

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 21, 2022

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF CAMBRIDGE, MINNESOTA (Isanti County)

\$4,105,000* GENERAL OBLIGATION BONDS, SERIES 2022A

PROPOSAL OPENING: May 2, 2022, 10:00 A.M., C.T.

CONSIDERATION: May 2, 2022, 5:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,105,000* General Obligation Bonds, Series 2022A (the "Bonds") are being issued pursuant to Minnesota Statutes, Section 475.58, Subdivision 3b, and Chapters 444 and 475, by the City of Cambridge, Minnesota (the "City") to finance certain 2022 Street Improvement projects, including street reconstruction plans as described in the City's Five-Year Street Reconstruction and Overlay Plan dated June 21, 2021, and stormwater system improvement projects. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: May 26, 2022

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2024	\$365,000	2028	\$405,000	2032	\$450,000
2025	375,000	2029	415,000	2033	460,000
2026	380,000	2030	425,000		
2027	395,000	2031	435,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2023 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2032 and thereafter are subject to call for prior optional redemption on February 1, 2031 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$4,055,740.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$82,100 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF CAMBRIDGE CITY COUNCIL

		<u>Term Expires</u>
Jim Godfrey	Mayor	January 2024
Kersten Barfknecht-Conley	Council Member	January 2023
Lisa Iverson	Council Member	January 2025
Bob Shogren	Council Member	January 2023
Mark Ziebarth	Council Member	January 2025

ADMINISTRATION

Evan Vogel, City Administrator
Caroline Moe, Director of Finance

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Cambridge, Minnesota (the "City") and the issuance of its \$4,105,000* General Obligation Bonds, Series 2022A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on May 2, 2022.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 26, 2022. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Section 475.58, Subdivision 3b, and Chapters 444 and 475, by the City to finance certain 2022 Street Improvement projects, including: (i) street reconstruction plans as described in the City's Five-Year Street Reconstruction and Overlay Plan dated June 21, 2021 (the "Street Reconstruction Portion"); and (ii) stormwater system improvement projects (the "Stormwater Revenue Portion").

ESTIMATED SOURCES AND USES*

Sources	Street Reconstruction Portion	Stormwater Revenue Portion	Total Bond Issue
Par Amount of Bonds	<u>\$3,870,000</u>	<u>\$235,000</u>	<u>\$4,105,000</u>
Total Sources	\$3,870,000	\$235,000	\$4,105,000
Uses			
Total Underwriter's Discount (1.200%)	\$46,440	\$2,820	\$49,260
Costs of Issuance	53,737	3,263	57,000
Deposit to Capitalized Interest (CIF) Fund	68,207	-	68,207
Deposit to Project Construction Fund	3,700,000	228,000	3,928,000
Rounding Amount	<u>1,616</u>	<u>917</u>	<u>2,533</u>
Total Uses	\$3,870,000	\$235,000	\$4,105,000

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Street Reconstruction Portion	Stormwater Revenue Portion	Total Bond Issue
2/01/2024	\$345,000	\$20,000	\$365,000
2/01/2025	355,000	20,000	375,000
2/01/2026	360,000	20,000	380,000
2/01/2027	370,000	25,000	395,000
2/01/2028	380,000	25,000	405,000
2/01/2029	390,000	25,000	415,000
2/01/2030	400,000	25,000	425,000
2/01/2031	410,000	25,000	435,000
2/01/2032	425,000	25,000	450,000
2/01/2033	<u>435,000</u>	<u>25,000</u>	<u>460,000</u>
Total	\$3,870,000	\$235,000	\$4,105,000

*Preliminary, subject to change.

SECURITY

The Bonds are general obligations of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount.

The City anticipates that debt service on the Street Reconstruction Portion of the Bonds will be paid from ad valorem property taxes. Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Street Reconstruction Portion of the Bonds as required by Minnesota law.

The City anticipates that debt service on the Stormwater Revenue Portion of the Bonds will be paid entirely from net revenues of the utility system ("utility revenues") which are owned and operated by the City.

Should the utility revenues pledged for payment of the Stormwater Revenue Portion of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy additional taxes for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

In the Award Resolution the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the City.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies, brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect to the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax Exempt Interest

In the opinion of Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code; (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of the Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of the Bond proceeds and other amounts. The City has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, or trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds.

The Bonds are "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2021 have been audited by Redpath and Company, Ltd., St. Paul, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (utility revenues) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2019/20	2020/21	2021/22
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$162,000 - .75% Over \$162,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$100,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2020/21 Economic Market Value¹

\$797,285,551²

	2021/22 Assessor's Estimated Market Value	2021/22 Net Tax Capacity
Real Estate	\$757,130,100	\$8,354,385
Personal Property	7,216,200	140,144
Total Valuation	<u>\$764,346,300</u>	<u>\$8,494,529</u>
Less: Captured Tax Increment Tax Capacity ³		(245,814)
Taxable Net Tax Capacity		<u>\$8,248,715</u>

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$5,647,954	66.489%
Agricultural	26,402	0.311%
Commercial/industrial	2,595,697	30.557%
Public utility	36,206	0.426%
Railroad operating property	31,280	0.368%
Commercial & residential seasonal/rec.	21	0.001%
Other	16,825	0.198%
Personal property	140,144	1.650%
Total	<u>\$8,494,529</u>	<u>100.000%</u>

¹ Most recent value available from the Minnesota Department of Revenue.

² According to the Minnesota Department of Revenue, the 2020/21 Assessor's Estimated Market Value (the "AEMV") for the City is about 89.80% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in a 2020/21 Economic Market Value ("EMV") for the City of \$797,285,551.

³ The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity ¹	Taxable Net Tax Capacity ²	Percent Increase/Decrease in Estimated Market Value
2017/18	\$586,137,100	\$533,014,722	\$6,627,513	\$6,396,672	8.85%
2018/19	617,557,100	564,930,255	6,912,409	6,673,853	5.36%
2019/20	674,669,600	622,518,600	7,533,722	7,271,377	9.25%
2020/21	716,269,700	663,965,700	7,929,221	7,604,079	6.17%
2021/22	764,346,300	711,081,700	8,494,529	8,248,715	6.71%

LARGER TAXPAYERS³

Taxpayer	Type of Property	2021/22 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Wal-Mart	Commercial	\$176,844	2.08%
Menard, Inc.	Commercial	156,459	1.84%
Northpointe Cambridge, LLC	Commercial	149,596	1.76%
Target Corporation	Commercial	115,148	1.36%
Country Club Manor of Hutchinson, LLP	Commercial	84,046	0.99%
East Central Energy	Utility	77,874	0.92%
US Development & Leasing Corporation	Industrial	70,904	0.83%
Allina Medical Clinic	Commercial	66,404	0.78%
Centerpoint Energy Minnegasco	Commercial	64,554	0.76%
Big River Cambridge, LLC	Commercial	61,036	0.72%
Total		<u>\$1,022,865</u>	<u>12.04%</u>

City's Total 2021/22 Net Tax Capacity \$8,494,529

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Isanti County.

¹ Net Tax Capacity includes tax increment values.

² Taxable Net Tax Capacity does not include tax increment values.

³ In 2021, the estimated median commercial and industrial sales ratio used to equalize utility values in Isanti County dropped below 90% to 81.92%, thereby resulting in lower valuations for this classification of property. Depreciation may also have affected the decrease in valuations.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by sales tax revenues	\$9,415,000
Total G.O. debt secured by special assessments and taxes	3,370,000
Total G.O. debt secured by taxes (includes the Street Reconstruction Portion of the Bonds)*	3,870,000
Total G.O. debt secured by utility revenues (includes the Stormwater Revenue Portion of the Bonds)*	15,861,000
Total General Obligation Debt*	<u>\$32,516,000</u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

City of Cambridge, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Sales Tax
(As of 05/26/2022)

		Sales Tax Revenue Bonds Series 2019B		Sales Tax Revenue Bonds 1) Series 2020A			
		12/30/2019 \$7,235,000 02/01		05/28/2020 \$3,255,000 02/01			
Dated Amount	Maturity						
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I
2022	0	81,853	0	37,581	0	119,434	119,434
2023	295,000	159,281	265,000	71,188	560,000	230,469	790,469
2024	305,000	150,281	270,000	63,163	575,000	213,444	788,444
2025	315,000	140,981	280,000	54,913	595,000	195,894	790,894
2026	320,000	131,456	285,000	46,438	605,000	177,894	782,894
2027	330,000	121,706	295,000	37,738	625,000	159,444	784,444
2028	340,000	111,656	305,000	28,738	645,000	140,394	785,394
2029	350,000	101,306	315,000	19,438	665,000	120,744	785,744
2030	365,000	92,406	325,000	11,463	690,000	103,869	793,869
2031	370,000	85,056	335,000	7,863	405,000	92,919	497,919
2032	375,000	77,606	35,000	7,163	410,000	84,769	494,769
2033	385,000	70,006	35,000	6,463	420,000	76,469	496,469
2034	390,000	62,013	40,000	5,713	430,000	67,725	497,725
2035	400,000	53,619	40,000	4,913	440,000	58,531	498,531
2036	410,000	44,756	40,000	4,113	450,000	48,869	498,869
2037	420,000	35,419	40,000	3,263	460,000	38,681	498,681
2038	430,000	25,856	40,000	2,363	470,000	28,219	498,219
2039	435,000	15,853	40,000	1,463	475,000	17,316	492,316
2040	450,000	5,344	45,000	506	495,000	5,850	500,850
	6,685,000	1,566,456	2,730,000	414,475	9,415,000	1,980,931	11,395,931

1) This represents the \$3,255,000 Sales Tax Revenue portion of the \$5,475,000 General Obligation Bonds, Series 2020A.

City of Cambridge, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 05/26/2022)

Dated Amount	Improvement and Refunding Bonds 1) Series 2014A		Improvement and Refunding Bonds 2) Series 2016A		Improvement Bonds 3) Series 2018A		Improvement Bonds 4) Series 2020A		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	05/28/2014 \$2,210,000	02/01	05/17/2016 \$2,570,000	02/01	05/31/2018 \$1,970,000	02/01	05/28/2020 \$385,000	02/01				
Maturity	02/01	02/01	02/01	02/01	02/01	02/01	02/01	02/01				
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest		
2022	0	4,253	0	15,050	0	21,675	0	4,825	0	45,803	3,370,000	2022
2023	110,000	6,856	260,000	26,200	190,000	40,500	35,000	9,125	595,000	82,681	2,775,000	2023
2024	110,000	3,969	270,000	18,250	195,000	34,725	35,000	8,075	610,000	65,019	2,165,000	2024
2025	115,000	1,366	280,000	11,400	200,000	28,800	35,000	7,025	630,000	48,591	1,535,000	2025
2026			280,000	5,800	205,000	22,725	40,000	5,900	525,000	34,425	1,010,000	2026
2027			150,000	1,500	210,000	16,500	40,000	4,700	400,000	22,700	610,000	2027
2028					220,000	10,050	40,000	3,500	260,000	13,550	350,000	2028
2029					225,000	3,375	40,000	2,300	265,000	5,675	85,000	2029
2030							40,000	1,300	40,000	1,300	45,000	2030
2031							45,000	450	45,000	450	0	2031
	335,000	16,444	1,240,000	78,200	1,445,000	178,350	350,000	47,200	3,370,000	320,194		

- 1) This represents the \$2,210,000 Improvement and Refunding portions of the \$8,415,000 General Obligation Bonds, Series 2014A.
- 2) This represents the \$2,570,000 Improvement and Refunding portions of the \$6,140,000 General Obligation Bonds, Series 2016A.
- 3) This represents the \$1,970,000 Improvement portion of the \$3,480,000 General Obligation Bonds, Series 2018A.
- 4) This represents the \$385,000 Improvement portion of the \$5,475,000 General Obligation Bonds, Series 2020A.

City of Cambridge, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 05/26/2022)

Street Reconstruction Bonds 1)
Series 2022A

Dated Amount	05/26/2022 \$3,870,000*	
Maturity	02/01	
Calendar Year Ending	Principal	Estimated Interest
2023	0	118,318
2024	345,000	96,428
2025	355,000	88,550
2026	360,000	80,058
2027	370,000	71,023
2028	380,000	61,553
2029	390,000	51,540
2030	400,000	40,973
2031	410,000	29,935
2032	425,000	18,348
2033	435,000	6,199
	3,870,000	662,922

Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
0	118,318	118,318	3,870,000	.00%	2023
345,000	96,428	441,428	3,525,000	8.91%	2024
355,000	88,550	443,550	3,170,000	18.09%	2025
360,000	80,058	440,058	2,810,000	27.39%	2026
370,000	71,023	441,023	2,440,000	36.95%	2027
380,000	61,553	441,553	2,060,000	46.77%	2028
390,000	51,540	441,540	1,670,000	56.85%	2029
400,000	40,973	440,973	1,270,000	67.18%	2030
410,000	29,935	439,935	860,000	77.78%	2031
425,000	18,348	443,348	435,000	88.76%	2032
435,000	6,199	441,199	0	100.00%	2033
3,870,000	662,922	4,532,922			

* Preliminary, subject to change.

1) This represents the \$3,870,000 Street Reconstruction portion of the \$4,105,000 General Obligation Bonds, Series 2022A.

City of Cambridge, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 05/26/2022)

	Wastewater Revenue Note Series 2013A		Utility Revenue Refunding Bonds 1) Series 2014A		Utility Revenue and Refunding Bonds 2) Series 2016A		Utility Revenue Bonds 3) Series 2018A		Water Revenue Bonds Series 2019A	
	Dated Amount	Maturity	09/17/2013 \$11,737,687	05/28/2014 \$6,205,000	05/17/2016 \$3,570,000	05/31/2018 \$1,510,000	07/11/2019 \$2,405,000			
	08/20	02/01	02/01	02/01	02/01	02/01	02/01			
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	604,000	34,955	0	25,934	0	0	0	16,575	0	34,975
2023	610,000	63,870	665,000	41,894	365,000	145,000	145,000	30,975	100,000	67,950
2024	617,000	57,770	685,000	24,213	375,000	150,000	150,000	26,550	95,000	64,050
2025	623,000	51,600	695,000	8,253	385,000	150,000	150,000	22,050	100,000	60,150
2026	629,000	45,370			395,000	160,000	160,000	17,400	100,000	56,150
2027	635,000	39,080			200,000	160,000	160,000	12,600	105,000	52,050
2028	642,000	32,730				165,000	175,000	7,725	110,000	47,750
2029	648,000	26,310						2,625	115,000	43,250
2030	654,000	19,830							120,000	39,150
2031	661,000	13,290							125,000	35,475
2032	668,000	6,680							125,000	31,725
2033									130,000	27,900
2034									135,000	23,925
2035									140,000	19,800
2036									140,000	15,600
2037									145,000	11,325
2038									150,000	6,900
2039									155,000	2,325
	6,991,000	391,485	2,045,000	100,294	1,720,000	1,105,000	2,090,000	136,500		640,450

1) This represents the \$6,205,000 Utility Revenue Refunding portion of the \$8,415,000 General Obligation Bonds, Series 2014A.

2) This represents the \$3,570,000 Utility Revenue and Refunding portions of the \$6,140,000 General Obligation Bonds, Series 2016A.

3) This represents the \$1,510,000 Utility Revenue portion of the \$3,480,000 General Obligation Bonds, Series 2018A.

--Continued on next page

City of Cambridge, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Utility Revenues
(As of 05/26/2022)

Utility Revenue Bonds 4) Series 2020A				Stormwater Revenue Bonds 5) Series 2022A							
Dated Amount	05/28/2020 \$1,835,000	05/26/2022 \$235,000*									
Maturity	02/01	02/01									
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	
2022	0	23,075	0	0	604,000	156,414	760,414	15,257,000	3.81%	2022	
2023	160,000	43,750	0	7,190	2,045,000	291,953	2,336,953	13,212,000	16.70%	2023	
2024	170,000	38,800	20,000	5,870	2,112,000	242,478	2,354,478	11,100,000	30.02%	2024	
2025	175,000	33,625	20,000	5,420	2,148,000	196,848	2,344,848	8,952,000	43.56%	2025	
2026	180,000	28,300	20,000	4,945	1,484,000	160,115	1,644,115	7,468,000	52.92%	2026	
2027	185,000	22,825	25,000	4,388	1,310,000	132,943	1,442,943	6,158,000	61.18%	2027	
2028	195,000	17,125	25,000	3,756	1,137,000	109,086	1,246,086	5,021,000	68.34%	2028	
2029	200,000	11,200	25,000	3,106	1,163,000	86,491	1,249,491	3,858,000	75.68%	2029	
2030	200,000	6,200	25,000	2,438	999,000	67,618	1,066,618	2,859,000	81.97%	2030	
2031	210,000	2,100	25,000	1,756	1,021,000	52,621	1,073,621	1,838,000	88.41%	2031	
2032			25,000	1,063	818,000	39,468	857,468	1,020,000	93.57%	2032	
2033			25,000	356	155,000	28,256	183,256	865,000	94.55%	2033	
2034					135,000	23,925	158,925	730,000	95.40%	2034	
2035					140,000	19,800	159,800	590,000	96.28%	2035	
2036					140,000	15,600	155,600	450,000	97.16%	2036	
2037					145,000	11,325	156,325	305,000	98.08%	2037	
2038					150,000	6,900	156,900	155,000	99.02%	2038	
2039					155,000	2,325	157,325	0	100.00%	2039	
	1,675,000	227,000	235,000	40,287	15,861,000	1,644,166	17,505,166				

* Preliminary, subject to change.

- 4) This represents the \$1,835,000 Utility Revenue portion of the \$5,475,000 General Obligation Bonds, Series 2020A.
- 5) This represents the \$235,000 Stormwater Revenue portion of the \$4,105,000 General Obligation Bonds, Series 2022A.

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences (includes the Stormwater Revenue Portion of the Bonds); (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the City; and other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2021/22 Assessor's Estimated Market Value	\$764,346,300
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$22,930,389
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Street Reconstruction Portion of the Bonds)*	<u>(3,870,000)</u>
Unused Debt Limit*	<u><u>\$19,060,389</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2021/22 Taxable Net Tax Capacity	% In City	Total G.O. Debt ²	City's Proportionate Share
County of:				
Isanti	\$43,144,214	19.1189%	\$6,190,000	\$1,183,460
School District of: ³				
I.S.D. No. 911 (Cambridge-Isanti Public Schools)	28,025,152	27.1331%	47,920,000 ⁴	13,002,182
City's Share of Total Overlapping Debt				<u>\$14,185,641</u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Includes the 2020/21 Taxable Net Tax Capacity and Agricultural Credit values; the 2021/22 Agricultural Credit values are expected to be available in August 2022.

⁴ Currently, the State of Minnesota is paying approximately 3.8% of the principal and interest on Cambridge-Isanti Public School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$1,820,960. Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$797,285,551	Debt/ Per Capita 8,975¹
Direct G.O. Debt Secured By:			
Sales Tax Revenues	\$9,415,000		
Special Assessments & Taxes	3,370,000		
Taxes*	3,870,000		
Utility Revenues*	15,861,000		
Total General Obligation Debt (includes the Bonds)*	\$32,516,000		
Less: G.O. Debt Paid Entirely from Revenues ²	(25,276,000)		
Tax Supported General Obligation Debt*	\$7,240,000	0.91%	\$806.69
City's Share of Total Overlapping Debt ³	\$14,185,641	1.78%	\$1,580.57
Total*	\$21,425,641	2.69%	\$2,387.26

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City has no current plans for additional financing in the next 12 months.

¹ 2020 U.S. Census population.

² Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

³ After deducting the City's proportionate share of agricultural land valuation applicable to the overlapping school districts of \$494,083, the City's net overlapping debt is \$13,691,558, which results in a net overlapping debt/market value ratio of 1.72% and net overlapping debt/current population estimate ratio of \$1,525.52.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date ²	% Collected
2017/18	\$5,197,605	\$5,167,596	\$5,196,640	99.98%
2018/19	5,134,787	5,103,282	5,129,929	99.91%
2019/20	5,434,251	5,401,638	5,426,099	99.85%
2020/21	5,562,553	5,523,870	5,546,099	99.70%
2021/22	5,789,107	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The City cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

TAX CAPACITY RATES⁴

	2017/18	2018/19	2019/20	2020/21	2021/22
Isanti County	64.737%	64.404%	62.583%	62.094%	59.744%
City of Cambridge	81.252%	76.653%	75.052%	73.204%	70.182%
I.S.D. No. 911 (Cambridge-Isanti Public Schools)	33.663%	30.912%	29.135%	29.392%	25.134%
East Central Regional Development	0.216%	0.212%	0.199%	0.188%	0.173%

Referendum Market Value Rates:

I.S.D. No. 911 (Cambridge-Isanti Public Schools)	0.13548%	0.12591%	0.12583%	0.13770%	0.22902%
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Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Isanti County.

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Collections are through March 30, 2022.

³ Second half tax payments on agricultural property are due on November 15th of each year.

