

**VILLAGE OF
CAMBRIDGE**

**AUDITED FINANCIAL
STATEMENTS**

DECEMBER 31, 2012



JAMES R. FRECHETTE

CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF CAMBRIDGE
December 31, 2012
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James R. Frechette

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Village Board
Village of Cambridge
Cambridge, Wisconsin

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 Village of Cambridge, Wisconsin as of and for the year ended December 31, 2012, which collectively comprise the Village's basic financial statements as listed in table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cambridge, Wisconsin as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by the missing information.

A handwritten signature in black ink, appearing to read "James R. Frechette". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

May 21, 2013
Mukwonago, WI

JAMES R. FRECHETTE
CERTIFIED PUBLIC ACCOUNTANT

BASIC FINANCIAL STATEMENTS

VILLAGE OF CAMBRIDGE
STATEMENT OF NET POSITION
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 1,033,156	\$ 405,681	\$ 1,438,837
Taxes Receivable	1,086,715	0	1,086,715
Accounts Receivable	7,748	105,853	113,601
Inventory	0	2,168	2,168
Noncurrent Assets:			
Restricted Cash and Investments	1,233	205,518	206,751
Capital Assets	5,299,055	12,846,123	18,145,178
Less: Accumulated Depreciation	(1,151,384)	(2,436,471)	(3,587,855)
Unamortized Assets	0	3,673	3,673
Total Assets	<u>6,276,523</u>	<u>11,132,545</u>	<u>17,409,068</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	207,398	161,402	368,800
Accrued Salaries and Benefits	15,557	2,118	17,675
Accrued Interest Payable	18,524	3,919	22,443
Deferred Revenue	1,076,283	0	1,076,283
General Obligation Bonds - Current	85,000	0	85,000
General Obligation Notes - Current	49,734	31,040	80,774
Revenue Bonds - Current	0	20,686	20,686
Noncurrent Liabilities:			
General Obligation Bonds Payable	2,620,000	25,000	2,645,000
General Obligation Notes Payable	377,548	63,960	441,508
Long-Term Advances Payable	48,000	0	48,000
Revenue Bonds Payable	0	898,460	898,460
Vested Employee Benefits	66,693	0	66,693
Total Liabilities	<u>4,564,737</u>	<u>1,206,585</u>	<u>5,771,322</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	967,389	9,370,506	10,337,895
Restricted for:			
Debt Service	0	52,213	52,213
Capital Projects	237,589	153,305	390,894
Park	1,233	0	1,233
Library	42,145	0	42,145
Unrestricted	463,430	349,936	813,366
Total Net Position	<u>\$ 1,711,786</u>	<u>\$ 9,925,960</u>	<u>\$ 11,637,746</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 273,711	\$ 18,845	\$ 0	\$ 0	\$ (254,866)	\$	\$ (254,866)
Public Safety	434,434	7,878	0	0	(426,556)		(426,556)
Public Works	392,606	2,357	127,384	52,874	(209,991)		(209,991)
Culture and Recreation	318,498	10,718	137,031	0	(170,749)		(170,749)
Conservation and Development	43,373	0	0	0	(43,373)		(43,373)
Interest on Long-Term Debt	167,652	0	0	0	(167,652)		(167,652)
Total Governmental Activities	<u>1,630,274</u>	<u>39,798</u>	<u>264,415</u>	<u>52,874</u>	<u>(1,273,187)</u>	<u>0</u>	<u>(1,273,187)</u>
Business-type Activities:							
Water	474,508	429,750	0	0		(44,758)	(44,758)
Sewer	929,342	668,463	0	0		(260,879)	(260,879)
Stormwater	13,035	38,273	0	0		25,238	25,238
Total Support Services	<u>1,416,885</u>	<u>1,136,486</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(280,399)</u>	<u>(280,399)</u>
Total Primary Government	<u>\$ 3,047,159</u>	<u>\$ 1,176,284</u>	<u>\$ 264,415</u>	<u>\$ 52,874</u>	<u>(1,273,187)</u>	<u>(280,399)</u>	<u>\$ (1,553,586)</u>
General Revenues:							
Property Taxes					1,048,963	0	1,048,963
Payments In Lieu of Taxes					97,203		97,203
State Aids - Unrestricted					79,291		79,291
Interest on Investments					7,118	2,742	9,860
Rent					30,032	0	30,032
Other					21,985		21,985
Transfers					<u>0</u>	<u>0</u>	<u>0</u>
Total General Revenues and Transfers					<u>1,284,592</u>	<u>2,742</u>	<u>1,287,334</u>
Change in Net Position					11,405	(277,657)	(266,252)
Net Position - Beginning of Year					1,700,381	10,203,617	11,903,998
Net Position - End of Year					<u>\$ 1,711,786</u>	<u>\$ 9,925,960</u>	<u>\$ 11,637,746</u>

The notes to the financial statements are an integral part of this report.

