

# PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2024

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 on noncorporate taxpayers 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 may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included 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)

### \$1,985,000\* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2024A

**PROPOSAL OPENING:** May 6, 2024, 10:00 A.M., C.T.

**CONSIDERATION:** May 6, 2024, 6:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$1,985,000\* General Obligation Improvement Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City of Cambridge, Minnesota (the "City"), for the purpose of financing the City's 2024 street improvement project. The Bonds will be general obligations of the City for which its full faith and 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 30, 2024

**MATURITY:** February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$170,000	2030	\$195,000	2034	\$220,000
2027	175,000	2031	200,000	2035	230,000
2028	180,000	2032	210,000		
2029	190,000	2033	215,000		

**\*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, 2025 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on February 1, 2033 and thereafter are subject to call for prior optional redemption on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

**MINIMUM PROPOSAL:** \$1,961,180.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$39,700 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.



BUILDING COMMUNITIES. IT'S WHAT WE DO.

info@ehlers-inc.com

1 (800) 552-1171

www.ehlers-inc.com

## 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 Underwriter (Syndicate Manager). 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.

# TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT..... 1</p> <p>THE BONDS ..... 1</p> <p style="padding-left: 20px;">GENERAL ..... 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION ..... 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE ..... 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES ..... 2</p> <p style="padding-left: 20px;">SECURITY ..... 2</p> <p style="padding-left: 20px;">RATING ..... 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE..... 3</p> <p style="padding-left: 20px;">LEGAL OPINION ..... 4</p> <p style="padding-left: 20px;">TAX CONSIDERATIONS ..... 4</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR ..... 7</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES..... 7</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS ..... 7</p> <p style="padding-left: 20px;">RISK FACTORS..... 8</p> <p>VALUATIONS ..... 10</p> <p style="padding-left: 20px;">OVERVIEW ..... 10</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS..... 11</p> <p style="padding-left: 20px;">2023/24 NET TAX CAPACITY BY CLASSIFICATION .. 12</p> <p style="padding-left: 20px;">TREND OF VALUATIONS..... 12</p> <p style="padding-left: 20px;">LARGEST TAXPAYERS..... 13</p> <p>DEBT ..... 13</p> <p style="padding-left: 20px;">DIRECT DEBT ..... 13</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY ..... 14</p> <p style="padding-left: 20px;">FUTURE FINANCING..... 14</p> <p style="padding-left: 20px;">DEBT LIMIT ..... 14</p> <p style="padding-left: 20px;">SCHEDULES OF BONDED INDEBTEDNESS ..... 15</p> <p style="padding-left: 20px;">OVERLAPPING DEBT ..... 20</p> <p style="padding-left: 20px;">DEBT RATIOS ..... 21</p>	<p>TAX LEVIES, COLLECTIONS AND RATES ..... 22</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS ..... 22</p> <p style="padding-left: 20px;">TAX CAPACITY RATES ..... 22</p> <p>THE ISSUER ..... 23</p> <p style="padding-left: 20px;">CITY GOVERNMENT..... 23</p> <p style="padding-left: 20px;">EMPLOYEES; PENSIONS; UNIONS ..... 23</p> <p style="padding-left: 20px;">POST EMPLOYMENT BENEFITS..... 23</p> <p style="padding-left: 20px;">LITIGATION ..... 23</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY..... 24</p> <p style="padding-left: 20px;">FUNDS ON HAND..... 24</p> <p style="padding-left: 20px;">ENTERPRISE FUNDS ..... 25</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION..... 27</p> <p>GENERAL INFORMATION ..... 28</p> <p style="padding-left: 20px;">LOCATION ..... 28</p> <p style="padding-left: 20px;">LARGER EMPLOYERS ..... 28</p> <p style="padding-left: 20px;">BUILDING PERMITS ..... 29</p> <p style="padding-left: 20px;">U.S. CENSUS DATA ..... 30</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA..... 30</p> <p>FINANCIAL STATEMENTS..... A-1</p> <p>FORM OF LEGAL OPINION ..... B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM ..... C-1</p> <p>FORM OF CONTINUING DISCLOSURE COVENANTS (EXCERPTS FROM SALE RESOLUTION) ..... D-1</p> <p>TERMS OF PROPOSAL ..... E-1</p> <p>PROPOSAL FORM</p>
---	---

## **CITY OF CAMBRIDGE CITY COUNCIL**

		<u>Term Expires</u>
Jim Godfrey	Mayor	January 2027
Aaron Berg	Council Member	January 2027
Lisa Iverson	Council Member	January 2025
Bob Shogren	Council Member	January 2027
Mark Ziebarth	Council Member	January 2025

## **ADMINISTRATION**

Evan Vogel, City Administrator  
Caroline Moe, Director of Finance

## **PROFESSIONAL SERVICES**

Squires, Waldspurger & Mace, P.A., City Attorney, Minneapolis, Minnesota

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other office located in Waukesha, Wisconsin)*

# INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Cambridge, Minnesota (the "City") and the issuance of its \$1,985,000\* General Obligation Improvement Bonds, Series 2024A (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 6, 2024.

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](http://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 30, 2024. 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, 2025, 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 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%).** 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 ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC 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, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 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, Chapters 429 and 475, as amended, by the City for the purpose of financing the City's 2024 street improvement project.

**ESTIMATED SOURCES AND USES\***

<b>Sources</b>		
Par Amount of Bonds	\$1,985,000	
Prepaid Assessments	<u>175,000</u>	
<b>Total Sources</b>		<b>\$2,160,000</b>
<b>Uses</b>		
Total Underwriter's Discount (1.200%)	\$23,820	
Costs of Issuance	62,000	
Capitalized Interest	45,753	
Deposit to Construction Fund	2,026,564	
Rounding Amount	<u>1,863</u>	
<b>Total Uses</b>		<b>\$2,160,000</b>

\*Preliminary, subject to change.

**SECURITY**

The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged without limitation as to rate or amount. The City anticipates that the debt service will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Bonds and from ad valorem property taxes. In accordance with Minnesota Statutes, receipt of special assessments and ad valorem property taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds.

Should the revenues pledged for payment 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 an underlying rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, 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.

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. Such Disclosure Undertaking will be in substantially the form attached hereto.

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 imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) 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 expressly 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 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 Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers 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 may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included 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 OID 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 OID 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 OID, if any), the purchaser may 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.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

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 OID 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 OID) 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**

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, 2023 have been audited by Redpath and Company, 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

The 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 will be 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 (special assessments) 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.

**Levy Limits:** The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. 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.

**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.

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	2021/22	2022/23	2023/24
Residential homestead <sup>1</sup>	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 <sup>1</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% <sup>2</sup> Over \$1,900,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% <sup>2</sup> Over \$1,890,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% <sup>2</sup> Over \$2,150,000 - 1.00% <sup>2</sup>
Agricultural non-homestead	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>
Seasonal recreational residential	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>
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 <sup>4</sup> - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .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 <sup>4</sup> - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .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 <sup>4</sup> - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility <sup>5</sup>	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

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

<sup>2</sup> Applies to land and buildings. Exempt from referendum market value tax.

<sup>3</sup> Exempt from referendum market value tax.

<sup>4</sup> 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.

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

## CURRENT PROPERTY VALUATIONS

<b>2022/23 Economic Market Value<sup>1</sup></b>	<u><u>\$1,002,906,069<sup>2</sup></u></u>
<b>2023/24 Assessor's Estimated Market Value</b>	
Real Estate	\$1,054,774,800
Personal Property	7,429,700
Total Valuation	<u><u>\$1,062,204,500</u></u>
<b>2023/24 Net Tax Capacity</b>	
Real Estate	\$11,768,473
Personal Property	144,052
Net Tax Capacity	<u>\$11,912,525</u>
Less: Captured Tax Increment Tax Capacity <sup>3</sup>	<u>(536,163)</u>
Taxable Net Tax Capacity	<u><u>\$11,376,362</u></u>

---

<sup>1</sup> Most recent value available from the Minnesota Department of Revenue.

<sup>2</sup> According to the Minnesota Department of Revenue, the 2022/23 Assessor's Estimated Market Value (the "AEMV") for the City was about 91.44% of the actual selling prices of property 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 2022/23 Economic Market Value ("EMV") for the City of \$1,002,906,069.

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

## 2023/24 NET TAX CAPACITY BY CLASSIFICATION

	<b>2023/24 Net Tax Capacity</b>	<b>Percent of Total Net Tax Capacity</b>
Residential homestead	\$7,315,830	61.41%
Agricultural	35,310	0.30%
Commercial/industrial	3,232,278	27.13%
Public utility	38,527	0.32%
Railroad operating property	36,158	0.30%
Non-homestead residential	1,090,974	9.16%
Commercial & residential seasonal/rec.	21	0.01%
Other	19,375	0.16%
Personal property	144,052	1.20%
	<u>                    </u>	<u>                    </u>
Total	<u><u>\$11,912,525</u></u>	<u><u>100.00%</u></u>

## TREND OF VALUATIONS

<b>Levy Year</b>	<b>Assessor's Estimated Market Value</b>	<b>Assessor's Taxable Market Value</b>	<b>Net Tax Capacity<sup>1</sup></b>	<b>Taxable Net Tax Capacity<sup>2</sup></b>	<b>Percent Increase/Decrease in Estimated Market Value</b>
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%
2022/23	916,970,900	868,179,600	10,183,708	9,879,520	19.97%
2023/24	1,062,204,500	1,014,518,900	11,912,525	11,376,362	15.84%

---

<sup>1</sup> Net Tax Capacity includes tax increment values.

<sup>2</sup> Taxable Net Tax Capacity does not include tax increment values.



## LARGEST TAXPAYERS

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Heritage Greens of Cambridge, LLC	Rental/Residential	\$200,925	1.69%
Wal-Mart	Commercial	177,914	1.49%
Menard, Inc.	Commercial	151,945	1.28%
Fleet Farm	Commercial	144,652	1.21%
Parkwood on the Lakes Townhomes, LLC	Rental/Residential	131,044	1.10%
Target Corporation	Commercial	117,470	0.99%
Grandview Christian Home	Commercial	107,606	0.90%
Minnco Credit Union	Commercial	105,956	0.89%
Country Club Manor of Hutchinson, LLP	Commercial	104,351	0.88%
East Central Energy	Utility	<u>80,392</u>	<u>0.67%</u>
Total		\$1,322,255	11.10%

City's Total 2023/24 Net Tax Capacity \$11,912,525

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

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total G.O. debt secured by sales tax revenues	\$8,280,000
Total G.O. debt secured by special assessments and taxes (includes the Bonds)*	4,150,000
Total G.O. debt secured by taxes	3,450,000
Total G.O. debt secured by utility revenues	11,712,000
Total General Obligation Debt*	<u>\$27,592,000</u>

\*Preliminary, subject to change.

---

<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.

**DEBT PAYMENT HISTORY**

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

**FUTURE FINANCING**

The City’s capital plan identifies an approximately \$6 million General Obligation bond issuance for the City's 2025 street and utility reconstruction project.

**DEBT LIMIT**

The statutory limit on net 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" (is defined under Minnesota Statutes, Section 475.51, subd. 4) to mean 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 (includes the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (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 (9) all 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.

2023/24 Assessor's Estimated Market Value	\$1,062,204,500
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$31,866,135
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	<u>(3,450,000)</u>
Unused Debt Limit	<u><u>\$28,416,135</u></u>

**City of Cambridge, Minnesota**  
**Schedule of Bonded Indebtedness**  
**General Obligation Debt Secured by Sales Tax Revenues**  
**(As of 05/30/2024)**

	Sales Tax Revenue Bonds Series 2019B		Sales Tax Revenue Bonds 1) Series 2020A							Calendar Year Ending
Dated Amount	12/30/2019 \$7,235,000		05/28/2020 \$3,255,000							
Maturity	02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	72,853	0	29,556	0	102,409	102,409	8,280,000	.00%	2024
2025	315,000	140,981	280,000	54,913	595,000	195,894	790,894	7,685,000	7.19%	2025
2026	320,000	131,456	285,000	46,438	605,000	177,894	782,894	7,080,000	14.49%	2026
2027	330,000	121,706	295,000	37,738	625,000	159,444	784,444	6,455,000	22.04%	2027
2028	340,000	111,656	305,000	28,738	645,000	140,394	785,394	5,810,000	29.83%	2028
2029	350,000	101,306	315,000	19,438	665,000	120,744	785,744	5,145,000	37.86%	2029
2030	365,000	92,406	325,000	11,463	690,000	103,869	793,869	4,455,000	46.20%	2030
2031	370,000	85,056	35,000	7,863	405,000	92,919	497,919	4,050,000	51.09%	2031
2032	375,000	77,606	35,000	7,163	410,000	84,769	494,769	3,640,000	56.04%	2032
2033	385,000	70,006	35,000	6,463	420,000	76,469	496,469	3,220,000	61.11%	2033
2034	390,000	62,013	40,000	5,713	430,000	67,725	497,725	2,790,000	66.30%	2034
2035	400,000	53,619	40,000	4,913	440,000	58,531	498,531	2,350,000	71.62%	2035
2036	410,000	44,756	40,000	4,113	450,000	48,869	498,869	1,900,000	77.05%	2036
2037	420,000	35,419	40,000	3,263	460,000	38,681	498,681	1,440,000	82.61%	2037
2038	430,000	25,856	40,000	2,363	470,000	28,219	498,219	970,000	88.29%	2038
2039	435,000	15,853	40,000	1,463	475,000	17,316	492,316	495,000	94.02%	2039
2040	450,000	5,344	45,000	506	495,000	5,850	500,850	0	100.00%	2040
	6,085,000	1,247,894	2,195,000	272,100	8,280,000	1,519,994	9,799,994			

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 05/30/2024)

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		Improvement Bonds Series 2024A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	05/28/2014 \$2,210,000	05/17/2016 \$2,570,000	05/31/2018 \$1,970,000	05/28/2020 \$385,000	05/30/2024 \$1,985,000*	Principal	Interest	Principal	Interest	Principal						
Maturity	02/01	02/01	02/01	02/01	02/01											
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest						
2024	0	1,366	0	7,100	0	15,900	0	3,775	0	0	0	28,141	28,141	4,150,000	.00%	2024
2025	115,000	1,366	280,000	11,400	200,000	28,800	35,000	7,025	0	79,926	630,000	128,516	758,516	3,520,000	15.18%	2025
2026			280,000	5,800	205,000	22,725	40,000	5,900	175,000	58,735	695,000	99,540	794,540	2,825,000	31.93%	2026
2027			150,000	1,500	210,000	16,500	40,000	4,700	175,000	58,735	575,000	81,435	656,435	2,250,000	45.78%	2027
2028					220,000	10,050	40,000	3,500	180,000	52,480	440,000	66,030	506,030	1,810,000	56.39%	2028
2029					225,000	3,375	40,000	2,300	190,000	46,193	455,000	51,868	506,868	1,355,000	67.35%	2029
2030							40,000	1,300	195,000	39,744	235,000	41,044	276,044	1,120,000	73.01%	2030
2031							45,000	450	200,000	33,178	245,000	33,628	278,628	875,000	78.92%	2031
2032									210,000	26,360	210,000	26,360	236,360	665,000	83.98%	2032
2033									215,000	19,241	215,000	19,241	234,241	450,000	89.16%	2033
2034									220,000	11,845	220,000	11,845	231,845	230,000	94.46%	2034
2035									230,000	4,025	230,000	4,025	234,025	0	100.00%	2035
	115,000	2,731	710,000	25,800	1,060,000	97,350	280,000	28,950	1,985,000	436,841	4,150,000	591,672	4,741,672			

\* Preliminary, subject to change.

- 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 05/30/2024)**

<b>Street Reconstruction Bonds 1) Series 2022A</b>								
<b>Dated</b>	05/26/2022							
<b>Amount</b>	\$3,780,000							
<b>Maturity</b>	02/01							
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
<b>2024</b>	0	51,750	0	51,750	51,750	3,450,000	.00%	<b>2024</b>
<b>2025</b>	340,000	98,400	340,000	98,400	438,400	3,110,000	9.86%	<b>2025</b>
<b>2026</b>	350,000	88,050	350,000	88,050	438,050	2,760,000	20.00%	<b>2026</b>
<b>2027</b>	360,000	77,400	360,000	77,400	437,400	2,400,000	30.43%	<b>2027</b>
<b>2028</b>	370,000	66,450	370,000	66,450	436,450	2,030,000	41.16%	<b>2028</b>
<b>2029</b>	380,000	55,200	380,000	55,200	435,200	1,650,000	52.17%	<b>2029</b>
<b>2030</b>	395,000	43,575	395,000	43,575	438,575	1,255,000	63.62%	<b>2030</b>
<b>2031</b>	405,000	31,575	405,000	31,575	436,575	850,000	75.36%	<b>2031</b>
<b>2032</b>	420,000	19,200	420,000	19,200	439,200	430,000	87.54%	<b>2032</b>
<b>2033</b>	430,000	6,450	430,000	6,450	436,450	0	100.00%	<b>2033</b>
	3,450,000	538,050	3,450,000	538,050	3,988,050			

1) This represents the \$3,780,000 Street Reconstruction portion of the \$4,010,000 General Obligation Bonds, Series 2022A.

City of Cambridge, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Utility Revenues  
(As of 05/30/2024)

	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	
<b>Dated</b>	09/17/2013		05/28/2014		05/17/2016		05/31/2018		07/11/2019	
<b>Amount</b>	\$11,737,687		\$6,205,000		\$3,570,000		\$1,510,000		\$2,405,000	
<b>Maturity</b>	08/20		02/01		02/01		02/01		02/01	
<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
<b>2024</b>	617,000	28,885	0	8,253	0	9,800	0	12,150	0	31,075
<b>2025</b>	623,000	51,600	695,000	8,253	385,000	15,750	150,000	22,050	100,000	60,150
<b>2026</b>	629,000	45,370			395,000	7,950	160,000	17,400	100,000	56,150
<b>2027</b>	635,000	39,080			200,000	2,000	160,000	12,600	105,000	52,050
<b>2028</b>	642,000	32,730					165,000	7,725	110,000	47,750
<b>2029</b>	648,000	26,310					175,000	2,625	115,000	43,250
<b>2030</b>	654,000	19,830							120,000	39,150
<b>2031</b>	661,000	13,290							125,000	35,475
<b>2032</b>	668,000	6,680							125,000	31,725
<b>2033</b>									130,000	27,900
<b>2034</b>									135,000	23,925
<b>2035</b>									140,000	19,800
<b>2036</b>									140,000	15,600
<b>2037</b>									145,000	11,325
<b>2038</b>									150,000	6,900
<b>2039</b>									155,000	2,325
	5,777,000	263,775	695,000	16,506	980,000	35,500	810,000	74,550	1,895,000	504,550

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 portion 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 05/30/2024)**

	Utility Revenue Bonds 4) Series 2020A		Stormwater Revenue Bonds 5) Series 2022A							Calendar Year Ending
Dated	05/28/2020		05/26/2022							
Amount	\$1,835,000		\$230,000							
Maturity	02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	18,125	0	3,150	617,000	111,438	728,438	11,095,000	5.27%	2024
2025	175,000	33,625	20,000	6,000	2,148,000	197,428	2,345,428	8,947,000	23.61%	2025
2026	180,000	28,300	20,000	5,400	1,484,000	160,570	1,644,570	7,463,000	36.28%	2026
2027	185,000	22,825	20,000	4,800	1,305,000	133,355	1,438,355	6,158,000	47.42%	2027
2028	195,000	17,125	25,000	4,125	1,137,000	109,455	1,246,455	5,021,000	57.13%	2028
2029	200,000	11,200	25,000	3,375	1,163,000	86,760	1,249,760	3,858,000	67.06%	2029
2030	200,000	6,200	25,000	2,625	999,000	67,805	1,066,805	2,859,000	75.59%	2030
2031	210,000	2,100	25,000	1,875	1,021,000	52,740	1,073,740	1,838,000	84.31%	2031
2032			25,000	1,125	818,000	39,530	857,530	1,020,000	91.29%	2032
2033			25,000	375	155,000	28,275	183,275	865,000	92.61%	2033
2034					135,000	23,925	158,925	730,000	93.77%	2034
2035					140,000	19,800	159,800	590,000	94.96%	2035
2036					140,000	15,600	155,600	450,000	96.16%	2036
2037					145,000	11,325	156,325	305,000	97.40%	2037
2038					150,000	6,900	156,900	155,000	98.68%	2038
2039					155,000	2,325	157,325	0	100.00%	2039
	1,345,000	139,500	210,000	32,850	11,712,000	1,067,231	12,779,231			

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

5) This represents the \$230,000 Stormwater Revenue portion of the \$4,010,000 General Obligation Bonds, Series 2022A.

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2023/24 Taxable Net Tax Capacity</b>	<b>% In City</b>	<b>Total G.O. Debt<sup>2</sup></b>	<b>City's Proportionate Share</b>
Isanti County	\$59,897,572	19.8882%	\$4,685,000	\$931,762
I.S.D. No. 911 (Cambridge-Isanti Public Schools)	44,568,789	26.7284%	44,615,000 <sup>3</sup>	<u>11,924,876</u>
City's Share of Total Overlapping Debt				<u>\$12,856,638</u>

---

<sup>1</sup> 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.

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

<sup>3</sup> Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds.



## DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$1,002,906,069	Debt/ Per Capita 10,541 <sup>1</sup>
Direct G.O. Debt Secured By:			
Sales Tax Revenues	\$8,280,000		
Special Assessments & Taxes*	4,150,000		
Taxes	3,450,000		
Utility Revenues	11,712,000		
Total General Obligation Debt*	<u>\$27,592,000</u>		
Less: G.O. Debt Paid Entirely from Revenues <sup>2</sup>	<u>(19,992,000)</u>		
Tax Supported General Obligation Debt*	\$7,600,000	0.76%	\$720.99
 City's Share of Total Overlapping Debt	 <u>\$12,856,638</u>	 <u>1.28%</u>	 <u>\$1,219.68</u>
 Total*	 <u><u>\$20,456,638</u></u>	 <u><u>2.04%</u></u>	 <u><u>\$1,940.67</u></u>

\*Preliminary, subject to change.

---

<sup>1</sup> Estimated 2022 population.

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

## TAX LEVIES, COLLECTIONS AND RATES

### TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy <sup>1</sup>	Total Collected Following Year	Collected to Date	% Collected
2019/20	\$5,434,251	\$5,401,638	\$5,431,052	99.94%
2020/21	5,562,553	5,523,870	5,558,016	99.92%
2021/22	5,784,867	5,746,075	5,773,505	99.80%
2022/23	6,238,687	6,197,976	6,221,995	99.73%
2023/24	6,833,555	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.<sup>2</sup> 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.

### TAX CAPACITY RATES<sup>3</sup>

	2019/20	2020/21	2021/22	2022/23	2023/24
Isanti County	62.583%	62.094%	59.744%	50.190%	44.937%
City of Cambridge	75.052%	73.204%	70.182%	63.226%	60.680%
I.S.D. No. 911 (Cambridge-Isanti Public Schools)	29.135%	29.392%	25.134%	20.626%	19.974%
East Central Regional Development	0.199%	0.188%	0.173%	0.146%	0.133%

#### *Referendum Market Value Rates:*

I.S.D. No. 911 (Cambridge-Isanti Public Schools)	0.12583%	0.13770%	0.22902%	0.19341%	0.20647%
---	----------	----------	----------	----------	----------

**Source:** Tax Levies and Collections and Tax Capacity Rates have been furnished by Isanti County.

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

<sup>2</sup> Second half tax payments on agricultural property are due on November 15th of each year.

<sup>3</sup> After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

# 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 62 full-time, 11 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

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
LELS - Police Officers	December 31, 2025
IBEW - Street Maintenance	December 31, 2025
IBEW - Waste/Wastewater	December 31, 2025
LELS - Sergeants	December 31, 2025

## 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 \$125,914 as of December 31, 2023. 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, Section 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 29, 2024)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$3,589,254
Special Revenue	4,665,561
Debt Service	1,114,497
Capital Projects	12,165,403
Enterprise Funds	8,336,113
Internal Service Fund	<u>521,355</u>
Total Funds on Hand	<u><u>\$30,392,183</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:

	<b>2021</b> <b>Audited</b>	<b>2022</b> <b>Audited</b>	<b>2023</b> <b>Audited</b>
<b>Water</b>			
Total Operating Revenues	\$2,225,925	\$2,104,645	\$2,342,003
Less: Operating Expenses	<u>(1,650,929)</u>	<u>(1,667,010)</u>	<u>(1,973,486)</u>
Operating Income	\$574,996	\$437,635	\$368,517
Plus: Depreciation	<u>816,870</u>	<u>846,881</u>	<u>856,157</u>
Revenues Available for Debt Service	<u><u>\$1,391,866</u></u>	<u><u>\$1,284,516</u></u>	<u><u>\$1,224,674</u></u>
<b>Wastewater</b>			
Total Operating Revenues	\$2,573,206	\$2,543,108	\$2,629,226
Less: Operating Expenses	<u>(3,106,180)</u>	<u>(3,314,378)</u>	<u>(3,407,262)</u>
Operating Income	(\$532,974)	(\$771,270)	(\$778,036)
Plus: Depreciation	<u>1,582,178</u>	<u>1,591,011</u>	<u>1,653,458</u>
Revenues Available for Debt Service	<u><u>\$1,049,204</u></u>	<u><u>\$819,741</u></u>	<u><u>\$875,422</u></u>
<b>Storm Sewer</b>			
Total Operating Revenues	\$388,223	\$404,251	\$451,241
Less: Operating Expenses	<u>(450,662)</u>	<u>(478,173)</u>	<u>(493,340)</u>
Operating Income	(\$62,439)	(\$73,922)	(\$42,099)
Plus: Depreciation	<u>425,851</u>	<u>428,750</u>	<u>453,069</u>
Revenues Available for Debt Service	<u><u>\$363,412</u></u>	<u><u>\$354,828</u></u>	<u><u>\$410,970</u></u>
<b>Street Lights</b>			
Total Operating Revenues	\$238,772	\$248,111	\$251,862
Less: Operating Expenses	<u>(251,192)</u>	<u>(215,735)</u>	<u>(206,231)</u>
Operating Income	(\$12,420)	\$32,376	\$45,631
Plus: Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>(\$12,420)</u></u>	<u><u>\$32,376</u></u>	<u><u>\$45,631</u></u>
<b>Municipal Liquor Store</b>			
Total Operating Revenues	\$1,686,764	\$6,650,664	\$6,563,986
Less: Operating Expenses	<u>(972,317)</u>	<u>(5,926,492)</u>	<u>(5,862,461)</u>
Operating Income	\$714,447	\$724,172	\$701,525
Plus: Depreciation	<u>63,170</u>	<u>61,853</u>	<u>66,440</u>
Revenues Available for Debt Service	<u><u>\$777,617</u></u>	<u><u>\$786,025</u></u>	<u><u>\$767,965</u></u>

**ENTERPRISE FUNDS, *continued***

	<b>2021 Audited</b>	<b>2022 Audited</b>	<b>2023 Audited</b>
<b>Housing</b>			
Total Operating Revenues	\$272,903	\$288,624	\$321,152
Less: Operating Expenses	<u>(247,332)</u>	<u>(277,184)</u>	<u>(293,440)</u>
Operating Income	\$25,571	\$11,440	\$27,712
Plus: Depreciation	<u>40,156</u>	<u>42,716</u>	<u>45,256</u>
Revenues Available for Debt Service	<u><u>\$65,727</u></u>	<u><u>\$54,156</u></u>	<u><u>\$72,968</u></u>

**SUMMARY GENERAL FUND INFORMATION**

The 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 2023 audited financial statements.

<b>COMBINED STATEMENT</b>	<b>FISCAL YEAR ENDING DECEMBER 31</b>				
	<b>2020 Audited</b>	<b>2021 Audited</b>	<b>2022 Audited</b>	<b>2023 Audited</b>	<b>2024 Adopted Budget<sup>1</sup></b>
<b>Revenues</b>					
General property taxes	\$5,232,716	\$5,359,111	\$5,593,724	\$5,644,548	\$6,027,929
Licenses and permits	489,618	955,065	678,365	715,411	377,350
Intergovernmental	1,238,797	1,461,857	1,518,435	1,651,529	2,117,119
Charges for services	173,113	216,524	223,990	335,880	256,148
Fines and forfeits	57,025	33,554	48,782	57,170	42,100
Investment income/(loss)	58,657	(9,068)	(6,501)	145,039	11,660
Rents	10,628	5,100	10,638	0	0
Other	17,668	30,666	11,259	2,816	2,200
<b>Total Revenues</b>	<b>\$7,278,222</b>	<b>\$8,052,809</b>	<b>\$8,078,692</b>	<b>\$8,552,393</b>	<b>\$8,834,506</b>
<b>Expenditures</b>					
Current:					
General government	\$1,484,298	\$1,865,901	\$1,746,486	\$1,753,150	\$2,066,261
Public safety	2,356,085	2,707,873	3,094,115	3,365,902	3,690,411
Public works	1,664,169	1,936,509	2,034,675	2,302,210	2,608,264
<b>Total Expenditures</b>	<b>\$5,504,552</b>	<b>\$6,510,283</b>	<b>\$6,875,276</b>	<b>\$7,421,262</b>	<b>\$8,364,936</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$1,773,670</b>	<b>\$1,542,526</b>	<b>\$1,203,416</b>	<b>\$1,131,131</b>	<b>\$469,570</b>
<b>Other Financing Sources (Uses)</b>					
Sale of property	\$553	\$6,286	\$0	\$5,033	\$0
Transfers in	500,000	500,000	625,000	525,000	525,000
Transfers (out)	(2,386,704)	(1,870,156)	(1,659,768)	(1,140,601)	(994,570)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,886,151)</b>	<b>(1,363,870)</b>	<b>(1,034,768)</b>	<b>(610,568)</b>	<b>(469,570)</b>
<b>Net changes in Fund Balances</b>	<b>(\$112,481)</b>	<b>\$178,656</b>	<b>\$168,648</b>	<b>\$520,563</b>	<b>\$0</b>
General Fund Balance January 1	\$3,758,076	\$3,645,595	\$3,824,251	\$3,992,899	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	<b>\$3,645,595</b>	<b>\$3,824,251</b>	<b>\$3,992,899</b>	<b>\$4,513,462</b>	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$321,905	\$286,065	\$427,196	\$584,769	
Committed	471,780	422,961	561,275	655,592	
Unassigned	2,851,910	3,115,225	3,004,428	3,273,101	
<b>Total</b>	<b>\$3,645,595</b>	<b>\$3,824,251</b>	<b>\$3,992,899</b>	<b>\$4,513,462</b>	

<sup>1</sup> The 2024 budget was adopted on December 4, 2023.

## GENERAL INFORMATION

### LOCATION

The City, with a 2020 U.S. Census population of 9,611 and a 2022 population estimate of 10,541, and comprising an area of 7.9 square miles, is located approximately 45 miles north of St. Paul, Minnesota. The City is the county seat of Isanti County, Minnesota.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
I.S.D. No. 911 (Cambridge-Isanti Public Schools)	Elementary and secondary education	958
Cambridge Medical Center	Healthcare	654
Grace Pointe Crossing	Nursing home & senior living	500
Walmart	Retail	335
Isanti County	County government and services	303
Park Manufacturing	Wire harnesses	300
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, and the Minnesota Department of Employment and Economic Development.

---

<sup>1</sup> 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.



**BUILDING PERMITS** (as of March 7, 2024)

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<u>New Single Family Homes</u>					
No. of building permits	82	133	13	35	3
Valuation	\$14,967,576	\$30,556,543	\$3,034,070	\$8,544,900	\$807,700
<u>New Multiple Family Buildings</u>					
No. of building permits	1	3	0	2	0
Valuation	\$4,700,000	\$22,000,000	\$0	\$29,530,802	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	2	2	5	5	0
Valuation	\$6,000,000	\$6,166,907	\$6,167,101	\$6,355,423	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	284	338	628	540	50
Valuation	\$27,410,369	\$62,293,304	\$24,658,421	\$50,539,827	\$2,011,824

**Source:** The City.

## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census population	8,111
2020 U.S. Census population	9,611
Percent of Change 2010 - 2020	18.49%
2022 State Demographer Population Estimate	10,541

### Income and Age Statistics

	The City	Isanti County	State of Minnesota	United States
2022 per capita income	\$33,056	\$38,609	\$44,947	\$41,261
2022 median household income	\$64,286	\$84,063	\$74,313	\$75,149
2022 median family income	\$81,708	\$93,773	\$107,072	\$92,646
2022 median gross rent	\$1,207	\$1,161	\$1,178	\$1,268
2022 median value owner occupied units	\$222,000	\$262,500	\$286,800	\$281,900
2022 median age	37.8 yrs.	40.2 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
City % of 2022 per capita income	73.54%	80.11%
City % of 2022 median family income	76.31%	88.19%

### Housing Statistics

	<u>The City</u>		Percent of Change
	2020	2022	
All Housing Units	3,805	4,180	9.86%

**Source:** 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>).

## 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	
2020	20,469	6.8%	6.3%	
2021	20,453	4.4%	3.7%	
2022	20,948	3.2%	2.7%	
2023	21,097	3.8%	2.8%	
2024, March	21,044	5.1%	3.2%	

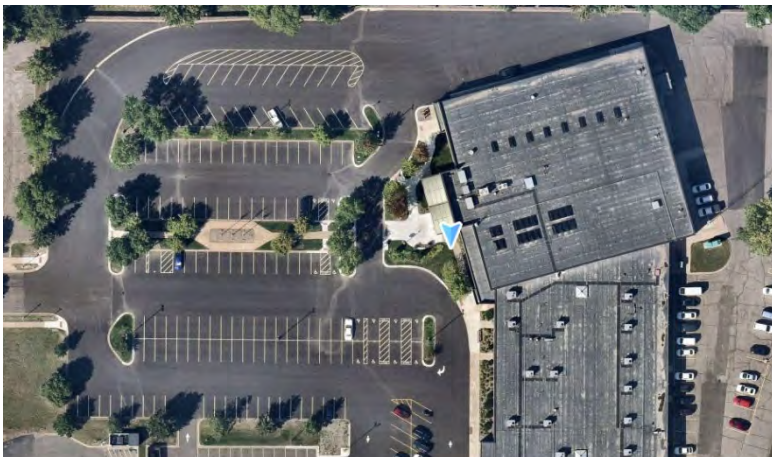
**Source:** Minnesota Department of Employment and Economic Development.