⁴ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

LEVY LIMITS

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

THE ISSUER

CITY GOVERNMENT

The City was organized as a municipality in 1876. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Administrator and Director of Finance are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 57 full-time, 13 part-time, and two (2) seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
LELS - Police Officers	December 31, 2022
IBEW - Street Maintenance	December 31, 2022
IBEW - Waste/Wastewater	December 31, 2022
LELS - Sergeants	November 1, 2022

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$173,360 as of December 31, 2021. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent actuarial study.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (As of February 28, 2022)

Fund	Total Cash and Investments
General	\$3,254,368
Special Revenue	2,428,697
Debt Service	1,077,781
Capital Projects	10,188,980
Enterprise Funds	8,265,527
Internal Service Fund	219,028
Total Funds on Hand	<u><u>\$25,434,381</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2019	2020	2021
Water			
Total Operating Revenues	\$1,872,177	\$2,012,315	\$2,225,925
Less: Operating Expenses	<u>(1,512,506)</u>	<u>(1,533,010)</u>	<u>(1,650,929)</u>
Operating Income	\$359,671	\$479,305	\$574,996
Plus: Depreciation	<u>780,064</u>	<u>785,263</u>	<u>816,870</u>
Revenues Available for Debt Service	<u><u>\$1,139,735</u></u>	<u><u>\$1,264,568</u></u>	<u><u>\$1,391,866</u></u>
Wastewater			
Total Operating Revenues	\$2,284,724	\$2,379,173	\$2,573,206
Less: Operating Expenses	<u>(2,842,283)</u>	<u>(2,899,022)</u>	<u>(3,106,180)</u>
Operating Income	(\$557,559)	(\$519,849)	(\$532,974)
Plus: Depreciation	<u>1,562,689</u>	<u>1,574,901</u>	<u>1,582,178</u>
Revenues Available for Debt Service	<u><u>\$1,005,130</u></u>	<u><u>\$1,055,052</u></u>	<u><u>\$1,049,204</u></u>
Storm Sewer			
Total Operating Revenues	\$352,989	\$371,124	\$388,223
Less: Operating Expenses	<u>(408,291)</u>	<u>(432,413)</u>	<u>(450,662)</u>
Operating Income	(\$55,302)	(\$61,289)	(\$62,439)
Plus: Depreciation	<u>406,749</u>	<u>414,476</u>	<u>425,851</u>
Revenues Available for Debt Service	<u><u>\$351,447</u></u>	<u><u>\$353,187</u></u>	<u><u>\$363,412</u></u>
Municipal Liquor Store			
Total Operating Revenues	\$1,467,905	\$1,677,768	\$1,686,764
Less: Operating Expenses	<u>(936,787)</u>	<u>(977,456)</u>	<u>(972,317)</u>
Operating Income	\$531,118	\$700,312	\$714,447
Plus: Depreciation	<u>57,438</u>	<u>61,298</u>	<u>63,170</u>
Revenues Available for Debt Service	<u><u>\$588,556</u></u>	<u><u>\$761,610</u></u>	<u><u>\$777,617</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2021 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Adopted Budget ¹⁾
Revenues					
General property taxes	\$4,623,603	\$4,760,579	\$5,232,716	\$5,359,111	\$5,466,558
Licenses and permits	502,729	414,484	489,618	955,065	369,950
Intergovernmental	1,155,577	1,169,547	1,238,797	1,461,857	1,373,252
Charges for services	127,983	135,504	173,113	216,524	127,311
Fines and forfeits	92,899	84,760	57,025	33,554	42,000
Investment income/(loss)	27,236	77,598	58,657	(9,068)	0
Rents	20,018	10,663	10,628	5,100	0
Other	13,956	12,481	17,668	30,666	93,264
Total Revenues	\$6,564,001	\$6,665,616	\$7,278,222	\$8,052,809	\$7,472,335
Expenditures					
Current:					
General government	\$1,461,245	\$1,596,160	\$1,484,298	\$1,865,901	\$1,797,335
Public safety	2,271,541	2,340,976	2,356,085	2,707,873	3,049,012
Public works	1,679,530	1,934,749	1,664,169	1,936,509	1,480,373
Parks and recreation	0	0	0	0	632,205
Total Expenditures	\$5,412,316	\$5,871,885	\$5,504,552	\$6,510,283	\$6,958,925
Excess of revenues over (under) expenditures	\$1,151,685	\$793,731	\$1,773,670	\$1,542,526	\$513,410
Other Financing Sources (Uses)					
Sale of property	\$504	\$125	\$553	\$6,286	\$0
Transfers in	452,350	502,350	500,000	500,000	525,000
Transfers (out)	(1,432,218)	(1,214,059)	(2,386,704)	(1,870,156)	(1,038,410)
Total Other Financing Sources (Uses)	(979,364)	(711,584)	(1,886,151)	(1,363,870)	(513,410)
Net changes in Fund Balances	\$172,321	\$82,147	(\$112,481)	\$178,656	\$0
General Fund Balance January 1	\$3,503,608	\$3,675,929	\$3,758,076	\$3,645,595	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$3,675,929	\$3,758,076	\$3,645,595	\$3,824,251	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$280,016	\$307,509	\$321,905	\$286,065	
Committed	363,503	460,076	471,780	422,961	
Unassigned	3,032,410	2,990,491	2,851,910	3,115,225	
Total	\$3,675,929	\$3,758,076	\$3,645,595	\$3,824,251	

1) The 2022 budget was adopted on December 2, 2021.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 8,111, and a U.S. Census population of 8,975, and comprising an area of 7.9 square miles, is located approximately 40 miles north of the Minneapolis-St. Paul metropolitan area. The City is the county seat of Isanti County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 911 (Cambridge-Isanti Public Schools)	Elementary and secondary education	832
Cambridge Medical Center	Healthcare	700
Grace Pointe Crossing	Nursing home & senior living	500
Walmart	Retail	335
Park Manufacturing	Wire harnesses	300
Isanti County	County government and services	294
Team Industries, Inc.	Industrial machinery and manufacturer	220
Menards. Inc.	Home improvement retail	200
Fleet Farm	Farm supplies	200
Target	Retail	150

Source: *Data Axle Reference Solutions, written and telephone survey (March 2022), and the Minnesota Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2018	2019	2020	2021	2022 ¹
<u>New Single Family Homes</u>					
No. of building permits	54	69	82	133	6
Valuation	\$9,023,571	\$11,112,841	\$14,967,576	\$30,556,543	\$1,580,222
<u>New Multiple Family Buildings</u>					
No. of building permits	2	0	1	3	0
Valuation	\$9,249,602	\$0	\$4,700,000	\$22,000,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	2	2	2	1
Valuation	\$439,000	\$9,311,974	\$6,000,000	\$6,166,907	\$1,300,000
<u>All Building Permits</u> (including additions and remodelings)					
No. of building permits	265	259	284	338	27
Valuation	\$26,515,151	\$27,181,837	\$27,410,369	\$62,293,304	\$3,459,221

Source: The City.

¹ As of March 11, 2022.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census population	8,111
2020 U.S. Census population	8,975
Percent of Change 2010 - 2020	10.65%

Income and Age Statistics

	The City	Isanti County	State of Minnesota	United States
2020 per capita income	\$27,005	\$34,591	\$38,881	\$35,384
2020 median household income	\$58,021	\$76,999	\$73,382	\$64,994
2020 median family income	\$70,652	\$86,442	\$92,692	\$80,069
2020 median gross rent	\$1,030	\$1,039	\$1,010	\$1,096
2020 median value owner occupied units	\$167,200	\$214,400	\$235,700	\$229,800
2020 median age	35.0 yrs.	39.8 yrs.	38.1 yrs.	38.2 yrs.

	State of Minnesota	United States
City % of 2020 per capita income	69.46%	76.32%
City % of 2020 median family income	76.22%	88.24%

Housing Statistics

	<u>The City</u>		
	2010	2020	Percent of Change
All Housing Units	2,364	3,663	54.95%

Source: 2010 and 2020 Census of Population and Housing, and 2020 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Isanti County	Isanti County	State of Minnesota
2018	20,645	5.4%	3.1%
2019	21,016	6.0%	3.4%
2020	19,831	8.1%	6.3%
2021	20,760	4.8%	3.4%
2022, March	21,124	3.8%	2.8%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

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

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

Prepared By:
Finance Department
CAROLINE MOE,
Director of Finance

CITY OF CAMBRIDGE, MINNESOTA
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Full-Time Equivalent City Government Employees by Function/Program

Operating Indicators by Function/Program

Capital Asset Statistics by Function/Program

I. INTRODUCTORY SECTION

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300 Third Avenue Northeast
Cambridge, MN 55008
www.ci.cambridge.mn.us
(763) 689-3211
(763) 689-6801 FAX

March 16, 2022

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 9,249. 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 97% of the total in 2021. They are general property taxes at 67%, licenses and permits at 12% and intergovernmental revenues at 18%. 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 \$1,020,839.

In 2021, the City recognized an increase of approximately 18% in certain intergovernmental revenue as listed below as compared to 2020. The recent history of LGA from 2012 through 2021 is highlighted in the table as follows:

	LGA
2012	426,004
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

In 2021, the City had a 95% increase in license and permits as compared to 2020. In 2021, the City received an higher amount of permit revenue due to the construction of two new apartment buildings, credit union headquarters building, convenience store, and significant residential construction. The City received a substantial amount of revenue from licenses and permits from 2012 through 2021. The past 10 years are shown below:

	Revenues	Increase (Decrease)
2012	250,643	(56,297)
2013	317,572	66,929
2014	310,730	(6,842)
2015	385,333	74,603
2016	395,993	10,660
2017	733,126	337,133
2018	502,729	(230,397)
2019	414,484	(88,245)
2020	489,618	75,134
2021	955,065	465,447

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

Revenue from residential building activity has continued to be strong. In 2021, sixty-four single family home and 94 townhome permits were issued. Commercial permit activity continues to have a reasonable amount of activity in the City as well.

EMPLOYMENT

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

Major employers in the Cambridge area are as follows:

Employer	Product/Service	Approximate # of Employees
Cambridge Medical Center	Health care facility	654
Grace Pointe Crossing	Nursing home	500
Wal-Mart Supercenter	Retail merchandise	335
I.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	864
Isanti County	County government	341

MAJOR INITIATIVES

FOR THE YEAR. The City has many accomplishments to report for 2021 as detailed below.

2021 Strategic Planning and Goal Setting

In 2021, the City Council, City Administrator and key management staff worked to update the City's vision and core strategies to achieve that vision. We believe this work will benefit the City for many years in the future as the strategies are implemented. Highlights from this work 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

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

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

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 the fall of 2021, the City started the improvements planned to Sandquist Park which include addition of a softball field, two baseball fields, multi-purpose field and additional parking. These additions are expected to be completed in 2022.

Residential Development

Residential development in the City has been strong during the past several years. The City is pleased with the issuance of single family home permits numbering 69, 80 and 64 in 2019, 2020 and 2021, respectively. We are encouraged about this trend in our residential housing development, especially considering the impact of COVID-19 in 2021. Strong residential growth has made Cambridge an attractive location for various types of commercial entities, including retail, office, warehouse, and service industries.

Infrastructure Development

During 2021, the City completed construction of a new water tower on the western border of the City. This new 750,000 gallon water tower will help the City provide adequate water supply for residents, especially in the unlikely event of a large fire.

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 and certain Special Revenue Funds are included in the annual budget. Expenditures may not legally exceed budgeted appropriations on a fund level without City Council authorization.

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

RELEVANT FINANCIAL POLICIES. The City relies on many financial policies to promote proper financial management and financial reporting. Specifically, three policies are particularly important to the City during 2021:

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 and Linda Gerlach have my sincere appreciation for their contribution in the preparation of this report.

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

Respectfully submitted,



Caroline Moe
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Cambridge
Minnesota

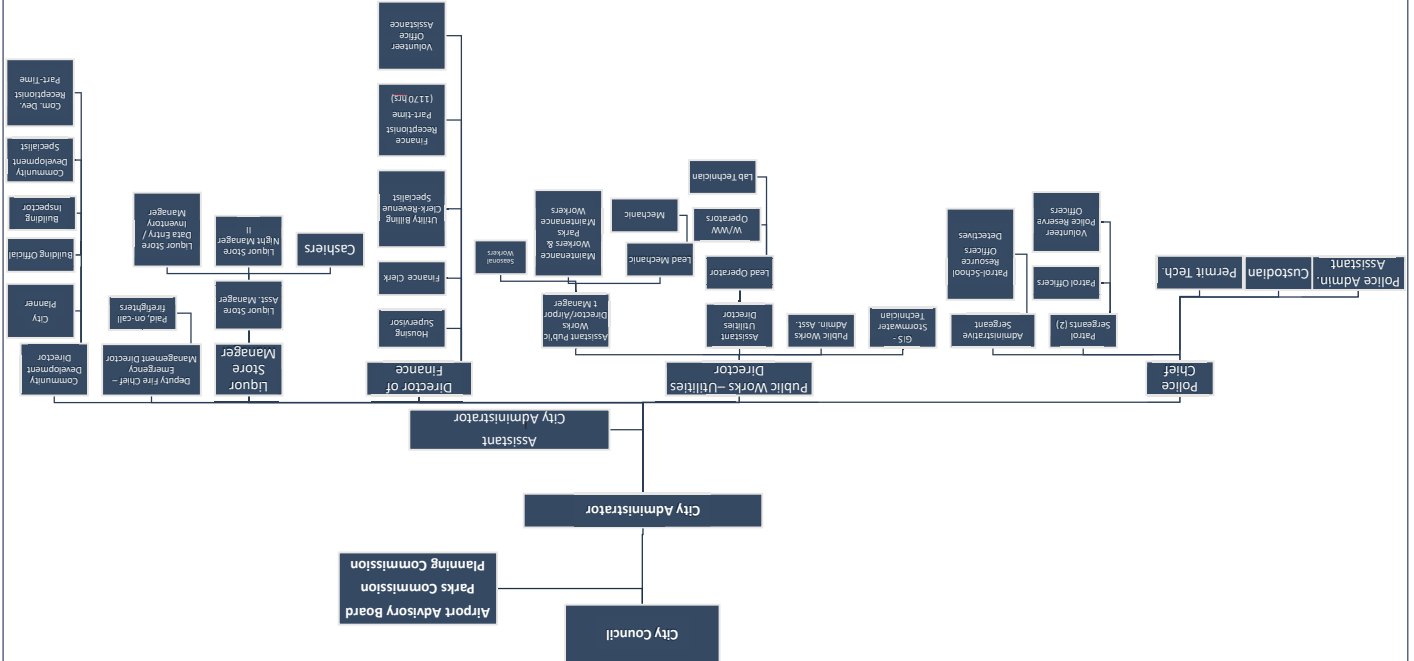
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended
December 31, 2020

Christopher P. Morill
Executive Director/CEO

CITY OF CAMBRIDGE, MINNESOTA
ORGANIZATION
 December 31, 2021

	Term Expires
Mayor: Jim Godfrey	December 31, 2023
Council Members: Kersten Barfknecht-Conley Lisa Iverson Robert Shogen Mark Ziebarth	December 31, 2023 December 31, 2025 December 31, 2023 December 31, 2025
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 & Walspunger	Appointed
Fiscal Consultants: Ehlers & Associates	Appointed

City of Cambridge Organizational Chart



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II. FINANCIAL SECTION



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 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, 2021, 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 accompanying 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, 2021, 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. Generally Accepted Auditing Standards 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 2020 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 April 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 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 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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the 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 combining and individual 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 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 16, 2022 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.
St. Paul, Minnesota

March 16, 2022

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, 2021. 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 \$116,723,103. Of this amount, \$21,467,614 (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 \$4,715,754

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,740,138. The amount nonspendable, restricted, committed or assigned was \$14,624,913.

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At the end of the current fiscal year the general fund balance of \$3,824,251 included \$286,065 of nonspendable, \$422,961 of committed and \$3,115,225 of unassigned fund balance.

The City's total long-term liabilities (excluding net pension liabilities) decreased by \$3,058,993 during the current fiscal year, from \$35,646,170 to \$32,587,177 due to a combination of factors, such as 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.

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

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.

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

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

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

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

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

Proprietary funds. The City maintains 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 24 through 26.

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 26 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$116,723,103 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$90,167,219 or 77%) 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
	2021	2020	2021	2020	
Current and other assets	\$2,034,097	\$18,340,145	\$10,852,738	\$9,427,381	\$32,886,835
Capital assets	63,883,000	64,753,328	58,216,118	60,976,815	122,099,118
Total assets	85,917,097	83,093,473	69,068,856	70,404,196	154,985,953
Total deferred outflows of resources	2,893,498	1,015,535	-	-	2,893,498
Other liabilities	2,691,801	2,259,115	2,623,857	2,474,776	5,315,658
Noncurrent liabilities	16,301,607	18,834,880	15,517,029	17,597,723	31,818,636
Total liabilities	18,993,408	21,063,995	18,140,886	20,072,499	37,134,294
Total deferred inflows of resources	4,022,054	1,369,361	-	-	4,022,054
Net position:					
Net investment in capital assets	49,467,130	49,198,270	40,700,089	41,576,092	90,167,219
Restricted	5,088,270	4,703,236	-	-	5,088,270
Unrestricted	11,239,733	7,774,146	10,227,881	8,755,605	21,467,614
Total net position	\$65,795,133	\$61,675,652	\$50,927,970	\$50,331,697	\$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 \$3,801,331 at December 31, 2021 due to this standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	(\$2,893,498)
Deferred inflows of resources	4,022,054
Noncurrent liabilities	2,672,775
Total	<u>\$3,801,331</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 \$21,467,614 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.

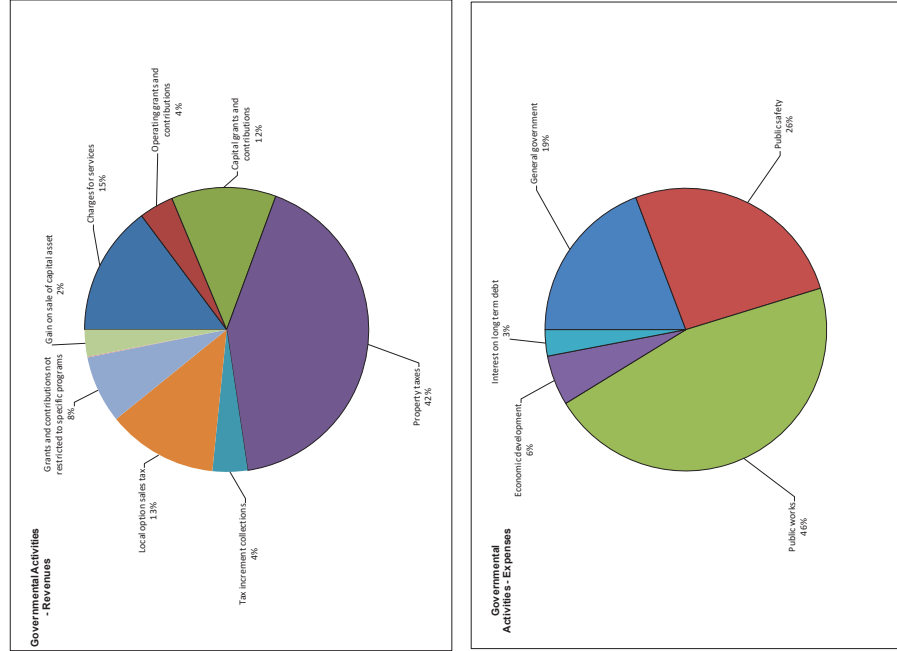
Governmental Activities

Governmental activities increased the City's net position by \$4,119,481 as the result of strong permit revenue activity, land sale proceeds, and additional transfers in from municipal liquor store. Business activities increased the City's net position by \$596,273 primarily due to strong performance in the utility funds during the year.

City of Cambridge, Minnesota's Changes in Net Position

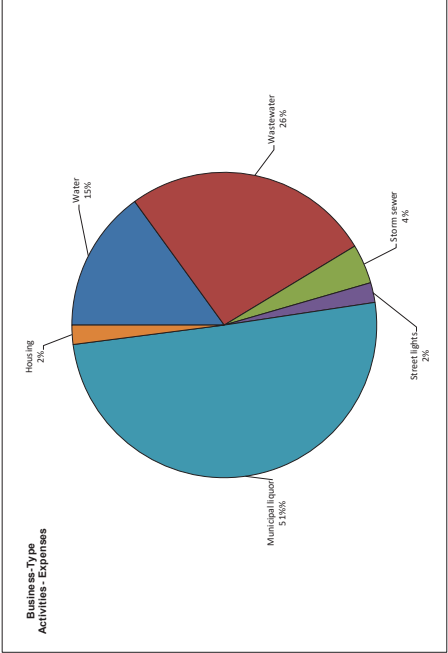
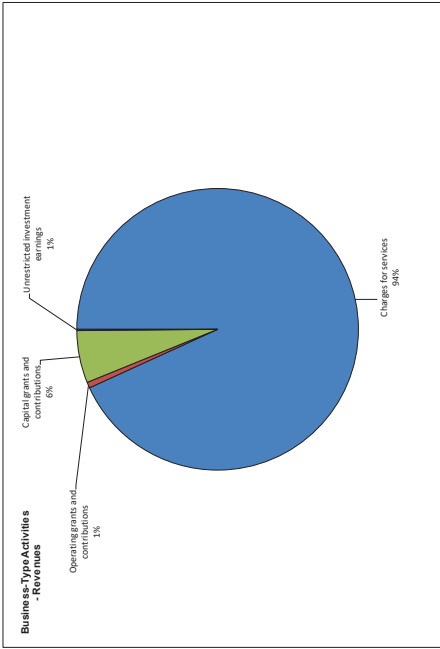
	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$1,969,009	\$1,240,327	\$12,374,241	\$11,992,285	\$14,343,250	\$13,241,612
Operating grants and contributions	523,529	2,959,048	871,113	84,317	610,642	3,043,365
Capital grants and contributions	1,588,218	804,969	797,602	311,874	2,385,820	1,116,843
General revenues:						
Property taxes	5,597,350	5,482,905	-	-	5,597,350	5,482,905
Tax increment collections	529,573	415,046	-	-	529,573	415,046
Local option sales tax	1,677,517	1,553,323	-	-	1,677,517	1,553,323
Grants and contributions not restricted to specific programs	1,020,839	955,567	-	-	1,020,839	955,567
Gain on sale of capital asset	405,485	803	-	7,776	405,485	803
Other revenue	-	-	-	-	-	7,776
Unrestricted investment earnings	(13,639)	288,429	(19,677)	142,247	(33,316)	430,676
Total revenues	13,297,881	13,709,417	13,239,279	12,338,499	26,537,160	26,247,916
Expenses:						
General government	1,898,897	1,979,094	-	-	1,898,897	1,979,094
Housing and redevelopment	-	1,003,714	-	-	-	1,003,714
Public safety	2,572,587	2,865,320	-	-	2,572,587	2,865,320
Public works	4,543,440	4,950,936	-	-	4,543,440	4,950,936
Economic development	566,142	236,812	-	-	566,142	236,812
Interest on long-term debt	297,334	287,702	-	-	297,334	287,702
Water	-	-	1,792,306	1,701,030	1,792,306	1,701,030
Wastewater	-	-	3,146,261	2,991,152	3,146,261	2,991,152
Storm sewer	-	-	498,479	493,141	498,479	493,141
Street Lights	-	-	251,192	187,300	251,192	187,300
Municipal liquor	-	-	6,011,374	6,104,409	6,011,374	6,104,409
Housing	-	-	243,394	253,950	243,394	253,950
Total expenses	9,878,400	11,323,578	11,943,006	11,730,982	21,821,406	23,054,560
Increase in net position before transfers and special items	3,419,481	2,385,839	1,296,273	807,517	4,715,754	3,193,356
Transfers	700,000	715,000	(700,000)	(715,000)	-	-
Special items	-	(185,637)	-	-	-	(185,637)
Change in net position	4,119,481	2,915,202	596,273	92,517	4,715,754	3,007,719
Net position - January 1	61,675,652	58,700,450	50,331,697	50,239,180	112,007,349	108,939,630
Net position - December 31	\$65,795,133	\$61,675,652	\$50,927,970	\$50,331,697	\$116,723,103	\$112,007,349

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



Business-Type Activities

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



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 \$17,740,138. Approximately 63% or \$11,278,739 of this total amount constitutes assigned fund balance. Approximately 15% or \$2,613,711 of the governmental funds ending fund balance is restricted due to debt covenants or applicable statute. Unassigned fund balance in total is \$3,115,225, which is comprised of unassigned General Fund balance. Of the remainder of the fund balance, \$309,502 is considered nonspendable as it represents \$287,575 for prepaid items and \$21,927 for inventory. Also \$422,961 is committed for compensated absences.

The General Fund fund balance increased by \$178,656 in 2021 due to strong permit revenue collection, strong property tax collection, and expenditures less than planned due to staff vacancy.

The Debt Service Funds fund balance decreased by \$29,355 due to debt service principal and interest payments exceeding current year revenue collections due to special assessment prepayments in prior years.

The Redevelopment Capital Fund fund balance increased by \$567,534 due to sale of the land.

The Local Option Sales Tax Fund fund balance increased by \$127,517 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 nonmajor special revenue funds decreased by \$320,792 primarily due to costs related to the Cambridge mall roof project.

The nonmajor capital project funds increased by \$2,250,365, due to accumulation of resources for 2022 Street Improvement Project and Sandquist Park Improvements.

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 \$3,380,558 Wastewater \$4,925,962, Storm Sewer \$722,106 Street Lights \$49,884, Municipal Liquor Store \$909,626 and Housing \$272,045. The Water, Wastewater, Storm Sewer, Street Lights, Municipal Liquor Store and Housing funds had changes in net position in 2021 of \$505,699, \$20,183, (\$110,256), (\$12,420), \$20,924 and \$77,515, respectively.

