

**VILLAGE OF
CAMBRIDGE**

**AUDITED FINANCIAL
STATEMENTS**

DECEMBER 31, 2014



JAMES R. FRECHETTE

CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF CAMBRIDGE
December 31, 2014
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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, 2014, 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, 2014, 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.



JAMES R. FRECHETTE
CERTIFIED PUBLIC ACCOUNTANT

July 19, 2015
Mukwonago, WI

BASIC FINANCIAL STATEMENTS

VILLAGE OF CAMBRIDGE
STATEMENT OF NET POSITION
December 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Investments	\$ 587,859	\$ 383,137	\$ 970,996
Taxes Receivable	1,067,943	0	1,067,943
Accounts Receivable	156,329	103,867	260,196
Inventory	0	3,193	3,193
Noncurrent Assets:			
Restricted Cash and Investments	1,128,891	207,652	1,336,543
Capital Assets	6,489,171	13,233,214	19,722,385
Less: Accumulated Depreciation	(1,345,646)	(3,045,973)	(4,391,619)
Total Assets	<u>8,084,547</u>	<u>10,885,090</u>	<u>18,969,637</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	545,793	154,118	699,911
Accrued Liabilities	21,702	3,812	25,514
Accrued Interest Payable	24,375	6,811	31,186
General Obligation Bonds - Current	120,000	5,000	125,000
General Obligation Notes - Current	354,801	32,296	387,097
Revenue Bonds - Current	0	22,295	22,295
Noncurrent Liabilities:			
General Obligation Bonds Payable	3,320,000	15,000	3,335,000
General Obligation Notes Payable	106,738	385,000	491,738
Revenue Bonds Payable	0	854,655	854,655
Vested Employee Benefits	76,908	0	76,908
Total Liabilities	<u>4,570,317</u>	<u>1,478,987</u>	<u>6,049,304</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Taxes	1,031,952	0	1,031,952
Total Liabilities and Deferred Inflows	<u>5,602,269</u>	<u>1,478,987</u>	<u>7,081,256</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,241,986	8,872,995	10,114,981
Restricted for:			
Debt Service	0	52,714	52,714
Capital Projects	828,346	154,938	983,284
Park	1,237	0	1,237
Library	72,862	0	72,862
Unrestricted	337,847	325,456	663,303
Total Net Position	<u>\$ 2,482,278</u>	<u>\$ 9,406,103</u>	<u>\$ 11,888,381</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, 2014

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	\$ 365,410	\$ 67,340	\$ 0	\$ 0	\$ (298,070)	\$ 0	\$ (298,070)
Public Safety	408,409	33,422	4,564	0	(370,423)	0	(370,423)
Public Works	400,766	48,847	89,732	112,579	(149,608)	0	(149,608)
Culture and Recreation	309,833	11,877	138,057	451,643	291,744	0	291,744
Conservation and Development	564,090	0	15,509	0	(548,581)	0	(548,581)
Interest on Long-Term Debt	168,719	0	0	0	(168,719)	0	(168,719)
Total Governmental Activities	<u>2,217,227</u>	<u>161,486</u>	<u>247,862</u>	<u>564,222</u>	<u>(1,243,657)</u>	<u>0</u>	<u>(1,243,657)</u>
Business-type Activities:							
Water	471,894	420,198	0	0	0	(51,696)	(51,696)
Sewer	907,416	742,427	0	15,050	0	(149,939)	(149,939)
Stormwater	19,423	37,842	0	0	0	18,419	18,419
Total Support Services	<u>1,398,733</u>	<u>1,200,467</u>	<u>0</u>	<u>15,050</u>	<u>0</u>	<u>(183,216)</u>	<u>(183,216)</u>
Total Primary Government	<u>\$ 3,615,960</u>	<u>\$ 1,361,953</u>	<u>\$ 247,862</u>	<u>\$ 579,272</u>	<u>(1,243,657)</u>	<u>(183,216)</u>	<u>\$ (1,426,873)</u>
General Revenues:							
Property Taxes					1,002,695	0	1,002,695
Payments In Lieu of Taxes					100,757	0	100,757
State Aids - Unrestricted					79,877	0	79,877
Interest on Investments					4,979	2,948	7,927
Rent					16,260	0	16,260
Other					30,908	0	30,908
Transfers					0	0	0
Total General Revenues and Transfers					<u>1,235,476</u>	<u>2,948</u>	<u>1,238,424</u>
Change in Net Position					<u>(8,181)</u>	<u>(180,268)</u>	<u>(188,449)</u>
Net Position - Beginning of Year					1,951,951	9,586,371	11,538,322
Prior Period Adjustment (See Note 4(F))					538,508	0	538,508
Adjusted Net Position - Beginning of Year					<u>2,490,459</u>	<u>9,586,371</u>	<u>12,076,830</u>
Net Position - End of Year					<u>\$ 2,482,278</u>	<u>\$ 9,406,103</u>	<u>\$ 11,888,381</u>

