VILLAGE OF CAMBRIDGE

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2013

JAMES R. FRECHETTE

CERTIFIED PUBLIC ACCOUNTANT

VILLAGE OF CAMBRIDGE
December 31, 2013
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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, 2013, 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, 2013, 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.

June 19, 2014
Mukwonago, WI

JAMES R. FRECHETTE
CERTIFIED PUBLIC ACCOUNTANT

BASIC FINANCIAL STATEMENTS

VILLAGE OF CAMBRIDGE
STATEMENT OF NET POSITION
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	$ 903,420	$ 314,474	$ 1,217,894
Taxes Receivable	1,050,144	0	1,050,144
Accounts Receivable	35,618	112,892	148,510
Inventory	0	2,839	2,839
Noncurrent Assets:			
Restricted Cash and Investments	101,536	206,665	308,201
Capital Assets	5,418,499	12,848,044	18,266,543
Less: Accumulated Depreciation	(1,273,237)	(2,750,823)	(4,024,060)
Total Assets	6,235,980	10,734,091	16,970,071
LIABILITIES			
Current Liabilities:			
Accounts Payable	163,566	154,522	318,088
Accrued Salaries and Benefits	11,626	2,013	13,639
Accrued Interest Payable	16,691	3,782	20,473
General Obligation Bonds - Current	115,000	5,000	120,000
General Obligation Notes - Current	52,347	31,663	84,010
Revenue Bonds - Current	0	21,475	21,475
Noncurrent Liabilities:			
General Obligation Bonds Payable	2,505,000	20,000	2,525,000
General Obligation Notes Payable	325,145	32,297	357,442
Revenue Bonds Payable	0	876,968	876,968
Vested Employee Benefits	71,931	0	71,931
Total Liabilities	3,261,306	1,147,720	4,409,026
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	1,022,723	0	1,022,723
Total Liabilities and Deferred Inflows	4,284,029	1,147,720	5,431,749
NET POSITION			
Net Investment in Capital Assets	1,147,770	9,109,818	10,257,588
Restricted for:			
Debt Service	19,639	52,462	72,101
Capital Projects	300,453	154,203	454,656
Park	1,235	0	1,235
Library	55,814	0	55,814
Unrestricted	427,040	269,888	696,928
Total Net Position	$ 1,951,951	$ 9,586,371	$ 11,538,322

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, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
General Government	$ 335,197	$ 12,790	$ 0	$ 0	$ (322,407)	$	$ (322,407)
Public Safety	394,982	33,810	0	0	(361,172)		(361,172)
Public Works	389,490	56,738	99,266	0	(233,486)		(233,486)
Culture and Recreation	252,040	9,402	147,481	100,000	4,843		4,843
Conservation and Development	100,976	679	0	0	(100,297)		(100,297)
Interest on Long-Term Debt	129,635	0	0	0	(129,635)		(129,635)
Total Governmental Activities	1,602,320	113,419	246,747	100,000	(1,142,154)	0	(1,142,154)
Business-type Activities:							
Water	452,061	419,185	0	0		(32,876)	(32,876)
Sewer	1,008,873	691,554	0	0		(317,319)	(317,319)
Stormwater	32,027	39,227	0	0		7,200	7,200
Total Support Services	1,492,961	1,149,966	0	0	0	(342,995)	(342,995)
Total Primary Government	$ 3,095,281	$ 1,263,385	$ 246,747	$ 100,000	(1,142,154)	(342,995)	$ (1,485,149)
General Revenues:							
Property Taxes					1,075,906	0	1,075,906
Payments In Lieu of Taxes					102,331		102,331
State Aids - Unrestricted					76,493		76,493
Interest on Investments					4,516	3,406	7,922
Rent					39,067	0	39,067
Other					84,006		84,006
Transfers					0	0	0
Total General Revenues and Transfers					1,382,319	3,406	1,385,725
Change in Net Position					240,165	(339,589)	(99,424)
Net Position - Beginning of Year					1,711,786	9,925,960	11,637,746
Net Position - End of Year					$ 1,951,951	$ 9,586,371	$ 11,538,322