Budgetary Highlights**General Fund**

The General Fund budget was amended during 2021 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 \$1,083,252 during 2021 from the originally adopted budget as detailed below:

Description	2021 Originally Adopted General Fund Budget	2021 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2021 Budget
Taxes	\$5,248,323	\$5,359,108	\$110,785	Tax collections were better than anticipated in 2021.
Licenses and permits	279,087	955,061	675,974	Permit activity was higher than anticipated due to start of construction on a new credit union office headquarters, apartment building, and many other residential units.
Intergovernmental	1,196,000	1,461,855	265,855	Increase in amount expected from State of MN for Local Government AIT (LGO) and from local school district for school resource officer funding.
Charges for services	182,942	216,523	33,581	Increase due to higher than anticipated library space rental income.
Fees and forfeits	42,500	33,554	(8,946)	Fine income was lower than anticipated this year.
Other	26,976	26,694	(282)	Investment income low or than expectations this year.
Sale of property	-	6,285	6,285	Sales not initially anticipated for the year.
Transfers from other funds	500,000	500,000	-	No significant change.
Total	\$7,475,828	\$8,559,080	\$1,083,252	

GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General Fund expenditures and transfers out were increased by \$904,730 during 2021 from the originally adopted budget as detailed below:

Description	2021 Originally Adopted General Fund Budget	2021 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2021 Budget
Mayor and city council	\$61,445	\$55,254	(\$6,191)	Reduction due to less travel expense to annual conference due to COVID concerns.
Administration	447,408	412,489	(34,919)	Reduction due to staff vacancies during the year.
Elections	750	2,645	1,895	Increase due to maintenance costs charged by Janiti County.
Finance	359,831	327,912	(31,919)	Decrease due to lower than anticipated cost of computer consulting.
Legal	113,000	95,834	(17,166)	Legal expenses were less than anticipated.
Building	329,860	628,483	298,623	Increase due to hiring of contracted building inspector to cover for staff vacancies and significant increase in building activity.
Engineering	35,000	56,150	21,150	Increase due to amount of development plan activity that required review by engineer.
Planning	219,380	157,700	(61,680)	Reduction due to lower than expected personnel costs for the year.
City hall buildings	156,144	129,486	(26,658)	Reduction due to lower than expected contracted maintenance costs.
Police	2,465,124	2,245,603	(219,521)	Reduction due to staff vacancies during the year.
Fire protection	342,687	455,695	113,008	Increase due to cost of pension pass through funding from the State of MN.
Emergency management	4,400	1,802	(2,598)	No significant change.
Animal control	5,000	4,800	(200)	No significant change.
Street maintenance	1,535,550	1,415,509	(120,041)	Reduction due to staff vacancies during the year and some of staff time now being charged directly to the airport operating fund.
Park operation and maintenance	464,545	408,361	(56,184)	Reduction due to staff vacancies during the year and some of staff time now being charged directly to the airport operating fund.
Library operations	83,100	112,679	29,579	Increase due to higher than expected contracted maintenance costs.
Transfers to other funds	854,604	1,870,156	1,015,552	Increase in transfers to support Council initiatives.
Total	\$7,475,828	\$8,380,558	\$904,730	

GENERAL FUND REVENUES AND TRANSFERS IN:

Budgeted General Fund revenues and transfers are compared to 2021 actual results as detailed below:

Description	2021 Final Amended General Fund Budget	2021 Actual Results	Variance from Budget	Reason for Variance Between 2021 Final Amended Budget and Actual Results
Taxes	\$5,359,108	\$5,359,111	\$3	No significant change.
Licenses and permits	955,061	955,065	4	No significant change.
Intergovernmental	1,461,855	1,461,857	2	No significant change.
Charges for services	216,523	216,524	1	No significant change.
Fines and forfeits	33,554	33,554	-	No significant change.
Other	26,694	26,698	4	No significant change.
Sale of property	6,285	6,285	-	No significant change.
Transfer from other funds	500,000	500,000	-	No significant change.
Total	\$8,559,080	\$8,559,094	\$14	

GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General fund expenditures and transfers out are compared to the 2021 actual results as detailed below:

Description	2021 Final Amended General Fund Budget	2021 Actual Results	Variance from Budget	Reason for Variance Between 2021 Final Amended Budget and Actual Results
Mayor and city council	\$55,254	\$55,251	(\$3)	No significant change.
Administration	412,489	412,479	(10)	No significant change.
Elections	2,645	2,645	-	No significant change.
Finance	327,912	327,905	(7)	No significant change.
Legal	95,834	95,833	(1)	No significant change.
Building	628,483	628,473	(10)	No significant change.
Engineering	561,150	561,150	-	No significant change.
Planning	157,700	157,693	(7)	No significant change.
New city hall buildings	129,486	129,472	(14)	No significant change.
Police	2,245,603	2,245,590	(13)	No significant change.
Fire protection	455,695	455,681	(14)	No significant change.
Emergency management	1,802	1,802	-	No significant change.
Animal control	4,800	4,800	-	No significant change.
Street maintenance	1,415,509	1,415,490	(19)	No significant change.
Parks operation and maintenance	408,361	408,348	(13)	No significant change.
Library operations	112,679	112,671	(8)	No significant change.
Transfers to other funds	1,870,156	1,870,156	-	No significant change.
Total	\$8,380,558	\$8,380,439	(\$119)	

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, 2021, amounts to \$122,099,118 (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	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Land	\$9,194,946	\$ -	\$389,509	\$8,805,437
Construction in progress	5,031,369	2,141,038	5,015,482	2,156,925
Total capital assets, not being depreciated	14,226,315	2,141,038	5,404,991	10,962,362
Capital assets, being depreciated:				
Buildings and structures	16,687,073	-	-	16,687,073
Vehicles, equipment and furniture	8,460,339	312,328	201,031	8,571,636
Streets, airport runways, bridges and signals	68,396,614	4,837,651	-	73,234,265
Total capital assets, being depreciated	93,543,026	5,149,979	201,031	98,471,974
Less accumulated depreciation for:				
Buildings and structures	4,405,204	497,874	-	4,903,078
Vehicles, equipment and furniture	6,567,616	494,610	201,031	6,861,195
Streets, airport runways, bridges and signals	32,030,193	1,963,870	201,031	33,792,063
Total accumulated depreciation	42,992,993	2,966,354	-	45,959,347
Total capital assets being depreciated - net	50,550,033	2,393,625	-	52,943,658
Governmental activities capital assets - net	\$64,753,328	\$4,534,663	\$5,404,991	\$63,883,000
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$2,878,597	\$ -	\$ -	\$2,878,597
Total capital assets, not being depreciated	2,343,297	-	2,343,297	2,878,597
Capital assets, being depreciated:				
Buildings and structures	10,967,595	41,369	-	11,008,964
Machinery and equipment	1,395,942	89,784	-	1,485,726
Distribution and collection systems	85,789,983	2,379,672	-	88,169,655
Total capital assets, being depreciated	98,153,520	2,510,825	0	100,664,345
Less accumulated depreciation for:				
Buildings and structures	5,078,868	280,602	-	5,359,470
Machinery and equipment	1,116,657	76,926	-	1,193,583
Distribution and collection systems	36,203,074	2,570,697	-	38,773,771
Total accumulated depreciation	42,398,599	2,928,225	0	45,326,824
Total capital assets being depreciated - net	55,754,921	(417,400)	0	55,337,521
Business-type activities capital assets - net	\$60,976,815	(\$417,400)	\$2,342,297	\$58,261,712

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

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 \$32,587,177, a decrease of \$3,058,993 from 2020. Of the total debt, \$3,945,000 is for general obligation improvement debt which is supported in part by special assessments. An additional \$9,950,000 is for general obligation sales tax revenue bonds which is supported by revenues derived from the local option sales tax. Also outstanding is \$17,021,000 of revenue bonds which financed capital investments for the water, wastewater and storm sewer operations.

Additional long-term debt in the amount of \$655,277 for compensated absences and \$1,015,900 for bond premiums was also outstanding at the end of 2021.

City of Cambridge, Minnesota's Outstanding Debt

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
General obligation improvement bonds	\$3,945,000	\$4,475,000	\$ -	\$ -	\$3,945,000	\$4,475,000
General obligation sales tax revenue bonds	9,950,000	10,490,000	-	-	9,950,000	10,490,000
Revenue bonds	-	-	17,021,000	18,824,000	17,021,000	18,824,000
Compensated absences	422,961	471,780	232,316	218,609	655,277	690,389
Bond premium	520,871	590,058	495,029	576,723	1,015,900	1,166,781
Total	\$14,838,832	\$16,026,838	\$17,748,345	\$19,619,332	\$32,587,177	\$35,646,170

During 2020, 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 \$21,488,091. Of the City's outstanding debt, \$0 is counted within the statutory limitation.

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

Requests for information. This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 300 Third Avenue NE, Cambridge, Minnesota 55008.

BASIC FINANCIAL STATEMENTS

CITY OF CAMBRIDGE, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$18,289,999	\$9,622,263	\$27,912,262
Accrued interest	24,163	-	24,163
Due from other governmental units	451,878	451,878	903,756
Accounts receivable - net	79,763	470,493	550,256
Prepaid items	287,575	19,316	306,891
Internal balances	32,300	(32,300)	-
Loan receivable	75,473	-	75,473
Land held for resale	-	-	-
Property taxes receivable	120,251	-	120,251
Special assessments receivable	2,452,191	182,088	2,634,279
Inventories - at cost	21,927	590,878	612,805
Net pension asset	198,577	-	198,577
Capital assets (net of accumulated depreciation):			
Land	8,805,437	2,878,597	11,684,034
Construction in progress	2,156,925	-	2,156,925
Buildings and structures	11,783,995	5,649,494	17,433,489
Vehicle, equipment and furniture	1,696,441	292,143	1,988,584
Infrastructure	39,440,202	40,395,884	79,836,086
Total assets	85,917,097	69,068,856	154,985,953
Deferred outflows of resources:			
Related to pensions	2,893,498	-	2,893,498
Liabilities:			
Accounts payable	355,044	142,126	497,170
Contracts payable	57,786	-	57,786
Deposits payable	156,385	31,730	188,115
Salaries and withholdings payable	257,224	-	257,224
Accrued liabilities	-	74,348	74,348
Accrued interest payable	151,573	144,337	295,910
Unearned revenue	503,789	-	503,789
Compensated absences payable:			
Due within one year	100,000	232,316	332,316
Due in more than one year	322,961	-	322,961
Bonds payable:			
Due within one year	1,110,000	1,999,000	3,109,000
Due in more than one year	13,305,871	15,517,029	28,822,900
Net pension liability:			
Due in more than one year	2,672,275	-	2,672,275
Total liabilities	18,993,408	18,140,886	37,134,294
Deferred inflows of resources:			
Related to pensions	4,022,054	-	4,022,054
Net position:			
Net investment in capital assets	49,467,130	40,700,089	90,167,219
Restricted for:			
Debt service	4,536,763	-	4,536,763
Tax increment	7,237	-	7,237
Public safety programs	21,754	-	21,754
Trails program	143,690	-	143,690
Economic development programs	180,249	-	180,249
Pensions	198,577	-	198,577
Unrestricted	11,239,733	10,227,881	21,467,614
Total net position	\$65,795,133	\$50,927,970	\$116,723,103

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

CITY OF CAMBRIDGE, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 2

Function/Programs	Program Revenues			Net (Expense) Revenue and Charges / Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Primary government:						
Governmental activities:						
General government	\$1,898,897	\$983,521	\$2,937	\$-	(\$912,439)	\$-
Public works and redevelopment	2,572,587	188,309	424,957	1,548	(1,987,773)	-
Public works	4,543,440	507,047	96,570	1,886,670	(2,314,153)	-
Economic development	566,142	250,132	65	-	(315,945)	-
Interest on long-term debt	297,334	-	-	-	(297,334)	-
Total governmental activities	9,878,400	1,969,009	523,529	1,588,218	(5,297,644)	0
Business-type activities:						
Water	\$1,792,306	\$2,225,925	-	\$4,661	\$438,280	438,280
Sanitary sewer	3,164,807	2,545,887	-	741,151	(16,880)	16,880
Storm sewer	1,688,429	388,223	-	-	(110,256)	(110,256)
Street lights	251,192	238,772	-	-	(12,420)	(12,420)
Municipal liquor	6,011,374	6,762,325	-	-	750,951	750,951
Housing	243,394	185,790	87,113	-	80,498	80,498
Total business-type activities	11,043,006	12,374,241	87,113	797,602	0	1,315,950
Total primary government	\$21,821,406	\$14,413,250	\$61,642	\$2,385,820	(\$5,297,644)	1,315,950
General revenues:						
Property taxes	-	-	-	-	5,997,350	5,997,350
Tax increment collections	-	-	-	-	529,573	529,573
Local option sales tax	-	-	-	-	1,677,517	1,677,517
Grants and contributions not restricted to specific programs	-	-	-	-	1,020,839	1,020,839
Unrestricted investment earnings	-	-	-	-	(33,316)	(33,316)
Gain on sale of capital asset	-	-	-	-	405,485	405,485
Transfers	-	-	-	-	-	-
Total general revenues and transfers	-	-	-	-	700,000	(700,000)
Special items	-	-	-	-	9,917,125	9,917,448
Change in net position	-	-	-	-	-	(185,637)
Net position - January 1,	-	-	-	-	4,119,481	596,273
Net position - December 31	-	-	-	-	41,675,662	50,331,697
Net position - December 31	-	-	-	-	\$65,795,133	\$50,927,970

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

CITY OF CAMBRIDGE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

	General Fund	Debt Service Fund	Redevelopment Capital Fund
Assets			
Cash and investments	\$4,037,653	\$2,366,002	\$2,474,498
Accrued interest	24,163	-	-
Due from other governmental units	2,756	-	-
Accounts receivable - net	79,070	-	-
Interfund receivable	-	-	-
Prepaid items	286,065	-	-
Loan receivable	-	-	-
Land held for resale	-	-	-
Property taxes receivable:			
Delinquent	60,959	3,792	-
Due from County	55,243	-	-
Special assessments receivable	-	2,320,350	-
Inventory	-	-	-
Total assets	\$4,545,009	\$4,690,144	\$2,474,498
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Interfund payable	\$ -	\$ -	\$ -
Accounts payable	261,422	-	-
Contracts payable	-	-	-
Deposits payable	139,651	1,808	-
Salaries payable	257,224	-	-
Unearned revenue	2,402	-	-
Total liabilities	660,699	1,808	0
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Fund balance:			
Nonspendable	286,065	-	-
Restricted	-	2,364,194	-
Committed	422,961	-	-
Assigned	-	-	2,474,498
Unassigned	3,115,225	-	-
Total fund balance (deficit)	3,824,251	2,364,194	2,474,498
Total liabilities, deferred inflows of resources, and fund balance (deficit)	\$4,545,009	\$4,690,144	\$2,474,498

Fund balance reported above
Amounts reported for governmental activities in the statement of net position are different because:
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.
Other long-term assets are not available to pay for current-period expenditures, and therefore, are reported as unavailable revenue in the funds.
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.
Internal service funds are used by management to charge the cost of insurance and pension benefits to individual funds.
The assets and liabilities are included in the government-wide statement of net position.
Net position of governmental activities

Statement 3

	Local Option Sales Tax Fund	Other Govt Funds	Intra Activity Eliminations	Total Governmental Funds
				2021
	\$913,842	\$8,282,921	\$ -	\$18,074,916
	273,760	175,362	-	24,163
	-	121	-	451,878
	-	39,101	(39,101)	79,191
	-	1,510	-	287,575
	-	75,473	-	75,473
	-	-	-	-
	-	257	-	65,008
	-	-	-	55,243
	-	131,841	-	2,452,191
	-	21,927	-	14,234
	\$1,187,602	\$8,728,513	(\$39,101)	\$21,587,565
				\$18,511,093
	\$ -	\$39,101	(\$39,101)	\$ -
	-	93,622	-	335,044
	-	57,786	-	57,786
	-	14,926	-	156,385
	-	-	-	257,224
	-	501,387	-	503,789
	0	706,822	(39,101)	1,330,228
				1,443,314
	-	132,098	-	2,517,199
	-	23,437	-	309,502
	-	249,517	-	2,613,711
	-	-	-	422,961
	1,187,602	7,616,639	-	11,278,739
	-	-	-	3,115,225
	1,187,602	7,889,593	0	17,740,138
	\$1,187,602	\$8,728,513	(\$39,101)	\$21,587,565
				\$18,511,093
				\$17,740,138
				63,883,000
				2,517,199
				(14,990,405)
				(3,354,799)
				\$65,795,133
				\$61,675,652

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

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CITY OF CAMBRIDGE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2021

With Comparative Totals For The Year Ended December 31, 2020

Statement 4

	General Fund	Debt Service Fund	Redevelopment Capital Fund	Local Option Sales Tax Fund	Other Govtl Funds	Intra Activity Eliminations	Totals Governmental Funds
							2021 2020
Revenues:							
General property taxes	\$5,359,111	\$239,851	\$ -	\$ -	\$ -	\$ -	\$5,471,214
Tax increment collections	-	271,672	-	-	-	-	415,046
Licenses and permits	955,065	-	-	-	-	-	955,065
Intergovernmental	1,461,857	-	-	-	773,297	-	489,618
Special assessments	-	384,864	-	-	37,064	-	2,235,154
Charges for services	216,524	-	-	-	57,064	-	421,928
Local sales tax	-	-	-	-	508,634	-	601,838
Fines and forfeits	33,554	-	-	1,677,517	-	-	725,158
Investment income/(loss)	(9,068)	-	-	-	2,073	-	33,554
Rents	5,100	-	-	-	250,132	-	(13,639)
Other	30,666	-	-	-	5,724	-	255,232
Total revenues	8,052,809	896,387	-	1,677,517	1,834,825	0	36,390
							12,454,894
Expenditures:							
Current:							
General government	1,865,901	-	-	-	4,671	-	1,870,572
Housing and redevelopment	-	-	-	-	-	-	953,202
Public safety	2,707,873	-	-	-	50,154	-	2,758,027
Public works	1,936,509	-	-	-	330,710	-	2,267,219
Economic development	-	251,446	-	-	278,868	-	530,314
Capital outlay:							
General government	-	-	-	-	11,894	-	11,894
Public safety	-	-	-	-	80,840	-	80,840
Public works	-	-	-	-	153,374	-	153,374
Housing and redevelopment	-	-	-	-	-	-	-
Debt service:							
Principal retirement	-	1,070,000	-	-	-	-	1,070,000
Interest	-	397,607	-	-	-	-	397,607
Paying agent fees	-	6,689	-	-	-	-	6,689
Bond issuance costs	-	-	-	-	-	-	-
Construction/acquisition costs	-	-	-	-	2,029,427	-	2,029,427
Total expenditures	6,510,283	1,725,742	0	0	2,939,938	0	11,175,963
Revenues over (under) expenditures	1,542,526	(829,355)	(6,644)	1,677,517	(1,105,113)	0	1,278,931
Other financing sources (uses):							
Bonds issued	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-
Sale of property	6,286	-	-	-	214,530	-	794,994
Transfers in	500,000	800,000	-	-	4,731,191	(5,331,191)	700,000
Transfers out	(1,870,156)	-	-	(1,550,000)	(1,911,035)	5,331,191	-
Total other financing sources (uses)	(1,363,870)	800,000	574,178	(1,550,000)	3,034,686	0	1,494,994
Special item - Section 8 closeout	-	-	-	-	-	-	-
Net change in fund balance	178,656	(29,355)	567,534	127,517	1,929,573	0	2,773,925
Fund balance - January 1	3,645,595	2,393,549	1,906,964	1,060,085	5,960,020	-	14,966,213
Fund balance - December 31	\$3,824,251	\$2,364,194	\$2,474,498	\$1,187,602	\$7,889,593	\$0	\$17,740,138
							\$14,966,213

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

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CITY OF CAMBRIDGE, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 5

	2021	2020
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)	\$2,773,925	(\$3,034,205)
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.	(480,819)	9,823,154
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.	(389,509)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	415,633	(493,505)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,070,000	(3,130,000)
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.	581,159	72,746
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.	149,092	(322,988)
Change in net position of governmental activities (Statement 2)	<u>\$4,119,481</u>	<u>\$2,915,202</u>

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

CITY OF CAMBRIDGE, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 6

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Assets:			
Current assets:			
Cash and cash equivalents	\$3,209,467	\$4,810,450	\$711,919
Accounts receivable:			
Customers	151,844	258,791	36,375
Prepaid items	1,537	1,010	-
Interfund receivable	-	-	-
Inventories - at cost	-	-	-
Total current assets	3,362,848	5,070,251	748,294
Noncurrent assets:			
Special assessments	152,445	29,643	-
Capital assets:			
Land	1,262,997	1,135,642	106,416
Buildings and structures	7,560,701	125,425	-
Machinery and equipment	390,610	771,113	16,500
Distribution and collection system	23,144,918	46,073,670	16,951,067
Construction in progress	-	-	-
Total capital assets	34,359,226	48,105,850	17,073,983
Less: Allowance for depreciation	(12,836,967)	(22,395,137)	(7,314,778)
Net capital assets	21,522,259	25,710,713	9,759,205
Total noncurrent assets	21,674,304	25,740,356	9,759,205
Total assets	23,037,152	30,810,607	10,507,499
Deferred outflows of resources:			
Related to pensions	-	-	-
Liabilities:			
Current liabilities:			
Accounts payable	10,143	5,681	-
Contracts payable	-	-	-
Accrued liabilities	1,596	-	-
Accrued interest payable	77,908	40,241	26,188
Deposits payable	-	-	-
Compensated absences payable - current portion	45,088	128,010	-
Bonds payable - current portion	911,283	796,789	290,928
Total current liabilities	1,046,018	970,721	317,116
Noncurrent liabilities:			
Bonds payable - current portion	5,834,723	7,597,646	2,084,660
Net pension liability	-	-	-
Total noncurrent liabilities	5,834,723	7,597,646	2,084,660
Total liabilities	6,880,741	8,568,367	2,401,776
Deferred inflows of resources:			
Related to pensions	-	-	-
Net position:			
Net investment in capital assets	14,776,253	17,316,278	7,383,617
Unrestricted	3,380,558	4,925,962	722,106
Total net position	\$18,156,811	\$22,242,240	\$8,105,723

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 on time.
Net position of business-type activities (Statement 1)

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	604 Street Lights	610 Municipal Light Shore	901 Housing		
	\$47,137	\$526,285	\$317,005	\$9,622,263	\$7,786,275
	23,483	-	-	470,493	449,123
	-	14,329	2,440	19,316	9,434
	-	-	-	-	566,858
	-	590,878	-	590,878	545,930
	70,620	1,131,492	319,445	10,702,450	9,355,620
	-	-	-	182,088	198,689
	-	239,500	134,042	2,878,597	2,878,597
	-	1,386,983	1,933,855	11,008,964	10,967,595
	-	230,297	77,206	1,485,726	1,395,942
	-	-	-	88,169,655	85,789,983
	-	-	-	-	2,343,297
	0	1,856,780	2,147,103	103,542,942	103,375,414
	-	(968,983)	(1,810,959)	(45,256,824)	(42,398,599)
	0	887,797	336,144	58,216,118	60,976,815
	-	887,797	336,144	58,398,200	61,175,594
	70,620	2,019,286	655,889	69,101,150	70,531,124
	-	-	-	-	-
	20,736	89,896	15,670	142,126	121,099
	-	-	-	-	53,373
	-	72,752	-	74,348	77,947
	-	-	-	144,337	170,857
	-	59,218	31,730	31,730	29,891
	-	-	-	232,316	218,609
	-	-	-	1,999,000	1,803,000
	20,736	221,866	47,400	2,625,857	2,474,776
	-	-	-	15,517,029	17,597,723
	-	-	-	15,517,029	2,622,775
	0	0	0	18,140,886	2,622,775
	20,736	221,866	47,400	20,072,499	-
	-	-	-	-	3,847,352
	-	887,797	336,144	40,700,089	41,576,092
	49,884	909,626	272,045	10,560,181	8,882,533
	\$99,884	\$1,797,423	\$608,189	\$50,960,270	\$50,458,625
	-	-	-	\$50,960,270	-
	-	-	-	-	(32,300)
	-	-	-	\$50,927,970	(3,028,455)
	-	-	-	-	(3,028,455)

