Village of Cambridge
AUDIT & FINANCE COMMITTEE
Wednesday, October 9, 2024
5:00 p.m.

Amundson Community Center
Senior Room
200 Spring Street

AGENDA

1. **Call to order/Roll Call**
2. **Proof of Posting**
3. **Approval of Minutes:** January 18, 2024
4. **Public Appearances/Citizen Input**
5. **Old Business: Discussion and Possible Action Regarding:**
    - **a.** Budget, Finance and Accounting Practices: Trustee Bill Crist
    - **b.** 2025 Village of Cambridge
6. **New Business: None**
7. **Correspondence:**
    - **a.** Zach Pullium
8. **Update/Other Items for Future Consideration**
9. **Adjournment**

a. Persons needing special accommodations should call 423-3712 at least 24 hours prior to the meeting.
b. A quorum of the Village Board will attend this meeting for the purpose of gathering information relevant to their responsibilities as Village Trustees. Recommendation by the committee will be made to be acted upon by the Village Board at a regular meeting.
c. More specific information about agenda items may be obtained by calling 423-3712.

Lisa Moen, Administrator/Clerk/Deputy Treasurer

Village of Cambridge

Financial Review

($000's)

Should Trustees be concerned?

Consider the following:

Deficit spending

For 6 years the General Fund has spent more than brought in. See below.

Almost all Government funds overspent in 2023.

Audit report page refence Page 8

Almost all of these funds overspent in 2022 - see page 8 of 2022 audit report

Two out of three Proprietary funds over spent in 2023 by $247,000.

Audit report page refence Page 11

Almost all Government funds have a negative fund balance at the end of 2023

Audit report page refence Page 6

No General Fund Cash left for Emergencies

Went from $1.1 Million at the end of 2019 to $0.0 at the end of 2024. See Below.

General Fund has spent over $534,000 of 2024 taxes to fund 2023 activity

Audit report page refence	Page 6	1091.557
		-557.472
		534.085

May Have Qualified Audit opinion

If that happens will affect future funding and interest rates and ...

Looking forward what needs to be done?

Reduce spending in the remaining part of 2024

Village to follow State Statues 65.9

Ensure full **discloser of Village financial position to taxpayers**

Statues specifies ***minimum*** content for budgets.

Cambridge is missing actual revenues and expenditures -- 65.90 (2) (a)

Cambridge missing fund balance details --65.90 (3) (b) 4

Should present at least two or three years of historic actual spending

Use Village of Deerfield as a good example

They are smaller than Cambridge & do a great job in letting taxpayers what is going on

Need to understand what are the causes of the continued deficits?

Understand the history so we don't repeat it.

Fix statements from Village so they match the Audit reports.

Difficult to understand reasons for over spending

Need audit committee to have more oversight and understanding of the financials

- Meet monthly and deep dive into financials -
    - Are we running favorable or un favorable in total
    - What actions are needed to stay on budget
- Work with Village staff so comments are not made to auditors without the board understanding
    - Note 15 DEFICIT FUND BALANCE of Audit report Page 44
        - Must be discussed with the Board of Trustees before Admin makes these comments
- Need a long range plan - Capital and Genral Fund
    - When / how will a cash reserve be generated
- Need plan to develop a Positive Fund balance
    - Per 2023 Local Government 101 - League of Municipalities - page 21
        - GFOA recommends minimum 2 months of operating expenses
        - 25% =common target (3 months)
        - Bond ratings positively impacted by higher levels
            - If rated, consider peer group average
            - Review 5-year trend
        - Develop formal fund balance policy

Village of Cambridge

Financial Review
($000's)