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

VILLAGE OF CAMBRIDGE
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2014

	General Fund	Debt Service Fund	Library Fund	Capital Projects Fund	Library Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 237,463	\$ 0	\$ 80,580	\$ 0	\$ 0	\$ 269,816	\$ 587,859
Taxes Receivable	700,440	273,555	55,948			38,000	1,067,943
Accounts Receivable	52,841			87,212		16,276	156,329
Restricted Cash and Investments	1,237			491,579	636,075		1,128,891
TOTAL ASSETS	\$ 991,981	\$ 273,555	\$ 136,528	\$ 578,791	\$ 636,075	\$ 324,092	\$ 2,941,022
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 46,411	\$ 0	\$ 4,643	\$ 206,072	\$ 180,448	\$ 108,219	\$ 545,793
Accrued Liabilities	15,658		3,075			2,969	21,702
Total Liabilities	62,069	0	7,718	206,072	180,448	111,188	567,495
Deferred Inflows of Resources:							
Property Taxes	664,449	273,555	55,948	0	0	38,000	1,031,952
Total Deferred Inflows of Resources	664,449	273,555	55,948	0	0	38,000	1,031,952
Fund Balances:							
Restricted for:							
Library			72,862				72,862
Capital Projects				372,719	455,627		828,346
Park	1,237						1,237
Assigned:							
Tax Incremental District Economic and Community Development Fund						222,587	222,587
Cable TV						25,197	25,197
Unassigned	264,226					59,516 (132,396)	59,516 131,830
Total Fund Balances	265,463	0	72,862	372,719	455,627	174,904	1,341,575
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 991,981	\$ 273,555	\$ 136,528	\$ 578,791	\$ 636,075	\$ 324,092	\$ 2,941,022

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, 2014

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

Total Fund Balances - Governmental Funds	\$	1,341,575
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This includes:		
Capital Assets		6,489,171
Accumulated Depreciation		(1,345,646)
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		(3,901,539)
Accrued Interest on Long-Term Debt		(24,375)
Vested Employee Benefits		(76,908)
Net Position of Governmental Activities	\$	<u><u>2,482,278</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, 2014

	General Fund	Debt Service Fund	Library Fund	Capital Projects Fund	Library Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 721,410	\$ 259,171	\$ 61,134	\$ 0	\$ 0	\$ 63,152	\$ 1,104,867
Intergovernmental	170,217		138,057	87,212		19,464	414,950
License and Permits	37,709						37,709
Forfeitures and Penalties	5,079						5,079
Public Charges for Services	4,638		267			103,748	108,653
Miscellaneous	50,733		9,761	25,367	451,643	285	537,789
TOTAL REVENUES	989,786	259,171	209,219	112,579	451,643	186,649	2,209,047
EXPENDITURES							
Current:							
General Government	320,938	0	0	0	0	0	320,938
Public Safety	404,388						404,388
Public Works	202,712						202,712
Culture and Recreation	36,736		226,867			81,636	284,348
Conservation and Development	1,206					46,203	309,806
Capital Outlay	21,890			596,342	952,520	167,175	1,570,752
Debt Service:							
Principal	0	479,248					479,248
Interest and Other		131,670			12,546		144,216
TOTAL EXPENDITURES	987,870	610,918	226,867	596,342	965,066	295,014	3,682,077
Excess of Revenues Over (Under) Expenditures	1,916	(351,747)	(17,648)	(483,763)	(513,423)	(108,365)	(1,473,030)
OTHER FINANCING SOURCES (USES)							
Proceeds from Long-Term Debt	0	308,294	0	660,000	415,000	0	1,383,294
Transfers In (Out)	(10,031)	23,814	0	(103,971)	97,450	(7,262)	0
Total Other Financing Sources (Uses)	(10,031)	332,108	0	556,029	512,450	(7,262)	1,383,294
Net Change in Fund Balances	(8,115)	(19,639)	(17,648)	72,266	(973)	(115,627)	(89,736)
Fund Balances - Beginning	273,578	19,639	55,814	300,453	0	243,319	892,803
Prior Period Adjustment (See Note 4(F))			34,696		456,600	47,212	538,508
Fund Balances - Ending	\$ 265,463	\$ 0	\$ 72,862	\$ 372,719	\$ 455,627	\$ 174,904	\$ 1,341,575

