

October 30, 2023

To the Village Board of Trustees
Village of Cambridge, Wisconsin

Dear Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cambridge for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 1 to the financial statements. The village was required to implement GASB No. 87, *Leases*, during 2022 and this is further detailed in Notes 1 and 7. No other new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

1. Management's estimates of depreciation and amortization of its capital assets are based on assumptions of the estimated useful life and industry standards. We evaluated the key factors and assumptions used to develop the depreciation and amortization estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

2. The net pension asset information used to implement GASB 68 was provided to all participating governmental units by the Wisconsin Department of Employee Trust Funds and is based upon an actuarial valuation performed on the plan's data as of the measurement date of December 31, 2021 and related employer reporting schedules. This information relative to the Wisconsin Retirement System has been audited by the State of Wisconsin Legislative Audit Bureau who expressed an unmodified opinion in its report dated September 26, 2022. We have evaluated the key factors and assumptions used to develop these estimates including the allocations to participating employers for their proportionate share in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We noted one material adjustment for \$73,316 to reduce the beginning fund balance and increase current year expenditures related to prior year payroll taxes. The attached schedule summarizes uncorrected misstatements (by applicable opinion unit) of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representations letter dated October 30, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Village’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Library Fund, Schedule of Village’s Proportionate Share of the Net Pension Liability (Asset) and Schedule of Village’s Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This letter is intended solely for the use of the Village Board of Trustees and management of the Village of Cambridge and is not intended to be and should not be used by anyone other than these specified parties.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Index

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: Financial Statement Date:

Completed by: Date:

Opinion Unit: A Listing of Known Audit Differences Over:

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over- (Under-) statement of:				Change in Fund Balance/ Net Position	
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position		Revenues
AR balance not equal to listing	Factual (F), Judgmental (J), or Projected (P)	Subsidiary not reconciled to the ledger	4201.00	-12,191			-12,191	0	-12,191
Total				-12,191	0	0	-12,191	-12,191	0
Less audit adjustments subsequently booked									
Net unadjusted AD—current year (iron curtain method)				-12,191	0	0	-12,191	-12,191	0
Effect of unadjusted AD—prior years									
Combined current year and prior year AD (rollover method)				-12,191	0	0	-12,191	-12,191	0
Financial statement caption totals				10,777,715			9,387,574	1,639,248	1,513,909
Current year AD as % of F/S captions (iron curtain method)				-0.11%	0.00%	0.00%	-0.13%	-0.74%	0.00%
Current and prior year AD as % of F/S captions (rollover method)				-0.11%	0.00%	0.00%	-0.13%	-0.74%	0.00%

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole, and the reasons why.

These amounts do not affect the decisions of the users of the financial statements.

Misstatements of Disclosures: Accumulate and describe any misstatements of disclosures, including qualitative and quantitative disclosures, that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole.

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors and misstatements by nature or circumstances, uncorrected audit differences, individually and in the aggregate, do not cause the financial statements of opinion unit taken as a whole to be materially misstated.

ALG-CX-12.2: Audit Difference Evaluation Form

Index

Governmental Unit: Financial Statement Date:

Completed by: Date:

Opinion Unit: A Listing of Known Audit Differences Over:

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over- (Under-) statement of:				Change in Fund Balance/ Net Position	
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position		Revenues
AR balance not equal to listing	Factual (F), Judgmental (J), or Projected (P)	Subsidiary not reconciled to the ledger	4201.00	-5,882			-5,882	0	-5,882
Total				-5,882	0	0	-5,882	-5,882	0
Less audit adjustments subsequently booked									
Net unadjusted AD—current year (iron curtain method)				-5,882	0	0	-5,882	-5,882	0
Effect of unadjusted AD—prior years				-5,882	0	0	-5,882	-5,882	0
Combined current year and prior year AD (rollover method)				-5,882	0	0	-5,882	-5,882	0
Financial statement caption totals				4,491,433			3,363,232	580,313	61,982
Current year AD as % of F/S captions (iron curtain method)				-0.13%	0.00%	0.00%	-0.17%	-1.01%	0.00%
Current and prior year AD as % of F/S captions (rollover method)				-0.13%	0.00%	0.00%	-0.17%	-1.01%	0.00%

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole, and the reasons why.

These amounts do not affect the decisions of the users of the financial statements.

Misstatements of Disclosures: Accumulate and describe any misstatements of disclosures, including qualitative and quantitative disclosures, that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole.

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors and misstatements by nature or circumstances, uncorrected audit differences, individually and in the aggregate, do not cause the financial statements of opinion unit taken as a whole to be materially misstated.

ALG-CX-12.2: Audit Difference Evaluation Form

Index

Governmental Unit: Financial Statement Date:

Completed by: Date:

Opinion Unit: A Listing of Known Audit Differences Over:

Instructions: This form may be used to accumulate audit differences (AD) that are not considered trivial in amount, nature, or circumstances (documented at Step 5 of ALG-CX-2.1). This form should *not* include normal closing entries. At the end of the audit, evaluate all uncorrected audit differences, individually and in the aggregate, in the context of individual opinion units and conclude on whether they materially misstate the financial statements of an opinion unit taken as a whole. This form also provides a space to document any misstatements of disclosures (including quantitative and qualitative misstatements) that are considered when evaluating misstatements in the aggregate. Before evaluating the effect of uncorrected misstatements, reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements, using both the rollover and iron curtain methods, as appropriate. You need to be familiar with the guidance in section 1010 before completing this form.

Description (Nature of Audit Difference (AD))	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over- (Under-) statement of:				Change in Fund Balance/Net Position	
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position		Revenues
AR balance not equal to listing	Factual (F), Judgmental (J), or Projected (P)	Subsidiary not reconciled to the ledger	4201.00	-6,309	0		-6,309	0	-6,309
Total				-6,309	0	0	-6,309	0	-6,309
Less audit adjustments subsequently booked									
Net unadjusted AD—current year (iron curtain method)				-6,309	0	0	-6,309	0	-6,309
Effect of unadjusted AD—prior years									
Combined current year and prior year AD (rollover method)				-6,309	0	0	-6,309	0	-6,309
Financial statement caption totals				6,068,438			5,812,394	981,167	46,085
Current year AD as % of F/S captions (iron curtain method)				-0.10%	0.00%	0.00%	-0.11%	-0.64%	0.00%
Current and prior year AD as % of F/S captions (rollover method)				-0.10%	0.00%	0.00%	-0.11%	-0.64%	0.00%

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole, and the reasons why.

These amounts do not affect the decisions of the users of the financial statements.

Misstatements of Disclosures: Accumulate and describe any misstatements of disclosures, including qualitative and quantitative disclosures, that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole.