

**VILLAGE OF DUNDEE
ANNUAL FINANCIAL REPORT
YEAR ENDED FEBRUARY 29, 2024**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
<hr/> BASIC FINANCIAL STATEMENTS <hr/>	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds	
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with the Statement of Activities	20
Proprietary Funds	
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Component Units	
Combining Statement of Net Position - Discretely Presented Component Units	25
Combining Statement of Activities - Discretely Presented Component Units	26
Notes to the Financial Statements	28
<hr/> REQUIRED SUPPLEMENTARY INFORMATION <hr/>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: General Fund	57
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Major Streets Fund	58
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Local Streets Fund	59
Schedule of Changes in Net Pension Liability and Related Ratios - MERS	60
Schedule of Contributions - MERS	61
<hr/> COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES <hr/>	
Nonmajor Governmental Funds	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	65
Component Unit - Brownfield Redevelopment Authority	
Combining Balance Sheet - Statement of Net Position	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	68
Component Unit - Economic Development Corporation	
Combining Balance Sheet - Statement of Net Position	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	70
Component Unit - Downtown Development Authority	
Combining Balance Sheet - Statement of Net Position	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	72
Component Unit - Local Development Finance Authority - Global Engine Alliance	
Combining Balance Sheet - Statement of Net Position	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	74
Component Unit - Local Development Finance Authority - Water Plant	
Combining Balance Sheet - Statement of Net Position	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	76

INDEPENDENT AUDITOR'S REPORT

To the Members of the Village Council
Village of Dundee, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Michigan (the "Village") as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village, as of February 29, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2024, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, Michigan
August 16, 2024

Management's Discussion and Analysis

Village of Dundee
Management's Discussion and Analysis
February 29, 2024

As management of the Village of Dundee, Michigan (the "Village" or "government") we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 29, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$49,063,188 (net position). Of this amount, \$11,387,376 represents unrestricted net position.
- During the year, the Village received \$17,872,325 in revenues and had \$8,067,353 in expenses, resulting in an increase in net position of \$9,804,972.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$11,718,967, an increase of \$5,113,143 in comparison with the prior year. Approximately 41.7% of this amount, or \$4,882,125 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,882,125, or approximately 166.9% of total general fund expenditures and transfers out. The general fund had an increase in fund balance of \$3,429,437 during the year.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the Village's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., accrued but unpaid other postemployment benefits and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public safety, public works, community and economic development, and recreation and culture. The business-type activities of the Village include water and sewer services.

The government-wide financial statements include not only the Village of Dundee itself (known as the primary government), but also a legally separate Downtown Development Authority, Economic Development Corporation, and Local Development Finance Authority for which the Village is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, local streets fund, and major streets fund, which are considered to be major funds. Data from the other funds is presented as a separate column as they are considered nonmajor funds.

The Village adopts an annual appropriated budget for the general fund and each special revenue fund. A budgetary comparison schedule for the general fund and each major special revenue fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds. The Village maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprises funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, both of which are considered to be major funds of the Village. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various Village functions. The village uses an internal service fund to account for its unemployment compensation.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Village's budgetary comparison schedules and the Village's pension schedules.

This report also presents other supplementary information which includes the nonmajor fund combining and individual statements. The combining statements are presented immediately following the required supplementary information on pensions.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,063,188 at the close of the most recent fiscal year.

Village of Dundee's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ 11,764,871	\$ 6,291,304	\$ 6,578,067	\$ 7,236,637	\$ 18,342,938	\$ 13,527,941
Accounts Receivable	21,285	6,909	680,523	775,291	701,808	782,200
Taxes Receivable	211,121	234,519	2,018	214	213,139	234,733
Special Assessments Receivable	816,009	933,345	-	-	816,009	933,345
Due from Other Governmental Units	216,338	218,378	-	-	216,338	218,378
Prepays	53,282	66,630	73,104	42,138	126,386	108,768
Leases Receivable, Current Portion	17,623	-	-	-	17,623	-
Total Current Assets	13,100,529	7,751,085	7,333,712	8,054,280	20,434,241	15,805,365
<i>Noncurrent Assets</i>						
Restricted Cash and Cash Equivalents	-	483,951	9,000	9,000	9,000	492,951
Capital Assets not Being Depreciated	1,062,480	364,939	1,325,594	131,566	2,388,074	496,505
Capital Assets Being Depreciated	13,489,122	14,106,999	27,666,397	25,040,635	41,155,519	39,147,634
Leases Receivable, Long Term	304,684	-	-	-	304,684	-
Total Assets	27,956,815	22,706,974	36,334,703	33,235,481	64,291,518	55,942,455
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related	218,376	533,954	59,454	156,000	277,830	689,954
Total Deferred Outflows of Resources	218,376	533,954	59,454	156,000	277,830	689,954
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	230,917	62,612	590,763	10,201	821,680	72,813
Accrued Payroll and Related Liabilities	51,537	44,699	10,528	7,687	62,065	52,386
Other Liabilities	256,282	486,739	151,944	162,111	408,226	648,850
Unearned Revenue	-	492,352	174,096	233,415	174,096	725,767
Current Portion of Compensated Absences	84,899	50,514	33,052	33,300	117,951	83,814
Current Portion of Long-term Debt	247,060	391,194	960,000	1,341,374	1,207,060	1,732,568
Total Current Liabilities	870,695	1,528,110	1,920,383	1,788,088	2,791,078	3,316,198
<i>Noncurrent Liabilities</i>						
Long-term Debt	1,049,939	1,651,999	11,226,137	12,186,136	12,276,076	13,838,135
Net Pension Liability	65,647	170,149	17,874	49,711	83,521	219,860
Total Liabilities	1,986,281	3,350,258	13,164,394	14,023,935	15,150,675	17,374,193
DEFERRED INFLOWS OF RESOURCES						
Deferred Lease Revenues	321,616	-	-	-	321,616	-
Pension Related	26,621	-	7,248	-	33,869	-
Total Deferred Inflows of Resources	348,237	-	7,248	-	355,485	-
NET POSITION						
Net Investment in Capital Assets	13,254,603	12,428,745	16,805,854	11,644,691	30,060,457	24,073,436
Restricted	7,606,355	5,995,366	9,000	9,000	7,615,355	6,004,366
Unrestricted	4,979,715	1,466,559	6,407,661	7,713,855	11,387,376	9,180,414
Total Net Position	\$ 25,840,673	\$ 19,890,670	\$ 23,222,515	\$ 19,367,546	\$ 49,063,188	\$ 39,258,216

The largest portion of the Village's net position, \$30,060,457 or 61.3%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Village uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, \$7,615,355 or 15.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,387,376 or 23.2%, is unrestricted.

Governmental Activities: Cash increased by \$5,473,567 during the current fiscal year. This closely follows the increase in governmental fund balance. There are new accounts in relation to the implementation of GASB 87 during the current year for a T-Mobile lease. This includes a net lease receivable of \$322,307 and deferred inflow of \$321,616. Restricted cash and unearned revenue decreased by \$483,951 from the spending of ARPA funds. Accounts payable increased due to the timing of street repair projects. Other liabilities decreased by \$230,457 due to the decrease in a pension related liability of \$380,000 offset by a new retainage payable of \$180,505

Business-type Activities: Cash decreased by \$658,570, see the statement of cash flows for details. Capital assets increased by a net of \$3,819,790 largely due to a transfer of Local Development Finance Authority (LDFA) infrastructure improvements to the sewer and water funds. Accounts payable increased by \$580,562 due to the timing of street repair projects. Unearned revenue decreased by \$59,319 from the use of pre-purchased taps.