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, 2014

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

Net change in fund balances - total governmental funds	\$	(89,736)
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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 (Net of Gain or Loss on Sale of Fixed Assets)		1,122,836
Depreciation on Fixed Assets		(124,573)

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.

(1,383,294)

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		479,248
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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		130,919
Interest Incurred for the Year		(138,604)

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		0
Vested Employee Benefits Earned		(4,977)

Change in net position of governmental activities	\$	<u><u>(8,181)</u></u>
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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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 721,827	\$ 721,827	\$ 721,410	\$ (417)
Intergovernmental	192,715	192,715	170,217	(22,498)
License and Permits	19,974	19,974	37,709	17,735
Forfeitures and Penalties	10,000	10,000	5,079	(4,921)
Public Charges for Services	4,000	4,000	4,638	638
Miscellaneous	33,556	33,556	50,733	17,177
TOTAL REVENUES	<u>982,072</u>	<u>982,072</u>	<u>989,786</u>	<u>7,714</u>
<u>EXPENDITURES</u>				
Current:				
General Government	294,667	294,667	342,828	(48,161)
Public Safety	427,131	427,131	404,388	22,743
Public Works	214,437	214,437	202,712	11,725
Culture and Recreation	40,581	40,581	36,736	3,845
Conservation and Development	4,555	4,555	1,206	3,349
Debt Service	0	0	0	0
TOTAL EXPENDITURES	<u>981,371</u>	<u>981,371</u>	<u>987,870</u>	<u>(6,499)</u>
Excess of Revenues Over (Under) Expenditures	<u>701</u>	<u>701</u>	<u>1,916</u>	<u>1,215</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Proceeds from Long-term Debt	0	0	0	0
Operating Transfer In (Out)	0	0	(10,031)	(10,031)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(10,031)</u>	<u>(10,031)</u>
Net Change in Fund Balances	701	701	(8,115)	(8,816)
Fund Balance - Beginning	273,578	273,578	273,578	0
Fund Balance - Ending	\$ <u>274,279</u>	\$ <u>274,279</u>	\$ <u>265,463</u>	\$ <u>(8,816)</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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 61,134	\$ 61,134	\$ 61,134	\$ 0
Intergovernmental	0	0	138,057	138,057
License and Permits	0	0	0	0
Forfeitures and Penalties	0	0	0	0
Public Charges for Services	0	0	267	267
Miscellaneous	0	0	6,662	6,662
TOTAL REVENUES	61,134	61,134	206,120	144,986
EXPENDITURES				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Public Works	0	0	0	0
Culture and Recreation	61,134	61,134	226,867	(165,733)
Conservation and Development	0	0	0	0
TOTAL EXPENDITURES	61,134	61,134	226,867	(165,733)
Excess of Revenues Over (Under) Expenditures	0	0	(20,747)	(20,747)
OTHER FINANCING SOURCES (USES):				
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	0	0	(20,747)	(20,747)
Fund Balance - Beginning	90,510	90,510	90,510	0
Fund Balance - Ending	\$ 90,510	\$ 90,510	\$ 69,763	\$ (20,747)

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

VILLAGE OF CAMBRIDGE
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2014

	Business-Type Activities - Enterprise Funds			Totals Current Year
	Water Utility	Sewer Utility	Stormwater Utility	
ASSETS				
Current Assets:				
Cash and Investments	\$ 169,306	\$ 107,860	\$ 105,971	\$ 383,137
Accounts Receivable	28,479	72,335	3,053	103,867
Inventory	3,193			3,193
Total Current Assets	<u>200,978</u>	<u>180,195</u>	<u>109,024</u>	<u>490,197</u>
Noncurrent Assets:				
Cash and Investments - Restricted	52,714	154,938	0	207,652
Capital Assets	5,209,326	8,023,888		13,233,214
Less: Accumulated Depreciation	<u>(1,181,706)</u>	<u>(1,864,267)</u>		<u>(3,045,973)</u>
Total Noncurrent Assets	<u>4,080,334</u>	<u>6,314,559</u>	<u>0</u>	<u>10,394,893</u>
Total Assets	<u>4,281,312</u>	<u>6,494,754</u>	<u>109,024</u>	<u>10,885,090</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	7,927	53,102	0	61,029
Accrued Salaries and Benefits	2,341	1,377	94	3,812
Accrued Taxes Payable	<u>93,089</u>	<u>0</u>	<u>0</u>	<u>93,089</u>
Total Current Liabilities	<u>103,357</u>	<u>54,479</u>	<u>94</u>	<u>157,930</u>
Current Liabilities Payable from Restricted Assets:				
General Obligation Notes and Bonds Payable	32,296	5,000	0	37,296
Revenue Bonds Payable	22,295	0	0	22,295
Accrued Interest Payable	<u>6,691</u>	<u>120</u>	<u>0</u>	<u>6,811</u>
Total Current Liabilities Payable from Restricted Assets	<u>61,282</u>	<u>5,120</u>	<u>0</u>	<u>66,402</u>
Noncurrent Liabilities:				
General Obligation Notes and Bonds Payable	385,000	15,000	0	400,000
Revenue Bonds Payable	<u>854,655</u>	<u>0</u>	<u>0</u>	<u>854,655</u>
Total Noncurrent Liabilities	<u>1,239,655</u>	<u>15,000</u>	<u>0</u>	<u>1,254,655</u>
Total Liabilities	<u>1,404,294</u>	<u>74,599</u>	<u>94</u>	<u>1,478,987</u>
NET POSITION				
Net Investment in Capital Assets	2,733,374	6,139,621	0	8,872,995
Restricted for:				
Debt Service	52,714			52,714
Capital Projects/Equipment Replacement		154,938		154,938
Unrestricted	90,930	125,596	108,930	325,456
Total Net Position	<u>\$ 2,877,018</u>	<u>\$ 6,420,155</u>	<u>\$ 108,930</u>	<u>\$ 9,406,103</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, 2014

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Stormwater Utility	
REVENUES				
Charges for Services	\$ 402,639	\$ 693,432	\$ 37,129	\$ 1,133,200
Other Operating Revenues	3,759	48,995	713	53,467
Total Operating Revenues	<u>406,398</u>	<u>742,427</u>	<u>37,842</u>	<u>1,186,667</u>
EXPENSES				
Operation and Maintenance	299,775	709,460	19,423	1,028,658
Depreciation	116,454	197,451	0	313,905
Total Operating Expenses	<u>416,229</u>	<u>906,911</u>	<u>19,423</u>	<u>1,342,563</u>
Operating Income	(9,831)	(164,484)	18,419	(155,896)
Nonoperating Revenues (Expenses):				
Interest on Investments	1,273	1,301	374	2,948
Rental Income	13,800	0	0	13,800
Interest Expense	(44,490)	(505)	0	(44,995)
Amortization Expense	(11,175)	0	0	(11,175)
Total Nonoperating Revenues (Expenses)	<u>(40,592)</u>	<u>796</u>	<u>374</u>	<u>(39,422)</u>
Income Before Contributions and Transfers	(50,423)	(163,688)	18,793	(195,318)
Capital Contributions	0	15,050	0	15,050
Transfers In (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	(50,423)	(148,638)	18,793	(180,268)
Net Position - Beginning	2,927,441	6,568,793	90,137	9,586,371
Net Position - Ending	<u>\$ 2,877,018</u>	<u>\$ 6,420,155</u>	<u>\$ 108,930</u>	<u>\$ 9,406,103</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, 2014

