastewater and storm sewer operations.

Additional long-term debt in the amount of \$858,378 for compensated absences and \$938,284 for bond premiums was also outstanding at the end of 2022.

City of Cambridge, Minnesota's Outstanding Debt

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General obligation improvement bonds	\$7,150,000	\$3,945,000	\$ -	\$ -	\$7,150,000	\$3,945,000
General obligation sales tax revenue bonds	9,415,000	9,950,000	-	-	9,415,000	9,950,000
Revenue bonds	-	-	15,252,000	17,021,000	15,252,000	17,021,000
Compensated absences	561,275	422,961	297,103	232,316	858,378	655,277
Bond premium	520,785	520,871	417,499	495,029	938,284	1,015,900
Total	<u>\$17,647,060</u>	<u>\$14,838,832</u>	<u>\$15,966,602</u>	<u>\$17,748,345</u>	<u>\$33,613,662</u>	<u>\$32,587,177</u>

During 2022, Standard and Poor's affirmed the City's AA bond rating due to consistently very strong liquidity, very strong management conditions, strong institutional framework score, tempered by the level of debt carried by the City.

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 \$19,150,389. Of the City's outstanding debt, \$3,780,000 is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 7.

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.

BASIC FINANCIAL STATEMENTS

CITY OF CAMBRIDGE, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2022
With Comparative Totals For December 31, 2021

Statement 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2022	2021
Assets:				
Cash and investments	\$20,507,005	\$9,348,109	\$29,855,114	\$27,912,262
Accrued interest	75,944	-	75,944	24,163
Due from other governmental units	535,833	13,300	549,133	451,878
Accounts receivable - net	71,675	488,193	559,868	550,256
Prepaid items	428,239	401,821	830,060	306,891
Internal balances	108,593	(108,593)	-	-
Loan receivable	57,932	-	57,932	75,473
Land held for resale	1,304,444	-	1,304,444	-
Property taxes receivable	131,230	-	131,230	120,251
Special assessments receivable	1,658,521	168,589	1,827,110	2,634,279
Lease receivable	1,140,252	59,413	1,199,665	870,634
Inventories - at cost	9,952	604,964	614,916	612,805
Net pension asset	-	-	-	198,577
Capital assets (net of accumulated depreciation):				
Land	9,103,951	2,718,994	11,822,945	11,684,034
Construction in progress	180,218	44,166	224,384	2,156,925
Buildings and structures	12,680,598	5,473,000	18,153,598	17,433,489
Vehicle, equipment and furniture	1,494,667	333,650	1,828,317	1,988,584
Infrastructure	42,977,421	47,182,364	90,159,785	88,836,086
Total assets	92,466,475	66,727,970	159,194,445	155,856,587
Deferred outflows of resources:				
Related to pensions	4,683,224	-	4,683,224	2,893,498
Liabilities:				
Accounts payable	288,318	197,227	485,545	497,170
Contracts payable	391,221	-	391,221	57,786
Deposits payable	367,718	35,717	403,435	188,115
Salaries and withholdings payable	294,116	-	294,116	257,224
Accrued liabilities	-	78,309	78,309	74,348
Accrued interest payable	205,303	128,413	333,716	295,910
Unearned revenue	1,013,074	-	1,013,074	503,789
Compensated absences payable:				
Due within one year	100,000	297,103	397,103	332,316
Due in more than one year	461,275	-	461,275	322,961
Bonds payable:				
Due within one year	1,155,000	2,045,000	3,200,000	3,109,000
Due in more than one year	15,930,785	13,624,499	29,555,284	28,822,900
Net pension liability:				
Due in more than one year	8,347,059	-	8,347,059	2,672,775
Total liabilities	28,553,869	16,406,268	44,960,137	37,134,294
Deferred inflows of resources:				
Related to leases	1,140,252	59,413	1,199,665	870,634
Related to pensions	295,785	-	295,785	4,022,054
Total deferred inflows of resources	1,436,037	59,413	1,495,450	4,892,688
Net position:				
Net investment in capital assets	48,959,849	40,082,675	89,042,524	90,109,433
Restricted for:				
Debt service	3,990,222	-	3,990,222	4,419,137
Tax Increment	163,956	-	163,956	124,863
Public safety programs	29,314	-	29,314	21,754
Trails program	169,364	-	169,364	143,690
Economic development programs	-	-	-	76,836
Pensions	-	-	-	198,577
Local option sales tax funded programs	2,301,684	-	2,301,684	1,187,602
Park Dedication	20,761	-	20,761	-
Unrestricted	11,524,643	10,179,614	21,704,257	20,441,211
Total net position	\$67,159,793	\$50,262,289	\$117,422,082	\$116,723,103

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Totals
						Business-Type Activities	2022	
Primary government:								
Governmental activities:								
General government	\$2,030,203	\$700,798	\$1,384	\$ -	(\$1,328,021)	\$ -	(\$1,328,021)	(\$912,439)
Public safety	3,557,925	221,114	475,300	-	(\$2,861,511)	-	(2,861,511)	(1,957,773)
Public works	4,985,768	421,832	182,797	1,161,754	(\$3,219,385)	-	(3,219,385)	(2,314,153)
Economic development	835,852	187,493	75,733	-	(\$572,626)	-	(572,626)	(315,945)
Interest on long-term debt	404,384	-	-	-	(\$404,384)	-	(404,384)	(297,334)
Total governmental activities	<u>11,814,132</u>	<u>1,531,237</u>	<u>735,214</u>	<u>1,161,754</u>	<u>(8,385,927)</u>	<u>-</u>	<u>(8,385,927)</u>	<u>(5,797,644)</u>
Business-type activities:								
Water	\$1,776,137	\$2,104,645	\$ -	\$4,611	\$ -	\$333,119	\$333,119	\$438,280
Wastewater	3,451,617	2,543,108	-	69,070	-	(839,439)	(839,439)	168,897
Storm sewer	524,784	404,251	-	-	-	(120,533)	(120,533)	(110,256)
Street lights	215,735	248,111	-	-	-	32,376	32,376	(12,420)
Municipal liquor	5,949,961	6,655,268	-	-	-	705,307	705,307	750,951
Housing	280,516	288,624	-	88,074	-	96,182	96,182	80,498
Total business-type activities	<u>12,198,750</u>	<u>12,244,007</u>	<u>-</u>	<u>161,755</u>	<u>-</u>	<u>207,012</u>	<u>207,012</u>	<u>1,315,950</u>
Total primary government	<u>\$24,012,882</u>	<u>\$13,775,244</u>	<u>\$735,214</u>	<u>\$1,323,509</u>	<u>(8,385,927)</u>	<u>207,012</u>	<u>(8,178,915)</u>	<u>(4,481,694)</u>
General revenues:								
Property taxes					5,835,367	-	5,835,367	5,597,350
Tax increment collections					378,706	-	378,706	529,573
Local option sales tax					1,914,082	-	1,914,082	1,677,517
Grants and contributions not restricted to specific programs					1,066,721	-	1,066,721	1,020,839
Unrestricted investment earnings								
Interest earned on investments					173,737	61,417	235,154	-
Net increase (decrease) in fair value of investments					(446,278)	(222,264)	(668,542)	(33,316)
Gain on sale of capital asset					103,252	13,154	116,406	405,485
Transfers					725,000	(725,000)	-	-
Total general revenues and transfers					<u>9,750,587</u>	<u>(872,693)</u>	<u>8,877,894</u>	<u>9,197,448</u>
Change in net position					<u>1,364,660</u>	<u>(665,681)</u>	<u>698,979</u>	<u>4,715,754</u>
Net position - January 1,					<u>65,795,133</u>	<u>50,927,970</u>	<u>116,723,103</u>	<u>112,007,349</u>
Net position - December 31					<u>\$67,159,793</u>	<u>\$50,262,289</u>	<u>\$117,422,082</u>	<u>\$116,723,103</u>

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

CITY OF CAMBRIDGE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022
With Comparative Totals For December 31, 2021

	General Fund	Debt Service Fund	Redevelopment Capital Fund
Assets			
Cash and investments	\$4,203,314	\$2,560,862	\$1,077,882
Accrued interest	75,944	-	-
Due from other governmental units	8,932	-	-
Accounts receivable - net	71,659	-	-
Interfund receivable	-	-	-
Prepaid items	427,196	-	-
Loan receivable	-	-	-
Land held for resale	-	-	1,304,444
Property taxes receivable:			
Delinquent	63,913	3,457	-
Due from County	63,603	-	-
Special assessments receivable	-	1,631,206	-
Lease receivable	470,497	-	-
Inventory	-	-	-
Total assets	<u>\$5,385,058</u>	<u>\$4,195,525</u>	<u>\$2,382,326</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Interfund payable	\$ -	\$ -	\$ -
Accounts payable	217,649	-	-
Contracts payable	-	-	-
Deposits payable	345,684	-	-
Salaries payable	294,116	-	-
Unearned revenue	300	-	-
Total liabilities	<u>857,749</u>	<u>0</u>	<u>0</u>
Deferred inflows of resources:			
Related to leases	470,497	-	-
Unavailable revenue	63,913	1,634,663	-
Total deferred inflows of resources	<u>534,410</u>	<u>1,634,663</u>	<u>-</u>
Fund balance:			
Nonspendable	427,196	-	-
Restricted	-	2,560,862	-
Committed	561,275	-	-
Assigned	-	-	2,382,326
Unassigned	3,004,428	-	-
Total fund balance (deficit)	<u>3,992,899</u>	<u>2,560,862</u>	<u>2,382,326</u>
Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$5,385,058</u>	<u>\$4,195,525</u>	<u>\$2,382,326</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.

Net pension (liability)/asset related to the Saint Anthony Fire Department pension plan.

Deferred outflows of resources related to the Saint Anthony Fire Department pension plan.

Deferred inflows of resources related to the Saint Anthony Fire Department pension plan.

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

Local Option Sales Tax Fund	2022 Street Improvement Project Fund	Other Governmental Funds	Intra Activity Eliminations	Totals Governmental Funds	
				2022	2021
\$1,935,489	\$409,883	\$9,987,155	\$ -	\$20,174,585	\$18,074,916
-	-	-	-	75,944	24,163
366,195	-	160,706	-	535,833	451,878
-	-	-	-	71,659	79,191
-	-	2,559	(2,559)	-	-
-	-	1,043	-	428,239	287,575
-	-	57,932	-	57,932	75,473
-	-	-	-	1,304,444	-
-	-	257	-	67,627	65,008
-	-	-	-	63,603	55,243
-	-	27,315	-	1,658,521	2,452,191
-	-	669,755	-	1,140,252	784,438
-	-	9,952	-	9,952	21,927
<u>\$2,301,684</u>	<u>\$409,883</u>	<u>\$10,916,674</u>	<u>(\$2,559)</u>	<u>\$25,588,591</u>	<u>\$22,372,003</u>
\$ -	\$ -	\$2,559	(\$2,559)	\$ -	\$ -
-	24,168	46,501	-	288,318	355,044
-	385,715	5,506	-	391,221	57,786
-	-	22,034	-	367,718	156,385
-	-	-	-	294,116	257,224
-	-	1,012,774	-	1,013,074	503,789
<u>0</u>	<u>409,883</u>	<u>1,089,374</u>	<u>(\$2,559)</u>	<u>2,354,447</u>	<u>1,330,228</u>
-	-	669,755	-	1,140,252	784,438
-	-	27,572	-	1,726,148	2,517,199
-	-	697,327	-	2,866,400	3,301,637
-	-	10,995	-	438,191	309,502
2,301,684	-	383,395	-	5,245,941	3,701,313
-	-	-	-	561,275	422,961
-	-	8,739,322	-	11,121,648	10,191,137
-	-	(3,739)	-	3,000,689	3,115,225
<u>2,301,684</u>	<u>0</u>	<u>9,129,973</u>	<u>0</u>	<u>20,367,744</u>	<u>17,740,138</u>
<u>\$2,301,684</u>	<u>\$409,883</u>	<u>\$10,916,674</u>	<u>(\$2,559)</u>	<u>\$25,588,591</u>	<u>\$22,372,003</u>
				\$20,367,744	\$17,740,138
				66,436,855	63,883,000
				1,726,148	2,517,199
				(190,540)	198,577
				243,835	17,481
				(110,132)	(174,702)
				(17,852,363)	(14,990,405)
				(3,461,754)	(3,396,155)
				<u>\$67,159,793</u>	<u>\$65,795,133</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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	General Fund	Debt Service Fund	Redevelopment Capital Fund
Revenues:			
General property taxes	\$5,593,724	\$239,024	\$ -
Tax increment collections	-	-	-
Licenses and permits	678,365	-	-
Intergovernmental	1,518,435	-	-
Special assessments	-	735,871	-
Charges for services	223,990	-	-
Local sales tax	-	-	-
Fines and forfeits	48,782	-	-
Investment income/(loss):			
Interest earned on investments	71,042	10,369	13,484
Net increase (decrease) in fair value of investments	(77,543)	(37,996)	(49,398)
Rents	10,638	-	-
Other	11,259	-	-
Total revenues	<u>8,078,692</u>	<u>947,268</u>	<u>(35,914)</u>
Expenditures:			
Current:			
General government	1,746,486	-	-
Public safety	3,094,115	-	-
Public works	2,034,675	-	-
Economic development	-	-	5,484
Capital outlay:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	1,110,000	-
Interest	-	347,125	-
Paying agent fees	-	3,475	-
Bond issuance costs	-	-	-
Construction/acquisition costs	-	-	-
Total expenditures	<u>6,875,276</u>	<u>1,460,600</u>	<u>5,484</u>
Revenues over (under) expenditures	<u>1,203,416</u>	<u>(513,332)</u>	<u>(41,398)</u>
Other financing sources (uses):			
Bonds issued	-	-	-
Bond premium	-	-	-
Sale of property	-	-	-
Transfers in	625,000	827,626	35,915
Transfers out	(1,659,768)	-	(86,689)
Total other financing sources (uses)	<u>(1,034,768)</u>	<u>827,626</u>	<u>(50,774)</u>
Net change in fund balance	168,648	314,294	(92,172)
Fund balance - January 1	<u>3,824,251</u>	<u>2,246,568</u>	<u>2,474,498</u>
Fund balance - December 31	<u>\$3,992,899</u>	<u>\$2,560,862</u>	<u>\$2,382,326</u>

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

Local Option Sales Tax Fund	2022 Street Improvement Project Fund	Other Governmental Funds	Intra Activity Eliminations	Totals Governmental Funds	
				2022	2021
\$ -	\$ -	\$ -	\$ -	\$5,832,748	\$5,598,962
-	-	378,706	-	378,706	529,573
-	-	-	-	678,365	955,065
-	337,408	537,056	-	2,392,899	2,235,154
-	-	107,926	-	843,797	421,928
-	-	381,969	-	605,959	725,158
1,914,082	-	-	-	1,914,082	1,677,517
-	-	-	-	48,782	33,554
-	-	-	-	-	-
10,561	13,709	54,572	-	173,737	-
(38,689)	(50,224)	(192,428)	-	(446,278)	(13,639)
-	-	187,493	-	198,131	255,232
-	-	123,747	-	135,006	36,390
<u>1,885,954</u>	<u>300,893</u>	<u>1,579,041</u>	<u>0</u>	<u>12,755,934</u>	<u>12,454,894</u>
-	-	-	-	1,746,486	1,870,572
-	-	-	-	3,094,115	2,758,027
-	-	356,243	-	2,390,918	2,267,219
-	-	738,997	-	744,481	530,314
-	-	85,159	-	85,159	11,894
-	-	64,789	-	64,789	80,840
-	-	294,921	-	294,921	153,374
-	-	-	-	1,110,000	1,070,000
-	-	-	-	347,125	397,607
-	-	-	-	3,475	6,689
-	72,483	-	-	72,483	-
-	4,217,939	562,318	-	4,780,257	2,029,427
<u>0</u>	<u>4,290,422</u>	<u>2,102,427</u>	<u>0</u>	<u>14,734,209</u>	<u>11,175,963</u>
<u>1,885,954</u>	<u>(3,989,529)</u>	<u>(523,386)</u>	<u>0</u>	<u>(1,978,275)</u>	<u>1,278,931</u>
-	3,780,000	-	-	3,780,000	-
-	72,343	-	-	72,343	-
-	-	138,538	-	138,538	794,994
28,128	-	2,644,678	(3,546,347)	615,000	700,000
(800,000)	(836,579)	(163,311)	3,546,347	-	-
<u>(771,872)</u>	<u>3,015,764</u>	<u>2,619,905</u>	<u>0</u>	<u>4,605,881</u>	<u>1,494,994</u>
1,114,082	(973,765)	2,096,519	0	2,627,606	2,773,925
1,187,602	973,765	7,033,454	-	17,740,138	14,966,213
<u>\$2,301,684</u>	<u>\$0</u>	<u>\$9,129,973</u>	<u>\$0</u>	<u>\$20,367,744</u>	<u>\$17,740,138</u>

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

- This page intentionally left blank -

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, 2022
With Comparative Totals For The Year Ended December 31, 2021

Statement 5

	<u>2022</u>	<u>2021</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)	\$2,627,606	\$2,773,925
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.	2,279,083	(480,819)
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.	274,772	(389,509)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(791,051)	415,633
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.	(2,670,000)	1,070,000
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.	(65,599)	472,597
Governmental funds report pension contributions as expenditures, however pension expense is reported in the Statement of Activities. This amount by which pension expense differed from pension contributions for the Cambridge Fire Department pension plan (Note 9).	(98,193)	108,562
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>(191,958)</u>	<u>149,092</u>
Change in net position of governmental activities (Statement 2)	<u><u>\$1,364,660</u></u>	<u><u>\$4,119,481</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, 2022
With Comparative Totals For December 31, 2021

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Assets:			
Current assets:			
Cash and cash equivalents	\$3,148,641	\$4,487,557	\$711,599
Due from other governmental units	-	-	-
Accounts receivable:			
Customers	170,605	255,363	38,340
Prepaid items	114,760	270,918	-
Inventories - at cost	-	-	-
Total current assets	<u>3,434,006</u>	<u>5,013,838</u>	<u>749,939</u>
Noncurrent assets:			
Special assessments	143,402	25,187	-
Lease receivable	59,413	-	-
Capital assets:			
Land	1,262,997	976,039	106,416
Construction in progress	42,750	-	-
Buildings and structures	7,560,701	125,425	-
Machinery and equipment	353,841	808,409	16,500
Distribution and collection system	25,285,800	46,083,642	17,181,067
Total capital assets	<u>34,506,089</u>	<u>47,993,515</u>	<u>17,303,983</u>
Less: Allowance for depreciation	<u>(13,647,076)</u>	<u>(23,890,891)</u>	<u>(7,743,528)</u>
Net capital assets	<u>20,859,013</u>	<u>24,102,624</u>	<u>9,560,455</u>
Total noncurrent assets	<u>21,061,828</u>	<u>24,127,811</u>	<u>9,560,455</u>
Total assets	<u>24,495,834</u>	<u>29,141,649</u>	<u>10,310,394</u>
Deferred outflows of resources:			
Related to pensions	-	-	-
Liabilities:			
Current liabilities:			
Accounts payable	22,985	49,939	7,085
Accrued liabilities	2,102	-	-
Accrued interest payable	66,100	35,648	26,665
Deposits payable	-	-	-
Compensated absences payable - current portion	50,257	167,844	-
Bonds payable - current portion	943,672	806,484	294,844
Total current liabilities	<u>1,085,116</u>	<u>1,059,915</u>	<u>328,594</u>
Noncurrent liabilities:			
Bonds payable - noncurrent portion	4,837,602	6,779,444	2,007,453
Net pension liability	-	-	-
Total noncurrent liabilities	<u>4,837,602</u>	<u>6,779,444</u>	<u>2,007,453</u>
Total liabilities	<u>5,922,718</u>	<u>7,839,359</u>	<u>2,336,047</u>
Deferred inflows of resources:			
Related to leases	59,413	-	-
Related to pensions	-	-	-
Total deferred inflows of resources	<u>59,413</u>	<u>0</u>	<u>0</u>
Net position:			
Net investment in capital assets	15,077,739	16,516,696	7,258,158
Unrestricted	3,435,964	4,785,594	716,189
Total net position	<u>\$18,513,703</u>	<u>\$21,302,290</u>	<u>\$7,974,347</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)

Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
604 Street Lights	610 Municipal Liquor Store	901 Housing	Totals			
			2022	2021		
\$57,395	\$573,916	\$369,001	\$9,348,109	\$9,622,263	\$332,420	
-	-	13,300	13,300	-	-	
23,885	-	-	488,193	470,493	16	
-	13,368	2,775	401,821	19,316	-	
-	604,964	-	604,964	590,878	-	
<u>81,280</u>	<u>1,192,248</u>	<u>385,076</u>	<u>10,856,387</u>	<u>10,702,950</u>	<u>332,436</u>	
-	-	-	168,589	182,088	-	
-	-	-	59,413	86,196	-	
-	239,500	134,042	2,718,994	2,878,597	-	
-	1,416	-	44,166	-	-	
-	1,408,203	1,972,266	11,066,595	11,008,964	-	
-	227,967	73,638	1,480,355	1,485,726	-	
-	-	-	88,550,509	88,169,655	-	
0	1,877,086	2,179,946	103,860,619	103,542,942	0	
-	(1,028,506)	(1,798,444)	(48,108,445)	(45,326,824)	-	
0	848,580	381,502	55,752,174	58,216,118	0	
0	848,580	381,502	55,980,176	58,484,402	0	
<u>81,280</u>	<u>2,040,828</u>	<u>766,578</u>	<u>66,836,563</u>	<u>69,187,352</u>	<u>332,436</u>	
-	-	-	-	-	4,439,389	
98	96,224	20,896	197,227	142,126	-	
-	76,207	-	78,309	74,348	-	
-	-	-	128,413	144,337	-	
-	-	35,717	35,717	31,730	-	
-	77,388	1,614	297,103	232,316	-	
-	-	-	2,045,000	1,999,000	-	
<u>98</u>	<u>249,819</u>	<u>58,227</u>	<u>2,781,769</u>	<u>2,623,857</u>	<u>0</u>	
-	-	-	13,624,499	15,517,029	-	
-	-	-	-	-	8,156,519	
0	0	0	13,624,499	15,517,029	8,156,519	
98	249,819	58,227	16,406,268	18,140,886	8,156,519	
-	-	-	59,413	86,196	-	
-	-	-	-	-	185,653	
0	0	0	59,413	86,196	185,653	
-	848,580	381,502	40,082,675	40,700,089	-	
81,182	942,429	326,849	10,288,207	10,260,181	(3,570,347)	
<u>\$81,182</u>	<u>\$1,791,009</u>	<u>\$708,351</u>	<u>\$50,370,882</u>	<u>\$50,960,270</u>	<u>(\$3,570,347)</u>	
			\$50,370,882			
			(108,593)			
			<u>\$50,262,289</u>			