Village of Dundee's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues						
Charges for Services	\$ 874,503	\$ 1,230,966	\$ 4,075,416	\$ 3,945,016	\$ 4,949,919	\$ 5,175,982
Operating Grants and Contributions	5,277,344	795,762	3,850,913	112,535	9,128,257	908,297
Capital Grants and Contributions	-	-	-	-	-	-
Total Program Revenues	<u>6,151,847</u>	<u>2,026,728</u>	<u>7,926,329</u>	<u>4,057,551</u>	<u>14,078,176</u>	<u>6,084,279</u>
General Revenues						
Property Taxes	2,546,172	1,447,960	-	-	2,546,172	1,447,960
Unrestricted State Sources	925,136	975,224	-	-	925,136	975,224
Interest and Investment Earnings	286,294	4,381	36,547	7,279	322,841	11,660
Total General Revenues	<u>3,757,602</u>	<u>2,427,565</u>	<u>36,547</u>	<u>7,279</u>	<u>3,794,149</u>	<u>2,434,844</u>
Total Revenues	<u>9,909,449</u>	<u>4,454,293</u>	<u>7,962,876</u>	<u>4,064,830</u>	<u>17,872,325</u>	<u>8,519,123</u>
Expenses						
General Government	1,012,945	1,182,432	-	-	1,012,945	1,182,432
Public Safety	1,013,258	1,130,514	-	-	1,013,258	1,130,514
Public Works	1,772,514	1,177,201	-	-	1,772,514	1,177,201
Community and Economic Development	11,111	11,356	-	-	11,111	11,356
Recreation and Culture	93,844	246,080	-	-	93,844	246,080
Interest on Long-term Debt	55,336	73,212	-	-	55,336	73,212
Sewer and Water Operations	-	-	4,108,345	3,931,939	4,108,345	3,931,939
Total Expenses	<u>3,959,008</u>	<u>3,820,795</u>	<u>4,108,345</u>	<u>3,931,939</u>	<u>8,067,353</u>	<u>7,752,734</u>
Changes in Net Position Before Transfers	<u>5,950,441</u>	<u>633,498</u>	<u>3,854,531</u>	<u>132,891</u>	<u>9,804,972</u>	<u>766,389</u>
Transfers In (Out)	(438)	2,600	438	(2,600)	-	-
Changes in Net Position	<u>5,950,003</u>	<u>636,098</u>	<u>3,854,969</u>	<u>130,291</u>	<u>9,804,972</u>	<u>766,389</u>
Net Position at the Beginning of Period	19,890,670	19,254,572	19,367,546	19,237,255	39,258,216	38,491,827
Net Position at the End of Period	<u>\$ 25,840,673</u>	<u>\$ 19,890,670</u>	<u>\$ 23,222,515</u>	<u>\$ 19,367,546</u>	<u>\$ 49,063,188</u>	<u>\$ 39,258,216</u>

Governmental Activities: Operating grants and contributions increased by \$4,481,582 mainly from a \$3,611,041 transfer from the LDFA component unit. General revenues from property taxes appear to have increased by \$1,098,212 in the current year. This is due to the local street property taxes not being included in this amount in the prior year. Public works expenses increased by \$595,313 from current year street projects.

Business-type Activities: Operating grants and contributions increased by \$3,738,378 mainly from a \$3,850,913 transfer from the LDFA component unit.

Financial Analysis of Governmental Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village's Council.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$11,718,967, an increase of \$5,113,143 in comparison with the prior year. Approximately 41.7%, or \$4,882,125, of this total amount constitutes *unassigned fund balance*. The remainder of fund balance is *restricted* (\$6,783,560, or 58.0%), to indicate that it cannot be used at the Village's discretion, or it is *nonspendable* (\$53,282, or 0.5%) because it has already been committed, in this case, for prepaid expenses.

The *general fund* is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,882,125. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 166.9% of total general fund expenditures and transfers out.

The fund balance of the Village's general fund increased by \$3,429,437 during the current fiscal year. The increase is from a transfer from the LDFA. The Village Council monitors the expenditures of the general fund closely to ensure that spending does not exceed the Village's available resources.

The *major streets fund*, a major fund, decreased by \$126,226 during the current fiscal year for an ending fund balance of \$2,872,013.

The *local streets fund*, a major fund, increased by \$1,813,170 during the current fiscal year for an ending fund balance of \$3,231,391. The increase is from a transfer from the LDFA.

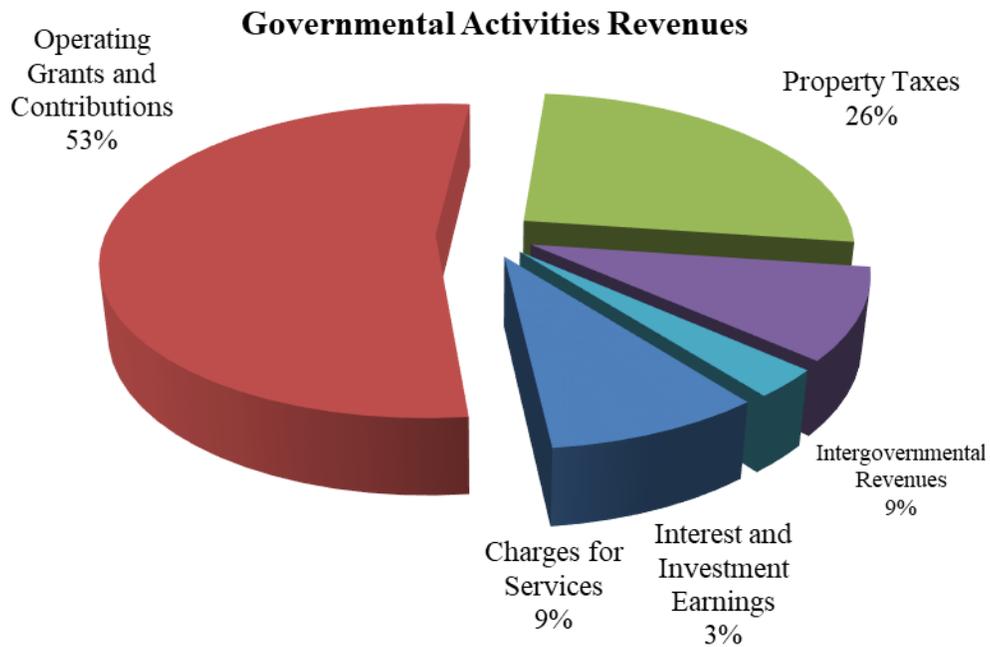
Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The water fund had an unrestricted net position of \$3,143,358 and the sewer fund had an unrestricted net position of \$3,264,303. The sewer and water funds both had increases in net

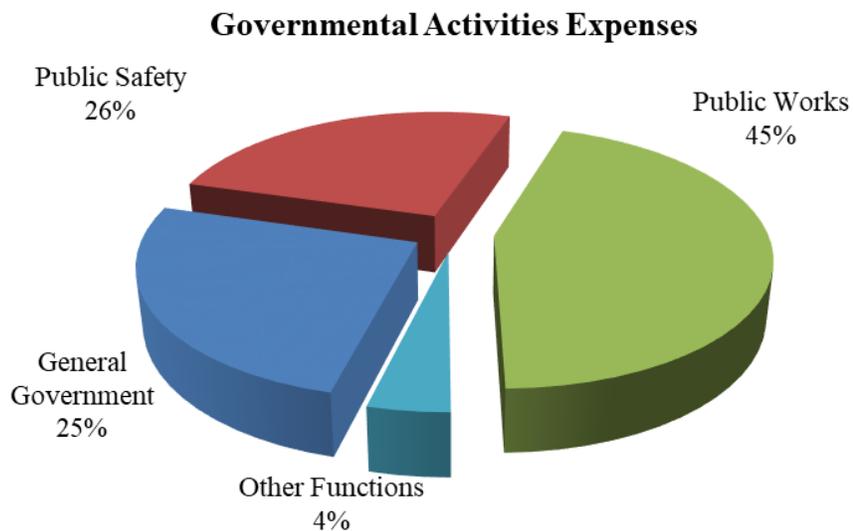
position, of \$265,255 and \$3,589,714, respectively. Increases were due to transfers from the LDFA component unit.

Governmental Activities

The following chart summarizes the revenue sources for the governmental activities of the Village for the most recent fiscal year-end:



The following chart summarizes the expenses for the governmental activities of the Village for the most recent fiscal year-end.



General Fund Budgetary Highlights

Original budget compared to final budget. There was one significant budget amendments to the original estimated revenues or to the original appropriated expenditures during the year. Intergovernmental revenues increased from an original budget of \$721,755 to \$1,437,630 from American Rescue Plan Act funding.