	Business-Type Activities - Enterprise Funds			Totals
	Water Utility	Sewer Utility	Stormwater Utility	
<u>Cash Flows From Operating Activities:</u>				
Receipts from Customers	\$ 408,284	\$ 748,926	\$ 38,483	\$ 1,195,693
Payments to Suppliers/Village/Employees	(294,232)	(707,489)	(19,843)	(1,021,564)
Net Cash Flows from Operating Activities	<u>114,052</u>	<u>41,437</u>	<u>18,640</u>	<u>174,129</u>
<u>Cash Flows From Noncapital Financing Activities:</u>				
Rental Income	<u>13,800</u>	<u>0</u>	<u>0</u>	<u>13,800</u>
Net Cash Flows from Noncapital Related Financing Activities	<u>13,800</u>	<u>0</u>	<u>0</u>	<u>13,800</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>				
Proceeds from Capital Debt	373,825	0	0	373,825
Capital Contributions	0	15,050	0	15,050
Acquisition and Construction of Capital Assets	(409,980)	0	0	(409,980)
Principal Paid on Capital Debt	(53,156)	(5,000)	0	(58,156)
Interest Paid on Capital Debt	(41,436)	(530)	0	(41,966)
Net Cash Flow from Capital and Related Financing Activities	<u>(130,747)</u>	<u>9,520</u>	<u>0</u>	<u>(121,227)</u>
<u>Cash Flow From Investing Activities:</u>				
Interest Income	1,273	1,301	374	2,948
Net Cash Flow from Investing Activities	<u>1,273</u>	<u>1,301</u>	<u>374</u>	<u>2,948</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,622)	52,258	19,014	69,650
Cash and Cash Equivalents - January 1	223,642	210,540	86,957	521,139
Cash and Cash Equivalents - December 31	<u>\$ 222,020</u>	<u>\$ 262,798</u>	<u>\$ 105,971</u>	<u>\$ 590,789</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, 2014

	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	\$ (9,831)	\$ (164,484)	\$ 18,419	\$ (155,896)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	122,508	197,451	0	319,959
(Increase) Decrease in Accounts Receivable	1,886	6,499	641	9,026
(Increase) Decrease in Due To/From Other Funds	0	0	0	0
(Increase) Decrease in Inventories	(354)	0	0	(354)
Increase (Decrease) in Payables	(157)	1,971	(420)	1,394
Total Adjustments	123,883	205,921	221	330,025
Net Cash Provided by Operating Activities	\$ 114,052	\$ 41,437	\$ 18,640	\$ 174,129
Noncash Investing, Capital, and Financing Activities:				
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, 2014

		Agency Funds	
			Tax Collection Fund
<u>ASSETS</u>			
Cash and Investments	\$	1,633,267	
Taxes Receivable		532,377	
		2,165,644	
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$	2,165,644	
<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, 2014

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. This also includes the Library Capital Projects Fund.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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 , & No. 4	Economic and Community Development Fund
Garbage and Recycling Fund	Cable TV 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 inflows of resources. 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, 2014

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 Inflows of Resources - Property Taxes" 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 2014. Due dates for collection of taxes are January 31, 2015 and July 31, 2015.

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, 2014

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, 2014. 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 are recorded as an expense in the year incurred.

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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 in 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, 2014

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, 2014, expenditures exceeded budgeted amounts in the following funds:

The General Fund had excess expenditures for General Government (\$48,161) and Operating Transfers Out (\$10,031). These overexpenditures were funded by available fund balance and excess revenues in the fund. The Library Fund exceeded budgeted expenditures by \$165,733. These overexpenditures were funded by available fund balance and excess revenues in the fund.

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, 2014 was \$45,458.

The Special Redemption Fund and Depreciation Fund have been established as of December 31, 2014.

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, 2014

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, 2014 was \$120,183.