VILLAGE OF CAMBRIDGE
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2012

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Library Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Investments	\$ 266,309	\$ 0	\$ 47,560	\$ 387,698	\$ 331,589	\$ 1,033,156
Taxes Receivable	664,498	271,631	59,354		91,232	1,086,715
Accounts Receivable	7,748					7,748
Restricted Cash and Investments	1,233					1,233
TOTAL ASSETS	\$ 939,788	\$ 271,631	\$ 106,914	\$ 387,698	\$ 422,821	\$ 2,128,852
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 53,573	\$ 0	\$ 3,716	\$ 150,109	\$ 0	\$ 207,398
Accrued Salaries and Fringes	13,165		1,699		693	15,557
Deferred Revenue	654,066	271,631	59,354		91,232	1,076,283
Total Liabilities	720,804	271,631	64,769	150,109	91,925	1,299,238
Fund Balances:						
Restricted for:						
Library			42,145			42,145
Capital Projects				237,589		237,589
Park	1,233					1,233
Debt Service		0				0
Assigned:						
Tax Incremental District					264,332	264,332
Economic and Community Development Fund					66,564	66,564
Unassigned	217,751					217,751
Total Fund Balances	218,984	0	42,145	237,589	330,896	829,614
TOTAL LIABILITIES AND FUND BALANCES	\$ 939,788	\$ 271,631	\$ 106,914	\$ 387,698	\$ 422,821	\$ 2,128,852

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
As Of December 31, 2012

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

Total Fund Balances - Governmental Funds	\$	829,614
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This includes:		
Capital Assets		5,299,055
Accumulated Depreciation		(1,151,384)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These include:		
Notes and Bonds Payable		(3,180,282)
Accrued Interest on Long-Term Debt		(18,524)
Vested Employee Benefits		(66,693)
Net Position of Governmental Activities	\$	<u><u>1,711,786</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2012

	General Fund	Debt Service Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 772,325	\$ 233,007	\$ 57,626	\$ 0	\$ 83,224	\$ 1,146,182
Intergovernmental	174,877		137,031	52,874	1,975	366,757
License and Permits	16,986					16,986
Forfeitures and Penalties	7,878					7,878
Public Charges for Services	3,964					3,964
Miscellaneous	50,777		10,618	29,823	8,694	99,912
TOTAL REVENUES	1,026,807	233,007	205,275	82,697	93,893	1,641,679
EXPENDITURES						
Current:						
General Government	255,253	0	0	0	150	255,403
Public Safety	430,413					430,413
Public Works	244,210					244,210
Culture and Recreation	41,046		184,778			225,824
Conservation and Development	1,595				32,145	33,740
Capital Outlay			91,744	435,402		527,146
Debt Service:						
Principal		976,718				976,718
Interest and Other		169,435				169,435
TOTAL EXPENDITURES	972,517	1,146,153	276,522	435,402	32,295	2,862,889
Excess of Revenues Over (Under) Expenditures	54,290	(913,146)	(71,247)	(352,705)	61,598	(1,221,210)
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	0	0	0	373,000	0	373,000
Transfers In (Out)	(158,646)	883,432	0	1,007	(725,793)	0
Total Other Financing Sources (Uses)	(158,646)	883,432	0	374,007	(725,793)	373,000
Net Change in Fund Balances	(104,356)	(29,714)	(71,247)	21,302	(664,195)	(848,210)
Fund Balances - Beginning	323,340	29,714	113,392	216,287	995,091	1,677,824
Fund Balances - Ending	\$ 218,984	\$ 0	\$ 42,145	\$ 237,589	\$ 330,896	\$ 829,614

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2012

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

Net change in fund balances - total governmental funds	\$	(848,210)
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Governmental funds report capital outlay 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 Outlays		373,000
Depreciation on Fixed Assets		(118,590)

The issuance of long-term debt is reported in the governmental funds as an other financing source, but has no effect on the statement of activities.

(373,000)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is recorded as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. These include:

Principal Paid on Long-Term Loans		976,718
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Payment of interest on long-term debt is reported in the governmental funds as an expenditure when paid, but is recorded in the statement of activities as incurred.

Interest Paid on Long-Term Debt		169,072
Interest Incurred for the Year		(167,289)

Vested employee benefits are reported in the governmental funds as an expenditure when paid, but is recorded in the statement of activities when earned.

Vested Employee Benefits Paid		4,938
Vested Employee Benefits Earned		(5,234)

Change in net position of governmental activities	\$	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">11,405</td> </tr> </table>	11,405
11,405			

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND

For The Year Ended December 31, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 756,569	\$ 756,569	\$ 772,325	\$ 15,756
Intergovernmental	181,379	181,379	174,877	(6,502)
License and Permits	17,439	17,439	16,986	(453)
Forfeitures and Penalties	8,500	8,500	7,878	(622)
Public Charges for Services	5,650	5,650	3,964	(1,686)
Miscellaneous	49,915	49,915	50,777	862
TOTAL REVENUES	<u>1,019,452</u>	<u>1,019,452</u>	<u>1,026,807</u>	<u>7,355</u>
EXPENDITURES				
Current:				
General Government	285,803	285,803	255,253	30,550
Public Safety	399,843	399,843	430,413	(30,570)
Public Works	290,762	290,762	244,210	46,552
Culture and Recreation	40,989	40,989	41,046	(57)
Conservation and Development	2,055	2,055	1,595	460
TOTAL EXPENDITURES	<u>1,019,452</u>	<u>1,019,452</u>	<u>972,517</u>	<u>46,935</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>54,290</u>	<u>54,290</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-term Debt	0	0	0	0
Operating Transfer In (Out)	<u>0</u>	<u>0</u>	<u>(158,646)</u>	<u>(158,646)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(158,646)</u>	<u>(158,646)</u>
Net Change in Fund Balances	0	0	(104,356)	(104,356)
Fund Balance - Beginning	323,340	323,340	323,340	0
Fund Balance - Ending	<u>\$ 323,340</u>	<u>\$ 323,340</u>	<u>\$ 218,984</u>	<u>\$ (104,356)</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL -
LIBRARY FUND