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

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CITY OF CAMBRIDGE, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For The Year Ended December 31, 2021
 With Comparative Totals For The Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
Sales			
Cost of sales	\$ -	\$ -	\$ -
Gross profit	0	0	0
Operating revenues:			
Customer billings	2,145,493	2,573,206	388,223
Charges for services	-	-	-
Rental and service income	-	-	-
HUD operating subsidy	-	-	-
Intergovernmental	-	-	-
Other	-	-	-
Insurance dividends	-	-	-
Sale of water meters	80,432	-	-
Total operating revenues	2,225,925	2,573,206	388,223
Total gross profit and operating revenues	2,225,925	2,573,206	388,223
Operating expenses:			
Salaries and wages	261,401	634,759	-
Employee benefits	98,211	253,136	-
Professional services	79,650	147,307	640
Shop supplies	36,966	20,795	-
Heat, light, and power	101,487	178,921	-
Maintenance and repairs	209,851	212,197	21,710
Advertising	1,081	-	-
Telephone	5876	9,494	-
Insurance and bonds	18,626	44,732	-
Office supplies	8,340	8,797	8
Miscellaneous	12,570	13,864	2,453
Claims	-	-	-
Depreciation	816,870	1,582,178	425,851
Total operating expenses	1,650,929	3,106,180	450,662
Operating income (loss)	574,996	(532,974)	(62,439)
Nonoperating revenues (expenses):			
Investment income/(loss)	(7,581)	(13,051)	-
Intergovernmental	-	-	-
Lottery proceeds-net	-	-	-
Loss on disposal of assets	-	-	-
Bond issuance costs	-	-	-
Interest expense	(135,763)	(98,329)	(47,817)
Miscellaneous	(5,614)	(2,415)	-
Total nonoperating revenues (expenses)	(148,958)	(113,795)	(47,817)

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	
	\$ -	\$6,755,455 (5,069,084)	\$ -	\$ -	\$6,755,455 (5,139,310)	\$ -
	0	1,686,371	0	0	1,686,371	0
	238,772	-	-	-	5,345,694	4,954,918
	-	-	-	-	-	458,053
	-	-	185,790	-	185,790	-
	-	-	87,113	-	87,113	-
	-	-	-	-	-	-
	-	393	-	-	393	-
	-	-	-	-	-	66,064
	-	-	-	-	-	-
	238,772	393	272,903	0	80,432 5,699,422	35,128 5,260,592
	238,772	1,686,764	272,903	0	7,385,793	6,937,292
	-	423,260	54,048	-	1,373,468	1,309,595
	-	143,096	222,46	-	516,689	489,616
	-	8,810	37,638	-	274,045	212,873
	-	-	4,322	-	62,083	51,214
	175,002	34,069	45,228	-	534,707	526,843
	76,190	82,433	20,623	-	623,004	455,523
	-	36,140	-	-	37,221	40,773
	-	7,612	7,354	-	30,336	27,710
	-	11,553	11,695	-	86,606	80,337
	-	1,863	783	-	19,791	20,248
	-	160,311	3,239	-	192,437	191,451
	-	-	-	-	-	45,427
	251,192	63,170	40,156	-	2,928,225	2,878,415
	(12,420)	972,317	247,332	0	6,678,612	6,284,598
		714,447	25,571	0	707,181	652,694
	-	-	955	-	(19,677)	142,247
	-	-	-	-	-	21,869
	-	6,477	-	-	6,477	7,776
	-	-	-	-	-	-
	-	-	-	-	-	(31,701)
	-	-	-	-	(281,909)	(308,161)
	-	-	-	-	(8,029)	(2,675)
	0	6,477	955	0	(303,138)	(192,514)
						21,869

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, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 7
Page 2 of 2

	Business-Type Activities - Enterprise Funds	
	601 Water	602 Wastewater
Income (loss) before capital contributions and transfers	\$426,038	(\$646,769)
Capital contributions:		
Capital contribution	-	-
Capital grant	-	-
Connection charges & special assessments	4,661	741,952
Total capital contributions	4,661	741,952
		0
Transfers:		
Transfers in	100,000	-
Transfers out	(25,000)	(75,000)
Total transfers	75,000	(75,000)
Change in net position	505,699	20,183
		(110,256)
Net position - January 1	17,651,112	22,222,057
		8,215,979
Net position - December 31	\$18,156,811	\$22,242,240
		\$8,105,723

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).

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	Business-Type Activities - Enterprise Funds				Totals		Governmental Activities - Internal Service Funds
	604 Street Lights	610 Municipal Liquor Store	901 Housing	Intra Activity Elimination	2021	2020	
	(\$12,420)	\$720,924	\$26,526	\$ -	\$404,043	\$460,180	\$567,225
	-	-	-	-	-	10,180	-
	-	-	50,989	-	50,989	27,525	-
	-	-	-	-	746,613	274,169	-
	0	0	50,989	0	797,602	311,874	0
	-	-	-	(100,000)	-	100,000	-
	-	(700,000)	-	100,000	(700,000)	(815,000)	-
	0	(700,000)	0	0	(700,000)	(715,000)	0
	(12,420)	20,924	77,515	0	501,645	57,054	567,225
	62,304	1,776,499	\$30,674	-	50,458,625	50,401,571	(3,995,680)
	\$49,884	\$1,797,423	\$608,189	\$0	\$50,960,270	\$50,458,625	(\$3,428,455)
					\$501,645		
					94,628		
					\$596,273		

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

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CITY OF CAMBRIDGE, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 8
Page 1 of 2

	Business-Type Activities - Enterprise Funds			
	601 Water	602 Wastewater	603 Storm Sewer	
Cash flows from operating activities:				
Receipts from customers and users	\$2,217,191	\$2,563,008	\$386,976	
Payment to suppliers	(499,572)	(637,095)	(24,811)	
Payment of wages and benefits	(358,446)	(876,612)	-	
Miscellaneous revenue	4,661	726	-	
Net cash flows from operating activities	1,363,834	1,050,027	362,165	
Cash flows from noncapital financing activities:				
Transfer from other funds	100,000	-	-	
Transfer to other funds	-	-	-	
Interfund loans paid	566,858	-	-	
Transfer to General Fund	(25,000)	(75,000)	-	
Net cash flows from noncapital financing activities	641,858	(75,000)	0	
Cash flows from capital and related financing activities:				
Principal received on special assessments	9,396	2,281	-	
Connection fees	-	741,226	-	
Sale of assets	-	-	-	
HUD contribution	-	-	-	
Acquisition of capital assets	(139,401)	(35,209)	-	
Debt proceeds, net of issue costs, discount & fiscal fees	(208,153)	(118,719)	(71,278)	
Interest paid on debt	(856,343)	(745,940)	(200,717)	
Principal paid on debt	(1,194,501)	(156,361)	(271,995)	
Net cash flows from capital and related financing activities	(7,581)	(13,051)	-	
Cash flows from investing activities:				
Investment income	803,610	805,615	90,170	
Net increase (decrease) in cash and cash equivalents	2,405,857	4,004,835	621,749	
Cash and cash equivalents - January 1	\$3,209,467	\$4,810,450	\$711,919	
Cash and cash equivalents - December 31				

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	604 Street Lights	610 Municipal Liquor Store	901 Housing	Totals	
				2021	2020
	\$237,581	\$6,755,848	\$274,742	\$12,435,346	\$12,072,969
	(230,456)	(5,445,923)	(130,859)	(6,968,716)	(7,270,502)
	-	(565,098)	(76,294)	(1,876,450)	(1,311,529)
	-	6,477	-	11,864	15,484
	7,125	751,304	67,589	3,602,044	3,506,422
	-	-	-	100,000	100,000
	-	(300,000)	-	(315,000)	(315,000)
	-	-	-	566,858	455,000
	-	(400,000)	-	(500,000)	(500,000)
	0	(700,000)	0	(133,142)	(260,000)
	-	-	-	11,677	26,088
	-	-	-	741,226	266,461
	-	-	-	-	-
	-	-	50,989	50,989	27,525
	-	-	(41,369)	(215,979)	(3,304,425)
	-	-	-	-	1,803,299
	-	-	-	(398,150)	(302,717)
	-	-	-	(1,803,000)	(1,732,260)
	0	0	9,620	(1,613,237)	(3,216,029)
	-	-	955	(19,677)	142,247
	7,125	51,304	78,164	1,835,988	172,640
	40,012	474,981	238,841	7,786,275	7,613,635
	\$47,137	\$526,285	\$317,005	\$9,622,263	\$7,786,275
					\$215,083

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

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, 2021

With Comparative Totals For The Year Ended December 31, 2020

Statement 8
Page 2 of 2

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds		
	601		602		603		610			Totals	
	Water	Wastewater	Storm Sewer			Street Lights	Municipal Liquor Store	Housing		2021	2020
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:											
Operating income (loss)	\$574,996	(\$532,974)	(\$62,439)			(\$12,420)	\$714,447	\$25,571	\$707,181	\$652,694	
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:											
Intergovernmental revenue	-	-	-	-	-	-	-	-	-	-	
Miscellaneous revenue	-	-	-	-	-	-	6,477	-	6,477	7,776	
Connection fees	4,661	726	-	-	-	-	-	-	5,387	7,708	
Special item	-	-	-	-	-	-	-	-	-	-	
Depreciation	816,870	1,582,178	425,851	-	-	-	63,170	40,156	2,928,225	2,878,415	
Changes in assets and liabilities:											
Decrease (increase) in receivables	(8,734)	(10,198)	(1,247)	-	-	(1,191)	-	-	(21,370)	(3,317)	
Decrease (increase) in prepaid items	(306)	-	-	-	-	-	(9,440)	(136)	(9,882)	1,112	
Decrease (increase) in inventory	-	-	-	-	-	-	(46,948)	-	(46,948)	(14,177)	
Decrease (increase) in deferred outflows of resources	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in payables	(23,653)	10,295	-	-	-	20,736	23,598	1,998	32,974	(23,789)	
Increase (decrease) in deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	
Total adjustments	788,838	1,583,001	424,604			19,545	36,857	42,018	2,894,863	2,853,728	
Net cash provided by operating activities	\$1,363,834	\$1,050,027	\$362,165			\$71,125	\$751,304	\$67,589	\$3,602,044	\$3,506,422	

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

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

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 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, EDA Operating, and Airport Operating special revenue funds. Budgeted expenditure appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to 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 EDA Operating and Airport Operating special revenue funds.
4. Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Additionally, management cannot amend the budget without Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and budgeted Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds. Supplementary budgets are provided and reviewed by council for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions, 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; 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 9 describes all interfund receivables and payables at December 31, 2021 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. 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, 2021.

Capital assets of the primary government, as well as the component units, is depreciated using the straight line method over the 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

M. COMPENSATED ABSENCES

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

N. LONG-TERM OBLIGATIONS

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. FUND BALANCE CLASSIFICATIONS

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

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

P. INTERFUND TRANSACTIONS

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

Q. USE OF ESTIMATES

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

R. MAJOR CUSTOMER

The City has a contract with J. Rettenmaier USA where the Company reimburses the City for expenses associated with the operations of the industrial wastewater treatment plant. The total of such transactions amounted to \$373,884 and \$327,138 for December 31, 2021 and 2020, respectively.

S. COMPARATIVE TOTALS

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, 2020 from which the summarized information was derived.

T. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

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

V. 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 (\$14,990,405) difference are as follows:

Bonds payable	(\$13,895,000)
Compensated absences	(422,961)
Accrued interest payable	(151,573)
Unamortized bond premium	(520,871)
	<u>(\$14,990,405)</u>

Net adjustment to decrease fund balance - total governmental funds to arrive at net position governmental activities

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 (\$480,819) difference are as follows:

Capital outlay	\$246,108
Construction/acquisition costs	2,029,427
Depreciation expense	<u>(2,756,354)</u>

Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities

(\$480,819)

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 \$415,633 difference are as follows:

General property taxes unavailable revenue:	
December 31, 2020	(66,620)
December 31, 2021	65,008
Special assessments unavailable revenue:	
December 31, 2020	(2,034,946)
December 31, 2021	<u>2,452,191</u>

Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities

\$415,633

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this (\$1,070,000) difference are as follows:

Principal repayments (\$1,070,000)

Net adjustment to decrease net changes in fund
balances - total governmental funds to arrive at
changes in net position of governmental activities (\$1,070,000)

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 \$149,092 difference are as follows:

Amortization of bond premium \$69,187
Accrued interest payable 31,086
Compensated absences 48,819

Net adjustment to decrease net changes in fund
balances - total governmental funds to arrive at
changes in net position of governmental activities \$149,092

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, 2021, the bank balance of the City’s deposits was \$19,046,421, 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.

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, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota Joint powers investment trust and guaranteed investment contracts.

At December 31, 2021 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	\$58,690	\$58,690	\$ -	\$ -	
Brokered certificates of deposit	7,717,032	1,949,526	4,475,038		\$ -
Federal Home Loan Mortgage Corp	242,565	-	-		1,292,468
Fannie Mae	194,204	-	194,204		242,565
Federal Home Loan Bank	490,775	-	490,775		-
Federal Farm Credit Bank	340,143	-	340,142		-
Total	\$9,043,409	\$2,008,216	\$5,500,159		\$1,535,033
Total investments					\$9,043,409
Deposits					18,866,478
Petty cash					2,375
Total cash and investments					\$27,912,262

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, 2021:

Investment Type	Fair Value Measurement Using		
	12/31/2021	Level 1	Level 2
Investments at fair value:			
Brokered certificates of deposit	\$7,717,032	\$ -	\$7,717,032
Federal Home Loan Mortgage Corp	242,565	-	242,565
Federal Home Loan Bank	490,775	-	490,775
Fannie Mae	194,204	-	194,204
Federal Farm Credit Bank	340,143	-	340,142
Subtotal	\$8,984,719	\$0	\$8,984,719
Investments at amortized cost:			
External investment pool - 4M Fund	58,690		
Total	\$9,043,409		

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.

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

C. INVESTMENT RISKS

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2021, \$58,690 of the City's investments were invested in the 4M Fund. Investments in the 4M Fund are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy does not address custodial risk. However, the City's investments in Federal Agency securities and brokered CDs are held by the broker-dealer, of which \$500,000 is insured through SIPC. Each broker-dealer has provided additional protection by purchasing additional private insurance. This insurance is subject to aggregate limits applied to all of the broker's accounts.

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to 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, 2021 the City's investments in U.S. Government securities and U.S. Agency securities were rated "AAA" by Standard & Poor's.

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2021 are as follows:

	Major Fund			Nonmajor Governmental Funds	
	General	Debt Service	Water	Wastewater	Total
Special assessments receivable	\$ -	\$2,029,000	\$142,000	\$28,000	\$2,320,000
Property taxes receivable	20,000	1,000	-	-	21,000
Total	\$20,000	\$2,030,000	\$142,000	\$28,000	\$2,341,000

Note 4 UNAVAILABLE REVENUES

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

	Property Taxes		Special Assessments	
	Property Taxes	Special Assessments	Property Taxes	Special Assessments
Major fund:				
General fund	\$60,959	\$ -	\$60,959	
Debt service fund	3,792	2,320,350	2,324,142	
Nonmajor funds	257	131,841	132,098	
Total	\$65,008	\$2,452,191	\$2,517,199	

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$9,194,946	\$ -	\$389,509	\$8,805,437
Construction in progress	5,031,369	2,141,038	5,015,482	2,156,925
Total capital assets, not being depreciated	14,226,315	2,141,038	5,404,991	10,962,362
Capital assets, being depreciated:				
Buildings and structures	16,687,073	-	-	16,687,073
Vehicles, equipment and furniture	8,446,339	312,328	201,031	8,557,636
Streets, airport runways, bridges and signals	68,396,614	4,837,651	-	73,234,265
Total capital assets, being depreciated	93,530,026	5,149,979	201,031	98,478,974
Less accumulated depreciation for:				
Buildings and structures	4,405,204	497,874	-	4,903,078
Vehicles, equipment and furniture	6,567,616	494,610	201,031	6,861,195
Streets, airport runways, bridges and signals	32,030,093	1,763,870	-	33,794,063
Total accumulated depreciation	43,002,913	2,756,354	201,031	45,558,336
Total capital assets being depreciated - net	50,527,013	-	-	52,920,638
Governmental activities capital assets - net	\$64,753,328	\$2,141,038	\$5,404,991	\$63,883,000
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$2,878,597	\$ -	\$ -	\$2,878,597
Construction in progress	2,343,297	-	2,343,297	-
Total capital assets, not being depreciated	5,221,894	0	2,343,297	2,878,597
Capital assets, being depreciated:				
Buildings and structures	10,967,595	41,369	-	11,008,964
Machinery and equipment	1,395,942	89,784	-	1,485,726
Distribution and collection systems	85,789,983	2,379,672	-	88,169,655
Total capital assets, being depreciated	98,153,520	2,510,825	0	100,664,345
Less accumulated depreciation for:				
Buildings and structures	5,078,868	280,602	-	5,359,470
Machinery and equipment	1,116,657	76,926	-	1,193,583
Distribution and collection systems	36,203,074	2,570,697	-	38,773,771
Total accumulated depreciation	42,398,599	2,928,225	0	45,326,824
Total capital assets being depreciated - net	55,754,921	(417,400)	0	55,337,521
Business-type activities capital assets - net	\$60,976,815	(\$417,400)	\$2,343,297	\$58,216,118

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

Governmental activities:	
General government	\$130,823
Economic Development	56,844
Public safety	208,894
Public works, including depreciation of general infrastructure assets	2,359,793
Total depreciation expense - governmental activities	<u>\$2,756,354</u>
Business-type activities:	
Water	\$816,870
Wastewater	1,582,178
Storm sewer	425,851
Liquor store	63,170
Housing	40,156
Total depreciation expense - business-type activities	<u>\$2,928,225</u>

CONSTRUCTION COMMITMENTS

At December 31, 2021, obligations under the contract for the City's Sandquist Family Park project totaled approximately \$302,000.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Note 6 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, 2021, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

Governmental Activities	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/2021
G.O. Improvement Bonds					
G.O. Improvement Bonds of 2014	2% - 2.375%	5/28/2014	21/2025	\$1,601,532	\$440,000
Improvement Bonds of 2016	2% - 3%	5/17/2016	21/2027	2,370,000	1,495,000
Improvement Bonds of 2018	3.00%	5/30/2018	21/2029	1,970,000	1,625,000
Improvement Bonds of 2020	2% - 3%	5/28/2020	21/2031	3,850,000	3,985,000
Total G.O. Improvement Bonds				6,226,532	
G.O. Sales Tax Revenue Bonds					
Sales Tax Revenue Bonds of 2019	2% - 3%	12/30/2019	21/2024	7,235,000	6,970,000
Sales Tax Revenue Bonds of 2020	2% - 3%	5/28/2020	21/2040	3,255,000	2,980,000
Total G.O. Sales Tax Revenue Bonds				10,490,000	
Compensated absences payable					9,950,000
Bond insurance premium					520,971
Total City indebtedness - governmental activities				17,016,532	14,838,832
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	\$6,991,000
G.O. Water & Sewer Bonds of 2014	2% - 2.375%	5/28/2014	21/2025	6,813,466	2,685,000
G.O. Water & Sewer Refunding Bonds of 2016	2% - 3%	5/17/2016	21/2027	3,570,000	2,075,000
G.O. Water & Sewer Bonds of 2018	3.00%	5/30/2018	21/2029	1,210,000	1,245,000
G.O. Water & Sewer Bonds of 2020	2% - 3%	5/28/2020	21/2031	1,835,000	1,835,000
Total G.O. Revenue Bonds				27,871,152	17,021,000
Compensated absences payable					232,316
Bond insurance premium					495,029
Total City indebtedness - business type activities				27,871,152	17,748,345
Total City indebtedness				\$44,887,684	\$32,587,177

The City's outstanding loans from direct borrowings related to business-type activities of \$6,991,000 are secured with General Obligation Revenue Note issued by the City. The outstanding PFA Loan from direct borrowings related to business-type activities of \$6,991,000 contain a provision that in an event of default, the PFA may a) impose a penalty as provided by Minnesota Rules Part 73.80.047/s. 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, 2021

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	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$575,000	\$100,231	\$535,000	\$246,893	\$604,000	\$69,910	\$1,395,000	\$294,442
2023	595,000	82,081	540,000	280,469	610,000	63,870	1,435,000	220,233
2024	610,000	65,019	575,000	213,444	617,000	57,700	1,475,000	178,839
2025	630,000	45,191	595,000	195,895	623,000	51,600	1,505,000	139,827
2026	650,000	34,423	625,000	177,894	629,000	45,500	1,535,000	109,810
2027	670,000	23,655	650,000	159,895	635,000	39,400	1,565,000	79,793
2028	690,000	12,887	675,000	141,896	641,000	33,300	1,595,000	49,776
2029	710,000	2,119	700,000	123,897	647,000	27,200	1,625,000	19,759
2030	730,000	-	725,000	105,898	653,000	21,100	1,655,000	-
2031	750,000	-	750,000	87,899	659,000	15,000	1,685,000	-
2032	770,000	-	775,000	69,900	665,000	9,900	1,715,000	-
2033	790,000	-	795,000	51,901	671,000	4,800	1,745,000	-
2034	810,000	-	815,000	33,902	677,000	-	1,775,000	-
2035	830,000	-	835,000	15,903	683,000	-	1,805,000	-
2036	850,000	-	855,000	-	689,000	-	1,835,000	-
2037	870,000	-	875,000	-	695,000	-	1,865,000	-
2038	890,000	-	895,000	-	701,000	-	1,895,000	-
2039	910,000	-	915,000	-	707,000	-	1,925,000	-
2040	930,000	-	935,000	-	713,000	-	1,955,000	-
2041	950,000	-	955,000	-	719,000	-	1,985,000	-
Total	\$5,945,000	\$571,222	\$9,590,000	\$2,108,397	\$6,091,000	\$426,370	\$10,680,000	\$1,385,316

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

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. improvement bonds	\$4,475,000	\$ -	\$530,000	\$3,945,000	\$575,000
G.O. sales tax revenue bonds	10,400,000	-	540,000	9,860,000	535,000
Insurance premium	590,058	-	69,187	520,871	-
Total bonds payable	15,555,058	0	1,139,187	14,415,871	1,110,000
Compensated absences	471,780	214,075	262,894	422,961	100,000
Total government activity	\$16,026,838	\$214,075	\$1,402,081	\$14,838,832	\$1,210,000
Business-type activities:					
Bonds payable:					
G.O. revenue bonds	\$11,235,000	\$ -	\$1,205,000	\$10,030,000	\$1,395,000
PFA loans	7,589,000	-	598,000	6,991,000	604,000
Insurance premium	576,723	-	81,694	495,029	-
Total bonds payable	19,400,723	0	1,884,694	17,516,029	1,999,000
Compensated absences	218,609	79,870	66,163	232,316	-
Total business-type activity	\$19,619,332	\$79,870	\$1,950,857	\$17,748,345	\$2,231,316
long-term liabilities					

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

All long-term bonded indebtedness outstanding at December 31, 2021 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2021 totaled \$11,404.

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.

CITY OF CAMBRIDGE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Revenue Pledged	Term of Debt Service	Resolving Principal and Interest	Current Year Payments and Interest Paid
2013 Water Revenue Note	Water & Sewer Plant Improvements	Water Customer	2013-2015	\$7,417,376	\$67,800
2014 G.O. Bonds	Infrastructure Improvements and related 2007 bonds	Special Assessments	2014-2015	\$462,272	\$11,423
2014 Water & Sewer Bonds	Water & Sewer Plant Improvements and related 2005 & 2007 Bonds	Water Customer	2014-2015	\$2,820,826	\$706,447
2016 G.O. Bonds	Infrastructure Improvements	Special Assessments	2016-2017	\$1,962,075	\$291,500
2016 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer	2016-2017	\$2,260,375	\$462,625
2018 G.O. Bonds	Infrastructure Improvements	Special Assessments	2018-2019	\$1,872,725	\$226,375
2018 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer	2018-2019	\$1,400,215	\$174,375
2019 G.O. Sales Tax Bonds	Library Acquisition	Local Option Sales Tax	2019-2020	\$8,622,585	\$441,231
2019 Water Revenue Bonds	Infrastructure Improvements	Water Customer	2019-2020	\$2,867,425	\$173,500
2019 Assessment and Sales Tax Bonds	Infrastructure Improvements, Library Improvements	Special Assessments and Sales Tax	2019-2020	\$2,087,475	\$338,665
2019 Water & Sewer Revenue Bonds	Infrastructure Improvements	Water & Sewer Customer	2019-2020	\$3,860,056	\$348,556

Note 7 - DEFINED BENEFIT PENSION PLANS - PERA

A. PLAN DESCRIPTION

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

1. General Employees Retirement Fund

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

Benefit increases are provided to benefit recipients each January. 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. GERP Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50%. The City's contributions to the GERP for the year ended December 31, 2021, were \$224,741. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70%. The City's contributions to the PEPFF for the year ended December 31, 2021, were \$232,861. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERP Pension Costs

At December 31, 2021, the City reported a liability of \$1,793,588 for its proportionate share of GERP'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 \$54,794. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0420% at the end of the measurement period and 0.0412% for the beginning of the period.