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, 2014 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, 2014, \$1,783,025 of the government's bank balance of \$3,978,787 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized		\$	1,744,896
Total		\$	<u>1,744,896</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, 2014 consists of the following:

Deposits		\$	3,940,656
Petty Cash			150
Total Cash and Investments		\$	<u>3,940,806</u>
Total per financial statements:			
Cash and Investments		\$	2,307,539
Agency Fund – Tax Collection Fund			1,633,267
Total		\$	<u>3,940,806</u>

B – RESTRICTED ASSETS

The following represent the balances of restricted assets as of December 31, 2014:

General Fund:			
Park Impact Fees		\$	1,237
Capital Projects Funds:			
Library Building Fund			636,075
Other			491,579
Water Utility:			
Special Redemption Fund			3,833
Bond Reserve Fund (Depreciation Fund)			48,881
Sewer Utility:			
Department of Natural Resources Equipment Replacement Fund			120,183
School Main Extension			34,755
Total		\$	<u>1,336,543</u>

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

C - CAPITAL ASSETS

Governmental activities:	<u>Balance</u>		<u>Additions</u>		<u>Removals</u>		<u>Balance</u>
	<u>1-01-2014</u>						<u>12-31-2014</u>
Land	\$ 1,323,276	\$	0	\$	373,000	\$	950,276
Buildings & Improvements	2,087,671		0		0		2,087,671
Equipment	551,790		29,497		52,164		529,123
Infrastructure	1,455,762		513,819		0		1,969,581
Construction Work In Progress	0		952,520		0		952,520
Totals	5,418,499		1,495,836		425,164		6,489,171
Less: Accumulated							
Depreciation for:							
Buildings & Improvements	695,471		47,455		0		742,926
Equipment	305,508		36,799		52,164		290,143
Infrastructure	272,258		40,319		0		312,577
Total Accumulated	1,273,237		124,573		52,164		1,345,646
Governmental Activities Capital							
Assets – Net	\$ 4,145,262	\$	1,371,263	\$	373,000	\$	5,143,525

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		91,220
Culture and Recreation		9,633
Total Depreciation of Governmental Activities	\$	124,573

Business-type activities:	<u>Balance</u>		<u>Additions</u>		<u>Removals</u>		<u>Balance</u>
	<u>1-01-2014</u>						<u>12-31-2014</u>
Land – Water Utility	\$ 15,345	\$	0	\$	0	\$	15,345
Land – Sewer Utility	3,316		0		0		3,316
Water Utility Infrastructure	4,808,811		409,980		24,810		5,193,981
Sewer Utility Infrastructure	1,297,316		0		0		1,297,316
Sewer Investment in COWC	6,723,256		0		0		6,723,256
Totals	12,848,044		409,980		24,810		13,233,214
Less: Accumulated							
Depreciation for:							
Water Utility	1,084,008		122,508		24,810		1,181,706
Sewer Utility	1,666,815		197,452		0		1,864,267
Total Accumulated	2,750,823		319,960		24,810		3,045,973
Business-type Activities							
Capital Assets – Net	\$ 10,097,221	\$	90,020	\$	0	\$	10,187,241

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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

Water Utility	\$	122,508
Sewer Utility		197,452
Total Depreciation of Business-Type Activities	\$	319,960

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 2014.

Sewer Utility investment in Cambridge-Oakland Wastewater Commission (COWC) at December 31, 2014 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 \$7,004 to the Garbage and Recycling Fund and \$3,027 to the Debt Service Fund to cover deficit's in those funds. The Capital Projects Fund transferred \$6,521 to the Debt Service Fund from bond proceeds. The TID #2 also transferred \$14,266 for the TID share of debt service in 2014.

E - LONG-TERM OBLIGATIONS

Long-Term obligations of the village are as follows:

Governmental Activities:

	Balance 1-1-2014	Increases	Decreases	Balance 12-31-2014	Amounts Due Within One Year
General Obligation:					
Bonds	\$ 2,620,000	\$ 935,000	\$ 115,000	\$ 3,440,000	\$ 120,000
Notes	377,492	448,294	364,247	461,539	354,801
Vested Employee Benefits	71,931	4,977	0	76,908	0
Totals	\$ 3,069,423	\$ 1,388,271	\$ 479,247	\$ 3,978,447	\$ 474,801

Business-Type Activities:

	Balance 1-1-2014	Increases	Decreases	Balance 12-31-2014	Amounts Due Within One Year
Water Utility:					
G.O. Notes	\$ 63,960	\$ 0	\$ 31,664	\$ 32,296	\$ 32,296
G.O. Bonds	0	385,000	0	385,000	0
Revenue Bonds	898,443	0	21,493	876,950	22,295
Sewer Utility:					
G.O. Bonds	25,000	0	5,000	20,000	5,000
Totals	\$ 987,403	\$ 385,000	\$ 58,157	\$ 1,314,246	\$ 59,591

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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, 2014 is comprised of the following individual issues:

Issue	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2014
General Obligation:				
Bonds	07-01-08	3.75-5.625%	06-01-28	\$ 1,525,000
Bonds	04-12-11	2.00-4.50%	04-01-31	980,000
Note	03-22-11	1.99%	12-22-15	19,810
Bonds	07-17-14	2.00-4.00%	04-01-34	935,000
Note	09-01-14	2.65%	09-01-19	133,435
Note	12-01-14	1.95%	04-01-15	308,294
Total Governmental Activities Debt				\$ 3,901,539

Business-type debt at December 31, 2014 is comprised of the following individual issues:

Issue	Issue Dates	Interest Rates	Maturity Dates	Balances 12-31-2014
Water Utility:				
Revenue Bonds	12-18-02	4.625%	12-01-42	\$ 706,569
G.O. Notes	11-28-12	1.99%	11-28-15	32,296
Revenue Bonds	12-23-09	2.668%	05-01-29	170,381
G.O. Bonds	07-17-14	2.00-4.00%	04-01-34	385,000
Sewer Utility:				
G.O. Bonds	04-12-11	2.00-4.50%	04-01-31	20,000
Total Business-Type Activities				\$ 1,314,246

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, 2014 was \$6,417,840. General obligation debt subject to the debt limit was \$4,338,835.

Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2014 follows:

Governmental Activities:

Year Ended December 31	Principal	Interest	Total
2015	\$ 474,801	\$ 149,713	\$ 624,514
2016	177,416	141,754	319,170
2017	193,169	135,276	328,445
2018	188,935	128,461	317,396
2019	197,218	121,369	318,587
2020-2024	1,045,000	483,780	1,528,780
2025-2029	1,140,000	216,301	1,356,301
2030-2034	485,000	42,472	527,472
Totals	\$ 3,901,539	\$ 1,419,126	\$ 5,320,665

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

Business-type Activities:

Year Ended December 31	Principal	Interest	Total
2015	\$ 59,591	\$ 50,573	\$ 110,164
2016	43,060	49,151	92,211
2017	44,034	47,754	91,788
2018	44,960	46,384	91,344
2019	40,924	45,010	85,934
2020-2024	220,350	203,024	423,374
2025-2029	251,233	160,224	411,457
2030-2034	315,551	104,714	420,265
2035-2039	176,670	50,620	227,290
2040-2044	117,873	9,807	127,680
Totals	\$ 1,314,246	\$ 767,261	\$ 2,081,507

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, 2014, a total of \$4,186,692 was borrowed. The interest rate on the bonds is 2.365%. The outstanding balance at December 31, 2014 was \$ 2,655,616 .

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, 2014, a total of \$2,147,121 was borrowed. The interest rate on the bonds is 2.365%. The outstanding balance at December 31, 2014 was \$1,431,218.

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, 2014 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, 2014 are as follows:

Year Ended December 31	Principal	Interest	Total
2015	\$ 318,744	\$ 92,884	\$ 411,628
2016	326,282	85,257	411,539
2017	333,999	77,449	411,448
2018	341,898	69,456	411,354
2019	349,984	61,275	411,259
2020-2024	1,878,060	176,719	2,054,779
2025-2029	537,867	9,558	547,425
Totals	\$ 4,086,834	\$ 572,598	\$ 4,659,432

VILLAGE OF CAMBRIDGE
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

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 2014 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%

The payroll for Village of Cambridge employees covered by the WRS for the year ended December 31, 2014 was \$408,893; the employer's total payroll was \$500,604. The total required contribution for the year ended December 31, 2014 was \$57,244, which consisted of \$28,622, or 7.0% of payroll from the employer and \$28,622, or 7.0% of payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$52,876 and \$39,768, 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, 2014.