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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Operating revenues:			
Liquor store sales	\$ -	\$ -	\$ -
Customer billings	2,068,088	2,543,108	404,251
Charges for services	-	-	-
Rental and service income	-	-	-
HUD operating subsidy	-	-	-
Other	-	-	-
Insurance dividends	-	-	-
Sale of water meters	36,557	-	-
Total operating revenues	<u>2,104,645</u>	<u>2,543,108</u>	<u>404,251</u>
Operating expenses:			
Cost of liquor store sales	-	-	-
Salaries and wages	275,811	690,325	-
Employee benefits	99,326	262,631	-
Professional services	44,205	137,343	10,391
Shop supplies	34,680	17,021	-
Heat, light, and power	96,595	197,975	-
Maintenance and repairs	215,891	337,850	37,001
Advertising	2,081	-	-
Telephone	5,877	9,480	-
Insurance and bonds	21,450	43,414	-
Office supplies	8,119	9,833	33
Miscellaneous	16,094	17,495	1,998
Claims	-	-	-
Depreciation	846,881	1,591,011	428,750
Total operating expenses	<u>1,667,010</u>	<u>3,314,378</u>	<u>478,173</u>
Operating income (loss)	<u>437,635</u>	<u>(771,270)</u>	<u>(73,922)</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Investment income/(loss):			
Interest earned on investments	19,232	33,235	4,071
Net increase (decrease) in fair value of investments	(70,459)	(121,392)	(14,914)
Lottery proceeds-net	-	-	-
Gain on disposal of assets	-	13,154	-
Bond issuance costs	-	-	(4,410)
Interest expense	(107,552)	(86,647)	(42,201)
Miscellaneous	(1,575)	(1,100)	-
Total nonoperating revenues (expenses)	<u>(160,354)</u>	<u>(162,750)</u>	<u>(57,454)</u>

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

Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
604 Street Lights	610 Municipal Liquor Store	901 Housing	Intra Activity Elimination	Totals		
				2022	2021	
\$ -	\$6,650,278	\$ -	\$ -	\$6,650,278	\$6,755,455	\$ -
243,543	-	-	-	5,258,990	5,345,694	-
-	-	-	-	-	-	511,849
-	-	192,050	-	192,050	185,790	-
-	-	96,574	-	96,574	87,113	-
4,568	386	-	-	4,954	393	-
-	-	-	-	-	-	73,845
-	-	-	-	36,557	80,432	-
<u>248,111</u>	<u>6,650,664</u>	<u>288,624</u>	<u>0</u>	<u>12,239,403</u>	<u>12,454,877</u>	<u>585,694</u>
-	4,953,842	-	-	4,953,842	5,069,084	-
-	447,188	58,899	-	1,472,223	1,373,468	-
-	143,976	23,276	-	529,209	516,689	832,208
-	6,830	52,814	-	251,583	274,045	-
-	1,044	3,921	-	56,666	62,083	-
175,713	32,102	48,244	-	550,629	534,707	-
40,022	56,635	25,328	-	712,727	623,004	-
-	43,231	-	-	45,312	37,221	-
-	7,204	7,201	-	29,762	30,336	-
-	15,158	10,727	-	90,749	86,606	-
-	1,259	397	-	19,641	19,791	-
-	156,170	3,661	-	195,418	192,437	-
-	-	-	-	-	-	68,106
-	61,853	42,716	-	2,971,211	2,928,225	-
<u>215,735</u>	<u>5,926,492</u>	<u>277,184</u>	<u>0</u>	<u>11,878,972</u>	<u>11,747,696</u>	<u>900,314</u>
<u>32,376</u>	<u>724,172</u>	<u>11,440</u>	<u>0</u>	<u>360,431</u>	<u>707,181</u>	<u>(314,620)</u>
-	-	-	-	-	-	66,568
405	3,826	648	-	61,417	-	1,441
(1,483)	(14,016)	-	-	(222,264)	(19,677)	(5,281)
-	4,604	-	-	4,604	6,477	-
-	-	-	-	13,154	-	-
-	-	-	-	(4,410)	-	-
-	-	-	-	(236,400)	(281,909)	-
-	-	-	-	(2,675)	(8,029)	-
<u>(1,078)</u>	<u>(5,586)</u>	<u>648</u>	<u>0</u>	<u>(386,574)</u>	<u>(303,138)</u>	<u>62,728</u>

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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Income (loss) before capital contributions and transfers	\$277,281	(\$934,020)	(\$131,376)
Capital contributions:			
Capital grant	-	-	-
Connection charges & special assessments	4,611	69,070	-
Total capital contributions	<u>4,611</u>	<u>69,070</u>	<u>0</u>
Transfers:			
Transfers in	100,000	-	-
Transfers out	(25,000)	(75,000)	-
Total transfers	<u>75,000</u>	<u>(75,000)</u>	<u>0</u>
Change in net position	356,892	(939,950)	(131,376)
Net position - January 1	<u>18,156,811</u>	<u>22,242,240</u>	<u>8,105,723</u>
Net position - December 31	<u><u>\$18,513,703</u></u>	<u><u>\$21,302,290</u></u>	<u><u>\$7,974,347</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
604 Street Lights	610 Municipal Liquor Store	901 Housing	Intra Activity Elimination	Totals		
				2022	2021	
\$31,298	\$718,586	\$12,088	\$ -	(\$26,143)	\$404,043	(\$251,892)
-	-	88,074	-	88,074	50,989	-
-	-	-	-	73,681	746,613	-
<u>0</u>	<u>0</u>	<u>88,074</u>	<u>0</u>	<u>161,755</u>	<u>797,602</u>	<u>0</u>
-	-	-	(100,000)	-	-	110,000
-	(725,000)	-	100,000	(725,000)	(700,000)	-
<u>0</u>	<u>(725,000)</u>	<u>0</u>	<u>0</u>	<u>(725,000)</u>	<u>(700,000)</u>	<u>110,000</u>
31,298	(6,414)	100,162	0	(589,388)	501,645	(141,892)
<u>49,884</u>	<u>1,797,423</u>	<u>608,189</u>	<u>-</u>	<u>50,960,270</u>	<u>50,458,625</u>	<u>(3,428,455)</u>
<u>\$81,182</u>	<u>\$1,791,009</u>	<u>\$708,351</u>	<u>\$0</u>	<u>\$50,370,882</u>	<u>\$50,960,270</u>	<u>(\$3,570,347)</u>
				(\$589,388)		
				(76,293)		
				<u>(\$665,681)</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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Cash flows from operating activities:			
Receipts from customers and users	\$2,086,390	\$2,546,536	\$402,286
Payment to suppliers	(431,623)	(726,153)	(42,338)
Payment of wages and benefits	(369,968)	(913,122)	-
Miscellaneous revenue	4,611	-	-
Net cash flows from operating activities	<u>1,289,410</u>	<u>907,261</u>	<u>359,948</u>
Cash flows from noncapital financing activities:			
Transfer from other funds	100,000	-	-
Transfer to other funds	-	-	-
Interfund loans paid	-	-	-
Transfer to General Fund	(25,000)	(75,000)	-
Net cash flows from noncapital financing activities	<u>75,000</u>	<u>(75,000)</u>	<u>0</u>
Cash flows from capital and related financing activities:			
Principal received on special assessments	9,043	4,456	-
Connection fees and related charges	-	69,070	-
Payment to developer for future projects	(113,750)	(269,908)	-
Sale of assets	-	172,757	-
HUD contribution	-	-	-
Acquisition of capital assets	(183,635)	(142,525)	(230,000)
Debt proceeds, net of issue costs, discount & fiscal fees	-	-	225,590
Interest paid on debt	(120,935)	(92,340)	(41,724)
Principal paid on debt	(964,732)	(808,507)	(303,291)
Net cash flows from capital and related financing activities	<u>(1,374,009)</u>	<u>(1,066,997)</u>	<u>(349,425)</u>
Cash flows from investing activities:			
Investment income/(loss):			
Interest earned on investments	19,232	33,235	4,071
Increase (decrease) in fair value of investments	(70,459)	(121,392)	(14,914)
Net cash flows from investing activities	<u>(51,227)</u>	<u>(88,157)</u>	<u>(10,843)</u>
Net increase (decrease) in cash and cash equivalents	(60,826)	(322,893)	(320)
Cash and cash equivalents - January 1	<u>3,209,467</u>	<u>4,810,450</u>	<u>711,919</u>
Cash and cash equivalents - December 31	<u><u>\$3,148,641</u></u>	<u><u>\$4,487,557</u></u>	<u><u>\$711,599</u></u>

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

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
604 Street Lights	610 Municipal Liquor Store	901 Housing	Totals		
			2022	2021	
\$247,709	\$6,654,119	\$292,611	\$12,229,651	\$12,435,346	\$910,919
(236,373)	(5,280,272)	(147,402)	(6,864,161)	(6,968,716)	(67,534)
-	(572,994)	(80,561)	(1,936,645)	(1,876,450)	(832,208)
-	4,604	-	9,215	11,864	-
<u>11,336</u>	<u>805,457</u>	<u>64,648</u>	<u>3,438,060</u>	<u>3,602,044</u>	<u>11,177</u>
-	-	-	100,000	100,000	110,000
-	(200,000)	-	(200,000)	(300,000)	-
-	-	-	-	566,858	-
-	(525,000)	-	(625,000)	(500,000)	-
<u>0</u>	<u>(725,000)</u>	<u>0</u>	<u>(725,000)</u>	<u>(133,142)</u>	<u>110,000</u>
-	-	-	13,499	11,677	-
-	-	-	69,070	741,226	-
-	-	-	(383,658)	-	-
-	-	-	172,757	-	-
-	-	74,774	74,774	50,989	-
-	(22,636)	(88,074)	(666,870)	(215,979)	-
-	-	-	225,590	-	-
-	-	-	(254,999)	(398,150)	-
-	-	-	(2,076,530)	(1,803,000)	-
<u>0</u>	<u>(22,636)</u>	<u>(13,300)</u>	<u>(2,826,367)</u>	<u>(1,613,237)</u>	<u>0</u>
405	3,826	648	61,417	(19,677)	1,441
(1,483)	(14,016)	-	(222,264)	-	(5,281)
<u>(1,078)</u>	<u>(10,190)</u>	<u>648</u>	<u>(160,847)</u>	<u>(19,677)</u>	<u>(3,840)</u>
10,258	47,631	51,996	(274,154)	1,835,988	117,337
<u>47,137</u>	<u>526,285</u>	<u>317,005</u>	<u>9,622,263</u>	<u>7,786,275</u>	<u>215,083</u>
<u>\$57,395</u>	<u>\$573,916</u>	<u>\$369,001</u>	<u>\$9,348,109</u>	<u>\$9,622,263</u>	<u>\$332,420</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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$437,635	(\$771,270)	(\$73,922)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Intergovernmental revenue	-	-	-
Miscellaneous revenue	-	-	-
Connection fees	4,611	-	-
Depreciation	846,881	1,591,011	428,750
Changes in assets and liabilities:			
Decrease (increase) in receivables	8,022	3,428	(1,965)
Decrease (increase) in prepaid items	527	-	-
Decrease (increase) in inventory	-	-	-
Decrease (increase) in deferred outflows of resources	-	-	-
Increase (decrease) in payables	18,517	84,092	7,085
Increase (decrease) in deferred inflows of resources	(26,783)	-	-
Total adjustments	851,775	1,678,531	433,870
Net cash provided by operating activities	\$1,289,410	\$907,261	\$359,948

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

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
604 Street Lights	610 Municipal Liquor Store	901 Housing	Totals		
			2022	2021	
\$32,376	\$724,172	\$11,440	\$360,431	\$707,181	(\$314,620)
-	-	-	-	-	66,568
-	4,604	-	4,604	6,477	-
-	-	-	4,611	5,387	-
-	61,853	42,716	2,971,211	2,928,225	-
(402)	-	-	9,083	(21,370)	556
-	961	(335)	1,153	(9,882)	-
-	(14,086)	-	(14,086)	(46,948)	-
-	-	-	-	-	(1,563,372)
(20,638)	27,953	10,827	127,836	32,974	5,483,744
-	-	-	(26,783)	-	(3,661,699)
(21,040)	81,285	53,208	3,077,629	2,894,863	325,797
\$11,336	\$805,457	\$64,648	\$3,438,060	\$3,602,044	\$11,177

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

- This page intentionally left blank -

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 substantially 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 *Redevelopment Capital Fund* is used to account for resources and expenditures related to redevelopment of areas within the City of Cambridge.

The *Local Option Sales Tax Fund* is used to account for local option sales tax generated in Cambridge as authorized under legislation approved by the state of Minnesota.

The *2022 Street Improvement Project Fund* is used to account for the accumulation of resources and the costs related to the 2022 Street Improvement Project.

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 *Street Lights Fund* accounts for operations of the City's street lights.

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, producing, and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Wastewater, Storm Sewer, Street Lights 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.

D. BUDGETS

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the General Fund, Debt Service Fund, EDA Operating Special Revenue Fund, and Airport Operating Special Revenue Fund. 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 ensure 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 Debt Service Fund, EDA Operating Special Revenue Fund and Airport Operating Special Revenue fund.
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, Debt Service Fund and budgeted Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Fund. 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, net income for operation, 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; miscellaneous; 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.

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.” Note 10 describes all interfund receivables and payables at December 31, 2022 and the City’s plan to eliminate them in future years. 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. LEASE RECEIVABLE

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue/the lessee's usage levels.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the commencement of the lease in an amount equal to the initial recording of the lease receivable and is recognized as revenue over the lease term.

M. 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 increase the capacity or efficiency of the item or extend its useful life beyond the original estimate are not capitalized.

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, 2022.

Capital assets of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

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

N. 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.

O. 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.

P. 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 inventory.

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.

Q. 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.

R. 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.

S. 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 \$360,092 and \$373,884 for December 31, 2022 and 2021, respectively.

T. COMPARATIVE TOTALS & RECLASSIFICATIONS

The basic financial statements, 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, 2021 from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation.

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 assets 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 assets 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 and proprietary funds Statements of Net Position and lease related deferred inflows reported in the government-wide and proprietary funds Statements of Net Position and the governmental funds Balance Sheet. 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 property taxes and special assessments.

V. PENSION PLANS

COST SHARING MULTIPLE – EMPLOYER PLANS

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

SINGLE EMPLOYER PLAN

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.

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 difference are as follows:

Bonds payable	(\$16,565,000)
Compensated absences	(561,275)
Accrued interest payable	(205,303)
Unamortized bond premium	<u>(520,785)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position governmental activities	<u><u>(\$17,852,363)</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 difference are as follows:

Capital outlay	\$444,869
Construction/acquisition costs	4,780,257
Depreciation expense	<u>(2,946,043)</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>\$2,279,083</u></u>

Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this difference are as follows:

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 assets sold.	(\$44,317)
Donations of capital assets increase net position in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.	<u>319,089</u>
Net adjustment to increase changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$274,772</u></u>

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 difference are as follows:

General property taxes unavailable revenue:	
December 31, 2021	(\$65,008)
December 31, 2022	62,389
Special assessments unavailable revenue:	
December 31, 2021	(2,452,191)
December 31, 2022	<u>3,245,861</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$791,051</u></u>

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 difference are as follows:

Bonds issued	(\$3,780,000)
Principal repayments	<u>1,110,000</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>(\$2,670,000)</u></u>

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 difference are as follows:

Issuance of bond premium	(\$72,343)
Amortization of bond premium	72,429
Accrued interest payable	(53,730)
Compensated absences	<u>(138,314)</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>(\$191,958)</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. Minnesota Statute 118A.03 identifies allowable forms of collateral.

Custodial credit risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2022, the bank balance of the City’s deposits was \$21,407,593, all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City’s name.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the City to invest in United States securities, state and local securities, commercial paper, time deposits, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

At December 31, 2022 the City's investment balances were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
External investment pool - 4M Fund	\$1,530	\$1,530	\$ -	\$ -
External investment pool - 4MP Fund	58,032	58,032	-	-
Brokered certificates of deposit	6,619,751	1,437,485	4,578,304	603,962
Federal Home Loan Mortgage Corp	209,458	-	209,458	-
Federal National Mortgage Association	169,852	-	169,852	-
Federal Home Loan Bank	1,054,914	-	1,054,914	-
Federal Farm Credit Bank	303,341	-	303,341	-
Total	<u>\$8,416,878</u>	<u>\$1,497,047</u>	<u>\$6,315,869</u>	<u>\$603,962</u>
		Total investments		\$8,416,878
		Deposits		21,435,861
		Petty cash		2,375
		Total cash and investments		<u>\$29,855,114</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, 2022:

Investment Type	12/31/2022	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$6,619,751	\$ -	\$6,619,751	\$ -
Federal Home Loan Mortgage Corp	209,458	-	209,458	-
Federal National Mortgage Association	169,852	-	169,852	-
Federal Home Loan Bank	1,054,914	-	1,054,914	-
Federal Farm Credit Bank	303,341	-	303,341	-
Subtotal	<u>\$8,357,316</u>	<u>\$0</u>	<u>\$8,357,316</u>	<u>\$0</u>

Investments at amortized cost:

External investment pool - 4MP Fund	58,032
External investment pool - 4M Fund	1,530
Total	<u>\$8,416,878</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.

4M PLUS Fund: This series of the 4M Fund is an unrated pool. 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 \$1.00. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost. The 4M PLUS Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 4-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn. The City's account balance is the fair value of the investment.

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, 2022, \$59,562 of the City's investments were invested in the 4M and 4MP 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 only those investment instruments authorized by Minnesota Statutes. 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 Bank.

At December 31, 2022 the City's investments in U.S. Government securities and U.S. Agency securities were rated "AAA" by Standard & Poor's.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2022 are as follows:

	Major Fund				Nonmajor	Total
	General	Debt Service	Water	Wastewater	Governmental Funds	
Special assessments receivable	\$ -	\$1,332,200	\$133,500	\$20,200	\$23,800	\$1,509,700
Property taxes receivable	21,000	1,000	-	-	-	22,000
Total	\$21,000	\$1,333,200	\$133,500	\$20,200	\$23,800	\$1,531,700

Note 4 LEASE RECEIVABLE

The City leases a portion of its water tower for a cellular tower antenna site. This lease is non-cancelable for a period of 4 years, with two renewal periods of 5 years at the lessee’s option. The City considers the likelihood of these options being exercised to be less than 50%. The agreement calls for monthly lease payments of \$2,309-\$2,598, with increases of 4% each year. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2.76% which is based on the rate available to finance acquisitions over the same time periods.

The City leases space within their City Center mall as follows:

<u>Mall Space Lessees</u>	Initial Non-cancelable <u>Term</u>	Monthly <u>Payments</u>
Gamer's Den	120 months	\$5,500 - \$6,624
Minnesota Department of Public Safety	24 months	\$1,148
Isanti County Aging	39 months	\$500
Rum River	34 months	\$3,917
Minnesota Department of Human Services	31 months	\$3,116

The above leases do not have any renewal options. Additionally, they are measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2.76% which is based on the rate available to finance acquisitions over the same time periods.

The City leases space within their library to East Central Regional Library. This lease is non-cancelable for a period of 10 years, with no renewal options. The agreement calls for monthly lease payments of \$4,922-\$6,016. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2.76% which is based on the rate available to finance acquisitions over the same time periods.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

At December 31, 2022, the City recorded \$1,199,665 in leases receivables and deferred inflows of resources for these arrangements.