**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, 2023**



*Signs of Progress in Cambridge, MN in 2023*  
*Drone Views of Airport Runway Improvements, City Hall Parking Lot Improvements and*  
*Sandquist Park Athletic Fields*

**- This page intentionally left blank -**

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

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**

**Prepared By:**

**Finance Department**

**CAROLINE MOE,  
Director of Finance**

**- This page intentionally left blank -**

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

	<u>Reference</u>	<u>Page No.</u>
<b>I. INTRODUCTORY SECTION</b>		
Letter of Transmittal		3
Certificate of Achievement		11
Organization		13
Organizational Chart		15
<b>II. FINANCIAL SECTION</b>		
Independent Auditor's Report		19
Management's Discussion and Analysis		23
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Statement 1	38
Statement of Activities	Statement 2	39
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	40
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	Statement 4	42
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5	45
Statement of Net Position - Proprietary Funds	Statement 6	46
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	Statement 7	48
Statement of Cash Flows - Proprietary Funds	Statement 8	52
Notes to Financial Statements		57
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 9	98
Budgetary Comparison Schedule - EDA Operating Fund	Statement 10	102
Schedule of Proportionate Share of Net Pension Liability - General Employees Retirement Fund	Statement 11	103
Schedule of Pension Contributions - General Employees Retirement Fund	Statement 12	104
Schedule of Proportionate Share of Net Pension Liability - Public Employees Police and Fire Fund	Statement 13	105
Schedule of Pension Contributions - Public Employees Police and Fire Fund	Statement 14	107
Schedule of Changes in the Net Pension Liability and Related Ratios - Cambridge Fire Relief Association	Statement 15	108
Schedule of Contributions - Cambridge Fire Relief Association	Statement 16	110
Notes to RSI		111



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

---

	<u>Reference</u>	<u>Page No.</u>
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 17	121
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	Statement 18	122
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	Statement 19	126
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	Statement 20	130
Subcombining Balance Sheet - Nonmajor Capital Project Funds	Statement 21	138
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds	Statement 22	142
Special Revenue Funds:		
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Airport Operating Fund	Statement 23	146
Debt Service Fund	Statement 24	147
Combining Statement of Net Position - Internal Service Funds	Statement 25	151
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	Statement 26	152
Combining Statement of Cash Flows - Internal Service Funds	Statement 27	153
Supplementary Financial Information:		
Combined Schedule of Bond Indebtedness	Exhibit 1	154
Debt Service Payments to Maturity:		
General Obligation Bond	Exhibit 2	156
Enterprise Bonds	Exhibit 3	157
Taxable Valuations, Tax Levies and Tax Rates	Exhibit 4	158
Schedule of Deferred Tax Levies:		
Improvement Bonds	Exhibit 5	159
Subcombining Balance Sheet - Debt Service Funds	Exhibit 6	160
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balance - Debt Service Funds	Exhibit 7	162

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

---

	<u>Reference</u>	<u>Page No.</u>
<b>III. STATISTICAL SECTION (UNAUDITED)</b>		
Net Position by Component	Table 1	168
Changes in Net Position	Table 2	170
Fund Balances - Governmental Funds	Table 3	174
Changes in Fund Balances - Governmental Funds	Table 4	176
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	180
Direct and Overlapping Property Tax Capacity Rates	Table 6	181
Principal Property Taxpayers	Table 7	182
Property Tax Levies and Collections	Table 8	183
Ratios of Outstanding Debt By Type	Table 9	184
Direct and Overlapping Governmental Activities Debt	Table 10	186
Legal Debt Margin Information	Table 11	187
Pledged-Revenue Coverage	Table 12	188
Demographic and Economic Statistics	Table 13	189
Principal Employers	Table 14	191
Full-Time Equivalent City Government Employees by Function/Program	Table 15	192
Operating Indicators by Function/Program	Table 16	194
Capital Asset Statistics by Function/Program	Table 17	196

**- This page intentionally left blank -**

## I. INTRODUCTORY SECTION

**- This page intentionally left blank -**

April 3, 2024

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

Dear Honorable Mayor, Council Members and Citizens of the City of Cambridge:

The Annual Comprehensive 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 Annual Comprehensive 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 10,541. 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, City Council Members, and Citizens of the City of Cambridge  
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, City Council Members, and Citizens of the City of Cambridge  
 City of Cambridge, Minnesota

**ECONOMIC CONDITION AND OUTLOOK**

The population of Cambridge is increasing due to construction of additional housing units. 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 93% of the total in 2023. They are general property taxes at 66%, licenses and permits at 8% and intergovernmental revenues at 19%. Intergovernmental revenue includes state aids, such as local government aid, highway maintenance aid and police aid as well as payments from the Cambridge-Isanti School District for school resource officers. Local Government Aid (LGA), from the State of Minnesota makes up approximately 68% of intergovernmental revenue and totals \$1,111,338.

In 2023, the City recognized an increase of approximately 9% in general fund intergovernmental revenue as listed below as compared to 2022. The recent history of LGA from 2014 through 2023 is highlighted in the table as follows:

	<u>LGA</u>
2014	689,437
2015	725,399
2016	736,066
2017	744,292
2018	802,355
2019	806,834
2020	955,567
2021	1,020,839
2022	1,059,979
2023	1,111,338

In 2023, the City had a 5% increase in license and permits as compared to 2022. The number of single-family home starts increased from 13 in 2022 to 35 in 2023. Also in 2023, building permits were pulled for two new apartment buildings in Cambridge. The City received a substantial amount of revenue from licenses and permits from 2014 through 2023. The past 10 years are shown below:

	<u>Revenues</u>	<u>Increase (Decrease)</u>
2014	310,730	(6,842)
2015	385,333	74,603
2016	395,993	10,660
2017	733,126	337,133
2018	502,729	(230,397)
2019	414,484	(88,245)
2020	489,618	75,134
2021	955,065	465,447
2022	678,365	(276,700)
2023	715,409	37,044



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

**EMPLOYMENT**

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

Major employers in the Cambridge area are as follows:

Employer	Product/Service	Approximate # of Employees
Cambridge Medical Center	Health care facility	700
Grace Pointe Crossing	Nursing home	500
Wal-Mart Supercenter	Retail merchandise	335
I.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	830
Isanti County	County government	294

**MAJOR INITIATIVES**

**FOR THE YEAR.** The City has many accomplishments to report for 2023 as detailed below.

In 2023, the City Council, City Administrator and key management staff worked to implement the City’s vision and core strategies to achieve that vision as defined at the end of 2021. Highlights from vision and core strategies are as follows:

*City of Cambridge Vision Statement*

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

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

*Core Strategy #2: Deliver exceptional public services*

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

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

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

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

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

*Core Strategy #8: Highlight and capitalize on natural resources*

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

Specifically in 2023, the City has expended significant effort on its downtown revitalization plans. The City implemented a program for downtown businesses to apply for assistance in upgrading water line size to accommodate installation of fire sprinkler systems in their downtown building. We had three businesses participate in this building. As a result, one of these property owners is currently expanding his downtown restaurant while another property opened a new retail store in downtown Cambridge. The third property owner is working to complete future business development plans. Also, in 2023, the City purchased land to provide additional parking for the downtown business district.

### **Local Option Sales Tax**

After voter's approved a local option sales tax referendum question in November, 2018, the State of Minnesota passed the required legislation to allow the City of Cambridge to begin collecting a .5% local sales tax to fund a new library, future street improvement projects and future improvements to Sandquist Park. In 2023, the City began the design phase to complete the trail connections of the Cambridge-Isanti Bike Walk trail with local option sales tax funding. It is expected that construction will occur in 2024.

### **Residential & Commercial Development**

In 2023, the City experienced an increase in residential housing construction primarily due to the start of construction in a new subdivision, Cambridge Cove. Cambridge Cove is expected to have 206 new single-family homes when completed.

The City saw activity in commercial development during 2023. Specifically, Pizza Ranch and Popeye's restaurants opened in 2023. In addition, a new Kwik Trip Convenience Store location opened within the City during 2023, bringing their total store count in Cambridge to three.

### **Infrastructure Development**

During 2023, the City replaced parking lots at the Cambridge City Hall/Cambridge City Center location as well as at the municipal liquor store, Northbound Liquor. The City also replaced one of its public parking lots in downtown. In addition, the City began construction of well #9 as part of its plan to make sure adequate water supply is available to support growth.

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

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

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

## **FINANCIAL INFORMATION**

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

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

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

**RELEVANT FINANCIAL POLICIES.** The City relies on many financial policies to promote proper financial management and financial reporting. Specifically, three policies are particularly important to the City during 2023:

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, City Council Members, and Citizens of the City of Cambridge  
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 was engaged by the City to render an opinion on the City's financial statements. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

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

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

Respectfully submitted,



Caroline Moe  
Director of Finance

**- This page intentionally left blank -**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Cambridge  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morrill*

Executive Director/CEO

**- This page intentionally left blank -**

**CITY OF CAMBRIDGE, MINNESOTA**

**ORGANIZATION**

December 31, 2023

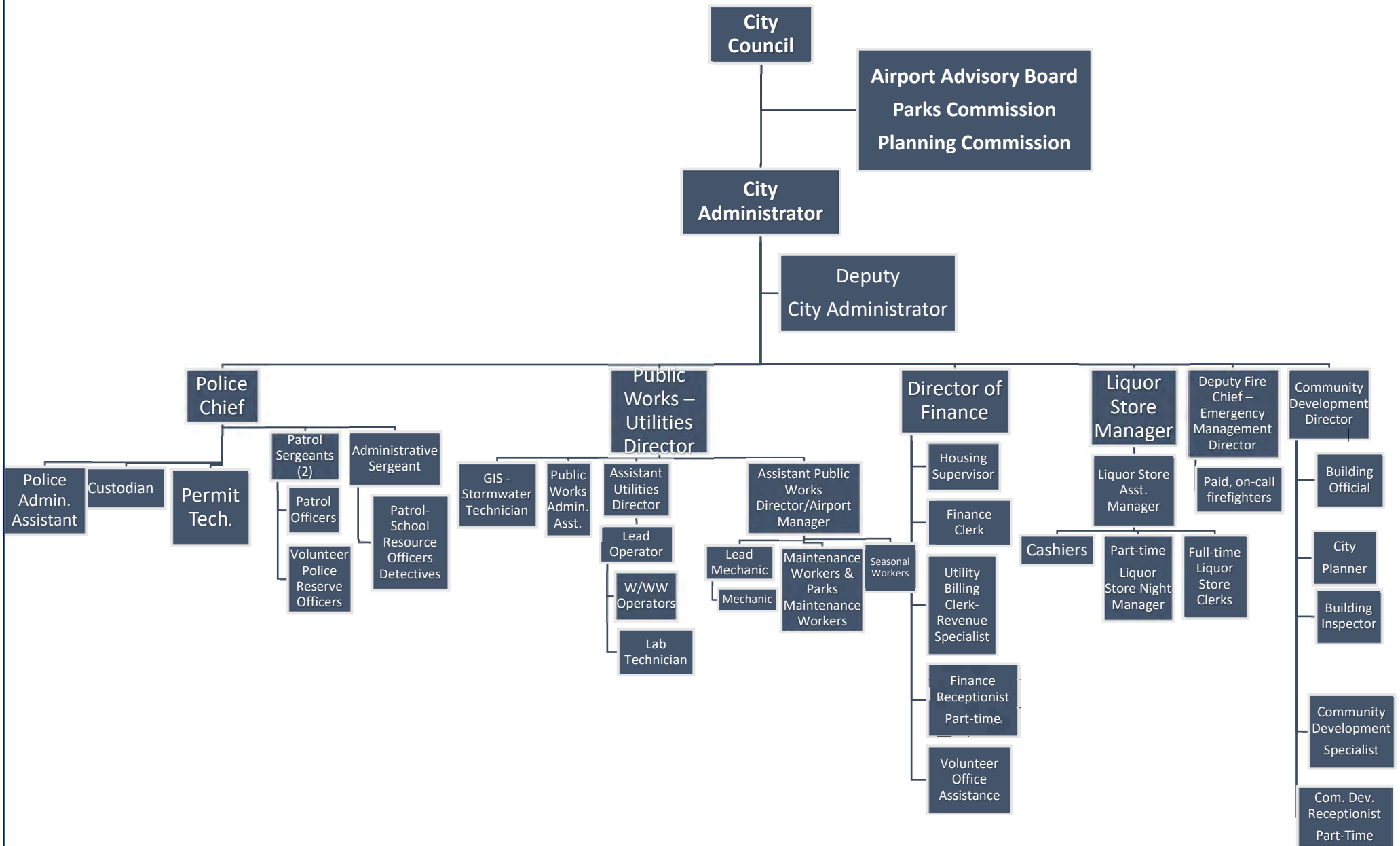
---

	<u>Term Expires</u>
Mayor: Jim Godfrey	December 31, 2026
Council Members: Aaron Berg	December 31, 2026
Lisa Iverson	December 31, 2024
Robert Shogren	December 31, 2026
Mark Ziebarth	December 31, 2024
Administrator/Clerk: Evan Vogel	Appointed
Director of Finance: Caroline Moe	Appointed
Public Works Director: Todd Schwab	Appointed
City Engineer: Todd Blank	Appointed
Chief of Police: Todd Schuster	Appointed
Attorney: Rupp, Anderson, Squires & Walspurger	Appointed
Fiscal Consultants: Ehlers & Associates	Appointed



**- This page intentionally left blank -**

# City of Cambridge Organizational Chart



**- This page intentionally left blank -**

## II. FINANCIAL SECTION

**- This page intentionally left blank -**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cambridge, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Cambridge, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cambridge, Minnesota, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Cambridge, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Report on Summarized Comparative Information***

We have previously audited the City of Cambridge, Minnesota's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated March 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cambridge, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and supplementary financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information



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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2024 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, LLC*

REDPATH AND COMPANY, LLC  
St. Paul, Minnesota

April 3, 2024

## **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, 2023. 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 \$127,989,837. Of this amount, \$22,146,343 (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 \$10,567,755.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,900,353. The amount nonspendable, restricted, committed or assigned was \$20,637,685.

At the end of the current fiscal year the general fund balance of \$4,513,462 included \$584,769 of nonspendable, \$655,592 of committed and \$3,273,101 of unassigned fund balance.

The City's total long-term liabilities (excluding net pension liabilities) decreased by \$3,290,771 during the current fiscal year, from \$33,613,662 to \$30,322,891 due to scheduled principal payments.

### **Overview of the Financial Statements**

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

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

## Management's Discussion and Analysis

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

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

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

The government-wide financial statements can be found on Statements 1 and 2 of this report.

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

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

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

## Management's Discussion and Analysis

The City maintains six 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
- Airport Improvement Fund
- EDA Operating Fund

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

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

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

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

**Proprietary funds.** The City maintains six enterprise funds and two internal service funds as a part of its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, storm sewer, street lights, municipal liquor sales, and housing operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the following funds:

Enterprise funds:

- Water
- Wastewater
- Storm Sewer
- Street Lights
- Municipal Liquor Store
- Housing

The internal service funds are in a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided elsewhere in this report as Statements 25 through 27.

## Management's Discussion and Analysis

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following Statement 8 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons and pensions. Combining and individual fund statements can be found on Statements 17 through 24 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$127,989,837 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$97,063,398 or 76%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$29,686,600	\$26,029,620	\$10,916,756	\$10,975,796	\$40,603,356	\$37,005,416
Capital assets	68,090,343	66,436,855	58,486,494	55,752,174	126,576,837	122,189,029
Total assets	<u>97,776,943</u>	<u>92,466,475</u>	<u>69,403,250</u>	<u>66,727,970</u>	<u>167,180,193</u>	<u>159,194,445</u>
Total deferred outflows of resources	4,069,690	4,683,224	-	-	4,069,690	4,683,224
Other liabilities	2,697,461	2,559,750	347,926	439,666	3,045,387	2,999,416
Noncurrent liabilities	21,128,571	25,994,119	13,803,970	15,966,602	34,932,541	41,960,721
Total liabilities	<u>23,826,032</u>	<u>28,553,869</u>	<u>14,151,896</u>	<u>16,406,268</u>	<u>37,977,928</u>	<u>44,960,137</u>
Total deferred inflows of resources	5,251,403	1,436,037	30,715	59,413	5,282,118	1,495,450
Net position:						
Net investment in capital assets	52,153,465	48,959,849	44,909,933	40,082,675	97,063,398	89,042,524
Restricted	8,780,096	6,675,301	-	-	8,780,096	6,675,301
Unrestricted	11,835,637	11,524,643	10,310,706	10,179,614	22,146,343	21,704,257
Total net position	<u>\$72,769,198</u>	<u>\$67,159,793</u>	<u>\$55,220,639</u>	<u>\$50,262,289</u>	<u>\$127,989,837</u>	<u>\$117,422,082</u>

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 \$4,402,075 at December 31, 2023 due to this standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$4,069,690
Deferred inflows of resources	(3,862,115)
Noncurrent liabilities	<u>(4,609,650)</u>
Total	<u><u>(\$4,402,075)</u></u>

A portion of the City’s net positions represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$22,146,343 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

## Management's Discussion and Analysis

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

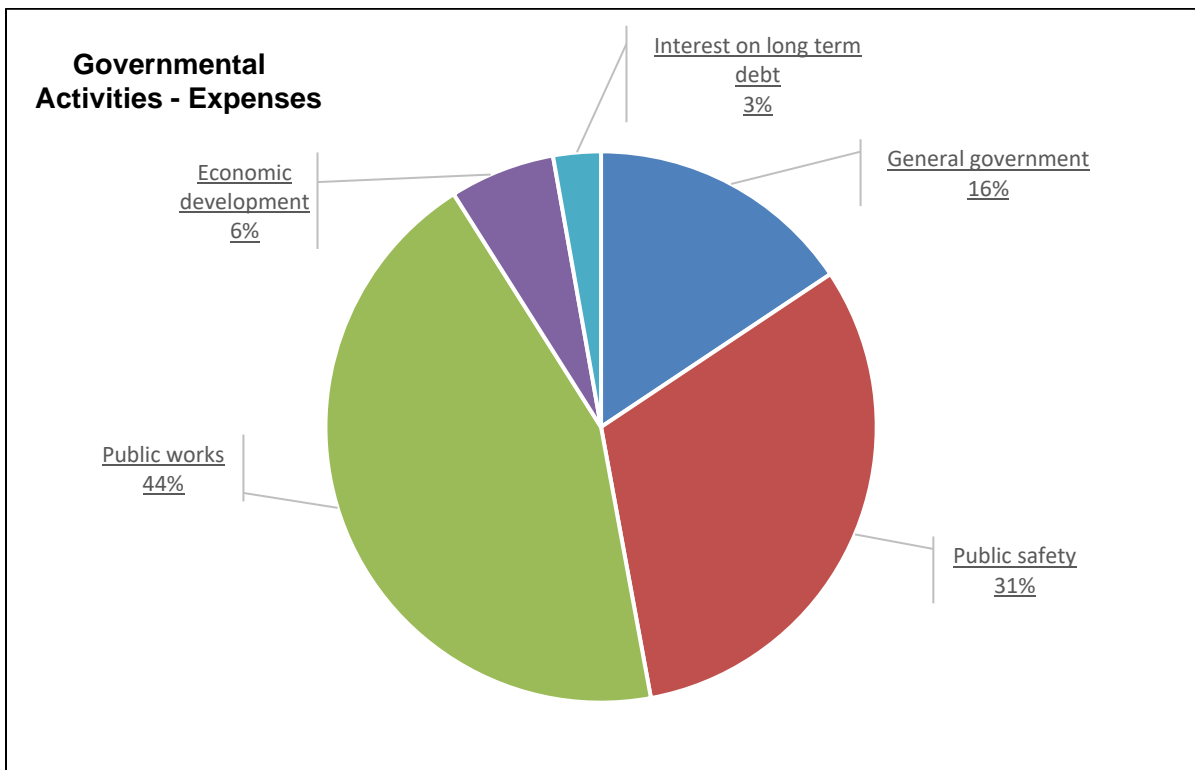
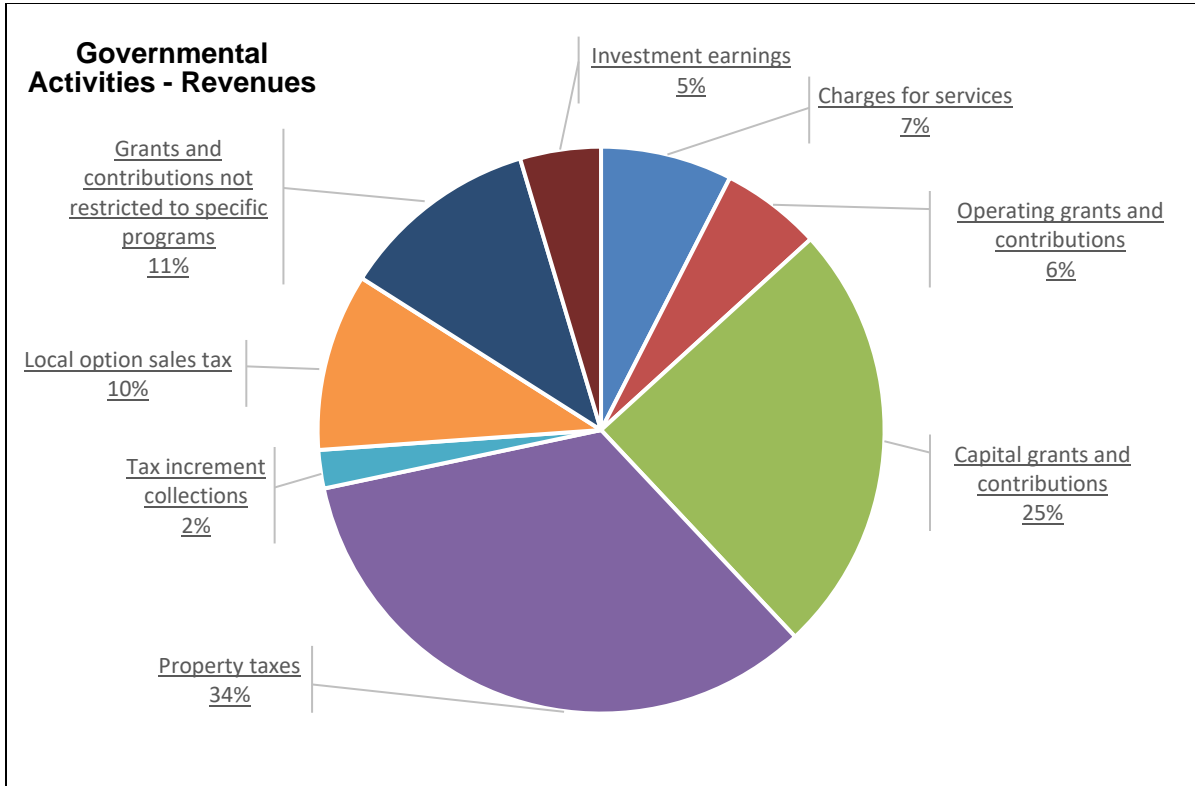
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$1,396,378	\$1,531,237	\$12,447,170	\$12,244,007	\$13,843,548	\$13,775,244
Operating grants and contributions	1,061,932	735,214	111,842	-	1,173,774	735,214
Capital grants and contributions	4,598,889	1,161,754	4,013,628	161,755	8,612,517	1,323,509
General revenues:						
Property taxes	6,255,359	5,835,367	-	-	6,255,359	5,835,367
Tax increment collections	406,713	378,706	-	-	406,713	378,706
Local option sales tax	1,880,011	1,914,082	-	-	1,880,011	1,914,082
Grants and contributions not restricted to specific programs	2,114,112	1,066,721	-	-	2,114,112	1,066,721
Gain on sale of capital asset	25,345	103,252	36,011	13,154	61,356	116,406
Unrestricted investment earnings	856,258	(272,541)	369,569	(160,847)	1,225,827	(433,388)
Total revenues	18,594,997	12,453,792	16,978,220	12,258,069	35,573,217	24,711,861
<b>Expenses:</b>						
General government	\$1,960,188	\$2,030,203	-	-	1,960,188	2,030,203
Public safety	3,940,640	3,557,925	-	-	3,940,640	3,557,925
Public works	5,502,256	4,985,768	-	-	5,502,256	4,985,768
Economic development	774,283	835,852	-	-	774,283	835,852
Interest on long-term debt	350,451	404,384	-	-	350,451	404,384
Water	-	-	2,053,872	1,776,137	2,053,872	1,776,137
Wastewater	-	-	3,513,945	3,451,617	3,513,945	3,451,617
Storm sewer	-	-	531,069	524,784	531,069	524,784
Street Lights	-	-	206,231	215,735	206,231	215,735
Municipal liquor	-	-	5,876,957	5,949,961	5,876,957	5,949,961
Housing	-	-	295,570	280,516	295,570	280,516
Total expenses	12,527,818	11,814,132	12,477,644	12,198,750	25,005,462	24,012,882
Increase in net position before transfers and special items	6,067,179	639,660	4,500,576	59,319	10,567,755	698,979
Transfers	(457,774)	725,000	457,774	(725,000)	-	-
Change in net position	5,609,405	1,364,660	4,958,350	(665,681)	10,567,755	698,979
Net position - January 1	67,159,793	65,795,133	50,262,289	50,927,970	117,422,082	116,723,103
Net position - December 31	\$72,769,198	\$67,159,793	\$55,220,639	\$50,262,289	\$127,989,837	\$117,422,082

### Governmental Activities

Governmental activities increased the City's net position by \$5,609,405 as the result of strong local option sales tax collections, stronger than expected building permit activity, receipt of one-time public safety funding and additional transfers in from municipal liquor store to fund future street projects. Business activities increased the City's net position by \$4,958,350 primarily due to receipt of grant funding to pay for a new well for the water fund and infrastructure received from a developer for a new subdivision including water, wastewater and stormwater assets.

Management's Discussion and Analysis

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

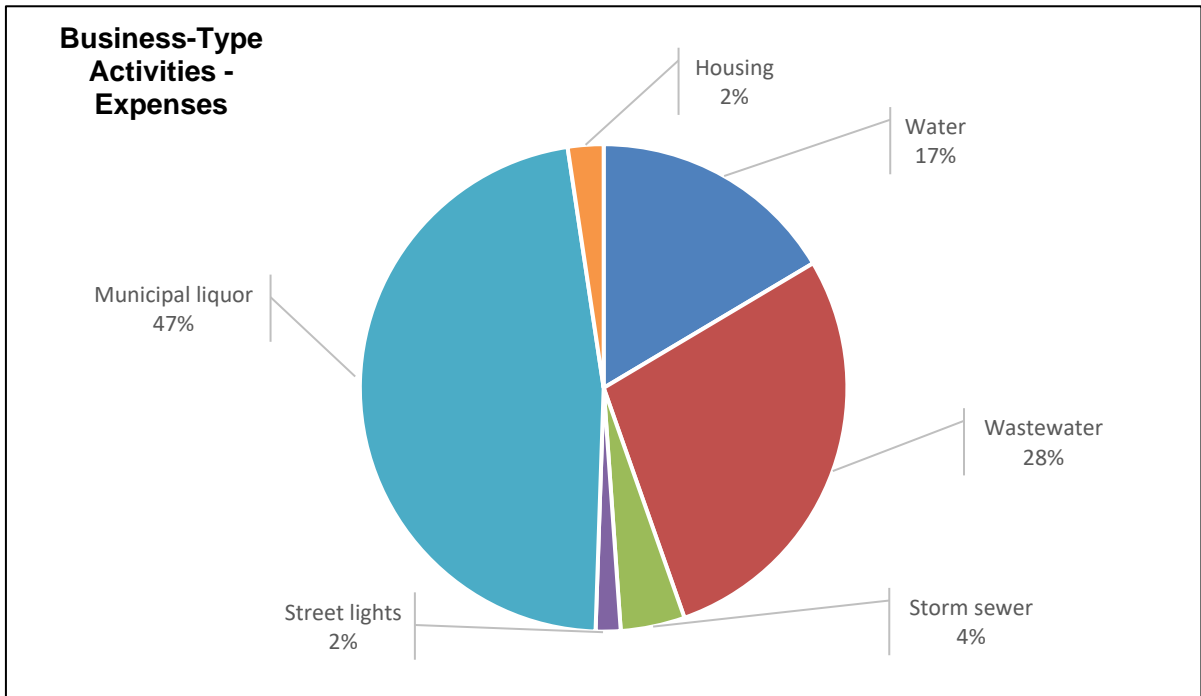
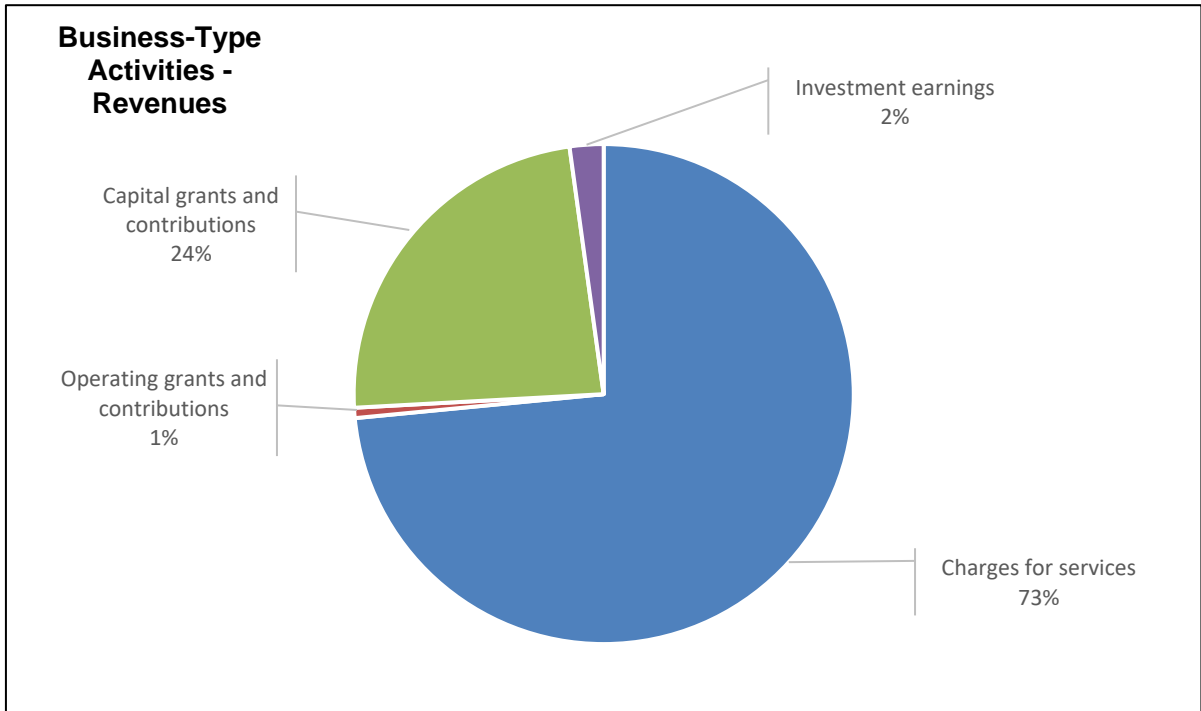




Management's Discussion and Analysis

Business-Type Activities

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



## Management's Discussion and Analysis

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,900,353. Approximately 49% or \$11,721,087 of this total amount constitutes assigned fund balance. Approximately 32% or \$7,654,083 of the governmental funds ending fund balance is restricted due to debt covenants or applicable statute. Unassigned fund balance in total is \$3,262,668. Of the remainder of the fund balance, \$606,923 is considered nonspendable as it represents \$588,503 for prepaid items and \$18,420 for inventory. Also \$655,592 is committed for compensated absences.