For The Year Ended December 31, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 57,626	\$ 57,626	\$ 57,626	\$ 0
Intergovernmental	137,031	137,031	137,031	0
License and Permits	0	0	0	0
Forfeitures and Penalties	0	0	0	0
Public Charges for Services	0	0	0	0
Miscellaneous	0	0	10,618	10,618
TOTAL REVENUES	194,657	194,657	205,275	10,618
<u>EXPENDITURES</u>				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Public Works	0	0	0	0
Culture and Recreation	170,586	170,586	276,522	(105,936)
Conservation and Development	0	0	0	0
TOTAL EXPENDITURES	170,586	170,586	276,522	(105,936)
Excess of Revenues Over (Under) Expenditures	24,071	24,071	(71,247)	(95,318)
<u>OTHER FINANCING SOURCES (USES):</u>				
Proceeds from Long-term Debt	0	0	0	0
Operating Transfer In (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	24,071	24,071	(71,247)	(95,318)
Fund Balance - Beginning	113,392	113,392	113,392	0
Fund Balance - Ending	\$ 137,463	\$ 137,463	\$ 42,145	\$ (95,318)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2012

	Business-Type Activities - Enterprise Funds			Totals Current Year
	Water Utility	Sewer Utility	Stormwater Utility	
ASSETS				
Current Assets:				
Cash and Investments	\$ 142,360	\$ 185,184	\$ 78,137	\$ 405,681
Accounts Receivable	30,082	71,435	4,336	105,853
Inventory	2,168			2,168
Total Current Assets	<u>174,610</u>	<u>256,619</u>	<u>82,473</u>	<u>513,702</u>
Noncurrent Assets:				
Cash and Investments - Restricted	52,213	153,305	0	205,518
Capital Assets	4,822,235	8,023,888		12,846,123
Less: Accumulated Depreciation	(965,666)	(1,470,805)		(2,436,471)
Unamortized Debt Issuance Costs	3,263	410		3,673
Total Noncurrent Assets	<u>3,912,045</u>	<u>6,706,798</u>	<u>0</u>	<u>10,618,843</u>
 Total Assets	 <u>4,086,655</u>	 <u>6,963,417</u>	 <u>82,473</u>	 <u>11,132,545</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	5,959	53,089	23	59,071
Accrued Salaries and Benefits	1,350	726	42	2,118
Accrued Taxes Payable	102,331	0	0	102,331
Total Current Liabilities	<u>109,640</u>	<u>53,815</u>	<u>65</u>	<u>163,520</u>
Current Liabilities Payable from Restricted Assets:				
General Obligation Notes and Bonds Payable	31,040	0	0	31,040
Revenue Bonds Payable	20,686	0	0	20,686
Accrued Interest Payable	3,774	145	0	3,919
Total Current Liabilities Payable from Restricted Assets	<u>55,500</u>	<u>145</u>	<u>0</u>	<u>55,645</u>
Noncurrent Liabilities:				
General Obligation Notes and Bonds Payable	63,960	25,000	0	88,960
Revenue Bonds Payable	898,460	0	0	898,460
Total Noncurrent Liabilities	<u>962,420</u>	<u>25,000</u>	<u>0</u>	<u>987,420</u>
 Total Liabilities	 <u>1,127,560</u>	 <u>78,960</u>	 <u>65</u>	 <u>1,206,585</u>
NET POSITION				
Net Investment in Capital Assets	2,842,423	6,528,083	0	9,370,506
Restricted for:				
Debt Service	52,213			52,213
Capital Projects/Equipment Replacement		153,305		153,305
Unrestricted	64,459	203,069	82,408	349,936
 Total Net Position	 <u>\$ 2,959,095</u>	 <u>\$ 6,884,457</u>	 <u>\$ 82,408</u>	 <u>\$ 9,925,960</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Stormwater Utility	
REVENUES				
Charges for Services	\$ 411,963	\$ 650,639	\$ 37,064	\$ 1,099,666
Other Operating Revenues	3,987	5,158	1,209	10,354
Total Operating Revenues	<u>415,950</u>	<u>655,797</u>	<u>38,273</u>	<u>1,110,020</u>
EXPENSES				
Operation and Maintenance	315,751	732,634	13,035	1,061,420
Depreciation	113,306	196,010	0	309,316
Total Operating Expenses	<u>429,057</u>	<u>928,644</u>	<u>13,035</u>	<u>1,370,736</u>
Operating Income	(13,107)	(272,847)	25,238	(260,716)
Nonoperating Revenues (Expenses):				
Interest on Investments	989	1,437	316	2,742
Rental Income	13,800	0	0	13,800
Miscellaneous	0	12,666	0	12,666
Interest Expense	(45,273)	(580)	0	(45,853)
Amortization Expense	(178)	(118)	0	(296)
Total Nonoperating Revenues (Expenses)	<u>(30,662)</u>	<u>13,405</u>	<u>316</u>	<u>(16,941)</u>
Income Before Contributions and Transfers	(43,769)	(259,442)	25,554	(277,657)
Capital Contributions	0	0	0	0
Transfers In (Out)	0	0	0	0
Change in Net Position	(43,769)	(259,442)	25,554	(277,657)
Net Position - Beginning	3,002,864	7,143,899	56,854	10,203,617
Net Position - Ending	<u>\$ 2,959,095</u>	<u>\$ 6,884,457</u>	<u>\$ 82,408</u>	<u>\$ 9,925,960</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Stormwater Utility	
<u>Cash Flows From Operating Activities:</u>				
Receipts from Customers	\$ 421,511	\$ 669,159	\$ 38,628	\$ 1,129,298
Payments to Suppliers/Village/Employees	(301,099)	(740,698)	(13,304)	(1,055,101)
Net Cash Flows from Operating Activities	<u>120,412</u>	<u>(71,539)</u>	<u>25,324</u>	<u>74,197</u>
<u>Cash Flows From Noncapital Financing Activities:</u>				
Rental Income	13,800	0	0	13,800
True Up from COWC	<u>0</u>	<u>12,666</u>	<u>0</u>	<u>12,666</u>
Net Cash Flows from Noncapital Related Financing Activities	<u>13,800</u>	<u>12,666</u>	<u>0</u>	<u>26,466</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Proceeds from Capital Debt	0	0	0	0
Capital Contributions	0	0	0	0
Acquisition and Construction of Capital Assets	(2,196)	(28,821)	0	(31,017)
Principal Paid on Capital Debt	(54,944)	0	0	(54,944)
Interest Paid on Capital Debt	(45,730)	(580)	0	(46,310)
Net Cash Flow from Capital and Related Financing Activities	<u>(102,870)</u>	<u>(29,401)</u>	<u>0</u>	<u>(132,271)</u>
<u>Cash Flow From Investing Activities:</u>				
Interest Income	989	1,437	316	2,742
Net Cash Flow from Investing Activities	<u>989</u>	<u>1,437</u>	<u>316</u>	<u>2,742</u>
Net Increase (Decrease) in Cash and Cash Equivalents	32,331	(86,837)	25,640	(28,866)
Cash and Cash Equivalents - January 1	162,242	425,326	52,497	640,065
Cash and Cash Equivalents - December 31	<u>\$ 194,573</u>	<u>\$ 338,489</u>	<u>\$ 78,137</u>	<u>\$ 611,199</u>