Final budget compared to actual results. The Village had no expenditures in excess of the amounts appropriated for the year ended February 29, 2024.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of February 29, 2024 amounts to \$43,543,593 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements, machinery, equipment, vehicles, park facilities, sidewalks, and water and sewer infrastructure.

More detailed information about the Villages' capital assets can be found in Note 4 to the financial statements.

Long-term Debt

As described in Note 6 to the financial statements, the Village had \$13,483,136 in long-term debt, exclusive of compensated absences, at the end of the fiscal year, which was a decrease of \$2,087,567 compared to the prior year. The Village is well under its legal debt limit as of year-end.

Economic Condition and Outlook

Management estimates that approximately \$12,790,000 of revenues will be available for appropriations in the general fund in the upcoming year. The Village continues to review all budget line items for opportunities to reduce expenditures whenever possible. Monitoring the budget throughout the year will identify any necessary adjustments to be presented to the Village Council for review and approval. Current revenues will provide essential services and maintain the financial reserves of the village to the greatest extent possible.

Contacting the Village

This financial report is designed to provide a general overview of the Village's finances to its citizens, customers, investors, and creditors and to demonstrate the Village's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

The Village of Dundee
350 W. Monroe
Dundee, Michigan 48131

Basic Financial Statements

Village of Dundee
Statement of Net Position
February 29, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 11,764,871	\$ 6,578,067	\$ 18,342,938	\$ 533,757
Accounts Receivable	21,285	680,523	701,808	--
Taxes Receivable	211,121	2,018	213,139	--
Special Assessment Receivable	816,009	--	816,009	--
Due from Other Governments	216,338	--	216,338	113,548
Prepays	53,282	73,104	126,386	--
Lease Receivable, Current Portion	17,623	--	17,623	--
Total Current Assets	13,100,529	7,333,712	20,434,241	647,305
<i>Noncurrent Assets</i>				
Restricted Cash	--	9,000	9,000	--
Capital Assets not Being Depreciated	1,062,480	1,325,594	2,388,074	3,582,394
Capital Assets Being Depreciated	13,489,122	27,666,397	41,155,519	3,408,078
Leases Receivable, Long Term	304,684	--	304,684	--
Total Assets	27,956,815	36,334,703	64,291,518	7,637,777
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	218,376	59,454	277,830	--
Total Deferred Outflows of Resources	218,376	59,454	277,830	--
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	230,917	590,763	821,680	999
Accrued Payroll and Related Liabilities	51,537	10,528	62,065	2,914
Other Liabilities	256,282	151,944	408,226	3,791
Unearned Revenue	--	174,096	174,096	--
Current Portion of Compensated Absences	84,899	33,052	117,951	--
Current Portion of Long-Term Debt	247,060	960,000	1,207,060	--
Total Current Liabilities	870,695	1,920,383	2,791,078	7,704
<i>Noncurrent Liabilities</i>				
Long-Term Debt	1,049,939	11,226,137	12,276,076	--
Net Pension Liability	65,647	17,874	83,521	--
Total Liabilities	1,986,281	13,164,394	15,150,675	7,704
DEFERRED INFLOWS OF RESOURCES				
Deferred Lease Revenues	321,616	--	321,616	--
Pension Related	26,621	7,248	33,869	--
Total Deferred Inflows of Resources	348,237	7,248	355,485	--
NET POSITION				
Net Investment in Capital Assets	13,254,603	16,805,854	30,060,457	6,990,472
<i>Restricted for:</i>				
Streets	6,924,978	--	6,924,978	--
Capital Projects	328,936	--	328,936	--
Building Department	204,711	--	204,711	--
Historical Commission	84,467	--	84,467	--
Recreation and Culture	4,631	--	4,631	--
Debt Service	58,632	--	58,632	--
Debt Service - RRI	--	1,000	1,000	--
Debt Service - Bond Reserve	--	8,000	8,000	--
<i>Unrestricted</i>	4,979,715	6,407,661	11,387,376	639,601
Total Net Position	\$ 25,840,673	\$ 23,222,515	\$ 49,063,188	\$ 7,630,073

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Dundee
Statement of Activities
For the Year Ended February 29, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 1,012,945	\$ 164,253	\$ 919,273	\$ --	\$ 70,581	\$ --	\$ 70,581	\$ --
Public Safety	1,013,258	424,443	483,951	--	(104,864)	--	(104,864)	--
Public Works	1,772,514	262,020	3,874,120	--	2,363,626	--	2,363,626	--
Community and Economic Development	11,111	--	--	--	(11,111)	--	(11,111)	--
Recreation and Culture	93,844	23,123	--	--	(70,721)	--	(70,721)	--
Interest on Long-Term Debt	55,336	664	--	--	(54,672)	--	(54,672)	--
Total Governmental Activities	3,959,008	874,503	5,277,344	--	2,192,839	--	2,192,839	--
Business-type Activities:								
Sewer	2,432,655	2,457,055	222,235	--	--	246,635	246,635	--
Water	1,675,690	1,618,361	3,628,678	--	--	3,571,349	3,571,349	--
Total Business-type Activities	4,108,345	4,075,416	3,850,913	--	--	3,817,984	3,817,984	--
Total Primary Government	\$ 8,067,353	\$ 4,949,919	\$ 9,128,257	\$ --	2,192,839	3,817,984	6,010,823	--
Component Units								
Brownfield Redevelopment Authority	\$ 914,601	\$ --	\$ --	\$ --	--	--	--	(914,601)
Economic Development Corporation	280,892	--	--	--	--	--	--	(280,892)
Downtown Development Authority	256,309	27,658	8,062	--	--	--	--	(220,589)
Local Development Finance Authority - Global Engine Alliance	9,312,165	--	2,307,745	--	--	--	--	(7,004,420)
Local Development Finance Authority - Water Plant	172,603	--	--	--	--	--	--	(172,603)
Local Development Finance Authority - #3 Debt	1,540,465	--	7,075	--	--	--	--	(1,533,390)
Total Component Units	\$ 12,477,035	\$ 27,658	\$ 2,322,882	\$ --	--	--	--	(10,126,495)
General Purpose Revenues and Transfers:								
Revenues								
					2,546,172	--	2,546,172	517,724
					925,136	--	925,136	--
					286,294	36,547	322,841	159,702
Transfers								
					(438)	438	--	--
Total General Revenues and Transfers					3,757,164	36,985	3,794,149	677,426
Change in Net Position					5,950,003	3,854,969	9,804,972	(9,449,069)
<i>Net Position at Beginning of Period</i>					19,890,670	19,367,546	39,258,216	17,079,142
Net Position at End of Period					\$ 25,840,673	\$ 23,222,515	\$ 49,063,188	\$ 7,630,073

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Dundee
Balance Sheet
Governmental Funds
February 29, 2024**

	<u>Special Revenue</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>		
ASSETS					
Cash and Investments	\$ 4,833,430	\$ 2,971,983	\$ 3,215,861	\$ 743,597	\$ 11,764,871
Accounts Receivable	21,285	--	--	--	21,285
Taxes Receivable	126,386	--	84,735	--	211,121
Special Assessment Receivable	--	618,972	197,037	--	816,009
Due from Other Governments	96,596	88,292	31,450	--	216,338
Prepays	52,061	167	167	887	53,282
Lease Receivable, Current Portion	322,307	--	--	--	322,307
Total Assets	<u>\$ 5,452,065</u>	<u>\$ 3,679,414</u>	<u>\$ 3,529,250</u>	<u>\$ 744,484</u>	<u>\$ 13,405,213</u>
LIABILITIES					
Accounts Payable	\$ 82,384	\$ 3,954	\$ 91,884	\$ 52,695	\$ 230,917
Accrued Payroll and Related Liabilities	39,682	3,970	3,373	4,512	51,537
Other Liabilities	49,105	180,505	--	5,900	235,510
Total Liabilities	<u>171,171</u>	<u>188,429</u>	<u>95,257</u>	<u>63,107</u>	<u>517,964</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	346,708	618,972	202,602	--	1,168,282
Total Liabilities and Deferred Inflows of Resources	<u>517,879</u>	<u>807,401</u>	<u>297,859</u>	<u>63,107</u>	<u>1,686,246</u>
FUND BALANCE					
Nonspendable	52,061	167	167	887	53,282
Restricted	--	2,871,846	3,231,224	680,490	6,783,560
Unassigned	4,882,125	--	--	--	4,882,125
Total Fund Balance	<u>4,934,186</u>	<u>2,872,013</u>	<u>3,231,391</u>	<u>681,377</u>	<u>11,718,967</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,452,065</u>	<u>\$ 3,679,414</u>	<u>\$ 3,529,250</u>	<u>\$ 744,484</u>	<u>\$ 13,405,213</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Dundee
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
February 29, 2024