Total revenue recognized in relation to these leases is as follows:

Amortization of lease-related deferred inflows	
Antenna leases	\$26,783
Mall space leases	126,732
Library leases	<u>47,024</u>
Total revenue recognized resulting from deferred inflow amortization	200,539
Interest revenue	<u>27,405</u>
Total revenue recognized in relation to leased assets	<u><u>\$227,944</u></u>

Note 5 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	\$63,913	\$ -	\$63,913
Debt service fund	3,457	1,631,206	1,634,663
Nonmajor funds	<u>257</u>	<u>27,315</u>	<u>27,572</u>
Total	<u><u>\$67,627</u></u>	<u><u>\$1,658,521</u></u>	<u><u>\$1,726,148</u></u>

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$8,805,437	\$333,800	\$35,286	\$9,103,951
Construction in progress	2,156,925	4,765,544	6,742,251	180,218
Total capital assets, not being depreciated	<u>10,962,362</u>	<u>5,099,344</u>	<u>6,777,537</u>	<u>9,284,169</u>
Capital assets, being depreciated:				
Buildings and structures	16,687,073	1,441,828	492,805	17,636,096
Vehicles, equipment and furniture	8,557,636	339,829	285,626	8,611,839
Streets, airport runways, bridges and signals	73,234,265	5,405,465	-	78,639,730
Total capital assets, being depreciated	<u>98,478,974</u>	<u>7,187,122</u>	<u>778,431</u>	<u>104,887,665</u>
Less accumulated depreciation for:				
Buildings and structures	4,903,078	536,194	483,774	4,955,498
Vehicles, equipment and furniture	6,861,195	541,603	285,626	7,117,172
Streets, airport runways, bridges and signals	33,794,063	1,868,246	-	35,662,309
Total accumulated depreciation	<u>45,558,336</u>	<u>2,946,043</u>	<u>769,400</u>	<u>47,734,979</u>
Total capital assets being depreciated - net	<u>52,920,638</u>	<u>4,241,079</u>	<u>9,031</u>	<u>57,152,686</u>
Governmental activities capital assets - net	<u>\$63,883,000</u>	<u>\$9,340,423</u>	<u>\$6,786,568</u>	<u>\$66,436,855</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$2,878,597	\$ -	\$159,603	\$2,718,994
Construction in progress	-	44,166	-	44,166
Total capital assets, not being depreciated	<u>2,878,597</u>	<u>44,166</u>	<u>159,603</u>	<u>2,763,160</u>
Capital assets, being depreciated:				
Buildings and structures	11,008,964	109,294	51,663	11,066,595
Machinery and equipment	1,485,726	122,701	128,072	1,480,355
Distribution and collection systems	88,169,655	390,709	9,855	88,550,509
Total capital assets, being depreciated	<u>100,664,345</u>	<u>622,704</u>	<u>189,590</u>	<u>101,097,459</u>
Less accumulated depreciation for:				
Buildings and structures	5,359,470	285,788	51,663	5,593,595
Machinery and equipment	1,193,583	81,194	128,072	1,146,705
Distribution and collection systems	38,773,771	2,604,229	9,855	41,368,145
Total accumulated depreciation	<u>45,326,824</u>	<u>2,971,211</u>	<u>189,590</u>	<u>48,108,445</u>
Total capital assets being depreciated - net	<u>55,337,521</u>	<u>(2,348,507)</u>	<u>0</u>	<u>52,989,014</u>
Business-type activities capital assets - net	<u>\$58,216,118</u>	<u>(\$2,304,341)</u>	<u>\$159,603</u>	<u>\$55,752,174</u>

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

Governmental activities:	
General government	\$152,762
Economic Development	72,031
Public safety	199,447
Public works, including depreciation of general infrastructure assets	2,521,803
Total depreciation expense - governmental activities	<u>\$2,946,043</u>
Business-type activities:	
Water	\$846,881
Wastewater	1,591,011
Storm sewer	428,750
Liquor store	61,853
Housing	42,716
Total depreciation expense - business-type activities	<u>\$2,971,211</u>

CONSTRUCTION COMMITMENTS

At December 31, 2022, obligations under the contract for the City's 2022 Municipal Airport Construction project totaled approximately \$1,740,000.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 7 LONG-TERM DEBT

The City issues general obligation bonds 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, 2022, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/2022
Governmental Activities:					
G.O. Improvement Bonds:					
Improvement Bonds of 2014	2% - 2.375%	5/28/2014	2/1/2025	\$1,601,532	\$335,000
Improvement Bonds of 2016	2% - 3%	5/17/2016	2/1/2027	2,570,000	1,240,000
Improvement Bonds of 2018	3.00%	5/30/2018	2/1/2029	1,970,000	1,445,000
Improvement Bonds of 2020	2% - 3%	5/28/2020	2/1/2031	385,000	350,000
Improvement Bonds of 2022	3.00%	5/26/2022	2/1/2033	3,780,000	3,780,000
Total G.O. Improvement Bonds				<u>10,306,532</u>	<u>7,150,000</u>
G.O. Sales Tax Revenue Bonds:					
Sales Tax Revenue Bonds of 2019	2% - 3%	12/30/2019	2/1/2024	7,235,000	6,685,000
Sales Tax Revenue Bonds of 2020	2% - 3%	5/28/2020	2/1/2040	3,255,000	2,730,000
Total G.O. Sales Tax Revenue Bonds				<u>10,490,000</u>	<u>9,415,000</u>
Compensated absences payable					<u>561,275</u>
Bond issuance premium					<u>520,785</u>
Total City indebtedness - governmental activities				<u>20,796,532</u>	<u>17,647,060</u>
Business-Type Activities:					
G.O. Revenue Bonds:					
G.O. Wastewater Revenue Note, Series 2013A (PFA Loan)	1.00%	8/13/2013	8/20/2032	\$11,737,686	\$6,387,000
G.O. Water & Sewer Bonds of 2014	2% - 2.375%	5/28/2014	2/1/2025	6,813,466	2,045,000
G.O. Water & Sewer Refunding Bonds of 2016	2% - 3%	5/17/2016	2/1/2027	3,570,000	1,720,000
G.O. Water & Sewer Bonds of 2018	3.00%	5/30/2018	2/1/2029	1,510,000	1,105,000
G.O. Water & Sewer Bonds of 2019	3% - 4%	7/11/2019	2/1/2039	2,405,000	2,090,000
G.O. Water & Sewer Bonds of 2020	2% - 3%	5/28/2020	2/1/2031	1,835,000	1,675,000
G.O. Storm Sewer Bonds of 2022	3.00%	5/26/2022	2/1/2033	230,000	230,000
Total G.O. Revenue Bonds				<u>28,101,152</u>	<u>15,252,000</u>
Compensated absences payable					<u>297,103</u>
Bond issuance premium					<u>417,499</u>
Total City indebtedness - business type activities				<u>28,101,152</u>	<u>15,966,602</u>
Total City indebtedness				<u>\$48,897,684</u>	<u>\$33,613,662</u>

The City's outstanding loans from direct borrowings related to business-type activities of \$6,387,000 are secured with General Obligation Revenue Note issued by the City. The outstanding PFA Loan from direct borrowings related to business-type activities of \$6,387,000 contain a provision that in an event of default, the PFA may a) impose a penalty as provided by Minnesota Rules Part 7380.0475, b) to the extent permitted by law, demand immediate payment of the loan, or c) exercise any other remedy available to the PFA.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

Year Ending December 31	G.O. Improvement Bonds		G.O. Sales Tax Revenue Bonds		PFA Loan		G.O. Revenue Bonds	
	Governmental Activities		Governmental Activities		Business-Type Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$595,000	\$216,556	\$560,000	\$230,469	\$610,000	\$63,870	\$1,435,000	\$229,079
2024	940,000	173,469	575,000	213,444	617,000	57,700	1,495,000	185,439
2025	970,000	143,591	595,000	195,895	623,000	51,600	1,525,000	145,827
2026	875,000	122,475	605,000	177,894	629,000	45,370	855,000	115,200
2027	760,000	100,100	625,000	159,444	635,000	39,080	670,000	94,275
2028	630,000	80,000	645,000	140,394	642,000	32,730	495,000	76,725
2029	645,000	60,875	665,000	120,744	648,000	26,310	515,000	60,450
2030	435,000	44,875	690,000	103,869	654,000	19,830	345,000	47,975
2031	450,000	32,025	405,000	92,919	661,000	13,290	360,000	39,450
2032	420,000	19,200	410,000	84,769	668,000	6,680	150,000	32,850
2033	430,000	6,450	420,000	76,469	-	-	155,000	28,275
2034	-	-	430,000	67,725	-	-	135,000	23,925
2035	-	-	440,000	58,532	-	-	140,000	19,800
2036	-	-	450,000	48,869	-	-	140,000	15,600
2037	-	-	460,000	38,682	-	-	145,000	11,325
2038	-	-	470,000	28,219	-	-	150,000	6,900
2039	-	-	475,000	17,317	-	-	155,000	2,325
2040	-	-	495,000	5,850	-	-	-	-
Total	<u>\$7,150,000</u>	<u>\$999,616</u>	<u>\$9,415,000</u>	<u>\$1,861,504</u>	<u>\$6,387,000</u>	<u>\$356,460</u>	<u>\$8,865,000</u>	<u>\$1,135,420</u>

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

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. improvement bonds	\$3,945,000	\$3,780,000	\$575,000	\$7,150,000	\$595,000
G.O. sales tax revenue bonds	9,950,000	-	535,000	9,415,000	560,000
Issuance premium	520,871	72,343	72,429	520,785	-
Total bonds payable	<u>14,415,871</u>	<u>3,852,343</u>	<u>1,182,429</u>	<u>17,085,785</u>	<u>1,155,000</u>
Compensated absences	<u>422,961</u>	<u>225,532</u>	<u>87,218</u>	<u>561,275</u>	<u>100,000</u>
Total government activity long-term debt	<u>\$14,838,832</u>	<u>\$4,077,875</u>	<u>\$1,269,647</u>	<u>\$17,647,060</u>	<u>\$1,255,000</u>
Business-type activities:					
Bonds payable:					
G.O. revenue bonds	\$10,030,000	\$230,000	\$1,395,000	\$8,865,000	\$1,435,000
PFA loans	6,991,000	-	604,000	6,387,000	610,000
Issuance premium	495,029	4,402	81,932	417,499	-
Total bonds payable	<u>17,516,029</u>	<u>234,402</u>	<u>2,080,932</u>	<u>15,669,499</u>	<u>2,045,000</u>
Compensated absences	<u>232,316</u>	<u>86,363</u>	<u>21,576</u>	<u>297,103</u>	<u>297,103</u>
Total business-type activity long-term liabilities	<u>\$17,748,345</u>	<u>\$320,765</u>	<u>\$2,102,508</u>	<u>\$15,966,602</u>	<u>\$2,342,103</u>

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

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

All long-term bonded indebtedness outstanding at December 31, 2022 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2022 totaled \$13,322.

In 2019, the City entered into a Credit Enhancement Program Agreement relating to the \$2,405,000 General Obligation Water Revenue Bonds, Series 2019A. If the City is unable to make any portion of the payment on the Bonds on or before the date due, the State of Minnesota, acting through the Minnesota Public Facilities Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the legislature to provide for the availability of funds in the General Fund for this purpose.

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
2013 Wastewater Revenue Note	Waste Water Treatment Plant Improvements	Sewer Customer Net Revenue	100%	2013-2032	\$6,743,460	\$673,890	\$2,543,108
2014 GO Bonds	Infrastructure improvements and refund 2007 bonds	Special Assessments	100%	2014-2025	\$347,191	\$115,081	\$70,305
2014 Water & Sewer Bonds	Infrastructure Improvements and refund 2005 & 2007 Bonds and refinance water treatment construction	Water & Sewer Customer Net Revenue	100%	2014-2025	\$2,119,359	\$701,467	\$5,015,447
2016 GO Bonds	Infrastructure Improvements	Special Assessments	100%	2016-2027	\$1,303,150	\$288,925	\$157,956
2016 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2016-2027	\$1,807,250	\$402,126	\$5,015,447
2018 GO Bonds	Infrastructure Improvements	Special Assessments	100%	2018-2028	\$1,601,675	\$226,050	\$116,591
2018 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2018-2028	\$1,224,965	\$175,250	\$5,015,447
2019 GO Sales Tax Bonds	Library Acquisition	Local Option Sales Tax	100%	2019-2040	\$8,169,603	\$452,981	\$1,914,082
2019 Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	2019-2039	\$2,695,475	\$171,950	\$2,068,088
2020 Water & Sewer Revenue Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2019-2039	\$1,878,925	\$208,550	\$5,015,447
2020 Assessment and Sales Tax Bonds	Street Improvements and Library Improvements	Special Assessments Local Options Sales Tax	100%	2020-2040	\$3,495,869	\$374,088	\$1,948,751
2022 Improvement Bonds	Street Improvements	Special Assessments	100%	2021-2033	\$4,508,625	\$0	\$356,350
2022 Sewer Revenue Bonds	Infrastructure Improvements	Sewer Customer Net Revenue	100%	2021-2033	\$274,446	\$0	\$404,251

Note 8 **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 the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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 local relief associations that elected to merge with and transfer assets and administration to PERA.

B. BENEFITS PROVIDED

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

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 members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if

hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. PEPFF Benefits

Benefits for 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.

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

C. CONTRIBUTIONS

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2022 were \$223,374. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2022 were \$273,593. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERS Pension Costs

At December 31, 2022, the City reported a liability of \$3,152,173 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$92,487.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0398% at the end of the measurement period and 0.0420% for the beginning of the period.

City's proportionate share of the net pension liability	\$3,152,173
State of Minnesota's proportionate share of the net pension liability associated with the City	92,487
Total	<u><u>\$3,244,660</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$403,902 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$13,820 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2022, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$26,329	\$33,589
Changes in actuarial assumptions	713,394	12,466
Net collective between projected and actual investment earnings	52,379	-
Changes in proportion	40,101	95,924
Contributions paid to PERA subsequent to the measurement date	119,346	-
Total	<u><u>\$951,549</u></u>	<u><u>\$141,979</u></u>

The \$119,346 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2023	\$268,388
2024	269,196
2025	(132,427)
2026	285,067
Thereafter	-
Total	<u><u>\$690,224</u></u>

2. PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$5,004,346 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1150% at the end of the measurement period and 0.1139% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$372,087 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$42,398 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$10,350 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

At December 31, 2022, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$305,767	\$ -
Changes in actuarial assumptions	2,945,828	30,234
Net collective between projected and actual investment earnings	67,527	-
Changes in proportion	26,641	13,440
Contributions paid to PERA subsequent to the measurement date	142,077	-
Total	<u>\$3,487,840</u>	<u>\$43,674</u>

The \$142,077 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2023	\$639,824
2024	642,278
2025	569,363
2026	1,032,167
2027	418,457
Thereafter	-
Total	<u>\$3,302,089</u>

The net pension liability will be liquidated by the general, wastewater, liquor and housing funds.

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	6.50%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Benefit increases after retirement are assumed to be 1.25% for the GERF. The PEPFF benefit increase is fixed at 1.00% per year and that increase was used in the valuation.

Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for GERF were based on the Pub-2010 General Employee Mortality Table. Mortality rates for PEPFF were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA’s experience.

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study for GERF was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020 and adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The and single discount rate was changed from 6.50% to 5.40%.
- The mortality improvement scale was changed from Scale MP-2020 to MN-2021.

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 Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25%	0.75%
Private Market	25%	5.90%
Total	100%	

F. DISCOUNT RATE

The discount rate for the GERP used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERP 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.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the PEPFF was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

G. PENSION LIABILITY SENSITIVITY

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

	<u>1% Decrease in Discount Rate (5.5%)</u>	<u>Discount Rate (6.5%)</u>	<u>1% Increase in Discount Rate (7.5%)</u>
City's Proportionate share of the GERP net pension liability	\$4,979,023	\$3,152,173	\$1,653,875
	<u>1% Decrease in Discount Rate (4.4%)</u>	<u>Discount Rate (5.4%)</u>	<u>1% Increase in Discount Rate (6.4%)</u>
City's Proportionate share of the PEPFF net pension liability	\$7,573,435	\$5,004,346	\$2,927,391

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 at www.mnpera.org.

I. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2022 is as follows:

GERF	\$417,722
PEPFF	414,485
Fire Relief (note 9)	<u>256,021</u>
Total	<u><u>\$1,088,228</u></u>

Note 9 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF

A. 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, 2022 (measurement date), the plan covered 27 active firefighters and 5 vested terminated firefighter whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

B. 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%.

C. 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 \$100,740 in fire state aid to the plan for the year ended December 31, 2022. 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, 2022, 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, 2022

D. PENSION COSTS

At December 31, 2022, the City reported a net pension liability of \$190,540 for the SVF plan. The net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. 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 (a-b)
Beginning balance December 31, 2021	\$1,235,835	\$1,434,412	(\$198,577)
Changes for the year:			
Service cost	81,365		81,365
Interest on pension liability	74,359	-	74,359
Actuarial experience(gains)/losses	5,721	-	5,721
Projected investment earnings	-	86,065	(86,065)
Contributions - employer	-	10,000	(10,000)
Contributions - State of MN	-	100,740	(100,740)
Changes in benefit level	124,416	-	124,416
Asset (gain)/loss	-	(299,073)	299,073
Benefit payouts	(155,768)	(155,768)	-
PERA administrative fee	-	(988)	988
Net changes	<u>130,093</u>	<u>(259,024)</u>	<u>389,117</u>
Balance end of year December 31, 2022	<u><u>\$1,365,928</u></u>	<u><u>\$1,175,388</u></u>	<u><u>\$190,540</u></u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2022, the City recognized pension expense of \$256,021.

At December 31, 2022, the City reported deferred outflows and 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	\$88,083	\$239,258
Difference between actual assumptions and actual experience	22,049	4,577
Total	<u><u>\$110,132</u></u>	<u><u>\$243,835</u></u>

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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
2023	\$1,693
2024	25,387
2025	45,665
2026	60,958
2027	-
Thereafter	-

E. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2022, 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 2022.

F. 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.

G. PENSION LIABILITY SENSITIVITY

The following presents the City’s net pension liability for the SVF plan, calculated using the assumed discount rate, as well as what the City’s net pension liability 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	<u>\$234,397</u>	<u>\$190,540</u>	<u>\$147,194</u>

H. 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 353G.

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	35.0%	5.10%
International Stocks	15.0%	5.30%
Bonds	45%	0.75%
Unallocated Cash	5%	0.00%
Total	100%	

The 6% 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 from a number of investment management and consulting organizations.. 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 2022 for the Statewide Volunteer Firefighter Retirement Plan.

I. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan’s fiduciary net position as of December 31, 2022 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.

Note 10 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS

Individual fund interfund receivable and payable balances at December 31, 2022 are as follows:

Fund	Receivable	Payable
Nonmajor governmental funds:		
Airport Improvement Fund	\$2,559	\$ -
Airport Operating Fund	-	2,559
	<u> </u>	<u> </u>
Total	<u>\$2,559</u>	<u>\$2,559</u>

The interfund receivable and payable balance relates to lending/borrowing arrangements to cover temporary cash shortages in projects that will later be reimbursed by the state and is short-term in nature.

Transfers in and transfers out during 2022 are as follows:

	Transfer In	Transfer Out
Governmental Funds:		
Major Funds:		
General Fund	\$625,000	\$1,659,768
Debt Service Fund	827,626	-
Local Option Sales Tax Fund	28,128	800,000
Redevelopment Capital Fund	35,915	86,689
2022 Street Improvement Project Fund	-	836,579
Nonmajor Funds	2,644,678	163,311
Total governmental funds	<u>4,161,347</u>	<u>3,546,347</u>
Proprietary Funds:		
Water	100,000	25,000
Wastewater	-	75,000
Municipal liquor	-	725,000
Total proprietary funds	<u>100,000</u>	<u>825,000</u>
Internal Service Funds:		
Property Insurance	110,000	-
Total	<u>\$4,371,347</u>	<u>\$4,371,347</u>

Interfund transfers provide assistance in financing various activities and/or projects and to offset current year unrealized market losses.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 11 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, 2022:

	Preserve Housing #6.15	Senior Housing #6.16	Oppidan #6.17 (Greenburg Motor)	Main Street Flats #6.18	Roosevelt Gardens #6.20	Heritage Greens #6.21	Unique Opportunities #6.22
	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469
Authorizing law							
Year established	2014	2015	2015	2017	2018	2021	2021
Final year of district	2040	2041	2041	2045	2045	2048	2048
Tax capacity (net):							
Original	\$1,933	\$606	\$19,802	\$4,883	\$1,479	\$4,719	\$1,181
Current (payable 2022)	84,046	43,058	70,748	14,179	62,486	4,719	1,181
Captured - retained	\$82,113	\$42,452	\$50,946	\$9,296	\$61,007	\$0	\$0

Note 12 DEFICIT FUND BALANCES/NET POSITION

The City has deficit fund balances/net position at December 31, 2022 as follows:

Fund	Amount
Other Governmental Funds:	
TIF 6.23 Cambridge Family Apartments Fund	(\$84)
TIF 6.24 Mercantile Hotel Fund	(3,655)
Internal Service Fund:	
Pension Benefits	(3,902,783)

Future pension contributions and investment earnings will reduce the negative net position in the pension benefits fund. Tax increment will reduce the negative net position in the TIF 6.23 Cambridge Family Apartments and TIF 6.24 Mercantile Hotel Funds.

Note 13 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, 2022.

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 three 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 #6-15-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 \$113,855. At December 31, 2022, the principal outstanding on the note was \$1,268,076.

TIF District #6-16-Walker Methodist

Issued in 2017 in the principal sum of \$842,950 with interest Principal shall be paid on August 1, 2019 and each February 1 and August 1 thereafter to and including February 1, 2030. 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

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

will be completed by February 1, 2030. The City shall have no obligation to pay any unpaid balance of principal that remains after the final payment on February 1, 2030. The current year payment to the developer amounted to \$58,862. At December 31, 2022, the principal outstanding on the note was \$772,773.

TIF District #6-17-Greenberg Auto Redevelopment / Oppidan Project

Issued in 2015 in the principal sum of \$690,637 with interest Principal shall be paid on August 1, 2018 and each February 1 and August 1 thereafter to and including February 1, 2034. 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, 2034. The City shall have no obligation to pay any unpaid balance of principal that remains after the final payment on February 1, 2034. The current year payment to the developer amounted to \$64,004. At December 31, 2022, the principal outstanding on the note was \$530,415.

TIF District #6-18-Main Street Flats

Issued in 2018 in the principal sum of \$334,000 with interest Principal shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 2046. 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 95% 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, 2046. The City shall have no obligation to pay any unpaid balance of principal that remains after the final payment on February 1, 2046. The current year payment to the developer amounted to \$13,605. At December 31, 2022, the principal outstanding on the note was \$331,194.

TIF District #6-20-Roosevelt Garden Estate

Issued in 2018 in the principal sum of \$746,000 with interest Principal shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 2046. 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 95% 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, 2046. The City shall have no obligation to pay any unpaid balance of principal that remains after the final payment on February 1, 2046. The current year payment to the developer amounted to \$89,290 for interest previously accrued. At December 31, 2022, the principal outstanding on the note was \$746,000.

TIF District #6-21-Heritage Greens

Issued in 2020, the City signed an agreement with a developer to reimburse the developer for public development costs paid under the terms of three pay-as-you go notes for a total of \$3,995,000. 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 95% of all tax increment received in the prior six months.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

TIF District #6-22 – Unique Opportunities

As of December 31, 2022, documentation of the reimbursable costs has not yet been received and thus the amounts are not yet due the developer.

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 one tax abatement agreement. The agreement is not a general obligation of the City and is payable solely from available property taxes abated. Accordingly, this agreement is not reflected in the financial statements of the City. Details of the tax abatement agreement is as follows:

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 \$28,092. As of December 31, 2022, a balance of \$7,414 remains to be paid to Motek-Team Industries Inc.