The Notes to the Financial Statements are an Integral Part of this Statement.

VILLAGE OF CAMBRIDGE
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Stormwater Utility	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	\$ (13,107)	\$ (272,847)	\$ 25,238	\$ (260,716)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	118,804	196,010	0	314,814
(Increase) Decrease in Accounts Receivable	5,561	13,362	355	19,278
(Increase) Decrease in Due To/From Other Funds	0	0	0	0
(Increase) Decrease in Inventories	(829)	0	0	(829)
Increase (Decrease) in Payables	9,983	(8,064)	(269)	1,650
	133,519	201,308	86	334,913
Net Cash Provided by Operating Activities	\$ 120,412	\$ (71,539)	\$ 25,324	\$ 74,197
<u>Noncash Investing, Capital, and Financing Activities:</u>				
Capital Contributions	\$ 0	\$ 0	\$ 0	\$ 0

The Notes to the Financial Statements are an Integral Part of this Statement.

VILLAGE OF CAMBRIDGE
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
December 31, 2012

		Agency Funds		Tax Collection Fund
<u>ASSETS</u>				
Cash and Investments	\$	1,707,883		
Taxes Receivable		866,696		
		2,574,579		
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$			2,574,579
<u>NET POSITION</u>				
Net Position	\$			0

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Cambridge, Wisconsin is a municipality governed by a village president and a six-member village board.

The financial statements of the Village of Cambridge have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below.

This report includes all of the funds of the Village of Cambridge. The report excludes the Cambridge-Oakland Wastewater Commission owned and operated jointly by the Village of Cambridge Sewer Utility and the Oakland Sanitary District.

B. Government-wide and Fund Financial Statements

Government-wide statements

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary 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 segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. The village reports the following major governmental and business-type funds:

Governmental Funds

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

Debt Service Fund accounts for the accumulation for and payment of all long-term obligations of the governmental funds.

Library Fund accounts for all activities related to the Library Fund tax levy and grant transactions.

Capital Projects Fund accounts for all activities related to the purchase and/or construction of capital items and any related long-term borrowings.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

Enterprise Funds

Water Utility accounts for the activities of the village's water system.

Sewer Utility accounts for the activities of the village's sewer system.

Stormwater Utility accounts for the activities of the village's stormwater system.

The village also reports the following non-major governmental funds:

Tax Incremental District No. 2 and No. 3 Economic and Community Development Fund

Additionally, the Village reports the following fund types that are not included in the government-wide financial statements:

The *Tax Collection Agency Fund* accounts for assets received from taxpayers held for distribution to other taxing units.

C. Measurement Focus and Basis of Accounting

Government-wide statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recognized as receivables and deferred revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are charges between the village's water utility, sewer utility, stormwater utility, and the village's governmental activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund financial statements

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 government considers revenues to be available if they are collected within 60 days 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, state aids, licenses, 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 government.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes permit the Village to invest available cash balances not immediately needed in any of the following:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association if the deposits mature in no more than three years.
- Bonds or securities issued or guaranteed as to principal and interest by the federal government.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the State of Wisconsin. Also included are bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, University of Wisconsin Hospitals and Clinic Authority, a local cultural arts district, and by the Wisconsin Aerospace Authority.
- The local government investment pool.
- Any security which matures within not more than seven years and having a rating which is the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust subject to various conditions.
- Repurchase agreements subject to certain conditions.

The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The Investment pool is managed by the State of Wisconsin Investment Board with oversight by a Board of Trustees as authorized in Wisconsin Statutes Chapter 25.