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

VILLAGE OF CAMBRIDGE
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2013

	General Fund	Debt Service Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	$ 325,968	$ 19,639	$ 61,576	$ 200,152	$ 296,085	$ 903,420
Taxes Receivable	691,839	259,171	61,134		38,000	1,050,144
Accounts Receivable	35,618					35,618
Restricted Cash and Investments	1,235			100,301		101,536
TOTAL ASSETS	$ 1,054,660	$ 278,810	$ 122,710	300,453	$ 334,085	$ 2,090,718
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ 107,974	$ 0	$ 3,416	$ 0	$ 52,176	$ 163,566
Accrued Salaries and Fringes	8,690		2,346		590	11,626
Total Liabilities	116,664	0	5,762	0	52,766	175,192
Deferred Inflows of Resources:						
Property Taxes	664,418	259,171	61,134	0	38,000	1,022,723
Total Deferred Inflows of Resources	664,418	259,171	61,134	0	38,000	1,022,723
Fund Balances:						
Restricted for:						
Library			55,814			55,814
Capital Projects				300,453		300,453
Park	1,235					1,235
Debt Service		19,639				19,639
Assigned:						
Tax Incremental District					236,853	236,853
Economic and Community Development Fund					19,773	19,773
Unassigned	272,343				(13,307)	259,036
Total Fund Balances	273,578	19,639	55,814	300,453	243,319	892,803
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,054,660	$ 278,810	$ 122,710	$ 300,453	$ 334,085	$ 2,090,718

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, 2013

Amounts reported for governmental activities in the statement of net position are different because:		
Total Fund Balances - Governmental Funds	$	892,803
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This includes:		
Capital Assets		5,418,499
Accumulated Depreciation		(1,273,237)
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		(2,997,492)
Accrued Interest on Long-Term Debt		(16,691)
Vested Employee Benefits		(71,931)
Net Position of Governmental Activities	$	1,951,951

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, 2013

	General Fund	Debt Service Fund	Library Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 716,211	$ 271,631	$ 59,354	$ 0	$ 131,613	$ 1,178,809
Intergovernmental	174,877		147,481		882	323,240
License and Permits	33,506					33,506
Forfeitures and Penalties	9,216					9,216
Public Charges for Services	9,811				45,243	55,054
Miscellaneous	126,609		9,227	102,915	3,909	242,660
TOTAL REVENUES	1,070,230	271,631	216,062	102,915	181,647	1,842,485
EXPENDITURES						
Current:						
General Government	273,495	0	0	0	40,857	314,352
Public Safety	390,961					390,961
Public Works	252,610				88,854	341,464
Culture and Recreation	48,356		202,393			250,749
Conservation and Development	1,620				89,177	90,797
Capital Outlay				76,715		76,715
Debt Service:						
Principal	48,000	134,790				182,790
Interest and Other		131,468				131,468
TOTAL EXPENDITURES	1,015,042	266,258	202,393	76,715	218,888	1,779,296
Excess of Revenues Over (Under) Expenditures	55,188	5,373	13,669	26,200	(37,241)	63,189
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	0	0	0	0	0	0
Transfers In (Out)	(594)	14,266	0	36,664	(50,336)	0
Total Other Financing Sources (Uses)	(594)	14,266	0	36,664	(50,336)	0
Net Change in Fund Balances	54,594	19,639	13,669	62,864	(87,577)	63,189
Fund Balances - Beginning	218,984	0	42,145	237,589	330,896	829,614
Fund Balances - Ending	$ 273,578	$ 19,639	$ 55,814	$ 300,453	$ 243,319	$ 892,803

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	63,189
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		119,444
Depreciation on Fixed Assets		(121,853)
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.		0
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		182,790
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		130,319
Interest Incurred for the Year		(128,486)
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		218
Vested Employee Benefits Earned		(5,456)
Change in net position of governmental activities	$	240,165