Note 14 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, 2022. Future scheduled tax levies for all bonds outstanding at December 31, 2022 totaled \$4,825,848.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 15 FUND BALANCE

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

A. CLASSIFICATIONS

At December 31, 2022 a summary of the governmental fund balance classifications are as follows:

	General Fund	Debt Service Fund	Redevelopment Capital Fund	Local Option Sales Tax Fund	Other Governmental Funds	Total
Nonspendable:						
Prepaid items	\$427,196	\$ -	\$ -	\$ -	\$1,043	\$428,239
Inventory	-	-	-	-	9,952	9,952
Total nonspendable	<u>427,196</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,995</u>	<u>438,191</u>
Restricted for:						
Tax increment	-	-	-	-	163,956	163,956
Debt service	-	2,560,862	-	-	-	2,560,862
Police admin fines program	-	-	-	-	20,747	20,747
Police forfeiture	-	-	-	-	8,567	8,567
CI bike trail capital	-	-	-	-	134,882	134,882
CI bike trail operations	-	-	-	-	34,482	34,482
Local option sales tax	-	-	-	2,301,684	-	2,301,684
Park Dedication	-	-	-	-	20,761	20,761
Total restricted	<u>0</u>	<u>2,560,862</u>	<u>0</u>	<u>2,301,684</u>	<u>383,395</u>	<u>5,245,941</u>
Committed to:						
Compensated absences	<u>561,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,275</u>
Assigned to:						
Nonmajor funds capital projects	-	-	-	-	7,445,346	7,445,346
Redevelopment	-	-	2,382,326	-	-	2,382,326
Economic development	-	-	-	-	900,824	900,824
Airport operations	-	-	-	-	33,851	33,851
Downtown Revolving Loan Fund	-	-	-	-	29,170	29,170
Cambridge Economic Development	-	-	-	-	104,398	104,398
Downtown Grant Program	-	-	-	-	150,000	150,000
Housing Programs	-	-	-	-	75,733	75,733
Total assigned	<u>0</u>	<u>0</u>	<u>2,382,326</u>	<u>0</u>	<u>8,739,322</u>	<u>11,121,648</u>
Unassigned	<u>3,004,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,739)</u>	<u>3,000,689</u>
Total	<u>\$3,992,899</u>	<u>\$2,560,862</u>	<u>\$2,382,326</u>	<u>\$2,301,684</u>	<u>\$9,129,973</u>	<u>\$20,367,744</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, 2022, the unassigned fund balance of the General Fund was \$3,004,428, compared to its targeted unassigned fund balance ranging from \$2,408,407 to \$3,760,148 on the above policy.

Note 16 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City does not provide other post employment benefits (OPEB) 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 17 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.

As of December 31, 2022, there was one series of Senior Housing Revenue Bonds outstanding. The aggregate issued amount was \$13,210,000 with a final payment date of March 2052. The balance outstanding at December 31, 2022 is \$12,685,000.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 18 ADOPTION OF NEW ACCOUNTING STANDARD

The City implemented GASB statement No. 87 for the year ended December 31, 2022. As a result, a lease receivable and deferred inflows of resources related to leases are recorded within the governmental funds balance sheet, proprietary funds statement of net position, and the government-wide statement of net position. Comparative amounts for the year ended December 31, 2021 have been restated as a result of implementation, but have no impact on the total net position or fund balance.

Note 19 CHANGE IN FUND PRESENTATION

For the year end December 31, 2022, the City elected to move a portion of the Debt Service Fund into nonmajor Special Revenue Funds. The change resulted in the following:

	Debt Service Fund	Other Governmental Funds
Fund balance - January 1, as originally reported	\$2,364,194	\$7,889,593
Debt Service Fund moved to into individual Special Revenue Funds:		
TIF 6.15 Preserve Apartment Project Fund	(62,005)	62,005
TIF 6.16 Walker Methodist Fund	(19,644)	19,644
TIF 6.17 Greenberg Auto Redevelopment/Oppidan Project Fund	(35,977)	35,977
Fund balance - January 1, as restated	<u>\$2,246,568</u>	<u>\$8,007,219</u>

Note 20 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. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96 *Subscription-Based Information Technology Arrangements*. The provisions of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99 *Omnibus 2022*. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2022.

Statement No. 100 *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101 *Compensated Absences*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 96 may have a material impact.

- This page intentionally left blank -

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022
With Comparative Actual Amounts For The Year Ended December 31, 2021

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
Revenues:					
General property taxes:					
Current	\$5,440,028	\$5,547,626	\$5,547,627	\$1	\$5,318,981
Delinquent	25,000	44,584	44,584	-	35,636
Penalties, interest and other	1,530	1,513	1,513	-	4,494
Total general property taxes	<u>5,466,558</u>	<u>5,593,723</u>	<u>5,593,724</u>	<u>1</u>	<u>5,359,111</u>
Licenses and permits	<u>369,950</u>	<u>678,363</u>	<u>678,365</u>	<u>2</u>	<u>955,065</u>
Intergovernmental:					
Federal	-	6,741	6,742	1	-
State:					
Local government aid	1,059,979	1,059,979	1,059,979	-	1,020,839
Municipal state aid	50,000	50,000	50,000	-	50,000
State aid - police	150,000	144,240	144,241	1	151,121
State aid - fire	-	99,739	99,740	1	88,927
Other	8,273	5,910	5,910	-	13,070
County:					
Highway aid	5,000	5,731	5,732	1	5,472
Local:					
ISD #911	100,000	146,090	146,091	1	132,428
Total intergovernmental	<u>1,373,252</u>	<u>1,518,430</u>	<u>1,518,435</u>	<u>5</u>	<u>1,461,857</u>
Charges for services:					
General government	7,600	11,794	11,795	1	17,636
Public safety	112,911	127,312	127,312	-	116,836
Public works	77,867	84,883	84,883	-	82,052
Total charges for services	<u>198,378</u>	<u>223,989</u>	<u>223,990</u>	<u>1</u>	<u>216,524</u>
Fines and forfeits	<u>42,000</u>	<u>48,782</u>	<u>48,782</u>	<u>0</u>	<u>33,554</u>
Miscellaneous:					
Investment income					
Interest earned on investments	16,174	71,041	71,042	1	(9,068)
Increase (decrease) in fair value of investments	-	(77,543)	(77,543)	-	-
Facility rental	3,600	10,638	10,638	-	5,100
Patronage	423	583	584	1	1,702
Contributions and donations	2,000	4,565	4,565	-	790
Other	-	6,109	6,110	1	28,174
Total miscellaneous	<u>22,197</u>	<u>15,393</u>	<u>15,396</u>	<u>3</u>	<u>26,698</u>
Total revenues	<u>7,472,335</u>	<u>8,078,680</u>	<u>8,078,692</u>	<u>12</u>	<u>8,052,809</u>

See accompany notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022
With Comparative Actual Amounts For The Year Ended December 31, 2021

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personal services	\$32,310	\$32,304	\$32,301	\$3	\$32,290
Materials and supplies	850	442	442	-	339
Other charges and services	4,250	2,324	2,324	-	2,319
Miscellaneous	24,800	23,806	23,805	1	20,303
Total mayor and city council	62,210	58,876	58,872	4	55,251
Administration:					
Current:					
Personal services	282,229	275,057	275,054	3	343,559
Materials and supplies	13,450	9,879	9,873	6	7,397
Other charges and services	18,650	13,840	13,837	3	18,496
Miscellaneous	32,150	40,002	40,001	1	43,027
Total administration	346,479	338,778	338,765	13	412,479
Elections:					
Current:					
Personal services	8,100	5,191	5,191	-	-
Materials and supplies	300	18	17	1	-
Other charges and services	300	369	367	2	-
Miscellaneous	3,200	2,012	2,012	-	2,645
Total elections	11,900	7,590	7,587	3	2,645
Finance:					
Current:					
Personal services	265,267	258,520	258,517	3	250,461
Materials and supplies	7,800	5,853	5,853	-	4,907
Other charges and services	57,340	53,616	53,614	2	54,331
Miscellaneous	21,900	19,846	19,846	-	18,206
Total finance	352,307	337,835	337,830	5	327,905
Legal:					
Current:					
General legal	76,000	66,449	66,447	2	55,225
Prosecution services	42,000	45,294	45,293	1	40,608
Total legal	118,000	111,743	111,740	3	95,833
Building:					
Current:					
Personal services	301,681	185,863	185,860	3	253,154
Materials and supplies	13,050	5,964	5,964	-	4,734
Other charges and services	13,150	254,405	254,403	2	365,709
Miscellaneous	8,550	3,782	3,781	1	4,876
Total building	336,431	450,014	450,008	6	628,473

See accompany notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022
With Comparative Actual Amounts For The Year Ended December 31, 2021

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
Expenditures (continued):					
Engineering:					
Current:					
Contractual services	\$38,000	\$32,576	\$32,575	\$1	\$56,150
Planning:					
Current:					
Personal services	327,143	241,759	241,756	3	133,900
Materials and supplies	12,350	5,850	5,846	4	3,692
Other charges and services	21,880	15,905	15,902	3	18,404
Miscellaneous	16,300	5,757	5,755	2	1,697
Total planning	377,673	269,271	269,259	12	157,693
City hall building:					
Current:					
Personal services	45,735	43,968	43,966	2	42,248
Materials and supplies	10,700	5,698	5,698	-	5,898
Other charges and services	43,600	44,027	44,024	3	44,199
Miscellaneous	54,300	46,164	46,162	2	37,127
Total city hall building	154,335	139,857	139,850	7	129,472
Total general government	1,797,335	1,746,540	1,746,486	54	1,865,901
Public safety:					
Police:					
Current:					
Personal services	2,358,206	2,286,211	2,286,207	4	1,953,536
Materials and supplies	121,900	127,987	127,981	6	96,471
Other charges and services	123,200	123,180	123,175	5	141,096
Miscellaneous	70,450	60,429	60,425	4	54,487
Total police	2,673,756	2,597,807	2,597,788	19	2,245,590
Fire protection:					
Current:					
Personal services	231,556	239,461	239,460	1	222,266
Materials and supplies	55,250	67,085	67,081	4	51,751
Other charges and services	53,650	159,284	159,279	5	148,642
Miscellaneous	25,200	21,812	21,811	1	33,022
Total fire protection	365,656	487,642	487,631	11	455,681
Emergency management:					
Current:					
Materials and supplies	2,100	2,445	2,444	1	89
Other charges and services	300	-	-	-	-
Miscellaneous	2,200	1,452	1,452	-	1,713
Total emergency management	4,600	3,897	3,896	1	1,802
Animal control:					
Current:					
Other charges and services	5,000	4,800	4,800	-	4,800
Total public safety	3,049,012	3,094,146	3,094,115	31	2,707,873

See accompany notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022
With Comparative Actual Amounts For The Year Ended December 31, 2021

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
Expenditures (continued):					
Public works:					
Street maintenance:					
Current:					
Personal services	\$1,073,573	\$1,019,382	\$1,019,376	\$6	\$1,043,671
Materials and supplies	230,900	288,741	288,735	6	228,857
Other charges and services	58,600	61,437	61,432	5	54,574
Miscellaneous	117,300	109,306	109,301	5	88,388
Total street maintenance	<u>1,480,373</u>	<u>1,478,866</u>	<u>1,478,844</u>	<u>22</u>	<u>1,415,490</u>
Parks operation and maintenance:					
Current:					
Personal services	308,505	229,478	229,474	4	187,834
Materials and supplies	50,000	60,805	60,799	6	71,985
Other charges and services	119,900	92,260	92,256	4	105,592
Miscellaneous	53,700	55,372	55,369	3	42,937
Total parks operation and maintenance	<u>532,105</u>	<u>437,915</u>	<u>437,898</u>	<u>17</u>	<u>408,348</u>
Library operations					
Current:					
Materials and supplies	6,500	6,941	6,940	1	5,509
Other charges and services	40,600	48,870	48,868	2	44,870
Miscellaneous	53,000	62,127	62,125	2	62,292
Total library operations	<u>100,100</u>	<u>117,938</u>	<u>117,933</u>	<u>5</u>	<u>112,671</u>
Total public works	<u>2,112,578</u>	<u>2,034,719</u>	<u>2,034,675</u>	<u>44</u>	<u>1,936,509</u>
Total expenditures	<u>6,958,925</u>	<u>6,875,405</u>	<u>6,875,276</u>	<u>129</u>	<u>6,510,283</u>
Revenues over expenditures	<u>513,410</u>	<u>1,203,275</u>	<u>1,203,416</u>	<u>141</u>	<u>1,542,526</u>
Other financing sources (uses):					
Sale of property	-	-	-	-	6,286
Transfers in	525,000	625,000	625,000	-	500,000
Transfers out	<u>(1,038,410)</u>	<u>(1,659,769)</u>	<u>(1,659,768)</u>	<u>1</u>	<u>(1,870,156)</u>
Total other financing sources (uses)	<u>(513,410)</u>	<u>(1,034,769)</u>	<u>(1,034,768)</u>	<u>1</u>	<u>(1,363,870)</u>
Net change in fund balance	<u>\$0</u>	<u>\$168,506</u>	168,648	<u>\$142</u>	178,656
Fund balance - January 1			<u>3,824,251</u>		<u>3,645,595</u>
Fund balance - December 31			<u>\$3,992,899</u>		<u>\$3,824,251</u>

See accompany notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
 GENERAL EMPLOYEES RETIREMENT FUND
 For the Last Ten Years

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	\$0	\$2,228,483	\$2,530,509	88.06%	78.19%
2016	2016	0.0400%	3,247,802	42,499	3,290,301	2,484,980	132.41%	68.90%
2017	2017	0.0426%	2,719,556	34,212	2,753,768	2,745,659	100.30%	75.90%
2018	2018	0.0407%	2,257,869	74,000	2,331,869	2,732,299	85.34%	79.50%
2019	2019	0.0404%	2,233,626	69,497	2,303,123	2,861,670	80.48%	80.20%
2020	2020	0.0412%	2,470,128	76,044	2,546,172	2,935,352	86.74%	79.10%
2021	2021	0.0420%	1,793,588	54,794	1,848,382	3,023,679	61.13%	87.00%
2022	2022	0.0398%	3,152,173	92,487	3,244,660	2,982,373	108.79%	76.70%

* 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.

See accompanying notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 11****SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND**

For the Last Ten Years

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 Payroll (b/c)
December 31, 2015	\$192,156	\$192,156	\$0	\$2,562,080	7.50%
December 31, 2016	192,348	192,348	-	2,564,628	7.50%
December 31, 2017	199,412	199,412	-	2,658,818	7.50%
December 31, 2018	209,970	209,970	-	2,799,606	7.50%
December 31, 2019	218,808	218,808	-	2,917,435	7.50%
December 31, 2020	223,842	223,842	-	2,984,550	7.50%
December 31, 2021	224,741	224,741	-	2,996,548	7.50%
December 31, 2022	233,374	233,374	-	3,111,651	7.50%

* 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.

See accompanying notes to the required supplementary information.

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 Last Ten Years

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	124.59%	86.61%
June 30, 2016	December 31, 2016	0.11500%	4,615,150	1,107,053	416.89%	63.90%
June 30, 2017	December 31, 2017	0.11500%	1,552,637	1,181,042	131.46%	85.40%
June 30, 2018	December 31, 2018	0.11160%	1,189,541	1,175,719	101.18%	88.80%
June 30, 2019	December 31, 2019	0.11540%	1,228,550	1,216,964	100.95%	89.30%
June 30, 2020	December 31, 2020	0.11440%	1,507,914	1,289,756	116.91%	87.20%
June 30, 2021	December 31, 2021	0.11390%	879,187	1,345,984	65.32%	93.70%
June 30, 2022	December 31, 2022	0.11500%	5,004,346	1,396,787	358.28%	70.50%

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

For the Last Ten Years

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 Payroll (b/c)
December 31, 2015	\$183,786	\$183,786	\$0	\$1,134,481	16.20%
December 31, 2016	177,542	177,542	-	1,095,933	16.20%
December 31, 2017	195,022	195,022	-	1,203,838	16.20%
December 31, 2018	191,209	191,209	-	1,180,304	16.20%
December 31, 2019	208,415	208,415	-	1,229,583	16.95%
December 31, 2020	238,672	238,672	-	1,348,443	17.70%
December 31, 2021	232,861	232,861	-	1,315,596	17.70%
December 31, 2022	273,593	273,593	-	1,545,721	17.70%

* 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.

See accompanying notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS* -
 CAMBRIDGE FIRE RELIEF ASSOCIATION
 For the Last Ten Years

Statement 14

Fiscal year ending	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Measurement date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Total pension liability:								
Service cost	\$81,365	\$65,102	\$67,501	\$58,600	\$53,722	\$48,503	\$48,584	\$48,584
Interest on pension liability	74,359	74,963	64,605	54,709	44,374	41,410	38,415	33,762
Changes of benefit terms	5,721	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(33,412)	(2,136)	(5,744)	(26,499)	(19,056)	(10,313)	(4,803)
Changes of assumptions	-	-	-	-	-	-	-	-
Changes in benefit level	124,416	-	131,570	99,009	114,885	-	-	-
Benefit payments, including refunds of employee contributions	(155,768)	(110,200)	(62,824)	(38,240)	-	(53,360)	-	-
Net change in total pension liability	130,093	(3,547)	198,716	168,334	186,482	17,497	76,686	77,543
Total pension liability - beginning	1,235,835	1,239,382	1,040,666	872,332	685,850	668,353	591,667	514,172
Total pension liability - ending (a)	\$1,365,928	\$1,235,835	\$1,239,382	\$1,040,666	\$872,332	\$685,850	\$668,353	\$591,715
Plan fiduciary net position:								
Contributions - employer	\$10,000	\$20,000	\$ -	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Contributions - State of Minnesota	100,740	89,927	85,434	79,489	78,549	74,729	74,946	77,120
Adjustment to initial asset transfer	-	-	-	-	-	-	-	3,438
Net investment income	86,065	121,890	166,777	167,200	(36,025)	93,813	42,669	1,269
Benefit payments, including refunds of employee contributions	(155,768)	(110,200)	(62,824)	(38,240)	-	(53,360)	-	-
Asset (gain)/loss	-	(299,073)	-	-	-	-	-	-
Administrative expense	(988)	(1,002)	(976)	(1,008)	(951)	(823)	(946)	(918)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	40,049	(178,458)	188,411	217,441	51,573	124,359	126,669	90,909
Plan fiduciary net position - beginning	1,135,339	1,313,797	1,125,386	907,945	856,372	732,013	605,344	514,435
Plan fiduciary net position - ending (b)	\$1,175,388	\$1,135,339	\$1,313,797	\$1,125,386	\$907,945	\$856,372	\$732,013	\$605,344
Net pension liability/(asset) - ending (a) - (b)	\$190,540	\$100,496	(\$74,415)	(\$84,720)	(\$35,613)	(\$170,522)	(\$63,660)	(\$13,629)
Plan fiduciary net position as a percentage of the total pension liability	86.05%	91.87%	106.00%	108.14%	104.08%	124.86%	109.52%	102.30%
Covered-employee payroll**	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Net pension liability as a percentage of covered employee payroll**	Not Available	Not Available	Not Available	Not Available	Not Available	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 of volunteers, therefore there are no payroll expenditures.

See accompanying notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS⁽¹⁾
CAMBRIDGE FIRE RELIEF ASSOCIATION
For the Last Ten Years

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)
December 31, 2018	-	10,000	(10,000)	(2)	(2)
December 31, 2019	-	10,000	(10,000)	(2)	(2)
December 31, 2020	-	-	-	(2)	(2)
December 31, 2021	-	20,000	(20,000)	(2)	(2)
December 31, 2022	-	10,000	(10,000)	(2)	(2)

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

⁽²⁾ 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.)

- This page intentionally left blank -

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, the Debt Service Fund and the fund level for certain Special Revenue Funds.

Note B PENSION INFORMATION

PERA – General Employees Retirement Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions:

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

2017 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

2022 Changes

Changes in Actuarial Assumptions

- The single discount rate changed from 6.50% to 5.4%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality tables for healthy annuitants, disabled annuitants and employees were changed from RP-2014 tables to Pub-2010 Public Safety Mortality tables. The mortality improvement scale was changed from MP-2019 to MN-2020.
- Assumed salary increase and retirement rates were modified as recommended in the July 14, 2020 experience study. The changes result in a decrease in gross salary increase rates, slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%.

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

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.
- 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.

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2022

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

With only eight 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**

- This page intentionally left blank -

NONMAJOR GOVERNMENTAL FUNDS

- This page intentionally left blank -

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
December 31, 2022
With Comparative Totals For The Year Ended December 31, 2021

Statement 16

	Special Revenue	Capital Project	Totals	
			Nonmajor Governmental Funds	
			2022	2021
Assets				
Cash and investments	\$2,174,871	\$7,812,284	\$9,987,155	\$8,402,355
Due from other governmental units	38,510	122,196	160,706	175,362
Accounts receivable	-	-	-	121
Interfund receivable	-	2,559	2,559	39,101
Prepaid items	1,043	-	1,043	1,510
Loan receivable	57,932	-	57,932	75,473
Property taxes receivable:				
Delinquent	-	257	257	257
Special assessments receivable:				
Deferred	-	27,315	27,315	131,841
Lease receivable	669,755	-	669,755	266,917
Inventory	9,952	-	9,952	21,927
Total assets	\$2,952,063	\$7,964,611	\$10,916,674	\$9,114,864
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$30,575	\$15,926	\$46,501	\$93,622
Contracts payable	5,506	-	5,506	57,786
Interfund payable	2,559	-	2,559	39,101
Deposits payable	22,034	-	22,034	16,734
Unearned revenue	1,012,774	-	1,012,774	501,387
Total liabilities	1,073,448	15,926	1,089,374	708,630
Deferred inflows of resources:				
Related to leases	669,755	-	669,755	266,917
Unavailable revenue	-	27,572	27,572	132,098
Total deferred inflows of resources	669,755	27,572	697,327	399,015
Fund balance:				
Nonspendable	10,995	-	10,995	23,437
Restricted	227,752	155,643	383,395	267,143
Assigned	973,852	7,765,470	8,739,322	7,716,639
Unassigned	(3,739)	-	(3,739)	-
Total fund balance	1,208,860	7,921,113	9,129,973	8,007,219
Total liabilities, deferred inflows of resources, and fund balance	\$2,952,063	\$7,964,611	\$10,916,674	\$9,114,864

CITY OF CAMBRIDGE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2022
With Comparative Totals For The Year Ended December 31, 2021

Statement 17

	Special Revenue	Capital Project	Totals	
			Nonmajor Governmental Funds	
			2022	2021
Revenues:				
Tax increment collections	\$378,706	\$ -	\$378,706	\$529,573
Intergovernmental	81,926	455,130	537,056	773,297
Special assessments	-	107,926	107,926	37,064
Charges for services	20,772	53,660	74,432	53,512
Connection, facility, and area charges	-	232,641	232,641	392,329
Investment income/(loss):				
Interest earned on investments	12,675	41,897	54,572	2,073
Increase (decrease) in fair value of investments	(39,042)	(153,386)	(192,428)	-
Sale of merchandise and property	74,896	-	74,896	62,793
Park dedication fees	-	20,761	20,761	-
Direct charges to developers	-	4,956	4,956	2,684
Contributions and donations	-	22,297	22,297	2,198
Rents	187,493	-	187,493	250,132
Other	75,733	-	75,733	842
Total revenues	793,159	785,882	1,579,041	2,106,497
Expenditures:				
Current:				
General government	-	-	-	4,671
Public safety	-	-	-	50,154
Public works	164,080	192,163	356,243	330,710
Economic development	738,997	-	738,997	530,314
Capital outlay:				
General government	-	85,159	85,159	11,894
Public safety	-	64,789	64,789	80,840
Public works	-	294,921	294,921	153,374
Construction/acquisition costs	14,104	548,214	562,318	2,029,427
Total expenditures	917,181	1,185,246	2,102,427	3,191,384
Revenues over (under) expenditures	(124,022)	(399,364)	(523,386)	(1,084,887)
Other financing sources (uses):				
Sale of property	-	138,538	138,538	214,530
Transfers in	526,385	2,118,293	2,644,678	4,731,191
Transfers out	(63,311)	(100,000)	(163,311)	(1,911,035)
Total other financing sources (uses)	463,074	2,156,831	2,619,905	3,034,686
Net change in fund balance	339,052	1,757,467	2,096,519	1,949,799
Fund balance - January 1	869,808	6,163,646	7,033,454	6,057,420
Fund balance - December 31	\$1,208,860	\$7,921,113	\$9,129,973	\$8,007,219
Reconciliation of beginning fund balance to prior year ending fund balance:				
Prior year ending fund balance reported above				8,007,219
Less prior year ending fund balance for funds reported as non major in prior year, major in current year:				
2022 Street Improvement Project Fund				(973,765)
Current year beginning fund balance				<u>\$7,033,454</u>

- This page intentionally left blank -

NONMAJOR SPECIAL REVENUE FUNDS

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

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 which allows 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 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.