The Village has not adopted a formal investment policy.

Investments are stated at fair value unless the difference between amortized costs and fair value are immaterial.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for the state, county, school district, and technical college district. Property taxes levied for village purposes as well as other governmental units are recorded as "Taxes Receivable" in the fund statements. The village portion of the levy is shown as "Deferred Revenue" and the other governmental units portion is shown as "Due to Other Taxing Units". The village share is recognized as revenue in the following year when the services financed by the levy are provided. Taxes collected in advance of the year for which they are levied are shown as reduction of the taxes receivable balance at December 31. The lien date and levy date are both in December 2012. Due dates for collection of taxes are January 31, 2013 and July 31, 2013.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

Inventories and Prepayments

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. 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.

Capital Assets

Capital assets, which include land, buildings, land improvements, equipment, and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure assets prior to January 1, 2004 have not been included.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciable capital assets of the Village are depreciated using the straight line method over the following estimated useful lives:

<u>Assets:</u>	<u>Years</u>
Buildings	25-50
Land Improvements	25-50
Equipment	5-10
Infrastructure	20-40

In the fund financial statements, governmental fund fixed assets are accounted for as capital outlay expenditures in the year purchased. No depreciation is recorded in the governmental fund financial statements. Fixed assets in the proprietary funds are accounted for the same way as in the government-wide statements.

Compensated Absences

The Village has recorded liabilities for vested employee vacations and sick leave. Under terms of employment, village employees are granted vacations and sick leave in varying amounts. All vested vacation and sick leave pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured.

Benefits are recorded as expenditures in the fund statements as paid while recorded in the statement of activities as earned. An estimate of the value of vested benefits is recorded as a long-term liability in the statement of net position. The liability was calculated based upon rate of pay in effect at December 31, 2012. All liabilities are recorded in the governmental activities.

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, if material, are deferred and amortized over the life of the bonds or notes using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

In the fund 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 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.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

Equity Classifications

Equity in the government-wide financial statements is reflected in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes, land contracts, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – consists of net positions with restrictions placed on their use either by external groups or state and federal law.
- Unrestricted net position – All other net positions that do not meet the definition of the other two.

Equity in the Fund financial statements is reflected in the following categories:

- Nonspendable Fund Balance – This includes amounts that cannot be spent because they are either not spendable form or are legally or contractually required to be maintained intact. The village shall report inventories, prepaid items, long-term receivables, and other amounts legally or contractually required to be maintained intact as nonspendable.
- Restricted Fund Balance – This includes amounts limited by external parties, laws or regulations, constitutional provisions or enabling legislation. The village shall report amounts as restricted that can be spent only for specific purposes stipulated by constitution, external source providers, or through legislation. When both restricted and unrestricted resources are available for use, it is village policy to use unrestricted resources first, then restricted resources as they are needed.
- Committed Fund Balance – This includes amounts that are committed for specific purposes by formal action of the Village Board.
- Assigned Fund Balance – This includes amounts that are intended to be used for specific purposes but are neither restricted nor formally committed. Intent can be expressed by the Board or by an individual or subordinate high level body to which the Village Board has delegated authority. The village board has not delegated authority to assign fund balance for a specific intended purpose.
- Unassigned Fund Balance – This includes any remaining amounts in the General Fund that are not classified as nonspendable, restricted, committed, or assigned. In other funds, the unassigned classification shall be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

A budget for the General Fund, Library Fund, Debt Service Fund, and Capital Projects Fund was adopted on a basis consistent with generally accepted accounting principles. The budgets were adopted in compliance with all material state statutes.

Budgetary information as presented in the fund financial statements is derived from:

- A public hearing to obtain taxpayer comments on the proposed budget.
- The annual operating budget as originally adopted by the village board.
- Individual amendments to the original budget as approved by the village board during the year.

Budget appropriations lapse at year-end unless specifically carried over to the next year.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2012, expenditures exceeded budgeted amounts in the following funds:

The General Fund had excess expenditures for Public Safety (\$30,570) and Culture and Recreation (\$57). These overexpenditures were funded by available fund balance. The Library Fund exceeded budgeted expenditures by \$105,936. These overexpenditures were funded by available fund balance.

C. Department of Agriculture Revenue Bonds

The Water Utility issued \$825,000 in Revenue Bonds dated December 18, 2002 with an interest rate of 4.625%. The utility is to pay principal and interest in the sum of \$22,729 on June 1 and December 1 of each year beginning on June 1, 2003 and ending December 1, 2042. The bonds were issued for the purpose of providing for the costs of improving the village's water system. The bond payments are payable from the Water System Revenue Bonds Special Redemption Fund.

The utility adopted resolution 2002-15 providing for the issuance and sale of the bonds. Section 3 of this resolution requires the establishment of a Special Redemption Fund and a Depreciation Fund in addition to the Operation and Maintenance Fund.

The funds deposited into the Special Redemption Fund (Debt Service Fund) shall be one-sixth of the amount required to pay in full the principal and interest payments on the bonds then outstanding next becoming due. Such fund will be kept apart from other monies and used for no other purpose other than the payment of principal and interest on the bonds as they become due.

In addition, money to be deposited in the Depreciation Fund (Bond Reserve Fund) shall be set aside and paid into said fund the amount of \$1,137 each calendar quarter, provided that there shall be deposited at least the sum of \$4,548 annually until there is accumulated an amount equal to the Reserve Requirement, at which time the deposits may be discontinued. The Reserve Requirement is the least of the following amounts: (a) \$45,458, (b) 10% of the proceeds of the bonds, (c) maximum annual debt service on the bonds, or (d) 125% of the average annual debt service of the bonds. The Reserve Requirement at December 31, 2012 was \$45,458.