The General Fund fund balance increased by \$520,563 in 2023 due to strong property tax collection, stronger than expected building permit activity and expenditures less than planned due to staff vacancy.

The Debt Service Funds fund balance increased by \$274,359 due to special assessment prepayments during the year, strong property tax collection, and higher than planned investment income.

The Redevelopment Capital Fund fund balance decreased by \$36,406 primarily due to costs to complete a downtown wayfinding study and park master plan work.

The Local Option Sales Tax Fund fund balance increased by \$1,200,257 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 Airport Improvement Fund fund balance decreased by \$92,054 due to costs related the 2023 capital project activity.

The EDA Operating Fund fund balance decreased by \$457,503 due to expenditures for parking lot replacement.

The nonmajor special revenue funds increased by \$499,307 primarily due accumulation of funds from one-time public safety funding from the State of Minnesota.

The nonmajor capital project funds increased by \$1,624,086 primarily due to accumulation of resources for 2024 Street Improvement Project and for other future street projects.

Management’s Discussion and Analysis

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

The unrestricted net position in the respective proprietary funds are Water \$3,664,450, Wastewater \$4,594,442, Storm Sewer \$656,379, Street Lights \$131,479, Municipal Liquor Store \$1,000,610 and Housing \$419,278. The Water, Wastewater, Storm Sewer, Street Lights, Municipal Liquor Store and Housing funds had changes in net position in 2023 of \$2,419,842, \$936,054, \$1,502,306, \$50,297, \$50,017 and \$47,173, respectively.

**Budgetary Highlights**

**General Fund**

The General Fund budget was amended during 2023 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 \$923,290 during 2023 from the originally adopted budget as detailed below:

Description	2023 Originally Adopted General Fund Budget	2023 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2023 Budget
Taxes	\$5,557,164	\$5,644,546	\$87,382	Tax collections were better than anticipated in 2023.
Licenses and permits	337,850	715,409	377,559	Permit activity was higher than anticipated due to start of construction on two apartment buildings and many single family homes.
Intergovernmental	1,469,590	1,651,524	181,934	Increase in amount due to addition of pass-through aid from the State of MN to the Cambridge Fire Relief Association for firefighter pensions and due to higher than expected funding for school resource police officer from the Cambridge-Isanti School District.
Charges for services	220,319	335,877	115,558	Increase due to higher than expected fire protection contract collections along with additional changes for engineering services related to new apartment building construction.
Fines and forfeits	42,000	57,169	15,169	Fine income was higher than anticipated this year.
Other	7,200	147,855	140,655	Investment income exceeded expectations for 2023.
Sale of property	-	5,033	5,033	No significant change.
Transfers from other funds	525,000	525,000	-	No significant change.
Total	\$8,159,123	\$9,082,413	\$923,290	

Management’s Discussion and Analysis

GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General Fund expenditures and transfers out were increased by \$402,857 during 2023 from the originally adopted budget as detailed below:

Description	2023 Originally Adopted General Fund Budget	2023 Final Amended General Fund Budget	Increase (Decrease)	Reason for Change in 2023 Budget
Mayor and city council	\$64,460	\$61,572	(\$2,888)	No significant change.
Administration	425,130	400,273	(24,857)	Reduction due to planned compensation study costs being less than planned.
Elections	3,200	4,355	1,155	No significant change.
Finance	369,873	358,043	(11,830)	Decrease due to costs being less than planned for audit, training, and small tools.
Legal	126,000	101,495	(24,505)	Legal expenses were less than anticipated.
Building	338,505	347,059	8,554	Increase due to hiring of contracted electrical inspector for certain inspections.
Engineering	40,000	35,654	(4,346)	Decrease due to amount of development plan activity that required review by engineer.
Planning	342,982	313,487	(29,495)	Reduction due to delay in software replacement project.
City hall buildings	160,196	131,266	(28,930)	Reduction due to lower than expected contracted maintenance costs.
Police	2,979,147	2,757,866	(221,281)	Reduction due to delays in filling vacant positions.
Fire protection	430,280	599,896	169,616	Increase due to cost of pension pass through funding from the State of MN.
Emergency management	4,600	3,364	(1,236)	No significant change.
Animal control	5,000	4,800	(200)	No significant change.
Street maintenance	1,625,177	1,681,977	56,800	Increase in supply costs related to frequent snow removal events in the first half of 2023 and reclassification of parks staff time to the street department for a portion of 2023.
Park operation and maintenance	572,562	494,373	(78,189)	Decrease due to reclassification of parks staff time to the street department for a portion of 2023.
Library operations	128,800	125,899	(2,901)	No significant change.
Transfers to other funds	543,211	1,140,601	597,390	Increase in transfers to support Council initiatives.
Total	\$8,159,123	\$8,561,980	\$402,857	

Management’s Discussion and Analysis

GENERAL FUND REVENUES AND TRANSFERS IN:

Budgeted General Fund revenues and transfers are compared to 2023 actual results as detailed below:

Description	2023 Final Amended General Fund Budget	2023 Actual Results	Variance from Budget	Reason for Variance Between 2023 Final Amended Budget and Actual Results
Taxes	\$5,644,546	\$5,644,548	\$2	No significant change.
Licenses and permits	715,409	715,411	2	No significant change.
Intergovernmental	1,651,524	1,651,529	5	No significant change.
Charges for services	335,877	335,880	3	No significant change.
Fines and forfeits	57,169	57,170	1	No significant change.
Other	147,855	147,855	-	No significant change.
Sale of property	5,033	5,033	-	No significant change.
Transfer from other funds	525,000	525,000	-	No significant change.
Total	\$9,082,413	\$9,082,426	\$13	

GENERAL FUND EXPENDITURES AND TRANSFERS OUT:

Budgeted General fund expenditures and transfers out are compared to the 2023 actual results as detailed below:

Description	2023 Final Amended General Fund Budget	2023 Actual Results	Variance from Budget	Reason for Variance Between 2022 Final Amended Budget and Actual Results
Mayor and city council	\$61,572	\$61,566	(\$6)	No significant change.
Administration	\$400,273	400,262	(11)	No significant change.
Elections	\$4,355	4,355	-	No significant change.
Finance	\$358,043	358,033	(10)	No significant change.
Legal	\$101,495	101,494	(1)	No significant change.
Building	\$347,059	347,045	(14)	No significant change.
Engineering	\$35,654	35,654	-	No significant change.
Planning	\$313,487	313,481	(6)	No significant change.
New city hall buildings	\$131,266	131,260	(6)	No significant change.
Police	\$2,757,866	2,757,853	(13)	No significant change.
Fire protection	\$599,896	599,885	(11)	No significant change.
Emergency management	\$3,364	3,364	-	No significant change.
Animal control	\$4,800	4,800	-	No significant change.
Street maintenance	\$1,681,977	1,681,955	(22)	No significant change.
Parks operation and maintainar	\$494,373	494,362	(11)	No significant change.
Library operations	\$125,899	125,893	(6)	No significant change.
Transfers to other funds	\$1,140,601	1,140,601	-	No significant change.
Total	\$8,561,980	\$8,561,863	(\$117)	

## Management's Discussion and Analysis

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$126,576,837 (net of accumulated depreciation). Specifically, the City's investment in capital assets includes land, buildings, infrastructure, machinery and equipment and is detailed below:

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

<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$9,103,951	\$215,266	\$ -	\$9,319,217
Construction in progress	180,218	3,160,889	1,031,648	2,309,459
Total capital assets, not being depreciated	<u>9,284,169</u>	<u>3,376,155</u>	<u>1,031,648</u>	<u>11,628,676</u>
Capital assets, being depreciated:				
Buildings and structures	17,636,096	12,680	-	17,648,776
Vehicles, equipment and furniture	8,611,839	211,287	74,896	8,748,230
Streets, airport runways, bridges and signals	78,639,730	2,074,368	-	80,714,098
Total capital assets, being depreciated	<u>104,887,665</u>	<u>2,298,335</u>	<u>74,896</u>	<u>107,111,104</u>
Less accumulated depreciation for:				
Buildings and structures	4,955,498	551,845	-	5,507,343
Vehicles, equipment and furniture	7,117,172	560,500	74,896	7,602,776
Streets, airport runways, bridges and signals	35,662,309	1,877,009	-	37,539,318
Total accumulated depreciation	<u>47,734,979</u>	<u>2,989,354</u>	<u>74,896</u>	<u>50,649,437</u>
Total capital assets being depreciated - net	<u>57,152,686</u>	<u>(691,019)</u>	<u>-</u>	<u>56,461,667</u>
Governmental activities capital assets - net	<u>\$66,436,855</u>	<u>\$2,685,136</u>	<u>\$1,031,648</u>	<u>\$68,090,343</u>
<b>Primary Government</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$2,718,994	\$ -	\$ -	\$2,718,994
Construction in progress	44,166	1,135,291	1,416	1,178,041
Total capital assets, not being depreciated	<u>2,763,160</u>	<u>1,135,291</u>	<u>1,416</u>	<u>3,897,035</u>
Capital assets, being depreciated:				
Buildings and structures	11,066,595	52,602	-	11,119,197
Machinery and equipment	1,480,355	522,362	239,400	1,763,317
Distribution and collection systems	88,550,509	4,099,861	-	92,650,370
Total capital assets, being depreciated	<u>101,097,459</u>	<u>4,674,825</u>	<u>239,400</u>	<u>105,532,884</u>
Less accumulated depreciation for:				
Buildings and structures	5,593,595	292,200	-	5,885,795
Machinery and equipment	1,146,705	116,441	239,400	1,023,746
Distribution and collection systems	41,368,145	2,665,739	-	44,033,884
Total accumulated depreciation	<u>48,108,445</u>	<u>3,074,380</u>	<u>239,400</u>	<u>50,943,425</u>
Total capital assets being depreciated - net	<u>52,989,014</u>	<u>1,600,445</u>	<u>0</u>	<u>54,589,459</u>
Business-type activities capital assets - net	<u>\$55,752,174</u>	<u>\$2,735,736</u>	<u>\$1,416</u>	<u>\$58,486,494</u>

## Management's Discussion and Analysis

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

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$30,322,891 a decrease of \$3,290,771 from 2022. Of the total debt, \$6,555,000 is for general obligation improvement debt which is supported in part by special assessments. An additional \$8,855,000 is for general obligation sales tax revenue bonds which is supported by revenues derived from the local option sales tax. Also outstanding is \$13,207,000 of revenue bonds which financed capital investments for the water, wastewater and storm sewer operations.

Additional long-term debt in the amount of \$917,166 for compensated absences and \$788,725 for bond premiums was also outstanding at the end of 2023.

### City of Cambridge, Minnesota's Outstanding Debt

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation improvement bonds	\$6,555,000	\$7,150,000	\$ -	\$ -	\$6,555,000	\$7,150,000
General obligation sales tax revenue bonds	8,855,000	9,415,000	-	-	8,855,000	9,415,000
Revenue bonds	-	-	13,207,000	15,252,000	13,207,000	15,252,000
Compensated absences	655,592	561,275	261,574	297,103	917,166	858,378
Bond premium	453,329	520,785	335,396	417,499	788,725	938,284
Total	<u>\$16,518,921</u>	<u>\$14,838,832</u>	<u>\$13,803,970</u>	<u>\$17,748,345</u>	<u>\$30,322,891</u>	<u>\$33,613,662</u>

During 2022, Standard and Poor's affirmed the City's AA bond rating due to consistently very strong liquidity, very strong management conditions, strong institutional framework score, tempered by the level of debt carried by the City. There was no bond rating action in 2023 for the City of Cambridge.

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 \$23,729,127. Of the City's outstanding debt, \$3,780,000 is counted within the statutory limitation.

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

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

## **BASIC FINANCIAL STATEMENTS**



**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2023  
With Comparative Totals For December 31, 2022

**Statement 1**

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2023	2022
<b>Assets:</b>				
Cash and investments	\$24,098,079	\$9,671,540	\$33,769,619	\$29,855,114
Accrued interest receivable	30,357	-	30,357	75,944
Due from other governmental units	552,540	-	552,540	549,133
Accounts receivable - net	160,979	494,857	655,836	559,868
Prepaid items	588,503	20,837	609,340	830,060
Internal balances	155,932	(155,932)	-	-
Loan receivable	34,057	-	34,057	57,932
Land held for resale	-	-	-	1,304,444
Property taxes receivable	134,872	-	134,872	131,230
Special assessments receivable	2,523,573	155,348	2,678,921	1,827,110
Lease receivable	1,389,288	30,715	1,420,003	1,199,665
Inventories - at cost	18,420	699,391	717,811	614,916
<b>Capital assets (net of accumulated depreciation):</b>				
Land	9,319,217	2,718,994	12,038,211	11,822,945
Construction in progress	2,309,459	1,178,041	3,487,500	224,384
Buildings and structures	12,141,433	5,233,402	17,374,835	18,153,598
Vehicle, equipment and furniture	1,145,454	739,571	1,885,025	1,828,317
Infrastructure	43,174,780	48,616,486	91,791,266	90,159,785
Total assets	<u>97,776,943</u>	<u>69,403,250</u>	<u>167,180,193</u>	<u>159,194,445</u>
<b>Deferred outflows of resources:</b>				
Related to pensions	4,069,690	-	4,069,690	4,683,224
<b>Liabilities:</b>				
Accounts payable	627,781	95,284	723,065	485,545
Contracts payable	73,549	34,165	107,714	391,221
Deposits payable	296,251	35,763	332,014	403,435
Salaries and withholdings payable	320,370	-	320,370	294,116
Accrued liabilities	-	76,098	76,098	78,309
Accrued interest payable	170,510	106,616	277,126	333,716
Unearned revenue	1,209,000	-	1,209,000	1,013,074
<b>Compensated absences payable:</b>				
Due within one year	100,000	261,574	361,574	397,103
Due in more than one year	555,592	-	555,592	461,275
<b>Bonds payable:</b>				
Due within one year	1,515,000	2,112,000	3,627,000	3,200,000
Due in more than one year	14,348,329	11,430,396	25,778,725	29,555,284
<b>Net pension liability:</b>				
Due in more than one year	4,609,650	-	4,609,650	8,347,059
Total liabilities	<u>23,826,032</u>	<u>14,151,896</u>	<u>37,977,928</u>	<u>44,960,137</u>
<b>Deferred inflows of resources:</b>				
Related to leases	1,389,288	30,715	1,420,003	1,199,665
Related to pensions	3,862,115	-	3,862,115	295,785
Total deferred inflows of resources	<u>5,251,403</u>	<u>30,715</u>	<u>5,282,118</u>	<u>1,495,450</u>
<b>Net position:</b>				
Net investment in capital assets	52,153,465	44,909,933	97,063,398	89,042,524
<b>Restricted for:</b>				
Debt service	3,961,234	-	3,961,234	3,990,222
Tax Increment	206,955	-	206,955	163,956
Public safety programs	531,765	-	531,765	29,314
Trails program	207,742	-	207,742	169,364
Local option sales tax funded programs	3,501,941	-	3,501,941	2,301,684
Park Dedication	370,459	-	370,459	20,761
Unrestricted	11,835,637	10,310,706	22,146,343	21,704,257
Total net position	<u>\$72,769,198</u>	<u>\$55,220,639</u>	<u>\$127,989,837</u>	<u>\$117,422,082</u>

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

CITY OF CAMBRIDGE, MINNESOTA  
STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

Statement 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government	
							2023	2022
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$1,960,188	\$783,019	\$1,598	\$ -	(\$1,175,571)	\$ -	(\$1,175,571)	(\$1,328,021)
Public safety	3,940,640	235,541	921,162	49,610	(2,734,327)	-	(2,734,327)	(2,861,511)
Public works	5,502,256	172,251	139,172	4,549,279	(641,554)	-	(641,554)	(3,219,385)
Economic development	774,283	205,567	-	-	(568,716)	-	(568,716)	(572,626)
Interest on long-term debt	350,451	-	-	-	(350,451)	-	(350,451)	(404,384)
Total governmental activities	<u>12,527,818</u>	<u>1,396,378</u>	<u>1,061,932</u>	<u>4,598,889</u>	<u>(5,470,619)</u>	<u>-</u>	<u>(5,470,619)</u>	<u>(8,385,927)</u>
<b>Business-type activities:</b>								
Water	\$2,053,872	\$2,342,003	\$ -	\$805,073	\$ -	\$1,093,204	\$1,093,204	\$333,119
Wastewater	3,513,945	2,629,226	-	1,635,268	-	750,549	750,549	(839,439)
Storm sewer	531,069	451,241	-	1,554,587	-	1,474,759	1,474,759	(120,533)
Street lights	206,231	251,862	-	-	-	45,631	45,631	32,376
Municipal liquor	5,876,957	6,563,528	-	-	-	686,571	686,571	705,307
Housing	295,570	209,310	111,842	18,700	-	44,282	44,282	96,182
Total business-type activities	<u>12,477,644</u>	<u>12,447,170</u>	<u>111,842</u>	<u>4,013,628</u>	<u>-</u>	<u>4,094,996</u>	<u>4,094,996</u>	<u>207,012</u>
Total primary government	<u>\$25,005,462</u>	<u>\$13,843,548</u>	<u>\$1,173,774</u>	<u>\$8,612,517</u>	<u>(5,470,619)</u>	<u>4,094,996</u>	<u>(1,375,623)</u>	<u>(8,178,915)</u>
<b>General revenues:</b>								
Property taxes					6,255,359	-	6,255,359	5,835,367
Tax increment collections					406,713	-	406,713	378,706
Local option sales tax					1,880,011	-	1,880,011	1,914,082
Grants and contributions not restricted to specific programs					2,114,112	-	2,114,112	1,066,721
Unrestricted investment earnings					856,258	369,569	1,225,827	(433,388)
Gain on sale of capital assets					25,345	36,011	61,356	116,406
Transfers					(457,774)	457,774	-	-
Total general revenues and transfers					<u>11,080,024</u>	<u>863,354</u>	<u>11,943,378</u>	<u>8,877,894</u>
Change in net position					<u>5,609,405</u>	<u>4,958,350</u>	<u>10,567,755</u>	<u>698,979</u>
Net position - January 1,					<u>67,159,793</u>	<u>50,262,289</u>	<u>117,422,082</u>	<u>116,723,103</u>
Net position - December 31					<u>\$72,769,198</u>	<u>\$55,220,639</u>	<u>\$127,989,837</u>	<u>\$117,422,082</u>

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

**CITY OF CAMBRIDGE, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

	General Fund	Debt Service Fund
<b>Assets:</b>		
Cash and investments	\$4,468,045	\$2,835,221
Accrued interest receivable	30,357	-
Due from other governmental units	20,024	-
Accounts receivable - net	128,619	-
Property taxes receivable:		
Delinquent	65,130	5,673
Due from County	63,837	-
Prepaid items	584,769	-
Inventory	-	-
Interfund receivable	-	-
Loan receivable	-	-
Lease receivable	422,160	-
Special assessments receivable	-	2,499,850
Land held for resale	-	-
<b>Total assets</b>	<b><u>\$5,782,941</u></b>	<b><u>\$5,340,744</u></b>
<b>Liabilities:</b>		
Accounts payable	\$189,802	\$ -
Salaries payable	320,370	-
Contracts payable	-	-
Interfund payable	-	-
Deposits payable	272,017	-
Unearned revenue	-	1,209,000
<b>Total liabilities</b>	<b><u>782,189</u></b>	<b><u>1,209,000</u></b>
<b>Deferred inflows of resources:</b>		
Related to leases	422,160	-
Unavailable revenue	65,130	1,296,523
<b>Total deferred inflows of resources</b>	<b><u>487,290</u></b>	<b><u>1,296,523</u></b>
<b>Fund balance:</b>		
Nonspendable	584,769	-
Restricted	-	2,835,221
Committed	655,592	-
Assigned	-	-
Unassigned	3,273,101	-
<b>Total fund balance (deficit)</b>	<b><u>4,513,462</u></b>	<b><u>2,835,221</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance (deficit)</b>	<b><u>\$5,782,941</u></b>	<b><u>\$5,340,744</u></b>

Fund balance reported above

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

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

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

Net pension liability related to the Cambridge Fire Department pension plan.

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

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

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

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

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

Net position of governmental activities

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

Redevelopment Capital Fund	Local Option Sales Tax Fund	Airport Improvement Fund	EDA Operating Fund	Other Governmental Funds	Total Governmental Funds	
					2023	2022
\$2,358,973	\$3,156,603	\$71,084	\$122,625	\$10,689,170	\$23,701,721	\$20,174,585
-	-	-	-	-	30,357	75,944
-	345,338	178,089	-	9,089	552,540	535,833
-	-	-	-	250	128,869	71,659
-	-	-	-	232	71,035	67,627
-	-	-	-	-	63,837	63,603
-	-	-	2,646	1,088	588,503	428,239
-	-	-	-	18,420	18,420	9,952
-	-	-	10,433	-	10,433	2,559
-	-	-	-	34,057	34,057	57,932
-	-	-	967,128	-	1,389,288	1,140,252
-	-	-	-	23,723	2,523,573	1,658,521
-	-	-	-	-	-	1,304,444
<u>\$2,358,973</u>	<u>\$3,501,941</u>	<u>\$249,173</u>	<u>\$1,102,832</u>	<u>\$10,776,029</u>	<u>\$29,112,633</u>	<u>\$25,591,150</u>
\$13,053	\$ -	\$ -	\$730	\$324,196	\$527,781	\$288,318
-	-	-	-	-	320,370	294,116
-	-	73,549	-	-	73,549	391,221
-	-	-	-	10,433	10,433	2,559
-	-	-	11,777	12,457	296,251	367,718
-	-	-	-	-	1,209,000	1,013,074
<u>13,053</u>	<u>0</u>	<u>73,549</u>	<u>12,507</u>	<u>347,086</u>	<u>2,437,384</u>	<u>2,357,006</u>
-	-	-	967,128	-	1,389,288	1,140,252
-	-	-	-	23,955	1,385,608	1,726,148
-	-	-	967,128	23,955	2,774,896	2,866,400
-	-	-	2,646	19,508	606,923	438,191
-	3,501,941	-	-	1,316,921	7,654,083	5,245,941
-	-	-	-	-	655,592	561,275
2,345,920	-	175,624	120,551	9,078,992	11,721,087	11,121,648
-	-	-	-	(10,433)	3,262,668	3,000,689
<u>2,345,920</u>	<u>3,501,941</u>	<u>175,624</u>	<u>123,197</u>	<u>10,404,988</u>	<u>23,900,353</u>	<u>20,367,744</u>
<u>\$2,358,973</u>	<u>\$3,501,941</u>	<u>\$249,173</u>	<u>\$1,102,832</u>	<u>\$10,776,029</u>	<u>\$29,112,633</u>	<u>\$25,591,150</u>
					\$23,900,353	\$20,367,744
					68,090,343	66,436,855
					1,385,608	1,726,148
					(190,540)	(190,540)
					165,752	243,835
					(22,049)	(110,132)
					(16,689,431)	(17,852,363)
					(3,870,838)	(3,461,754)
					<u>\$72,769,198</u>	<u>\$67,159,793</u>

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

**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	General Fund	Debt Service Fund	Redevelopment Capital Fund
<b>Revenues:</b>			
General property taxes	\$5,644,548	\$607,388	\$ -
Tax increment collections	-	-	-
Licenses and permits	715,411	-	-
Intergovernmental	1,651,529	-	-
Special assessments	-	395,386	-
Charges for services	335,880	-	-
Local sales tax	-	-	-
Fines and forfeits	57,170	-	-
Investment income (loss)	145,039	79,285	97,542
Other	2,816	-	-
Total revenues	<u>8,552,393</u>	<u>1,082,059</u>	<u>97,542</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,753,150	-	-
Public safety	3,365,902	-	-
Public works	2,302,210	-	-
Economic development	-	-	36,110
<b>Capital outlay:</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
<b>Debt service:</b>			
Principal retirement	-	1,155,000	-
Interest	-	447,025	-
Paying agent fees	-	5,675	-
Bond issuance costs	-	-	-
Construction/acquisition costs	-	-	315,266
Total expenditures	<u>7,421,262</u>	<u>1,607,700</u>	<u>351,376</u>
Revenues over (under) expenditures	<u>1,131,131</u>	<u>(525,641)</u>	<u>(253,834)</u>
<b>Other financing sources (uses):</b>			
Bonds issued	-	-	-
Bond premium	-	-	-
Sale of property	5,033	-	2,162
Transfers in	525,000	800,000	215,266
Transfers out	(1,140,601)	-	-
Total other financing sources (uses)	<u>(610,568)</u>	<u>800,000</u>	<u>217,428</u>
Net change in fund balance	520,563	274,359	(36,406)
Fund balance - January 1	<u>3,992,899</u>	<u>2,560,862</u>	<u>2,382,326</u>
Fund balance - December 31	<u><u>\$4,513,462</u></u>	<u><u>\$2,835,221</u></u>	<u><u>\$2,345,920</u></u>

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

Statement 4

Local Option Sales Tax Fund	Airport Improvement Fund	EDA Operating Fund	Other Governmental Funds	Total Governmental Funds	
				2023	2022
\$ -	\$ -	\$ -	\$15	\$6,251,951	\$5,832,748
-	-	-	406,713	406,713	378,706
-	-	-	-	715,411	678,365
-	1,617,790	-	2,141,515	5,410,834	2,392,899
-	-	-	3,808	399,194	843,797
-	-	195,845	834,676	1,366,401	804,090
1,880,011	-	-	-	1,880,011	1,914,082
-	-	-	-	57,170	48,782
120,246	-	17,369	396,777	856,258	(272,541)
-	-	-	514,652	517,468	135,006
<u>2,000,257</u>	<u>1,617,790</u>	<u>213,214</u>	<u>4,298,156</u>	<u>17,861,411</u>	<u>12,755,934</u>
-	-	-	-	1,753,150	1,746,486
-	-	-	1,878	3,367,780	3,094,115
-	-	-	583,882	2,886,092	2,390,918
-	-	262,120	383,300	681,530	744,481
-	-	-	26,239	26,239	85,159
-	-	-	142,613	142,613	64,789
-	-	-	55,114	55,114	294,921
-	-	-	-	1,155,000	1,110,000
-	-	-	-	447,025	347,125
-	-	-	-	5,675	3,475
-	-	-	-	-	72,483
-	1,709,844	458,597	892,448	3,376,155	4,780,257
<u>0</u>	<u>1,709,844</u>	<u>720,717</u>	<u>2,085,474</u>	<u>13,896,373</u>	<u>14,734,209</u>
<u>2,000,257</u>	<u>(92,054)</u>	<u>(507,503)</u>	<u>2,212,682</u>	<u>3,965,038</u>	<u>(1,978,275)</u>
-	-	-	-	-	3,780,000
-	-	-	-	-	72,343
-	-	-	18,150	25,345	138,538
-	-	50,000	1,459,403	3,049,669	4,161,347
(800,000)	-	-	(1,566,842)	(3,507,443)	(3,546,347)
<u>(800,000)</u>	<u>0</u>	<u>50,000</u>	<u>(89,289)</u>	<u>(432,429)</u>	<u>4,605,881</u>
1,200,257	(92,054)	(457,503)	2,123,393	3,532,609	2,627,606
<u>2,301,684</u>	<u>267,678</u>	<u>580,700</u>	<u>8,281,595</u>	<u>20,367,744</u>	<u>17,740,138</u>
<u>\$3,501,941</u>	<u>\$175,624</u>	<u>\$123,197</u>	<u>\$10,404,988</u>	<u>\$23,900,353</u>	<u>\$20,367,744</u>

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

**- This page intentionally left blank -**

**CITY OF CAMBRIDGE, MINNESOTA**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

**Statement 5**

For The Year Ended December 31, 2023

With Comparative Totals For The Year Ended December 31, 2022

	<u>2023</u>	<u>2022</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds (Statement 4)	\$3,532,609	\$2,627,606
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:		
Capital outlay	223,966	444,869
Construction/acquisition costs	3,376,155	4,780,257
Depreciation expense	(2,989,354)	(2,946,043)
Various other transactions involving capital assets increase (decrease) net position on the statement of activities but are not reported in governmental funds because they do not provide (or use) current financial resources:		
Contributed infrastructure	1,042,721	319,089
Gain (loss) on disposal of capital assets	-	(44,317)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in delinquent property taxes	3,408	2,619
Change in deferred and delinquent special assessments	(343,948)	(793,670)
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.		
Bonds issued, including bond premium	-	(3,852,343)
Principal repayments	1,155,000	1,110,000
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.	(409,084)	(65,599)
Governmental funds report pension contributions as expenditures, however pension expense is reported in the Statement of Activities. This amount by which pension expense differed from pension contributions for the Cambridge Fire Department pension plan (Note 9).	10,000	(98,193)
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:		
Amortization of bond premium	67,456	72,429
Change in accrued interest payable	34,793	(53,730)
Change in compensated absences payable	(94,317)	(138,314)
Change in net position of governmental activities (Statement 2)	<u>\$5,609,405</u>	<u>\$1,364,660</u>

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



**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

	Business-Type Activities - Enterprise Funds		
	601 Water	602 Wastewater	603 Storm Sewer
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$3,495,152	\$4,528,418	\$625,647
Due from other governmental units	-	-	-
Accounts receivable	165,147	262,710	42,473
Prepaid items	2,366	1,112	10,000
Inventories - at cost	-	-	-
Total current assets	<u>3,662,665</u>	<u>4,792,240</u>	<u>678,120</u>
Noncurrent assets:			
Special assessments	133,611	21,737	-
Lease receivable	30,715	-	-
Capital assets:			
Land	1,262,997	976,039	106,416
Construction in progress	1,178,041	-	-
Buildings and structures	7,560,701	125,425	-
Machinery and equipment	339,630	1,108,613	16,500
Distribution and collection system	26,235,065	47,530,834	18,884,471
Total capital assets	<u>36,576,434</u>	<u>49,740,911</u>	<u>19,007,387</u>
Less: Allowance for depreciation	<u>(14,489,022)</u>	<u>(25,329,282)</u>	<u>(8,196,596)</u>
Net capital assets	<u>22,087,412</u>	<u>24,411,629</u>	<u>10,810,791</u>
Total noncurrent assets	<u>22,251,738</u>	<u>24,433,366</u>	<u>10,810,791</u>
Total assets	<u>25,914,403</u>	<u>29,225,606</u>	<u>11,488,911</u>
Deferred outflows of resources related to pensions			
	-	-	-
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	17,465	3,868	-
Contracts payable	34,165	-	-
Accrued liabilities	1,819	-	-
Accrued interest payable	53,888	30,987	21,741
Deposits payable	-	-	-
Compensated absences payable - current portion	58,654	184,680	-
Bonds payable - current portion	961,060	822,180	328,760
Total current liabilities	<u>1,127,051</u>	<u>1,041,715</u>	<u>350,501</u>
Noncurrent liabilities:			
Bonds payable - noncurrent portion	3,823,092	5,945,547	1,661,757
Net pension liability	-	-	-
Total noncurrent liabilities	<u>3,823,092</u>	<u>5,945,547</u>	<u>1,661,757</u>
Total liabilities	<u>4,950,143</u>	<u>6,987,262</u>	<u>2,012,258</u>
Deferred inflows of resources:			
Related to leases	30,715	-	-
Related to pensions	-	-	-
Total deferred inflows of resources	<u>30,715</u>	<u>0</u>	<u>0</u>
<b>Net position:</b>			
Net investment in capital assets	17,269,095	17,643,902	8,820,274
Unrestricted	3,664,450	4,594,442	656,379
Total net position	<u>\$20,933,545</u>	<u>\$22,238,344</u>	<u>\$9,476,653</u>

Net position reported above

Adjustment to report the cumulative internal balance for the net effect of activity between the internal service funds and the enterprise funds over time.