Total Fund Balance - Governmental Funds	\$	11,718,967
General government capital assets of \$26,782,866, net of accumulated depreciation of \$12,231,264, are not financial resources and, accordingly, are not reported in the funds.		14,551,602
Certain liabilities, including bonds payable and installment purchase agreements, are not due and payable in the current period and, therefore, are not reported in the funds.		(1,296,999)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(84,899)
Net pension liability and related deferrals are not due and payable in the current period and are not reported in the funds.		126,108
In the statement of net position, interest is accrued on outstanding bonds and installment purchase agreements, whereas in the governmental funds, the interest expenditure is reported when due.		(20,772)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those asset (such as property taxes, state grants, and loans receivable not collected in 60 days of year end) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.		846,666
Total Net Position - Governmental Activities	\$	<u>25,840,673</u>

Village of Dundee
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended February 29, 2024

	<u>Special Revenue</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>		
Revenues					
Property Taxes	\$ 1,539,735	\$ --	\$ 987,536	\$ --	\$ 2,527,271
Special Assessments	--	95,413	59,370	--	154,783
Licenses and Permits	68,670	--	1,100	116,184	185,954
Intergovernmental Revenues	4,120,154	534,362	1,144,753	366,232	6,165,501
Charges for Services	37,750	--	--	86,857	124,607
Fines and Forfeitures	87,439	--	--	24,914	112,353
Interest and Rents	360,807	114,557	74,549	16,566	566,479
Other Revenue	112,444	184	68	46,483	159,179
Total Revenues	<u>6,326,999</u>	<u>744,516</u>	<u>2,267,376</u>	<u>657,236</u>	<u>9,996,127</u>
Expenditures					
General Government	1,018,574	--	--	71,335	1,089,909
Public Safety	815,050	--	--	263,233	1,078,283
Public Works	511,813	806,890	396,989	--	1,715,692
Community and Economic Development	11,111	--	--	--	11,111
Recreation and Culture	--	--	--	196,259	196,259
Debt Service - Principal	201,194	--	--	545,000	746,194
Debt Service - Interest	25,942	--	--	38,328	64,270
Total Expenditures	<u>2,583,684</u>	<u>806,890</u>	<u>396,989</u>	<u>1,114,155</u>	<u>4,901,718</u>
Excess of Revenues Over (Under) Expenditures	<u>3,743,315</u>	<u>(62,374)</u>	<u>1,870,387</u>	<u>(456,919)</u>	<u>5,094,409</u>
Other Financing Sources (Uses)					
Transfers In	27,202	--	--	530,385	557,587
Transfers Out	(341,080)	(63,852)	(57,217)	(76,704)	(538,853)
Net Other Financing Sources (Uses)	<u>(313,878)</u>	<u>(63,852)</u>	<u>(57,217)</u>	<u>453,681</u>	<u>18,734</u>
Net Change in Fund Balance	<u>3,429,437</u>	<u>(126,226)</u>	<u>1,813,170</u>	<u>(3,238)</u>	<u>5,113,143</u>
<i>Fund Balance at Beginning of Period</i>	1,504,749	2,998,239	1,418,221	684,615	6,605,824
Fund Balance at End of Period	<u>\$ 4,934,186</u>	<u>\$ 2,872,013</u>	<u>\$ 3,231,391</u>	<u>\$ 681,377</u>	<u>\$ 11,718,967</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Dundee
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended February 29, 2024

Total Net Change in Fund Balances - Governmental Funds	\$	5,113,143
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements		(19,172)
Governmental funds report capital outlays 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. This is the amount by which capital outlay expenditures of \$960,325 exceed depreciation expense of \$880,661.		79,664
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase in compensated absences is to decrease net position.		(34,385)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds and is recorded as an expenditure; however, the repayment of long-term debt reduces long-term liabilities on the statement of net position.		1,126,194
Changes to the net pension liability and related deferrals are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.		(237,697)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.		8,934
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year.		(86,678)
Changes in Net Position - Governmental Activities	\$	<u>5,950,003</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Dundee
Statement of Net Position
Proprietary Funds
February 29, 2024

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities Internal Service Funds
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ 3,522,882	3,055,185	\$ 6,578,067	\$ --
Accounts Receivable	441,510	239,013	680,523	--
Taxes Receivable	1,210	808	2,018	--
Prepays	36,004	37,100	73,104	--
Total Current Assets	<u>4,001,606</u>	<u>3,332,106</u>	<u>7,333,712</u>	<u>--</u>
<i>Noncurrent Assets</i>				
Restricted Cash	8,000	1,000	9,000	--
Capital Assets not Being Depreciated	938,366	387,228	1,325,594	--
Capital Assets Being Depreciated	19,853,538	7,812,859	27,666,397	--
Total Assets	<u>24,801,510</u>	<u>11,533,193</u>	<u>36,334,703</u>	<u>--</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related	16,391	43,063	59,454	--
Total Deferred Outflows of Resources	<u>16,391</u>	<u>43,063</u>	<u>59,454</u>	<u>--</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	431,832	158,931	590,763	--
Accrued Payroll and Related Liabilities	1,995	8,533	10,528	--
Other Liabilities	133,323	18,621	151,944	--
Unearned Revenue	174,096	--	174,096	--
Current Portion of Compensated Absences	5,522	27,530	33,052	--
Current Portion of Long-Term Debt	715,000	245,000	960,000	--
Total Current Liabilities	<u>1,461,768</u>	<u>458,615</u>	<u>1,920,383</u>	<u>--</u>
<i>Noncurrent Liabilities</i>				
Long-Term Debt	10,709,992	516,145	11,226,137	--
Net Pension Liability	4,928	12,946	17,874	--
Total Liabilities	<u>12,176,688</u>	<u>987,706</u>	<u>13,164,394</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related	1,998	5,250	7,248	--
Total Deferred Inflows of Resources	<u>1,998</u>	<u>5,250</u>	<u>7,248</u>	<u>--</u>
NET POSITION				
Net Investment in Capital Assets	9,366,912	7,438,942	16,805,854	--
<i>Restricted for:</i>				
Debt Service - RRI	--	1,000	1,000	--
Debt Service - Bond Reserve	8,000	--	8,000	--
<i>Unrestricted</i>	3,264,303	3,143,358	6,407,661	--
Total Net Position	<u>\$ 12,639,215</u>	<u>\$ 10,583,300</u>	<u>\$ 23,222,515</u>	<u>\$ --</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Dundee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended February 29, 2024