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, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 703,934	$ 703,934	$ 716,211	$ 12,277
Intergovernmental	167,423	167,423	174,877	7,454
License and Permits	15,374	15,374	33,506	18,132
Forfeitures and Penalties	8,600	8,600	9,216	616
Public Charges for Services	4,599	4,599	9,811	5,212
Miscellaneous	61,919	61,919	126,609	64,690
TOTAL REVENUES	961,849	961,849	1,070,230	108,381
EXPENDITURES				
Current:				
General Government	288,669	288,669	273,495	15,174
Public Safety	408,667	408,667	390,961	17,706
Public Works	214,043	214,043	252,610	(38,567)
Culture and Recreation	42,415	42,415	48,356	(5,941)
Conservation and Development	8,055	8,055	1,620	6,435
Debt Service	0	0	48,000	(48,000)
TOTAL EXPENDITURES	961,849	961,849	1,015,042	(53,193)
Excess of Revenues Over (Under) Expenditures	0	0	55,188	55,188
OTHER FINANCING SOURCES (USES):				
Proceeds from Long-term Debt	0	0	0	0
Operating Transfer In (Out)	0	0	(594)	(594)
Total Other Financing Sources (Uses)	0	0	(594)	(594)
Net Change in Fund Balances	0	0	54,594	54,594
Fund Balance - Beginning	218,984	218,984	218,984	0
Fund Balance - Ending	$ 218,984	$ 218,984	$ 273,578	$ 54,594

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, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes	$ 59,354	$ 59,354	$ 59,354	$ 0
Intergovernmental	0	0	147,481	147,481
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	9,227	9,227
TOTAL REVENUES	59,354	59,354	216,062	156,708
EXPENDITURES				
Current:				
General Government	0	0	0	0
Public Safety	0	0	0	0
Public Works	0	0	0	0
Culture and Recreation	59,354	59,354	202,393	(143,039)
Conservation and Development	0	0	0	0
TOTAL EXPENDITURES	59,354	59,354	202,393	(143,039)
Excess of Revenues Over (Under) Expenditures	0	0	13,669	13,669
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	13,669	13,669
Fund Balance - Beginning	42,145	42,145	42,145	0
Fund Balance - Ending	$ 42,145	$ 42,145	$ 55,814	$ 13,669

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

VILLAGE OF CAMBRIDGE
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2013

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals Current Year
ASSETS				
Current Assets:				
Cash and Investments	$ 171,180	$ 56,337	$ 86,957	$ 314,474
Accounts Receivable	30,365	78,833	3,694	112,892
Inventory	2,839			2,839
Total Current Assets	204,384	135,170	90,651	430,205
Noncurrent Assets:				
Cash and Investments - Restricted	52,462	154,203	0	206,665
Capital Assets	4,824,156	8,023,888		12,848,044
Less: Accumulated Depreciation	(1,084,008)	(1,666,815)		(2,750,823)
Total Noncurrent Assets	3,792,610	6,511,276	0	10,303,886
Total Assets	3,996,994	6,646,446	90,651	10,734,091
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,499	51,793	473	53,765
Accrued Salaries and Benefits	1,257	715	41	2,013
Accrued Taxes Payable	100,757	0	0	100,757
Total Current Liabilities	103,513	52,508	514	156,535
Current Liabilities Payable from Restricted Assets:				
General Obligation Notes and Bonds Payable	31,663	5,000	0	36,663
Revenue Bonds Payable	21,475	0	0	21,475
Accrued Interest Payable	3,637	145	0	3,782
Total Current Liabilities Payable from Restricted Assets	56,775	5,145	0	61,920
Noncurrent Liabilities:				
General Obligation Notes and Bonds Payable	32,297	20,000	0	52,297
Revenue Bonds Payable	876,968	0	0	876,968
Total Noncurrent Liabilities	909,265	20,000	0	929,265
Total Liabilities	1,069,553	77,653	514	1,147,720
NET POSITION				
Net Investment in Capital Assets	2,777,745	6,332,073	0	9,109,818
Restricted for:				
Debt Service	52,462			52,462
Capital Projects/Equipment Replacement		154,203		154,203
Unrestricted	97,234	82,517	90,137	269,888
Total Net Position	$ 2,927,441	$ 6,568,793	$ 90,137	$ 9,586,371