Net position of business-type activities (Statement 1)

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

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service
604 Street Lights	610 Municipal Liquor Store	901 Housing	Totals		
			2023	2022	
\$107,012	\$439,397	\$475,914	\$9,671,540	\$9,348,109	\$396,358
-	-	-	-	13,300	-
24,467	60	-	494,857	488,193	32,110
-	4,884	2,475	20,837	401,821	-
-	699,391	-	699,391	604,964	-
<u>131,479</u>	<u>1,143,732</u>	<u>478,389</u>	<u>10,886,625</u>	<u>10,856,387</u>	<u>428,468</u>
-	-	-	155,348	168,589	-
-	-	-	30,715	59,413	-
-	239,500	134,042	2,718,994	2,718,994	-
-	-	-	1,178,041	44,166	-
-	1,460,805	1,972,266	11,119,197	11,066,595	-
-	224,936	73,638	1,763,317	1,480,355	-
-	-	-	92,650,370	88,550,509	-
0	1,925,241	2,179,946	109,429,919	103,860,619	0
-	(1,084,825)	(1,843,700)	(50,943,425)	(48,108,445)	-
0	840,416	336,246	58,486,494	55,752,174	0
0	840,416	336,246	58,672,557	55,980,176	0
<u>131,479</u>	<u>1,984,148</u>	<u>814,635</u>	<u>69,559,182</u>	<u>66,836,563</u>	<u>428,468</u>
-	-	-	-	-	3,903,938
-	53,495	20,456	95,284	197,227	100,000
-	-	-	34,165	-	-
-	74,279	-	76,098	78,309	-
-	-	-	106,616	128,413	-
-	-	35,763	35,763	35,717	-
-	15,348	2,892	261,574	297,103	-
-	-	-	2,112,000	2,045,000	-
0	143,122	59,111	2,721,500	2,781,769	100,000
-	-	-	11,430,396	13,624,499	-
-	-	-	-	-	4,419,110
0	0	0	11,430,396	13,624,499	4,419,110
0	143,122	59,111	14,151,896	16,406,268	4,519,110
-	-	-	30,715	59,413	-
-	-	-	-	-	3,840,066
0	0	0	30,715	59,413	3,840,066
-	840,416	336,246	44,909,933	40,082,675	-
131,479	1,000,610	419,278	10,466,638	10,288,207	(4,026,770)
<u>\$131,479</u>	<u>\$1,841,026</u>	<u>\$755,524</u>	<u>\$55,376,571</u>	<u>\$50,370,882</u>	<u>(\$4,026,770)</u>
			\$55,376,571		
			(155,932)		
			<u>\$55,220,639</u>		

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

**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>601 Water</u>	<u>602 Wastewater</u>	<u>603 Storm Sewer</u>
Operating revenues:			
Liquor store sales	\$ -	\$ -	\$ -
Customer billings	2,315,763	2,629,226	451,241
Charges for services	-	-	-
Rental and service income	-	-	-
HUD operating subsidy	-	-	-
Other	-	-	-
Insurance dividends	-	-	-
Sale of water meters	26,240	-	-
Total operating revenues	<u>2,342,003</u>	<u>2,629,226</u>	<u>451,241</u>
Operating expenses:			
Cost of liquor store sales	-	-	-
Salaries and wages	296,807	708,638	-
Employee benefits	108,201	283,060	-
Professional services	38,595	125,037	4,440
Shop supplies	16,315	25,142	-
Heat, light, and power	104,355	180,254	-
Maintenance and repairs	330,529	346,082	33,637
Advertising	1,981	-	-
Telephone	5,892	9,496	-
Insurance and bonds	33,270	48,221	-
Office supplies	11,644	12,410	102
Miscellaneous	169,740	15,464	2,092
Claims	-	-	-
Depreciation	856,157	1,653,458	453,069
Total operating expenses	<u>1,973,486</u>	<u>3,407,262</u>	<u>493,340</u>
Operating income (loss)	<u>368,517</u>	<u>(778,036)</u>	<u>(42,099)</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Investment income (loss)	117,353	195,292	27,547
Lottery proceeds-net	-	-	-
Gain on disposal of assets	1,511	34,500	-
Bond issuance costs	-	-	-
Interest expense	(78,324)	(74,698)	(37,729)
Miscellaneous	(2,062)	(1,272)	-
Total nonoperating revenues (expenses)	<u>38,478</u>	<u>153,822</u>	<u>(10,182)</u>

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

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
604 Street Lights	610 Municipal Liquor Store	901 Housing	Totals		
			2023	2022	
\$ -	\$6,563,750	\$ -	\$6,563,750	\$6,650,278	\$ -
251,862	-	-	5,648,092	5,258,990	-
-	-	-	-	-	542,628
-	-	209,310	209,310	192,050	-
-	-	111,842	111,842	96,574	-
-	236	-	236	4,954	-
-	-	-	-	-	100,958
-	-	-	26,240	36,557	-
251,862	6,563,986	321,152	12,559,470	12,239,403	643,586
-	4,858,146	-	4,858,146	4,953,842	-
-	441,334	65,278	1,512,057	1,472,223	-
-	166,449	25,696	583,406	529,209	1,001,143
-	12,186	67,692	247,950	251,583	-
-	3,686	5,034	50,177	56,666	-
177,068	32,263	48,828	542,768	550,629	-
29,163	51,789	16,723	807,923	712,727	-
-	46,415	-	48,396	45,312	-
-	7,234	7,374	29,996	29,762	-
-	15,445	6,813	103,749	90,749	-
-	3,579	540	28,275	19,641	-
-	157,495	4,206	348,997	195,418	-
-	-	-	-	-	120,120
-	66,440	45,256	3,074,380	2,971,211	-
206,231	5,862,461	293,440	12,236,220	11,878,972	1,121,263
45,631	701,525	27,712	323,250	360,431	(477,677)
-	-	-	-	-	6,060
4,666	23,950	761	369,569	(160,847)	15,194
-	(458)	-	(458)	4,604	-
-	-	-	36,011	13,154	-
-	-	-	-	(4,410)	-
-	-	-	(190,751)	(236,400)	-
-	-	-	(3,334)	(2,675)	-
4,666	23,492	761	211,037	(386,574)	21,254

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, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>601 Water</u>	<u>602 Wastewater</u>	<u>603 Storm Sewer</u>
Income (loss) before capital contributions and transfers	<u>\$406,995</u>	<u>(\$624,214)</u>	<u>(\$52,281)</u>
Capital contributions:			
Capital contributions from developer	802,226	1,027,628	1,554,587
Capital grant	-	-	-
Connection charges & special assessments	2,847	607,640	-
Total capital contributions	<u>805,073</u>	<u>1,635,268</u>	<u>1,554,587</u>
Transfers:			
Transfers in	1,232,774	-	-
Transfers out	(25,000)	(75,000)	-
Total transfers	<u>1,207,774</u>	<u>(75,000)</u>	<u>0</u>
Change in net position	2,419,842	936,054	1,502,306
Net position - January 1	<u>18,513,703</u>	<u>21,302,290</u>	<u>7,974,347</u>
Net position - December 31	<u><u>\$20,933,545</u></u>	<u><u>\$22,238,344</u></u>	<u><u>\$9,476,653</u></u>

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

Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
604 Street Lights	610 Municipal Liquor Store	901 Housing	Totals		
			2023	2022	
\$50,297	\$725,017	\$28,473	\$534,287	(\$26,143)	(\$456,423)
-	-	-	3,384,441	-	-
-	-	18,700	18,700	88,074	-
-	-	-	610,487	73,681	-
0	0	18,700	4,013,628	161,755	0
-	-	-	1,232,774	-	-
-	(675,000)	-	(775,000)	(725,000)	-
0	(675,000)	0	457,774	(725,000)	0
50,297	50,017	47,173	5,005,689	(589,388)	(456,423)
81,182	1,791,009	708,351	50,370,882	50,960,270	(3,570,347)
\$131,479	\$1,841,026	\$755,524	\$55,376,571	\$50,370,882	(\$4,026,770)
			\$5,005,689		
			(47,339)		
			\$4,958,350		

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, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>601 Water</u>	<u>602 Wastewater</u>	<u>603 Storm Sewer</u>
Cash flows from operating activities:			
Receipts from customers and users	\$2,347,178	\$2,621,879	\$447,108
Payment to suppliers	(719,197)	(808,279)	(57,356)
Payment of wages and benefits	(396,611)	(974,862)	-
Miscellaneous revenue	2,847	-	-
Net cash flows from operating activities	<u>1,234,217</u>	<u>838,738</u>	<u>389,752</u>
Cash flows from noncapital financing activities:			
Transfer to other funds	-	-	-
Transfer to General Fund	(25,000)	(75,000)	-
Net cash flows from noncapital financing activities	<u>(25,000)</u>	<u>(75,000)</u>	<u>0</u>
Cash flows from capital and related financing activities:			
Principal received on special assessments	9,791	3,450	-
Connection fees and related charges	-	607,640	-
Payment to developer for future projects	-	-	-
HUD contribution	-	-	-
Transfer from other funds for capital and debt service	1,232,774	-	-
Sale of capital assets	1,511	34,500	-
Acquisition of capital assets	(1,134,415)	(664,927)	(148,818)
Principal paid on debt	(997,122)	(818,201)	(311,780)
Interest paid on debt	(92,598)	(80,631)	(42,653)
Debt proceeds, net of issue costs, discount & fiscal fees	-	-	-
Net cash flows from capital and related financing activities	<u>(980,059)</u>	<u>(918,169)</u>	<u>(503,251)</u>
Cash flows from investing activities:			
Investment income (loss)	117,353	195,292	27,547
Net increase (decrease) in cash and cash equivalents	346,511	40,861	(85,952)
Cash and cash equivalents - January 1	<u>3,148,641</u>	<u>4,487,557</u>	<u>711,599</u>
Cash and cash equivalents - December 31	<u><u>\$3,495,152</u></u>	<u><u>\$4,528,418</u></u>	<u><u>\$625,647</u></u>

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

604 Street Lights	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	610 Municipal Liquor Store	901 Housing	Totals		
			2023	2022	
\$251,280	\$6,561,998	\$321,198	\$12,550,641	\$12,229,651	\$1,069,991
(206,329)	(5,316,910)	(157,350)	(7,265,421)	(6,864,161)	(20,104)
-	(669,823)	(89,696)	(2,130,992)	(1,936,645)	(1,001,143)
-	(458)	-	2,389	9,215	-
<u>44,951</u>	<u>574,807</u>	<u>74,152</u>	<u>3,156,617</u>	<u>3,438,060</u>	<u>48,744</u>
-	(250,000)	-	(250,000)	(200,000)	-
-	(425,000)	-	(525,000)	(625,000)	-
<u>0</u>	<u>(675,000)</u>	<u>0</u>	<u>(775,000)</u>	<u>(825,000)</u>	<u>0</u>
-	-	-	13,241	13,499	-
-	-	-	607,640	69,070	-
-	-	-	-	(383,658)	-
-	-	32,000	32,000	74,774	-
-	-	-	1,232,774	100,000	-
-	-	-	36,011	172,757	-
-	(58,276)	-	(2,006,436)	(666,870)	-
-	-	-	(2,127,103)	(2,076,530)	-
-	-	-	(215,882)	(254,999)	-
-	-	-	-	225,590	-
<u>0</u>	<u>(58,276)</u>	<u>32,000</u>	<u>(2,427,755)</u>	<u>(2,726,367)</u>	<u>0</u>
<u>4,666</u>	<u>23,950</u>	<u>761</u>	<u>369,569</u>	<u>(160,847)</u>	<u>15,194</u>
<u>49,617</u>	<u>(134,519)</u>	<u>106,913</u>	<u>323,431</u>	<u>(274,154)</u>	<u>63,938</u>
<u>57,395</u>	<u>573,916</u>	<u>369,001</u>	<u>9,348,109</u>	<u>9,622,263</u>	<u>332,420</u>
<u>\$107,012</u>	<u>\$439,397</u>	<u>\$475,914</u>	<u>\$9,671,540</u>	<u>\$9,348,109</u>	<u>\$396,358</u>

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



**CITY OF CAMBRIDGE, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>601 Water</u>	<u>602 Wastewater</u>	<u>603 Storm Sewer</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$368,517</u>	<u>(\$778,036)</u>	<u>(\$42,099)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Intergovernmental revenue	-	-	-
Miscellaneous revenue	-	-	-
Connection fees	2,847	-	-
Depreciation	856,157	1,653,458	453,069
Changes in assets and liabilities:			
Decrease (increase) in receivables	34,156	(7,347)	(4,133)
Decrease (increase) in prepaid items	(1,356)	(102)	(10,000)
Decrease (increase) in inventory	-	-	-
Decrease (increase) in deferred outflows of resources	-	-	-
Increase (decrease) in payables	2,594	(29,235)	(7,085)
Increase (decrease) in deferred inflows of resources	(28,698)	-	-
Total adjustments	<u>865,700</u>	<u>1,616,774</u>	<u>431,851</u>
Net cash provided by operating activities	<u><u>\$1,234,217</u></u>	<u><u>\$838,738</u></u>	<u><u>\$389,752</u></u>

Noncash investing, capital and financing activities:

During 2023, capital assets in the amount of \$802,226, \$1,027,628 and \$1,554,587 were contributed to the Water, Wastewater and Storm Sewer Funds, respectively.

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

<u>604 Street Lights</u>	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>610 Municipal</u>	<u>901 Housing</u>	<u>Totals</u>		<u>Activities -</u>
	<u>Liquor Store</u>		<u>2023</u>	<u>2022</u>	<u>Internal Service</u>
					<u>Funds</u>
\$45,631	\$701,525	\$27,712	\$323,250	\$360,431	(\$477,677)
-	-	-	-	-	6,060
-	(458)	-	(458)	4,604	-
-	-	-	2,847	4,611	-
-	66,440	45,256	3,074,380	2,971,211	-
(582)	(60)	-	22,034	9,083	(32,094)
-	8,484	300	(2,674)	1,153	-
-	(94,427)	-	(94,427)	(14,086)	-
-	-	-	-	-	535,451
(98)	(106,697)	884	(139,637)	127,836	(3,637,409)
-	-	-	(28,698)	(26,783)	3,654,413
<u>(680)</u>	<u>(126,718)</u>	<u>46,440</u>	<u>2,833,367</u>	<u>3,077,629</u>	<u>526,421</u>
<u>\$44,951</u>	<u>\$574,807</u>	<u>\$74,152</u>	<u>\$3,156,617</u>	<u>\$3,438,060</u>	<u>\$48,744</u>

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

**- This page intentionally left blank -**

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. FINANCIAL REPORTING ENTITY**

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

**COMPONENT UNITS**

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

The financial position and results of operations of the EDA component unit are 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. *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 are 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.

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.

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 *Airport Improvement Fund* is used to account for costs associated with airport improvements, funded through federal and state government grants and transfers from the General Fund.

The *EDA Operating Fund* is used to account for the operations of the Mall and EDA administration.

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.

### **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 cash flows. Property taxes are recognized as revenue 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.

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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services, producing, and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Wastewater, Storm Sewer, Street Lights and Municipal Liquor enterprise funds are charges to customers for sales and services. The principal revenue of the Housing Fund is rental income. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **D. BUDGETS**

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

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

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

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

1. The City Administrator submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following January 1. These budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a departmental basis for the General Fund and on the fund basis for the Debt Service Fund, EDA Operating Special Revenue Fund and Airport Operating Special Revenue fund.
4. Interdepartmental or interfund appropriations and deletions are or may be authorized by the City Council with fund (contingency) reserves or additional revenues. Additionally, management cannot amend the budget without Council approval.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Debt Service Fund and budgeted Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Fund. Supplementary budgets are provided and reviewed by council for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions, net income for operation, capital maintenance and are not reflected in the financial statements.
7. Expenditures may not legally exceed budgeted appropriations at the total fund level without City Council authorization. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel; material and supplies; other services and charges; miscellaneous; capital outlay) within each activity.
8. The City Council may authorize transfer of budgeted amounts between City funds.
9. The City Council made supplemental budget appropriations throughout the year. Individual amendments were not material in relation to the original appropriations which were adjusted.

## **F. CASH AND INVESTMENTS**

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

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

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

**G. RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Interfund loans are classified as “interfund receivables/payables.” Note 10 describes all interfund receivables and payables at December 31, 2023 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 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 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 funds 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 accounts for prepaid items under the consumption method.

**L. LEASE RECEIVABLE**

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

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

**M. CAPITAL ASSETS**

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

Capital assets are depreciated using the straight line method over the following estimated useful lives:

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

**N. COMPENSATED ABSENCES**

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

**O. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses in the current period.

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

## **P. FUND BALANCE CLASSIFICATIONS**

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

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

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

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

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

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

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

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

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

## **Q. INTERFUND TRANSACTIONS**

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.

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

**R. USE OF ESTIMATES**

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

**S. MAJOR CUSTOMER**

The City has a contract with J. Rettenmaier USA where the Company reimburses the City for expenses associated with the operations of the industrial wastewater treatment plant. The total of such transactions amounted to \$313,825 and \$360,092 for December 31, 2023 and 2022, respectively.

**T. COMPARATIVE TOTALS & RECLASSIFICATIONS**

The basic financial statements, combining and individual fund financial statements, and schedules include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

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

**U. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

**V. DEFINED BENEFIT PENSION PLANS**

For purposes of measuring the net pension liability or asset, deferred outflows and 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 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 or when due according to state statutes, and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Bonds payable	(\$15,410,000)
Compensated absences	(655,592)
Accrued interest payable	(170,510)
Unamortized bond premium	<u>(453,329)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position governmental activities	<u><u>(\$16,689,431)</u></u>

**Note 2 DEPOSITS AND INVESTMENTS**

**A. DEPOSITS**

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

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. 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. As of December 31, 2023, the bank balance of the City’s deposits was \$25,206,621, all of which was either insured by the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or covered by perfected pledged collateral held in the City’s name.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**B. INVESTMENTS**

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

At December 31, 2023 the City's investment balances were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
External investment pool - 4M Fund	\$1,608	\$1,608	\$ -	\$ -
External investment pool - 4MP Fund	61,020	61,020	-	-
Brokered certificates of deposit	6,887,921	1,159,366	4,856,490	872,065
Federal Home Loan Mortgage Corp	217,910	-	217,910	-
Federal National Mortgage Association	177,024	-	177,024	-
Federal Home Loan Bank	1,080,174	-	1,080,174	-
Federal Farm Credit Bank	313,978	-	313,978	-
Total	<u>\$8,739,635</u>	<u>\$1,221,994</u>	<u>\$6,645,576</u>	<u>\$872,065</u>
		Total investments		\$8,739,635
		Deposits		25,027,609
		Cash on hand		<u>2,375</u>
		Total cash and investments		<u>\$33,769,619</u>

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

The City has the following recurring fair value measurements as of December 31, 2023:

Investment Type	12/31/2023	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Brokered certificates of deposit	\$6,887,921	\$ -	\$6,887,921	\$ -
Federal Home Loan Mortgage Corp	217,910	-	217,910	-
Federal National Mortgage Association	177,024	-	177,024	-
Federal Home Loan Bank	1,080,174	-	1,080,174	-
Federal Farm Credit Bank	313,978	-	313,978	-
Subtotal	<u>\$8,677,007</u>	<u>\$0</u>	<u>\$8,677,007</u>	<u>\$0</u>
Investments at amortized cost:				
External investment pool - 4M Fund	1,608			
External investment pool - 4MP Fund	61,020			
Total	<u>\$8,739,635</u>			

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

4M PLUS Fund: This series of the 4M Fund is an unrated pool. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The pool measures its investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost. The 4M PLUS Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 4-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn. The City's account balance is the fair value of the investment.

### **C. INVESTMENT RISKS**

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2023, \$62,628 of the City's investments were invested in the 4M and 4MP Fund. Investments in the 4M Fund are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy does not address custodial risk. However, the City's investments in Federal Agency securities and brokered CDs are held by the broker-dealer, of which \$500,000 is insured through SIPC. Each broker-dealer has provided additional protection by purchasing additional private insurance. This insurance is subject to aggregate limits applied to all of the broker's accounts.

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to only those investment instruments authorized by Minnesota Statutes. The City's investment policy places further restrictions on bankers acceptances and commercial paper.

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

At December 31, 2023 the City's investments in U.S. Government securities and U.S. Agency securities were rated "Aaa" by Moody's.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**Note 3 RECEIVABLES**

Significant receivable balances not expected to be collected within one year of December 31, 2023 are as follows:

	Major Fund				Nonmajor	Total
	General	Debt Service	Water	Wastewater	Governmental Funds	
Special assessments receivable	\$ -	\$2,208,900	\$123,400	\$18,700	\$20,700	\$2,371,700
Property taxes receivable	21,500	2,000	-	-	-	23,500
Total	\$21,500	\$2,210,900	\$123,400	\$18,700	\$20,700	\$2,395,200

**Note 4 LEASE RECEIVABLE**

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

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

Mall Space Lessee	Initial	Monthly	Discount
	Non-cancelable Term		
Gamer's Den	120 months	\$5,500 - \$6,624	2.76%
Minnesota Department of Public Safety	60 months	\$1,148	3.00%
Isanti County Aging	39 months	\$500	2.76%
Rum River	36 months	\$3,997	3.00%
Minnesota Department of Human Services	36 months	\$2,452 - \$2,675	3.00%
Mondo's Pet Store	48 months	\$3,415 - \$3,579	3.00%

The only Mall Space lease which has renewal options is the lease with the Minnesota Department of Human Services. The City does not believe that it is reasonably certain that the options will be exercised and therefore, the options are not included in the lease receivable. The lease receivables are measured at the present value of the future minimum lease payments expected to be received during the lease term at the discount rate listed above which is based on the rate available to finance acquisitions over the same time periods.

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



**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

At December 31, 2023, the City recorded \$1,420,003 in lease receivables and deferred inflows of resources for these arrangements.

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

Amortization of lease-related deferred inflows	
Antenna leases	\$28,698
Mall space leases	150,662
Library leases	<u>48,337</u>
Total revenue recognized resulting from deferred inflow amortization	227,697
Interest revenue	<u>33,578</u>
Total revenue recognized in relation to leased assets	<u><u>\$261,275</u></u>

**Note 5 UNAVAILABLE REVENUES**

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

	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Total</u>
Major fund:			
General fund	\$65,130	\$ -	\$65,130
Debt service fund	5,673	1,290,850	1,296,523
Nonmajor funds	<u>232</u>	<u>23,723</u>	<u>23,955</u>
Total	<u><u>\$71,035</u></u>	<u><u>\$1,314,573</u></u>	<u><u>\$1,385,608</u></u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**Note 6 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$9,103,951	\$215,266	\$ -	\$9,319,217
Construction in progress	180,218	3,160,889	1,031,648	2,309,459
Total capital assets, not being depreciated	<u>9,284,169</u>	<u>3,376,155</u>	<u>1,031,648</u>	<u>11,628,676</u>
Capital assets, being depreciated:				
Buildings and structures	17,636,096	12,680	-	17,648,776
Vehicles, equipment and furniture	8,611,839	211,287	74,896	8,748,230
Streets, airport runways, bridges and signals	78,639,730	2,074,368	-	80,714,098
Total capital assets, being depreciated	<u>104,887,665</u>	<u>2,298,335</u>	<u>74,896</u>	<u>107,111,104</u>
Less accumulated depreciation for:				
Buildings and structures	4,955,498	551,845	-	5,507,343
Vehicles, equipment and furniture	7,117,172	560,500	74,896	7,602,776
Streets, airport runways, bridges and signals	35,662,309	1,877,009	-	37,539,318
Total accumulated depreciation	<u>47,734,979</u>	<u>2,989,354</u>	<u>74,896</u>	<u>50,649,437</u>
Total capital assets being depreciated - net	<u>57,152,686</u>	<u>(691,019)</u>	<u>-</u>	<u>56,461,667</u>
Governmental activities capital assets - net	<u>\$66,436,855</u>	<u>\$2,685,136</u>	<u>\$1,031,648</u>	<u>\$68,090,343</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$2,718,994	\$ -	\$ -	\$2,718,994
Construction in progress	44,166	1,135,291	1,416	1,178,041
Total capital assets, not being depreciated	<u>2,763,160</u>	<u>1,135,291</u>	<u>1,416</u>	<u>3,897,035</u>
Capital assets, being depreciated:				
Buildings and structures	11,066,595	52,602	-	11,119,197
Machinery and equipment	1,480,355	522,362	239,400	1,763,317
Distribution and collection systems	88,550,509	4,099,861	-	92,650,370
Total capital assets, being depreciated	<u>101,097,459</u>	<u>4,674,825</u>	<u>239,400</u>	<u>105,532,884</u>
Less accumulated depreciation for:				
Buildings and structures	5,593,595	292,200	-	5,885,795
Machinery and equipment	1,146,705	116,441	239,400	1,023,746
Distribution and collection systems	41,368,145	2,665,739	-	44,033,884
Total accumulated depreciation	<u>48,108,445</u>	<u>3,074,380</u>	<u>239,400</u>	<u>50,943,425</u>
Total capital assets being depreciated - net	<u>52,989,014</u>	<u>1,600,445</u>	<u>0</u>	<u>54,589,459</u>
Business-type activities capital assets - net	<u>\$55,752,174</u>	<u>\$2,735,736</u>	<u>\$1,416</u>	<u>\$58,486,494</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

---

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$163,842
Economic Development	77,821
Public safety	203,477
Public works, including depreciation of general infrastructure assets	<u>2,544,214</u>
Total depreciation expense - governmental activities	<u><u>\$2,989,354</u></u>
Business-type activities:	
Water	\$856,157
Wastewater	1,653,458
Storm sewer	453,069
Liquor store	66,440
Housing	<u>45,256</u>
Total depreciation expense - business-type activities	<u><u>\$3,074,380</u></u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**Note 7 LONG-TERM DEBT**

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

As of December 31, 2023, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/2023
<u>Governmental Activities:</u>					
G.O. Improvement Bonds:					
Improvement Bonds of 2014	2% - 2.375%	5/28/2014	2/1/2025	\$1,601,532	\$225,000
Improvement Bonds of 2016	2% - 3%	5/17/2016	2/1/2027	2,570,000	980,000
Improvement Bonds of 2018	3.00%	5/30/2018	2/1/2029	1,970,000	1,255,000
Improvement Bonds of 2020	2% - 3%	5/28/2020	2/1/2031	385,000	315,000
Improvement Bonds of 2022	3.00%	5/26/2022	2/1/2033	3,780,000	3,780,000
Total G.O. Improvement Bonds				<u>10,306,532</u>	<u>6,555,000</u>
G.O. Sales Tax Revenue Bonds:					
Sales Tax Revenue Bonds of 2019	2% - 3%	12/30/2019	2/1/2040	7,235,000	6,390,000
Sales Tax Revenue Bonds of 2020	2% - 3%	5/28/2020	2/1/2040	3,255,000	2,465,000
Total G.O. Sales Tax Revenue Bonds				<u>10,490,000</u>	<u>8,855,000</u>
Compensated absences payable					655,592
Bond issuance premium					453,329
Total City indebtedness - governmental activities				<u>20,796,532</u>	<u>16,518,921</u>
<u>Business-Type Activities:</u>					
G.O. Revenue Bonds:					
G.O. Wastewater Revenue Note, Series 2013A (PFA Loan)	1.00%	8/13/2013	8/20/2032	\$11,737,686	\$5,777,000
G.O. Water & Sewer Bonds of 2014	2% - 2.375%	5/28/2014	2/1/2025	6,813,466	1,380,000
G.O. Water & Sewer Refunding Bonds of 2016	2% - 3%	5/17/2016	2/1/2027	3,570,000	1,355,000
G.O. Water & Sewer Bonds of 2018	3.00%	5/30/2018	2/1/2029	1,510,000	960,000
G.O. Water & Sewer Bonds of 2019	3% - 4%	7/11/2019	2/1/2039	2,405,000	1,990,000
G.O. Water & Sewer Bonds of 2020	2% - 3%	5/28/2020	2/1/2031	1,835,000	1,515,000
G.O. Storm Sewer Bonds of 2022	3.00%	5/26/2022	2/1/2033	230,000	230,000
Total G.O. Revenue Bonds				<u>28,101,152</u>	<u>13,207,000</u>
Compensated absences payable					261,574
Bond issuance premium					335,396
Total City indebtedness - business type activities				<u>28,101,152</u>	<u>13,803,970</u>
Total City indebtedness				<u>\$48,897,684</u>	<u>\$30,322,891</u>

The G.O. Wastewater Revenue Note, Series 2013A (PFA Loan) is considered a direct borrowing. The PFA Loan contains a provision that in an event of default, the PFA may a) impose a penalty as provided by Minnesota Rules Part 7380.0475, b) to the extent permitted by law, demand immediate payment of the loan, or c) exercise any other remedy available to the PFA.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

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

Year Ending December 31	G.O. Improvement Bonds		G.O. Sales Tax Revenue Bonds		PFA Loan		G.O. Revenue Bonds	
	Governmental Activities		Governmental Activities		Business-Type Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$940,000	\$173,469	\$575,000	\$213,444	\$617,000	\$57,700	\$1,495,000	\$185,439
2025	970,000	143,591	595,000	195,895	623,000	51,600	1,525,000	145,827
2026	875,000	122,475	605,000	177,894	629,000	45,370	855,000	115,200
2027	760,000	100,100	625,000	159,444	635,000	39,080	670,000	94,275
2028	630,000	80,000	645,000	140,394	642,000	32,730	495,000	76,725
2029	645,000	60,875	665,000	120,744	648,000	26,310	515,000	60,450
2030	435,000	44,875	690,000	103,869	654,000	19,830	345,000	47,975
2031	450,000	32,025	405,000	92,919	661,000	13,290	360,000	39,450
2032	420,000	19,200	410,000	84,769	668,000	6,680	150,000	32,850
2033	430,000	6,450	420,000	76,469	-	-	155,000	28,275
2034	-	-	430,000	67,725	-	-	135,000	23,925
2035	-	-	440,000	58,532	-	-	140,000	19,800
2036	-	-	450,000	48,869	-	-	140,000	15,600
2037	-	-	460,000	38,682	-	-	145,000	11,325
2038	-	-	470,000	28,219	-	-	150,000	6,900
2039	-	-	475,000	17,317	-	-	155,000	2,325
2040	-	-	495,000	5,850	-	-	-	-
Total	\$6,555,000	\$783,060	\$8,855,000	\$1,631,035	\$5,777,000	\$292,590	\$7,430,000	\$906,341

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

**CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
G.O. improvement bonds	\$7,150,000	\$ -	\$595,000	\$6,555,000	\$940,000
G.O. sales tax revenue bonds	9,415,000	-	560,000	8,855,000	575,000
Issuance premium	520,785	-	67,456	453,329	-
Total bonds payable	17,085,785	0	1,222,456	15,863,329	1,515,000
Compensated absences	561,275	237,582	143,265	655,592	100,000
Total government activity long-term debt	\$17,647,060	\$237,582	\$1,365,721	\$16,518,921	\$1,615,000
<b>Business-type activities:</b>					
Bonds payable:					
G.O. revenue bonds	\$8,865,000	\$ -	\$1,435,000	\$7,430,000	\$1,495,000
PFA loans	6,387,000	-	610,000	5,777,000	617,000
Issuance premium	417,499	-	82,103	335,396	-
Total bonds payable	15,669,499	0	2,127,103	13,542,396	2,112,000
Compensated absences	297,103	91,172	126,701	261,574	261,574
Total business-type activity long-term liabilities	\$15,966,602	\$91,172	\$2,253,804	\$13,803,970	\$2,373,574

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

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

All long-term bonded indebtedness outstanding at December 31, 2023 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2023 totaled \$4,519.

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

**REVENUE PLEDGED**

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

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of total debt service	Term of Pledge		Principal and Interest paid	Pledged Revenue received
2013 Wastewater Revenue Note	Waste Water Treatment Plant Improvements	Sewer Customer Net Revenue	100%	2013-2032	\$6,069,590	\$673,870	\$2,629,226
2014 GO Bonds	Infrastructure improvements and refund 2007 bonds	Special Assessments	100%	2014-2025	\$230,335	\$116,856	\$64,871
2014 Water & Sewer Bonds	Infrastructure Improvements and refund 2005 & 2007 Bonds and refinance water treatment construction	Water & Sewer Customer Net Revenue	100%	2014-2025	\$1,412,466	\$706,893	\$5,396,230
2016 GO Bonds	Infrastructure Improvements	Special Assessments	100%	2016-2027	\$1,016,950	\$286,200	\$120,843
2016 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2016-2027	\$1,405,925	\$401,325	\$5,396,230
2018 GO Bonds	Infrastructure Improvements	Special Assessments	100%	2018-2028	\$1,371,175	\$230,500	\$108,230
2018 Water & Sewer Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2018-2028	\$1,048,950	\$175,975	\$5,396,230
2019 GO Sales Tax Bonds	Library Acquisition	Local Option Sales Tax	100%	2019-2040	\$7,715,322	\$454,281	\$1,880,011
2019 Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	2019-2039	\$2,527,525	\$167,950	\$2,315,763
2020 Water & Sewer Revenue Bonds	Infrastructure Improvements	Water & Sewer Customer Net Revenue	100%	2019-2039	\$1,675,175	\$203,750	\$5,396,230
2020 Assessment and Sales Tax Bonds	Street Improvements and Library Improvements	Special Assessments Local Options Sales Tax	100%	2020-2040	\$3,115,556	\$380,313	\$1,909,018
2022 Improvement Bonds	Street Improvements	Special Assessments	100%	2021-2033	\$4,374,750	\$133,875	\$66,435
2022 Sewer Revenue Bonds	Infrastructure Improvements	Sewer Customer Net Revenue	100%	2021-2033	\$266,300	\$8,146	\$451,241

---

**Note 8 DEFINED BENEFIT PENSION PLANS - PERA**

**A. PLAN DESCRIPTION**

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

1. General Employees Retirement Fund (GERF)

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

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

**B. BENEFITS PROVIDED**

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

1. GERF Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. PEPFF Benefits

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

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

**C. CONTRIBUTIONS**

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2023 were \$261,821. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2023 were \$280,807. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

1. GERS Pension Costs

At December 31, 2023, the City reported a liability of \$2,348,593 for its proportionate share of GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$64,806.