Regional Community Center Feasibility Fund -This fund was established for activity related to grants received to conduct a Regional Community Center Feasibility Study.

Downtown Grant Program Fund—This fund was established for activity related to a downtown improvement grant program established by the Cambridge City Council.

TIF 6.20 Roosevelt Garden Estate Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.20 – Roosevelt Garden Estate Apartment Building.

TIF 6.18 Main Street Flats Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.18 – Main Street Flats.

- This page intentionally left blank -

TIF 6.21 Heritage Greens Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.21 – Heritage Greens.

TIF 6.22 Unique Opportunities Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.22 – Unique Opportunities.

TIF 6.23 Cambridge Family Apartments Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.23 Cambridge Family Apartments.

TIF 6.24 Mercantile Hotel Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.24 – Mercantile Hotel.

Federal American Rescue Plan Fund – This fund is used to account for the accumulation of resources and the costs related to the American Rescue Plan Funding.

TIF 6.15 Preserve Apartments Project Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.15 – Preserve Apartments.

TIF 6.16 Walker Methodist Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.16 – Walker Methodist.

TIF 6.17 Greenberg Auto Redevelopment/Oppidan Project Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.17 – Greenberg Auto.

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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	205 EDA Operating Fund	209 Forfeited Proceeds Fund	211 Airport Operating Fund	213 Police Administration Fines Fund
Assets				
Cash and investments	\$600,814	\$8,567	\$ -	\$20,827
Interfund receivable	-	-	-	-
Due from other governmental units	-	-	38,510	-
Prepaid items	-	-	1,043	-
Loan receivable	-	-	-	-
Lease receivable	669,755	-	-	-
Inventory	-	-	9,952	-
Total assets	\$1,270,569	\$8,567	\$49,505	\$20,827
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$9,795	\$ -	\$2,100	\$80
Contracts payable	5,506	-	-	-
Interfund payable	-	-	2,559	-
Deposits payable	4,813	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	20,114	0	4,659	80
Deferred inflows of resources:				
Related to leases	669,755	-	-	-
Fund balance:				
Nonspendable	-	-	10,995	-
Restricted	-	8,567	-	20,747
Assigned	580,700	-	33,851	-
Unassigned	-	-	-	-
Total fund balance	580,700	8,567	44,846	20,747
Total liabilities, inflows or resources, and fund balance	\$1,270,569	\$8,567	\$49,505	\$20,827

214 Cambridge Economic Development Revolving Loan Fund	215 Downtown Revolving Loan Fund	219 Cambridge- Isanti Bike/Walk Trail Operating Fund	222 Regional Community Center Feasibility Fund	225 Downtown Grant Program Fund	290 TIF 6.20 Roosevelt Garden Estate Fund	291 TIF 6.18 Main Street Flats Fund
\$75,636	\$ -	\$34,482	\$10,000	\$150,000	\$13,161	\$3,509
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,762	29,170	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$104,398</u>	<u>\$29,170</u>	<u>\$34,482</u>	<u>\$10,000</u>	<u>\$150,000</u>	<u>\$13,161</u>	<u>\$3,509</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,038	-
-	-	-	10,000	-	-	-
<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>4,038</u>	<u>0</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	34,482	-	-	9,123	3,509
104,398	29,170	-	-	150,000	-	-
-	-	-	-	-	-	-
<u>104,398</u>	<u>29,170</u>	<u>34,482</u>	<u>0</u>	<u>150,000</u>	<u>9,123</u>	<u>3,509</u>
<u>\$104,398</u>	<u>\$29,170</u>	<u>\$34,482</u>	<u>\$10,000</u>	<u>\$150,000</u>	<u>\$13,161</u>	<u>\$3,509</u>

CITY OF CAMBRIDGE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2022
With Comparative Totals For The Year Ended December 31, 2021

	292 TIF 6.21 Heritage Greens Fund	293 TIF 6.22 Unique Opportunities Fund	294 TIF 6.23 Cambridge Family Apartments Fund	295 TIF 6.24 Mercantile Hotel Fund
Assets				
Cash and investments	\$1,382	\$5,014	\$4,916	\$14,945
Interfund receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Prepaid items	-	-	-	-
Loan receivable	-	-	-	-
Lease receivable	-	-	-	-
Inventory	-	-	-	-
Total assets	\$1,382	\$5,014	\$4,916	\$14,945
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$18,600
Contracts payable	-	-	-	-
Interfund payable	-	-	-	-
Deposits payable	1,375	5,000	5,000	-
Unearned revenue	-	-	-	-
Total liabilities	1,375	5,000	5,000	18,600
Deferred inflows of resources:				
Related to leases	-	-	-	-
Fund balance:				
Nonspendable	-	-	-	-
Restricted	7	14	-	-
Assigned	-	-	-	-
Unassigned	-	-	(84)	(3,655)
Total fund balance	7	14	(84)	(3,655)
Total liabilities, inflows or resources, and fund balance	\$1,382	\$5,014	\$4,916	\$14,945

298 Federal American Rescue Plan Fund	305 TIF 6.15 Preserve Apartment Project Fund	306 TIF 6.16 Walker Methodist Fund	307 TIF 6.17 Greenberg Auto Redevelopment/Oppi dan Project Fund	903 Housing Programs Fund	Totals Nonmajor Special Revenue Funds	
					2022	2021
\$1,002,774	\$74,656	\$26,185	\$52,270	\$75,733	\$2,174,871	\$1,320,533
-	-	-	-	-	-	39,101
-	-	-	-	-	38,510	-
-	-	-	-	-	1,043	1,510
-	-	-	-	-	57,932	75,473
-	-	-	-	-	669,755	266,917
-	-	-	-	-	9,952	21,927
<u>\$1,002,774</u>	<u>\$74,656</u>	<u>\$26,185</u>	<u>\$52,270</u>	<u>\$75,733</u>	<u>\$2,952,063</u>	<u>\$1,725,461</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$30,575	\$12,829
-	-	-	-	-	5,506	57,786
-	-	-	-	-	2,559	-
-	-	-	1,808	-	22,034	16,734
1,002,774	-	-	-	-	1,012,774	501,387
<u>1,002,774</u>	<u>0</u>	<u>0</u>	<u>1,808</u>	<u>0</u>	<u>1,073,448</u>	<u>588,736</u>
-	-	-	-	-	669,755	266,917
-	-	-	-	-	10,995	23,437
-	74,656	26,185	50,462	-	227,752	252,468
-	-	-	-	75,733	973,852	593,903
-	-	-	-	-	(3,739)	-
<u>0</u>	<u>74,656</u>	<u>26,185</u>	<u>50,462</u>	<u>75,733</u>	<u>1,208,860</u>	<u>869,808</u>
<u>\$1,002,774</u>	<u>\$74,656</u>	<u>\$26,185</u>	<u>\$52,270</u>	<u>\$75,733</u>	<u>\$2,952,063</u>	<u>\$1,725,461</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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	205 EDA Operating Fund	209 Forfeited Proceeds Fund	211 Airport Operating Fund	213 Police Administration Fines Fund
Revenues:				
Tax increment collections	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal	-	-	33,946	-
State aid	-	-	42,640	-
Other local aid	-	-	-	-
Charges for services:				
Police administrative fees	-	-	-	7,560
Hangar fees and tie down	-	-	13,212	-
Forfeited property	-	-	-	-
Investment income				
Interest earned on investments	3,251	59	-	117
Increase (decrease) in fair value of investments	(11,912)	(215)	-	(429)
Fuel sales	-	-	74,896	-
Rents	187,493	-	-	-
Other	-	-	-	-
Total revenues	<u>178,832</u>	<u>(156)</u>	<u>164,694</u>	<u>7,248</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	157,546	-
Economic development	309,037	-	-	-
Construction/acquisition costs	14,104	-	-	-
Total expenditures	<u>323,141</u>	<u>0</u>	<u>157,546</u>	<u>0</u>
Revenues over (under) expenditures	<u>(144,309)</u>	<u>(156)</u>	<u>7,148</u>	<u>7,248</u>
Other financing sources (uses):				
Transfers from other funds	350,000	156	-	312
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>350,000</u>	<u>156</u>	<u>0</u>	<u>312</u>
Net change in fund balance	205,691	0	7,148	7,560
Fund balance - January 1	<u>375,009</u>	<u>8,567</u>	<u>37,698</u>	<u>13,187</u>
Fund balance - December 31	<u>\$580,700</u>	<u>\$8,567</u>	<u>\$44,846</u>	<u>\$20,747</u>

214 Cambridge Economic Development Revolving Loan Fund	215 Downtown Revolving Loan Fund	219 Cambridge- Isanti Bike/Walk Trail Operating Fund	221 Deed Grant Fund	222 Regional Community Center Feasibility Fund	225 Downtown Grant Program Fund	290 TIF 6.20 Roosevelt Garden Estate Fund	291 TIF 6.18 Main Street Flats Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$93,989	\$14,321
-	-	-	-	-	-	-	-
-	-	5,340	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,474	1,458	229	-	5	-	67	20
(1,792)	(1,568)	(828)	-	(19)	-	(244)	(75)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(318)</u>	<u>(110)</u>	<u>4,741</u>	<u>0</u>	<u>(14)</u>	<u>0</u>	<u>93,812</u>	<u>14,266</u>
-	-	-	-	-	-	-	-
-	-	6,534	-	-	-	-	-
-	9,769	-	76,836	-	-	89,290	13,605
-	-	-	-	-	-	-	-
<u>0</u>	<u>9,769</u>	<u>6,534</u>	<u>76,836</u>	<u>0</u>	<u>0</u>	<u>89,290</u>	<u>13,605</u>
<u>(318)</u>	<u>(9,879)</u>	<u>(1,793)</u>	<u>(76,836)</u>	<u>(14)</u>	<u>0</u>	<u>4,522</u>	<u>661</u>
1,303	1,140	7,260	-	14	150,000	178	55
-	(63,311)	-	-	-	-	-	-
<u>1,303</u>	<u>(62,171)</u>	<u>7,260</u>	<u>0</u>	<u>14</u>	<u>150,000</u>	<u>178</u>	<u>55</u>
985	(72,050)	5,467	(76,836)	0	150,000	4,700	716
103,413	101,220	29,015	76,836	-	-	4,423	2,793
<u>\$104,398</u>	<u>\$29,170</u>	<u>\$34,482</u>	<u>\$0</u>	<u>\$0</u>	<u>\$150,000</u>	<u>\$9,123</u>	<u>\$3,509</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, 2022
 With Comparative Totals For The Year Ended December 31, 2021

	292 TIF 6.21 Heritage Greens Fund	293 TIF 6.22 Unique Opportunities Fund	294 TIF 6.23 Cambridge Family Apartments Fund	295 TIF 6.24 Mercantile Hotel Fund
Revenues:				
Tax increment collections	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal	-	-	-	-
State aid	-	-	-	-
Other local aid	-	-	-	-
Charges for services:				
Police administrative fees	-	-	-	-
Hangar fees and tie down	-	-	-	-
Forfeited property	-	-	-	-
Investment income				
Interest earned on investments	10	34	26	32
Increase (decrease) in fair value of investments	(35)	(126)	(96)	(116)
Fuel sales	-	-	-	-
Rents	-	-	-	-
Other	-	-	-	-
Total revenues	<u>(25)</u>	<u>(92)</u>	<u>(70)</u>	<u>(84)</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Economic development	-	-	84	3,655
Construction/acquisition costs	-	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>84</u>	<u>3,655</u>
Revenues over (under) expenditures	<u>(25)</u>	<u>(92)</u>	<u>(154)</u>	<u>(3,739)</u>
Other financing sources (uses):				
Transfers from other funds	25	92	70	84
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>25</u>	<u>92</u>	<u>70</u>	<u>84</u>
Net change in fund balance	0	0	(84)	(3,655)
Fund balance - January 1	<u>7</u>	<u>14</u>	<u>-</u>	<u>-</u>
Fund balance - December 31	<u>\$7</u>	<u>\$14</u>	<u>(\$84)</u>	<u>(\$3,655)</u>

298 Federal American Rescue Plan Fund	305 TIF 6.15 Preserve Apartment Project Fund	306 TIF 6.16 Walker Methodist Fund	307 TIF 6.17 Greenberg Auto Redevelopment/Op pidan Project Fund	903 Housing Programs Fund	Totals Nonmajor Special Revenue Funds	
					2022	2021
\$ -	\$126,505	\$65,402	\$78,489	\$ -	\$378,706	\$373,947
-	-	-	-	-	33,946	-
-	-	-	-	-	42,640	23,729
-	-	-	-	-	5,340	5,340
-	-	-	-	-	7,560	2,840
-	-	-	-	-	13,212	13,212
-	-	-	-	-	-	842
5,021	449	147	276	-	12,675	-
(18,397)	(1,642)	(537)	(1,011)	-	(39,042)	1,997
-	-	-	-	-	74,896	62,793
-	-	-	-	-	187,493	250,132
-	-	-	-	75,733	75,733	-
<u>(13,376)</u>	<u>125,312</u>	<u>65,012</u>	<u>77,754</u>	<u>75,733</u>	<u>793,159</u>	<u>734,832</u>
-	-	-	-	-	-	183
-	-	-	-	-	164,080	113,798
-	113,855	58,862	64,004	-	738,997	530,314
-	-	-	-	-	14,104	683,704
<u>0</u>	<u>113,855</u>	<u>58,862</u>	<u>64,004</u>	<u>0</u>	<u>917,181</u>	<u>1,327,999</u>
<u>(13,376)</u>	<u>11,457</u>	<u>6,150</u>	<u>13,750</u>	<u>75,733</u>	<u>(124,022)</u>	<u>(593,167)</u>
13,376	1,194	391	735	-	526,385	292,601
-	-	-	-	-	(63,311)	-
<u>13,376</u>	<u>1,194</u>	<u>391</u>	<u>735</u>	<u>0</u>	<u>463,074</u>	<u>292,601</u>
0	12,651	6,541	14,485	75,733	339,052	(300,566)
-	62,005	19,644	35,977	-	869,808	1,170,374
<u>\$0</u>	<u>\$74,656</u>	<u>\$26,185</u>	<u>\$50,462</u>	<u>\$75,733</u>	<u>\$1,208,860</u>	<u>\$869,808</u>

- This page intentionally left blank -

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

Sandquist Capital Project Fund – This fund was established to account for resources accumulated for improvements made to the Sandquist Family Park.

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.

- This page intentionally left blank -

Park Dedication 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 is used to account for resources accumulated and spent on the development of the new library in Cambridge.

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.

2024 Street Improvement Fund - This fund was established to account for resources accumulated for the 2024 Street Improvement Project.

CITY OF CAMBRIDGE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2022
 With Comparative Totals For The Year Ended December 31, 2021

	401 Water Treatment Facility Fund	402 Water Area and Connection Fund	403 Sewer Area Charge Fund	407 Downtown Parking Construction Fund
Assets				
Cash and investments	\$440,569	\$997,541	\$249,307	\$5,195
Interfund receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Accounts receivable	-	-	-	-
Property taxes receivable:				
Delinquent	-	-	-	-
Special assessments receivable:				
Deferred	-	586	-	-
Total assets	\$440,569	\$998,127	\$249,307	\$5,195
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Total liabilities	0	0	0	0
Deferred inflows of resources:				
Unavailable revenue	-	586	-	-
Fund balance:				
Restricted	-	-	-	-
Assigned	440,569	997,541	249,307	5,195
Total fund balance (deficit)	440,569	997,541	249,307	5,195
Total liabilities, deferred inflows of resources, and fund balance	\$440,569	\$998,127	\$249,307	\$5,195

415 Park Improvement Capital Fund	417 Police Capital Fund	418 Public Works Capital Project Fund	419 City Hall Capital Project Fund	420 Fire Department Capital Project Fund
\$629,444	\$284,617	\$761,311	\$305,894	\$454,776
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$629,444</u>	<u>\$284,617</u>	<u>\$761,311</u>	<u>\$305,894</u>	<u>\$454,776</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	205
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>205</u>
-	-	-	-	-
-	-	-	-	-
629,444	284,617	761,311	305,894	454,571
629,444	284,617	761,311	305,894	454,571
<u>\$629,444</u>	<u>\$284,617</u>	<u>\$761,311</u>	<u>\$305,894</u>	<u>\$454,776</u>

CITY OF CAMBRIDGE, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2022
 With Comparative Totals For The Year Ended December 31, 2021

	<u>421 Park Dedication Fund</u>	<u>422 EDA Land Acquisition Capital Project Fund</u>	<u>423 Cambridge - Isanti Bike/Walk Trail Capital Project Fund</u>	<u>425 Library Capital Fund</u>
Assets				
Cash and investments	\$20,761	\$320,124	\$134,882	\$103,147
Interfund receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Accounts receivable	-	-	-	-
Property taxes receivable:				
Delinquent	-	-	-	-
Special assessments receivable:				
Deferred	-	-	-	-
	<u>20,761</u>	<u>320,124</u>	<u>134,882</u>	<u>103,147</u>
Total assets	<u>20,761</u>	<u>320,124</u>	<u>134,882</u>	<u>103,147</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Fund balance:				
Restricted	20,761	-	134,882	-
Assigned	-	320,124	-	103,147
Total fund balance (deficit)	<u>20,761</u>	<u>320,124</u>	<u>134,882</u>	<u>103,147</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>20,761</u>	<u>320,124</u>	<u>134,882</u>	<u>103,147</u>

443 Pavement Management Fund	444 Airport Improvement Fund	484 2024 Street Improvement Project Fund	Totals Nonmajor Capital Project Funds	
			2022	2021
\$1,785,091	\$142,923	\$1,176,702	\$7,812,284	\$7,081,822
-	2,559	-	2,559	-
-	122,196	-	122,196	175,362
-	-	-	-	121
257	-	-	257	257
26,729	-	-	27,315	131,841
<u>\$1,812,077</u>	<u>\$267,678</u>	<u>\$1,176,702</u>	<u>\$7,964,611</u>	<u>\$7,389,403</u>
\$ -	\$ -	\$ -	\$ -	\$39,101
15,721	-	-	15,926	80,793
15,721	0	0	15,926	119,894
26,986	-	-	27,572	132,098
-	-	-	155,643	14,675
1,769,370	267,678	1,176,702	7,765,470	7,122,736
1,769,370	267,678	1,176,702	7,921,113	7,137,411
<u>\$1,812,077</u>	<u>\$267,678</u>	<u>\$1,176,702</u>	<u>\$7,964,611</u>	<u>\$7,389,403</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, 2022
With Comparative Totals For The Year Ended December 31, 2021

	401 Water Treatment Facility Fund	402 Water Area and Connection Fund	403 Sewer Area Charge Fund	407 Downtown Parking Construction Fund	414 Sandquist Capital Project Fund
Intergovernmental:					
Federal:					
Airport improvement entitlement	\$ -	\$ -	\$ -	\$ -	\$ -
State:					
MSA	-	-	-	-	-
Other	-	-	-	-	-
Local:					
Other	-	-	-	-	-
Special assessments:					
Current	-	-	-	-	-
Interest and penalties	-	-	-	-	-
Prepayments	-	-	-	-	-
Tax increment collections	-	-	-	-	-
Charges for services	-	-	-	-	-
Connection, facility, and area charges	27,031	107,610	98,000	-	-
Investment income					
Interest earned on investments	3,471	6,414	1,214	36	-
Increase (decrease) in fair value of investments	(12,668)	(23,438)	(4,448)	(133)	-
Park dedication fees	-	-	-	-	-
Direct charges to developers	-	-	-	-	-
Contributions and donations	-	-	-	-	15,000
Total revenues	17,834	90,586	94,766	(97)	15,000
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Construction/acquisition costs	-	-	-	-	438,731
Total expenditures	0	0	0	0	438,731
Revenues over (under) expenditures	17,834	90,586	94,766	(97)	(423,731)
Other financing sources (uses):					
Sale of property	-	-	-	-	-
Transfer from other funds	-	-	-	-	11,688
Transfer to other funds	(100,000)	-	-	-	-
Total other financing sources (uses)	(100,000)	0	0	0	11,688
Net change in fund balance	(82,166)	90,586	94,766	(97)	(412,043)
Fund balance - January 1	522,735	906,955	154,541	5,292	412,043
Fund balance - December 31	\$440,569	\$997,541	\$249,307	\$5,195	\$0