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Funds</u>
	<u>Sewer</u>	<u>Water</u>	<u>Total Enterprise Funds</u>	
Operating Revenues				
Charges for Services	\$ 2,392,722	1,618,278	\$ 4,011,000	\$ --
Other Revenue	64,333	83	64,416	--
Total Operating Revenues	<u>2,457,055</u>	<u>1,618,361</u>	<u>4,075,416</u>	<u>--</u>
Operating Expenses				
Salaries and Wages	52,546	135,853	188,399	--
Fringe Benefits	51,417	86,691	138,108	--
Utilities and Telephone	226,395	19,330	245,725	--
Water Supply and System Maintenance	72,742	913,318	986,060	--
Chemicals	30,929	--	30,929	--
Laboratory Supplies	9,840	7,410	17,250	--
Office Supplies	86,054	15,815	101,869	--
Contractual Services	497,859	20,673	518,532	--
Depreciation	1,055,429	400,558	1,455,987	--
Miscellaneous	26,603	61,769	88,372	--
Total Operating Expenses	<u>2,109,814</u>	<u>1,661,417</u>	<u>3,771,231</u>	<u>--</u>
Operating Income (Loss)	<u>347,241</u>	<u>(43,056)</u>	<u>304,185</u>	<u>--</u>
Non-Operating Revenues (Expenses)				
Interest Revenue	18,620	17,927	36,547	--
Contribution from Local Unit of Government	222,235	3,628,678	3,850,913	--
Interest Expense	(322,841)	(14,273)	(337,114)	--
Net Non-Operating Revenues (Expenses)	<u>(81,986)</u>	<u>3,632,332</u>	<u>3,550,346</u>	<u>--</u>
Income Before Contributions and Transfers	<u>265,255</u>	<u>3,589,276</u>	<u>3,854,531</u>	<u>--</u>
Transfers In	--	438	438	--
Transfers Out	--	--	--	(19,172)
Change In Net Position	<u>265,255</u>	<u>3,589,714</u>	<u>3,854,969</u>	<u>(19,172)</u>
<i>Net Position at Beginning of Period</i>	12,373,960	6,993,586	19,367,546	19,172
Net Position at End of Period	<u>\$ 12,639,215</u>	<u>\$ 10,583,300</u>	<u>\$ 23,222,515</u>	<u>\$ --</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Dundee
Statement of Cash Flows
Proprietary Funds
For the Year Ended February 29, 2024

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	<u>Activities Internal Service Fund</u>
Cash Flows from Operating Activities				
Cash Received from Charges for Service	\$ 2,455,083	\$ 1,653,978	\$ 4,109,061	\$ -
Cash Payments to Employees for Services and Fringe Benefits	(83,184)	(178,940)	(262,124)	-
Cash Payments to Suppliers for Good and Services	(540,009)	(899,132)	(1,439,141)	-
Net Cash Provided by Operating Activities	<u>1,831,890</u>	<u>575,906</u>	<u>2,407,796</u>	<u>-</u>
Cash Flows from Non-capital Financing Activities				
Contribution from Local Unit	222,235	3,628,678	3,850,913	-
Transfers In (Out)	-	438	438	(19,172)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>222,235</u>	<u>3,629,116</u>	<u>3,851,351</u>	<u>(19,172)</u>
Cash Flows from Capital and Related Financing Activities				
Capital Asset Purchases	(1,442,107)	(3,833,670)	(5,275,777)	-
Principal Payments on Long-term Debt	(1,079,267)	(262,106)	(1,341,373)	-
Interest Payments on Long-term Debt	(322,841)	(14,273)	(337,114)	-
Net Cash Used by Capital and Related Financing Activities	<u>(2,844,215)</u>	<u>(4,110,049)</u>	<u>(6,954,264)</u>	<u>-</u>
Cash Flows from Investing Activities				
Interest Revenue	18,620	17,927	36,547	-
Net Cash Provided by Investing Activities	<u>18,620</u>	<u>17,927</u>	<u>36,547</u>	<u>-</u>
Net Increase in Cash and Investments	(771,470)	112,900	(658,570)	(19,172)
<i>Cash and Investments - Beginning of Year</i>	<u>4,302,352</u>	<u>2,943,285</u>	<u>7,245,637</u>	<u>19,172</u>
Cash and Investments - End of Year	<u>\$ 3,530,882</u>	<u>\$ 3,056,185</u>	<u>\$ 6,587,067</u>	<u>\$ -</u>

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Dundee
Statement of Cash Flows
Proprietary Funds
For the Year Ended February 29, 2024**

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>	Activities Internal Service Fund
Statement of Net Position Classification of Cash and Investments:				
Cash and Investments	\$ 3,522,882	\$ 3,055,185	\$ 6,578,067	\$ -
Restricted Cash and Cash Equivalents	8,000	1,000	9,000	-
Total Cash and Investments	\$ 3,530,882	\$ 3,056,185	\$ 6,587,067	\$ -
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 347,241	\$ (43,056)	\$ 304,185	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	1,055,429	400,558	1,455,987	-
Changes in Assets, Liabilities, and Deferred Items				
Receivables, Net	57,347	35,617	92,964	-
Prepays	(14,935)	(16,031)	(30,966)	-
Accounts Payable	425,348	155,214	580,562	-
Accrued Liabilities	(8,459)	1,133	(7,326)	-
Unearned Revenue	(59,319)	-	(59,319)	-
Compensated Absences	907	(1,155)	(248)	-
Net Pension Liability and Related Deferred Items	28,331	43,626	71,957	-
Net Cash Provided by Operating Activities	\$ 1,831,890	\$ 575,906	\$ 2,407,796	\$ -

The Notes to the Financial Statements are an Integral part of these Financial Statements

Village of Dundee
Combining Statement of Net Position
Component Units
February 29, 2024

	Brownfield Redevelopment Authority	Economic Development Corporation	Downtown Development Authority	Local Development Finance Authority - Global Engine Alliance	Local Development Finance Authority - Water Plant	Total Component Units
ASSETS						
<i>Current Assets</i>						
Cash and Investments	\$ --	\$ 23	\$ 34,475	\$ 499,259	\$ --	\$ 533,757
Due from Other Governments	--	--	113,548	--	--	113,548
Total Current Assets	--	23	148,023	499,259	--	647,305
<i>Noncurrent Assets</i>						
Capital Assets not Being Depreciated	--	3,300,000	282,394	--	--	3,582,394
Capital Assets Being Depreciated	--	3,025,996	382,082	--	--	3,408,078
Total Assets	--	6,326,019	812,499	499,259	--	7,637,777
LIABILITIES						
<i>Current Liabilities</i>						
Accounts Payable	--	--	999	--	--	999
Accrued Payroll and Related Liabilities	--	--	2,914	--	--	2,914
Other Liabilities	--	--	--	3,791	--	3,791
Total Liabilities	--	--	3,913	3,791	--	7,704
NET POSITION						
Net Investment in Capital Assets	--	6,325,996	664,476	--	--	6,990,472
<i>Unrestricted</i>	--	23	144,110	495,468	--	639,601
Total Net Position	\$ --	\$ 6,326,019	\$ 808,586	\$ 495,468	\$ --	\$ 7,630,073

The Notes to the Financial Statements are an Integral part of these Financial Statements

**Village of Dundee
Combining Statement of Activities
Component Units
For the Year Ended February 29, 2024**

	Brownfield Redevelopment Authority	Economic Development Corporation	Downtown Development Authority	Local Development Finance Authority - Global Engine Alliance	Local Development Finance Authority - Water Plant	Total Component Units
Expenses						
General Government	\$ 914,601	\$ --	\$ --	\$ --	\$ --	\$ 914,601
Public Works	--	280,892	--	10,827,024	172,603	11,280,519
Community and Economic Development	--	--	256,309	--	--	256,309
Interest on Long-Term Debt	--	--	--	25,606	--	25,606
Total Expenses	914,601	280,892	256,309	10,852,630	172,603	12,477,035
Program Revenues						
Charges for services	--	--	27,658	--	--	27,658
Operating grants and contributions	--	--	8,062	2,314,820	--	2,322,882
Capital grants and contributions	--	--	--	--	--	--
Total Program Revenues	--	--	35,720	2,314,820	--	2,350,540
Net Program Revenues (Expenses)	(914,601)	(280,892)	(220,589)	(8,537,810)	(172,603)	(10,126,495)
General Revenue						
Property Taxes	2,186	--	205,421	310,117	--	517,724
Interest Revenue	21,944	--	54	133,397	4,307	159,702
Total General Revenues	24,130	--	205,475	443,514	4,307	677,426
Change in Net Position	(890,471)	(280,892)	(15,114)	(8,094,296)	(168,296)	(9,449,069)
<i>Net Position at Beginning of Period</i>	890,471	6,606,911	823,700	8,589,764	168,296	17,079,142
Net Position at End of Period	\$ --	\$ 6,326,019	\$ 808,586	\$ 495,468	\$ --	\$ 7,630,073

The Notes to the Financial Statements are an Integral part of these Financial Statements

Notes to the Financial Statements

Village of Dundee

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Village of Dundee (the “Village” or “government”) is a municipal corporation governed by an elected five-member Council and provides services to its residents in many areas including general government, public works, public safety (police services), road construction, public improvements, planning and zoning, construction code inspections, economic development and utilities services.