The net pension liability was measured as of June 30, 2023, 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



**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

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, 2022 through June 30, 2023, 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 0.0398% for the beginning of the period.

City’s proportionate share of the net pension liability	\$2,348,593
State of Minnesota’s proportionate share of the net pension liability associated with the City	64,806
Total	<u><u>\$2,413,399</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$381,700 for its proportionate share of the GERF’s pension expense. In addition, the City recognized an additional \$291 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the GERF.

At December 31, 2023, the City reported its proportionate share of the GERF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$77,129	\$16,603
Changes in actuarial assumptions	389,764	643,729
Net collective between projected and actual investment earnings	-	100,500
Changes in proportion	90,807	41,317
Contributions paid to PERA subsequent to the measurement date	130,560	-
Total	<u><u>\$688,260</u></u>	<u><u>\$802,149</u></u>

The \$130,560 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$77,436
2025	(352,911)
2026	81,975
2027	(50,949)
Thereafter	-
Total	<u><u>(\$244,449)</u></u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

2. PEPFF Pension Costs

At December 31, 2023, the City reported a liability of \$2,070,517 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2023 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.1199% at the end of the measurement period and 0.1150% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2023. 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 \$9 million direct state aid was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$83,382.

City’s proportionate share of the net pension liability	\$2,070,517
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>83,382</u>
Total	<u><u>\$2,153,899</u></u>

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, 2023, the City recognized pension expense of \$624,174 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized an additional (\$5,022) 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 \$10,791 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

At December 31, 2023, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$572,250	\$ -
Changes in actuarial assumptions	2,411,006	2,911,729
Net collective between projected and actual investment earnings	-	109,515
Changes in proportion	88,175	16,673
Contributions paid to PERA subsequent to the measurement date	<u>144,247</u>	<u>-</u>
Total	<u><u>\$3,215,678</u></u>	<u><u>\$3,037,917</u></u>

The \$144,247 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$108,537
2025	29,708
2026	518,846
2027	(121,263)
2028	(502,314)
Thereafter	-
Total	<u><u>\$33,514</u></u>

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

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.25% per year
Investment rate of return	7.00%

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 7.00% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERP and 1.00% for the PEPFF.

**CITY OF CAMBRIDGE, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

---

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

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

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study for GERF was completed in 2022. The assumption changes were adopted by the Board and become effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020 and adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25%	0.75%
Private Market	25%	5.90%
Total	100%	

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the GERP and PEPFF were 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	Current Discount Rate	1% Increase in Discount Rate
Proportionate share of the GERP net pension liability	\$4,154,850	\$2,348,593	\$862,878
Proportionate share of the PEPFF net pension liability	\$4,108,153	\$2,070,517	\$395,308

**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](http://www.mnpera.org).

**I. PENSION EXPENSE**

Pension expense recognized by the City for the fiscal year ended December 31, 2023 is as follows:

GERF	\$381,991
PEPFF	619,152
Fire Relief (note 9)	<u>(10,000)</u>
Total	<u>\$991,143</u>

**Note 9 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF**

**A. PLAN DESCRIPTION**

The Cambridge Firefighter’s Relief Association participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2022 (measurement date), the plan covered 27 active firefighters and 5 vested terminated firefighter whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

**B. BENEFITS PROVIDED**

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

**C. CONTRIBUTIONS**

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$112,396 in fire state aid to the plan for the year ended December 31, 2023. 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, 2023 were \$0. The City’s contributions were equal to the required contributions as set by state statute, if applicable. In addition, the City made voluntary contributions of \$10,000 to the plan.

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**D. PENSION COSTS**

The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The net pension liability (asset) was measured as of December 31, 2022. Previously, the City’s fiscal year-end and the measurement date were the same. However, current year SVF plan information from PERA is not available. The effect of re-reporting SVF plan information is not considered material to the financial statements.

At December 31, 2023, the City reported a net pension liability of \$190,540 for the SVF plan. The following table presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Beginning balance December 31, 2021	\$1,235,835	\$1,434,412	(\$198,577)
Changes for the year:			
Service cost	81,365		81,365
Interest on pension liability	74,359	-	74,359
Actuarial experience(gains)/losses	5,721	-	5,721
Projected investment earnings	-	86,065	(86,065)
Contributions - employer	-	10,000	(10,000)
Contributions - State of MN	-	100,740	(100,740)
Changes in benefit level	124,416	-	124,416
Asset (gain)/loss	-	(299,073)	299,073
Benefit payouts	(155,768)	(155,768)	-
PERA administrative fee	-	(988)	988
Net changes	<u>130,093</u>	<u>(259,024)</u>	<u>389,117</u>
Balance end of year December 31, 2022	<u>\$1,365,928</u>	<u>\$1,175,388</u>	<u>\$190,540</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2023, the City recognized pension expense of (\$10,000).

The net pension liability will be liquidated by the general fund.

**CITY OF CAMBRIDGE, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

At December 31, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$151,175	\$ -
Difference between actual assumptions and actual experience	4,577	22,049
Contributions paid subsequent to the measurement date	<u>10,000</u>	<u>-</u>
Total	<u><u>\$165,752</u></u>	<u><u>\$22,049</u></u>

The \$10,000 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense</u>
2024	\$25,387
2025	45,665
2026	62,651
2027	-
2028	-
Thereafter	-

**E. ACTUARIAL ASSUMPTIONS**

The total pension liability, which was measured as of December 31, 2022, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

There were no changes in actuarial assumptions in 2022.

**F. DISCOUNT RATE**

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



**G. PENSION LIABILITY SENSITIVITY**

The following presents the City’s net pension liability for the SVF plan, calculated using the assumed discount rate, as well as what the City’s net pension liability would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease in Discount Rate (5.0%)</u>	<u>Current Discount Rate (6.0%)</u>	<u>1% Increase in Discount Rate (7.0%)</u>
Net pension liability	\$234,397	\$190,540	\$147,194

**H. PLAN INVESTMENTS**

1. Investment Policy

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

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A and Chapter 353G.

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

2. Asset Allocation

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	35.0%	5.10%
International Stocks	15.0%	5.30%
Bonds	45%	0.75%
Unallocated Cash	5%	0.00%
Total	<u>100%</u>	

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

3. Description of significant investment policy changes during the year

The SBI made no significant changes to their investment policy during fiscal year 2022 for the Statewide Volunteer Firefighter Retirement Plan.

**I. PENSION PLAN FIDUCIARY NET POSITION**

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

**Note 10 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS**

Individual fund interfund receivable and payable balances at December 31, 2023 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major governmental funds:		
EDA Operating Fund	\$10,433	\$ -
Nonmajor governmental funds:		
TIF 6.23 Cambridge Family Apartments Fund	-	4,605
TIF 6.24 Mercantile Hotel Fund	-	5,828
	<u>          </u>	<u>          </u>
Total	<u>\$10,433</u>	<u>\$10,433</u>

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

**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

Transfers in and transfers out during 2023 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$525,000	\$1,140,601
Debt Service Fund	800,000	-
Redevelopment Capital Fund	215,266	-
Local Option Sales Tax Fund	-	800,000
EDA Operating Fund	50,000	-
Nonmajor Funds	<u>1,459,403</u>	<u>1,566,842</u>
Total governmental funds	<u>3,049,669</u>	<u>3,507,443</u>
Proprietary Funds:		
Water	1,232,774	25,000
Wastewater	-	75,000
Municipal liquor	-	675,000
Total proprietary funds	<u>1,232,774</u>	<u>775,000</u>
Total	<u>\$4,282,443</u>	<u>\$4,282,443</u>

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

**Note 11 TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT DISTRICTS**

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 following table reflects values as of December 31, 2023:

	Preserve Housing #6.15	Senior Housing #6.16	Oppidan (Greenburg Motor) #6.17	Main Street Flats #6.18	Roosevelt Gardens #6.20	Heritage Greens #6.21	Unique Opportunities #6.22	Cambridge Family Apartments #6.23	Strong Oak Apartments #6.25
Authorizing law	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469	M.S. 469
Year established	2014	2015	2015	2017	2018	2021	2021	2023	2023
Final year of district	2040	2041	2041	2045	2045	2048	2048	2050	2051
Tax capacity (net):									
Original	\$1,933	\$606	\$19,802	\$4,883	\$1,479	\$4,719	\$1,181	\$3,319	\$1,186
Current (payable 2023)	<u>91,384</u>	<u>43,058</u>	<u>71,314</u>	<u>14,179</u>	<u>86,849</u>	<u>24,758</u>	<u>2,530</u>	<u>3,319</u>	<u>1,186</u>
Captured - retained	<u>\$89,451</u>	<u>\$42,452</u>	<u>\$51,512</u>	<u>\$9,296</u>	<u>\$85,370</u>	<u>\$20,039</u>	<u>\$1,349</u>	<u>\$0</u>	<u>\$0</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

---

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

TIF District #6-15-Preserve Apartment Project

Issued in 2013 in the principal sum of \$1,307,861 with no interest. Principal shall be paid on August 1, 2015 and each February 1 and August 1 thereafter to and including February 1, 2037. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and utilities. Principal payments will be completed by February 1, 2037. The City shall have no obligation to pay any unpaid balance of principal that remain after the final payment on February 1, 2037. The current year payment to the developer amounted to \$107,640. At December 31, 2023, the principal outstanding on the note was \$1,223,286.

TIF District #6-16-Walker Methodist

Issued in 2017 in the principal sum of \$842,950 with interest. Principal shall be paid on August 1, 2019 and each February 1 and August 1 thereafter to and including February 1, 2030. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and utilities. Principal payments 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 \$51,084. At December 31, 2023, the principal outstanding on the note was \$760,173.

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

Issued in 2015 in the principal sum of \$690,637 with interest. Principal shall be paid on August 1, 2018 and each February 1 and August 1 thereafter to and including February 1, 2034. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and utilities. Principal payments will be completed by February 1, 2034. The City shall have no obligation to pay any unpaid balance of principal that remains after the final payment on February 1, 2034. The current year payment to the developer amounted to \$61,986. At December 31, 2023, the principal outstanding on the note was \$494,432.

TIF District #6-18-Main Street Flats

Issued in 2018 in the principal sum of \$334,000 with interest. Principal shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 2046. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 95% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and utilities. Principal payments will be completed by February 1, 2046. The City shall have no obligation to pay any unpaid balance of principal that remains after the final payment on February 1, 2046. The current year payment to the developer amounted to \$11,808. At December 31, 2023, the principal outstanding on the note was \$331,194.

TIF District #6-20-Roosevelt Garden Estate

Issued in 2018 in the principal sum of \$746,000 with interest. Principal shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 2046. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 95% of all tax increment received in the prior six months. The payment reimburses the developer for site improvements, land acquisition, and utilities. Principal payments will be completed by February 1, 2046. The City shall have no obligation to pay any unpaid balance of principal that remains after the final payment on February 1, 2046. The current year payment to the developer amounted to \$108,438. At December 31, 2023, the principal outstanding on the note was \$700,485.

TIF District #6-21-Heritage Greens

Issued in 2020, the City signed an agreement with a developer to reimburse the developer for public development costs paid under the terms of three pay-as-you go notes for a total of \$3,995,000. Payments are payable solely from available tax increment derived from the developed property paid to the City. The pay-as-you-go note provides payments to the developer equal to 95% of all tax increment received in the prior six months. The current year payment to the developer amounted to \$31,460 for accumulated interest on the pay-as-you-go note. At December 31, 2023, the principal outstanding on the note was \$3,995,000.

TIF District #6-22 – Unique Opportunities

As of December 31, 2023, documentation of the reimbursable costs has not yet been received and thus the amounts are not yet due to the developer.

TIF District #6-23 – Cambridge Family Apartments

As of December 31, 2023, documentation of the reimbursable costs has not yet been received and thus the amounts are not yet due to the developer.

TIF District #6-25 – Strong Oak Apartments

As of December 31, 2023, documentation of the reimbursable costs has not yet been received and thus the amounts are not yet due to the developer.

---

**Note 12 DEFICIT FUND BALANCES/NET POSITION**

The City has deficit fund balances/net position at December 31, 2023 as follows:

Fund	Amount
Other Governmental Funds:	
TIF 6.23 Cambridge Family Apartments Fund	(\$4,605)
TIF 6.24 Mercantile Hotel Fund	(5,828)
Internal Service Fund:	
Pension Benefits	(4,355,238)

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

**Note 13 COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

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

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

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

The City continues to carry commercial insurance for all other risks of loss, including employee health and disability insurance. For employee health insurance coverage, the City provides employees with deductibles up to \$750 for single coverage and \$1,500 for family coverage.

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.

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.

**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. COMMITTED CONTRACTS**

As of December 31, 2023, the City had the following commitments for uncompleted construction contracts:

<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
Runway Reconstruction	\$1,737,458	\$266,473
Well #9	<u>1,400,463</u>	<u>364,210</u>
Total	<u><u>\$3,137,921</u></u>	<u><u>\$630,683</u></u>

**F. OPTION AGREEMENT**

Effective October 26, 2023, the City entered into an option agreement to purchase approximately 125 acres of land for \$4,000,000. In consideration for the seller granting the option, the City made a \$100,000 non-refundable payment which shall be applied to the purchase price if the City exercises the option. The option period expires October 26, 2024 but may be extended six months at the cost of an additional \$50,000 option payment.

**Note 14 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT**

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

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2023. Future scheduled tax levies for all bonds outstanding at December 31, 2023 totaled \$4,217,790.



**CITY OF CAMBRIDGE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2023

**Note 15 FUND BALANCE**

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

**A. CLASSIFICATIONS**

At December 31, 2023 a summary of the governmental fund balance classifications are as follows:

	General Fund	Debt Service Fund	Redevelopment Capital Fund	Local Option Sales Tax Fund	Airport Improvement Fund	EDA Operating Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>								
Prepaid items	\$584,769	\$ -	\$ -	\$ -	\$ -	\$2,646	\$1,088	\$588,503
Inventory	-	-	-	-	-	-	18,420	18,420
Total nonspendable	<u>584,769</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,646</u>	<u>19,508</u>	<u>606,923</u>
<b>Restricted for:</b>								
Tax increment	-	-	-	-	-	-	206,955	206,955
Debt service	-	2,835,221	-	-	-	-	-	2,835,221
Police admin fines program	-	-	-	-	-	-	24,491	24,491
Police forfeiture	-	-	-	-	-	-	8,960	8,960
CI bike trail capital	-	-	-	-	-	-	164,073	164,073
CI bike trail operations	-	-	-	-	-	-	43,669	43,669
Local option sales tax	-	-	-	3,501,941	-	-	-	3,501,941
Park Dedication	-	-	-	-	-	-	370,459	370,459
Public safety operations	-	-	-	-	-	-	431,564	431,564
Public safety equipment	-	-	-	-	-	-	66,750	66,750
Total restricted	<u>0</u>	<u>2,835,221</u>	<u>0</u>	<u>3,501,941</u>	<u>0</u>	<u>0</u>	<u>1,316,921</u>	<u>7,654,083</u>
<b>Committed for:</b>								
Compensated absences	655,592	-	-	-	-	-	-	655,592
<b>Assigned for:</b>								
Nonmajor funds capital projects	-	-	-	-	-	-	8,558,321	8,558,321
Redevelopment	-	-	2,345,920	-	-	-	-	2,345,920
Economic development	-	-	-	-	-	120,551	117,918	238,469
Airport capital projects	-	-	-	-	175,624	-	-	175,624
Airport operations	-	-	-	-	-	-	35,303	35,303
Downtown Revolving Loan Fund	-	-	-	-	-	-	30,259	30,259
Cambridge Economic Development	-	-	-	-	-	-	108,818	108,818
Downtown Grant Program	-	-	-	-	-	-	152,640	152,640
Housing Programs	-	-	-	-	-	-	75,733	75,733
Total assigned	<u>0</u>	<u>0</u>	<u>2,345,920</u>	<u>0</u>	<u>175,624</u>	<u>120,551</u>	<u>9,078,992</u>	<u>11,721,087</u>
Unassigned	3,273,101	-	-	-	-	-	(10,433)	3,262,668
<b>Total</b>	<u>\$4,513,462</u>	<u>\$2,835,221</u>	<u>\$2,345,920</u>	<u>\$3,501,941</u>	<u>\$175,624</u>	<u>\$123,197</u>	<u>\$10,404,988</u>	<u>\$23,900,353</u>

**B. MINIMUM UNASSIGNED FUND BALANCE POLICY**

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

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

At December 31, 2023, the unassigned fund balance of the General Fund was \$3,273,101, compared to its targeted unassigned fund balance ranging from \$2,736,864 to \$4,282,609 on the above policy.

**Note 16 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

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

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

**Note 17 CONDUIT DEBT**

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

As of December 31, 2023, there was one series of Senior Housing Revenue Bonds outstanding. The aggregate issued amount was \$13,210,000 with a final payment date of March 2052. The balance outstanding at December 31, 2023 was \$12,495,000.

**Note 18 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. 99 *Omnibus 2022*.** The provisions of this Statement contain multiple effective dates, the next implementation date being for fiscal years beginning after June 15, 2023.

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

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

**Statement No. 102 *Certain Risk Disclosures*.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2024.

The effect these standards may have on future financial statements is not determinable at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CAMBRIDGE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2023  
With Comparative Actual Amounts For The Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Revenues:					
General property taxes:					
Current	\$5,525,620	\$5,614,171	\$5,614,172	\$1	\$5,547,627
Delinquent	30,000	28,054	28,055	1	44,584
Penalties, interest and other	1,544	2,321	2,321	-	1,513
Total general property taxes	5,557,164	5,644,546	5,644,548	2	5,593,724
Licenses and permits	337,850	715,409	715,411	2	678,365
Intergovernmental:					
Federal	-	6,538	6,539	1	6,742
State:					
Local government aid	1,120,317	1,111,338	1,111,338	-	1,059,979
Municipal state aid	50,000	50,000	50,000	-	50,000
State aid - police	150,000	187,671	187,672	1	144,241
State aid - fire	-	112,395	112,396	1	99,740
Other	8,273	25,256	25,257	1	5,910
County:					
Highway aid	5,000	6,862	6,862	-	5,732
Local:					
ISD #911	136,000	151,464	151,465	1	146,091
Total intergovernmental	1,469,590	1,651,524	1,651,529	5	1,518,435
Charges for services:					
General government	12,200	78,382	78,385	3	22,433
Public safety	127,411	175,651	175,651	-	127,312
Public works	80,708	81,844	81,844	-	84,883
Total charges for services	220,319	335,877	335,880	3	234,628
Fines and forfeits	42,000	57,169	57,170	1	48,782
Miscellaneous:					
Investment income (loss)	5,000	145,039	145,039	-	(6,501)
Patronage	200	1,007	1,007	-	584
Contributions and donations	2,000	800	800	-	4,565
Other	-	1,009	1,009	-	6,110
Total miscellaneous	7,200	147,855	147,855	0	4,758
Total revenues	7,634,123	8,552,380	8,552,393	13	8,078,692

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, 2023  
 With Comparative Actual Amounts For The Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Expenditures:					
General government:					
Mayor and city council:					
Current:					
Personal services	\$32,360	\$32,300	\$32,297	\$3	\$32,301
Materials and supplies	850	250	250	-	442
Other charges and services	4,250	4,518	4,516	2	2,324
Miscellaneous	27,000	24,504	24,503	1	23,805
Total mayor and city council	64,460	61,572	61,566	6	58,872
Administration:					
Current:					
Personal services	321,530	308,965	308,962	3	275,054
Materials and supplies	13,750	6,277	6,275	2	9,873
Other charges and services	49,200	38,312	38,307	5	13,837
Miscellaneous	40,650	46,719	46,718	1	40,001
Total administration	425,130	400,273	400,262	11	338,765
Elections:					
Current:					
Personal services	-	-	-	-	5,191
Materials and supplies	-	-	-	-	17
Other charges and services	-	-	-	-	367
Miscellaneous	3,200	4,355	4,355	-	2,012
Total elections	3,200	4,355	4,355	0	7,587
Finance:					
Current:					
Personal services	275,833	276,310	276,304	6	258,517
Materials and supplies	9,600	5,933	5,930	3	5,853
Other charges and services	60,940	57,849	57,848	1	53,614
Miscellaneous	23,500	17,951	17,951	-	19,846
Total finance	369,873	358,043	358,033	10	337,830
Legal:					
Current:					
General legal	76,000	51,494	51,494	-	66,447
Prosecution services	50,000	50,001	50,000	1	45,293
Total legal	126,000	101,495	101,494	1	111,740
Building:					
Current:					
Personal services	306,205	291,024	291,020	4	185,860
Materials and supplies	10,800	6,161	6,155	6	5,964
Other charges and services	12,650	40,816	40,813	3	254,403
Miscellaneous	8,850	9,058	9,057	1	3,781
Total building	338,505	347,059	347,045	14	450,008

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, 2023  
 With Comparative Actual Amounts For The Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Expenditures (continued):					
Engineering:					
Current:					
Contractual services	\$40,000	\$35,654	\$35,654	\$ -	\$32,575
Planning:					
Current:					
Personal services	287,852	284,659	284,659	-	241,756
Materials and supplies	14,950	4,376	4,374	2	5,846
Other charges and services	23,880	17,322	17,320	2	15,902
Miscellaneous	16,300	7,130	7,128	2	5,755
Total planning	342,982	313,487	313,481	6	269,259
City hall building:					
Current:					
Personal services	47,597	44,779	44,778	1	43,966
Materials and supplies	10,700	8,541	8,541	-	5,698
Other charges and services	47,600	43,535	43,532	3	44,024
Miscellaneous	54,299	34,411	34,409	2	46,162
Total city hall building	160,196	131,266	131,260	6	139,850
Total general government	1,870,346	1,753,204	1,753,150	54	1,746,486
Public safety:					
Police:					
Current:					
Personal services	2,654,097	2,423,364	2,423,363	1	2,286,207
Materials and supplies	132,100	131,413	131,411	2	127,981
Other charges and services	124,500	124,714	124,707	7	123,175
Miscellaneous	68,450	78,375	78,372	3	60,425
Total police	2,979,147	2,757,866	2,757,853	13	2,597,788
Fire protection:					
Current:					
Personal services	279,180	298,706	298,705	1	239,460
Materials and supplies	60,250	88,504	88,501	3	67,081
Other charges and services	64,650	177,991	177,986	5	159,279
Miscellaneous	26,200	34,695	34,693	2	21,811
Total fire protection	430,280	599,896	599,885	11	487,631
Emergency management:					
Current:					
Materials and supplies	2,100	1,562	1,562	-	2,444
Other charges and services	300	-	-	-	-
Miscellaneous	2,200	1,802	1,802	-	1,452
Total emergency management	4,600	3,364	3,364	0	3,896
Animal control:					
Current:					
Other charges and services	5,000	4,800	4,800	-	4,800
Total public safety	3,419,027	3,365,926	3,365,902	24	3,094,115

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, 2023  
 With Comparative Actual Amounts For The Year Ended December 31, 2022

**Statement 9**  
**Page 4 of 4**

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Expenditures (continued):					
Public works:					
Street maintenance:					
Current:					
Personal services	\$1,165,677	\$1,160,495	\$1,160,488	\$7	\$1,019,376
Materials and supplies	255,900	331,809	331,804	5	288,735
Other charges and services	62,300	70,738	70,734	4	61,432
Miscellaneous	141,300	118,935	118,929	6	109,301
Total street maintenance	<u>1,625,177</u>	<u>1,681,977</u>	<u>1,681,955</u>	<u>22</u>	<u>1,478,844</u>
Parks operation and maintenance:					
Current:					
Personal services	313,862	252,087	252,080	7	229,474
Materials and supplies	58,000	76,789	76,788	1	60,799
Other charges and services	129,900	103,403	103,402	1	92,256
Miscellaneous	70,800	62,094	62,092	2	55,369
Total parks operation and maintenance	<u>572,562</u>	<u>494,373</u>	<u>494,362</u>	<u>11</u>	<u>437,898</u>
Library operations					
Current:					
Materials and supplies	9,500	9,185	9,183	2	6,940
Other charges and services	49,800	52,627	52,624	3	48,868
Miscellaneous	69,500	64,087	64,086	1	62,125
Total library operations	<u>128,800</u>	<u>125,899</u>	<u>125,893</u>	<u>6</u>	<u>117,933</u>
Total public works	<u>2,326,539</u>	<u>2,302,249</u>	<u>2,302,210</u>	<u>39</u>	<u>2,034,675</u>
Total expenditures	<u>7,615,912</u>	<u>7,421,379</u>	<u>7,421,262</u>	<u>117</u>	<u>6,875,276</u>
Revenues over expenditures	<u>18,211</u>	<u>1,131,001</u>	<u>1,131,131</u>	<u>130</u>	<u>1,203,416</u>
Other financing sources (uses):					
Sale of property	-	5,033	5,033	-	-
Transfers in	525,000	525,000	525,000	-	625,000
Transfers out	(543,211)	(1,140,601)	(1,140,601)	-	(1,659,768)
Total other financing sources (uses)	<u>(18,211)</u>	<u>(610,568)</u>	<u>(610,568)</u>	<u>0</u>	<u>(1,034,768)</u>
Net change in fund balance	<u>\$0</u>	<u>\$520,433</u>	<u>520,563</u>	<u>\$130</u>	<u>168,648</u>
Fund balance - January 1			<u>3,992,899</u>		<u>3,824,251</u>
Fund balance - December 31			<u>\$4,513,462</u>		<u>\$3,992,899</u>

See accompany notes to the required supplementary information.



**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, 2023**  
**With Comparative Actual Amounts For The Year Ended December 31, 2022**

**Statement 10**

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual
	Original	Final			
Revenues:					
Investment income (loss)	\$ -	\$17,368	\$17,369	\$1	(\$8,661)
Charges for services:					
Rents	180,000	195,844	195,845	1	187,493
Total revenues	<u>180,000</u>	<u>213,212</u>	<u>213,214</u>	<u>2</u>	<u>178,832</u>
Expenditures:					
Current:					
Economic development	325,528	267,641	262,120	5,521	309,037
Capital outlay:					
Economic development	480,000	458,598	458,597	1	14,104
Total expenditures	<u>805,528</u>	<u>726,239</u>	<u>720,717</u>	<u>5,522</u>	<u>323,141</u>
Revenues over (under) expenditures	<u>(625,528)</u>	<u>(513,027)</u>	<u>(507,503)</u>	<u>5,524</u>	<u>(144,309)</u>
Other financing sources (uses):					
Transfers from other funds	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>350,000</u>
Net change in fund balance	<u>(\$575,528)</u>	<u>(\$463,027)</u>	<u>(457,503)</u>	<u>\$5,524</u>	<u>205,691</u>
Fund balance - January 1			<u>580,700</u>		<u>375,009</u>
Fund balance - December 31			<u>\$123,197</u>		<u>\$580,700</u>

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

**Statement 11**

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Percentage of the Net Pension Liability	City's Proportionate Amount of the Net Pension Liability (a)	State's Proportionate Amount of the Net Pension Liability Associated with the City (b)	Total (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0430%	\$2,228,483	\$ -	\$2,228,483	\$2,530,509	88.1%	78.2%
2016	2016	0.0400%	3,247,802	42,499	3,290,301	2,484,980	132.4%	68.9%
2017	2017	0.0426%	2,719,556	34,212	2,753,768	2,745,659	100.3%	75.9%
2018	2018	0.0407%	2,257,869	74,000	2,331,869	2,732,299	85.3%	79.5%
2019	2019	0.0404%	2,233,626	69,497	2,303,123	2,861,670	80.5%	80.2%
2020	2020	0.0412%	2,470,128	76,044	2,546,172	2,935,352	86.7%	79.1%
2021	2021	0.0420%	1,793,588	54,794	1,848,382	3,023,679	61.1%	87.0%
2022	2022	0.0398%	3,152,173	92,487	3,244,660	2,982,373	108.8%	76.7%
2023	2023	0.0420%	2,348,593	64,806	2,413,399	3,341,422	72.2%	83.1%

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

**CITY OF CAMBRIDGE, MINNESOTA**

## REQUIRED SUPPLEMENTARY INFORMATION

**Statement 12**

## SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND

For the Last Ten Years\*

---

Fiscal Year Ending December 31	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)
2015	\$192,156	\$192,156	\$ -	\$2,562,080	7.50%
2016	192,348	192,348	-	2,564,628	7.50%
2017	199,412	199,412	-	2,658,818	7.50%
2018	209,970	209,970	-	2,799,606	7.50%
2019	218,808	218,808	-	2,917,435	7.50%
2020	223,842	223,842	-	2,984,550	7.50%
2021	224,741	224,741	-	2,996,548	7.50%
2022	233,374	233,374	-	3,111,651	7.50%
2023	261,821	261,821	-	3,490,944	7.50%

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

See accompanying notes to the required supplementary information.

**CITY OF CAMBRIDGE, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
 PUBLIC EMPLOYEES POLICE AND FIRE FUND  
 For the Last Ten Years\*

**Statement 13**

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Percentage of the Net Pension Liability	City's Proportionate Amount of the Net Pension Liability (a)	State's Proportionate Amount of the Net Pension Liability Associated with the City (b)	Total (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.1160%	\$1,318,031	\$ -	\$1,318,031	\$1,057,915	124.6%	86.6%
2016	2016	0.1150%	4,615,150	-	4,615,150	1,107,053	416.9%	63.9%
2017	2017	0.1150%	1,552,637	-	1,552,637	1,181,042	131.5%	85.4%
2018	2018	0.1116%	1,189,541	-	1,189,541	1,175,719	101.2%	88.8%
2019	2019	0.1154%	1,228,550	-	1,228,550	1,216,964	101.0%	89.3%
2020	2020	0.1144%	1,507,914	35,525	1,543,439	1,289,756	116.9%	87.2%
2021	2021	0.1139%	879,187	39,519	918,706	1,345,984	65.3%	93.7%
2022	2022	0.1150%	5,004,346	218,574	5,222,920	1,396,787	358.3%	70.5%
2023	2023	0.1199%	2,070,517	83,382	2,153,899	1,574,224	131.5%	86.5%

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

**- This page intentionally left blank -**

**CITY OF CAMBRIDGE, MINNESOTA**

## REQUIRED SUPPLEMENTARY INFORMATION

**Statement 14**

## SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND

For the Last Ten Years\*

Fiscal Year Ending December 31	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)
2015	\$183,786	\$183,786	\$ -	\$1,134,481	16.20%
2016	177,542	177,542	-	1,095,933	16.20%
2017	195,022	195,022	-	1,203,838	16.20%
2018	191,209	191,209	-	1,180,304	16.20%
2019	208,415	208,415	-	1,229,583	16.95%
2020	238,672	238,672	-	1,348,443	17.70%
2021	232,861	232,861	-	1,315,596	17.70%
2022	273,593	273,593	-	1,545,721	17.70%
2023	280,807	280,807	-	1,586,483	17.70%

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

See accompanying notes to the required supplementary information.

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

Fiscal year ending - December 31, Measurement date - December 31,	2023 & 2022**	2021
	2022	2021
<b>Total pension liability:</b>		
Service cost	\$81,365	\$65,102
Interest on pension liability	74,359	74,963
Changes of benefit terms	5,721	-
Differences between expected and actual experience	-	(33,412)
Changes of assumptions	-	-
Changes in benefit level	124,416	-
Benefit payments, including refunds of employee contributions	(155,768)	(110,200)
<b>Net change in total pension liability</b>	<b>130,093</b>	<b>(3,547)</b>
<b>Total pension liability - beginning</b>	<b>1,235,835</b>	<b>1,239,382</b>
<b>Total pension liability - ending (a)</b>	<b>\$1,365,928</b>	<b>\$1,235,835</b>
<b>Plan fiduciary net position:</b>		
Contributions - employer	\$10,000	\$20,000
Contributions - State of Minnesota	100,740	89,927
Adjustment to initial asset transfer	-	-
Net investment income	(213,008)	121,890
Benefit payments, including refunds of employee contributions	(155,768)	(110,200)
Administrative expense	(988)	(1,002)
Other	-	-
<b>Net change in plan fiduciary net position</b>	<b>(259,024)</b>	<b>120,615</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,434,412</b>	<b>1,313,797</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$1,175,388</b>	<b>\$1,434,412</b>
<b>Net pension liability/(asset) - ending (a) - (b)</b>	<b>\$190,540</b>	<b>(\$198,577)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>86.05%</b>	<b>116.07%</b>
<b>Covered-employee payroll***</b>	<b>Not Available</b>	<b>Not Available</b>
<b>Net pension liability as a percentage of covered employee payroll***</b>	<b>Not Available</b>	<b>Not Available</b>

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

\*\*Prior to 2023, the fiscal year end and measurement date were the same. However, 2023 SVF plan information from PERA is not available and therefore, 2022 amounts were re-reported in the City's 2023 ACFR.