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, 2013

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals
REVENUES				
Charges for Services	$ 400,374	$ 686,832	$ 37,157	$ 1,124,363
Other Operating Revenues	5,011	4,722	2,070	11,803
Total Operating Revenues	405,385	691,554	39,227	1,136,166
EXPENSES				
Operation and Maintenance	295,357	811,873	32,027	1,139,257
Depreciation	113,350	196,010	0	309,360
Total Operating Expenses	408,707	1,007,883	32,027	1,448,617
Operating Income	(3,322)	(316,329)	7,200	(312,451)
Nonoperating Revenues (Expenses):				
Interest on Investments	1,222	1,655	529	3,406
Rental Income	13,800	0	0	13,800
Interest Expense	(40,091)	(580)	0	(40,671)
Amortization Expense	(3,263)	(410)	0	(3,673)
Total Nonoperating Revenues (Expenses)	(28,332)	665	529	(27,138)
Income Before Contributions and Transfers	(31,654)	(315,664)	7,729	(339,589)
Capital Contributions	0	0	0	0
Transfers In (Out)	0	0	0	0
Change in Net Position	(31,654)	(315,664)	7,729	(339,589)
Net Position - Beginning	2,959,095	6,884,457	82,408	9,925,960
Net Position - Ending	$ 2,927,441	$ 6,568,793	$ 90,137	$ 9,586,371

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, 2013

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals
Cash Flows From Operating Activities:				
Receipts from Customers	$ 405,102	$ 684,156	$ 39,869	$ 1,129,127
Payments to Suppliers/Village/Employees	(296,613)	(813,180)	(31,578)	(1,141,371)
Net Cash Flows from Operating Activities	108,489	(129,024)	8,291	(12,244)
Cash Flows From Noncapital Financing Activities:				
Rental Income	13,800	0	0	13,800
True Up from COWC	0	0	0	0
Net Cash Flows from Noncapital Related Financing Activities	13,800	0	0	13,800
Cash Flows From Capital and Related Financing Activities:				
Proceeds from Capital Debt	0	0	0	0
Capital Contributions	0	0	0	0
Acquisition and Construction of Capital Assets	(2,471)	0	0	(2,471)
Principal Paid on Capital Debt	(51,743)	0	0	(51,743)
Interest Paid on Capital Debt	(40,228)	(580)	0	(40,808)
Net Cash Flow from Capital and Related Financing Activities	(94,442)	(580)	0	(95,022)
Cash Flow From Investing Activities:				
Interest Income	1,222	1,655	529	3,406
Net Cash Flow from Investing Activities	1,222	1,655	529	3,406
Net Increase (Decrease) in Cash and Cash Equivalents	29,069	(127,949)	8,820	(90,060)
Cash and Cash Equivalents - January 1	194,573	338,489	78,137	611,199
Cash and Cash Equivalents - December 31	$ 223,642	$ 210,540	$ 86,957	$ 521,139

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, 2013

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	$ (3,322)	$ (316,329)	$ 7,200	$ (312,451)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	118,892	196,010	0	314,902
(Increase) Decrease in Accounts Receivable	(283)	(7,398)	642	(7,039)
(Increase) Decrease in Due To/From Other Funds	0	0	0	0
(Increase) Decrease in Inventories	(671)	0	0	(671)
Increase (Decrease) in Payables	(6,127)	(1,307)	449	(6,985)
Total Adjustments	111,811	187,305	1,091	300,207
Net Cash Provided by Operating Activities	$ 108,489	$ (129,024)	$ 8,291	$ (12,244)
Noncash Investing, Capital, and Financing Activities:				
Capital Contributions	$ 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, 2013

		Agency Funds
		Tax Collection Fund
ASSETS		
Cash and Investments	$	1,655,139
Taxes Recevable		714,209
		2,369,348
LIABILITIES		
Due to Other Taxing Units	$	2,369,348
NET POSITION		
Net Position	$	0

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

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.