The Special Redemption Fund and Depreciation Fund have been established as of December 31, 2012.

So long as the government shall hold the bonds, installments of the principal shall be subject to prepayment at the option of the utility in whole or in part in inverse order of maturity and in integral multiples of \$100 on any interest payment date at par plus accrued interest. Otherwise, installments of principal shall not be subject to prepayment until December 1, 2012.

VILLAGE OF CAMBRIDGE
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2012

D. DNR Replacement Fund

The Wisconsin Department of Natural Resources required the creation of a equipment replacement fund as a condition of receiving a grant for the sewer utility. The equipment replacement fund has been established and the balance at December 31, 2012 was \$119,991.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A - CASH AND INVESTMENTS

The village's deposits include checking accounts, savings accounts, money market accounts, and certificates of deposit. The village had no investments at December 31, 2012 or during the year.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2012, \$0 of the government's bank balance of \$1,910,217 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	0
Total	\$	<u><u>0</u></u>

Differences between bank balance and book balance represent deposits in transit and outstanding checks.

Depository insurance is also provided by the State Deposit Guarantee Fund of the State of Wisconsin. The coverage is limited to \$400,000 above the applicable insurance provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available. As a result, this coverage was not considered in computing the above amount.

Total cash and investments at December 31, 2012 consists of the following:

Deposits	\$	3,353,310
Petty Cash		161
Total Cash and Investments	\$	<u><u>3,353,471</u></u>
Total per financial statements:		
Cash and Investments	\$	1,645,588
Agency Fund – Tax Collection Fund		1,707,883
Total	\$	<u><u>3,353,471</u></u>

B – RESTRICTED ASSETS

The following represent the balances of restricted assets as of December 31, 2012:

General Fund:		
Park Impact Fees	\$	1,233
Water Utility:		
Special Redemption Fund		3,818
Bond Reserve Fund		48,395
Sewer Utility:		
Department of Natural Resources Equipment Replacement Fund		119,991
School Main Extension		33,314
Total	\$	<u><u>206,751</u></u>

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

C - CAPITAL ASSETS

Governmental activities:	<u>Balance</u>			<u>Balance</u>		
	<u>1-01-2012</u>	<u>Additions</u>	<u>Removals</u>	<u>12-31-2012</u>		
Land	\$ 950,276	\$ 373,000	\$ 0	\$ 1,323,276		
Buildings & Improvements	2,087,671	0	0	2,087,671		
Equipment	432,346	0	0	432,346		
Infrastructure	1,455,762	0	0	1,455,762		
Construction Work In Progress	0	0	0	0		
Totals	4,926,055	373,000	0	5,299,055		
Less: Accumulated						
Depreciation for:						
Buildings & Improvements	600,161	47,855	0	648,016		
Equipment	237,023	32,411	0	269,434		
Infrastructure	195,610	38,324	0	233,934		
Total Accumulated	1,032,794	118,590	0	1,151,384		
Governmental Activities Capital						
Assets – Net	\$ 3,893,261	\$ 254,410	\$ 0	\$ 4,147,671		

Land and construction work in progress are not depreciated. Depreciation expense was charged to the following governmental functions as follows:

General Government	\$ 19,699
Public Safety	4,021
Public Works	85,237
Culture and Recreation	9,633
Total Depreciation of Governmental Activities	\$ 118,590

Business-type activities:	<u>Balance</u>			<u>Balance</u>		
	<u>1-01-2012</u>	<u>Additions</u>	<u>Removals</u>	<u>12-31-2012</u>		
Land – Water Utility	\$ 15,345	\$ 0	\$ 0	\$ 15,345		
Land – Sewer Utility	3,316	0	0	3,316		
Water Utility Infrastructure	4,805,595	2,195	900	4,806,890		
Sewer Utility Infrastructure	1,268,495	28,821	0	1,297,316		
Sewer Investment in COWC	6,723,256	0	0	6,723,256		
Totals	12,816,007	31,016	900	12,846,123		
Less: Accumulated						
Depreciation for:						
Water Utility	847,762	118,804	900	965,666		
Sewer Utility	1,274,795	196,010	0	1,470,805		
Total Accumulated	2,122,557	314,814	900	2,436,471		
Business-type Activities						
Capital Assets – Net	\$ 10,693,450	\$ (283,798)	\$ 0	\$ 10,409,652		

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

Land and construction work in progress are not depreciated. Depreciation expense was charged to the following business-type functions as follows:

Water Utility	\$	118,804
Sewer Utility		196,010
Total Depreciation of Business-Type Activities		314,814

Stormwater utility fixed assets prior to January 1, 2005 were recorded as expenditures in the governmental funds. There were no additions of stormwater utility fixed assets in 2012.

Sewer Utility investment in Cambridge-Oakland Wastewater Commission (COWC) at December 31, 2012 consists of the sewer utility share of the new sewer plant jointly owned between the Village of Cambridge and Oakland Sanitary District and the new lift station within the Village of Cambridge.

D – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The General Fund transferred \$82,285 to the Economic and Community Development Fund, \$75,354 to the Debt Service Fund, and \$1,007 to the Capital Projects Fund. In addition, the Tax Incremental Financing Districts transferred \$808,078 to the Debt Service Fund for their share of the debt service payments.