415 Park Improvement Capital Fund	417 Police Capital Fund	418 Public Works Capital Project Fund	419 City Hall Capital Project Fund	420 Fire Department Capital Project Fund	421 Park Deduication Fund	422 EDA Land Acquisition Capital Project Fund	423 Cambridge - Isanti Bike/Walk Trail Capital Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,500
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	37,460	-	-	-
-	-	-	-	-	-	-	-
4,393	211	5,451	2,203	2,743	33	1,866	861
(16,096)	(772)	(19,971)	(8,075)	(10,050)	(120)	(6,834)	(3,154)
-	-	-	-	-	20,761	-	-
-	-	-	-	-	-	-	-
2,047	1,000	-	-	4,250	-	-	-
<u>(9,656)</u>	<u>439</u>	<u>(14,520)</u>	<u>(5,872)</u>	<u>34,403</u>	<u>20,674</u>	<u>(4,968)</u>	<u>5,207</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,047	-	-	-	-	-	-	-
-	-	-	85,159	-	-	-	-
-	64,789	-	-	-	-	-	-
61,988	-	232,933	-	-	-	-	-
14,712	-	-	900	-	-	-	-
<u>78,747</u>	<u>64,789</u>	<u>232,933</u>	<u>86,059</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(88,403)</u>	<u>(64,350)</u>	<u>(247,453)</u>	<u>(91,931)</u>	<u>34,403</u>	<u>20,674</u>	<u>(4,968)</u>	<u>5,207</u>
-	-	-	-	-	-	138,538	-
75,000	330,000	218,494	75,000	70,819	87	-	15,000
-	-	-	-	-	-	-	-
<u>75,000</u>	<u>330,000</u>	<u>218,494</u>	<u>75,000</u>	<u>70,819</u>	<u>87</u>	<u>138,538</u>	<u>15,000</u>
(13,403)	265,650	(28,959)	(16,931)	105,222	20,761	133,570	20,207
642,847	18,967	790,270	322,825	349,349	-	186,554	114,675
<u>\$629,444</u>	<u>\$284,617</u>	<u>\$761,311</u>	<u>\$305,894</u>	<u>\$454,571</u>	<u>\$20,761</u>	<u>\$320,124</u>	<u>\$134,882</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, 2022
 With Comparative Totals For The Year Ended December 31, 2021

Statement 21
 Page 2 of 2

	425 Library Capital	443 Pavement	444 Airport	484 2024 Street	Totals Nonmajor Capital Project Funds	
	Fund	Management Fund	Improvement Fund	Improvement Project Fund	2022	2021
Intergovernmental:						
Federal:						
Airport improvement entitlement	\$ -	\$ -	\$100,088	\$ -	\$100,088	\$110,783
State:						
MSA	-	-	-	345,459	345,459	612,592
Other	-	-	2,083	-	2,083	13,353
Local:						
Other	-	-	-	-	7,500	7,500
Special assessments:						
Current	-	13,961	-	-	13,961	25,998
Interest and penalties	-	4,547	-	-	4,547	11,066
Prepayments	-	89,418	-	-	89,418	-
Tax increment collections	-	-	-	-	-	155,626
Charges for services	-	16,200	-	-	53,660	37,460
Connection, facility, and area charges	-	-	-	-	232,641	392,329
Investment income						
Interest earned on investments	696	10,302	-	2,003	41,897	-
Increase (decrease) in fair value of investments	(2,549)	(37,739)	-	(7,339)	(153,386)	76
Park dedication fees	-	-	-	-	20,761	-
Direct charges to developers	-	4,956	-	-	4,956	2,684
Contributions and donations	-	-	-	-	22,297	2,198
Total revenues	<u>(1,853)</u>	<u>101,645</u>	<u>102,171</u>	<u>340,123</u>	<u>785,882</u>	<u>1,371,665</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	4,671
Public safety	-	-	-	-	-	49,971
Public works	-	190,116	-	-	192,163	216,912
Capital outlay:						
General government	-	-	-	-	85,159	11,894
Public safety	-	-	-	-	64,789	80,840
Public works	-	-	-	-	294,921	153,374
Construction/acquisition costs	-	20,792	73,079	-	548,214	1,345,723
Total expenditures	<u>0</u>	<u>210,908</u>	<u>73,079</u>	<u>0</u>	<u>1,185,246</u>	<u>1,863,385</u>
Revenues over (under) expenditures	<u>(1,853)</u>	<u>(109,263)</u>	<u>29,092</u>	<u>340,123</u>	<u>(399,364)</u>	<u>(491,720)</u>
Other financing sources (uses):						
Sale of property	-	-	-	-	138,538	214,530
Transfer from other funds	5,000	480,626	-	836,579	2,118,293	4,438,590
Transfer to other funds	-	-	-	-	(100,000)	(1,911,035)
Total other financing sources (uses)	<u>5,000</u>	<u>480,626</u>	<u>0</u>	<u>836,579</u>	<u>2,156,831</u>	<u>2,742,085</u>
Net change in fund balance	3,147	371,363	29,092	1,176,702	1,757,467	2,250,365
Fund balance - January 1	100,000	1,398,007	238,586	-	6,163,646	4,887,046
Fund balance - December 31	<u>\$103,147</u>	<u>\$1,769,370</u>	<u>\$267,678</u>	<u>\$1,176,702</u>	<u>\$7,921,113</u>	<u>\$7,137,411</u>

Reconciliation of beginning fund balance to prior year ending fund balance:	
Prior year ending fund balance reported above	7,137,411
Less prior year ending fund balance for funds reported as non major in prior year, major in current year:	
2022 Street Improvement Project Fund	(973,765)
Current year beginning fund balance	<u>\$6,163,646</u>

CITY OF CAMBRIDGE, MINNESOTA

SPECIAL REVENUE FUND - 211 AIRPORT OPERATING FUND

Statement 22

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

With Comparative Actual Amounts For The Year Ended December 31, 2021

	2022		Actual	2021 Actual
	Budgeted Amounts			
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ -	\$33,946	\$33,946	\$23,729
State aid	21,000	42,639	42,640	-
Charges for services:				
Hangar fees and tie down	11,000	13,212	13,212	13,212
Investment income				
Interest earned on investments	200	-	-	-
Fuel sales	36,000	74,896	74,896	62,793
Total revenues	<u>68,200</u>	<u>164,693</u>	<u>164,694</u>	<u>99,734</u>
Expenditures:				
Current:				
Public works	<u>111,118</u>	<u>157,558</u>	<u>157,546</u>	<u>104,687</u>
Revenues over (under) expenditures	<u>(42,918)</u>	<u>7,135</u>	<u>7,148</u>	<u>(4,953)</u>
Other financing sources (uses):				
Transfer from other funds	44,118	-	-	-
Transfer to other funds	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>42,918</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$0</u>	<u>\$7,135</u>	7,148	(4,953)
Fund balance - January 1			<u>37,698</u>	<u>42,651</u>
Fund balance - December 31			<u>\$44,846</u>	<u>\$37,698</u>

CITY OF CAMBRIDGE, MINNESOTA

SPECIAL REVENUE FUND - 205 EDA OPERATING FUND

Statement 23

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

With Comparative Actual Amounts For The Year Ended December 31, 2021

	2022		Actual	2021 Actual
	Budgeted Amounts			
	Original	Final		
Revenues:				
Investment income/(loss):				
Interest earned on investments	\$1,000	\$3,251	\$3,251	\$ -
Increase (decrease) in fair value of investments	-	(11,912)	(11,912)	-
Charges for services:				
Rents	225,000	187,492	187,493	250,132
Total revenues	<u>226,000</u>	<u>178,831</u>	<u>178,832</u>	<u>250,132</u>
Expenditures:				
Current:				
Economic development	300,787	309,053	309,037	189,224
Capital outlay:				
Economic development	-	14,105	14,104	683,704
Total expenditures	<u>300,787</u>	<u>323,158</u>	<u>323,141</u>	<u>872,928</u>
Revenues over (under) expenditures	<u>(74,787)</u>	<u>(144,327)</u>	<u>(144,309)</u>	<u>(622,796)</u>
Other financing sources (uses):				
Transfers from other funds	<u>230,000</u>	<u>350,000</u>	<u>350,000</u>	<u>285,941</u>
Net change in fund balance	<u>\$155,213</u>	<u>\$205,673</u>	205,691	(336,855)
Fund balance - January 1			<u>375,009</u>	<u>711,864</u>
Fund balance - December 31			<u>\$580,700</u>	<u>\$375,009</u>

CITY OF CAMBRIDGE, MINNESOTA

DEBT SERVICE FUND

Statement 24

SCHEDULE OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

With Comparative Actual Amounts For The Year Ended December 31, 2021

	2022			2021 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
General property taxes	\$233,547	\$239,024	\$239,024	\$239,851
Special assessments	342,461	735,871	735,871	384,864
Intergovernmental	5,850			
Investment income/(loss):				
Interest earned on investments	1,000	10,368	10,368	-
Net increase (decrease) in fair value of investments	-	(37,996)	(37,996)	-
Total revenues	<u>582,858</u>	<u>947,267</u>	<u>947,267</u>	<u>624,715</u>
Expenditures:				
Debt service:				
Principal retirement	1,105,000	1,110,000	1,110,000	1,070,000
Interest	350,801	347,125	347,125	397,607
Paying agent fees	4,423	3,474	3,474	6,689
Total expenditures	<u>1,460,224</u>	<u>1,460,599</u>	<u>1,460,599</u>	<u>1,474,296</u>
Revenues over (under) expenditures	<u>(877,366)</u>	<u>(513,332)</u>	<u>(513,332)</u>	<u>(849,581)</u>
Other financing sources (uses):				
Transfers from other funds	<u>800,000</u>	<u>827,626</u>	<u>827,626</u>	<u>800,000</u>
Net change in fund balance	<u>(\$77,366)</u>	<u>\$314,294</u>	314,294	(49,581)
Fund balance - January 1			<u>2,246,568</u>	<u>2,296,149</u>
Fund balance - December 31			<u>\$2,560,862</u>	<u>\$2,246,568</u>

- This page intentionally left blank -

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, 2022
 With Comparative Totals For December 31, 2021

Statement 25

	Property Insurance	Pension Benefits	Total	
			2022	2021
Assets:				
Current assets:				
Cash and cash equivalents	\$332,420	\$ -	\$332,420	\$215,083
Accounts receivable - net	16	-	16	572
Total assets	332,436	0	332,436	215,655
Deferred outflows of resources:				
Related to pensions	-	4,439,389	4,439,389	2,876,017
Liabilities:				
Noncurrent liabilities:				
Net pension liability	-	8,156,519	8,156,519	2,672,775
Deferred inflows of resources:				
Related to pensions	-	185,653	185,653	3,847,352
Net position:				
Unrestricted	332,436	(3,902,783)	(3,570,347)	(3,428,455)
Total net position	\$332,436	(\$3,902,783)	(\$3,570,347)	(\$3,428,455)

CITY OF CAMBRIDGE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2022
With Comparative Totals For The Year Ended December 31, 2021

Statement 26

	Property Insurance	Pension Benefits	Total	
			2022	2021
Operating revenues:				
Charges for services	\$4,882	\$506,967	\$511,849	\$458,053
Insurance dividends	73,845	-	73,845	66,064
Total operating revenues	<u>78,727</u>	<u>506,967</u>	<u>585,694</u>	<u>524,117</u>
Operating expenses:				
Claims	68,106	-	68,106	45,427
Pension	-	832,208	832,208	(66,666)
Total operating expenses	<u>68,106</u>	<u>832,208</u>	<u>900,314</u>	<u>(21,239)</u>
Operating income (loss)	<u>10,621</u>	<u>(325,241)</u>	<u>(314,620)</u>	<u>545,356</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	-	66,568	66,568	21,869
Investment income/(loss):				
Interest earned on investments	1,441	-	1,441	-
Increase (decrease) in fair value of investments	(5,281)	-	(5,281)	-
Total nonoperating operating revenues (expenses)	<u>(3,840)</u>	<u>66,568</u>	<u>62,728</u>	<u>21,869</u>
Income (loss) before transfers	<u>6,781</u>	<u>(258,673)</u>	<u>(251,892)</u>	<u>567,225</u>
Transfers in	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>-</u>
Change in net position	<u>116,781</u>	<u>(258,673)</u>	<u>(141,892)</u>	<u>567,225</u>
Net position - January 1	<u>215,655</u>	<u>(3,644,110)</u>	<u>(3,428,455)</u>	<u>(3,995,680)</u>
Net position - December 31	<u><u>\$332,436</u></u>	<u><u>(\$3,902,783)</u></u>	<u><u>(\$3,570,347)</u></u>	<u><u>(\$3,428,455)</u></u>

CITY OF CAMBRIDGE, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2022
With Comparative Totals For The Year Ended December 31, 2021

Statement 27

	Property Insurance	Pension Benefits	Total	
			2022	2021
Cash flows from operating activities:				
Receipts from interfund services provided	\$78,711	\$832,208	\$910,919	(\$723)
Payment to suppliers	(67,534)	-	(67,534)	(40,818)
Payment of wages and benefits	-	(832,208)	(832,208)	66,666
Net cash flows from operating activities	11,177	0	11,177	25,125
Cash flows from noncapital financing activities:				
Transfer from other funds	110,000	-	110,000	-
Cash flows from investing activities:				
Investment income/(loss):				
Interest earned on investments	1,441	-	1,441	-
Increase (decrease) in fair value of investments	(5,281)	-	(5,281)	-
Net cash flows from investing activities	(3,840)	0	(3,840)	0
Net increase (decrease) in cash and cash equivalents	117,337	-	117,337	25,125
Cash and cash equivalents - January 1	215,083	-	215,083	189,958
Cash and cash equivalents - December 31	\$332,420	\$0	\$332,420	\$215,083
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$10,621	(\$325,241)	(\$314,620)	\$545,356
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Intergovernmental revenue	-	66,568	66,568	21,869
Changes in assets and liabilities:				
Decrease (increase) in receivables	556	-	556	4,037
Decrease (increase) in deferred outflows of resources	-	(1,563,372)	(1,563,372)	(1,895,444)
Increase (decrease) in payables	-	5,483,744	5,483,744	(1,305,267)
Increase (decrease) in deferred inflows of resources	-	(3,661,699)	(3,661,699)	2,654,574
Total adjustments	556	325,241	325,797	(520,231)
Net cash provided (used) by operating activities	\$11,177	\$0	\$11,177	\$25,125

SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF CAMBRIDGE, MINNESOTA
COMBINED SCHEDULE OF BOND INDEBTEDNESS
December 31, 2022

	<u>Dated</u>	<u>Final Maturity Date</u>	<u>Interest Rates (in percent)</u>
Bonded indebtedness:			
Improvement Bonds:			
Improvement Bonds of 2014 ⁽¹⁾	05/28/14	02/01/25	2% - 2.375%
Improvement Bonds of 2016 ⁽²⁾	05/17/16	02/01/27	2% - 3.000%
Improvement Bonds of 2018 ⁽³⁾	05/30/18	02/01/29	3.000%
Improvement Bonds of 2020 ⁽⁴⁾	05/28/20	02/01/31	2% - 3.000%
Improvement Bonds of 2022 ⁽⁵⁾	05/26/22	02/01/33	3.000%
Total Special Assessment Bonds			
Sales Tax Revenue Bonds:			
G.O. Sales Tax Revenue Bonds of 2019	12/30/19	02/01/24	2% - 3.000%
G.O. Sales Tax Revenue Bonds of 2020	05/28/20	02/01/40	2% - 3.000%
Total Sales Tax Revenue Bonds			
Revenue Bonds:			
G.O. Waste Water PFA Bonds of 2013	08/13/13	08/20/32	1.000%
G.O. Water & Sewer Bonds of 2014 ⁽¹⁾	05/28/14	02/01/25	2% - 2.375%
G.O. Water & Sewer Refunding Bonds of 2016 ⁽²⁾	05/17/16	02/01/27	2% - 3.000%
G.O. Water & Sewer Bonds of 2018 ⁽³⁾	05/30/18	02/01/29	3.000%
G.O. Water & Sewer Bonds of 2019	07/11/19	02/01/39	3% - 4.000%
G.O. Water & Sewer Bonds of 2020 ⁽⁴⁾	05/28/20	02/01/40	2% - 3.000%
G.O. Storm Sewer Bonds of 2022 ⁽⁵⁾	05/26/22	02/01/33	3.000%
Total Revenue Bonds			
Total City bonded indebtedness			

(1) Components of \$8,415,000 GO Bonds of 2014.
(2) Components of \$6,140,000 GO Bonds of 2016.
(3) Components of \$3,480,000 GO Bonds of 2018.
(4) Components of \$5,475,000 GO Bonds of 2020.
(5) Components of \$4,010,000 GO Bonds of 2022.

Authorized and Issued	Amount Retired		Outstanding at 12/31/22	Due in 2023	
	Prior Years	Current Year		Principal	Interest
\$1,601,532	\$1,161,532	\$105,000	\$335,000	\$110,000	\$6,856
2,570,000	1,075,000	255,000	1,240,000	260,000	26,200
1,970,000	345,000	180,000	1,445,000	190,000	40,500
385,000	-	35,000	350,000	35,000	9,125
<u>3,780,000</u>	<u>-</u>	<u>-</u>	<u>3,780,000</u>	<u>-</u>	<u>133,875</u>
<u>10,306,532</u>	<u>2,581,532</u>	<u>575,000</u>	<u>7,150,000</u>	<u>595,000</u>	<u>216,556</u>
7,235,000	265,000	285,000	6,685,000	295,000	159,281
<u>3,255,000</u>	<u>275,000</u>	<u>250,000</u>	<u>2,730,000</u>	<u>265,000</u>	<u>71,188</u>
<u>10,490,000</u>	<u>540,000</u>	<u>535,000</u>	<u>9,415,000</u>	<u>560,000</u>	<u>230,469</u>
11,737,686	4,746,686	604,000	6,387,000	610,000	63,870
6,813,466	4,128,466	640,000	2,045,000	665,000	41,894
3,570,000	1,495,000	355,000	1,720,000	365,000	36,325
1,510,000	265,000	140,000	1,105,000	145,000	31,015
2,405,000	215,000	100,000	2,090,000	100,000	67,950
1,835,000	-	160,000	1,675,000	160,000	43,750
<u>230,000</u>	<u>-</u>	<u>-</u>	<u>230,000</u>	<u>-</u>	<u>8,145</u>
<u>28,101,152</u>	<u>10,850,152</u>	<u>1,999,000</u>	<u>15,252,000</u>	<u>2,045,000</u>	<u>292,949</u>
<u>\$48,897,684</u>	<u>\$13,971,684</u>	<u>\$3,109,000</u>	<u>\$31,817,000</u>	<u>\$3,200,000</u>	<u>\$739,974</u>

CITY OF CAMBRIDGE, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION BONDS
December 31, 2022

Exhibit 2

	\$1,601,532 G.O. Improv. Bonds of 2014	\$1,532,130 G.O. Improv. Bonds of 2016	\$1,970,000 G.O. Improv. Bonds of 2018	\$7,235,000 G.O. Sales Tax Revenue Bonds of 2019	\$3,255,000 G.O. Sales Tax Revenue Bonds of 2020	\$385,000 G.O. Improv. Bonds of 2020	\$3,780,000 G.O. Improv. Bonds of 2022	Total
Bonds payable	\$335,000	\$1,240,000	\$1,445,000	\$6,685,000	\$2,730,000	\$350,000	\$3,780,000	\$16,565,000
Future interest payable	12,191	63,150	156,675	1,484,601	376,903	38,975	728,625	2,861,120
Totals	<u>\$347,191</u>	<u>\$1,303,150</u>	<u>\$1,601,675</u>	<u>\$8,169,601</u>	<u>\$3,106,903</u>	<u>\$388,975</u>	<u>\$4,508,625</u>	<u>\$19,426,120</u>
Payments to maturity:								
2023	\$116,856	\$286,200	\$230,500	\$454,281	\$336,188	\$44,125	\$133,875	\$1,602,025
2024	113,969	288,250	229,725	455,281	333,163	43,075	438,450	1,901,913
2025	116,366	291,400	228,800	455,981	334,914	38,625	438,400	1,904,486
2026	-	285,800	227,725	451,456	331,438	45,900	438,050	1,780,369
2027	-	151,500	226,500	451,706	332,738	44,700	437,400	1,644,544
2028	-	-	230,050	451,656	333,738	43,500	436,450	1,495,394
2029	-	-	228,375	451,306	334,438	42,300	435,200	1,491,619
2030	-	-	-	457,406	336,463	41,300	438,575	1,273,744
2031	-	-	-	455,056	42,863	45,450	436,575	979,944
2032	-	-	-	452,606	42,163	-	439,200	933,969
2033	-	-	-	455,006	41,463	-	436,450	932,919
2034	-	-	-	452,013	45,712	-	-	497,725
2035	-	-	-	453,619	44,913	-	-	498,532
2036	-	-	-	454,756	44,113	-	-	498,869
2037	-	-	-	455,419	43,263	-	-	498,682
2038	-	-	-	455,856	42,363	-	-	498,219
2039	-	-	-	450,853	41,464	-	-	492,317
2040	-	-	-	455,344	45,506	-	-	500,850
Totals	<u>\$347,191</u>	<u>\$1,303,150</u>	<u>\$1,601,675</u>	<u>\$8,169,601</u>	<u>\$3,106,903</u>	<u>\$388,975</u>	<u>\$4,508,625</u>	<u>\$19,426,120</u>