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. 3 & No. 4 Economic and Community Development Fund
Garbage and Recycling 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.

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 2013. Due dates for collection of taxes are January 31, 2014 and July 31, 2014.

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.

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:

Assets:	Years
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, 2013. 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.

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.

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, 2013, expenditures exceeded budgeted amounts in the following funds:

The General Fund had excess expenditures for Public Works ($38,567), Culture and Recreation ($5,941), and Debt Service ($48,000). These overexpenditures were funded by available fund balance and excess revenues in fund. The Library Fund exceeded budgeted expenditures by $143,039. These overexpenditures were funded by available fund balance and excess revenues in 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, 2013 was $45,458.

The Special Redemption Fund and Depreciation Fund have been established as of December 31, 2013.

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.

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, 2013 was $120,087.

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, 2013 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, 2013, $0 of the government's bank balance of $3,191,827 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$	0
Total	$	0

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, 2013 consists of the following:

Deposits	$	3,181,084
Petty Cash		150
Total Cash and Investments	$	3,181,234
Total per financial statements:		
Cash and Investments	$	1,526,095
Agency Fund – Tax Collection Fund		1,655,139
Total	$	3,181,234

B – RESTRICTED ASSETS

The following represent the balances of restricted assets as of December 31, 2013:

General Fund:		
Park Impact Fees	$	1,235
Capital Projects Fund:		
Library Donation		100,301
Water Utility:		
Special Redemption Fund		3,825
Bond Reserve Fund		48,637
Sewer Utility:		
Department of Natural Resources Equipment Replacement Fund		120,087
School Main Extension		34,116
Total	$	308,201

C - CAPITAL ASSETS

Governmental activities:	Balance 1-01-2013	Additions	Removals	Balance 12-31-2013
Land	$ 1,323,276	$ 0	$ 0	$ 1,323,276
Buildings & Improvements	2,087,671	0	0	2,087,671
Equipment	432,346	119,444	0	551,790
Infrastructure	1,455,762	0	0	1,455,762
Construction Work In Progress	0	0	0	0
Totals	5,299,055	119,444	0	5,418,499
Less: Accumulated Depreciation for:				
Buildings & Improvements	648,016	47,455	0	695,471
Equipment	269,434	36,074	0	305,508
Infrastructure	233,934	38,324	0	272,258
Total Accumulated Depreciation	1,151,384	121,853	0	1,273,237
Governmental Activities Capital Assets – Net	$ 4,147,671	$ (2,409)	$ 0	$ 4,145,262

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	88,500
Culture and Recreation	9,633
Total Depreciation of Governmental Activities	$ 121,853

Business-type activities:	Balance 1-01-2013	Additions	Removals	Balance 12-31-2013
Land – Water Utility	$ 15,345	$ 0	$ 0	$ 15,345
Land – Sewer Utility	3,316	0	0	3,316
Water Utility Infrastructure	4,806,890	2,471	550	4,808,811
Sewer Utility Infrastructure	1,297,316	0	0	1,297,316
Sewer Investment in COWC	6,723,256	0	0	6,723,256
Totals	12,846,123	2,471	550	12,848,044
Less: Accumulated Depreciation for:				
Water Utility	965,666	118,892	550	1,084,008
Sewer Utility	1,470,805	196,010	0	1,666,815
Total Accumulated Depreciation	2,436,471	314,902	550	2,750,823
Business-type Activities Capital Assets – Net	$ 10,409,652	$ (312,431)	$ 0	$ 10,097,221

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

Water Utility	$	118,892
Sewer Utility		196,010
Total Depreciation of Business-Type Activities	$	314,902

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 2013.