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, 2014

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 4

The Village of Cambridge created Tax Incremental District No. 2 in 1992 and No. 4 in 2013. 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. Tax Incremental District No. 2 was terminated on April 23, 2013. Tax Incremental District No. 2 fund is used to pay the TID share of debt payments.

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 \$608,830 for treatment of sewerage and debt payments in 2014.

F - PRIOR PERIOD ADJUSTMENT

The village incorporated various bank accounts that were previously not included in the village's financial statements. The fund balance was increased by \$34,696 in the Library Fund, \$456,600 in the Library Capital Projects Fund, and \$47,212 in the Cable TV Fund.

SUPPLEMENTAL INFORMATION

VILLAGE OF CAMBRIDGE
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	Tax Incremental District No. 2 Fund	Cable TV Fund	Tax Incremental District No. 4 Fund	Garbage and Recycling Fund	Economic and Community Development Fund	Total Nonmajor Funds
ASSETS						
Cash and Investments	\$ 222,587	\$ 45,567	\$ (32,026)	\$ 6,699	\$ 26,989	\$ 269,816
Taxes Receivable	0	0	0	0	38,000	38,000
Accounts Receivable		15,126	1,150			16,276
TOTAL ASSETS	\$ 222,587	\$ 60,693	\$ (30,876)	\$ 6,699	\$ 64,989	\$ 324,092
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Vouchers Payable	\$ 0	\$ 0	\$ 101,520	\$ 6,699	\$ 0	\$ 108,219
Accrued Payroll	0	1,177	0	0	1,792	2,969
Total Liabilities	0	1,177	101,520	6,699	1,792	111,188
Deferred Inflows of Resources:						
Property Taxes	0	0	0	0	38,000	38,000
Total Deferred Inflows of Resources	0	0	0	0	38,000	38,000
Fund Balances:						
Assigned	222,587	59,516	0	0	25,197	307,300
Unassigned	0	0	(132,396)	0	0	(132,396)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 222,587	\$ 60,693	\$ (30,876)	\$ 6,699	\$ 64,989	\$ 324,092

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, 2014

	Tax Incremental District No. 2 Fund	Cable TV Fund	Tax Incremental District No. 4 Fund	Garbage and Recycling Fund	Economic and Community Development Fund	Total Nonmajor Funds
REVENUES						
Taxes	\$ 0	\$ 0	\$ 0	\$ 25,152	\$ 38,000	\$ 63,152
Intergovernmental	0			3,955	15,509	19,464
Public Charges for Services		58,223		45,525		103,748
Miscellaneous		284	1	0		285
TOTAL REVENUES	<u>0</u>	<u>58,507</u>	<u>1</u>	<u>74,632</u>	<u>53,509</u>	<u>186,649</u>
EXPENDITURES						
Current:						
General Government	0	0	0	0	0	0
Public Works				81,636		81,636
Culture and Recreation		46,203				46,203
Conservation and Development	0		119,090	0	48,085	167,175
TOTAL EXPENDITURES	<u>0</u>	<u>46,203</u>	<u>119,090</u>	<u>81,636</u>	<u>48,085</u>	<u>295,014</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>12,304</u>	<u>(119,089)</u>	<u>(7,004)</u>	<u>5,424</u>	<u>(108,365)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Long-Term Debt						0
Operating Transfer In (Out)	(14,266)	0	0	7,004	0	(7,262)
Total Other Financing Sources (Uses)	<u>(14,266)</u>	<u>0</u>	<u>0</u>	<u>7,004</u>	<u>0</u>	<u>(7,262)</u>
Net Changes in Fund Balances	(14,266)	12,304	(119,089)	0	5,424	(115,627)
Fund Balances - Beginning	236,853	0	(13,307)	0	19,773	243,319
Prior Period Adjustment		47,212				47,212
Fund Balances - Ending	<u>\$ 222,587</u>	<u>\$ 59,516</u>	<u>\$ (132,396)</u>	<u>\$ 0</u>	<u>\$ 25,197</u>	<u>\$ 174,904</u>

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