	\$11,737,686 G.O. Wastewater PFA Bond of 2013	\$6,813,466 G.O. Water and Sewer Bonds of 2014	\$3,570,000 G.O. Water and Sewer Bonds of 2016	\$1,510,000 G.O. Water and Sewer Bonds of 2018	\$2,405,000 G.O. Water and Sewer Bonds of 2019	\$1,835,000 G.O. Water and Sewer Bonds of 2020	\$230,000 G.O. Storm Sewer Bonds of 2022	Total
Bonds payable	\$6,387,000	\$2,045,000	\$1,720,000	\$1,105,000	\$2,090,000	\$1,675,000	\$230,000	\$15,252,000
Future interest payable	356,460	74,359	87,250	119,965	605,475	203,925	44,446	1,491,880
Totals	<u>\$6,743,460</u>	<u>\$2,119,359</u>	<u>\$1,807,250</u>	<u>\$1,224,965</u>	<u>\$2,695,475</u>	<u>\$1,878,925</u>	<u>\$274,446</u>	<u>\$16,743,880</u>
Payments to maturity:								
2023	\$673,870	\$706,893	\$401,325	\$176,015	\$167,950	\$203,750	\$8,146	\$2,337,949
2024	674,700	709,214	400,225	176,550	159,050	208,800	26,600	2,355,139
2025	674,600	703,252	400,750	172,050	160,150	208,625	26,000	2,345,427
2026	674,370	-	402,950	177,400	156,150	208,300	25,400	1,644,570
2027	674,080	-	202,000	172,600	157,050	207,825	24,800	1,438,355
2028	674,730	-	-	172,725	157,750	212,125	29,125	1,246,455
2029	674,310	-	-	177,625	158,250	211,200	28,375	1,249,760
2030	673,830	-	-	-	159,150	206,200	27,625	1,066,805
2031	674,290	-	-	-	160,475	212,100	26,875	1,073,740
2032	674,680	-	-	-	156,725	-	26,125	857,530
2033	-	-	-	-	157,900	-	25,375	183,275
2034	-	-	-	-	158,925	-	-	158,925
2035	-	-	-	-	159,800	-	-	159,800
2036	-	-	-	-	155,600	-	-	155,600
2037	-	-	-	-	156,325	-	-	156,325
2038	-	-	-	-	156,900	-	-	156,900
2039	-	-	-	-	157,325	-	-	157,325
Totals	<u>\$6,743,460</u>	<u>\$2,119,359</u>	<u>\$1,807,250</u>	<u>\$1,224,965</u>	<u>\$2,695,475</u>	<u>\$1,878,925</u>	<u>\$274,446</u>	<u>\$16,743,880</u>

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

Exhibit 4

	Tax Capacity Values		Tax Capacity Values	
	2022/2023		2021/2022	
Taxable valuations:				
Real estate	\$10,028,869		\$8,355,651	
Personal property	154,839		138,878	
Total	10,183,708		8,494,529	
Less: captured tax increment value	(304,188)		(245,814)	
Total for debt levy	9,879,520		8,248,715	
Less: JOBZ value	-		-	
Total for general fund levy	<u>\$9,879,520</u>		<u>\$8,248,715</u>	
	2022		2021	
	Certified Levy	Tax Capacity Rate	Certified Levy	Tax Capacity Rate
Taxes levied:				
General fund revenue	\$5,638,388	57.071%	\$5,551,049	67.296%
Debt service levy	608,058	6.155%	238,058	2.886%
Totals	<u>\$6,246,446</u>	<u>63.226%</u>	<u>\$5,789,107</u>	<u>70.182%</u>

CITY OF CAMBRIDGE, MINNESOTA
 SCHEDULE OF DEFERRED TAX LEVIES
 IMPROVEMENT BONDS
 December 31, 2022

Exhibit 5

Year	\$4,010,000 Improvement Bonds of 2022	\$1,970,000 Improvement Bonds of 2018	\$2,570,000 Improvement Bonds of 2016	Total
2023	\$370,000	\$120,558	\$117,500	\$608,058
2024	370,000	120,558	117,500	608,058
2025	370,000	120,558	117,500	608,058
2026	370,000	120,558	50,000	540,558
2027	370,000	120,558	-	490,558
2028	370,000	120,558	-	490,558
2029	370,000	-	-	370,000
2030	370,000	-	-	370,000
2031	370,000	-	-	370,000
2032	370,000	-	-	370,000
Total	\$3,700,000	\$723,348	\$402,500	\$4,825,848

CITY OF CAMBRIDGE, MINNESOTA
SUBCOMBINING BALANCE SHEET
DEBT SERVICE FUNDS
December 31, 2022
With Comparative Totals For The Year Ended December 31, 2021

	<u>324 2016 Street Improvement Fund</u>	<u>325 Library Bond Debt Service Fund</u>	<u>328 GO Improvement Bonds of 2018</u>
Assets			
Cash and investments	\$428,250	\$728,560	\$437,714
Property taxes receivable:			
Delinquent	565	-	1,991
Special assessments receivable:			
Delinquent	1,337	-	113
Deferred	186,439	-	550,743
	<u>\$616,591</u>	<u>\$728,560</u>	<u>\$990,561</u>
Total assets			
	<u>\$616,591</u>	<u>\$728,560</u>	<u>\$990,561</u>
Deferred Inflows of Resources and Fund Balance			
Deferred inflow of resources:			
Unavailable revenues	\$188,341	\$ -	\$552,847
	<u>\$188,341</u>	<u>\$ -</u>	<u>\$552,847</u>
Fund balance:			
Restricted	428,250	728,560	437,714
	<u>428,250</u>	<u>728,560</u>	<u>437,714</u>
Total deferred inflows of resources and fund balance			
	<u>\$616,591</u>	<u>\$728,560</u>	<u>\$990,561</u>

372 G.O. Improvement Bonds 2014	380 2020 Street Improvement Debt Service Fund	385 2016 Bonds (2015 Project portion)	392 2022 Street Improvement Debt Service Fund	Total Debt Service Funds	
				2022	2021
\$223,138	\$166,491	\$220,359	\$356,350	\$2,560,862	\$2,246,568
-	-	901	-	3,457	3,792
-	239	11,633	-	13,322	11,404
<u>122,625</u>	<u>175,089</u>	<u>161,088</u>	<u>421,900</u>	<u>1,617,884</u>	<u>2,308,946</u>
<u>\$345,763</u>	<u>\$341,819</u>	<u>\$393,981</u>	<u>\$778,250</u>	<u>\$4,195,525</u>	<u>\$4,570,710</u>
<u>\$122,625</u>	<u>\$175,328</u>	<u>\$173,622</u>	<u>\$421,900</u>	<u>\$1,634,663</u>	<u>\$2,324,142</u>
<u>223,138</u>	<u>166,491</u>	<u>220,359</u>	<u>356,350</u>	<u>2,560,862</u>	<u>2,246,568</u>
<u>\$345,763</u>	<u>\$341,819</u>	<u>\$393,981</u>	<u>\$778,250</u>	<u>\$4,195,525</u>	<u>\$4,570,710</u>

CITY OF CAMBRIDGE, MINNESOTA

SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS

For The Year Ended December 31, 2022

With Comparative Totals For The Year Ended December 31, 2021

	<u>324 2016 Street Improvement Fund</u>	<u>325 Library Bond Debt Service Fund</u>	<u>328 GO Improvement Bonds of 2018</u>
Revenues:			
General property taxes:			
Current	\$49,926	\$ -	\$120,339
Delinquent	390	-	608
Special assessments:			
Prepayments	-	-	9,763
Principal and interest	90,283	-	106,828
Investment income			
Interest earned on investments	2,333	3,167	2,004
Increase (decrease) in fair value of investments	<u>(8,547)</u>	<u>(11,604)</u>	<u>(7,344)</u>
Total revenues	<u>134,385</u>	<u>(8,437)</u>	<u>232,198</u>
Expenditures:			
Debt service:			
Principal retirement	130,000	310,000	180,000
Interest	19,000	183,869	46,050
Paying agent fees	<u>632</u>	<u>790</u>	<u>632</u>
Total expenditures	<u>149,632</u>	<u>494,659</u>	<u>226,682</u>
Revenues over (under) expenditures	<u>(15,247)</u>	<u>(503,096)</u>	<u>5,516</u>
Other financing sources (uses):			
Transfer from other funds	<u>6,214</u>	<u>508,437</u>	<u>5,339</u>
Net change in fund balance	(9,033)	5,341	10,855
Fund balance - January 1	<u>437,283</u>	<u>723,219</u>	<u>426,859</u>
Fund balance - December 31	<u><u>\$428,250</u></u>	<u><u>\$728,560</u></u>	<u><u>\$437,714</u></u>

372 G.O. Improvement Bonds 2014	380 2020 Street Improvement Debt Service Fund	385 2016 Bonds (2015 Project portion)	392 2022 Street Improvement Debt Service Fund	Totals Debt Service Funds	
				2022	2021
\$ -	\$ -	\$67,380	\$ -	\$237,645	\$237,273
-	-	381	-	1,379	2,578
4,180	8,464	7,397	356,350	386,154	25,534
66,125	26,205	60,276	-	349,717	359,330
1,263	-	966	636	10,369	-
(4,628)	-	(3,540)	(2,333)	(37,996)	-
<u>66,940</u>	<u>34,669</u>	<u>132,860</u>	<u>354,653</u>	<u>947,268</u>	<u>624,715</u>
105,000	260,000	125,000	-	1,110,000	1,070,000
10,081	73,200	14,925	-	347,125	397,607
632	632	157	-	3,475	6,689
<u>115,713</u>	<u>333,832</u>	<u>140,082</u>	<u>0</u>	<u>1,460,600</u>	<u>1,474,296</u>
<u>(48,773)</u>	<u>(299,163)</u>	<u>(7,222)</u>	<u>354,653</u>	<u>(513,332)</u>	<u>(849,581)</u>
<u>3,365</u>	<u>300,000</u>	<u>2,574</u>	<u>1,697</u>	<u>827,626</u>	<u>800,000</u>
(45,408)	837	(4,648)	356,350	314,294	(49,581)
<u>268,546</u>	<u>165,654</u>	<u>225,007</u>	<u>-</u>	<u>2,246,568</u>	<u>2,296,149</u>
<u>\$223,138</u>	<u>\$166,491</u>	<u>\$220,359</u>	<u>\$356,350</u>	<u>\$2,560,862</u>	<u>\$2,246,568</u>

- This page intentionally left blank -

III. STATISTICAL SECTION (UNAUDITED)

- This page intentionally left blank -

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
Financial Trends	
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	172 – 183
Revenue Capacity	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	184 – 187
Debt Capacity	
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.	188 – 192
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	193 – 197
Operating Information	
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.	198 - 201

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)

	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$42,200,342	\$44,584,330	\$45,533,852	\$48,495,842
Restricted	6,096,815	6,691,401	6,862,625	5,067,471
Unrestricted	8,434,547	7,306,374	4,803,343	3,124,264
Total governmental activities net position	<u>\$56,731,704</u>	<u>\$58,582,105</u>	<u>\$57,199,820</u>	<u>\$56,687,577</u>
Business-type activities:				
Net investment in capital assets	\$43,715,295	\$44,536,149	\$44,339,512	\$43,650,789
Unrestricted	5,377,157	6,210,656	7,045,223	7,882,495
Total business-type activities net position	<u>\$49,092,452</u>	<u>\$50,746,805</u>	<u>\$51,384,735</u>	<u>\$51,533,284</u>
Primary government:				
Net investment in capital assets	\$85,915,637	\$89,120,479	\$89,873,364	\$92,146,631
Restricted	6,096,815	6,691,401	6,862,625	5,067,471
Unrestricted	13,811,704	13,517,030	11,848,566	11,006,759
Total primary government net position	<u>\$105,824,156</u>	<u>\$109,328,910</u>	<u>\$108,584,555</u>	<u>\$108,220,861</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

2017	2018	2019	2020	2021	2022
\$48,016,475	\$48,198,388	\$49,923,622	\$49,198,270	\$49,409,344	\$48,959,849
5,228,625	5,957,196	4,548,117	4,703,236	4,984,857	6,675,301
4,523,543	4,244,478	4,288,711	7,774,146	11,400,932	11,524,643
<u>\$57,768,643</u>	<u>\$58,400,062</u>	<u>\$58,760,450</u>	<u>\$61,675,652</u>	<u>\$65,795,133</u>	<u>\$67,159,793</u>
\$43,086,324	\$43,012,646	\$41,242,642	\$41,576,092	\$40,700,089	\$40,082,675
8,647,350	8,446,447	9,070,561	8,755,605	10,227,881	10,179,614
<u>\$51,733,674</u>	<u>\$51,459,093</u>	<u>\$50,313,203</u>	<u>\$50,331,697</u>	<u>\$50,927,970</u>	<u>\$50,262,289</u>
\$91,102,799	\$91,211,034	\$91,166,264	\$90,774,362	\$90,109,433	\$89,042,524
5,228,625	5,957,196	4,548,117	4,703,236	4,984,857	6,675,301
13,170,893	12,690,925	13,359,272	16,529,751	21,628,813	21,704,257
<u>\$109,502,317</u>	<u>\$109,859,155</u>	<u>\$109,073,653</u>	<u>\$112,007,349</u>	<u>\$116,723,103</u>	<u>\$117,422,082</u>

CITY OF CAMBRIDGE, MINNESOTA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2013	2014	2015	2016
Expenses:				
Governmental activities:				
General government	\$1,328,784	\$1,472,329	\$1,538,023	\$1,725,921
Housing and redevelopment	714,292	716,792	698,375	951,330
Public safety	2,045,633	2,274,727	2,453,949	2,995,476
Public works	3,526,175	3,737,160	3,760,192	4,113,329
Economic development	-	-	-	155,569
Interest on long-term debt	192,142	168,476	159,171	143,336
Total governmental activities expenses	<u>7,807,026</u>	<u>8,369,484</u>	<u>8,609,710</u>	<u>10,084,961</u>
Business-type activities:				
Water	1,539,343	1,680,185	1,546,130	1,647,004
Wastewater	1,916,863	2,043,445	2,022,060	2,416,961
Storm sewer	392,451	397,066	407,716	438,845
Street lights	-	-	-	-
Municipal liquor	4,358,978	4,533,434	4,665,906	4,950,661
Housing	246,460	246,895	202,671	235,520
Total business-type activities expenses	<u>8,454,095</u>	<u>8,901,025</u>	<u>8,844,483</u>	<u>9,688,991</u>
Total primary government expenses	<u>\$16,261,121</u>	<u>\$17,270,509</u>	<u>\$17,454,193</u>	<u>\$19,773,952</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Licenses and permits	\$317,572	\$310,730	\$385,333	\$395,993
Other activities	536,853	493,435	613,840	645,231
Operating grants and contributions	905,736	829,587	873,237	1,137,206
Capital grants and contributions	2,017,130	2,277,691	2,098,399	795,494
Total governmental activities program revenues	<u>3,777,291</u>	<u>3,911,443</u>	<u>3,970,809</u>	<u>2,973,924</u>
Business-type activities:				
Charges for services:				
Water	1,575,258	1,614,945	1,702,107	1,799,986
Wastewater	2,198,526	2,228,823	2,207,400	2,253,251
Storm sewer	319,451	324,469	328,219	333,778
Street lights	-	-	-	-
Municipal liquor	4,795,307	4,971,838	5,121,556	5,396,677
Housing	155,656	155,169	162,759	172,206
Operating grants and contributions	330,625	74,818	80,773	80,942
Capital grants and contributions	371,360	1,442,111	231,174	205,399
Total business-type activities program revenues	<u>9,746,183</u>	<u>10,812,173</u>	<u>9,833,988</u>	<u>10,242,239</u>
Total primary government program revenues	<u>\$13,523,474</u>	<u>\$14,723,616</u>	<u>\$13,804,797</u>	<u>\$13,216,163</u>

Table 2
Page 1 of 2

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$1,602,648	\$1,616,292	\$1,832,795	\$1,979,094	\$1,898,897	\$2,030,203
2,007,846	1,450,831	1,210,392	1,003,714	-	-
2,408,839	2,640,987	2,737,655	2,865,320	2,572,587	3,557,925
4,171,040	4,141,732	4,813,751	4,950,936	4,543,440	4,985,768
132,213	315,707	175,671	236,812	566,142	835,852
112,302	112,953	102,492	287,702	297,334	404,384
<u>10,434,888</u>	<u>10,278,502</u>	<u>10,872,756</u>	<u>11,323,578</u>	<u>9,878,400</u>	<u>11,814,132</u>
1,665,223	1,669,606	1,804,179	1,701,030	1,792,306	1,776,137
2,842,823	2,942,596	3,017,472	2,991,152	3,146,261	3,451,617
437,085	466,976	517,938	493,141	498,479	524,784
-	197,237	182,191	187,300	251,192	215,735
5,065,569	5,169,245	5,381,923	6,104,409	6,011,374	5,949,961
228,240	240,091	230,940	253,950	243,394	280,516
<u>10,238,940</u>	<u>10,685,751</u>	<u>11,134,643</u>	<u>11,730,982</u>	<u>11,943,006</u>	<u>12,198,750</u>
<u>\$20,673,828</u>	<u>\$20,964,253</u>	<u>\$22,007,399</u>	<u>\$23,054,560</u>	<u>\$21,821,406</u>	<u>\$24,012,882</u>
\$733,126	\$502,729	\$414,484	\$489,618	\$955,065	\$678,365
797,058	758,430	717,595	759,709	1,013,944	852,872
1,900,505	1,470,134	1,347,022	2,959,048	523,529	735,214
1,243,398	1,073,778	1,339,240	804,969	1,588,218	1,161,754
<u>4,674,087</u>	<u>3,805,071</u>	<u>3,818,341</u>	<u>5,013,344</u>	<u>4,080,756</u>	<u>3,428,205</u>
1,856,559	1,933,167	1,867,502	2,012,315	2,225,925	2,104,645
2,249,564	2,030,592	2,284,724	2,379,173	2,573,206	2,543,108
340,242	350,438	335,109	371,124	388,223	404,251
-	192,498	196,417	227,434	238,772	248,111
5,531,308	5,725,723	5,909,037	6,817,078	6,762,325	6,655,268
173,682	174,160	173,416	185,161	185,790	288,624
75,931	71,599	76,779	84,317	87,113	-
577,958	362,018	240,204	311,874	797,602	161,755
<u>10,805,244</u>	<u>10,840,195</u>	<u>11,083,188</u>	<u>12,388,476</u>	<u>13,258,956</u>	<u>12,405,762</u>
<u>\$15,479,331</u>	<u>\$14,645,266</u>	<u>\$14,901,529</u>	<u>\$17,401,820</u>	<u>\$17,339,712</u>	<u>\$15,833,967</u>

CITY OF CAMBRIDGE, MINNESOTA

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2013	2014	2015	2016
Net (expense) revenue:				
Governmental activities	(\$4,029,735)	(\$4,458,041)	(\$4,638,901)	(\$7,111,037)
Business-type activities	1,292,088	1,911,148	989,505	553,248
Total primary government net (expense) revenue	<u>(\$2,737,647)</u>	<u>(\$2,546,893)</u>	<u>(\$3,649,396)</u>	<u>(\$6,557,789)</u>
General revenues and other changes in net assets:				
Governmental activities:				
General property taxes	\$4,843,909	\$4,895,037	\$4,968,378	\$5,004,822
Tax increment collections	126,673	60,524	184,629	289,334
Local option sales tax	-	-	-	-
Unrestricted grants and contributions	431,826	695,259	731,221	744,888
Investment earnings	(129,396)	242,628	118,306	80,750
Gain on disposal of capital assets	614,675	22,507	13,208	2,500
Special item - Section 8 closeout	-	-	-	-
Other	-	13,142	-	-
Transfers	(795,002)	379,315	428,000	476,500
Total governmental activities	<u>5,092,685</u>	<u>6,308,412</u>	<u>6,443,742</u>	<u>6,598,794</u>
Business-type activities:				
Investment earnings	(61,430)	118,263	67,991	64,864
Gain (loss) on disposal of capital assets	-	-	-	6,937
Miscellaneous	5,562	4,257	8,434	-
Transfers	795,002	(379,315)	(428,000)	(476,500)
Special item	-	-	-	-
Total business-type activities	<u>739,134</u>	<u>(256,795)</u>	<u>(351,575)</u>	<u>(404,699)</u>
Total primary government	<u>\$5,831,819</u>	<u>\$6,051,617</u>	<u>\$6,092,167</u>	<u>\$6,194,095</u>
Change in net position:				
Governmental activities	\$1,062,950	\$1,850,371	\$1,804,841	(\$512,243)
Business-type activities	2,031,222	1,654,353	637,930	148,549
Total primary government	<u>\$3,094,172</u>	<u>\$3,504,724</u>	<u>\$2,442,771</u>	<u>(\$363,694)</u>

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

2017	2018	2019	2020	2021	2022
(\$5,760,801)	(\$6,473,431)	(\$7,054,415)	(\$6,310,234)	(\$5,797,644)	(\$8,385,927)
566,304	154,444	(51,455)	657,494	1,315,950	207,012
<u>(\$5,194,497)</u>	<u>(\$6,318,987)</u>	<u>(\$7,105,870)</u>	<u>(\$5,652,740)</u>	<u>(\$4,481,694)</u>	<u>(\$8,178,915)</u>
\$5,161,658	\$5,274,932	\$5,198,381	\$5,482,905	\$5,597,350	\$5,835,367
244,088	406,681	261,388	415,046	529,573	378,706
-	-	313,338	1,553,323	1,677,517	1,914,082
750,114	808,177	812,656	955,567	1,020,839	1,066,721
59,076	86,876	258,067	288,429	(13,639)	(272,541)
207,931	12,834	-	803	405,485	103,252
-	-	-	(185,637)	-	-
-	-	21,973	-	-	-
419,000	515,350	549,000	715,000	700,000	725,000
<u>6,841,867</u>	<u>7,104,850</u>	<u>7,414,803</u>	<u>9,225,436</u>	<u>9,917,125</u>	<u>9,750,587</u>
46,545	63,988	192,204	142,247	(19,677)	(160,847)
-	2,892	-	-	-	13,154
6,541	19,445	4,988	7,776	-	-
(419,000)	(515,350)	(549,000)	(715,000)	(700,000)	(725,000)
-	-	(766,124)	-	-	-
<u>(365,914)</u>	<u>(429,025)</u>	<u>(1,117,932)</u>	<u>(564,977)</u>	<u>(719,677)</u>	<u>(872,693)</u>
<u>\$6,475,953</u>	<u>\$6,675,825</u>	<u>\$6,296,871</u>	<u>\$8,660,459</u>	<u>\$9,197,448</u>	<u>\$8,877,894</u>
\$1,081,066	\$631,419	\$360,388	\$2,915,202	\$4,119,481	\$1,364,660
200,390	(274,581)	(1,169,387)	92,517	596,273	(665,681)
<u>\$1,281,456</u>	<u>\$356,838</u>	<u>(\$808,999)</u>	<u>\$3,007,719</u>	<u>\$4,715,754</u>	<u>\$698,979</u>