E - LONG-TERM OBLIGATIONS

Long-Term obligations of the village are as follows:

Governmental Activities:

	<u>Balance</u> 1-1-2012	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12-31-2012	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General Obligation:					
Bonds	\$ 3,665,000	\$ 0	\$ 960,000	\$ 2,705,000	\$ 85,000
Notes	71,000	373,000	16,718	427,282	49,734
Library Advance	48,000	0	0	48,000	0
Vested Employee Benefits	66,397	5,234	4,938	66,693	0
Totals	\$ 3,850,397	\$ 378,234	\$ 981,656	\$ 3,246,975	\$ 134,734

Business-Type Activities:

	<u>Balance</u> 1-1-2012	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12-31-2012	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Water Utility:					
G.O. Notes	\$ 10,000	\$ 95,000	\$ 10,000	\$ 95,000	\$ 31,040
G.O. Bonds	120,000	0	120,000	0	0
Revenue Bonds	939,090	0	19,944	919,146	20,686
Sewer Utility:					
G.O. Bonds	25,000	0	0	25,000	0
Totals	\$ 1,094,090	\$ 95,000	\$ 149,944	\$ 1,039,146	\$ 51,726

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

The sewer utility also has long-term obligations that are being paid by the Cambridge-Oakland Wastewater Commission. See separate note 3(F) on Environmental Improvement Fund loans.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Village. Business-type activities debt is payable from user fees of those funds.

Governmental Activities debt at December 31, 2012 is comprised of the following individual issues:

Issue	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2012
General Obligation:				
Bonds	07-01-08	3.75-5.625%	06-01-28	\$ 1,695,000
Bonds	04-12-11	2.00-4.50%	04-01-31	1,010,000
Note	03-22-11	1.99%	12-22-15	54,282
Note	9-12-12	1.95%	12-01-22	373,000
Library Advance	01-05-11	0.00%	01-05-16	48,000
Total Governmental Activities Debt				<u>\$ 3,180,282</u>

Business-type debt at December 31, 2012 is comprised of the following individual issues:

Issue	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2012
Water Utility:				
Revenue Bonds	12-18-02	4.625%	12-1-42	\$ 730,718
G.O. Notes	11-28-12	1.99%	11-28-15	95,000
Revenue Bonds	12-23-09	2.668%	5-1-29	188,428
Sewer Utility:				
G.O. Bonds	4-12-11	2.00 -4.50%	4-1-31	<u>25,000</u>
Total Business-Type Activities				<u>\$ 1,039,146</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed five percent of the equalized value of taxable property within the village. The debt limit for general obligation debt as of December 31, 2012 was \$6,922,645. General obligation debt subject to the debt limit was \$3,252,282.

Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2012 follows:

Governmental Activities:

Year Ended December 31	Principal	Interest	Total
2013	\$ 134,734	\$ 130,374	\$ 265,108
2014	472,738	123,955	596,693
2015	139,810	112,739	252,549
2016	173,000	107,740	280,740
2017	145,000	102,465	247,465
2018-2022	795,000	419,433	1,214,433
2023-2027	965,000	209,226	1,174,226
2028-2032	355,000	22,194	377,194
Totals	<u>\$ 3,180,282</u>	<u>\$ 1,228,126</u>	<u>\$ 4,408,408</u>

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

Business-type Activities:

Year Ended December 31	Principal	Interest	Total
2013	\$ 51,726	\$ 40,825	\$ 92,551
2014	58,138	39,360	97,498
2015	59,592	37,803	97,395
2016	28,060	36,531	64,591
2017	29,034	35,434	64,468
2018-2022	139,752	161,552	301,304
2023-2027	163,149	132,984	296,133
2028-2032	154,997	99,799	254,796
2033-2037	161,230	66,060	227,290
2038-2042	193,468	25,163	218,631
Totals	\$ 1,039,146	\$ 675,511	\$ 1,714,657

F – ENVIRONMENTAL IMPROVEMENT FUND LOANS

The Village of Cambridge authorized the issuance and sale of up to \$4,528,393 sewerage system revenue bonds dated September 14, 2005 (Project 4710-01). The bonds are being issued through the State of Wisconsin Clean Water Fund loan program. As of December 31, 2012, a total of \$4,186,692 was borrowed. The interest rate on the bonds is 2.365%. The outstanding balance at December 31, 2012 was \$ 3,069,293.

In addition, the Village of Cambridge also authorized the issuance and sale of up to \$2,147,121 sewerage system revenue bonds dated October 25, 2006 (Project 4710-3). These bonds were also issued through the State of Wisconsin Clean Water Fund loan program. As of December 31, 2012, a total of \$2,147,121 was borrowed. The interest rate on the bonds is 2.365%. The outstanding balance at December 31, 2012 was \$1,633,106.

The proceeds of these two issues are to be used for the construction of a regional wastewater treatment facility and all equipment and other property necessary and appropriate to carry out the functions of the facility. The costs of the project have been allocated between the sewer utility and the Town of Oakland Sanitary District based upon cost allocations of 48.56% and 51.44%, respectively.

Debt payments related to these two loans and two loans borrowed by the Town of Oakland Sanitary District will be paid directly by the Cambridge-Oakland Wastewater Commission (COWC). The COWC will collect in the form of user charges from the Village of Cambridge Sewer Utility and Town of Oakland Sanitary District sufficient funds to make the debt payments as scheduled. All payments through December 31, 2012 have been made as scheduled. The loans are not reflected on the balance sheet of the sewer utility. Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2012 are as follows:

Year Ended December 31	Principal	Interest	Total
2013	\$ 304,185	\$ 107,616	\$ 411,801
2014	311,380	100,336	411,716
2015	318,744	92,884	411,628
2016	326,282	85,257	411,539
2017	333,999	77,449	411,448
2018-2022	1,792,282	263,511	2,055,793
2023-2027	1,315,527	53,497	1,369,024
Totals	\$ 4,702,399	\$ 780,550	\$ 5,482,949

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – OTHER INFORMATION

A - DEFINED BENEFIT PENSION PLAN

All eligible Village of Cambridge employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for Village of Cambridge employees covered by the WRS for the year ended December 31, 2012 was \$337,013; the employer's total payroll was \$432,123. The total required contribution for the year ended December 31, 2012 was \$39,768, which consisted of \$19,884, or 5.9% of payroll from the employer and \$19,884, or 5.9% of payroll from employees. Total contributions for the years ended December 31, 2011 and 2010 were \$39,167 and \$35,857, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. The final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The village had no prior service liability at December 31, 2012.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the State Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI. 53707-7931.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

B – RISK MANAGEMENT

The Village is exposed to various risks of loss; theft or damage to, or destruction of assets; errors and omissions; workers compensation; and health care for its employees. All of these risks are covered through the purchase of commercial insurance coverage, with minimal deductibles. Settled claims have not exceeded the commercial insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C – COMMITMENTS AND CONTINGENCIES

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. Management believes such disallowances, if any, would be immaterial.

D – TAX INCREMENTAL DISTRICT NO. 2 and 3

The Village of Cambridge created Tax Incremental District No. 2 in 1992 and No. 3 in 1998. Tax incremental districts are authorized by state statutes. It is a method by which the village can recover its project costs in designated areas of the village. Those costs are recovered thru tax increments which are placed on the tax rolls. The Tax Incremental District No. 3 was terminated as of May 10, 2011. Tax Incremental District No. 2 was terminated in 2013.

E – JOINT VENTURES

An Intermunicipal Agreement was signed in April, 2005 between the Village of Cambridge and the Town of Oakland Sanitary District No. 1 to form the Cambridge-Oakland Wastewater Commission (COWC). The commission was created in accordance with Wisconsin State Statutes 66.0301. This agreement established the commission for the purpose of constructing facilities for the joint treatment and disposal of sewerage and ongoing operation and administration of a regional wastewater collection, treatment and disposal system for the Village and the Sanitary District. This agreement replaces and supersedes the 1980 and 1992 agreements between the Village and Sanitary District as it relates to wastewater treatment.

The commission began construction in 2005 of a new wastewater treatment plant. The costs of constructing the new facility are being split between the sewer utility and the Oakland Sanitary District. The wastewater treatment plant began operation in early 2008. The Sewer Utility paid the COWC \$602,339 for treatment of sewerage and debt payments in 2012.

SUPPLEMENTAL INFORMATION

VILLAGE OF CAMBRIDGE
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2012

	<u>Tax Incremental District No. 2 Fund</u>	<u>Tax Incremental District No. 3 Fund</u>	<u>Economic and Community Development Fund</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Cash and Investments	\$ 234,315	\$ 30,017	\$ 67,257	\$ 331,589
Taxes Receivable	71,232	0	20,000	91,232
TOTAL ASSETS	\$ <u>305,547</u>	\$ <u>30,017</u>	\$ <u>87,257</u>	\$ <u>422,821</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Vouchers Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Payroll	0	0	693	693
Deferred Revenue	71,232	0	20,000	91,232
Total Liabilities	<u>71,232</u>	<u>0</u>	<u>20,693</u>	<u>91,925</u>
Fund Balances:				
Assigned	234,315	30,017	66,564	330,896
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>305,547</u>	\$ <u>30,017</u>	\$ <u>87,257</u>	\$ <u>422,821</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF CAMBRIDGE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2012

	Tax Incremental District No. 2 Fund	Tax Incremental District No. 3 Fund	Economic and Community Development Fund	Total Nonmajor Funds
REVENUES				
Taxes	\$ 73,224	\$ 0	\$ 10,000	\$ 83,224
Intergovernmental	1,327	648	0	1,975
Miscellaneous		3,694	5,000	8,694
TOTAL REVENUES	<u>74,551</u>	<u>4,342</u>	<u>15,000</u>	<u>93,893</u>
EXPENDITURES				
Current:				
General Government	150	0	0	150
Conservation and Development	0	0	32,145	32,145
TOTAL EXPENDITURES	<u>150</u>	<u>0</u>	<u>32,145</u>	<u>32,295</u>
Excess of Revenues Over (Under) Expenditures	<u>74,401</u>	<u>4,342</u>	<u>(17,145)</u>	<u>61,598</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-Term Debt				0
Operating Transfer In (Out)	(12,671)	(795,407)	82,285	(725,793)
Total Other Financing Sources (Uses)	<u>(12,671)</u>	<u>(795,407)</u>	<u>82,285</u>	<u>(725,793)</u>
Net Changes in Fund Balances	61,730	(791,065)	65,140	(664,195)
Fund Balances - Beginning	172,585	821,082	1,424	995,091
Fund Balances - Ending	<u>\$ 234,315</u>	<u>\$ 30,017</u>	<u>\$ 66,564</u>	<u>\$ 330,896</u>

The notes to the financial statements are an integral part of this statement.