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

2020	2019	2018	2017	2016	2015
2020	2019	2018	2017	2016	2015
\$67,501	\$58,600	\$53,722	\$48,503	\$48,584	\$48,584
64,605	54,709	44,374	41,410	38,415	33,762
-	-	-	-	-	-
(2,136)	(5,744)	(26,499)	(19,056)	(10,313)	(4,803)
-	-	-	-	-	-
131,570	99,009	114,885	-	-	-
(62,824)	(38,240)	-	(53,360)	-	-
198,716	168,334	186,482	17,497	76,686	77,543
1,040,666	872,332	685,850	668,353	591,667	514,124
<u>\$1,239,382</u>	<u>\$1,040,666</u>	<u>\$872,332</u>	<u>\$685,850</u>	<u>\$668,353</u>	<u>\$591,667</u>
\$ -	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
85,434	79,489	78,549	74,729	74,946	77,120
-	-	-	-	-	3,438
166,777	167,200	(36,025)	93,813	42,669	1,269
(62,824)	(38,240)	-	(53,360)	-	-
(976)	(1,008)	(951)	(823)	(946)	(918)
-	-	-	-	-	-
188,411	217,441	51,573	124,359	126,669	90,909
1,125,386	907,945	856,372	732,013	605,344	514,435
<u>\$1,313,797</u>	<u>\$1,125,386</u>	<u>\$907,945</u>	<u>\$856,372</u>	<u>\$732,013</u>	<u>\$605,344</u>
<u>(\$74,415)</u>	<u>(\$84,720)</u>	<u>(\$35,613)</u>	<u>(\$170,522)</u>	<u>(\$63,660)</u>	<u>(\$13,677)</u>
106.00%	108.14%	104.08%	124.86%	109.52%	102.31%
Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Not Available	Not Available	Not Available	Not Available	Not Available	Not Available

See accompanying notes to the required supplementary information.



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

**Statement 16**

Fiscal Year Ending December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
2015	\$992	\$10,000	(\$9,008)	(2)	(2)
2016	-	10,000	(10,000)	(2)	(2)
2017	-	10,000	(10,000)	(2)	(2)
2018	-	10,000	(10,000)	(2)	(2)
2019	-	10,000	(10,000)	(2)	(2)
2020	-	-	-	(2)	(2)
2021	-	20,000	(20,000)	(2)	(2)
2022	-	10,000	(10,000)	(2)	(2)
2023	-	10,000	(10,000)	(2)	(2)

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

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

**Note A    LEGAL COMPLIANCE – BUDGETS**

The General and EDA Operating Fund budgets are 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 at the fund level for the EDA Operating Special Revenue Fund.

**Note B    PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

*2023 Changes*

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

*2022 Changes*

Changes in Actuarial Assumptions:

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

*2021 Changes*

Changes in Actuarial Assumptions

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

*2020 Changes*

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

**CITY OF CAMBRIDGE, MINNESOTA**  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO RSI  
December 31, 2023

---

*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% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

*2017 Changes*

Changes in Actuarial Assumptions:

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

*2016 Changes*

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return and single discount rate were changed from 7.9% to 7.5%.
- 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% to 3.25% for payroll growth and 2.50% for inflation.

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

*2023 Changes*

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

*2022 Changes*

Changes in Actuarial Assumptions

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

*2021 Changes*

Changes in Actuarial Assumptions

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

*2020 Changes*

Changes in Actuarial Assumptions:

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

*2019 Changes*

Changes in Actuarial Assumptions

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

Changes in the Plan Provisions

- There have been no changes since the prior valuation.

*2018 Changes*

Changes in Actuarial Assumptions:

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

*2017 Changes*

Changes in Actuarial Assumptions:

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

**CITY OF CAMBRIDGE, MINNESOTA**  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO RSI  
December 31, 2023

---

- Assumed termination rates were decreased to 3.0% 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% to 60%.
- 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% for all years to 1.00% per year through 2064 and 2.50% thereafter.

*2016 Changes*

Changes in Actuarial Assumptions:

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

**Single Employer – Fire Relief Association**

There have been no significant changes in actuarial assumptions or plan provisions to this plan. Details can be obtained from the financial reports of the Fire Relief Association.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES**

**- This page intentionally left blank -**

**NONMAJOR GOVERNMENTAL FUNDS**



**- This page intentionally left blank -**

### SPECIAL REVENUE FUNDS

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

### CAPITAL PROJECT FUNDS

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

**- This page intentionally left blank -**

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

**Statement 17**

December 31, 2023

With Comparative Totals For December 31, 2022

	Special	Capital	Total Nonmajor Governmental Funds	
	Revenue	Project	2023	2022
<b>Assets:</b>				
Cash and investments	\$1,087,832	\$9,601,338	\$10,689,170	\$9,987,155
Due from other governmental units	9,089	-	9,089	160,706
Accounts receivable	-	250	250	-
Property taxes receivable:				
Delinquent	-	232	232	257
Prepaid items	1,088	-	1,088	1,043
Inventory	18,420	-	18,420	9,952
Interfund receivable	-	-	-	2,559
Loan receivable	34,057	-	34,057	57,932
Lease receivable	-	-	-	669,755
Special assessments receivable:				
Deferred	-	23,723	23,723	27,315
<b>Total assets</b>	<b>\$1,150,486</b>	<b>\$9,625,543</b>	<b>\$10,776,029</b>	<b>\$10,916,674</b>
<b>Liabilities:</b>				
Accounts payable	\$129	\$324,067	\$324,196	\$46,501
Contracts payable	-	-	-	5,506
Interfund payable	10,433	-	10,433	2,559
Deposits payable	12,457	-	12,457	22,034
Unearned revenue	-	-	-	1,012,774
<b>Total liabilities</b>	<b>23,019</b>	<b>324,067</b>	<b>347,086</b>	<b>1,089,374</b>
<b>Deferred inflows of resources:</b>				
Related to leases	-	-	-	669,755
Unavailable revenue	-	23,955	23,955	27,572
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>23,955</b>	<b>23,955</b>	<b>697,327</b>
<b>Fund balance:</b>				
Nonspendable	19,508	-	19,508	10,995
Restricted	715,639	601,282	1,316,921	383,395
Assigned	402,753	8,676,239	9,078,992	8,739,322
Unassigned	(10,433)	-	(10,433)	(3,739)
<b>Total fund balance</b>	<b>1,127,467</b>	<b>9,277,521</b>	<b>10,404,988</b>	<b>9,129,973</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$1,150,486</b>	<b>\$9,625,543</b>	<b>\$10,776,029</b>	<b>\$10,916,674</b>

**CITY OF CAMBRIDGE, MINNESOTA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

**Statement 18**

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2023

With Comparative Totals For The Year Ended December 31, 2022

	Special	Capital	Total Nonmajor Governmental Funds	
	Revenue	Project	2023	2022
Revenues:				
General property taxes	\$ -	\$15	\$15	\$ -
Tax increment collections	406,713	-	406,713	378,706
Intergovernmental	1,476,484	665,031	2,141,515	537,056
Special assessments	-	3,808	3,808	107,926
Charges for services	16,157	49,610	65,767	261,925
Connection, facility, and area charges	-	693,841	693,841	232,641
Investment income (loss)	26,242	370,535	396,777	(137,856)
Sale of merchandise and property	75,068	-	75,068	74,896
Park dedication fees	-	340,800	340,800	20,761
Direct charges to developers	-	11,002	11,002	4,956
Contributions and donations	-	135,850	135,850	22,297
Miscellaneous	27,000	-	27,000	75,733
Total revenues	<u>2,027,664</u>	<u>2,270,492</u>	<u>4,298,156</u>	<u>1,579,041</u>
Expenditures:				
Current:				
Public safety	-	1,878	1,878	-
Public works	148,943	434,939	583,882	356,243
Economic development	383,300	-	383,300	738,997
Capital outlay:				
General government	-	26,239	26,239	85,159
Public safety	-	142,613	142,613	64,789
Public works	-	55,114	55,114	294,921
Construction/acquisition costs	-	892,448	892,448	562,318
Total expenditures	<u>532,243</u>	<u>1,553,231</u>	<u>2,085,474</u>	<u>2,102,427</u>
Revenues over (under) expenditures	<u>1,495,421</u>	<u>717,261</u>	<u>2,212,682</u>	<u>(523,386)</u>
Other financing sources (uses):				
Sale of property	-	18,150	18,150	138,538
Transfers in	6,660	1,452,743	1,459,403	2,644,678
Transfers out	(1,002,774)	(564,068)	(1,566,842)	(163,311)
Total other financing sources (uses)	<u>(996,114)</u>	<u>906,825</u>	<u>(89,289)</u>	<u>2,619,905</u>
Net change in fund balance	499,307	1,624,086	2,123,393	2,096,519
Fund balance - January 1	<u>628,160</u>	<u>7,653,435</u>	<u>8,281,595</u>	<u>7,033,454</u>
Fund balance - December 31	<u>\$1,127,467</u>	<u>\$9,277,521</u>	<u>\$10,404,988</u>	<u>\$9,129,973</u>
Reconciliation of beginning fund balance to prior year ending fund balance:				
Prior year ending fund balance reported above				9,129,973
Less prior year ending fund balance for funds reported as nonmajor in prior year, major in current year:				
EDA Operating Fund				(580,700)
Airport Improvement Fund				(267,678)
Current year beginning fund balance				<u>\$8,281,595</u>

## NONMAJOR SPECIAL REVENUE FUNDS

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

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.

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

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

Minnesota Public Safety Fund – This fund was established to account for the activity related to one-time appropriation from the State of Minnesota to aid in public safety.

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

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

**- This page intentionally left blank -**

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

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

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

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

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

TIF 6.25 Strong Oak Apartments Fund – This fund is used to account for the accumulation of resources and the costs related to the TIF 6.25 – Strong Oak Apartments.

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.

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



**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

	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
<b>Assets:</b>					
Cash and investments	\$8,960	\$26,263	\$24,571	\$87,775	\$17,245
Due from other governmental units	-	9,089	-	-	-
Prepaid items	-	1,088	-	-	-
Inventory	-	18,420	-	-	-
Loan receivable	-	-	-	21,043	13,014
Lease receivable	-	-	-	-	-
Total assets	<u>\$8,960</u>	<u>\$54,860</u>	<u>\$24,571</u>	<u>\$108,818</u>	<u>\$30,259</u>
<b>Liabilities:</b>					
Accounts payable	\$ -	\$49	\$80	\$ -	\$ -
Contracts payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>0</u>	<u>49</u>	<u>80</u>	<u>0</u>	<u>0</u>
<b>Deferred inflows of resources:</b>					
Related to leases	-	-	-	-	-
<b>Fund balance:</b>					
Nonspendable	-	19,508	-	-	-
Restricted	8,960	-	24,491	-	-
Assigned	-	35,303	-	108,818	30,259
Unassigned	-	-	-	-	-
Total fund balance	<u>8,960</u>	<u>54,811</u>	<u>24,491</u>	<u>108,818</u>	<u>30,259</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$8,960</u>	<u>\$54,860</u>	<u>\$24,571</u>	<u>\$108,818</u>	<u>\$30,259</u>

219 Cambridge-Isanti Bike/Walk Trail Operating Fund	222 Regional Community Center Feasibility Fund	225 Downtown Grant Program Fund	230 Minnesota Public Safety Fund	287 TIF 6.15 Preserve Apartment Project Fund	288 TIF 6.16 Walker Methodist Fund	289 TIF 6.17 Greenberg Auto Redevelopment Oppidan Project Fund
\$43,669	\$ -	\$152,640	\$431,564	\$90,187	\$33,131	\$61,645
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$43,669</u>	<u>\$0</u>	<u>\$152,640</u>	<u>\$431,564</u>	<u>\$90,187</u>	<u>\$33,131</u>	<u>\$61,645</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,808
-	-	-	-	-	-	-
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,808</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
43,669	-	-	431,564	90,187	33,131	59,837
-	-	152,640	-	-	-	-
-	-	-	-	-	-	-
<u>43,669</u>	<u>0</u>	<u>152,640</u>	<u>431,564</u>	<u>90,187</u>	<u>33,131</u>	<u>59,837</u>
<u>\$43,669</u>	<u>\$0</u>	<u>\$152,640</u>	<u>\$431,564</u>	<u>\$90,187</u>	<u>\$33,131</u>	<u>\$61,645</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

	290 TIF 6.20 Roosevelt Garden Estate Fund	291 TIF 6.18 Main Street Flats Fund	292 TIF 6.21 Heritage Greens Fund	293 TIF 6.22 Unique Opportunities Fund
<b>Assets:</b>				
Cash and investments	\$19,542	\$4,299	\$3,109	\$7,057
Due from other governmental units	-	-	-	-
Prepaid items	-	-	-	-
Inventory	-	-	-	-
Loan receivable	-	-	-	-
Lease receivable	-	-	-	-
Total assets	<u>\$19,542</u>	<u>\$4,299</u>	<u>\$3,109</u>	<u>\$7,057</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Interfund payable	-	-	-	-
Deposits payable	4,038	-	1,375	5,000
Unearned revenue	-	-	-	-
Total liabilities	<u>4,038</u>	<u>0</u>	<u>1,375</u>	<u>5,000</u>
<b>Deferred inflows of resources:</b>				
Related to leases	-	-	-	-
<b>Fund balance:</b>				
Nonspendable	-	-	-	-
Restricted	15,504	4,299	1,734	2,057
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>15,504</u>	<u>4,299</u>	<u>1,734</u>	<u>2,057</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$19,542</u>	<u>\$4,299</u>	<u>\$3,109</u>	<u>\$7,057</u>

294 TIF 6.23 Cambridge Family Apartments Fund	295 TIF 6.24 Mercantile Hotel Fund	296 TIF 6.25 Strong Oak Apartments Fund	298 Federal American Rescue Plan Fund	903 Housing Programs Fund	Total Nonmajor Special Revenue Funds	
					2023	2022
					\$ -	\$ -
-	-	-	-	-	9,089	38,510
-	-	-	-	-	1,088	1,043
-	-	-	-	-	18,420	9,952
-	-	-	-	-	34,057	57,932
-	-	-	-	-	-	669,755
<u>\$0</u>	<u>\$0</u>	<u>\$442</u>	<u>\$0</u>	<u>\$75,733</u>	<u>\$1,150,486</u>	<u>\$2,952,063</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$129	\$30,575
-	-	-	-	-	-	5,506
4,605	5,828	-	-	-	10,433	2,559
-	-	236	-	-	12,457	22,034
-	-	-	-	-	-	1,012,774
<u>4,605</u>	<u>5,828</u>	<u>236</u>	<u>0</u>	<u>0</u>	<u>23,019</u>	<u>1,073,448</u>
-	-	-	-	-	-	669,755
-	-	-	-	-	19,508	10,995
-	-	206	-	-	715,639	227,752
-	-	-	-	75,733	402,753	973,852
<u>(4,605)</u>	<u>(5,828)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,433)</u>	<u>(3,739)</u>
<u>(4,605)</u>	<u>(5,828)</u>	<u>206</u>	<u>0</u>	<u>75,733</u>	<u>1,127,467</u>	<u>1,208,860</u>
<u>\$0</u>	<u>\$0</u>	<u>\$442</u>	<u>\$0</u>	<u>\$75,733</u>	<u>\$1,150,486</u>	<u>\$2,952,063</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	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
<b>Revenues:</b>					
Tax increment collections	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Intergovernmental:</b>					
Federal	-	11,054	-	-	-
State aid	-	25,752	-	-	-
Other local aid	-	-	-	-	-
<b>Charges for services:</b>					
Police administrative fees	-	-	2,720	-	-
Hangar fees and tie down	-	13,437	-	-	-
Rents	-	-	-	-	-
Investment income (loss)	393	1,976	1,024	4,420	1,089
Fuel sales	-	75,068	-	-	-
Other	-	-	-	-	-
Total revenues	<u>393</u>	<u>127,287</u>	<u>3,744</u>	<u>4,420</u>	<u>1,089</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public works	-	117,322	-	-	-
Economic development	-	-	-	-	-
Construction/acquisition costs	-	-	-	-	-
Total expenditures	<u>0</u>	<u>117,322</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenues over (under) expenditures	<u>393</u>	<u>9,965</u>	<u>3,744</u>	<u>4,420</u>	<u>1,089</u>
<b>Other financing sources (uses):</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	393	9,965	3,744	4,420	1,089
Fund balance - January 1	<u>8,567</u>	<u>44,846</u>	<u>20,747</u>	<u>104,398</u>	<u>29,170</u>
Fund balance - December 31	<u><u>\$8,960</u></u>	<u><u>\$54,811</u></u>	<u><u>\$24,491</u></u>	<u><u>\$108,818</u></u>	<u><u>\$30,259</u></u>

219 Cambridge-Isanti Bike/Walk Trail Operating Fund	222 Regional Community Center Feasibility Fund	225 Downtown Grant Program Fund	230 Minnesota Public Safety Fund	287 TIF 6.15 Preserve Apartment Project Fund	288 TIF 6.16 Walker Methodist Fund	289 TIF 6.17 Greenberg Auto Redevelopment Oppidan Project Fund
\$ -	\$ -	\$ -	\$ -	\$119,600	\$56,759	\$68,873
-	-	-	-	-	-	-
-	-	-	431,564	-	-	-
5,340	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,808	-	6,790	-	3,571	1,271	2,488
-	-	-	-	-	-	-
-	27,000	-	-	-	-	-
<u>7,148</u>	<u>27,000</u>	<u>6,790</u>	<u>431,564</u>	<u>123,171</u>	<u>58,030</u>	<u>71,361</u>
4,621	27,000	-	-	-	-	-
-	-	4,150	-	107,640	51,084	61,986
-	-	-	-	-	-	-
<u>4,621</u>	<u>27,000</u>	<u>4,150</u>	<u>0</u>	<u>107,640</u>	<u>51,084</u>	<u>61,986</u>
<u>2,527</u>	<u>0</u>	<u>2,640</u>	<u>431,564</u>	<u>15,531</u>	<u>6,946</u>	<u>9,375</u>
6,660	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,660</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
9,187	0	2,640	431,564	15,531	6,946	9,375
34,482	-	150,000	-	74,656	26,185	50,462
<u>\$43,669</u>	<u>\$0</u>	<u>\$152,640</u>	<u>\$431,564</u>	<u>\$90,187</u>	<u>\$33,131</u>	<u>\$59,837</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	290 TIF 6.20 Roosevelt Garden Estate Fund	291 TIF 6.18 Main Street Flats Fund	292 TIF 6.21 Heritage Greens Fund	293 TIF 6.22 Unique Opportunities Fund	294 TIF 6.23 Cambridge Family Apartments Fund
<b>Revenues:</b>					
Tax increment collections	\$114,145	\$12,429	\$33,104	\$1,803	\$ -
Intergovernmental:					
Federal	-	-	-	-	-
State aid	-	-	-	-	-
Other local aid	-	-	-	-	-
Charges for services:					
Police administrative fees	-	-	-	-	-
Hangar fees and tie down	-	-	-	-	-
Rents	-	-	-	-	-
Investment income (loss)	674	169	83	250	-
Fuel sales	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>114,819</u>	<u>12,598</u>	<u>33,187</u>	<u>2,053</u>	<u>0</u>
<b>Expenditures:</b>					
Current:					
Public works	-	-	-	-	-
Economic development	108,438	11,808	31,460	10	4,521
Construction/acquisition costs	-	-	-	-	-
Total expenditures	<u>108,438</u>	<u>11,808</u>	<u>31,460</u>	<u>10</u>	<u>4,521</u>
Revenues over (under) expenditures	<u>6,381</u>	<u>790</u>	<u>1,727</u>	<u>2,043</u>	<u>(4,521)</u>
Other financing sources (uses):					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	6,381	790	1,727	2,043	(4,521)
Fund balance - January 1	<u>9,123</u>	<u>3,509</u>	<u>7</u>	<u>14</u>	<u>(84)</u>
Fund balance - December 31	<u><u>\$15,504</u></u>	<u><u>\$4,299</u></u>	<u><u>\$1,734</u></u>	<u><u>\$2,057</u></u>	<u><u>(\$4,605)</u></u>

Reconciliation of beginning fund balance to prior year ending fund balance:  
Prior year ending fund balance reported above  
Less prior year ending fund balance for funds reported as nonmajor in prior year, major in current year:  
    EDA Operating Fund  
Current year beginning fund balance

295 TIF 6.24 Mercantile Hotel Fund	296 TIF 6.25 Strong Oak Apartments Fund	298 Federal American Rescue Plan Fund	903 Housing Programs Fund	Total Nonmajor Special Revenue Funds	
				2023	2022
\$ -	\$ -	\$ -	\$ -	\$406,713	\$378,706
-	-	1,002,774	-	1,013,828	33,946
-	-	-	-	457,316	42,640
-	-	-	-	5,340	5,340
-	-	-	-	2,720	7,560
-	-	-	-	13,437	13,212
-	-	-	-	-	187,493
-	236	-	-	26,242	(26,367)
-	-	-	-	75,068	74,896
-	-	-	-	27,000	75,733
<u>0</u>	<u>236</u>	<u>1,002,774</u>	<u>0</u>	<u>2,027,664</u>	<u>793,159</u>
-	-	-	-	148,943	164,080
2,173	30	-	-	383,300	738,997
-	-	-	-	-	14,104
<u>2,173</u>	<u>30</u>	<u>0</u>	<u>0</u>	<u>532,243</u>	<u>917,181</u>
<u>(2,173)</u>	<u>206</u>	<u>1,002,774</u>	<u>0</u>	<u>1,495,421</u>	<u>(124,022)</u>
-	-	-	-	6,660	526,385
-	-	(1,002,774)	-	(1,002,774)	(63,311)
<u>0</u>	<u>0</u>	<u>(1,002,774)</u>	<u>0</u>	<u>(996,114)</u>	<u>463,074</u>
(2,173)	206	0	0	499,307	339,052
<u>(3,655)</u>	<u>-</u>	<u>-</u>	<u>75,733</u>	<u>628,160</u>	<u>869,808</u>
<u>(\$5,828)</u>	<u>\$206</u>	<u>\$0</u>	<u>\$75,733</u>	<u>\$1,127,467</u>	<u>\$1,208,860</u>
					1,208,860
					(580,700)
					<u>\$628,160</u>



**- This page intentionally left blank -**

## NONMAJOR CAPITAL PROJECT FUNDS

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

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

Water Area and Connection 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.

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

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

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

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

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

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

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

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

**- This page intentionally left blank -**

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.

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

Highway 95 Improvement Project Fund - This fund was established to account for resources accumulated for the expected City costs related to the State of Minnesota's Highway 95 Improvement Project currently planned for 2026.

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

	401 Water Treatment Facility Fund	402 Water Area and Connection Fund	403 Sewer Area Charge Fund	407 Downtown Parking Construction Fund
<b>Assets:</b>				
Cash and investments	\$605,271	\$999,451	\$285,991	\$ -
Due from other governmental units	-	-	-	-
Accounts receivable	-	-	-	-
Property taxes receivable:				
Delinquent	-	-	-	-
Interfund receivable	-	-	-	-
Special assessments receivable:				
Deferred	-	-	-	-
Total assets	<u>\$605,271</u>	<u>\$999,451</u>	<u>\$285,991</u>	<u>\$0</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund balance:</b>				
Restricted	-	-	-	-
Assigned	605,271	999,451	285,991	-
Total fund balance (deficit)	<u>605,271</u>	<u>999,451</u>	<u>285,991</u>	<u>0</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$605,271</u>	 <u>\$999,451</u>	 <u>\$285,991</u>	 <u>\$0</u>

415 Park Improvement Capital Fund	417 Police Capital Fund	418 Public Works Capital Project Fund	419 City Hall Capital Project Fund	420 Fire Department Capital Project Fund
\$644,495	\$358,267	\$779,746	\$327,976	\$717,400
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$644,495</u>	<u>\$358,267</u>	<u>\$779,746</u>	<u>\$327,976</u>	<u>\$717,400</u>
\$ -	\$191,257	\$ -	\$ -	\$ -
<u>0</u>	<u>191,257</u>	<u>0</u>	<u>0</u>	<u>0</u>
-	-	-	-	-
-	-	-	-	66,750
644,495	167,010	779,746	327,976	650,650
<u>644,495</u>	<u>167,010</u>	<u>779,746</u>	<u>327,976</u>	<u>717,400</u>
<u>\$644,495</u>	<u>\$358,267</u>	<u>\$779,746</u>	<u>\$327,976</u>	<u>\$717,400</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

	421 Park Dedication Fund	422 EDA Land Acquisition Capital Project Fund	423 Cambridge- Isanti Bike/Walk Trail Capital Project Fund	425 Library Capital Fund
<b>Assets:</b>				
Cash and investments	\$370,459	\$117,918	\$164,073	\$112,947
Due from other governmental units	-	-	-	-
Accounts receivable	-	-	-	-
Property taxes receivable:				
Delinquent	-	-	-	-
Interfund receivable	-	-	-	-
Special assessments receivable:				
Deferred	-	-	-	-
Total assets	<u>\$370,459</u>	<u>\$117,918</u>	<u>\$164,073</u>	<u>\$112,947</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund balance:</b>				
Restricted	370,459	-	164,073	-
Assigned	-	117,918	-	112,947
Total fund balance (deficit)	<u>370,459</u>	<u>117,918</u>	<u>164,073</u>	<u>112,947</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$370,459</u>	 <u>\$117,918</u>	 <u>\$164,073</u>	 <u>\$112,947</u>

443 Pavement Management Fund	484 2024 Street Improvement Project Fund	486 Highway 95 Improvement Project Fund	Total Nonmajor Capital Project Funds	
			2023	2022
\$2,397,385	\$1,707,537	\$12,422	\$9,601,338	\$7,812,284
-	-	-	-	122,196
250	-	-	250	-
232	-	-	232	257
-	-	-	-	2,559
23,723	-	-	23,723	27,315
<u>\$2,421,590</u>	<u>\$1,707,537</u>	<u>\$12,422</u>	<u>\$9,625,543</u>	<u>\$7,964,611</u>
<u>\$72,000</u>	<u>\$48,388</u>	<u>\$12,422</u>	<u>\$324,067</u>	<u>\$15,926</u>
<u>72,000</u>	<u>48,388</u>	<u>12,422</u>	<u>324,067</u>	<u>15,926</u>
<u>23,955</u>	<u>-</u>	<u>-</u>	<u>23,955</u>	<u>27,572</u>
-	-	-	601,282	155,643
<u>2,325,635</u>	<u>1,659,149</u>	<u>-</u>	<u>8,676,239</u>	<u>7,765,470</u>
<u>2,325,635</u>	<u>1,659,149</u>	<u>0</u>	<u>9,277,521</u>	<u>7,921,113</u>
<u>\$2,421,590</u>	<u>\$1,707,537</u>	<u>\$12,422</u>	<u>\$9,625,543</u>	<u>\$7,964,611</u>



**CITY OF CAMBRIDGE, MINNESOTA**  
 SUBCOMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR CAPITAL PROJECT FUNDS  
 For The Year Ended December 31, 2023  
 With Comparative Totals For The Year Ended December 31, 2022

	401 Water Treatment Facility Fund	402 Water Area and Connection Fund	403 Sewer Area Charge Fund	407 Downtown Parking Construction Fund
Revenues:				
General property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal:				
Airport improvement entitlement	-	-	-	-
State:				
MSA	-	-	-	-
Other	-	-	-	-
Local:				
Other	-	-	-	-
Special assessments:				
Current	-	-	-	-
Interest and penalties	-	-	-	-
Prepayments	-	-	-	-
Charges for services	-	-	-	-
Connection, facility, and area charges	240,567	86,034	24,648	-
Investment income (loss)	24,135	45,876	12,036	-
Park dedication fees	-	-	-	-
Direct charges to developers	-	-	-	-
Contributions and donations	-	-	-	-
Total revenues	<u>264,702</u>	<u>131,910</u>	<u>36,684</u>	<u>0</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Construction/acquisition costs	-	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenues over (under) expenditures	<u>264,702</u>	<u>131,910</u>	<u>36,684</u>	<u>0</u>
Other financing sources (uses):				
Sale of property	-	-	-	-
Transfer from other funds	-	-	-	-
Transfer to other funds	(100,000)	(130,000)	-	(5,195)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(130,000)</u>	<u>0</u>	<u>(5,195)</u>
Net change in fund balance	164,702	1,910	36,684	(5,195)
Fund balance - January 1	<u>440,569</u>	<u>997,541</u>	<u>249,307</u>	<u>5,195</u>
Fund balance - December 31	<u><u>\$605,271</u></u>	<u><u>\$999,451</u></u>	<u><u>\$285,991</u></u>	<u><u>\$0</u></u>

415 Park Improvement Capital Fund	417 Police Capital Fund	418 Public Works Capital Project Fund	419 City Hall Capital Project Fund	420 Fire Department Capital Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	49,610
-	-	-	-	-
28,787	13,726	34,025	14,321	24,504
-	-	-	-	-
-	-	-	-	-
2,000	-	-	-	133,850
<u>30,787</u>	<u>13,726</u>	<u>34,025</u>	<u>14,321</u>	<u>207,964</u>
-	-	-	-	1,878
1,212	203,068	-	-	-
-	-	-	26,239	-
-	58,265	-	-	84,348
14,524	-	40,590	-	-
-	-	-	-	-
<u>15,736</u>	<u>261,333</u>	<u>40,590</u>	<u>26,239</u>	<u>86,226</u>
<u>15,051</u>	<u>(247,607)</u>	<u>(6,565)</u>	<u>(11,918)</u>	<u>121,738</u>
-	-	-	-	18,150
-	130,000	25,000	34,000	122,941
-	-	-	-	-
<u>0</u>	<u>130,000</u>	<u>25,000</u>	<u>34,000</u>	<u>141,091</u>
15,051	(117,607)	18,435	22,082	262,829
<u>629,444</u>	<u>284,617</u>	<u>761,311</u>	<u>305,894</u>	<u>454,571</u>
<u>\$644,495</u>	<u>\$167,010</u>	<u>\$779,746</u>	<u>\$327,976</u>	<u>\$717,400</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
SUBCOMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR CAPITAL PROJECT FUNDS  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

	421 Park Dedication Fund	422 EDA Land Acquisition Capital Project Fund	423 Cambridge- Isanti Bike/Walk Trail Capital Project Fund	425 Library Capital Fund
<b>Revenues:</b>				
General property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				
Federal:				
Airport improvement entitlement	-	-	-	-
State:				
MSA	-	-	-	-
Other	-	-	-	-
Local:				
Other	-	-	7,500	-
Special assessments:				
Current	-	-	-	-
Interest and penalties	-	-	-	-
Prepayments	-	-	-	-
Charges for services	-	-	-	-
Connection, facility, and area charges	-	-	-	-
Investment income (loss)	8,898	7,865	6,691	4,800
Park dedication fees	340,800	-	-	-
Direct charges to developers	-	-	-	-
Contributions and donations	-	-	-	-
Total revenues	<u>349,698</u>	<u>7,865</u>	<u>14,191</u>	<u>4,800</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Construction/acquisition costs	-	-	-	-
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revenues over (under) expenditures	<u>349,698</u>	<u>7,865</u>	<u>14,191</u>	<u>4,800</u>
<b>Other financing sources (uses):</b>				
Sale of property	-	-	-	-
Transfer from other funds	-	5,195	15,000	5,000
Transfer to other funds	-	(215,266)	-	-
Total other financing sources (uses)	<u>0</u>	<u>(210,071)</u>	<u>15,000</u>	<u>5,000</u>
Net change in fund balance	349,698	(202,206)	29,191	9,800
Fund balance - January 1	<u>20,761</u>	<u>320,124</u>	<u>134,882</u>	<u>103,147</u>
Fund balance - December 31	<u>\$370,459</u>	<u>\$117,918</u>	<u>\$164,073</u>	<u>\$112,947</u>

Reconciliation of beginning fund balance to prior year ending fund balance:

Prior year ending fund balance reported above

Less prior year ending fund balance for funds reported as nonmajor in prior year, major in current year:

  Airport Improvement Fund

Current year beginning fund balance

443 Pavement Management Fund	484 2024 Street Improvement Project Fund	486 Highway 95 Improvement Project Fund	Total Nonmajor Capital Project Funds	
			2023	2022
\$15	\$ -	\$ -	\$15	\$ -
-	-	-	-	100,088
-	657,531	-	657,531	345,459
-	-	-	-	2,083
-	-	-	7,500	7,500
3,006	-	-	3,006	13,961
802	-	-	802	4,547
-	-	-	-	89,418
-	-	-	49,610	53,660
342,592	-	-	693,841	232,641
79,576	65,295	-	370,535	(111,489)
-	-	-	340,800	20,761
11,002	-	-	11,002	4,956
-	-	-	135,850	22,297
<u>436,993</u>	<u>722,826</u>	<u>0</u>	<u>2,270,492</u>	<u>785,882</u>
-	-	-	1,878	-
230,659	-	-	434,939	192,163
-	-	-	26,239	85,159
-	-	-	142,613	64,789
-	-	-	55,114	294,921
<u>538,462</u>	<u>240,379</u>	<u>113,607</u>	<u>892,448</u>	<u>548,214</u>
<u>769,121</u>	<u>240,379</u>	<u>113,607</u>	<u>1,553,231</u>	<u>1,185,246</u>
<u>(332,128)</u>	<u>482,447</u>	<u>(113,607)</u>	<u>717,261</u>	<u>(399,364)</u>
-	-	-	18,150	138,538
1,002,000	-	113,607	1,452,743	2,118,293
(113,607)	-	-	(564,068)	(100,000)
<u>888,393</u>	<u>0</u>	<u>113,607</u>	<u>906,825</u>	<u>2,156,831</u>
556,265	482,447	0	1,624,086	1,757,467
<u>1,769,370</u>	<u>1,176,702</u>	<u>-</u>	<u>7,653,435</u>	<u>6,163,646</u>
<u>\$2,325,635</u>	<u>\$1,659,149</u>	<u>\$0</u>	<u>\$9,277,521</u>	<u>\$7,921,113</u>
				7,921,113
				(267,678)
				<u>\$7,653,435</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**SPECIAL REVENUE FUND - 211 AIRPORT OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2023**  
**With Comparative Actual Amounts For The Year Ended December 31, 2022**

**Statement 23**

	2023			2022 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Intergovernmental:				
Federal	\$ -	\$11,054	\$11,054	\$33,946
State aid	21,000	25,752	25,752	42,640
Charges for services:				
Hangar fees and tie down	14,000	13,437	13,437	13,212
Investment income	-	1,975	1,976	-
Fuel sales	52,000	75,067	75,068	74,896
Total revenues	87,000	127,285	127,287	164,694
Expenditures:				
Current:				
Public works	132,883	117,330	117,322	157,546
Revenues over (under) expenditures	(45,883)	9,955	9,965	7,148
Other financing sources:				
Transfer from other funds	45,883	-	-	-
Net change in fund balance	\$0	\$9,955	9,965	7,148
Fund balance - January 1			44,846	37,698
Fund balance - December 31			\$54,811	\$44,846

**CITY OF CAMBRIDGE, MINNESOTA**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES**

**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For The Year Ended December 31, 2023

With Comparative Actual Amounts For The Year Ended December 31, 2022

**Statement 24**

	2023			2022 Actual
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
General property taxes	\$596,147	\$596,147	\$607,388	\$239,024
Special assessments	393,993	393,993	395,386	735,871
Intergovernmental	-	-		
Investment income (loss)	-	-	79,285	(27,628)
Total revenues	<u>990,140</u>	<u>990,140</u>	<u>1,082,059</u>	<u>947,267</u>
Expenditures:				
Debt service:				
Principal retirement	1,155,000	1,155,000	1,155,000	1,110,000
Interest	447,025	447,025	447,025	347,125
Paying agent fees	7,225	7,225	5,675	3,474
Total expenditures	<u>1,609,250</u>	<u>1,609,250</u>	<u>1,607,700</u>	<u>1,460,599</u>
Revenues over (under) expenditures	<u>(619,110)</u>	<u>(619,110)</u>	<u>(525,641)</u>	<u>(513,332)</u>
Other financing sources:				
Transfers from other funds	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>827,626</u>
Net change in fund balance	<u>\$180,890</u>	<u>\$180,890</u>	274,359	314,294
Fund balance - January 1			<u>2,560,862</u>	<u>2,246,568</u>
Fund balance - December 31			<u>\$2,835,221</u>	<u>\$2,560,862</u>

**- This page intentionally left blank -**

## INTERNAL SERVICE FUNDS

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

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

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



**- This page intentionally left blank -**

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

**Statement 25**

	Property Insurance	Pension Benefits	Total	
			2023	2022
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$396,358	\$ -	\$396,358	\$332,420
Accounts receivable - net	32,110	-	32,110	16
Total assets	<u>428,468</u>	<u>0</u>	<u>428,468</u>	<u>332,436</u>
Deferred outflows of resources:				
Related to pensions	-	3,903,938	3,903,938	4,439,389
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	100,000	-	100,000	-
Noncurrent liabilities:				
Net pension liability	-	4,419,110	4,419,110	8,156,519
Total liabilities	<u>100,000</u>	<u>4,419,110</u>	<u>4,519,110</u>	<u>8,156,519</u>
Deferred inflows of resources:				
Related to pensions	-	3,840,066	3,840,066	185,653
<b>Net position:</b>				
Unrestricted	328,468	(4,355,238)	(4,026,770)	(3,570,347)
Total net position	<u>\$328,468</u>	<u>(\$4,355,238)</u>	<u>(\$4,026,770)</u>	<u>(\$3,570,347)</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For The Year Ended December 31, 2023**  
**With Comparative Totals For The Year Ended December 31, 2022**

**Statement 26**

	Property Insurance	Pension Benefits	Total	
			2023	2022
Operating revenues:				
Charges for services	\$ -	\$542,628	\$542,628	\$511,849
Insurance dividends	100,958	-	100,958	73,845
Total operating revenues	<u>100,958</u>	<u>542,628</u>	<u>643,586</u>	<u>585,694</u>
Operating expenses:				
Claims	120,120	-	120,120	68,106
Pension	-	1,001,143	1,001,143	832,208
Total operating expenses	<u>120,120</u>	<u>1,001,143</u>	<u>1,121,263</u>	<u>900,314</u>
Operating income (loss)	<u>(19,162)</u>	<u>(458,515)</u>	<u>(477,677)</u>	<u>(314,620)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenue	-	6,060	6,060	66,568
Investment income (loss)	15,194	-	15,194	(3,840)
Total nonoperating operating revenues (expenses)	<u>15,194</u>	<u>6,060</u>	<u>21,254</u>	<u>62,728</u>
Income (loss) before transfers	<u>(3,968)</u>	<u>(452,455)</u>	<u>(456,423)</u>	<u>(251,892)</u>
Transfers in	-	-	-	110,000
Change in net position	<u>(3,968)</u>	<u>(452,455)</u>	<u>(456,423)</u>	<u>(141,892)</u>
Net position - January 1	<u>332,436</u>	<u>(3,902,783)</u>	<u>(3,570,347)</u>	<u>(3,428,455)</u>
Net position - December 31	<u>\$328,468</u>	<u>(\$4,355,238)</u>	<u>(\$4,026,770)</u>	<u>(\$3,570,347)</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For The Year Ended December 31, 2023  
With Comparative Totals For The Year Ended December 31, 2022

**Statement 27**

	Property Insurance	Pension Benefits	Total	
			2023	2022
Cash flows from operating activities:				
Receipts from interfund services provided	\$68,848	\$1,001,143	\$1,069,991	\$910,919
Payment to suppliers	(20,104)	-	(20,104)	(67,534)
Payment of wages and benefits	-	(1,001,143)	(1,001,143)	(832,208)
Net cash flows from operating activities	<u>48,744</u>	<u>0</u>	<u>48,744</u>	<u>11,177</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	-	-	-	110,000
Cash flows from investing activities:				
Investment income (loss)	<u>15,194</u>	<u>-</u>	<u>15,194</u>	<u>(3,840)</u>
Net increase (decrease) in cash and cash equivalents	63,938	-	63,938	117,337
Cash and cash equivalents - January 1	<u>332,420</u>	<u>-</u>	<u>332,420</u>	<u>215,083</u>
Cash and cash equivalents - December 31	<u>\$396,358</u>	<u>\$0</u>	<u>\$396,358</u>	<u>\$332,420</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	<u>(\$19,162)</u>	<u>(\$458,515)</u>	<u>(\$477,677)</u>	<u>(\$314,620)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Intergovernmental revenue	-	6,060	6,060	66,568
Changes in assets and liabilities:				
Decrease (increase) in receivables	(32,094)	-	(32,094)	556
Decrease (increase) in deferred outflows of resources	-	535,451	535,451	(1,563,372)
Increase (decrease) in payables	100,000	(3,737,409)	(3,637,409)	5,483,744
Increase (decrease) in deferred inflows of resources	-	3,654,413	3,654,413	(3,661,699)
Total adjustments	<u>67,906</u>	<u>458,515</u>	<u>526,421</u>	<u>325,797</u>
Net cash provided (used) by operating activities	<u>\$48,744</u>	<u>\$0</u>	<u>\$48,744</u>	<u>\$11,177</u>

**CITY OF CAMBRIDGE, MINNESOTA**  
**COMBINED SCHEDULE OF BOND INDEBTEDNESS**  
 December 31, 2023

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

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

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

(3) Components of \$3,480,000 GO Bonds of 2018.

(4) Components of \$5,475,000 GO Bonds of 2020.

(5) Components of \$4,010,000 GO Bonds of 2022.

Authorized and Issued	Amount Retired		Outstanding at 12/31/23	Due in 2024	
	Prior Years	Current Year		Principal	Interest
\$1,601,532	\$1,266,532	\$110,000	\$225,000	\$110,000	\$3,969
2,570,000	1,330,000	260,000	980,000	270,000	18,250
1,970,000	525,000	190,000	1,255,000	195,000	34,725
385,000	35,000	35,000	315,000	35,000	8,075
<u>3,780,000</u>	<u>-</u>	<u>-</u>	<u>3,780,000</u>	<u>330,000</u>	<u>108,450</u>
<u>10,306,532</u>	<u>3,156,532</u>	<u>595,000</u>	<u>6,555,000</u>	<u>940,000</u>	<u>173,469</u>
7,235,000	550,000	295,000	6,390,000	305,000	150,281
<u>3,255,000</u>	<u>525,000</u>	<u>265,000</u>	<u>2,465,000</u>	<u>270,000</u>	<u>63,163</u>
<u>10,490,000</u>	<u>1,075,000</u>	<u>560,000</u>	<u>8,855,000</u>	<u>575,000</u>	<u>213,444</u>
11,737,686	5,350,686	610,000	5,777,000	617,000	57,700
6,813,466	4,768,466	665,000	1,380,000	685,000	24,214
3,570,000	1,850,000	365,000	1,355,000	375,000	25,225
1,510,000	405,000	145,000	960,000	150,000	26,550
2,405,000	315,000	100,000	1,990,000	95,000	64,050
1,835,000	160,000	160,000	1,515,000	170,000	38,800
<u>230,000</u>	<u>-</u>	<u>-</u>	<u>230,000</u>	<u>20,000</u>	<u>6,600</u>
<u>28,101,152</u>	<u>12,849,152</u>	<u>2,045,000</u>	<u>13,207,000</u>	<u>2,112,000</u>	<u>243,139</u>
<u>\$48,897,684</u>	<u>\$17,080,684</u>	<u>\$3,200,000</u>	<u>\$28,617,000</u>	<u>\$3,627,000</u>	<u>\$630,052</u>

CITY OF CAMBRIDGE, MINNESOTA  
DEBT SERVICE PAYMENTS TO MATURITY  
GENERAL OBLIGATION BONDS  
December 31, 2023

Exhibit 2

	\$1,601,532 G.O. Improv. Bonds of 2014	\$1,532,130 G.O. Improv. Bonds of 2016	\$1,970,000 G.O. Improv. Bonds of 2018	\$7,235,000 G.O. Sales Tax Revenue Bonds of 2019	\$3,255,000 G.O. Sales Tax Revenue Bonds of 2020	\$385,000 G.O. Improv. Bonds of 2020	\$3,780,000 G.O. Improv. Bonds of 2022	Total
Bonds payable	\$225,000	\$980,000	\$1,255,000	\$6,390,000	\$2,465,000	\$315,000	\$3,780,000	\$15,410,000
Future interest payable	5,335	36,950	116,175	1,325,320	305,715	29,850	594,750	2,414,095
Totals	<u>\$230,335</u>	<u>\$1,016,950</u>	<u>\$1,371,175</u>	<u>\$7,715,320</u>	<u>\$2,770,715</u>	<u>\$344,850</u>	<u>\$4,374,750</u>	<u>\$17,824,095</u>
Payments to maturity:								
2024	\$113,969	\$288,250	\$229,725	\$455,281	\$333,163	\$43,075	\$438,450	\$1,901,913
2025	116,366	291,400	228,800	455,981	334,914	38,625	438,400	1,904,486
2026	-	285,800	227,725	451,456	331,438	45,900	438,050	1,780,369
2027	-	151,500	226,500	451,706	332,738	44,700	437,400	1,644,544
2028	-	-	230,050	451,656	333,738	43,500	436,450	1,495,394
2029	-	-	228,375	451,306	334,438	42,300	435,200	1,491,619
2030	-	-	-	457,406	336,463	41,300	438,575	1,273,744
2031	-	-	-	455,056	42,863	45,450	436,575	979,944
2032	-	-	-	452,606	42,163	-	439,200	933,969
2033	-	-	-	455,006	41,463	-	436,450	932,919
2034	-	-	-	452,013	45,712	-	-	497,725
2035	-	-	-	453,619	44,913	-	-	498,532
2036	-	-	-	454,756	44,113	-	-	498,869
2037	-	-	-	455,419	43,263	-	-	498,682
2038	-	-	-	455,856	42,363	-	-	498,219
2039	-	-	-	450,853	41,464	-	-	492,317
2040	-	-	-	455,344	45,506	-	-	500,850
Totals	<u>\$230,335</u>	<u>\$1,016,950</u>	<u>\$1,371,175</u>	<u>\$7,715,320</u>	<u>\$2,770,715</u>	<u>\$344,850</u>	<u>\$4,374,750</u>	<u>\$17,824,095</u>

	\$11,737,686 G.O. Wastewater PFA Bond of 2013	\$6,813,466 G.O. Water and Sewer Bonds of 2014	\$3,570,000 G.O. Water and Sewer Bonds of 2016	\$1,510,000 G.O. Water and Sewer Bonds of 2018	\$2,405,000 G.O. Water and Sewer Bonds of 2019	\$1,835,000 G.O. Water and Sewer Bonds of 2020	\$230,000 G.O. Storm Sewer Bonds of 2022	Total
Bonds payable	\$5,777,000	\$1,380,000	\$1,355,000	\$960,000	\$1,990,000	\$1,515,000	\$230,000	\$13,207,000
Future interest payable	292,590	32,466	50,925	88,950	537,525	160,175	36,300	1,198,931
Totals	<u>\$6,069,590</u>	<u>\$1,412,466</u>	<u>\$1,405,925</u>	<u>\$1,048,950</u>	<u>\$2,527,525</u>	<u>\$1,675,175</u>	<u>\$266,300</u>	<u>\$14,405,931</u>
Payments to maturity:								
2024	\$674,700	\$709,214	\$400,225	\$176,550	\$159,050	\$208,800	\$26,600	\$2,355,139
2025	674,600	703,252	400,750	172,050	160,150	208,625	26,000	2,345,427
2026	674,370	-	402,950	177,400	156,150	208,300	25,400	1,644,570
2027	674,080	-	202,000	172,600	157,050	207,825	24,800	1,438,355
2028	674,730	-	-	172,725	157,750	212,125	29,125	1,246,455
2029	674,310	-	-	177,625	158,250	211,200	28,375	1,249,760
2030	673,830	-	-	-	159,150	206,200	27,625	1,066,805
2031	674,290	-	-	-	160,475	212,100	26,875	1,073,740
2032	674,680	-	-	-	156,725	-	26,125	857,530
2033	-	-	-	-	157,900	-	25,375	183,275
2034	-	-	-	-	158,925	-	-	158,925
2035	-	-	-	-	159,800	-	-	159,800
2036	-	-	-	-	155,600	-	-	155,600
2037	-	-	-	-	156,325	-	-	156,325
2038	-	-	-	-	156,900	-	-	156,900
2039	-	-	-	-	157,325	-	-	157,325
Totals	<u>\$6,069,590</u>	<u>\$1,412,466</u>	<u>\$1,405,925</u>	<u>\$1,048,950</u>	<u>\$2,527,525</u>	<u>\$1,675,175</u>	<u>\$266,300</u>	<u>\$14,405,931</u>



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

**Exhibit 4**

	<u>Tax Capacity Values</u> <u>2023/2024</u>		<u>Tax Capacity Values</u> <u>2022/2023</u>	
Taxable valuations:				
Real estate	\$11,768,473		\$10,028,869	
Personal property	144,052		154,839	
Total	<u>11,912,525</u>		<u>10,183,708</u>	
Less: captured tax increment value	<u>(536,163)</u>		<u>(304,188)</u>	
Total for debt levy	11,376,362		9,879,520	
Less: JOBZ value	<u>-</u>		<u>-</u>	
Total for general fund levy	<u><u>\$11,376,362</u></u>		<u><u>\$9,879,520</u></u>	
	<u>Certified 2023, Payable 2024</u>		<u>Certified 2022, Payable 2023</u>	
	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>
Taxes levied:				
General fund revenue	\$6,225,497	54.723%	\$5,638,388	57.071%
Debt service levy	<u>608,058</u>	<u>5.345%</u>	<u>608,058</u>	<u>6.155%</u>
Totals	<u><u>\$6,833,555</u></u>	<u><u>60.068%</u></u>	<u><u>\$6,246,446</u></u>	<u><u>63.226%</u></u>

CITY OF CAMBRIDGE, MINNESOTA  
 SCHEDULE OF DEFERRED TAX LEVIES  
 IMPROVEMENT BONDS  
 December 31, 2023

Exhibit 5

Year	\$4,010,000 Improvement Bonds of 2022	\$1,970,000 Improvement Bonds of 2018	\$2,570,000 Improvement Bonds of 2016	Total
2024	\$370,000	\$120,558	\$117,500	\$608,058
2025	370,000	120,558	117,500	608,058
2026	370,000	120,558	50,000	540,558
2027	370,000	120,558	-	490,558
2028	370,000	120,558	-	490,558
2029	370,000	-	-	370,000
2030	370,000	-	-	370,000
2031	370,000	-	-	370,000
2032	370,000	-	-	370,000
Total	\$3,330,000	\$602,790	\$285,000	\$4,217,790

**CITY OF CAMBRIDGE, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**DEBT SERVICE FUNDS**  
December 31, 2023  
With Comparative Totals For December 31, 2022

	324 2016 Street Improvement Fund	325 Library Bond Debt Service Fund	328 G.O. Improvement Bonds of 2018	372 G.O. Improvement Bonds of 2014
<b>Assets:</b>				
Cash and investments	\$392,000	\$749,561	\$447,246	\$176,703
Property taxes receivable:				
Delinquent	563	-	1,813	-
Special assessments receivable:				
Delinquent	1,337	-	79	1,017
Deferred	141,451	-	462,821	60,197
Total assets	<u>\$535,351</u>	<u>\$749,561</u>	<u>\$911,959</u>	<u>\$237,917</u>
<b>Liabilities:</b>				
Unearned revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflow of resources:				
Unavailable revenues	<u>143,351</u>	<u>-</u>	<u>464,713</u>	<u>61,214</u>
Fund balance:				
Restricted	<u>392,000</u>	<u>749,561</u>	<u>447,246</u>	<u>176,703</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$535,351</u>	<u>\$749,561</u>	<u>\$911,959</u>	<u>\$237,917</u>

380 2020 Street Improvement Debt Service Fund	384 G.O. Improvement Bonds of 2024	385 2016 Bonds (2015 Project Portion)	392 2022 Street Improvement Debt Service Fund	Total Debt Service Funds	
				2023	2022
\$159,633	\$6,063	\$228,701	\$675,314	\$2,835,221	\$2,560,862
-	-	886	2,411	5,673	3,457
999	-	-	1,087	4,519	13,322
149,882	1,209,000	97,138	374,842	2,495,331	1,617,884
<u>\$310,514</u>	<u>\$1,215,063</u>	<u>\$326,725</u>	<u>\$1,053,654</u>	<u>\$5,340,744</u>	<u>\$4,195,525</u>
\$ -	\$1,209,000	\$ -	\$ -	\$1,209,000	\$ -
150,881	-	98,024	378,340	1,296,523	1,634,663
159,633	6,063	228,701	675,314	2,835,221	2,560,862
<u>\$310,514</u>	<u>\$1,215,063</u>	<u>\$326,725</u>	<u>\$1,053,654</u>	<u>\$5,340,744</u>	<u>\$4,195,525</u>

**CITY OF CAMBRIDGE, MINNESOTA**

SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS

For The Year Ended December 31, 2023

With Comparative Totals For The Year Ended December 31, 2022

	324 2016 Street Improvement Fund	325 Library Bond Debt Service Fund	328 G.O. Improvement Bonds of 2018	372 G.O. Improvement Bonds of 2014
<b>Revenues:</b>				
General property taxes:				
Current	\$49,610	\$ -	\$119,981	\$ -
Delinquent	281	-	616	-
Special assessments:				
Prepayments	-	-	4,266	1,954
Principal and interest	49,803	-	103,964	62,917
Investment income (loss)	14,698	21,101	13,520	6,167
Total revenues	<u>114,392</u>	<u>21,101</u>	<u>242,347</u>	<u>71,038</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	135,000	325,000	190,000	110,000
Interest	15,025	174,344	40,500	6,856
Paying agent fees	617	756	2,315	617
Total expenditures	<u>150,642</u>	<u>500,100</u>	<u>232,815</u>	<u>117,473</u>
Revenues over (under) expenditures	<u>(36,250)</u>	<u>(478,999)</u>	<u>9,532</u>	<u>(46,435)</u>
Other financing sources (uses):				
Transfers from other funds	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(36,250)	21,001	9,532	(46,435)
Fund balance - January 1	<u>428,250</u>	<u>728,560</u>	<u>437,714</u>	<u>223,138</u>
Fund balance - December 31	<u><u>\$392,000</u></u>	<u><u>\$749,561</u></u>	<u><u>\$447,246</u></u>	<u><u>\$176,703</u></u>

380 2020 Street Improvement Debt Service Fund	384 G.O. Improvement Bonds of 2024	385 2016 Bonds (2015 Project Portion)	392 2022 Street Improvement Debt Service Fund	Total Debt Service Funds	
				2023	2022
\$ -	\$ -	\$67,097	\$369,457	\$606,145	\$237,645
-	-	346	-	1,243	1,379
5,227	6,000	7,871	11,917	37,235	386,154
23,780	-	63,169	54,518	358,151	349,717
-	63	6,175	17,561	79,285	(27,627)
<u>29,007</u>	<u>6,063</u>	<u>144,658</u>	<u>453,453</u>	<u>1,082,059</u>	<u>947,268</u>
270,000	-	125,000	-	1,155,000	1,110,000
65,250	-	11,175	133,875	447,025	347,125
615	-	141	614	5,675	3,475
<u>335,865</u>	<u>0</u>	<u>136,316</u>	<u>134,489</u>	<u>1,607,700</u>	<u>1,460,600</u>
(306,858)	6,063	8,342	318,964	(525,641)	(513,332)
<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>827,626</u>
(6,858)	6,063	8,342	318,964	274,359	314,294
166,491	-	220,359	356,350	2,560,862	2,246,568
<u>\$159,633</u>	<u>\$6,063</u>	<u>\$228,701</u>	<u>\$675,314</u>	<u>\$2,835,221</u>	<u>\$2,560,862</u>

**- This page intentionally left blank -**

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



**- This page intentionally left blank -**

### III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Cambridge, Minnesota’s Annual Comprehensive 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	Tables
<p><b>Financial Trends</b>            These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</p>	<p>Tables 1 – 4</p>
<p><b>Revenue Capacity</b>            These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</p>	<p>Tables 5 – 8</p>
<p><b>Debt Capacity</b>            These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</p>	<p>Tables 9 – 12</p>
<p><b>Demographic and Economic Information</b>            These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</p>	<p>Tables 13 – 15</p>
<p><b>Operating Information</b>            These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</p>	<p>Tables 16 – 17</p>

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

**CITY OF CAMBRIDGE, MINNESOTA**  
**NET POSITION BY COMPONENT**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Governmental activities:</b>				
Net investment in capital assets	\$44,584,330	\$45,533,852	\$48,495,842	\$48,016,475
Restricted	6,691,401	6,862,625	5,067,471	5,228,625
Unrestricted	<u>7,306,374</u>	<u>4,803,343</u>	<u>3,124,264</u>	<u>4,523,543</u>
Total governmental activities net position	<u><u>\$58,582,105</u></u>	<u><u>\$57,199,820</u></u>	<u><u>\$56,687,577</u></u>	<u><u>\$57,768,643</u></u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$44,536,149	\$44,339,512	\$43,650,789	\$43,086,324
Unrestricted	<u>6,210,656</u>	<u>7,045,223</u>	<u>7,882,495</u>	<u>8,647,350</u>
Total business-type activities net position	<u><u>\$50,746,805</u></u>	<u><u>\$51,384,735</u></u>	<u><u>\$51,533,284</u></u>	<u><u>\$51,733,674</u></u>
<b>Primary government:</b>				
Net investment in capital assets	\$89,120,479	\$89,873,364	\$92,146,631	\$91,102,799
Restricted	6,691,401	6,862,625	5,067,471	5,228,625
Unrestricted	<u>13,517,030</u>	<u>11,848,566</u>	<u>11,006,759</u>	<u>13,170,893</u>
Total primary government net position	<u><u>\$109,328,910</u></u>	<u><u>\$108,584,555</u></u>	<u><u>\$108,220,861</u></u>	<u><u>\$109,502,317</u></u>

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources.

Table 1

2018	2019	2020	2021	2022	2023
\$48,198,388	\$49,923,622	\$49,198,270	\$49,409,344	\$48,959,849	\$52,153,465
5,957,196	4,548,117	4,703,236	4,984,857	6,675,301	8,780,096
4,244,478	4,288,711	7,774,146	11,400,932	11,524,643	11,835,637
<u>\$58,400,062</u>	<u>\$58,760,450</u>	<u>\$61,675,652</u>	<u>\$65,795,133</u>	<u>\$67,159,793</u>	<u>\$72,769,198</u>
\$43,012,646	\$41,242,642	\$41,576,092	\$40,700,089	\$40,082,675	\$44,909,933
8,446,447	9,070,561	8,755,605	10,227,881	10,179,614	10,310,706
<u>\$51,459,093</u>	<u>\$50,313,203</u>	<u>\$50,331,697</u>	<u>\$50,927,970</u>	<u>\$50,262,289</u>	<u>\$55,220,639</u>
\$91,211,034	\$91,166,264	\$90,774,362	\$90,109,433	\$89,042,524	\$97,063,398
5,957,196	4,548,117	4,703,236	4,984,857	6,675,301	8,780,096
12,690,925	13,359,272	16,529,751	21,628,813	21,704,257	22,146,343
<u>\$109,859,155</u>	<u>\$109,073,653</u>	<u>\$112,007,349</u>	<u>\$116,723,103</u>	<u>\$117,422,082</u>	<u>\$127,989,837</u>

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

	2014	2015	2016	2017
<b>Expenses:</b>				
Governmental activities:				
General government	\$1,472,329	\$1,538,023	\$1,725,921	\$1,602,648
Housing and redevelopment	716,792	698,375	951,330	2,007,846
Public safety	2,274,727	2,453,949	2,995,476	2,408,839
Public works	3,737,160	3,760,192	4,113,329	4,171,040
Economic development	-	-	155,569	132,213
Interest on long-term debt	168,476	159,171	143,336	112,302
Total governmental activities expenses	<u>8,369,484</u>	<u>8,609,710</u>	<u>10,084,961</u>	<u>10,434,888</u>
Business-type activities:				
Water	1,680,185	1,546,130	1,647,004	1,665,223
Wastewater	2,043,445	2,022,060	2,416,961	2,842,823
Storm sewer	397,066	407,716	438,845	437,085
Street lights	-	-	-	-
Municipal liquor	4,533,434	4,665,906	4,950,661	5,065,569
Housing	246,895	202,671	235,520	228,240
Total business-type activities expenses	<u>8,901,025</u>	<u>8,844,483</u>	<u>9,688,991</u>	<u>10,238,940</u>
Total primary government expenses	<u>\$17,270,509</u>	<u>\$17,454,193</u>	<u>\$19,773,952</u>	<u>\$20,673,828</u>
<b>Program revenues:</b>				
Governmental activities:				
Charges for services:				
Licenses and permits	\$310,730	\$385,333	\$395,993	\$733,126
Other activities	493,435	613,840	645,231	797,058
Operating grants and contributions	829,587	873,237	1,137,206	1,900,505
Capital grants and contributions	2,277,691	2,098,399	795,494	1,243,398
Total governmental activities program revenues	<u>3,911,443</u>	<u>3,970,809</u>	<u>2,973,924</u>	<u>4,674,087</u>
Business-type activities:				
Charges for services:				
Water	1,614,945	1,702,107	1,799,986	1,856,559
Wastewater	2,228,823	2,207,400	2,253,251	2,249,564
Storm sewer	324,469	328,219	333,778	340,242
Street lights	-	-	-	-
Municipal liquor	4,971,838	5,121,556	5,396,677	5,531,308
Housing	155,169	162,759	172,206	173,682
Operating grants and contributions	74,818	80,773	80,942	75,931
Capital grants and contributions	1,442,111	231,174	205,399	577,958
Total business-type activities program revenues	<u>10,812,173</u>	<u>9,833,988</u>	<u>10,242,239</u>	<u>10,805,244</u>
Total primary government program revenues	<u>\$14,723,616</u>	<u>\$13,804,797</u>	<u>\$13,216,163</u>	<u>\$15,479,331</u>

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

2018	2019	2020	2021	2022	2023
\$1,616,292	\$1,832,795	\$1,979,094	\$1,898,897	\$2,030,203	\$1,960,188
1,450,831	1,210,392	1,003,714	-	-	-
2,640,987	2,737,655	2,865,320	2,572,587	3,557,925	3,940,640
4,141,732	4,813,751	4,950,936	4,543,440	4,985,768	5,502,256
315,707	175,671	236,812	566,142	835,852	774,283
112,953	102,492	287,702	297,334	404,384	350,451
<u>10,278,502</u>	<u>10,872,756</u>	<u>11,323,578</u>	<u>9,878,400</u>	<u>11,814,132</u>	<u>12,527,818</u>
1,669,606	1,804,179	1,701,030	1,792,306	1,776,137	2,053,872
2,942,596	3,017,472	2,991,152	3,146,261	3,451,617	3,513,945
466,976	517,938	493,141	498,479	524,784	531,069
197,237	182,191	187,300	251,192	215,735	206,231
5,169,245	5,381,923	6,104,409	6,011,374	5,949,961	5,876,957
240,091	230,940	253,950	243,394	280,516	295,570
<u>10,685,751</u>	<u>11,134,643</u>	<u>11,730,982</u>	<u>11,943,006</u>	<u>12,198,750</u>	<u>12,477,644</u>
<u>\$20,964,253</u>	<u>\$22,007,399</u>	<u>\$23,054,560</u>	<u>\$21,821,406</u>	<u>\$24,012,882</u>	<u>\$25,005,462</u>
\$502,729	\$414,484	\$489,618	\$955,065	\$678,365	\$715,411
758,430	717,595	759,709	1,013,944	852,872	680,967
1,470,134	1,347,022	2,959,048	523,529	735,214	1,061,932
1,073,778	1,339,240	804,969	1,588,218	1,161,754	4,598,889
<u>3,805,071</u>	<u>3,818,341</u>	<u>5,013,344</u>	<u>4,080,756</u>	<u>3,428,205</u>	<u>7,057,199</u>
1,933,167	1,867,502	2,012,315	2,225,925	2,104,645	2,342,003
2,030,592	2,284,724	2,379,173	2,573,206	2,543,108	2,629,226
350,438	335,109	371,124	388,223	404,251	451,241
192,498	196,417	227,434	238,772	248,111	251,862
5,725,723	5,909,037	6,817,078	6,762,325	6,655,268	6,563,528
174,160	173,416	185,161	185,790	288,624	209,310
71,599	76,779	84,317	87,113	-	111,842
362,018	240,204	311,874	797,602	161,755	4,013,628
<u>10,840,195</u>	<u>11,083,188</u>	<u>12,388,476</u>	<u>13,258,956</u>	<u>12,405,762</u>	<u>16,572,640</u>
<u>\$14,645,266</u>	<u>\$14,901,529</u>	<u>\$17,401,820</u>	<u>\$17,339,712</u>	<u>\$15,833,967</u>	<u>\$23,629,839</u>