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

	2013	2014	2015	2016
General Fund:				
Nonspendable	\$225,009	\$269,415	\$250,151	\$271,152
Committed for compensated absences	295,645	324,368	337,320	322,010
Unassigned	2,593,638	2,518,074	2,696,726	2,828,588
Total general fund	<u>\$3,114,292</u>	<u>\$3,111,857</u>	<u>\$3,284,197</u>	<u>\$3,421,750</u>
All other governmental funds:				
Nonspendable	\$13,479	\$32,248	\$40,743	\$18,100
Restricted:				
Debt service funds	2,885,541	3,651,834	3,300,192	2,339,320
Special revenue funds	-	171,134	141,633	154,951
Capital project funds	289,355	113,540	154,951	16,764
Assigned reported in:				
Special revenue funds	-	493,642	891,603	940,105
Capital projects funds	6,366,272	4,765,196	4,963,087	3,928,587
Unassigned :				
Special revenue funds	-	-	-	-
Capital project funds	(1,250,151)	(1,205,940)	(1,170,958)	(1,129,255)
Total all other governmental funds	<u>\$8,304,496</u>	<u>\$8,021,654</u>	<u>\$8,321,251</u>	<u>\$6,268,572</u>

Table 3

2017	2018	2019	2020	2021	2022
\$284,867	\$280,016	\$307,509	\$321,905	\$286,065	\$427,196
323,286	363,503	460,076	471,780	422,961	561,275
2,895,455	3,032,410	2,990,491	2,851,910	3,115,225	3,004,428
<u>\$3,503,608</u>	<u>\$3,675,929</u>	<u>\$3,758,076</u>	<u>\$3,645,595</u>	<u>\$3,824,251</u>	<u>\$3,992,899</u>
\$20,388	\$24,952	\$28,100	\$15,616	\$23,437	\$10,995
2,550,842	3,346,398	1,751,769	2,393,549	2,246,568	2,560,862
31,379	148,167	285,202	121,659	1,440,070	2,529,436
16,879	85,228	7,404,430	92,175	14,675	155,643
1,251,230	1,007,652	1,156,128	2,010,620	593,903	973,852
5,181,985	4,812,301	5,007,226	7,541,807	9,597,234	10,147,796
-	-	-	(14,836)	-	(3,739)
<u>(1,078,129)</u>	<u>(1,018,710)</u>	<u>(1,390,513)</u>	<u>(839,972)</u>	<u>-</u>	<u>-</u>
<u>\$7,974,574</u>	<u>\$8,405,988</u>	<u>\$14,242,342</u>	<u>\$11,320,618</u>	<u>\$13,915,887</u>	<u>\$16,374,845</u>

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

	2013	2014	2015	2016
Revenues:				
General property taxes	\$4,918,255	\$4,815,821	\$4,933,807	\$5,032,465
Tax increment collections	125,461	63,940	312,093	289,334
Licenses and permits	317,572	310,730	385,333	395,993
Intergovernmental	1,629,385	1,813,457	2,167,365	2,416,290
Special assessments	637,779	1,499,907	866,002	843,976
Charges for services	696,745	365,312	314,801	365,973
Local sales tax	-	-	-	-
Fines and forfeits	50,186	61,877	49,342	30,994
Investment income	(129,396)	239,998	115,465	78,383
Direct charges to developers	18,140	1,600	-	-
Rents	247,235	244,035	244,280	248,264
Other	64,920	51,391	95,642	83,962
Total revenues	8,576,282	9,468,068	9,484,130	9,785,634
Expenditures:				
Current:				
General government	1,211,341	1,316,405	1,381,897	1,557,613
Housing and redevelopment	794,966	617,738	614,716	862,025
Public safety	1,802,824	2,037,856	2,199,013	2,200,364
Public works	1,857,061	1,961,529	1,883,657	2,037,452
Economic development	(2,351)	3,196	293	155,569
Capital outlay:				
General government	103,060	68,280	58,957	13,785
Housing and redevelopment	-	100,421	38,453	-
Public safety	109,341	147,431	116,365	355,045
Public works	222,707	837,478	536,492	1,075,101
Debt service:				
Principal retirement	1,554,398	1,581,506	1,449,749	3,722,466
Interest	238,731	188,965	191,983	179,335
Paying agent fees	2,681	2,250	5,275	4,340
Decertify TIF districts	10,563	1,391	-	-
Bond issuance costs	-	-	-	37,024
Developer reimbursement	-	35,683	-	-
Construction/acquisition costs	268,920	2,348,493	2,529,551	2,869,818
Total expenditures	8,174,242	11,248,622	11,006,401	15,069,937
Revenues over (under) expenditures	402,040	(1,780,554)	(1,522,271)	(5,284,303)

Table 4
Page 1 of 2

2017	2018	2019	2020	2021	2022
\$5,234,508	\$5,307,698	\$5,186,298	\$5,471,214	\$5,598,962	\$5,832,748
244,088	406,681	261,388	415,046	529,573	378,706
733,126	502,729	414,484	489,618	955,065	678,365
3,029,282	2,736,749	2,665,061	4,514,855	2,235,154	2,392,899
687,958	585,570	706,189	601,838	421,928	843,797
499,996	398,435	344,428	419,695	725,158	605,959
-	-	313,338	1,553,323	1,677,517	1,914,082
54,474	92,899	84,760	57,025	33,554	48,782
57,859	85,427	252,971	285,020	(13,639)	(272,541)
-	-	-	-	-	-
242,588	267,096	288,407	282,989	255,232	198,131
80,126	118,498	56,894	80,243	36,390	135,006
<u>10,864,005</u>	<u>10,501,782</u>	<u>10,574,218</u>	<u>14,170,866</u>	<u>12,454,894</u>	<u>12,755,934</u>
1,364,892	1,470,157	1,636,103	1,889,938	1,870,572	1,746,486
1,710,212	1,363,885	1,133,044	953,202	-	-
2,300,865	2,440,112	2,461,449	2,607,562	2,758,027	3,094,115
2,042,897	1,972,149	2,324,332	2,617,478	2,267,219	2,390,918
132,213	315,707	175,671	236,812	530,314	744,481
-	60,452	37,845	126,604	11,894	85,159
-	-	-	214,045	80,840	64,789
51,067	292,554	184,121	7,543,919	153,374	294,921
144,882	209,803	346,280	31,875	-	-
1,592,894	1,138,591	2,719,362	510,000	1,070,000	1,110,000
186,709	139,135	172,605	227,327	397,607	347,125
4,120	2,001	2,501	3,000	6,689	3,474
-	-	-	-	-	-
-	39,892	125,781	62,885	-	72,484
-	-	-	-	-	-
262,529	3,006,256	1,327,508	4,601,499	2,029,427	4,780,257
<u>9,793,280</u>	<u>12,450,694</u>	<u>12,646,602</u>	<u>21,626,146</u>	<u>11,175,963</u>	<u>14,734,209</u>
<u>1,070,725</u>	<u>(1,948,912)</u>	<u>(2,072,384)</u>	<u>(7,455,280)</u>	<u>1,278,931</u>	<u>(1,978,275)</u>

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

	2013	2014	2015	2016
Other financing sources (uses):				
Redemption of refunded bonds	\$ -	(\$593,894)	\$ -	\$635,500
Refunding bonds issued/bonds issued	-	1,601,532	1,532,130	2,570,000
Transfers in	-	2,310,993	2,939,619	-
Transfers out	(795,002)	(1,931,678)	(2,511,619)	-
Premium (discount) on debt issued	-	85,817	-	172,047
Sale of property	-	22,507	23,208	2,500
Special item	791,111	-	-	-
Total other financing sources (uses)	<u>(3,891)</u>	<u>1,495,277</u>	<u>1,983,338</u>	<u>3,380,047</u>
Net change in fund balance	<u>\$398,149</u>	<u>(\$285,277)</u>	<u>\$461,067</u>	<u>(\$1,904,256)</u>
Debt service as a percentage of noncapital expenditures (1)	24.0%	22.9%	21.2%	36.3%
Debt service as percentage of total expenditures (1)	21.9%	15.7%	14.9%	25.9%

(1) During 2019, the City prepaid the remaining balance of the Bonds of 2012 and the PFA Bonds of 2001, the amount of principal retired early totaled \$2,735,000

2017	2018	2019	2020	2021	2022
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,970,000	7,235,000	3,640,000	-	3,780,000
419,000	515,350	549,000	715,000	700,000	615,000
-	-	-	-	-	-
-	54,463	184,912	250,909	-	72,343
298,135	12,834	21,973	803	794,994	138,538
-	-	-	(185,637)	-	-
<u>717,135</u>	<u>2,552,647</u>	<u>7,990,885</u>	<u>4,421,075</u>	<u>1,494,994</u>	<u>4,605,881</u>
<u>\$1,787,860</u>	<u>\$603,735</u>	<u>\$5,918,501</u>	<u>(\$3,034,205)</u>	<u>\$2,773,925</u>	<u>\$2,627,606</u>
19.1%	14.4%	26.9%	8.1%	16.5%	15.3%
18.2%	10.3%	22.9%	3.4%	13.1%	9.9%

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
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	5,532,680	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%
2018	2,945,910	2,443,699	1,039,102	198,802	6,627,513	230,841	6,396,672	81.252	586,137,100	1.09%
2019	3,261,577	2,367,610	1,069,578	213,644	6,912,409	238,556	6,673,853	76.653	617,557,100	1.08%
2020	3,685,147	2,435,637	1,172,401	240,537	7,533,722	262,345	7,271,377	75.052	674,669,600	1.08%
2021	4,046,255	2,420,597	1,171,915	290,454	7,929,221	325,142	7,604,079	73.204	716,269,700	1.06%
2022	6,357,199	2,798,669	793,341	234,499	10,183,708	304,188	9,879,520	63.226	1,042,791,300	0.95%

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	
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
2018	70.637	10.615	81.252	64.737	33.663	0.216	179.868
2019	70.333	6.321	76.654	64.404	30.712	0.212	171.982
2020	71.778	3.274	75.052	62.583	29.134	0.199	166.968
2021	70.072	3.131	73.203	61.727	29.094	0.188	164.212
2022	67.296	2.886	70.182	59.406	24.859	0.172	154.619

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	2022			2013		
	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	\$176,844	1	2.08%	\$209,454	1	3.67%
Menards, Inc.	156,459	2	1.84%	128,308	3	2.25%
Fleet Farm	149,596	3	1.76%	100,949	4	1.77%
Target Corporation	115,148	4	1.36%	136,620	2	2.39%
Country Club Manor of Hutchinson, LLP	84,046	5	0.99%	-	-	0.00%
East Central Electric Association	77,874	6	0.92%	75,314	6	1.32%
US Development & Leasing Corp	70,904	7	0.83%	-	-	0.00%
Allina Medical Clinic	66,404	8	0.78%	67,763	8	1.19%
Centerpoint Energy	64,554	9	0.76%	83,380	5	1.46%
Big River Cambridge, LLC	61,036	10	0.72%	-	-	0.00%
LAAM Properties	-	-	0.00%	72,770	7	1.28%
Kohl's	-	-	0.00%	63,164	9	1.11%
S & H Material Handling Corp	-	-	0.00%	61,654	10	1.08%
Total	<u>\$1,022,865</u>		12.04%	<u>\$999,376</u>		17.52%
Total all property	<u>\$8,494,529</u>			<u>\$5,705,573</u>		

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 ⁽¹⁾	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$4,844,174	\$4,795,494	99.00%	(\$23,879)	\$4,771,615	98.50%
2014	4,844,174	4,793,705	98.96%	31,967	4,825,672	99.62%
2015	4,907,148	4,837,402	98.58%	41,955	4,879,357	99.43%
2016	4,980,755	4,925,010	98.88%	25,046	4,950,056	99.38%
2017	5,095,439	5,088,602	99.87%	6,807	5,095,409	100.00%
2018	5,197,430	5,190,582	99.87%	4,181	5,194,763	99.95%
2019	5,197,430	5,131,311	98.73%	23,248	5,154,559	99.18%
2020	5,457,302	5,430,665	99.51%	21,106	5,451,771	99.90%
2021	5,566,449	5,523,870	99.24%	25,922	5,549,792	99.70%
2022	5,789,107	5,746,074	99.26%	-	5,746,074	99.26%

Source: City Finance Department.

⁽¹⁾ 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	Improvement Bonds	Sales Tax Bonds	Total Bond Premiums	Total Governmental Activities	Percentage Market Value of Taxable Property
2013	\$9,724,804	\$ -	\$138,055	\$9,862,859	1.9%
2014	9,150,936	-	199,335	9,350,271	2.3%
2015	9,233,317	-	169,478	9,402,795	2.2%
2016	8,080,851	-	301,798	8,382,649	2.0%
2017	6,487,957	-	255,021	6,742,978	1.6%
2018	7,319,366	-	266,326	7,585,692	1.8%
2019	4,600,000	7,235,000	406,552	12,241,552	2.9%
2020	4,475,000	10,490,000	590,058	15,555,058	2.0%
2021	3,945,000	9,950,000	520,871	14,415,871	2.0%
2022	7,150,000	9,415,000	520,785	17,085,785	1.6%

Source: Isanti County

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

Table 9

Business-Type Activities					
Water / Wastewater Bonds	Total Bond Premiums	Total Business-Type Activities	Per Customer	Total Primary Government	Per Capita
\$12,464,842	\$ -	\$12,464,842	\$3,424	\$22,327,701	\$2,711
24,435,950	364,551	24,800,501	6,813	34,150,772	4,147
20,846,785	323,214	21,169,999	6,115	30,572,794	3,667
21,272,154	507,344	21,779,498	5,925	30,162,147	3,550
19,122,049	442,423	19,564,472	5,161	26,307,450	3,007
18,751,630	423,816	19,175,446	5,561	26,761,138	3,018
18,771,000	526,983	19,297,983	4,917	31,539,535	3,513
18,824,000	576,723	19,400,723	4,985	34,955,781	3,779
17,021,000	495,029	17,516,029	4,307	31,931,900	3,452
15,252,000	417,499	15,669,499	3,685	32,755,284	3,321

CITY OF CAMBRIDGE, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2022

Table 10

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Isanti County	\$6,190,000	19.1189%	\$1,183,460
I.S.D. No. 911 (Cambridge-Isanti)	47,920,000	27.1331%	<u>13,002,182</u>
Subtotal - overlapping debt			14,185,642
City direct debt			<u>17,085,785</u>
Total direct and overlapping debt			<u><u>\$31,271,427</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 2022

Market value	\$764,346,300
Applicable debt limit	3%
Debt limit	<u>22,930,389</u>
Debt applicable to limit:	
General obligation bonds	<u>(3,780,000)</u>
Legal debt margin	<u><u>\$19,150,389</u></u>

Legal Debt Margin Calculation for Fiscal Years 2013 Through 2022

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit
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%
2018	17,584,113	1,205,000	16,379,113	6.85%
2019	18,526,713	-	18,526,713	0.00%
2020	20,240,088	-	20,240,088	0.00%
2021	21,488,091	-	21,488,091	0.00%
2022	22,930,389	3,780,000	19,150,389	16.48%

Water Revenue Bonds

Fiscal Year	Water Enterprise Fund			Debt Service		Coverage
	Operating Revenues	Less: Operating Expenses (1)	Net Available Revenue	Principal	Interest	
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
2018	1,933,167	749,012	1,184,155	880,108	184,304	1.11
2019	1,838,155	732,442	1,105,713	1,203,699	151,626	0.82
2020	2,012,315	747,747	1,264,568	782,263	168,303	1.33
2021	2,225,925	834,059	1,391,866	856,343	208,153	1.31
2022	2,104,645	820,129	1,284,516	964,732	120,935	1.18

Wastewater Revenue Bonds

Fiscal Year	Wastewater Enterprise Fund			Debt Service		Coverage
	Operating Revenues	Less: Operating Expenses (1)	Net Available Revenue	Principal	Interest	
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
2018	2,030,592	1,271,164	759,428	787,755	128,012	0.83
2019	2,284,724	1,279,594	1,005,130	892,365	109,495	1.00
2020	2,379,173	1,324,121	1,055,052	710,811	102,028	1.30
2021	2,573,206	1,524,002	1,049,204	745,940	118,719	1.21
2022	2,543,108	1,723,367	819,741	808,507	92,340	0.91

Special Assessment Improvement Bonds

Fiscal Year	Special Assessment Collections	Debt Service		(2) Coverage
		Principal	Interest	
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
2018	585,570	743,591	111,087	0.69
2019	706,189	1,514,366	158,111	0.42
2020	601,838	510,000	227,327	0.82
2021	421,928	530,000	214,232	0.57
2022	843,797	575,000	100,231	1.25

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.

CITY OF CAMBRIDGE, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 13

<u>Fiscal Year</u>	<u>Population⁽³⁾</u>	<u>Unemployment Rate⁽²⁾</u>	<u>Personal Income⁽¹⁾</u>	<u>Per Capita Personal Income⁽¹⁾</u>
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%	1,689,065,000	42,673
2018	8,868	5.40%	1,775,926,000	44,570
2019	8,977	2.70%	1,858,551,000	45,950
2020	9,249	5.90%	2,033,433,000	49,082
2021	9,249	4.60%	2,228,920,000	53,189
2022	9,862	4.50%	Information Not Available	

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

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

⁽²⁾ Isanti County rate

⁽³⁾ 011 population per US Census Bureau
 2012-2021 population per estimates from State of MN Demographer

- This page intentionally left blank -

CITY OF CAMBRIDGE, MINNESOTA
 PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Table 14

Employer	Product/Service	2022		2013	
		Employees	% of Total Employees	Employees	% of Total Employees
I.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	832	3.9%	408	8.5%
Cambridge Medical Center	Hospital	700	3.3%	800	16.7%
Grace Pointe Crossing	Skilled nursing facility	500	2.4%	300	6.3%
Wal-Mart Supercenter	Discount retail and grocery store	335	1.6%	350	7.3%
Park Manufacturing	Wire harnesses	300	1.4%		
Isanti County	County government and service	294	1.4%	263	5.5%
TEAM Industries Cambridge, Inc.	Precision machine shop	220	1.0%	220	4.6%
Menards Mega Store	Home improvement store	200	0.9%	200	4.2%
Fleet Farm	Retail Merchandise	200	0.9%	150	3.1%
Target	Retail Merchandise	150	0.7%	150	3.1%
Cambridge Metals & Plastics, Inc.	Manufacture recreational accessories			200	4.2%
Arrow Tank	Metal Fabrication				
All others		17,393	82.3%	1,759	36.6%
Total ⁽¹⁾		21,124	100.0%	4,800	100.0%

Source: Continuing Disclosure Document

⁽¹⁾ 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

Function/Program	Full-Time Equivalent Employees as of December 31,			
	2013	2014	2015	2016
General government:				
Administration	1	1	2	2
EDA	2	2	2	2
Finance	3	3	3	3
Building inspections	3	3	3	3
Building maintenance	1	1	1	1
Community development	2	2	2	2
Municipal liquor store	3	4	4	4
Public safety	13	15	16	16
Public works	10	10	10	9
Parks and recreation	1	1	1	2
Water	3	3	3	3
Sewer	6	6	6	6
Total	48	51	53	53

Source: City Finance Department

Table 15

Full-Time Equivalent Employees as of December 31,						
2017	2018	2019	2020	2021	2022	
2	3	2	2	2	3	
2	2	2	1	2	2	
3	3	3	3	3	3	
3	3	3	3	3	3	
1	1	1	1	1	1	
2	2	2	2	2	3	
4	4	4	4	4	4	
16	16	16	16	17	18	
9	9	9	9	10	10	
2	2	2	2	2	2	
3	3	3	3	3	3	
6	6	6	6	6	6	
<u>53</u>	<u>54</u>	<u>53</u>	<u>52</u>	<u>55</u>	<u>58</u>	

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

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Police:				
Calls	15,035	15,919	12,323	17,390
Juvenile arrests	150	126	78	71
Adult arrests	1,062	1,092	1,113	1,144
Crime rate (per 100,000)	9,961	10,784	9,200	10,558
Clearance	54%	58%	54%	50%
Fire:				
Total calls dispatched	163	259	198	256
False alarms/cancelled calls	52	N/A	N/A	N/A
Building inspection:				
Permits issued:				
Residential	21	40	37	49
Commercial	2	N/A	2	4
Total permit valuation	\$30,856,987	\$18,833,654	\$20,843,136	\$22,340,621
Water:				
Connections	3,644	3,625	3,657	3,681
Annual consumption (thousands of gallons)	229,661,040	227,115,120	277,328,691	272,184,001
Sewer:				
Connections	3,639	3,637	3,650	3,676

Sources: Various City departments

Table 16

Fiscal Year					
2017	2018	2019	2020	2021	2022
15,810	16,668	25,199	20,148	17,347	23,066
111	83	76	36	20	51
978	1,015	1,202	661	683	979
10,972	9,382	10,104	8,747	7,568	7,128
45%	64%	65%	64%	53%	Not available
374	385	360	314	343	391
45	89	78	51	42	35
73	56	69	83	136	5
2	1	2	2	2	5
\$57,629,800	\$28,299,904	\$29,478,202	\$29,145,407	\$58,723,450	\$31,590,702
3,769	3,839	3,925	3,892	4,067	4,252
284,941,015	300,987,607	283,495,754	288,933,361	306,220,612	297,167,543
3,791	3,448	3,964	3,925	4,279	4,292

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

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Police:				
Stations	1	1	1	1
Squad cars	15	15	16	16
Fire stations	1	1	1	1
Other public works:				
Miles of paved streets	55.6	56.0	56.0	56.0
Traffic signals	10	10	10	10
Park land:				
Number of parks	16	16	16	16
Water:				
Water mains (miles)	45.2	45.5	45.5	45.5
Storage capacity (gallons)	1,300,000	1,300,000	1,300,000	1,300,000
Wastewater:				
Sanitary sewers (miles)	44.1	44.5	44.5	44.5
Storm sewers (miles)	34.8	35.0	35.0	35.0
Treatment capacity	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd

Sources: Various City departments

Table 17

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
16	16	17	17	17	17	17
1	1	1	1	1	1	1
56.0	56.0	56.0	56.0	56.0	56.0	56.0
10	10	10	10	10	10	10
16	16	17	17	17	17	18
45.5	45.5	45.5	45.5	45.5	45.5	45.5
1,300,000	1,300,000	1,300,000	1,750,000	1,750,000	1,750,000	1,750,000
44.5	44.5	44.5	44.5	44.5	44.5	44.5
35.0	35.0	35.0	36.3	36.3	36.3	36.3
1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd

- This page intentionally left blank -