The financial statements of the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Village's more significant accounting policies are described below.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial activities of the Village (primary government) and its component units. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Village.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the Village contain all the funds controlled by the Village Council.

Discretely Presented Component Units

The component units are reported in a separate column to emphasize that, while legally separate, the Village remains financially accountable for this entity or the nature and significance of the relationship between the entity and the Village is such that exclusion of the entity would render the financial statements misleading or incomplete.

Village of Dundee

Notes to the Financial Statements

The financial statements contain the following discretely presented component units:

Brownfield Redevelopment Authority

An entity that was created to assist in financing the clean-up and development of a Brownfield area by the use of the Tax Incremental Financing Authority tax capture collections. A majority of the board is appointed by the Village.

Economic Development Corporation (EDC)

An entity was created to encourage economic development within the Village. A majority of the board is appointed by the Village.

Downtown Development Authority

A legally separate entity created by the Village for the purpose of financing improvements to the downtown area funded by the Tax Incremental Financing Authority tax capture collections. A majority of the board is appointed by the Village.

Local Development Finance Authority - Global Engine Alliance

An entity was created to account for the tax monies captured by the increase in property values of the Global Engine Project Area which will be used to repay the debt issued to finance this project. A majority of the board is appointed by the Village.

Local Development Finance Authority – Water Plant

An entity that was created to account for the tax monies captured by the increase in property values of the Village Industrial Park which will be used to repay debt and finance other projects as determined by the Local Development Finance Authority Board of Directors. A majority of the board is appointed by the Village.

Basis of Presentation

Government-wide and Fund Financial Statements

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All nonfiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which

Village of Dundee

Notes to the Financial Statements

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 presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments, and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

The fund financial statements present the Village's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. The major individual governmental fund and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

The *Major Streets Fund* accounts for the financial resources that are restricted for repairs and maintenance of the Village's major streets.

The *Local Streets Fund* accounts for the financial resources that are restricted for repairs and maintenance of the Village's local streets.

The Village reports the following major enterprise funds:

The *Sewer Fund* is used to account for the activities of the Village's sewage disposal and sewage treatment system. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

The *Water Fund* is used to account for the activities of the Village's water distribution and water treatment system. The costs (expenses, including depreciation) are financed or recovered primarily through user charges.

Village of Dundee

Notes to the Financial Statements

Additionally, the Village reports the following fund types:

Special revenue funds, which account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Capital projects funds, which account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital improvements.

Debt service funds account for the servicing of long-term debt not being financed by proprietary funds.

An internal service fund to account for operations that provide services to other departments or agencies of the Village on a cost-reimbursement basis.

Measurement Focus

The government-wide, proprietary, and fiduciary fund financial statements (if applicable) are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available” to finance expenditures of the current period). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 60 days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

Village of Dundee

Notes to the Financial Statements

Government-wide, proprietary funds, and fiduciary funds (if applicable) are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Financial Statement Presentation – Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Pooled Cash, Cash Equivalents, and Restricted Cash

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.

The Village pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Restricted cash consists of amounts required to be maintained separately in accordance with state law, debt covenants, and federal spending appropriations.

In accordance with Michigan Compiled Laws, the Village is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.

Village of Dundee

Notes to the Financial Statements

- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Investments are stated at fair market value.

Receivables

Receivables consist of amounts due related from individuals and businesses related to charges for services, taxes levied that have not been collected, and other amounts owed to the Village at year-end. An allowance for doubtful accounts has been accrued as applicable.

Due from Other Governmental Units

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Prepaid items

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 using the consumption method.

Property Tax

Village property taxes are attached as an enforceable lien on property as of December 31. The taxes are levied July 1 and are due without penalty on or before September 14. The Village bills and collects its own property taxes for general governmental services. Unpaid real property taxes are turned over to Monroe County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60- day rule. The Village's general operating tax rate for fiscal year 2023-24 was 6.9221 mills with an additional 4.4593 mills for local streets.

Tax Abatements

The Village's tax revenues have been reduced by tax abatements see Note 15 for more details.

Village of Dundee

Notes to the Financial Statements

Capital Assets

Capital assets are recorded (net of accumulated depreciation, if applicable) in the financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of at least two years. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received. The Village has chosen to retroactively report infrastructure assets.

Infrastructure assets acquired prior to March 1, 2004, except for the EDC infrastructure assets, have not been capitalized and are omitted from the basic financial statements

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Land Improvements	15-33
Infrastructure	20-50
Buildings	10-33
Improvements other than Buildings	3-20
Equipment	5-20
Vehicles	5-20
Water and Sewer Lines	33-100

The Village has several historical artifacts and works of art that are presented for public exhibition, protected, kept unencumbered, cared for, and preserved by its Historical Commission. Village policy requires the proceeds from sales of collection items to be used to acquire other items for collections. The value of artifacts and works of art are not included in amounts reported for capital assets.

The Village reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a current charge to income is recognized.

Unearned Revenue

The Village defers revenue recognition in connection with resources that have been received but not yet earned.

Village of Dundee

Notes to the Financial Statements

Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused sick and vacation time. A liability for sick and vacation time is accrued when incurred in the government-wide and proprietary fund financial statements, whereas it is reported in governmental funds only if it has matured, for example, as a result of employee resignations or retirements.

Long-term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as noncurrent. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources*, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. *Deferred inflows of resources*, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

These items correspond to the Village's net pension liability and are related to differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension/ plan investments, and contributions subsequent to the measurement date.

The governmental funds report unavailable revenues (special assessment revenues and deferred lease revenues), which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Village of Dundee

Notes to the Financial Statements

Pension

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to the pension, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Classification

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based on primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources in governmental funds. The following are the five classifications under this standard:

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund,

Village of Dundee

Notes to the Financial Statements

except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

The formal action that is required to be taken to establish a fund balance commitment is a resolution by the Village Council, the highest level of decision-making authority. If a fund balance commitment is made, the commitment remains in effect until a resolution is made to remove it.

For assigned fund balance, the Village has not approved a policy indicating who is authorized to assign amounts to a specific purpose. In the absence of such a policy, the authority to assign fund balance remains with the Village Council.

Fund Balance Flow Assumption

When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

Interfund Transactions

During the course of normal operations, the Village has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental, enterprise, and component unit funds are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary and Budgetary Accounting

The General Fund budget shown as required supplementary information was prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types.

Village of Dundee

Notes to the Financial Statements

Excess of Expenditures over Budget

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. Budgetary control is exercised at the activity level in the general fund and the function level in other funds.

The Village had no expenditures in excess of the amounts appropriated during the year ended February 29, 2024.

Note 3 - Deposits and Investments

Following is a reconciliation of deposit and investment balances as of February 29, 2024:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Position			
Cash and Investments	\$ 18,342,938	\$ 533,757	\$ 18,876,695
Restricted Cash	9,000	-	9,000
<i>Total Deposits and Investments</i>	<u>18,351,938</u>	<u>533,757</u>	<u>18,885,695</u>
		Pooled Investments	11,319,944
		Checking and Savings Accounts	<u>7,565,751</u>
		<i>Total Cash and Investments</i>	<u>\$ 18,885,695</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits might not be returned. State law does not require, and the Village does not have a policy for deposit custodial credit risk. As of year-end, \$7,501,732 of the Village's bank balance of \$7,751,732 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Village believes it is impractical to insure all bank deposits. As a result, the Village evaluates each financial institution with which it deposits Village funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and

Village of Dundee

Notes to the Financial Statements

pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Village will do business.

Interest Rate Risk

In accordance with its investment policy, the Village will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Village's cash requirements.

The Village held \$11,319,944 of pooled investments that have no maturity date.