GENERAL FUND STATEMENT OF REVENUE, EXPENDITURES

	2019 Audit	% Increase	2020 Audit	% Increase	2021 Audit	% Increase	2022 Audit	% Increase	2023 Audit	% Increase	2024 Estimate *	CGR 2019 to 2023	CGR 2020 to 2023
General Property Taxes	$ 735	-4.4%	$ 703	4.6%	$ 735	26.1%	$ 927	3.3%	$ 958	14.0%	$ 1,092	5.4%	6.4%
Other funds	$ 324	37.7%	$ 446	31.4%	$ 586	7.7%	$ 631	-17.9%	$ 518	-8.3%	$ 475	9.8%	3.0%
Total Revenue	$ 1,059	8.5%	$ 1,149	15.0%	$ 1,321	17.9%	$ 1,558	-5.3%	$ 1,476	6.2%	$ 1,567	6.9%	5.1%
General Gov.	$ 376	1.6%	$ 382	34.0%	$ 512	16.6%	$ 597	-19.1%	$ 483	15.5%	$ 558	5.1%	4.8%
Public Safety	$ 519	21.6%	$ 631	0.5%	$ 634	-3.2%	$ 614	8.0%	$ 663	11.6%	$ 740	5.0%	1.0%
Public Works	$ 176	1.1%	$ 178	6.2%	$ 189	67.7%	$ 317	-1.3%	$ 313	21.1%	$ 379	12.2%	12.0%
Culture and Ed	$ 41	51.2%	$ 62	1.6%	$ 63	22.2%	$ 77	-10.4%	$ 69	-14.5%	$ 59	11.0%	2.2%
Conserv. and Devel.	$ 70	37.1%	$ 96	14.6%	$ 110	76.4%	$ 194	26.0%	$ 244	-7.5%	$ 226	28.4%	20.5%
All Other	$ -		$ 14		$ -		$ 1				$ 2		
Capital outlay	$ -		$ -		$ 25		$ 3		$ 48				
Total Exp	$ 1,182	15.3%	$ 1,363	12.5%	$ 1,533	17.6%	$ 1,803	1.0%	$ 1,821	7.9%	$ 1,964	9.0%	6.0%
Transfers in	$ 94		$ 94		$ 95		$ 92		$ 88		$ 92		
Sale of capital assets	$ 13		$ -		$ 19		$ 8				$ 2		
Net	($16)		($120)		($98)		($145)		($257)		($303)		
Beg of year fund Bal	$ 374		$ 358		$ 238		$ 140		$ (5)		$ (262)		
End of year Fund Bal	$ 358		$ 238		$ 140		$ (5)		$ (262)		$ (565)		
Net as % of General Property Ta	-2.2%		-17.1%		-13.3%		-15.6%		-26.8%		-27.7%		

*** 2024 Estimates are from budget but exclude $203 of incorrectly budgeted Bike Trail accounts receivable payments & $100 in other spending**

Village of Cambridge

Financial Review
($000's)

	2020 A	2021 A	2022 A	2023 A	2024 B
FIRE/EMS - VILLAGE SHARE	$189	$190	$191	$251	$251
Percentage of Total Expenses	13.9%	12.4%	10.6%	13.8%	12.8%
VINEYARDS INCENTIVE PAYMENTS	$73	$93	$129	$201	$210
DISTILLERY INCENTIVE PAYMENTS	$12	$11	$23	$12	15
total	$85	$104	$152	$213	$225
Percentage of Total Expenses	6.2%	6.8%	8.4%	11.7%	11.5%

	2019	2020	2021	2022	2023	2024	2019 to 2023	2020 to 2023
CPI - US Inflation Calculator	1.8%	1.2%	4.7%	8.0%	4.1%		4.1%	4.7%
							2019 to 2024	2020 to 2024
General Property Taxes		-4.4%	4.6%	26.1%	3.3%	14.0%	5.4%	6.4%
Wage increases (Per Lisa Moen)			5.0%	5.0%	9.0%	5.4%		

CASH / LIQUITY

	2019 Audit	2020 Audit	2021 Audit	2022 Audit	2023 Audit
General Fund Cash 12/31	$ 1,067	814	$ 720	$ 587	$12
Change from Prior year		($253)	($94)	($133)	($575)
Change from 2019		($253)	($347)	($480)	($1,055)

TREASURER TAMMY JORDAN WILL HAVE BUDGET DOCUMENTS AVAILABE AT THE MEETING.