City's proportionate share of the net pension liability	\$1,793,588
State of Minnesota's proportionate share of the net pension liability associated with the City	54,794
Total	<u>\$1,848,382</u>

For the year ended December 31, 2021, the City recognized pension expense of (\$5,886) for its proportionate share of the GERP's pension expense. In addition, the City recognized an additional \$4,421 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERP.

At December 31, 2021, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$11,124	\$54,889
Changes in actuarial assumptions	1,095,128	39,795
Net collective between projected and actual investment earnings	-	1,554,510
Changes in proportion	55,101	296
Contributions paid to PERA subsequent to the measurement date	109,650	-
Total	<u>\$1,271,003</u>	<u>\$1,649,490</u>

The \$109,650 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2022	(\$56,669)
2023	(4,895)
2024	(2,900)
2025	(423,673)
Thereafter	-
Total	<u>(\$488,137)</u>

2. PEPFF Pension Costs

At December 31, 2021, the City reported a liability of \$879,187 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2021 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1139% at the end of the measurement period and 0.1144% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets 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, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

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, 2021, the City recognized pension expense of (\$72,398) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$7,197 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 \$10,711 for the year ended December 31, 2021 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.

At December 31, 2021, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$168,778	\$ -
Changes in actuarial assumptions	1,292,174	481,174
Net collective between projected and actual investment earnings	-	1,679,533
Changes in proportion	28,345	37,155
Contributions paid to PERA subsequent to the measurement date	115,716	-
Total	<u>\$1,605,013</u>	<u>\$2,197,862</u>

The \$115,716 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2022	(\$591,271)
2023	(117,843)
2024	(105,036)
2025	(176,393)
2026	281,978
Thereafter	-
Total	(\$708,565)

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

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2021, 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.

Salary growth assumptions in the GERS range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the PEPPF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for GERS were based on the Pub-2010 General Employee Mortality Table. Mortality rates for PEPPF were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience. Cost of living benefit increases after retirement are assumed to be 1.25% per year for GERS and 1.0% per year for PEPPF.

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

General Employees Fund

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.

Police and Fire Fund

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 3.25% 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%.

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	Long-Term Expected
	Allocation	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 used to measure the total pension liability in 2021 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 GERSF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's Proportionate share of the GERSF net pension liability	\$3,658,004	\$1,793,588	\$263,721
City's Proportionate share of the PEPFF net pension liability	2,791,271	879,187	(688,248)

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, 2021 is as follows:

GERSF	(\$5,886)
PEPFF	(72,398)
Fire Relief (note 8)	46,945
Total	<u>(\$31,339)</u>

Note 8 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

B. PLAN DESCRIPTION

The Cambridge Firefighter's Relief Association participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2021 (Measurement Date), the plan covered 29 active firefighters and 3 vested terminated firefighter whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

C. BENEFITS PROVIDED

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

D. CONTRIBUTIONS

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$89,927 in fire state aid to the plan for the year ended December 31, 2021. 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, 2021, 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.

E. PENSION COSTS

At December 31, 2021, the City reported a net pension asset of \$198,577 for the SVF plan. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. 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, 2020	\$1,239,382	\$1,313,797	(\$74,415)
Changes for the year:			
Service cost	65,102	-	65,102
Interest on pension liability	74,963	-	74,963
Actuarial experience(gains)/losses	(33,412)	-	(33,412)
Projected investment earnings	-	121,890	(121,890)
Contributions - employer	-	20,000	(20,000)
Contributions - State of MN	-	89,927	(89,927)
Changes in benefit level	-	-	-
Asset (gain)/loss	-	-	-
Benefit payouts	(110,200)	(110,200)	-
PERA administrative fee	-	(1,002)	1,002
Net changes	(3,547)	120,615	(124,162)
Balance end of year December 31, 2021	<u>\$1,235,835</u>	<u>\$1,434,412</u>	<u>(\$198,577)</u>

For the year ended December 31, 2021, the City recognized pension expense of \$46,945.

At December 31, 2021, the City reported deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$17,481	\$139,093
Difference between actual assumptions and actual experience	-	35,609
Total	<u>\$17,481</u>	<u>\$174,702</u>

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
2022	(47,085)
2023	(59,266)
2024	(35,572)
2025	(15,298)
2026	-
Thereafter	-

F. ACTUARIAL ASSUMPTIONS

The total pension liability at December 31, 2021, 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 2021.

G. DISCOUNT RATE

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

H. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net pension liability/(asset)	(\$159,818)	(\$198,577)	(\$236,782)

I. PLAN INVESTMENTS

1. Investment Policy

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

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 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 Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	2.5%	0.75%
Private Market	2.5%	5.90%
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. 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 2021 for the Statewide Volunteer Firefighter Retirement Plan.

J. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the SVF plan's fiduciary net position as of December 31, 2021 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.

Not 9 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS

Individual fund interfund receivable and payable balances at December 31, 2021 are as follows:

Fund	Receivable	Payable
Nonmajor governmental funds:		
EDA Operating Fund	\$39,101	\$ -
Airport Improvement Fund	-	39,101
Total	\$39,101	\$39,101

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.

	Transfer In	Transfer Out
Governmental Funds:		
Major Funds:		
General Fund	\$500,000	\$1,870,156
Debt Service Fund	800,000	-
Local Option Sales Tax Fund	-	1,550,000
2020 Street Improvement Fund	-	534,012
Nonmajor Funds	4,731,191	1,377,023
Total governmental funds	6,031,191	5,331,191
Proprietary Funds:		
Water	100,000	25,000
Wastewater	-	75,000
Municipal liquor	-	700,000
Total proprietary funds	100,000	800,000
Total	\$6,131,191	\$6,131,191

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

Note 10 TAX INCREMENT DISTRICTS

The City is the administering 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, 2021:

	Renewal and District #69 (Economic Development District)		Econ Dev District #6,11 (Economic Development District)		Preserve Housing #6,15 (Housing District)		Senior Housing #6,16 (Housing District)		Optima #6,17 (Community Development District)		Main Street #6,18 (Main Street District)		Roosevelt #6,20 (Roosevelt District)	
	M.S. #69	2011	M.S. #69	2014	M.S. #69	2015	M.S. #69	2017	M.S. #69	2018	M.S. #69	2018	M.S. #69	2018
Authorizing law														
Year established		2004		2021		2040		2041		2041		2045		2045
Final year of district														
Tax capacity (net):														
Original		\$16,290		\$7,458		\$1,933		\$606		\$19,802		\$ -		\$440
Current (payable 2021)		112,464		9,952		79,103		40,468		66,412		13,583		49,789
Captured - retained		\$96,174		\$2,494		\$77,170		\$39,762		\$46,610		\$13,583		\$49,349

Note 11 DEFICIT FUND BALANCES/NET POSITION

The City has deficit fund balances/net position at December 31, 2021 as follows:

Fund	Amount
Internal Service Fund:	
Pension Benefits	(\$3,428,455)

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

Note 12 COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

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

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City has a \$250 deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

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

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

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

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

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

B. LITIGATION

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

C. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

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 #6-11-East Cambridge Dental-Smilely Bros.

Issued in 2011 in the principal sum of \$100,000 with no interest. Principal shall be paid on August 1, 2013 and each February 1 and August 1 thereafter to and including February 1, 2022. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and public utilities. Principal payments will be completed by February 1, 2022. The City shall have no obligation to pay any unpaid balance of principal that remain after the final payment on February 1, 2022. The current year payment to the developer amounted to \$3,675. At December 31, 2021, the City has now fulfilled all obligations to the developer under the terms of the agreement.

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

TIF District #6-16-Walker Methodist

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 \$113,640. At December 31, 2021, the principal outstanding on the note was \$1,307,861.

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

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 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 \$58,554. At December 31, 2021, the principal outstanding on the note was \$792,262.

TIF District #6-18-Main Street Flats

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 \$71,632. At December 31, 2021, the principal outstanding on the note was \$568,539.

TIF District #6-20-Roosevelt Gardens

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 \$4,596. At December 31, 2021, the principal outstanding on the note was \$331,194.

TIF District #6-22-Preserve Apartment Project

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 \$76,048. At December 31, 2021, 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. As of December 31, 2021, 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 \$28,009. As of December 31, 2021, a balance of \$36,505 remains to be paid to Motek-Team Industries Inc.

NOTE 13 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT

General Obligation bond issues sold by the City are financed by ad valorem tax levies and special assessment bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue is 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, 2021. Future scheduled tax levies for all bonds outstanding at December 31, 2021 totaled \$1,363,906.

NOTE 14 FUND BALANCE

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

A. CLASSIFICATIONS

At December 31, 2021 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
Non-spendable:						
Prepaid items	\$286,065	\$ -	\$ -	\$ -	\$1,610	\$287,675
Inventory	-	-	-	-	21,029	21,029
Total non-spendable	286,065	-	-	-	22,639	308,704
Restricted for:						
Tax increment	-	-	-	-	7,237	7,237
Debt service	-	2,364,194	-	-	-	2,364,194
Police admin fines program	-	-	-	-	13,187	13,187
Police forfeiture	-	-	-	-	8,567	8,567
Hwy 95 grant	-	-	-	-	76,836	76,836
CI bike trail capital	-	-	-	-	114,675	114,675
CI bike trail operations	-	-	-	-	29,015	29,015
Total restricted	-	2,364,194	-	-	249,517	2,613,711
Committed to:						
Compensated absences	422,961	-	-	-	-	422,961
Assigned to:						
Nonmajor funds capital projects	-	-	-	-	6,836,182	6,836,182
Redevelopment	-	-	2,474,498	-	-	2,474,498
Economic development	-	-	-	-	561,563	561,563
Airport operations	-	-	-	-	14,261	14,261
Library operations	-	-	-	-	-	-
Downtown Revolving Loan Fund	-	-	-	-	101,220	101,220
Cambridge Economic Development	-	-	-	-	-	-
Local option sales tax	-	-	-	-	103,413	103,413
Total assigned	-	-	-	1,187,602	-	1,187,602
Total	3,115,225	-	-	1,187,602	7,616,639	11,278,739
Unassigned	-	-	-	-	-	-
Total	\$3,824,251	\$2,364,194	\$2,474,498	\$1,187,602	\$7,889,993	\$17,740,138

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, 2021, the unassigned fund balance of the General Fund was \$3,115,225, compared to its targeted unassigned fund balance ranging from \$2,386,531 to \$3,708,736 on the above policy.

Note 15 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 16 CONDUIT DEBT

From time to time, the City has issued Industrial and Housing Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Balances as of December 31, 2021 for outstanding conduit debt issues are not available.

Note 17 RECENTLY ISSUED ACCOUNTING STANDARDS

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

Statement No. 87 Leases. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 92 Omnibus 2020. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 93 Replacement of Interbank Offered Rates. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

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.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

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REQUIRED SUPPLEMENTARY INFORMATION

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Original	Final			
Revenues:					
General property taxes:					
Current	\$5,221,823	\$5,318,981	\$5,318,981	\$ -	\$5,197,118
Delinquent	25,000	35,634	35,636	2	34,897
Penalties, interest and other	1,500	4,493	4,494	1	701
Total general property taxes	5,248,323	5,359,108	5,359,111	3	5,232,716
Licenses and permits	279,087	955,061	955,065	4	489,618
Intergovernmental:					
Federal	-	-	-	-	2,950
State:					
Local government aid	930,000	1,020,839	1,020,839	-	955,567
Municipal state aid	50,000	50,000	50,000	-	50,000
State aid - police	145,000	151,120	151,121	1	150,366
State aid - fire	-	88,927	88,927	-	-
PERA	-	-	-	-	-
Other	6,000	13,070	13,070	-	9,112
County:					
Highway aid	5,000	5,472	5,472	-	5,573
Local:					
ISD #911	60,000	132,427	132,428	1	65,229
Total intergovernmental	1,196,000	1,461,855	1,461,857	2	1,238,797
Charges for services:					
General government	11,600	23,356	23,356	-	13,560
Public safety	111,275	114,455	114,456	1	114,372
Public works	60,067	78,712	78,712	-	45,181
Total charges for services	182,942	216,523	216,524	1	173,113
Fines and forfeits	42,500	33,554	33,554	0	57,025
Miscellaneous:					
Investment income	20,000	(9,068)	(9,068)	-	58,657
Facility rental	3,600	5,100	5,100	-	10,628
Patronage	500	1,701	1,702	1	4,351
Contributions and donations	2,876	790	790	-	6,212
Other	-	28,171	28,174	3	7,105
Total miscellaneous	26,976	26,694	26,698	4	86,953
Total revenues	6,975,828	8,052,795	8,052,809	14	7,278,222
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personal services	\$32,345	\$32,293	\$32,290	\$3	\$32,286
Materials and supplies	850	339	339	-	281
Other charges and services	4,450	2,319	2,319	-	506
Miscellaneous	23,800	20,303	20,303	-	20,037
Total mayor and city council	61,445	55,254	55,251	3	53,110
Administration:					
Current:					
Personal services	387,958	343,562	343,559	3	227,657
Materials and supplies	13,450	7,398	7,397	1	10,537
Other charges and services	14,850	18,501	18,496	5	13,994
Miscellaneous	31,150	43,028	43,027	1	36,681
Total administration	447,408	412,489	412,479	10	288,869
Elections:					
Current:					
Personal services	-	-	-	-	8,036
Materials and supplies	-	-	-	-	265
Other charges and services	-	-	-	-	223
Miscellaneous	750	2,645	2,645	-	9,119
Total elections	750	2,645	2,645	-	17,043
Finance:					
Current:					
Personal services	254,381	250,464	250,461	3	236,752
Materials and supplies	6,700	4,907	4,907	-	8,107
Other charges and services	76,500	54,334	54,331	3	48,229
Miscellaneous	22,250	18,207	18,206	1	18,312
Total finance	359,831	327,912	327,905	7	311,400
Legal:					
Current:					
General legal	71,000	55,225	55,225	-	52,948
Prosecution services	42,000	40,609	40,608	1	40,608
Total legal	113,000	95,834	95,833	1	93,556
Building:					
Current:					
Personal services	302,810	253,157	253,154	3	264,425
Materials and supplies	102,500	4,735	4,734	1	4,306
Other charges and services	9,200	365,713	365,709	4	12,730
Miscellaneous	7,600	4,878	4,876	2	5,863
Total building	329,860	628,483	628,473	10	287,324

See accompany notes to the required supplementary information.

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 9
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Statement 9
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	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Original	Final			
Expenditures (continued):					
Engineering:					
Current:					
Contractual services	\$35,000	\$56,150	\$56,150	\$ -	\$40,440
Planning:					
Current:					
Personal services	178,930	133,902	133,900	2	229,567
Materials and supplies	11,800	3,693	3,692	1	3,468
Other charges and services	19,150	18,408	18,404	4	17,003
Miscellaneous	9,500	1,697	1,697	-	4,417
Total planning	219,380	157,700	157,693	7	254,455
City hall building:					
Current:					
Personal services	45,044	42,252	42,248	4	41,773
Materials and supplies	10,700	5,901	5,898	3	11,386
Other charges and services	44,100	44,204	44,199	5	39,380
Miscellaneous	56,300	37,129	37,127	2	44,962
Total city hall building	156,144	129,486	129,472	14	137,501
Total general government	1,722,818	1,865,953	1,865,901	52	1,484,298
Public safety:					
Police:					
Current:					
Personal services	2,152,574	1,953,540	1,953,536	4	1,742,761
Materials and supplies	131,900	96,476	96,471	5	70,431
Other charges and services	114,200	141,099	141,096	3	155,599
Miscellaneous	64,450	54,488	54,487	1	57,407
Total police	2,463,124	2,245,603	2,245,590	13	2,026,198
Fire protection:					
Current:					
Personal services	221,687	222,271	222,266	5	195,143
Materials and supplies	49,850	51,754	51,751	3	53,208
Other charges and services	60,950	148,647	148,642	5	59,949
Miscellaneous	10,200	33,023	33,022	1	12,683
Total fire protection	342,687	455,695	455,681	14	320,983
Animal control:					
Current:					
Materials and supplies	2,100	89	89	-	880
Other charges and services	300	-	-	-	-
Miscellaneous	2,000	1,713	1,713	-	3,224
Total emergency management	4,400	1,802	1,802	0	4,104
Animal control:					
Current:					
Other charges and services	5,000	4,800	4,800	-	4,800
Total animal control	5,000	4,800	4,800	0	4,800
Total public safety	2,815,211	2,707,900	2,707,873	27	2,356,085

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Original	Final			
Expenditures (continued):					
Public works:					
Street maintenance:					
Current:					
Personal services	\$1,161,050	\$1,043,675	\$1,043,671	\$4	\$896,622
Materials and supplies	206,600	228,861	228,857	4	227,563
Other charges and services	60,800	54,580	54,574	6	52,657
Miscellaneous	107,100	88,393	88,388	5	70,021
Total street maintenance	1,535,550	1,415,509	1,415,490	19	1,246,863
Parks operation and maintenance:					
Current:					
Personal services	252,945	187,839	187,834	5	185,822
Materials and supplies	49,000	71,987	71,985	2	35,843
Other charges and services	109,400	105,596	105,592	4	88,929
Miscellaneous	53,200	42,939	42,937	2	35,926
Total parks operation and maintenance	464,545	408,361	408,348	13	346,520
Library operations					
Current:					
Materials and supplies	6,500	5,514	5,509	5	209
Other charges and services	40,600	44,871	44,870	1	38,134
Miscellaneous	36,000	62,294	62,292	2	32,443
Total library operations	83,100	112,679	112,671	8	70,786
Total public works	2,083,195	1,936,549	1,936,509	40	1,664,169
Total expenditures	6,621,224	6,510,402	6,510,283	119	5,504,552
Revenues over expenditures	354,604	1,542,393	1,542,526	133	1,773,670
Other financing sources (uses):					
Sale of property	-	6,285	6,286	1	553
Transfers in	500,000	500,000	500,000	-	500,000
Transfers out	(854,604)	(1,870,156)	(1,870,156)	-	(2,386,704)
Total other financing sources (uses)	(354,604)	(1,363,871)	(1,363,870)	1	(1,886,151)
Net change in fund balance	\$0	\$178,522	178,656	\$134	(112,481)
Fund balance - January 1			3,645,595		3,758,076
Fund balance - December 31			\$3,824,251		\$3,645,595

See accompany notes to the required supplementary information.

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2021

Statement 10

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**
For The Year Ended December 31, 2021

Statement 11

Measurement Date	Fiscal Year Ending	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability Associated with the State's Proportionate Share of the Net Pension Liability	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
June 30	December 31	Liability (a)	Liability (b)	City (b)	City ((a-b)/c)	
2015	2015	\$2,228,483	\$0	\$2,228,483	\$2,530,509	78.19%
2016	2016	0.0430%	42,499	3,290,101	2,484,980	68.80%
2017	2017	0.0426%	34,212	2,531,768	2,785,659	75.80%
2018	2018	0.0405%	78,000	2,531,769	2,782,299	79.50%
2019	2019	0.0412%	76,044	2,546,172	2,943,852	79.10%
2020	2020	0.0417%	76,044	2,546,172	2,943,852	79.10%
2021	2021	0.0420%	54,794	1,848,382	3,023,679	87.00%

* 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.

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%

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

CITY OF CAMBRIDGE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2021

Statement 12

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	0.11600%	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%

* 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 PENSION CONTRIBUTIONS* - PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2021

Statement 13

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%

* 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 CONTRIBUTIONS⁽¹⁾
CAMBRIDGE FIRE RELIEF ASSOCIATION
For The Year Ended December 31, 2021

Statement 14

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Fiscal year ending	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Total pension liability	\$64,302	\$67,601	\$56,609	\$43,722	\$48,063	\$48,664	\$48,664
Interest on pension liability	74,863	66,605	54,709	44,774	41,410	38,415	33,782
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(53,412)	(21,36)	(5,744)	(26,499)	(19,056)	(10,315)	(4,483)
Changes in assumptions	-	-	-	-	-	-	-
Changes in benefit level	-	131,570	99,009	114,885	(53,360)	-	-
Benefit payments, including refund of employee contributions	(110,200)	(62,524)	(38,340)	-	-	-	-
Net change in total pension liability	(3,547)	198,716	108,334	186,482	17,497	76,680	77,443
Total pension liability - beginning	1,258,586	1,258,586	1,258,586	1,258,586	1,258,586	1,258,586	1,258,586
Total pension liability - ending (a)	\$1,255,039	\$1,457,302	\$1,366,920	\$1,445,068	\$1,276,083	\$1,335,266	\$1,336,029
Plan fiduciary net position:							
Contributions - employer	\$ -	\$ -	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Contributions - employee	1,255,039	1,457,302	1,366,920	1,445,068	1,276,083	1,335,266	1,336,029
Adjustment to initial asset transfers	-	-	-	-	-	-	-
Net investment income	121,890	166,777	167,200	(86,025)	93,813	42,660	3,418
Benefit payments, including refund of employee contributions	(110,200)	(62,524)	(38,340)	-	(53,360)	-	-
Administrative expenses	(1,062)	(776)	-	(951)	(623)	(946)	(718)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	120,615	188,411	217,441	51,273	124,259	126,660	90,909
Plan fiduciary net position - beginning	1,137,424	1,137,424	949,479	1,397,295	1,151,826	1,208,606	1,247,117
Plan fiduciary net position - ending (b)	\$1,258,039	\$1,325,835	\$1,166,920	\$1,448,568	\$1,276,085	\$1,335,266	\$1,338,026
Net pension liability (asset) - ending (a) - (b)	(3,547)	(1,005)	(1,005)	(1,005)	(1,005)	(1,005)	(1,005)
Plan fiduciary net position as a percentage of the total pension liability	116.07%	106.60%	108.14%	104.09%	124.86%	109.52%	102.30%
Covered-employee payroll**	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

(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.)

Note A LEGAL COMPLIANCE – BUDGETS

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

Note B PENSION INFORMATION

PERA – General Employees Retirement Fund

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.