Sewer Utility investment in Cambridge-Oakland Wastewater Commission (COWC) at December 31, 2013 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 $8,400 to the Economic and Community Development Fund as per budget. The General Fund also transferred $6,647 to the Capital Projects Fund for purchasing a vehicle. The TID #2 Fund transferred $14,453 to the General Fund for the village's portion of the TID termination payments. The TID #2 also transferred $14,266 for the TID share of debt service in 2013. The TID #3 Fund transferred $30,017 to the Capital Projects Fund to close out the TID #3 Fund in 2013.

E - LONG-TERM OBLIGATIONS

Long-Term obligations of the village are as follows:

Governmental Activities:

	Balance 1-1-2013	Increases	Decreases	Balance 12-31-2013	Amounts Due Within One Year
General Obligation:					
Bonds	$ 2,705,000	$ 0	$ 85,000	$ 2,620,000	$ 115,000
Notes	427,282	0	49,790	377,492	52,347
Library Advance	48,000	0	48,000	0	0
Vested Employee Benefits	66,693	5,456	218	71,931	0
Totals	$ 3,246,975	$ 5,456	$ 183,008	$ 3,069,423	$ 167,347

Business-Type Activities:

	Balance 1-1-2013	Increases	Decreases	Balance 12-31-2013	Amounts Due Within One Year
Water Utility:					
G.O. Notes	$ 95,000	$ 0	$ 31,040	$ 63,960	$ 31,663
Revenue Bonds	919,146	0	20,703	898,443	21,475
Sewer Utility:					
G.O. Bonds	25,000	0	0	25,000	5,000
Totals	$ 1,039,146	$ 0	$ 51,743	$ 987,403	$ 58,138

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, 2013 is comprised of the following individual issues:

Issue	Issue Dates	Interest Rates	Maturity Dates		Balances 12-31-2013
General Obligation:					
Bonds	07-01-08	3.75-5.625%	06-01-28	$	1,610,000
Bonds	04-12-11	2.00-4.50%	04-01-31		1,010,000
Note	03-22-11	1.99%	12-22-15		37,220
Note	9-12-12	1.95%	12-01-22		340,272
Total Governmental Activities Debt				$	2,997,492

Business-type debt at December 31, 2013 is comprised of the following individual issues:

Issue	Issue Dates	Interest Rates	Maturity Dates		Balances 12-31-2013
Water Utility:					
Revenue Bonds	12-18-02	4.625%	12-1-42	$	718,919
G.O. Notes	11-28-12	1.99%	11-28-15		63,960
Revenue Bonds	12-23-09	2.668%	5-1-29		179,524
Sewer Utility:					
G.O. Bonds	4-12-11	2.00 -4.50%	4-1-31		25,000
Total Business-Type Activities				$	987,403

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, 2013 was $6,411,895. General obligation debt subject to the debt limit was $3,086,452.

Aggregate cash flow requirements for the retirement of long-term principal and interest on December 31, 2013 follows:

Governmental Activities:

Year Ended December 31		Principal		Interest		Total
2014	$	167,347	$	123,955	$	291,302
2015		175,435		118,376		293,811
2016		161,311		112,691		274,002
2017		182,040		106,687		288,727
2018		177,769		100,310		278,079
2019-2023		998,590		389,874		1,388,464
2024-2028		985,000		160,439		1,145,439
2029-2033		150,000		10,125		160,125
Totals	$	2,997,492	$	1,122,457	$	4,119,949

Business-type Activities:

Year Ended December 31	Principal	Interest	Total
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	29,960	34,364	64,324
2019-2023	139,980	156,235	296,215
2024-2028	169,491	126,620	296,111
2029-2033	147,841	93,200	241,041
2034-2038	168,774	58,516	227,290
2039-2043	156,533	16,622	173,155
Totals	$ 987,403	$ 634,685	$ 1,622,088

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, 2013, a total of $4,186,692 was borrowed. The interest rate on the bonds is 2.365%. The outstanding balance at December 31, 2013 was $ 2,864,872.