Concentration of Credit Risk

The Village will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Fair Value Measurement

The Village is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Village's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

Village of Dundee

Notes to the Financial Statements

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Village's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Village holds shares in the Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset per share (or its equivalent) of the investment pool as a practical expedient. At year end the new asset value of the Village's investment in the Michigan CLASS government investment pool was \$11,319,944. These are valued using Level 2 inputs.

Note 4 – Capital Assets

Primary Government

Capital assets activity for governmental activities for the year ended February 29, 2024 were as follows:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not Being Depreciated:					
Land	\$ 352,439	\$ -	\$ -	\$ -	\$ 352,439
Construction in Progress	12,500	710,041	-	(12,500)	710,041
<i>Subtotal</i>	<u>364,939</u>	<u>710,041</u>	<u>-</u>	<u>(12,500)</u>	<u>1,062,480</u>
Capital Assets Being Depreciated:					
Land Improvements	181,174	-	-	-	181,174
Infrastructure	18,690,621	15,183	-	-	18,705,804
Buildings	4,431,032	34,223	-	-	4,465,255
Improvements other than Buildings	298,647	95,815	-	-	394,462
Equipment	568,083	55,829	-	12,500	636,412
Vehicles	1,304,295	49,234	(16,250)	-	1,337,279
<i>Subtotal</i>	<u>25,473,852</u>	<u>250,284</u>	<u>(16,250)</u>	<u>12,500</u>	<u>25,720,386</u>
Less Accumulated Depreciation for:					
Land Improvements	77,536	8,804	-	-	86,340
Infrastructure	7,509,334	568,002	-	-	8,077,336
Buildings	2,258,418	135,300	-	-	2,393,718
Improvements other than Buildings	244,692	7,232	-	-	251,924
Equipment	411,373	36,665	-	-	448,038
Vehicles	865,500	124,658	(16,250)	-	973,908
<i>Subtotal</i>	<u>11,366,853</u>	<u>880,661</u>	<u>(16,250)</u>	<u>-</u>	<u>12,231,264</u>
Capital Assets Being Depreciated, Net	<u>14,106,999</u>	<u>(630,377)</u>	<u>-</u>	<u>12,500</u>	<u>13,489,122</u>
Capital Assets, Net	<u>\$ 14,471,938</u>	<u>\$ 79,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,551,602</u>

Village of Dundee

Notes to the Financial Statements

Depreciation expense was charged to the following functions of the governmental activities:

Governmental Activities	
General Government	\$ 673,713
Public Safety	32,881
Public Works	173,553
Recreation and Culture	514
Total	\$ 880,661

Business-type Activities

Capital assets activity for business-type activities for the year ended February 29, 2024 were as follows:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not Being Depreciated:					
Land	\$ 131,566	\$ -	\$ -	\$ -	\$ 131,566
Construction in Progress	-	1,194,028	-	-	1,194,028
<i>Subtotal</i>	131,566	1,194,028	-	-	1,325,594
Capital Assets Being Depreciated:					
Vehicle and Equipment	589,343	262,649	-	-	851,992
Building and Improvements	16,666,337	-	-	-	16,666,337
Water and Sewer Lines	28,278,826	115,187	-	-	28,394,013
LDFA #3 Infrastructure Improvements	-	-	-	6,220,787	6,220,787
<i>Subtotal</i>	45,534,506	377,836	-	6,220,787	52,133,129
Less Accumulated Depreciation for:					
Vehicle and Equipment	522,979	41,867	-	-	564,846
Building and Improvements	9,777,646	333,065	-	-	10,110,711
Water and Sewer Lines	10,193,246	925,313	-	-	11,118,559
LDFA #3 Infrastructure Improvements	-	155,742	-	2,516,874	2,672,616
<i>Subtotal</i>	20,493,871	1,455,987	-	2,516,874	24,466,732
Capital Assets Being Depreciated, Net	25,040,635	(1,078,151)	-	3,703,913	27,666,397
Capital Assets, Net	\$ 25,172,201	\$ 115,877	\$ -	\$ 3,703,913	\$ 28,991,991

Depreciation expense was charged to the following business-type activities:

Business-type Activities	
Sewer	\$ 1,055,429
Water	400,558
Total	\$ 1,455,987

Village of Dundee

Notes to the Financial Statements

Component Units

Downtown Development Authority

Capital assets activity for the Downtown Development Authority, a discretely presented component unit, for the year ended February 29, 2024 were as follows:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not Being Depreciated:					
Land	\$ 282,394	\$ -	\$ -	\$ -	\$ 282,394
Construction in Progress	134,409	-	-	(134,409)	-
<i>Subtotal</i>	<u>416,803</u>	<u>-</u>	<u>-</u>	<u>(134,409)</u>	<u>282,394</u>
Capital Assets Being Depreciated:					
Building and Improvements	625,355	10,347	-	134,409	770,111
<i>Subtotal</i>	<u>625,355</u>	<u>10,347</u>	<u>-</u>	<u>134,409</u>	<u>770,111</u>
Less Accumulated Depreciation for:					
Building and Improvements	365,329	22,700	-	-	388,029
<i>Subtotal</i>	<u>365,329</u>	<u>22,700</u>	<u>-</u>	<u>-</u>	<u>388,029</u>
Capital Assets Being Depreciated, Net	260,026	(12,353)	-	134,409	382,082
<i>Capital Assets, Net</i>	<u>\$ 676,829</u>	<u>\$ (12,353)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664,476</u>

Depreciation expense was charged to the community and economic development function of the Downtown Development Authority.

Local Development Finance Authority – Global Engine Alliance

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets Being Depreciated:					
Infrastructure Improvements	6,220,787	-	-	(6,220,787)	-
<i>Subtotal</i>	<u>6,220,787</u>	<u>-</u>	<u>-</u>	<u>(6,220,787)</u>	<u>-</u>
Less Accumulated Depreciation for:					
Infrastructure Improvements	2,516,874	-	-	(2,516,874)	-
<i>Subtotal</i>	<u>2,516,874</u>	<u>-</u>	<u>-</u>	<u>(2,516,874)</u>	<u>-</u>
Capital Assets Being Depreciated, Net	3,703,913	-	-	(3,703,913)	-
<i>Capital Assets, Net</i>	<u>\$ 3,703,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,703,913)</u>	<u>\$ -</u>

Assets were transferred to the sewer and water funds. No depreciation expense was recognized in the LDFA component unit.

Village of Dundee

Notes to the Financial Statements

Economic Development Corporation

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 3,300,000	\$ -	\$ -	\$ 3,300,000
<i>Subtotal</i>	3,300,000	-	-	3,300,000
Capital Assets Being Depreciated:				
Water and Sewer Lines	2,396,074	-	-	2,396,074
Storm Sewers	1,830,690	-	-	1,830,690
Streets and Ramps	4,908,963	-	-	4,908,963
<i>Subtotal</i>	9,135,727	-	-	9,135,727
Less Accumulated Depreciation for:				
Water and Sewer Lines	1,006,351	47,920	-	1,054,271
Storm Sewers	768,887	36,613	-	805,500
Streets and Ramps	4,053,601	196,359	-	4,249,960
<i>Subtotal</i>	5,828,839	280,892	-	6,109,731
Capital Assets Being Depreciated, Net	3,306,888	(280,892)	-	3,025,996
<i>Capital Assets, Net</i>	\$ 6,606,888	\$ (280,892)	\$ -	\$ 6,325,996

Depreciation expense was charged to the public works function of the Economic Development Corporation.