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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

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.
- 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.
- 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 seven 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.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

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, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 16

	Special Revenue	Capital Project	Totals Nonmajor Governmental Funds 2021	Totals 2020
Assets				
Cash and investments	\$1,201,099	\$7,081,822	\$8,282,921	\$8,001,304
Due from other governmental units	-	175,362	175,362	453,244
Accounts receivable	-	121	121	10,502
Interfund receivable	39,101	-	39,101	919,808
Prepaid items	1,510	-	1,510	1,382
Loan receivable	75,473	-	75,473	89,330
Land held for resale	-	-	-	581,130
Property taxes receivable:				
Delinquent	-	257	257	257
Special assessments receivable:				
Deferred	-	131,841	131,841	154,123
Delinquent	-	-	-	14,266
Inventory	21,927	-	21,927	14,234
Total assets	\$1,339,110	\$7,389,403	\$8,728,513	\$10,239,580
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$12,829	\$80,793	\$93,622	\$219,637
Contracts payable	57,786	-	57,786	7,428
Interfund payable	-	39,101	39,101	1,486,666
Deposits payable	14,926	-	14,926	16,313
Salaries payable	-	-	-	65,220
Unearned revenue	501,387	-	501,387	-
Total liabilities	586,928	119,894	706,822	1,795,264
Deferred inflows of resources:				
Unavailable revenue	-	132,098	132,098	168,646
Fund balance:				
Nonspendable	23,437	-	23,437	15,616
Restricted	134,842	114,675	249,517	213,834
Assigned	593,903	7,022,736	7,616,639	8,901,028
Unassigned	-	-	-	(854,808)
Total fund balance	752,182	7,137,411	7,889,593	8,275,670
Total liabilities, deferred inflows of resources, and fund balance	\$1,339,110	\$7,389,403	\$8,728,513	\$10,239,580

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CITY OF CAMBRIDGE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 17

	Special Revenue	Capital Project	Totals Nonmajor Governmental Funds 2021	Totals 2020
Revenues:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Tax increment collections	102,275	155,626	257,901	142,142
Intergovernmental	29,069	744,228	773,297	2,637,126
Special assessments	-	37,064	37,064	23,907
Charges for services	16,052	37,460	53,512	54,293
Connection, facility, and area charges	-	392,329	392,329	140,659
Local sales taxes	-	-	-	1,553,323
Investment income	1,997	76	2,073	106,427
Sale of merchandise and property	62,793	-	62,793	51,630
Direct charges to developers	-	2,684	2,684	4,347
Contributions and donations	-	2,198	2,198	57,548
Rents	250,132	-	250,132	272,361
Other	842	-	842	680
Total revenues	463,160	1,371,665	1,834,825	5,044,443
Expenditures:				
Current:				
General government	-	4,671	4,671	405,640
Housing and redevelopment	-	-	-	953,202
Public safety	183	49,971	50,154	251,477
Public works	113,798	216,912	330,710	594,368
Economic development	278,868	-	278,868	-
Capital outlay:				
General government	-	11,894	11,894	126,604
Public safety	-	80,840	80,840	214,045
Public works	-	153,374	153,374	143,034
Housing and redevelopment	-	-	-	31,875
Construction/acquisition costs	683,704	1,345,723	2,029,427	877,929
Total expenditures	1,076,553	1,863,385	2,939,938	3,598,174
Revenues over (under) expenditures	(613,393)	(491,720)	(1,105,113)	1,446,269
Other financing sources (uses):				
Sale of property	-	214,530	214,530	250
Transfers in	292,601	4,438,590	4,731,191	3,603,668
Transfers out	-	(1,911,035)	(1,911,035)	(1,258,180)
Total other financing sources (uses)	292,601	2,742,085	3,034,686	2,345,738
Special item - Section 8 closeout	-	-	-	(185,637)
Net change in fund balance	(320,792)	2,250,365	1,929,573	3,792,007
Fund balance - January 1	1,072,974	4,887,046	5,960,020	4,669,300
Fund balance - December 31	\$752,182	\$7,137,411	\$7,889,593	\$8,275,670
Reconciliation of beginning fund balance to prior year ending fund balance:				
Plus prior year ending fund balance for funds reported as major in current year:				\$8,275,670
Library Capital Fund				\$100,000
Local Option Sales Tax Fund				(1,060,085)
Current year beginning fund balance				\$7,315,585

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

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

TIF 6.21 DK Designs Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.21 – DK Designs

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

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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.

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	205 EDA Operating Fund	209 Forfeited Proceeds Fund	211 Airport Operating Fund	213 Police Administration Fines Fund	214 Cambridge Economic Development Revolving Loan Fund	215 Downtown Revolving Loan Fund
Assets						
Cash and investments	\$407,286	\$8,567	\$14,341	\$13,307	\$671,600	\$65,550
Interfund receivable	39,101	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Prepaid items	-	-	1,510	-	-	-
Loan receivable	-	-	-	-	36,253	39,220
Inventory	-	-	21,927	-	-	-
Total assets	\$446,387	\$8,567	\$37,778	\$13,307	\$103,413	\$104,770
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$9,079	\$ -	\$80	\$120	\$ -	\$3,550
Contracts payable	57,786	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Deposits payable	4,513	-	-	-	-	-
Salaries payable	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	71,378	0	80	120	0	3,550
Fund balance:						
Nonspendable	-	-	23,437	-	-	-
Restricted	-	8,567	-	13,187	-	-
Assigned	375,009	-	142,661	-	103,413	101,220
Unassigned	-	-	-	-	-	-
Total fund balance	375,009	8,567	37,698	13,187	103,413	101,220
Total liabilities, inlfows or resources, and fund balance	\$446,387	\$8,567	\$37,778	\$13,307	\$103,413	\$104,770

	219 Cambridge- Island Bike Walk Trail Operating Fund	221 Diesel Grant Fund	290 TIF 6.20 Roses & Garden Estate Fund	291 TIF 6.18 Main Street Flats Fund	292 TIF 6.21 DK Design Fund	293 TIF 6.22 Unique Opportunities Fund	298 Federal American Rescue Plan Fund	Totals Nonmajor Special Revenue Funds
	\$28,015	\$76,836	\$8,461	\$2,793	\$1,382	\$5,014	\$501,387	\$1,027,638
	-	-	-	-	-	-	-	79,836
	-	-	-	-	-	-	-	300,044
	-	-	-	-	-	-	-	7,738
	-	-	-	-	-	-	-	1,382
	-	-	-	-	-	-	-	89,330
	-	-	-	-	-	-	-	75,473
	-	-	-	-	-	-	-	21,927
	\$28,015	\$76,836	\$8,461	\$2,793	\$1,382	\$5,014	\$501,387	\$1,339,110
								\$2,420,202
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$12,829
	-	-	-	-	-	-	-	57,786
	-	-	-	-	-	-	-	14,836
	-	-	4,038	-	1,375	5,000	-	14,926
	-	-	-	-	-	-	-	65,220
	-	-	-	-	-	-	501,387	501,387
	0	0	4,038	0	1,375	5,000	501,387	586,928
								287,145
	-	-	-	-	-	-	-	23,437
	28,015	76,836	4,423	2,793	7	14	-	134,842
	-	-	-	-	-	-	-	121,690
	-	-	-	-	-	-	-	2,010,620
	28,015	76,836	4,423	2,793	7	14	0	593,903
								(14,890)
								2,133,090
	\$28,015	\$76,836	\$8,461	\$2,793	\$1,382	\$5,014	\$501,387	\$1,339,110
								\$2,420,202

With Comparative Totals For The Year Ended December 31, 2020														
	205 EDA Operating Fund	209 Forfeited Proceeds Fund	211 Airport Operating Fund	213 Police Administration Fund	214 Cambridge Economic Development Revolving Loan Fund	215 Downtown Revolving Loan Fund	219 Cambridge- Isanti Bike/Walk Trail Operating Fund	221 Deed Grant Fund	290 TIF 6.20 Roosevelt Garden Estate Fund	291 TIF 6.18 Main Street Plaza Fund	292 TIF 6.21 DK Designs Fund	293 TIF 6.22 Unique Opportunities Fund	298 Federal American Rescue Plan Fund	Totals Nonmajor Special Revenue Funds
Revenues:														
Intergovernmental:														
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State aid	-	-	23,729	-	-	-	5,340	-	-	-	-	-	-	23,729
County aid	-	-	-	-	-	-	-	-	-	-	-	-	-	5,340
Charges for services:														
Police administrative fees	-	-	-	2,840	-	-	-	-	-	-	-	-	-	2,840
Hungar fees and tie down	-	-	13,212	-	-	-	-	-	-	-	-	-	-	13,212
Tax increment collections	-	-	-	-	-	-	-	80,050	22,225	-	-	-	-	11,593
Forfeited property	-	842	-	-	-	-	-	-	-	-	-	-	-	102,275
Local sales taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	180
Investment income	-	-	-	-	882	-	-	-	-	-	-	-	-	1,553,323
Fuel sales	-	-	-	-	-	1,115	-	-	-	-	-	-	-	1,997
Rents	250,132	-	62,793	-	-	-	-	-	-	-	-	-	-	51,650
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	272,361
Total revenues	250,132	842	99,734	2,840	882	1,115	5,340	0	80,050	22,225	-	0	0	463,160
Expenditures:														3,228,866
Current:														
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing and redevelopment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	183	-	-	-	-	-	-	-	-	-	-	-	183
Public works	-	-	104,687	-	-	-	9,111	-	76,048	4,596	-	-	-	113,798
Economic development	189,224	-	-	-	-	9,000	-	-	-	-	-	-	-	182,344
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	278,868
Housing and redevelopment	-	-	-	-	-	-	-	-	-	-	-	-	-	30,055
Construction/acquisition costs	683,704	-	-	-	-	-	-	-	-	-	-	-	-	31,875
Total expenditures	872,928	183	104,687	0	0	9,000	9,111	0	76,048	4,596	0	0	0	1,802,741
Revenues over (under) expenditures	(622,796)	659	(4,953)	2,840	882	(7,885)	(3,771)	0	4,002	17,629	0	0	0	(613,393)
Other financing sources (uses):														1,420,145
Sale of property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from other funds	285,941	-	-	-	-	-	6,660	-	-	-	-	-	-	292,601
Transfers to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	(887,180)
Total other financing sources (uses)	285,941	0	0	0	0	0	6,660	0	0	0	0	0	0	(576,879)
Special item - Section 8 discount	-	-	-	-	-	-	-	-	-	-	-	-	-	(185,637)
Net change in fund balance	(336,855)	659	(4,953)	2,840	882	(7,885)	2,889	0	4,002	17,629	0	0	0	(320,792)
Fund balance - January 1	711,864	7,908	42,651	10,347	102,531	109,105	26,126	76,836	421	-	7	14	-	1,072,974
Fund balance - December 31	\$75,009	\$8,567	\$37,698	\$13,187	\$103,413	\$101,220	\$29,015	\$76,836	\$4,421	\$27,793	\$7	\$14	\$0	\$752,182
														\$2,133,059

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.

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

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

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.

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

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.

2020 Street Improvement Fund – This fund was established to account for resources accumulated for the 2020 Street Improvement Project. This project includes reconstruction of street and utilities in the Southeast quadrant of the City, including 16th Avenue.

2022 Street Improvement Fund - This fund was established to account for resources accumulated for the 2022 Street Improvement Project.

	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	415 Park Improvement Capital Fund	417 Police Capital Fund	418 Public Works Capital Project Fund	419 City Hall Capital Project Fund
Assets									
Cash and investments	\$522,735	\$906,955	\$154,541	\$5,292	\$412,043	\$642,847	\$18,967	\$790,270	\$322,825
Interfund receivable	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Property taxes receivable:									
Delinquent	-	-	-	-	-	-	-	-	-
Special assessments receivable:									
Deferred	-	1,733	-	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-	-	-	-
Total assets	\$522,735	\$908,688	\$154,541	\$5,292	\$412,043	\$642,847	\$18,967	\$790,270	\$322,825
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-	-	-
Total liabilities	0	0	0	0	0	0	0	0	0
Deferred inflows of resources:									
Unavailable revenue	-	1,733	-	-	-	-	-	-	-
Fund balance:									
Restricted	-	-	-	-	-	-	-	-	-
Assigned	522,735	906,955	154,541	5,292	412,043	642,847	18,967	790,270	322,825
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balance (deficit)	522,735	906,955	154,541	5,292	412,043	642,847	18,967	790,270	322,825
Total liabilities, deferred inflows of resources, and fund balance	\$522,735	\$908,688	\$154,541	\$5,292	\$412,043	\$642,847	\$18,967	\$790,270	\$322,825

CITY OF CAMBRIDGE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 20
Page 2 of 2

	420 Fire Department Capital Project Fund	422 EDA Land Acquisition Capital Project Fund	423 Cambridge - Isanti Bike/Walk Trail Capital Project Fund	425 Library Capital Fund	443 Pavement Management Fund	444 Airport Improvement Fund	492 2022 Street Improvement Project Fund	Totals Nonmajor Capital Project Funds	
								2021	2020
Assets									
Cash and investments	\$349,349	\$186,554	\$114,675	\$100,000	\$1,397,886	\$137,000	\$1,019,883	\$7,081,822	\$6,073,666
Interfund receivable	-	-	-	-	-	-	-	-	839,972
Due from other governmental units	-	-	-	-	-	175,362	-	175,362	153,200
Land held for resale	-	-	-	-	-	-	-	-	581,130
Accounts receivable	-	-	-	-	121	-	-	121	2,764
Property taxes receivable:									
Delinquent	-	-	-	-	257	-	-	257	257
Special assessments receivable:									
Deferred	-	-	-	-	130,108	-	-	131,841	154,123
Delinquent	-	-	-	-	-	-	-	-	14,266
Total assets	\$349,349	\$186,554	\$114,675	\$100,000	\$1,528,372	\$312,362	\$1,019,883	\$7,389,403	\$7,819,378
Liabilities, Deferred Inflows of Resources, and Fund Balance									
Liabilities:									
Interfund payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$39,101	\$ -	\$39,101	\$1,471,830
Accounts payable	-	-	-	-	-	34,675	46,118	80,793	28,863
Contracts payable	-	-	-	-	-	-	-	-	7,428
Total liabilities	0	0	0	0	0	73,776	46,118	119,894	1,508,121
Deferred inflows of resources:									
Unavailable revenue	-	-	-	-	130,365	-	-	132,098	168,646
Fund balance:									
Restricted	-	-	114,675	-	-	-	-	114,675	92,175
Assigned	349,349	186,554	-	100,000	1,398,007	238,586	973,765	7,022,736	6,890,408
Unassigned	-	-	-	-	-	-	-	-	(839,972)
Total fund balance (deficit)	349,349	186,554	114,675	100,000	1,398,007	238,586	973,765	7,137,411	6,142,611
Total liabilities, deferred inflows of resources, and fund balance	\$349,349	\$186,554	\$114,675	\$100,000	\$1,528,372	\$312,362	\$1,019,883	\$7,389,403	\$7,819,378

	401 Water Treatment Facility Fund	402 Water Acre and Connection Fund	403 Sewer Area Charge Fund	407 Deviation Parking Construction Fund	408 TH 6.5 RTIC Redevelopment Fund	409 RTC Property Development Fund
Intergovernmental:						
Federal:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transport improvement entitlement						
State:						
MSA	-	-	-	-	65	-
Other	-	-	-	-	-	-
Local:						
City of Denver	-	-	-	-	-	-
Special assessments						
Current	-	-	-	-	-	-
Interest and penalties	-	-	-	-	-	-
Tax increment collections	-	-	-	-	155,626	-
Charges for services	293,639	96,479	2,273	-	-	-
Contributions and area charges	-	62	-	-	-	-
Investment income	14	-	-	-	-	-
Direct charges to developers	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Total revenues	293,653	96,479	2,273	0	155,691	0
Expenditures:						
Current:						
Local government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Construction acquisition costs	-	-	-	-	-	-
Total expenditures	0	0	0	0	0	0
Revenues over (under) expenditures	293,653	96,479	2,273	0	155,691	0
Other financing sources (uses):						
Sale of property	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	684,281	-
Total other financing sources (uses)	(100,000)	0	-	0	684,281	(840,221)
Net change in fund balance	193,653	96,479	2,273	0	839,972	(840,221)
Fund balance - January 1	329,082	810,476	152,268	5,292	(839,972)	840,221
Fund balance - December 31	\$523,735	\$906,955	\$154,541	\$5,292	\$0	\$0

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CITY OF CAMBRIDGE, MINNESOTA
 SPECIAL REVENUE FUND - 211 AIRPORT OPERATING FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Year Ended December 31, 2021
 With Comparative Actual Amounts For The Year Ended December 31, 2020

	423 Cambridge - Isanti Blue Walk Project Fund	425 Library Capital Fund	443 Pavement Management Fund	444 Airport Improvement Fund	480 2020 Street Improvement Project Fund	492 2022 Street Improvement Project Fund	Totals Nonmajor Capital Project Funds
Intergovernmental:							
Federal:							
State:	\$ -	\$ -	\$ -	\$110,783	\$ -	\$ -	\$10,783
MSA	-	-	-	-	-	612,592	612,592
Other	-	-	-	13,288	-	-	13,288
Local:	7,500	-	-	-	-	-	7,500
Special assessments:							
Current	-	-	25,998	-	-	-	25,998
Interest and penalties	-	-	11,066	-	-	-	11,066
Tax increment collections	-	-	-	-	-	-	10,535
Charges for services:	-	-	-	-	-	-	3,600
Hangar fees and tie down	-	-	-	-	-	-	37,669
Investment income	-	-	-	-	-	-	392,329
Fuel sales	-	-	2,684	-	-	-	76
Contributions and donations	-	-	-	-	-	-	2,684
Total revenues	7,500	0	39,686	124,071	0	612,592	137,665
Expenditures:							
Current:							
Capital outlay:	-	-	-	-	-	-	4,621
Public safety	-	-	-	-	-	-	49,971
Public works	-	-	198,435	-	-	-	216,912
Capital outlay:	-	-	-	-	-	-	11,494
General government	-	-	-	-	-	-	18,374
Public works	-	-	-	17,431	-	-	183,374
Construction/acquisition costs	-	-	-	86,443	17,387	107,839	1,345,723
Total expenditures	0	0	198,435	105,274	17,387	107,839	1,863,885
Revenues over (under) expenditures	7,500	0	(158,687)	20,497	(17,387)	504,753	(491,220)
Other financing sources (uses):							
Sale of property	15,000	-	589,834	137,000	-	-	214,530
Transfer from other funds	-	-	-	-	-	469,012	4,438,590
Transfer to other funds	13,000	0	589,834	137,000	(534,012)	469,012	(1,911,055)
Total other financing sources (uses)	28,000	0	1,179,668	274,000	-	938,024	2,742,085
Net change in fund balance	22,500	0	431,147	157,497	(551,399)	973,765	2,250,365
Fund balance - January 1	92,175	100,000	966,860	81,689	551,399	-	4,887,046
Fund balance - December 31	\$114,675	\$100,000	\$1,398,007	\$238,586	\$0	\$973,765	\$7,137,411
Reconciliation of beginning fund balance to prior year ending fund balance:							
Prior year ending fund balance reported above							6,142,611
Less prior year ending fund balance for funds reported as non major in prior year, major in current year:							(1,906,964)
Prior year ending fund balance for funds reported as major in prior year, non major in current year:							551,399
Prior year ending fund balance for funds reported as major in prior year, non major in current year:							100,000
Library Capital Fund							4,887,046
Current year beginning fund balance							

CITY OF CAMBRIDGE, MINNESOTA
SPECIAL REVENUE FUND - 205 EDA OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

Statement 23

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.

	2021		2020
	Budgeted Amounts	Actual	Actual
	Original	Final	
Revenues:			
Investment income	\$ -	\$ -	\$12,254
Charges for services:			
Rents	240,000	250,131	272,361
Other	-	-	500
Total revenues	240,000	250,131	285,115
Expenditures:			
Current:			
Economic development	229,637	189,239	389,638
Capital outlay:			
Economic development	-	683,705	31,875
Total expenditures	229,637	872,944	421,513
Revenues over (under) expenditures	10,363	(622,813)	(136,398)
Other financing sources (uses):			
Transfers from other funds	130,000	285,940	294,391
Net change in fund balance	\$140,363	(\$336,873)	157,993
Fund balance - January 1			553,871
Fund balance - December 31		\$375,009	\$711,864

CITY OF CAMBRIDGE, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

Statement 24

	Property Insurance	Pension Benefits	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$215,083	\$ -	\$189,958
Accounts receivable - net	572	-	4,609
Total assets	215,655	0	194,567
Deferred outflows of resources:			
Related to pensions	-	2,876,017	980,573
Liabilities:			
Noncurrent liabilities:			
Net pension liability	-	2,672,775	3,978,042
Deferred inflows of resources:			
Related to pensions	-	3,847,352	1,192,778
Net position:			
Unrestricted	215,655	(3,644,110)	(3,995,680)
Total net position	\$215,655	(\$3,644,110)	(\$3,995,680)

CITY OF CAMBRIDGE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 25

	Property Insurance	Pension Benefits	Total
Operating revenues:			
Charges for services	\$451	\$457,602	\$458,053
Insurance dividends	66,064	-	66,064
Total operating revenues	66,515	457,602	524,117
Operating expenses:			
Claims	45,427	-	45,427
Pension	-	(66,666)	(66,666)
Total operating expenses	45,427	(66,666)	(21,239)
Operating income (loss)	21,088	524,268	545,356
Nonoperating revenues (expenses):			
Intergovernmental revenue	-	21,869	21,869
Investment income	-	-	-
Total nonoperating operating revenues (expenses)	-	21,869	21,869
Income (loss) before transfers	21,088	546,137	567,225
Net position - January 1	194,567	(4,190,247)	(3,995,680)
Net position - December 31	\$215,655	(\$3,644,110)	(\$3,995,680)

CITY OF CAMBRIDGE, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Statement 26

	Property Insurance	Pension Benefits	Total
			2021 2020
Cash flows from operating activities:			
Receipts from interfund services provided	\$65,943	(\$66,666)	(\$723) \$359,422
Payment to suppliers	(40,818)	-	(40,818) (10,203)
Payment of wages and benefits	-	66,666	66,666 (338,038)
Net cash flows from operating activities	25,125	0	25,125 11,181
Cash flows from investing activities:			
Investment income	-	-	- 3,409
Net increase (decrease) in cash and cash equivalents	25,125	-	25,125 14,590
Cash and cash equivalents - January 1	189,958	-	189,958 175,368
Cash and cash equivalents - December 31	\$215,083	\$0	\$215,083 \$189,958
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$21,088	\$524,268	\$545,356 \$139,744
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Intergovernmental revenue	-	21,869	21,869 27,844
Changes in assets and liabilities:			
Decrease (increase) in receivables	4,037	-	4,037 (4,087)
Decrease (increase) in deferred outflows of resources	-	(1,895,444)	(1,895,444) 566,187
Increase (decrease) in payables	-	(1,305,267)	(1,305,267) 515,866
Increase (decrease) in deferred inflows of resources	-	2,654,574	2,654,574 (1,234,373)
Total adjustments	4,037	(524,268)	(520,231) (128,563)
Net cash provided (used) by operating activities	\$25,125	\$0	\$25,125 \$11,181

SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF CAMBRIDGE, MINNESOTA
COMBINED SCHEDULE OF BOND INDEBTEDNESS
December 31, 2021

Exhibit 1

	Dated	Final Maturity Date	Interest Rates (in percent)	Authorized and Issued	Amount Retired		Outstanding at 12/31/21	Due in 2022	
					Prior Years	Current Year		Principal	Interest
Bonded indebtedness:									
Improvement Bonds:									
Improvement Bonds of 2014 ⁽¹⁾	05/28/14	02/01/25	2% - 2.375%	\$1,601,532	\$1,056,532	\$105,000	\$440,000	\$105,000	\$10,081
Improvement Bonds of 2016 ⁽²⁾	05/17/16	02/01/27	2% - 3.000%	2,570,000	825,000	250,000	1,495,000	255,000	33,925
Improvement Bonds of 2018 ⁽³⁾	05/30/18	02/01/29	3.000%	1,970,000	170,000	175,000	1,625,000	180,000	46,050
Improvement Bonds of 2020 ⁽⁴⁾	05/28/20	02/01/31	2% - 3.000%	385,000	-	-	385,000	35,000	10,175
Total Special Assessment Bonds				6,526,532	2,051,532	530,000	3,945,000	575,000	100,231
Sales Tax Revenue Bonds:									
G.O. Sales Tax Revenue Bonds of 2019	12/30/19	02/01/24	2% - 3.000%	7,235,000	-	265,000	6,970,000	285,000	167,980
G.O. Sales Tax Revenue Bonds of 2020	05/28/20	02/01/40	2% - 3.000%	3,255,000	-	275,000	2,980,000	250,000	78,913
Total Sales Tax Revenue Bonds				10,490,000	-	540,000	9,950,000	535,000	246,893
Revenue Bonds:									
G.O. Waste Water PFA Bonds of 2013	08/13/13	08/20/32	1.000%	11,737,686	4,148,686	598,000	6,991,000	604,000	69,910
G.O. Water & Sewer Bonds of 2014 ⁽¹⁾	05/28/14	02/01/25	2% - 2.375%	6,813,466	3,503,466	625,000	2,685,000	640,000	61,467
G.O. Water & Sewer Refunding Bonds of 2016 ⁽²⁾	05/17/16	02/01/27	2% - 3.000%	3,570,000	1,150,000	345,000	2,075,000	355,000	47,125
G.O. Water & Sewer Bonds of 2018 ⁽³⁾	05/30/18	02/01/29	3.000%	1,510,000	130,000	135,000	1,245,000	140,000	35,250
G.O. Water & Sewer Bonds of 2019	07/11/19	02/01/39	3% - 4.000%	2,405,000	115,000	100,000	2,190,000	100,000	71,950
G.O. Water & Sewer Bonds of 2020 ⁽⁴⁾	05/28/20	02/01/40	2% - 3.000%	1,835,000	-	-	1,835,000	160,000	48,550
Total Revenue Bonds				27,871,152	9,047,152	1,803,000	17,021,000	1,999,000	334,252
Total City bonded indebtedness									
				\$44,887,684	\$11,098,684	\$2,873,000	\$30,916,000	\$3,109,000	\$681,376

(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.

CITY OF CAMBRIDGE, MINNESOTA
DEBT SERVICE PAYMENTS TO MATURITY
GENERAL OBLIGATION BONDS
December 31, 2021

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	Total
Bonds payable	\$440,000	\$1,495,000	\$1,625,000	\$6,970,000	\$2,980,000	\$385,000	\$13,895,000
Future interest payable	22,272	97,075	202,725	1,652,582	455,815	49,150	2,479,619
Totals	\$462,272	\$1,592,075	\$1,827,725	\$8,622,582	\$3,435,815	\$434,150	\$16,374,619
Payments to maturity:							
2022	\$115,081	\$288,925	\$276,050	\$452,981	\$328,913	\$45,175	\$1,467,125
2023	116,856	286,200	230,900	454,281	336,188	44,125	1,468,550
2024	113,969	288,250	229,725	455,281	333,163	43,075	1,468,463
2025	116,366	291,400	228,800	455,981	334,913	38,625	1,466,085
2026	-	285,800	227,725	451,456	331,438	45,900	1,342,319
2027	-	151,500	226,500	451,706	332,738	44,700	1,207,144
2028	-	-	230,050	451,656	333,738	43,900	1,058,944
2029	-	-	228,375	451,306	334,438	42,300	1,056,419
2030	-	-	-	457,406	336,463	41,300	835,169
2031	-	-	-	450,056	42,863	45,450	543,369
2032	-	-	-	452,006	42,163	-	494,169
2033	-	-	-	455,006	41,463	-	496,469
2034	-	-	-	452,013	45,713	-	497,726
2035	-	-	-	453,619	44,913	-	498,532
2036	-	-	-	454,756	44,113	-	498,869
2037	-	-	-	455,419	43,263	-	498,682
2038	-	-	-	455,856	42,263	-	498,119
2039	-	-	-	450,853	41,463	-	492,316
2040	-	-	-	455,344	45,506	-	500,850
2041	-	-	-	-	-	-	-
Totals	\$462,272	\$1,592,075	\$1,827,725	\$8,622,582	\$3,435,815	\$434,150	\$16,374,619

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	\$6,912,466 G.O. Water and Sewer Bonds of 2014	\$3,370,000 G.O. Water and Sewer Bonds of 2016	\$1,410,000 G.O. Water and Sewer Bonds of 2018	\$2,405,000 G.O. Water and Sewer Bonds of 2019	\$1,435,000 G.O. Water and Sewer Bonds of 2020	Total
Bonds payable	\$6,912,466	\$3,370,000	\$1,410,000	\$2,405,000	\$1,435,000	\$17,021,000
Future interest payable	426,570	134,375	155,215	677,425	252,475	1,781,686
Totals	\$7,417,230	\$2,820,826	\$1,400,215	\$2,867,425	\$2,087,475	\$18,802,686
Payments to maturity:						
2022	673,910	701,467	175,250	171,590	208,550	2,333,352
2023	673,870	706,893	176,015	167,590	203,750	2,329,803
2024	674,700	709,214	176,550	159,050	208,800	2,328,359
2025	674,600	703,252	172,050	160,150	208,625	2,319,427
2026	674,370	-	177,400	156,150	208,300	1,619,170
2027	674,080	-	172,600	157,050	207,825	1,413,555
2028	674,730	-	172,725	157,750	212,125	1,217,350
2029	674,310	-	172,250	157,250	211,600	1,187,460
2030	674,850	-	177,625	159,150	206,200	1,039,880
2031	-	-	-	160,475	212,100	1,046,465
2032	674,680	-	-	156,725	-	831,405
2033	-	-	-	157,900	-	157,900
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	-	-	-	156,900	-	156,900
Totals	\$7,417,230	\$2,820,826	\$1,400,215	\$2,867,425	\$2,087,475	\$18,802,686

	Tax Capacity Values 2021/2022	Tax Capacity Values 2020/2021
Taxable valuations:		
Real estate	\$8,355,651	\$7,799,091
Personal property	138,878	130,130
Total	8,494,529	7,929,221
Less: captured tax increment value	(245,814)	(325,142)
Total for debt levy	8,248,715	7,604,079
Less: JOBZ value	-	-
Total for general fund levy	\$8,248,715	\$7,604,079
Taxes levied:		
General fund revenue	\$5,551,049	\$5,238,391
Debt service levy	238,058	238,058
Totals	\$5,789,107	\$5,476,449
	70.182%	72.020%

CITY OF CAMBRIDGE, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
IMPROVEMENT BONDS
December 31, 2021

Exhibit 5

Year	\$1,970,000 Improvement Bonds of 2018	\$2,570,000 Improvement Bonds of 2016	Total
2022	\$120,558	\$117,500	\$238,058
2023	120,558	117,500	238,058
2024	120,558	117,500	238,058
2025	120,558	117,500	238,058
2026	120,558	50,000	170,558
2027	120,558	-	120,558
2028	120,558	-	120,558
	<u>\$843,906</u>	<u>\$520,000</u>	<u>\$1,363,906</u>

Assets													
305 TIF 6.15	306 TIF 6.16	307 TIF 6.17	311 Anderson Builders Project (TIF 6.11)	324 2016 Street Improvement Fund									
Cash and investments	\$19,644	\$37,785	\$ -	\$437,283									
Property taxes receivable:													
Delinquent	-	-	-	568									
Special assessments receivable:													
Delinquent	-	-	-	668									
Deferred	-	-	-	268,946									
Total assets	\$62,005	\$19,644	\$37,785	\$0	\$707,465								
Liabilities, Deferred Inflows of Resources, and Fund Balance													
Liabilities:													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -								
Deposits payable	-	-	1,808	-	-								
Total liabilities	0	0	1,808	0	0								
Deferred inflow of resources:													
Unavailable revenues	-	-	-	-	270,182								
Fund balance:													
Restricted	62,005	19,644	35,977	-	437,283								
Total fund balance (deficit)	62,005	19,644	35,977	0	437,283								
Total liabilities, deferred inflows of resources, and fund balance													
\$62,005	\$19,644	\$37,785	\$0	\$707,465									

	325 Library Bond Debt Service Fund	328 GO Improvement Bonds of 2018	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	
							2021	2020
Cash and investments	\$723,219	\$426,859	\$268,546	\$165,654	\$225,007	\$ -	\$2,346,002	\$2,393,548
Property taxes receivable:								
Delinquent	-	2,123	-	-	1,101	-	3,792	5,072
Special assessments receivable:								
Delinquent	-	999	-	410	9,327	-	11,404	10,263
Deferred	-	642,779	187,652	203,940	224,629	781,000	2,308,946	1,866,294
Total assets	\$723,219	\$1,072,760	\$456,198	\$370,004	\$460,064	\$781,000	\$4,690,144	\$4,267,577
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$591
Deposits payable	-	-	-	-	-	-	1,808	1,808
Total liabilities	0	0	0	0	0	0	1,808	2,399
Deferred inflow of resources:								
Unavailable revenues	-	645,901	187,652	204,350	235,057	781,000	2,324,142	1,871,629
Fund balance:								
Restricted	723,219	426,859	268,546	165,654	225,007	-	2,364,194	2,393,549
Total fund balance (deficit)	723,219	426,859	268,546	165,654	225,007	0	2,364,194	2,393,549
Total liabilities, deferred inflows of resources, and fund balance								
\$723,219	\$1,072,760	\$456,198	\$370,004	\$781,000	\$460,064	\$781,000	\$4,690,144	\$4,267,577

CITY OF CAMBRIDGE, MINNESOTA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

Exhibit 7

	305 TIF 6.15		306 TIF 6.16		307 TIF 6.17		311 Anderson Builders Project (TIF 6.11)		324 2016 Street Improvement Fund		325 Library Bond Debt Service Fund		328 GO Improvement Bonds of 2018		372 G.O. Improvement Bonds 2014		380 2020 Street Improvement Debt Service Fund		385 2016 Bonds (2015 Project portion)		Totals Debt Service Funds	
																					2021	2020
Revenues:																						
General property taxes:																						
Current	\$	-	\$	-	\$	-	\$	-	\$49,610		\$	-	\$120,384		\$	-	\$	-	\$67,279	\$237,273	\$237,126	
Delinquent	-	-	-	-	-	-	-	-	1,486		-	-	613		-	-	-	-	479	2,578	1,372	
Tax increment collections	126,266		65,059		76,264		4,083		-		-	-	-		-	-	-	-	-	271,672	272,904	
Special assessments:																						
Prepayments	-	-	-	-	-	-	-	-	1,627		-	-	2,873		10,058		8,428		2,548	25,534	209,628	
Principal and interest	-	-	-	-	-	-	-	-	92,037		-	-	105,239		73,244		27,663		61,147	359,330	368,303	
Investment income	-	-	-	-	-	-	-	-	-		-	-	-		-		-		-	-	29,586	
Total revenues	126,266		65,059		76,264		4,083		144,760		0		229,109		83,302		36,091		131,453	896,387	1,118,919	
Expenditures:																						
Current:																						
Economic development	113,640		58,554		71,632		7,620		-		-	-	-		-		-		-	251,446	236,812	
Debt service:																						
Principal retirement	-	-	-	-	-	-	-	-	130,000		295,000		175,000		105,000		245,000		120,000	1,070,000	510,000	
Interest	-	-	-	-	-	-	-	-	22,900		195,947		51,375		13,231		95,554		18,600	397,607	227,327	
Paying agent fees	-	-	-	-	-	-	-	-	1,993		840		658		1,032		656		1,510	6,689	3,000	
Bond issuance costs	-	-	-	-	-	-	-	-	-		-		-		-		-		-	-	-	
Total expenditures	113,640		58,554		71,632		7,620		154,893		491,787		227,033		119,263		341,210		140,110	1,725,742	977,139	
Revenues over (under) expenditures	12,626		6,505		4,632		(3,537)		(10,133)		(491,787)		2,076		(35,961)		(305,119)		(8,657)	(829,355)	141,780	
Other financing sources (uses):																						
Transfer from other funds	-		-		-		-		-		500,000		-		-		300,000		-	800,000	500,000	
Net change in fund balance	12,626		6,505		4,632		(3,537)		(10,133)		8,213		2,076		(35,961)		(5,119)		(8,657)	(29,355)	641,780	
Fund balance - January 1	49,379		13,139		31,345		3,537		447,416		715,006		424,783		304,507		170,773		233,664	2,393,549	1,751,769	
Fund balance - December 31	\$62,005		\$19,644		\$35,977		\$0		\$437,283		\$723,219		\$426,859		\$268,546		\$165,654		\$225,007	\$2,364,194	\$2,393,549	

III. STATISTICAL SECTION (UNAUDITED)

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III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Cambridge, Minnesota’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Cambridge, Minnesota’s overall financial health.

Contents	Pages
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.	166 – 177
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	178 – 181
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.	182 – 186
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.	187 – 191
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.	192 - 195

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)

Table 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$41,830,425	\$42,200,342	\$44,584,330	\$45,533,852	\$48,495,842	\$48,016,475	\$48,198,388	\$49,923,622	\$49,198,270	\$49,467,130
Restricted	6,114,057	6,096,815	6,691,401	6,862,625	5,067,471	5,228,625	5,957,196	4,548,117	4,703,236	5,088,270
Unrestricted	7,724,302	8,434,847	7,306,374	4,803,343	3,124,264	4,523,543	4,244,478	4,288,711	7,774,146	11,239,733
Total governmental activities net position	\$55,668,784	\$56,731,704	\$58,582,105	\$57,199,820	\$56,687,577	\$57,768,643	\$58,400,062	\$58,760,450	\$61,675,652	\$65,795,135
Business-type activities:										
Net investment in capital assets	\$41,438,393	\$43,715,295	\$44,536,149	\$44,339,512	\$43,650,789	\$43,086,324	\$43,012,646	\$41,242,642	\$41,576,092	\$40,700,089
Unrestricted	5,622,837	5,371,157	6,210,656	7,045,223	7,882,495	8,647,350	8,446,447	9,070,561	8,755,605	10,227,881
Total business-type activities net position	\$47,061,230	\$49,092,452	\$50,746,805	\$51,384,735	\$51,533,284	\$51,733,674	\$51,459,093	\$50,313,203	\$50,331,697	\$50,927,970
Primary government:										
Net investment in capital assets	\$83,268,818	\$85,915,637	\$89,120,479	\$89,873,364	\$92,146,631	\$91,102,799	\$91,211,034	\$91,166,264	\$90,774,362	\$90,167,219
Restricted	6,114,057	6,096,815	6,691,401	6,862,625	5,067,471	5,228,625	5,957,196	4,548,117	4,703,236	5,088,270
Unrestricted	13,347,139	13,811,704	13,517,030	11,848,566	11,006,759	13,170,893	12,690,925	13,359,272	16,529,751	21,467,614
Total primary government net position	\$102,730,014	\$105,824,156	\$109,328,910	\$108,584,555	\$108,220,860	\$109,502,317	\$109,859,155	\$109,073,653	\$112,007,349	\$116,723,103

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.

CITY OF CAMBRIDGE, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Table 2
Page 1 of 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$1,285,039	\$1,328,784	\$1,472,329	\$1,538,023	\$1,725,921	\$1,602,648	\$1,616,292	\$1,832,795	\$1,979,094	\$1,898,897
Housing and redevelopment	1,225,806	714,292	716,792	698,375	951,330	2,007,846	1,450,831	1,210,392	1,003,714	-
Public safety	1,925,716	2,045,633	2,274,727	2,453,949	2,995,476	2,408,839	2,640,987	2,737,655	2,865,320	2,572,587
Public works	3,451,262	3,526,175	3,737,160	3,760,192	4,113,329	4,171,040	4,141,732	4,813,751	4,950,936	4,543,440
Economic development	-	-	-	-	155,569	132,213	315,707	175,671	236,812	566,142
Interest on long-term debt	309,905	192,142	168,476	159,171	143,336	112,302	112,953	102,492	287,702	297,334
Total governmental activities expenses	8,197,728	7,807,026	8,369,484	8,609,710	10,084,961	10,434,888	10,278,502	10,872,756	11,323,578	9,878,400
Business-type activities:										
Water	1,556,018	1,539,343	1,680,185	1,546,130	1,647,004	1,665,223	1,669,606	1,804,179	1,701,030	1,792,306
Wastewater	2,001,625	1,916,863	2,043,445	2,022,060	2,416,961	2,842,823	2,942,596	3,017,472	2,991,152	3,146,261
Storm sewer	393,848	392,451	397,066	407,716	438,845	437,085	466,976	517,938	493,141	498,479
Street lights	-	-	-	-	-	-	197,237	182,191	187,300	251,192
Municipal liquor	4,255,132	4,358,978	4,533,434	4,665,906	4,950,661	5,065,569	5,169,245	5,381,923	6,104,409	6,011,374
Housing	251,272	246,460	246,895	202,671	235,520	228,240	240,091	230,940	253,950	243,394
Total business-type activities expenses	8,457,895	8,454,095	8,901,025	8,844,483	9,688,991	10,238,940	10,685,751	11,134,643	11,730,982	11,943,006
Total primary government expenses	\$16,655,623	\$16,261,121	\$17,270,509	\$17,454,193	\$19,773,952	\$20,673,828	\$20,964,253	\$22,007,399	\$23,054,560	\$21,821,406
Program revenues:										
Governmental activities:										
Charges for services:										
Licenses and permits	\$250,643	\$317,572	\$310,730	\$385,333	\$395,993	\$733,126	\$502,729	\$414,484	\$489,618	\$955,065
Other activities	585,573	536,853	493,435	613,840	645,231	797,058	758,430	717,595	759,709	1,013,944
Operating grants and contributions	804,002	905,736	829,587	873,237	1,137,206	1,900,505	1,470,134	1,347,022	2,959,048	523,529
Capital grants and contributions	1,429,328	2,017,130	2,277,691	2,098,399	795,494	1,243,398	1,073,778	1,339,240	804,969	1,588,218
Total governmental activities program revenues	3,069,546	3,777,291	3,911,443	3,970,809	2,973,924	4,674,087	3,805,071	3,818,341	5,013,344	4,080,756
Business-type activities:										
Charges for services:										
Water	1,608,964	1,575,258	1,614,945	1,702,107	1,799,986	1,856,559	1,933,167	1,867,502	2,012,315	2,225,925
Wastewater	2,215,651	2,198,526	2,228,823	2,207,400	2,253,251	2,249,564	2,030,592	2,284,724	2,379,173	2,573,206
Storm sewer	301,704	319,451	324,469	328,219	333,778	340,242	350,438	335,109	371,124	388,223
Street lights	-	-	-	-	-	-	192,498	196,417	227,434	238,772
Municipal liquor	4,680,080	4,795,307	4,971,838	5,121,556	5,396,677	5,531,308	5,725,723	5,909,037	6,817,078	6,762,325
Housing	157,053	155,656	155,169	162,759	172,206	173,682	174,161	173,416	185,161	185,790
Operating grants and contributions	-	330,625	74,818	80,773	80,942	75,931	71,599	76,779	84,317	87,113
Capital grants and contributions	60,539	371,360	1,442,111	231,174	205,399	577,958	362,018	240,204	311,874	797,602
Total business-type activities program revenues	9,023,991	9,746,183	10,812,173	9,833,988	10,242,239	10,805,244	10,840,195	11,083,188	12,388,476	13,258,956
Total primary government program revenues	\$12,093,537	\$13,523,474	\$14,723,616	\$13,804,797	\$13,216,163	\$15,479,331	\$14,645,266	\$14,901,529	\$17,401,820	\$17,339,712

CITY OF CAMBRIDGE, MINNESOTA
CHANGES IN NET POSITION
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Table 2
Page 2 of 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (expense) revenue:										
Governmental activities	(\$5,128,182)	(\$4,029,735)	(\$4,458,041)	(\$4,638,901)	(\$7,111,037)	(\$5,760,801)	(\$6,473,431)	(\$7,054,415)	(\$6,310,234)	(\$5,797,644)
Business-type activities	566,096	1,292,088	1,911,148	989,505	553,248	566,304	154,444	(51,455)	657,494	1,315,950
Total primary government net (expense) revenue	(\$4,562,086)	(\$2,737,647)	(\$2,546,893)	(\$3,649,396)	(\$6,557,789)	(\$5,194,497)	(\$6,318,987)	(\$7,105,870)	(\$5,652,740)	(\$4,481,694)
General revenues and other changes in net assets:										
Governmental activities:										
General property taxes	\$4,568,549	\$4,843,909	\$4,895,037	\$4,968,378	\$5,004,822	\$5,161,658	\$5,274,932	\$5,198,381	\$5,482,905	\$5,597,350
Tax increment collections	82,710	126,673	60,524	184,629	289,334	244,088	406,681	261,388	415,046	529,573
Local option sales tax	-	-	-	-	-	-	-	313,338	1,553,323	1,677,517
Unrestricted grants and contributions	432,006	431,826	695,259	731,221	744,888	750,114	808,177	812,656	955,567	1,020,839
Investment earnings	155,590	(129,396)	242,628	118,306	80,750	59,076	86,876	258,067	288,429	(13,639)
Gain on disposal of capital assets	-	614,675	22,507	13,208	2,500	207,931	12,834	-	803	405,485
Special item - write-off of assessments	(1,317,379)	-	-	-	-	-	-	-	-	-
Special item - Section 8 disclosure	-	-	-	-	-	-	-	-	(185,637)	-
Other	-	-	13,142	-	-	-	-	21,973	-	-
Transfers	(147,629)	(795,002)	379,315	428,000	476,500	419,000	515,350	549,000	715,000	700,000
Total governmental activities	3,773,847	5,092,685	6,308,412	6,443,742	6,598,794	6,841,867	7,104,850	7,414,803	9,225,436	9,917,125
Business-type activities:										
Investment earnings	43,651	(61,430)	118,263	67,991	64,864	46,545	63,988	192,204	142,247	(19,677)
Gain (loss) on disposal of capital assets	481,345	-	-	-	6,937	-	2,892	-	-	-
Miscellaneous	8,582	5,562	4,257	8,434	-	6,541	19,445	4,988	7,776	-
Transfers	147,629	795,002	(379,315)	(428,000)	(476,500)	(419,000)	(515,350)	(549,000)	(715,000)	(700,000)
Special item	-	-	-	-	-	-	-	(766,124)	-	-
Total business-type activities	681,207	739,134	(256,795)	(351,575)	(404,699)	(365,914)	(429,025)	(1,117,932)	(564,977)	(719,677)
Total primary government	\$4,455,054	\$5,831,819	\$6,051,617	\$6,092,167	\$6,194,095	\$6,475,953	\$6,675,825	\$6,296,871	\$8,660,459	\$9,197,448
Change in net position:										
Governmental activities	(\$1,354,335)	\$1,062,950	\$1,850,371	\$1,804,841	(\$512,243)	\$1,081,066	\$631,419	\$360,388	\$2,915,202	\$4,119,481
Business-type activities	1,247,303	2,031,222	1,654,353	637,930	148,549	200,390	(274,581)	(1,169,387)	92,517	596,273
Total primary government	(\$107,032)	\$3,094,172	\$3,504,724	\$2,442,771	(\$363,694)	\$1,281,456	\$356,838	(\$808,999)	\$3,007,719	\$4,715,754

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

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

Table 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$221,407	\$225,009	\$269,415	\$250,151	\$271,152	\$284,867	\$280,016	\$307,509	\$321,905	\$286,065
Committed for compensated absences	245,836	295,645	324,368	337,320	322,010	323,286	363,503	460,076	471,780	422,961
Unassigned	2,495,497	2,593,638	2,518,074	2,696,726	2,828,588	2,895,455	3,032,410	2,990,491	2,851,910	3,115,225
Total general fund	\$2,962,740	\$3,114,292	\$3,111,857	\$3,284,197	\$3,421,750	\$3,503,608	\$3,675,929	\$3,758,076	\$3,645,595	\$3,834,251
All other governmental funds:										
Nonspendable	\$21,005	\$13,479	\$32,248	\$40,743	\$18,100	\$20,388	\$24,952	\$28,100	\$15,616	\$23,437
Restricted:										
Debt service funds (Reserved 2003-2010)	2,859,512	2,885,541	3,651,834	3,300,192	2,339,320	2,550,842	3,346,398	1,751,769	2,393,549	2,364,194
Special revenue funds (Designated 2003-2010)	287,771	-	171,134	141,633	154,951	31,379	148,167	285,202	121,659	134,842
Capital project funds (Designated 2003-2010)	645,457	289,355	113,540	154,951	16,764	16,879	85,228	7,404,430	92,175	114,675
Assigned reported in (Designated 2003-2010):										
Special revenue funds	550,939	-	493,642	891,603	940,105	1,251,230	1,007,652	1,156,128	2,010,620	1,781,505
Capital projects funds	5,012,881	6,366,272	4,765,196	4,963,087	3,928,587	5,181,985	4,812,301	5,007,226	7,541,807	9,497,234
Unassigned (Undesignated 2003-2010):										
Special revenue funds	(8,661)	-	-	-	-	-	-	-	(14,836)	-
Capital project funds	(1,311,005)	(1,250,151)	(1,205,940)	(1,170,958)	(1,129,255)	(1,078,129)	(1,018,710)	(1,390,513)	(839,972)	-
Total all other governmental funds	\$8,057,899	\$8,304,496	\$8,021,654	\$8,321,251	\$6,268,572	\$7,974,574	\$8,405,988	\$14,242,342	\$11,320,618	\$13,915,887

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

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

Table 4
Page 1 of 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
General property taxes	\$4,621,502	\$4,918,255	\$4,815,821	\$4,933,807	\$5,032,465	\$5,234,508	\$5,307,698	\$5,186,298	\$5,471,214	\$5,598,962
Tax increment collections	83,586	125,461	63,940	312,093	289,334	244,088	406,681	261,388	415,046	529,573
Licenses and permits	250,643	317,572	310,730	385,333	395,993	733,126	502,729	414,484	489,618	955,065
Intergovernmental	1,511,328	1,629,385	1,813,457	2,167,365	2,416,290	3,029,282	2,736,749	2,665,061	4,514,855	2,235,154
Special assessments	957,486	637,779	1,499,907	866,002	843,976	687,958	585,570	706,189	601,838	421,928
Charges for services	350,970	696,745	365,312	314,801	365,973	499,996	398,435	313,338	419,695	725,158
Local sales tax	-	-	-	-	-	-	-	313,338	1,553,323	1,677,517
Fines and forfeits	50,378	50,186	61,877	49,342	30,994	54,474	92,899	84,760	57,025	33,554
Investment income	153,841	(129,396)	239,998	115,465	78,583	57,859	85,427	252,971	285,020	(13,639)
Direct charges to developers	14,700	18,140	1,600	-	-	-	-	-	-	-
Rents	264,619	247,235	244,035	244,280	248,264	242,588	267,096	288,407	282,989	255,232
Other	179,673	64,920	51,391	95,642	83,962	80,126	118,498	56,894	80,243	36,390
Total revenues	8,438,726	8,576,282	9,468,068	9,484,130	9,785,634	10,864,005	10,501,782	10,574,218	14,170,866	12,454,894
Expenditures:										
Current:										
General government	1,206,678	1,211,341	1,316,405	1,381,897	1,557,613	1,364,892	1,470,157	1,636,103	1,889,938	1,870,572
Housing and redevelopment	722,309	794,966	617,738	614,716	862,025	1,710,212	1,363,885	1,133,044	953,202	-
Public safety	1,692,461	1,802,824	2,037,856	2,199,013	2,200,364	2,300,865	2,440,112	2,461,449	2,607,562	2,758,027
Public works	1,806,317	1,857,061	1,961,529	1,883,657	2,037,452	2,042,897	1,972,149	2,324,332	2,617,478	2,267,219
Economic development	354,003	(2,351)	3,196	293	155,569	132,213	315,707	175,671	236,812	530,314
Capital outlay:										
General government	72,566	103,060	68,280	58,957	13,785	-	60,452	37,845	126,604	11,894
Housing and redevelopment	-	-	100,421	38,453	-	-	-	-	214,045	80,840
Public safety	85,214	109,341	147,431	116,365	355,045	51,067	292,554	184,121	7,543,919	153,374
Public works	28,196	222,707	837,478	536,492	1,075,101	144,882	209,803	346,280	31,875	-
Debt service:										
Principal retirement	5,677,901	1,554,398	1,581,506	1,449,749	3,722,466	1,592,894	1,138,591	2,719,362	510,000	1,070,000
Interest	358,495	238,731	188,965	191,983	179,335	186,709	139,135	172,605	227,327	397,607
Paying agent fees	5,998	2,681	2,250	5,275	4,340	4,120	2,001	2,501	3,000	6,689
Declarify TIF districts	6,257	10,563	1,391	-	-	-	-	-	-	-
Bond issuance costs	57,460	-	-	-	37,024	-	39,892	125,781	62,885	-
Developer reimbursement	69,194	-	35,683	-	-	-	-	-	-	-
Construction/acquisition costs	4,208,042	268,920	2,348,493	2,529,551	2,869,818	262,529	3,006,256	1,327,508	4,601,499	2,029,427
Total expenditures	16,351,091	8,174,242	11,248,622	11,006,401	15,069,937	9,793,280	12,450,694	12,646,602	21,626,146	11,175,963
Revenues over (under) expenditures	(7,912,365)	402,040	(1,780,554)	(1,522,271)	(5,284,303)	1,070,725	(1,948,912)	(2,072,384)	(7,455,280)	1,278,931

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

Table 4
Page 2 of 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other financing sources (uses):										
Redemption of refunded bonds	\$ -	\$ -	(\$593,894)	\$ -	\$635,500	\$ -	\$ -	\$ -	\$ -	\$ -
Refunding bonds issued/bonds issued	5,780,000	-	1,601,532	1,532,130	2,570,000	-	1,970,000	7,235,000	3,640,000	-
Transfers in	1,540,607	-	2,310,993	2,939,619	-	419,000	515,350	549,000	715,000	700,000
Transfers out	(1,135,549)	(795,002)	(1,931,678)	(2,511,619)	-	-	-	-	-	-
Premium (discount) on debt issued	163,687	-	85,817	-	172,047	-	54,463	184,912	250,909	-
Sale of property	-	-	22,507	23,208	2,500	298,135	12,834	21,973	803	794,994
Special item	-	791,111	-	-	-	-	-	-	(185,637)	-
Total other financing sources (uses)	6,348,745	(3,891)	1,495,277	1,983,338	3,380,047	717,135	2,552,647	7,990,885	4,421,075	1,494,994
Net change in fund balance	(\$1,563,620)	\$398,149	(\$285,277)	\$461,067	(\$1,904,256)	\$1,787,860	\$603,735	\$5,918,501	(\$3,034,205)	\$2,773,925
Debt service as a percentage of noncapital expenditures (1)	50.5%	24.0%	22.9%	21.2%	36.3%	19.1%	14.4%	26.9%	8.1%	16.5%
Debt service as percentage of total expenditures (1)	36.9%	21.9%	15.7%	14.9%	25.9%	18.2%	10.3%	22.9%	3.4%	13.1%

(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

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

Table 6

Fiscal Year	Operating City Rate	Debt Service City Rate	Total City Direct Rate	Overlapping Rates		
				County	School District	Other
2012	67.435	13.264	80.699	57.371	39.099	0.215
2013	72.908	14.495	87.403	60.303	39.478	0.224
2014	77.307	14.746	92.053	66.754	41.343	0.248
2015	76.324	13.495	89.819	66.485	47.737	0.235
2016	72.436	13.165	85.601	64.711	39.512	0.225
2017	74.140	11.554	85.694	66.005	39.330	0.228
2018	70.637	10.615	81.252	64.737	33.663	0.216
2019	70.333	6.321	76.654	64.404	30.712	0.212
2020	71.778	3.274	75.052	62.583	29.134	0.199
2021	70.072	3.131	73.203	61.727	29.094	0.188
Total						

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
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-Homesite Residential	All Other	Total Tax Capacity	Less Captured Tax Capacity	Adjusted Tax Capacity	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
2012	2,088,904	2,531,505	985,235	261,376	5,836,920	52,772	5,784,148	80.699	446,078,349	1.30%
2013	1,877,003	2,752,268	906,539	169,763	5,705,573	82,197	5,623,376	87.403	426,742,100	1.32%
2014	1,786,845	2,647,529	791,040	220,041	5,445,455	102,373	5,343,082	92.053	484,853,500	1.10%
2015	1,989,706	2,711,476	818,912	131,572	5,651,666	118,986	5,532,680	89.819	481,552,200	1.15%
2016	2,395,430	2,526,618	865,750	198,433	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	3,261,277	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	240,337	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%

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

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

Table 7

Taxpayer	2021			2012		
	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	\$175,192	1	2.21%	\$208,210	1	3.57%
Menards, Inc.	156,092	2	1.97%	130,316	3	2.23%
MMF Mortgage Borrower 5, LLC (Fleet Farm)	139,770	3	1.76%	-	-	0.00%
Target Corporation	108,808	4	1.37%	135,770	2	2.33%
Country Club Manor of Hutchinson, LLP	79,103	5	1.00%	77,218	5	1.32%
East Central Electric Association	78,396	6	0.99%	-	-	0.00%
Water Works Fabrication	70,184	7	0.89%	-	-	0.00%
Allina Medical Clinic	66,306	8	0.84%	67,989	8	1.16%
Centerpoint Energy	59,460	9	0.75%	71,994	7	1.23%
Big River Cambridge, LLC	58,770	10	0.74%	-	-	0.00%
Lowe's Home Centers Inc.	-	-	0.00%	101,266	4	1.73%
LAAM Properties	-	-	0.00%	72,770	6	1.25%
S & H Material Handling Corp	-	-	0.00%	61,654	9	1.06%
Mimco Credit Union	-	-	0.00%	53,724	10	0.92%
Total	\$992,081		12.52%	\$980,911		16.80%
Total all property	\$7,929,221			\$5,836,920		

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
2012	\$4,680,361	\$4,518,032	96.53%	\$67,266	\$4,585,298	97.97%
2013	4,844,174	4,795,494	99.00%	(23,879)	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%	24,855	4,949,865	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%	2,915	5,193,497	99.92%
2019	5,197,430	5,131,311	98.73%	21,765	5,153,076	99.15%
2020	5,457,302	5,430,665	99.51%	20,548	5,451,213	99.89%
2021	5,566,449	5,523,870	99.24%	N/A	5,523,870	99.24%

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	Lease Revenue Bonds	Note Payable	Due to State of Minnesota	Total Bond Premiums	Total Governmental Activities
2012	\$11,279,202	-	\$0	\$0	\$198,245	155,143	\$11,632,590
2013	9,724,804	-	-	-	-	138,055	9,862,859
2014	9,150,936	-	-	-	-	199,335	9,350,271
2015	9,233,317	-	-	-	-	169,478	9,402,795
2016	8,080,851	-	-	-	-	301,798	8,382,649
2017	6,487,957	-	-	-	-	255,021	6,742,978
2018	7,319,366	-	-	-	-	266,326	7,585,692
2019	4,600,000	7,235,000	-	-	-	406,552	12,241,552
2020	4,475,000	10,490,000	-	-	-	590,058	15,555,058
2021	3,945,000	9,950,000	-	-	-	520,871	14,415,871

Source: Isanti County

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

Table 9

Percentage Market Value of Taxable Property	Business-Type Activities				Per Customer	Total Primary Government	Per Capita
	Water/Wastewater Bonds	Capital Lease	Total Bond Premiums	Business-Type Activities			
2%	\$11,943,267	\$0	-	\$11,943,267	\$3,318	\$23,575,857	\$2,907
2%	12,464,842	-	-	12,464,842	3,424	22,327,701	2,711
2%	24,435,950	-	364,551	24,800,501	6,813	34,150,772	4,147
2%	20,846,785	-	323,214	21,169,999	6,115	30,572,794	3,667
2%	21,272,154	-	507,344	21,779,498	5,925	30,621,147	3,550
2%	19,122,049	-	442,423	19,564,472	5,161	26,307,450	3,007
2%	18,751,630	-	423,816	19,175,446	5,561	26,761,138	3,018
3%	18,771,000	-	526,983	19,297,983	4,917	31,539,535	3,513
2%	18,834,000	-	576,723	19,400,723	4,985	34,955,781	3,779
2%	17,021,000	-	495,029	17,516,029	4,307	31,931,900	3,452

Table 11

Table 10

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes: Isanti County I.S.D. No. 911 (Cambridge-Isanti)	\$6,930,000 39,305,000	19.4453% 26.1547%	\$1,347,559 10,280,105
Subtotal - overlapping debt			11,627,664
City direct debt			10,470,871
Total direct and overlapping debt			\$22,098,535
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.

Legal Debt Margin Calculation for Fiscal Year 2021		
Market value	\$716,269,700	
Applicable debt limit	3%	
Debt limit	21,488,091	
Debt applicable to limit: General obligation bonds	-	
Legal debt margin	\$21,488,091	

Legal Debt Margin Calculation for Fiscal Years 2012 Through 2021				
Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit
2012	13,382,350	3,615,000	9,767,350	27.01%
2013	12,802,263	3,010,000	9,792,263	23.51%
2014	13,787,973	2,660,000	11,127,973	19.29%
2015	14,446,566	2,335,000	12,111,566	16.16%
2016	15,374,706	1,970,000	13,404,706	12.81%
2017	15,871,992	1,600,000	14,271,992	10.08%
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%

CITY OF CAMBRIDGE, MINNESOTA
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Table 12

Water Revenue Bonds

Fiscal Year	Water Enterprise Fund				Coverage
	Operating Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service Principal	
2012	1,608,964	599,382	1,009,582	650,080	1.06
2013	1,575,258	586,771	988,487	685,155	1.01
2014	1,614,945	592,487	1,022,458	984,142	0.83
2015	1,702,107	632,565	1,069,542	653,086	1.12
2016 (3)	1,799,986	682,580	1,117,406	1,665,304	0.61
2017	1,856,559	744,127	1,112,432	1,094,242	0.89
2018	1,933,167	749,012	1,184,155	880,108	1.11
2019	1,838,155	732,442	1,105,713	1,203,699	0.82
2020	2,012,315	747,747	1,264,568	782,263	1.33
2021	2,225,925	834,059	1,391,866	856,343	1.31

Wastewater Revenue Bonds

Fiscal Year	Wastewater Enterprise Fund				Coverage
	Operating Revenues	Less: Operating Expenses (1)	Net Available Revenue	Debt Service Principal	
2012	2,215,651	1,105,304	1,110,347	829,586	1.23
2013	2,198,526	1,054,860	1,143,666	1,202,326	0.76
2014	2,228,823	1,124,136	1,104,687	683,410	1.50
2015	2,207,400	1,056,696	1,150,704	946,848	1.07
2016 (3)	2,253,251	1,057,434	1,195,817	1,119,107	0.96
2017	2,249,564	1,140,613	1,108,951	888,468	1.09
2018	2,030,592	1,271,164	759,428	787,755	0.83
2019	2,284,724	1,279,594	1,005,130	892,365	1.00
2020	2,379,173	1,324,121	1,055,052	710,811	1.30
2021	2,573,206	1,524,002	1,049,204	745,940	1.21

Special Assessment Improvement Bonds

Fiscal Year	Special Assessment Collections			(2) Coverage
	Principal	Debt Service Interest	Net Available Revenue	
2012	957,486	890,404	128,943	0.94
2013	621,300	872,589	157,153	0.60
2014	1,499,907	1,231,506	132,265	1.10
2015	857,310	1,114,749	142,132	0.68
2016 (3)	843,976	1,007,874	136,385	0.74
2017	687,958	1,222,894	151,009	0.50
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

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

Fiscal Year	Population ⁽³⁾	Unemployment Rate ⁽²⁾	Personal Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾
2012	8,194	5.80%	1,462,565,272	38,248
2013	8,236	4.70%	1,381,705,950	36,194
2014	8,273	5.00%	1,430,829,198	37,267
2015	8,338	4.30%	1,495,195,532	38,908
2016	8,496	5.20%	1,557,443,000	39,909
2017	8,749	4.80%	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%	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

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

Table 14

Employer	Product/Service	2021		2012	
		Employees	% of Total Employees	Employees	% of Total Employees
L.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	864	4.3%	395	2.2%
Cambridge Medical Center	Hospital	654	3.3%	800	4.4%
Gracie Pointe Crossing	Skilled nursing facility	500	2.5%	450	2.5%
Isanti County	County government and service	341	1.7%	264	1.4%
Wal-Mart Supercenter	Discount retail and grocery store	335	1.7%	410	2.2%
Park Manufacturing	Wire harnesses	300	1.5%		
TEAM Industries Cambridge, Inc.	Precision machine shop	220	1.1%	220	1.2%
Menards Mega Store	Home improvement store	200	1.0%	200	1.1%
Fleet Farm	Retail Merchandise	150	0.7%	160	0.9%
Target	Retail Merchandise			200	1.1%
Cambridge Metals & Plastics, Inc.	Manufacture recreational accessories			175	1.0%
Arrow Tank	Metal Fabrication			15,000	82.1%
All others		16,258	81.2%		
Total ⁽¹⁾		20,022	100.0%	18,274	100.0%

Source: Continuing Disclosure Document

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

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CITY OF CAMBRIDGE, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Table 15

Function/Program	Full-Time Equivalent Employees as of December 31,				
	2012	2013	2014	2015	
General government:					
Administration	1	1	1	2	
EDA	2	2	2	2	
Finance	3	3	3	3	
Building inspections	3	3	3	3	
Building maintenance	-	1	1	1	
Community development	2	2	2	2	
Municipal liquor store	3	3	4	4	
Public safety	13	13	15	16	
Public works	10	10	10	10	
Parks and recreation	1	1	1	1	
Water	3	3	3	3	
Sewer	6	6	6	6	
Total	47	48	51	53	

	Full-Time Equivalent Employees as of December 31,				
	2016	2017	2018	2019	2020
	2	2	3	2	2
	2	2	2	2	1
	3	3	3	3	3
	3	3	3	3	3
	1	1	1	1	1
	2	2	2	2	2
	4	4	4	4	4
	16	16	16	16	16
	9	9	9	9	9
	2	2	2	2	2
	3	3	3	3	3
	6	6	6	6	6
Total	53	53	54	53	52
					55

Source: City Finance Department

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

Table 16

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Calls	12,490	15,035	15,919	12,323	17,390	15,810	16,668	25,199	20,148	17,347
Juvenile arrests	160	150	126	78	71	111	83	76	36	20
Adult arrests	661	1,062	1,092	1,113	1,144	978	1,015	1,202	661	683
Crime rate (per 100,000)	N/A	9,961	10,784	9,200	10,558	10,972	9,382	10,104	8,747	7,568
Clearance	N/A	54%	58%	54%	50%	45%	64%	65%	64%	53%
Fire:										
Total calls dispatched	193	163	259	198	256	374	385	360	314	343
False alarms/cancelled calls	59	52	N/A	N/A	N/A	45	89	78	51	42
Building inspection:										
Permits issued:										
Residential	15	21	40	37	49	73	56	69	83	136
Commercial	1	2	N/A	2	4	2	1	2	2	2
Total permit valuation	\$11,831,342	\$30,856,987	\$18,833,654	\$20,843,136	\$22,340,621	\$57,629,800	\$28,299,904	\$29,478,202	\$29,145,407	\$58,723,450
Water:										
Connections	3,579	3,644	3,625	3,657	3,681	3,769	3,839	3,925	3,892	4,067
Annual consumption (thousands of gallons)	330,830,532	229,661,040	227,115,120	277,328,691	272,184,001	284,941,015	300,987,607	283,495,754	288,933,361	306,220,612
Sewer:										
Connections	3,577	3,639	3,637	3,650	3,676	3,791	3,448	3,964	3,925	4,279

Sources: Various City departments

Function/Program	Fiscal Year				
	2012	2013	2014	2015	
Police:					
Stations	1	1	1	1	1
Squad cars	15	15	15	16	17
Fire stations	1	1	1	1	1
Other public works:					
Miles of paved streets	55.6	55.6	56.0	56.0	56.0
Traffic signals	10	10	10	10	10
Park land:					
Number of parks	16	16	16	16	17
Water:					
Water mains (miles)	45.2	45.2	45.5	45.5	45.5
Storage capacity (gallons)	1,300,000	1,300,000	1,300,000	1,300,000	1,750,000
Wastewater:					
Sanitary sewers (miles)	43.5	44.1	44.5	44.5	44.5
Storm sewers (miles)	34.8	34.8	35.0	35.0	36.3
Treatment capacity	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd

Sources: Various City departments

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FORM OF LEGAL OPINION

(See following pages)

City of Cambridge, Minnesota

[Purchaser]

[city, state]

Re: \$[PAR] General Obligation Bonds, Series 2022A
 City of Cambridge, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Cambridge, Minnesota (the “City”), of the obligations described above, dated, as originally issued as of May [___], 2022 (the “Bonds”). In that capacity, we have reviewed copies of certain proceedings taken by the City Council in the authorization, sale and issuance of the Bonds, including the form of the Bonds and certain other proceedings and documents furnished by the City and others. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes duly levied on all taxable property in the City, special assessments levied on certain benefitted properties, and net revenues of the municipal stormwater system, which ad valorem taxes, assessments, and revenues are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, additional ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this [___] day of May, 2022.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)**

(See following pages)

FORM OF CONTINUING DISCLOSURE

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of the Bonds, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of the Bonds, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bonds (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bonds for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) On or before 12 months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2022, the following financial information and operating data in respect of the City (the Disclosure Information):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect

thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and

- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “VALUATIONS – Current Property Valuations,” “DEBT – Direct Debt,” “TAX RATES, LEVIES AND COLLECTIONS – Tax Levies and Collections,” and “GENERAL INFORMATION – US Census Data – Population Trend,” and –Employment/Unemployment Data,” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public by the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access System (EMMA). The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):

- (A) Principal and interest payment delinquencies;
- (B) Non-payment related defaults, if material;
- (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (E) Substitution of credit or liquidity providers, or their failure to perform;
- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (G) Modifications to rights of security holders, if material;
- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the City;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.
- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, a “Material Fact” is a fact as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell the Bonds or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material Fact is also a fact that would be deemed material for purposes of the purchase, holding or sale of the Bonds within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject

to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City

accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

TERMS OF PROPOSAL

\$4,105,000* GENERAL OBLIGATION BONDS, SERIES 2022A CITY OF CAMBRIDGE, MINNESOTA

Proposals for the purchase of \$4,105,000* General Obligation Bonds, Series 2022A (the "Bonds") of the City of Cambridge, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on May 2, 2022, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 5:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Section 475.58, Subdivision 3b, and Chapters 444 and 475, by the City to finance certain 2022 Street Improvement projects, including street reconstruction plans as described in the City's Five-Year Street Reconstruction and Overlay Plan dated June 21, 2021 and stormwater system improvement projects. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated May 26, 2022, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$365,000	2028	\$405,000	2032	\$450,000
2025	375,000	2029	415,000	2033	460,000
2026	380,000	2030	425,000		
2027	395,000	2031	435,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2023, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2032 shall be subject to optional redemption prior to maturity on February 1, 2031 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about May 26, 2022, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the City.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$4,055,740 plus accrued interest on the principal sum of \$4,105,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$82,100 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the City to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of Cambridge, Minnesota

PROPOSAL FORM

The City Council
City of Cambridge, Minnesota (the "City")

May 2, 2022

RE: \$4,105,000* General Obligation Bonds, Series 2022A (the "Bonds")
DATED: May 26, 2022

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$4,055,740) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2024	_____ % due	2028	_____ % due	2032
_____ % due	2025	_____ % due	2029	_____ % due	2033
_____ % due	2026	_____ % due	2030		
_____ % due	2027	_____ % due	2031		

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$82,100 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about May 26, 2022.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 26, 2022 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Cambridge, Minnesota, on May 2, 2022.

By: _____ By: _____
Title: _____ Title: _____