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

	2014	2015	2016	2017
<b>Net (expense) revenue:</b>				
Governmental activities	(\$4,458,041)	(\$4,638,901)	(\$7,111,037)	(\$5,760,801)
Business-type activities	1,911,148	989,505	553,248	566,304
Total primary government net (expense) revenue	<u>(\$2,546,893)</u>	<u>(\$3,649,396)</u>	<u>(\$6,557,789)</u>	<u>(\$5,194,497)</u>
<b>General revenues and other changes in net assets:</b>				
Governmental activities:				
General property taxes	\$4,895,037	\$4,968,378	\$5,004,822	\$5,161,658
Tax increment collections	60,524	184,629	289,334	244,088
Local option sales tax	-	-	-	-
Unrestricted grants and contributions	695,259	731,221	744,888	750,114
Investment earnings	242,628	118,306	80,750	59,076
Gain on disposal of capital assets	22,507	13,208	2,500	207,931
Special item - Section 8 closeout	-	-	-	-
Other	13,142	-	-	-
Transfers	379,315	428,000	476,500	419,000
Total governmental activities	<u>6,308,412</u>	<u>6,443,742</u>	<u>6,598,794</u>	<u>6,841,867</u>
Business-type activities:				
Investment earnings	118,263	67,991	64,864	46,545
Gain (loss) on disposal of capital assets	-	-	6,937	-
Miscellaneous	4,257	8,434	-	6,541
Transfers	(379,315)	(428,000)	(476,500)	(419,000)
Special item	-	-	-	-
Total business-type activities	<u>(256,795)</u>	<u>(351,575)</u>	<u>(404,699)</u>	<u>(365,914)</u>
Total primary government	<u>\$6,051,617</u>	<u>\$6,092,167</u>	<u>\$6,194,095</u>	<u>\$6,475,953</u>
<b>Change in net position:</b>				
Governmental activities	\$1,850,371	\$1,804,841	(\$512,243)	\$1,081,066
Business-type activities	1,654,353	637,930	148,549	200,390
Total primary government	<u>\$3,504,724</u>	<u>\$2,442,771</u>	<u>(\$363,694)</u>	<u>\$1,281,456</u>

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

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

2018	2019	2020	2021	2022	2023
(\$6,473,431)	(\$7,054,415)	(\$6,310,234)	(\$5,797,644)	(\$8,385,927)	(\$5,470,619)
154,444	(51,455)	657,494	1,315,950	207,012	4,094,996
<u>(\$6,318,987)</u>	<u>(\$7,105,870)</u>	<u>(\$5,652,740)</u>	<u>(\$4,481,694)</u>	<u>(\$8,178,915)</u>	<u>(\$1,375,623)</u>
\$5,274,932	\$5,198,381	\$5,482,905	\$5,597,350	\$5,835,367	\$6,255,359
406,681	261,388	415,046	529,573	378,706	406,713
-	313,338	1,553,323	1,677,517	1,914,082	1,880,011
808,177	812,656	955,567	1,020,839	1,066,721	2,114,112
86,876	258,067	288,429	(13,639)	(272,541)	856,258
12,834	-	803	405,485	103,252	25,345
-	-	(185,637)	-	-	-
-	21,973	-	-	-	-
515,350	549,000	715,000	700,000	725,000	(457,774)
<u>7,104,850</u>	<u>7,414,803</u>	<u>9,225,436</u>	<u>9,917,125</u>	<u>9,750,587</u>	<u>11,080,024</u>
63,988	192,204	142,247	(19,677)	(160,847)	369,569
2,892	-	-	-	13,154	36,011
19,445	4,988	7,776	-	-	-
(515,350)	(549,000)	(715,000)	(700,000)	(725,000)	457,774
-	(766,124)	-	-	-	-
<u>(429,025)</u>	<u>(1,117,932)</u>	<u>(564,977)</u>	<u>(719,677)</u>	<u>(872,693)</u>	<u>863,354</u>
<u>\$6,675,825</u>	<u>\$6,296,871</u>	<u>\$8,660,459</u>	<u>\$9,197,448</u>	<u>\$8,877,894</u>	<u>\$11,943,378</u>
\$631,419	\$360,388	\$2,915,202	\$4,119,481	\$1,364,660	\$5,609,405
(274,581)	(1,169,387)	92,517	596,273	(665,681)	4,958,350
<u>\$356,838</u>	<u>(\$808,999)</u>	<u>\$3,007,719</u>	<u>\$4,715,754</u>	<u>\$698,979</u>	<u>\$10,567,755</u>



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

	2014	2015	2016	2017
General Fund:				
Nonspendable	\$269,415	\$250,151	\$271,152	\$284,867
Committed for compensated absences	324,368	337,320	322,010	323,286
Unassigned	2,518,074	2,696,726	2,828,588	2,895,455
Total general fund	<u>\$3,111,857</u>	<u>\$3,284,197</u>	<u>\$3,421,750</u>	<u>\$3,503,608</u>
All other governmental funds:				
Nonspendable	\$32,248	\$40,743	\$18,100	\$20,388
Restricted:				
Debt service funds	3,651,834	3,300,192	2,339,320	2,550,842
Special revenue funds	171,134	141,633	154,951	31,379
Capital project funds	113,540	154,951	16,764	16,879
Assigned reported in:				
Special revenue funds	493,642	891,603	940,105	1,251,230
Capital projects funds	4,765,196	4,963,087	3,928,587	5,181,985
Unassigned :				
Special revenue funds	-	-	-	-
Capital project funds	(1,205,940)	(1,170,958)	(1,129,255)	(1,078,129)
Total all other governmental funds	<u>\$8,021,654</u>	<u>\$8,321,251</u>	<u>\$6,268,572</u>	<u>\$7,974,574</u>

**Table 3**

2018	2019	2020	2021	2022	2023
\$280,016	\$307,509	\$321,905	\$286,065	\$427,196	584,769
363,503	460,076	471,780	422,961	561,275	655,592
3,032,410	2,990,491	2,851,910	3,115,225	3,004,428	3,273,101
<u>\$3,675,929</u>	<u>\$3,758,076</u>	<u>\$3,645,595</u>	<u>\$3,824,251</u>	<u>\$3,992,899</u>	<u>\$4,513,462</u>
\$24,952	\$28,100	\$15,616	\$23,437	\$10,995	\$22,154
3,346,398	1,751,769	2,393,549	2,246,568	2,560,862	2,835,221
148,167	285,202	121,659	1,440,070	2,529,436	4,217,580
85,228	7,404,430	92,175	14,675	155,643	601,282
1,007,652	1,156,128	2,010,620	593,903	973,852	523,304
4,812,301	5,007,226	7,541,807	9,597,234	10,147,796	11,197,783
-	-	(14,836)	-	(3,739)	(10,433)
<u>(1,018,710)</u>	<u>(1,390,513)</u>	<u>(839,972)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$8,405,988</u>	<u>\$14,242,342</u>	<u>\$11,320,618</u>	<u>\$13,915,887</u>	<u>\$16,374,845</u>	<u>\$19,386,891</u>

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

	2014	2015	2016	2017
<b>Revenues:</b>				
General property taxes	\$4,815,821	\$4,933,807	\$5,032,465	\$5,234,508
Tax increment collections	63,940	312,093	289,334	244,088
Licenses and permits	310,730	385,333	395,993	733,126
Intergovernmental	1,813,457	2,167,365	2,416,290	3,029,282
Special assessments	1,499,907	866,002	843,976	687,958
Charges for services	365,312	314,801	365,973	499,996
Local sales tax	-	-	-	-
Fines and forfeits	61,877	49,342	30,994	54,474
Investment income	239,998	115,465	78,383	57,859
Direct charges to developers	1,600	-	-	-
Rents	244,035	244,280	248,264	242,588
Other	51,391	95,642	83,962	80,126
<b>Total revenues</b>	<b>9,468,068</b>	<b>9,484,130</b>	<b>9,785,634</b>	<b>10,864,005</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,316,405	1,381,897	1,557,613	1,364,892
Housing and redevelopment	617,738	614,716	862,025	1,710,212
Public safety	2,037,856	2,199,013	2,200,364	2,300,865
Public works	1,961,529	1,883,657	2,037,452	2,042,897
Economic development	3,196	293	155,569	132,213
<b>Capital outlay:</b>				
General government	68,280	58,957	13,785	-
Housing and redevelopment	100,421	38,453	-	-
Public safety	147,431	116,365	355,045	51,067
Public works	837,478	536,492	1,075,101	144,882
<b>Debt service:</b>				
Principal retirement	1,581,506	1,449,749	3,722,466	1,592,894
Interest	188,965	191,983	179,335	186,709
Paying agent fees	2,250	5,275	4,340	4,120
Decertify TIF districts	1,391	-	-	-
Bond issuance costs	-	-	37,024	-
Developer reimbursement	35,683	-	-	-
Construction/acquisition costs	2,348,493	2,529,551	2,869,818	262,529
<b>Total expenditures</b>	<b>11,248,622</b>	<b>11,006,401</b>	<b>15,069,937</b>	<b>9,793,280</b>
<b>Revenues over (under) expenditures</b>	<b>(1,780,554)</b>	<b>(1,522,271)</b>	<b>(5,284,303)</b>	<b>1,070,725</b>

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

2018	2019	2020	2021	2022	2023
\$5,307,698	\$5,186,298	\$5,471,214	\$5,598,962	\$5,832,748	\$6,251,951
406,681	261,388	415,046	529,573	378,706	406,713
502,729	414,484	489,618	955,065	678,365	715,411
2,736,749	2,665,061	4,514,855	2,235,154	2,392,899	5,410,834
585,570	706,189	601,838	421,928	843,797	399,194
398,435	344,428	419,695	725,158	605,959	1,366,401
-	313,338	1,553,323	1,677,517	1,914,082	1,880,011
92,899	84,760	57,025	33,554	48,782	57,170
85,427	252,971	285,020	(13,639)	(272,541)	856,258
-	-	-	-	-	-
267,096	288,407	282,989	255,232	198,131	-
118,498	56,894	80,243	36,390	135,006	517,468
<u>10,501,782</u>	<u>10,574,218</u>	<u>14,170,866</u>	<u>12,454,894</u>	<u>12,755,934</u>	<u>17,861,411</u>
1,470,157	1,636,103	1,889,938	1,870,572	1,746,486	1,753,150
1,363,885	1,133,044	953,202	-	-	-
2,440,112	2,461,449	2,607,562	2,758,027	3,094,115	3,367,780
1,972,149	2,324,332	2,617,478	2,267,219	2,390,918	2,886,092
315,707	175,671	236,812	530,314	744,481	681,530
60,452	37,845	126,604	11,894	85,159	26,239
-	-	214,045	80,840	64,789	142,613
292,554	184,121	7,543,919	153,374	294,921	55,114
209,803	346,280	31,875	-	-	-
1,138,591	2,719,362	510,000	1,070,000	1,110,000	1,155,000
139,135	172,605	227,327	397,607	347,125	447,025
2,001	2,501	3,000	6,689	3,474	5,675
-	-	-	-	-	-
39,892	125,781	62,885	-	72,484	-
-	-	-	-	-	-
3,006,256	1,327,508	4,601,499	2,029,427	4,780,257	3,376,155
<u>12,450,694</u>	<u>12,646,602</u>	<u>21,626,146</u>	<u>11,175,963</u>	<u>14,734,209</u>	<u>13,896,373</u>
<u>(1,948,912)</u>	<u>(2,072,384)</u>	<u>(7,455,280)</u>	<u>1,278,931</u>	<u>(1,978,275)</u>	<u>3,965,038</u>

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

	2014	2015	2016	2017
Other financing sources (uses):				
Redemption of refunded bonds	(\$593,894)	\$ -	\$635,500	\$ -
Refunding bonds issued/bonds issued	1,601,532	1,532,130	2,570,000	-
Transfers in	2,310,993	2,939,619	-	419,000
Transfers out	(1,931,678)	(2,511,619)	-	-
Premium (discount) on debt issued	85,817	-	172,047	-
Sale of property	22,507	23,208	2,500	298,135
Special item	-	-	-	-
Total other financing sources (uses)	<u>1,495,277</u>	<u>1,983,338</u>	<u>3,380,047</u>	<u>717,135</u>
Net change in fund balance	<u>(\$285,277)</u>	<u>\$461,067</u>	<u>(\$1,904,256)</u>	<u>\$1,787,860</u>
Debt service as a percentage of noncapital expenditures (1)	22.9%	21.2%	36.3%	19.1%
Debt service as percentage of total expenditures (1)	15.7%	14.9%	25.9%	18.2%

(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

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

2018	2019	2020	2021	2022	2023
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,970,000	7,235,000	3,640,000	-	3,780,000	-
515,350	549,000	715,000	700,000	615,000	3,049,669
-	-	-	-	-	(3,507,443)
54,463	184,912	250,909	-	72,343	-
12,834	21,973	803	794,994	138,538	25,345
-	-	(185,637)	-	-	-
<u>2,552,647</u>	<u>7,990,885</u>	<u>4,421,075</u>	<u>1,494,994</u>	<u>4,605,881</u>	<u>(432,429)</u>
<u>\$603,735</u>	<u>\$5,918,501</u>	<u>(\$3,034,205)</u>	<u>\$2,773,925</u>	<u>\$2,627,606</u>	<u>\$3,532,609</u>
14.4%	26.9%	8.1%	16.5%	15.3%	15.6%
10.3%	22.9%	3.4%	13.1%	9.9%	11.5%

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

**Table 5**

Fiscal Year Ended December 31,	Residential Property	Commercial/Industrial Property	Non-Homestead Residential	All Other	Total Tax Capacity	Less: Captured Tax Increment Tax Capacity	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Tax Capacity as a Percent of EMV
2014	1,786,845	2,647,529	791,040	220,041	5,445,455	102,373	5,343,082	92.053	484,853,500	1.10%
2015	1,989,706	2,711,476	818,912	131,572	5,651,666	118,986	5,532,680	89.819	481,552,200	1.15%
2016	2,395,430	2,526,618	865,750	198,533	5,986,331	167,761	5,818,570	85.601	512,490,195	1.14%
2017	2,565,156	2,543,898	893,333	135,203	6,137,590	191,457	5,946,133	85.694	538,471,900	1.10%
2018	2,945,910	2,443,699	1,039,102	198,802	6,627,513	230,841	6,396,672	81.252	586,137,100	1.09%
2019	3,261,577	2,367,610	1,069,578	213,644	6,912,409	238,556	6,673,853	76.653	617,557,100	1.08%
2020	3,685,147	2,435,637	1,172,401	240,537	7,533,722	262,345	7,271,377	75.052	674,669,600	1.08%
2021	4,046,255	2,420,597	1,171,915	290,454	7,929,221	325,142	7,604,079	73.204	716,269,700	1.06%
2022	5,066,832	2,596,746	553,912	277,039	8,494,529	245,814	8,248,715	70.182	764,346,300	1.08%
2023	6,376,020	2,802,054	716,393	289,241	10,183,708	304,188	9,879,520	63.226	916,970,900	1.08%

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

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

**Table 6**

Fiscal Year	Operating City Direct Rate	Debt Service City Direct Rate	Total City Direct Rate	Overlapping Rates			Total
				County	School District	Other	
2014	77.307	14.746	92.053	66.754	41.343	0.248	200.398
2015	76.324	13.495	89.819	66.485	47.737	0.235	204.276
2016	72.436	13.165	85.601	64.711	39.512	0.225	190.049
2017	74.140	11.554	85.694	66.005	39.330	0.228	191.257
2018	70.637	10.615	81.252	64.737	33.663	0.216	179.868
2019	70.333	6.321	76.654	64.404	30.712	0.212	171.982
2020	71.778	3.274	75.052	62.583	29.134	0.199	166.968
2021	70.072	3.131	73.203	61.727	29.094	0.188	164.212
2022	67.296	2.886	70.182	59.406	24.859	0.172	154.619
2023	57.071	6.155	63.226	50.190	20.626	0.146	134.188

Source: Continuing Disclosure Document

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



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

**Table 7**

Taxpayer	2023			2014		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Wal-Mart Real Estate Business Trust	\$176,844	1	1.74%	\$203,298	1	3.73%
Menards, Inc.	151,053	2	1.48%	136,276	2	2.50%
Fleet Farm	144,652	3	1.42%	120,870	3	2.22%
Target Corporation	115,148	4	1.13%	114,648	4	2.11%
Country Club Manor of Hutchinson, LLP	91,384	5	0.90%	-	-	0.00%
East Central Electric Association	76,818	6	0.75%	73,266	5	1.35%
US Development & Leasing Corp	71,586	7	0.70%	-	-	0.00%
Centerpoint Energy	70,600	8	0.69%	-	-	0.00%
Allina Medical Clinic	66,266	9	0.65%	67,520	8	1.24%
Big River Cambridge, LLC	62,420	10	0.61%	-	-	0.00%
Recycling Fulfillment Centers LLC	-	-	0.00%	73,106	6	1.34%
LAAM Properties	-	-	0.00%	71,558	7	1.31%
Kohl's	-	-	0.00%	61,340	9	1.13%
Burlington Northern Sante Fe Railroad	-	-	0.00%	58,055	10	1.07%
Total	<u>\$1,026,771</u>		10.07%	<u>\$979,937</u>		18.00%
Total all property	<u>\$10,183,708</u>			<u>\$5,445,455</u>		

Source: Isanti County

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

**Table 8**

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year <sup>(1)</sup>	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$4,844,174	\$4,793,705	98.96%	\$32,472	\$4,826,177	99.63%
2015	4,907,148	4,837,402	98.58%	42,448	4,879,850	99.44%
2016	4,980,755	4,925,010	98.88%	25,515	4,950,525	99.39%
2017	5,095,439	5,088,602	99.87%	6,837	5,095,439	100.00%
2018	5,197,430	5,190,582	99.87%	4,181	5,194,763	99.95%
2019	5,197,430	5,131,311	98.73%	18,130	5,149,441	99.08%
2020	5,457,302	5,430,665	99.51%	14,837	5,445,502	99.78%
2021	5,566,449	5,523,870	99.24%	20,908	5,544,778	99.61%
2022	5,789,107	5,746,074	99.26%	18,065	5,764,139	99.57%
2023	6,246,446	6,197,676	99.22%	-	6,197,676	99.22%

Source: City Finance Department.

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

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

---

Fiscal Year	Improvement Bonds	Sales Tax Bonds	Total Bond Premiums	Total Governmental Activities	Percentage Market Value of Taxable Property
2014	\$9,150,936	\$ -	\$199,335	\$9,350,271	2.3%
2015	9,233,317	-	169,478	9,402,795	2.2%
2016	8,080,851	-	301,798	8,382,649	2.0%
2017	6,487,957	-	255,021	6,742,978	1.6%
2018	7,319,366	-	266,326	7,585,692	1.8%
2019	4,600,000	7,235,000	406,552	12,241,552	2.9%
2020	4,475,000	10,490,000	590,058	15,555,058	2.0%
2021	3,945,000	9,950,000	520,871	14,415,871	2.0%
2022	7,150,000	9,415,000	520,785	17,085,785	1.6%
2023	6,555,000	8,855,000	453,329	15,863,329	1.6%

Source: Isanti County

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

**Table 9**

Business-Type Activities					
Water / Wastewater Bonds	Total Bond Premiums	Total Business-Type Activities	Per Customer	Total Primary Government	Per Capita
\$24,435,950	\$364,551	\$24,800,501	\$6,813	\$34,150,772	\$4,147
20,846,785	323,214	21,169,999	6,115	30,572,794	3,667
21,272,154	507,344	21,779,498	5,925	30,162,147	3,550
19,122,049	442,423	19,564,472	5,161	26,307,450	3,007
18,751,630	423,816	19,175,446	5,561	26,761,138	3,018
18,771,000	526,983	19,297,983	4,917	31,539,535	3,513
18,824,000	576,723	19,400,723	4,985	34,955,781	3,779
17,021,000	495,029	17,516,029	4,307	31,931,900	3,452
15,252,000	417,499	15,669,499	3,685	32,755,284	3,321
13,207,000	335,396	13,542,396	3,107	29,405,725	2,790

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Isanti County	\$4,685,000	18.9930%	\$889,822
I.S.D. No. 911 (Cambridge-Isanti)	43,435,000	26.4708%	<u>11,497,592</u>
Subtotal - overlapping debt			12,387,414
City direct debt			<u>15,863,329</u>
Total direct and overlapping debt			<u><u>\$28,250,743</u></u>

Sources: Isanti County Auditor

Note:

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

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

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

**Table 11**

**Legal Debt Margin Calculation for Fiscal Year 2023**

Market value	\$916,970,900
Applicable debt limit	3%
Debt limit	<u>27,509,127</u>
Debt applicable to limit:	
General obligation bonds	<u>(3,780,000)</u>
Legal debt margin	<u><u>\$23,729,127</u></u>

**Legal Debt Margin Calculation for Fiscal Years 2014 Through 2023**

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit
2014	\$13,787,973	\$2,660,000	\$11,127,973	19.29%
2015	14,446,566	2,335,000	12,111,566	16.16%
2016	15,374,706	1,970,000	13,404,706	12.81%
2017	15,871,992	1,600,000	14,271,992	10.08%
2018	17,584,113	1,205,000	16,379,113	6.85%
2019	18,526,713	-	18,526,713	0.00%
2020	20,240,088	-	20,240,088	0.00%
2021	21,488,091	-	21,488,091	0.00%
2022	22,930,389	3,780,000	19,150,389	16.48%
2023	27,509,127	3,780,000	23,729,127	13.74%

**Water Revenue Bonds**

Fiscal Year	Water Enterprise Fund			Debt Service		Coverage
	Operating Revenues	Less:	Net	Principal	Interest	
		Operating Expenses (1)	Available Revenue			
2014	\$1,614,945	\$592,487	\$1,022,458	\$984,142	\$247,637	0.83
2015	1,702,107	632,565	1,069,542	653,086	302,437	1.12
2016 (3)	1,799,986	682,580	1,117,406	1,665,304	155,334	0.61
2017	1,856,559	744,127	1,112,432	1,094,242	159,407	0.89
2018	1,933,167	749,012	1,184,155	880,108	184,304	1.11
2019	1,838,155	732,442	1,105,713	1,203,699	151,626	0.82
2020	2,012,315	747,747	1,264,568	782,263	168,303	1.33
2021	2,225,925	834,059	1,391,866	856,343	208,153	1.31
2022	2,104,645	820,129	1,284,516	964,732	120,935	1.18
2023	2,342,003	1,117,328	1,224,675	997,122	92,598	1.12

**Wastewater Revenue Bonds**

Fiscal Year	Wastewater Enterprise Fund			Debt Service		Coverage
	Operating Revenues	Less:	Net	Principal	Interest	
		Operating Expenses (1)	Available Revenue			
2014	\$2,228,823	\$1,124,136	\$1,104,687	\$683,410	\$55,378	1.50
2015	2,207,400	1,056,696	1,150,704	946,848	126,670	1.07
2016 (3)	2,253,251	1,057,434	1,195,817	1,119,107	123,753	0.96
2017	2,249,564	1,140,613	1,108,951	888,468	125,314	1.09
2018	2,030,592	1,271,164	759,428	787,755	128,012	0.83
2019	2,284,724	1,279,594	1,005,130	892,365	109,495	1.00
2020	2,379,173	1,324,121	1,055,052	710,811	102,028	1.30
2021	2,573,206	1,524,002	1,049,204	745,940	118,719	1.21
2022	2,543,108	1,723,367	819,741	808,507	92,340	0.91
2023	2,629,226	1,753,804	875,422	818,201	80,631	0.97

**Special Assessment Improvement Bonds**

Fiscal Year	Special Assessment Collections	Debt Service		(2) Coverage
		Principal	Interest	
2014	\$1,499,907	\$1,231,506	\$132,265	1.10
2015	857,310	1,114,749	142,132	0.68
2016 (3)	843,976	1,007,874	136,385	0.74
2017	687,958	1,222,894	151,009	0.50
2018	585,570	743,591	111,087	0.69
2019	706,189	1,514,366	158,111	0.42
2020	601,838	510,000	227,327	0.82
2021	421,928	530,000	214,232	0.57
2022	843,797	575,000	100,231	1.25
2023	399,194	595,000	82,681	0.59

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

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

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

**Table 13**

<u>Fiscal Year</u>	<u>Population<sup>(3)</sup></u>	<u>Unemployment Rate<sup>(2)</sup></u>	<u>Personal Income<sup>(1)</sup></u>	<u>Per Capita Personal Income<sup>(1)</sup></u>
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	49,420
2021	9,249	4.60%	2,228,920,000	52,118
2022	9,862	4.50%	2,239,785,000	52,421
2023	10,541	3.40%	<b>Information Not Available</b>	

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

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

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

<sup>(3)</sup> 011 population per US Census Bureau  
 2014-2023 population per estimates from State of MN Demographer



**- This page intentionally left blank -**

Employer	Product/Service	2023		2014	
		Employees	% of Total Employees	Employees	% of Total Employees
I.S.D. No. 911 (Cambridge-Isanti)	Elementary and secondary education	800	3.8%	815	5.1%
Cambridge Medical Center	Hospital	780	3.7%	800	5.0%
Wal-Mart Supercenter	Discount retail and grocery store	350	1.7%	350	2.2%
Grace Pointe Crossing	Skilled nursing facility	310	1.5%	300	1.9%
Park Manufacturing	Wire harnesses	300	1.4%	-	0.0%
Isanti County	County government and service	300	1.4%	294	1.8%
TEAM Industries Cambridge, Inc.	Precision machine shop	225	1.1%	220	1.4%
Menards Mega Store	Home improvement store	210	1.0%	200	1.2%
Fleet Farm	Retail Merchandise	200	1.0%	150	0.9%
Target	Retail Merchandise	145	0.7%	150	0.9%
Cambridge Metals & Plastics, Inc.	Manufacture recreational accessories	-	0.0%	200	1.2%
Arrow Tank	Metal Fabrication				
All others		17,384	82.8%	12,557	78.3%
Total <sup>(1)</sup>		21,004	100.0%	16,036	100.0%

Source: Continuing Disclosure Document

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

**CITY OF CAMBRIDGE, MINNESOTA**

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

Last Ten Fiscal Years

---

Function/Program	Full-Time Equivalent Employees as of December 31,			
	2014	2015	2016	2017
General government:				
Administration	1	2	2	2
EDA	2	2	2	2
Finance	3	3	3	3
Building inspections	3	3	3	3
Building maintenance	1	1	1	1
Community development	2	2	2	2
Municipal liquor store	4	4	4	4
Public safety	15	16	16	16
Public works	10	10	9	9
Parks and recreation	1	1	2	2
Water	3	3	3	3
Sewer	6	6	6	6
<b>Total</b>	<b>51</b>	<b>53</b>	<b>53</b>	<b>53</b>

Source: City Finance Department

Table 15

---

Full-Time Equivalent Employees as of December 31,

2018	2019	2020	2021	2022	2023
3	2	2	2	3	3
2	2	1	2	2	2
3	3	3	3	3	3
3	3	3	3	3	3
1	1	1	1	1	1
2	2	2	2	3	3
4	4	4	4	4	4
16	16	16	17	18	17
9	9	9	10	10	10
2	2	2	2	2	2
3	3	3	3	3	3
6	6	6	6	6	6
<u>54</u>	<u>53</u>	<u>52</u>	<u>55</u>	<u>58</u>	<u>57</u>

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

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Police:				
Calls	15,919	12,323	17,390	15,810
Juvenile arrests	126	78	71	111
Adult arrests	1,092	1,113	1,144	978
Crime rate (per 100,000)	10,784	9,200	10,558	10,972
Clearance	58%	54%	50%	45%
Fire:				
Total calls dispatched	259	198	256	374
False alarms/cancelled calls	N/A	N/A	N/A	45
Building inspection:				
Permits issued:				
Residential	40	37	49	73
Commercial	N/A	2	4	2
Total permit valuation	\$18,833,654	\$20,843,136	\$22,340,621	\$57,629,800
Water:				
Connections	3,625	3,657	3,681	3,769
Annual consumption (thousands of gallons)	227,115,120	277,328,691	272,184,001	284,941,015
Sewer:				
Connections	3,637	3,650	3,676	3,791

Sources: Various City departments

**Table 16**

Fiscal Year						
2018	2019	2020	2021	2022	2023	
16,668	25,199	20,148	17,347	23,066	23,705	
83	76	36	20	51	29	
1,015	1,202	661	683	979	836	
9,382	10,104	8,747	7,568	7,128	4,639	
64%	65%	64%	53%	66%	Not available	
385	360	314	343	391	348	
89	78	51	42	35	72	
56	69	83	136	5	37	
1	2	2	2	5	5	
\$28,299,904	\$29,478,202	\$29,145,407	\$58,723,450	\$31,590,702	\$59,052,858	
3,839	3,925	3,892	4,067	4,252	4,358	
300,987,607	283,495,754	288,933,361	306,220,612	297,167,543	327,481,433	
3,448	3,964	3,925	4,279	4,292	4,370	

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

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Police:				
Stations	1	1	1	1
Squad cars	15	16	16	16
Fire stations	1	1	1	1
Other public works:				
Miles of paved streets	56.0	56.0	56.0	56.0
Traffic signals	10	10	10	10
Park land:				
Number of parks	16	16	16	16
Water:				
Water mains (miles)	45.5	45.5	45.5	45.5
Storage capacity (gallons)	1,300,000	1,300,000	1,300,000	1,300,000
Wastewater:				
Sanitary sewers (miles)	44.5	44.5	44.5	44.5
Storm sewers (miles)	35.0	35.0	35.0	35.0
Treatment capacity	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd

Sources: Various City departments

**Table 17**

Fiscal Year						
2018	2019	2020	2021	2022	2023	
1	1	1	1	1	1	1
16	17	17	17	17	17	17
1	1	1	1	1	1	1
56.0	56.0	56.0	56.0	56.0	56.0	57.0
10	10	10	10	10	10	10
16	17	17	17	17	18	18
45.5	45.5	45.5	45.5	45.5	45.5	47.0
1,300,000	1,300,000	1,750,000	1,750,000	1,750,000	1,750,000	1,900,000
44.5	44.5	44.5	44.5	44.5	44.5	47.0
35.0	35.0	36.3	36.3	36.3	36.3	38.0
1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd	1.84 Mgd



**- This page intentionally left blank -**

**FORM OF LEGAL OPINION**

(See following pages)

City of Cambridge  
Cambridge, Minnesota

[Purchaser]  
[City, State]

Re:     \$[PAR] General Obligation Improvement Bonds, Series 2024A  
       City of Cambridge, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by the City of Cambridge, Minnesota (the “City”), of the obligations described above, dated, as originally issued, as of May [ ], 2024 (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the City in the authorization, sale and issuance of the Bonds, including the form of the Bonds. 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 special assessments with respect to benefited properties and ad valorem taxes duly levied on all taxable property in the City, which assessments and ad valorem taxes are expected to produce amounts sufficient to pay the principal of and interest on the Bonds when due, and, to any extent not so paid, from additional ad valorem taxes required by law to be levied on all taxable property in the City, which taxes are not subject to any limitation as to rate or amount.

3.     Interest on the Bonds (a) is excludable 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 on noncorporate taxpayers by Section 55 of the Code.

4.     Interest on the Bonds (a) is excludable 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, trusts, and estates.

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 interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and 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 [ ]th day of May, 2024.

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](http://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 COVENANTS

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 a Bond, 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 a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond 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 twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2024, 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 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 headings: “VALUATIONS – Current Property Valuations;” “DEBT – Direct Debt;” “TAX LEVIES, COLLECTIONS AND RATES – Tax Levies and Collections;” “GENERAL INFORMATION – U.S. 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 submitted to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or to the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. 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 ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each, a “Material Fact”):
  - (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 security, or other material events affecting the tax status of the security;
- (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 obligated person;
- (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;
- (N) appointment of a successor or additional trustee or the change of name of a trustee, 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, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond 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, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond 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, 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)(3) 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**

**\$1,985,000\* GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2024A  
CITY OF CAMBRIDGE, MINNESOTA**

Proposals for the purchase of \$1,985,000\* General Obligation Improvement Bonds, Series 2024A (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 [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com) or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on May 6, 2024, 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 6:00 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.

**AUTHORITY; PURPOSE; SECURITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, as amended, by the City, for the purpose of financing the City's 2024 street improvement project. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged.

**DATES AND MATURITIES**

The Bonds will be dated May 30, 2024, 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>
2026	\$170,000	2030	\$195,000	2034	\$220,000
2027	175,000	2031	200,000	2035	230,000
2028	180,000	2032	210,000		
2029	190,000	2033	215,000		

**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, 2025, 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 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** 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 ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC 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, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 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 30, 2024, 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 \$1,961,180 plus accrued interest on the principal sum of \$1,985,000 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](mailto: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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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 \$39,700 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 Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), 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. 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](http://www.ehlers-inc.com) by connecting to the Bond Sales link. The Underwriter (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 6, 2024

RE: \$1,985,000\* General Obligation Improvement Bonds, Series 2024A (the "Bonds")
DATED: May 30, 2024

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 \$1,961,180) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

Table with 4 columns: Interest rate, Maturity year, Interest rate, Maturity year. Rows include maturities from 2026 to 2035.

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 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) 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 \$39,700 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 30, 2024.

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 Underwriter (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 30, 2024 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 6, 2024.

By: \_\_\_\_\_ By: \_\_\_\_\_
Title: \_\_\_\_\_ Title: \_\_\_\_\_