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, 2013, a total of $2,147,121 was borrowed. The interest rate on the bonds is 2.365%. The outstanding balance at December 31, 2013 was $1,533,342.

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, 2013 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, 2013 are as follows:

Year Ended December 31	Principal	Interest	Total
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	341,898	69,456	411,354
2019-2023	1,834,670	220,622	2,055,292
2024-2028	931,241	26,930	958,171
Totals	$ 4,398,214	$ 672,934	$ 5,071,148

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 2013 are:

	Employee	Employer
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	11.65%
Protective without Social Security	6.65%	14.25%

The payroll for Village of Cambridge employees covered by the WRS for the year ended December 31, 2013 was $3; the employer's total payroll was $475,110. The total required contribution for the year ended December 31, 2013 was $52,876, which consisted of $26,438, or 6.7% of payroll from the employer and $26,438, or 6.7% of payroll from employees. Total contributions for the years ended December 31, 2012 and 2011 were $39,768 and $39,166, 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, 2013.

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.

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 on April 23, 2013. Excess increments of $51,310 were to be refunded to the taxing districts in 2013. A total of $14,453 was due to the Village of Cambridge.

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 $613,999 for treatment of sewerage and debt payments in 2013.

SUPPLEMENTAL INFORMATION

VILLAGE OF CAMBRIDGE
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

	Tax Incremental District No. 2 Fund	Tax Incremental District No. 3 Fund	Tax Incremental District No. 4 Fund	Garbage and Recycling Fund	Economic and Community Development Fund	Total Nonmajor Funds
ASSETS						
Cash and Investments	$ 273,710	$ 0	$ (13,307)	$ 14,750	$ 20,932	$ 296,085
Taxes Receivable	0	0	0	0	38,000	38,000
TOTAL ASSETS	$ 273,710	$ 0	$ (13,307)	$ 14,750	$ 58,932	$ 334,085
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Vouchers Payable	$ 36,857	$ 0	$ 0	$ 14,750	$ 569	$ 52,176
Accrued Payroll	0	0	0	0	590	590
Total Liabilities	36,857	0	0	14,750	1,159	52,766
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	236,853	0	0	0	19,773	256,626
Unassigned	0	0	(13,307)	0	0	(13,307)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 273,710	$ 0	$ (13,307)	$ 14,750	$ 96,932	$ 372,085

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, 2013

	Tax Incremental District No. 2 Fund	Tax Incremental District No. 3 Fund	Tax Incremental District No. 4 Fund	Garbage and Recycling Fund	Economic and Community Development Fund	Total Nonmajor Funds
REVENUES						
Taxes	$ 71,232	$ 0	$ 0	$ 40,381	$ 20,000	$ 131,613
Intergovernmental	882				0	882
Public Charges for Services				45,243		45,243
Miscellaneous				3,230	679	3,909
TOTAL REVENUES	72,114	0	0	88,854	20,679	181,647
EXPENDITURES						
Current:						
General Government	40,857	0	0	0	0	40,857
Public Works				88,854		88,854
Conservation and Development	0		13,307	0	75,870	89,177
TOTAL EXPENDITURES	40,857	0	13,307	88,854	75,870	218,888
Excess of Revenues Over (Under) Expenditures	31,257	0	(13,307)	0	(55,191)	(37,241)
OTHER FINANCING SOURCES (USES):						
Proceeds from Long-Term Debt						0
Operating Transfer In (Out)	(28,719)	(30,017)	0	0	8,400	(50,336)
Total Other Financing Sources (Uses)	(28,719)	(30,017)	0	0	8,400	(50,336)
Net Changes in Fund Balances	2,538	(30,017)	(13,307)	0	(46,791)	(87,577)
Fund Balances - Beginning	234,315	30,017	0	0	66,564	330,896
Fund Balances - Ending	$ 236,853	$ 0	$ (13,307)	$ 0	$ 19,773	$ 243,319

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