Lisa Moen

From: Zach Pulliam <mrpachzulliam@gmail.com>
Sent: Wednesday, October 2, 2024 5:45 PM
To: Lisa Moen
Cc: Tammy Jordan; Paula hollenbeck
Subject: Re: Urgent Financial Concerns and Request for Plan of Action

Hi Lisa,

Thank you for your response. I understand the role of the Audit and Finance Committee in overseeing these matters. However, I want to emphasize that the discussions around our financial concerns have already started during the September 24th Village Board meeting, and the urgency of our current financial situation requires prompt and comprehensive action.

This is a critical issue that affects every resident of our community, and it is important for us to tackle it head-on and transparently present the challenges we are facing. Deferring this to a committee without bringing it to the broader public forum of the Village Board delays the necessary dialogue and solutions our community urgently needs.

I respectfully request that this matter be added to the upcoming Village Board meeting agenda so that all residents and stakeholders can be made aware of the gravity of our financial position and the steps that need to be taken.

Thank you for considering this urgent request.

Zach Pulliam

> On Oct 2, 2024, at 5:26 PM, Lisa Moen <lisam@ci.cambridge.wi.us> wrote:
>
> Hi Zach,
> This will be referred to the Audit and Finance Committee. They will be meeting in the near future as they prepare the 2025 budget. As they are Committee that would oversee this, the discussion is best started there.
> Lisa
>
>
>
> -----Original Message-----
> From: Zach Pulliam <mrpachzulliam@gmail.com>
> Sent: Wednesday, October 2, 2024 1:49 PM
> To: Lisa Moen <lisam@ci.cambridge.wi.us>; Tammy Jordan <tjordan@ci.cambridge.wi.us>
> Cc: Pamela Schmitt <pmkschmitt@hotmail.com>; Jah Cool <tywebb2121@hotmail.com>
> Subject: Urgent Financial Concerns and Request for Plan of Action
>
> Hi Lisa,
>
> I am writing to express my deep concerns regarding the current state of the Village of Cambridge's finances, based on the financial review presented during the September 24th Board meeting. The financial situation is truly alarming, and as a taxpayer and resident, I find it unacceptable that we are facing such issues in a village of our size. I would like this email to be brought forward to the Board for the upcoming meeting on October 8th, as these matters need immediate attention and plan of action.
>

> Below are some of the key concerns I would like addressed:
>
> 1. Overspending in the General Fund:
> - 2019: ($16,000)
> - 2020: ($120,000)
> - 2021: ($98,000)
> - 2022: ($145,000)
> - 2023: ($257,000)
> - Estimated 2024 overspending: ($200,000) to ($300,000)
>
> 2. Decrease in Cash Reserves:
> Cash reserves have decreased drastically from $1,067,000 at the end of 2019 to just $12,000 at the end of 2023. By the end of 2024, it is projected that the Village will be in a negative cash position.
>
> 3. Increase in General Property Taxes:
> Property taxes have increased from $735,000 in 2019 to $1,092,000 in 2024, yet we still face major overspending and cash reserve issues.
>
> As a resident, it is extremely concerning to see such financial mismanagement year after year, with no apparent long-term plan to resolve the issues. Using future tax revenues to pay for past expenses and funding capital projects from the general fund is simply unacceptable.
>
> I am requesting that a detailed proposal and plan be put together for village residents on how we are going to address and fix these financial issues. Transparency and accountability are essential, and we need a clear strategy moving forward to prevent further decline and to ensure the financial stability of our community.
>
> Please include this email as part of the discussions during the October 8th Board meeting. I am eager to see what steps will be taken to rectify these problems, and I would appreciate a response outlining the proposed actions.
>
> Thank you for your attention to this urgent matter.
>
> Zach Pulliam
> 706 Townsend Street
> Cambridge, WI 53523
>
>
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