Note 5 – Interfund Transfers

For the year ended February 29, 2024, interfund transfers are summarized as follows:

Transfer In	Transfer Out	Amount
General	Nonmajor Governmental Funds	\$ 8,030
General	Internal Service fund	19,172
Water	Nonmajor Governmental Funds	438
Nonmajor Governmental Funds	General	341,080
Nonmajor Governmental Funds	Major Streets	63,852
Nonmajor Governmental Funds	Local Streets	57,217
Nonmajor Governmental Funds	Nonmajor Governmental Funds	68,236

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Village of Dundee

Notes to the Financial Statements

Note 6 - Long-term Obligations

The following is a summary of changes in long-term obligations (including current portion) of the Village for the year ended February 29, 2024:

Primary Government

Governmental Activities	Beginning	Additions	Deductions	Ending Balance	Due Within
	Balance				One Year
General Obligation Bonds	\$ 1,385,000	\$ -	\$ 590,000	\$ 795,000	\$ 135,000
Installment Purchase Agreements	658,193	-	156,194	501,999	112,060
Compensated Absences	50,514	34,385		84,899	84,899
	<u>\$ 2,093,707</u>	<u>\$ 34,385</u>	<u>\$ 746,194</u>	<u>\$ 1,381,898</u>	<u>\$ 331,959</u>

Business Type Activities	Beginning	Additions	Deductions	Ending Balance	Due Within
	Balance				One Year
General Obligation Bonds	\$ 13,303,061	\$ -	\$ 1,325,000	\$ 11,978,061	\$ 960,000
Discount	(6,750)	-	(2,895)	(3,855)	-
Premium	231,199	-	19,268	211,931	-
Compensated Absences	33,300	907	1,155	33,052	33,052
	<u>\$ 13,560,810</u>	<u>\$ 907</u>	<u>\$ 1,342,528</u>	<u>\$ 12,219,189</u>	<u>\$ 993,052</u>

Component Units

L DFA	Beginning	Additions	Deductions	Ending Balance	Due Within
	Balance				One Year
General Obligation Bonds	\$ 290,000		\$ 290,000	\$ -	\$ -
Discount	(1,600)		(1,600)	-	-
<i>Subtotal</i>	288,400	-	288,400	-	-
DDA					
Compensated Absences	12,628		12,628	-	-
<i>Subtotal</i>	12,628	-	12,628	-	-
Total Component Units	<u>\$ 301,028</u>	<u>\$ -</u>	<u>\$ 301,028</u>	<u>\$ -</u>	<u>\$ -</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as five to 25 year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Village of Dundee

Notes to the Financial Statements

Primary Government

Governmental Activities	<u>Year of Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Amount</u>
General Obligation Bonds				
2008 Capital Improvement Limited Tax Bonds	2025	2.75% - 4.50%	370,000	\$ 25,000
2008 Capital Improvement Limited Tax Bonds	2025	4.50%	105,000	10,000
2013 General Obligation Refunding Bonds	2028	2.39%	1,660,000	185,000
2019 Special Assessment Tax Bonds	2035	3.10%	740,000	575,000
<i>Total General Obligation Bonds</i>				<u>\$ 795,000</u>

Business Type Activities	<u>Year of Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Amount</u>
General Obligation Bonds				
2010 Limited Tax General Obligation Bonds	2027	2.00% - 4.25%	3,100,000	\$ 765,000
2019 Limited Tax General Obligation Bonds	2035	4.00%	2,495,000	2,060,000
2015 Limited Tax General Obligation Bonds	2037	2.50%	4,406,043	3,081,043
2017 Limited Tax General Obligation Bonds	2039	2.50%	7,727,018	6,072,018
<i>Total General Obligation Bonds</i>				<u>\$ 11,978,061</u>

Annual debt service requirements to maturity for general obligation are as follows:

<u>Governmental Activities - General Obligation</u>			
<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>February 28,</u>			
2025	\$ 135,000	\$ 20,056	\$ 155,056
2026	100,000	16,647	116,647
2027	100,000	14,027	114,027
2028	105,000	11,347	116,347
2029	55,000	9,203	64,203
2030-2034	250,000	24,590	274,590
2035-2039	50,000	703	50,703
Total	<u>\$ 795,000</u>	<u>\$ 96,573</u>	<u>\$ 891,573</u>

Village of Dundee

Notes to the Financial Statements

Business Type - General Obligation			
Year Ended February 28,	Principal	Interest	Total
2025	\$ 960,000	\$ 332,345	\$ 1,292,345
2026	990,000	301,899	1,291,899
2027	1,010,000	270,145	1,280,145
2028	775,000	243,127	1,018,127
2029	795,000	220,964	1,015,964
2030-2034	4,265,000	750,958	5,015,958
2035-2039	3,183,061	198,130	3,381,191
Total	\$ 11,978,061	\$ 2,317,568	\$ 14,295,629

Notes from direct borrowings/replacements – installment purchase agreements. The government enters into installment purchase agreements for equipment and related capital assets. Installment purchase agreements outstanding at year-end are as follows:

Governmental Activities	Interest Rates	Original Amount	Amount
<i>Installment Purchase Agreements</i>			
2014 Installment Agreement - Honeywell	3.10%	727,441	\$ 274,014
2021 Installment Agreement - John Deere	2.75%	106,751	73,563
2022 Installment Agreement - Street Sweeper	8.01%	253,452	154,422
<i>Total Installment Purchases</i>			<i>\$ 501,999</i>

Annual debt service requirements to maturity for the installment purchase agreements are as follows:

Governmental Activities - Installment Agreements			
Year Ended February 28,	Principal	Interest	Total
2025	\$ 112,060	\$ 15,210	\$ 127,270
2026	115,526	11,945	127,471
2027	159,765	8,370	168,135
2028	56,449	3,554	60,003
2029	58,199	1,804	60,003
Total	\$ 501,999	\$ 40,883	\$ 542,882

Village of Dundee

Notes to the Financial Statements

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused sick/vacation time. The dollar amounts of these vested rights including related payroll taxes, which have been recorded in the government-wide financial statements, amounted to \$84,899 in the governmental activities and \$33,052 in the business-type activities at February 29, 2024. Compensated absences for governmental activities are normally liquidated by the general fund, and compensated absences for business-type activities are liquidated by the water and sewer funds.

Note 7 – Proprietary Fund – Restricted Assets

Bond Ordinance No. 34 requires a minimum balance of \$1,000 to be on deposit in the replacement fund and \$8,000 to be on deposit in the bond reserve fund. These requirements have been met.

Note 8 – Tax Increment Financing

Tax increment financing is the setting aside of the taxes generated by an increase in the state equalized value of designated properties for a specific purpose.

On May 31, 1988, the Village adopted a Tax Increment Financing Authority Plan for the Dundee Downtown Development District as allowed under the Downtown Development Authority Act, Act No. 197 of the Public Acts of 1975. This plan is devoted to the planned and orderly economic revitalization of the downtown business district. For the fiscal year ended February 29, 2024, the Downtown Development Fund recorded \$205,421 as property tax revenue generated from the Downtown Development District.

On February 20, 1990, the Village adopted a Local Development Finance Authority Plan (water plant) to help eliminate the causes of unemployment, underemployment, joblessness, and to promote economic growth in the Village, pursuant to Act No. 281 of the Public Acts of 1986. For the fiscal year ended February 29, 2024, the Local Development Finance Fund (Water Fund) recorded no property tax revenue generated from the industrial park area.

On May 29, 2003, the Village adopted a Local Development Finance Authority Plan (Global Engine Project) to repay the financing of improvements to utilities and roadways on Ty Circle Drive, Ann Arbor Road, and Dundee Azalia Road. These improvements were required to allow the construction of a \$240,000,000 facility by Global Engine Alliance, LLC. For the fiscal year ended February 29, 2024, the Local Development Finance Authority (Global Engine Project) recorded \$310,117 in property tax revenue.

The Village has adopted a Brownfield Redevelopment Authority (Tecumseh Road) to assist in financing the clean-up and development of a Brownfield area. For the year ended February 29, 2024, the Authority recorded \$2,186 in property tax revenue.

Village of Dundee

Notes to the Financial Statements

Note 9 - Contingencies

In the normal course of its activities, the Village has become party in various legal actions, including property tax assessment appeals. Management of the Village is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Village and, therefore, has not reflected loss reserves in the financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

As part of ongoing litigation, the Village was presented with claims from eleven current and former employees of the Village alleging that they should have been entitled to participate in, accrue benefits under, and/or receive retirement benefits through the Village's pension plan.

Note 10 – Voluntary Separation Program

During the fiscal year ended February 28, 2010, the Village offered to eligible employees an opportunity to voluntarily terminate employment and receive a special retirement and benefit package outside of normal Village policy, and, if applicable, the provisions of its union contract. Eligible employees were both union and non-union employees with 20 years of service as of October 1, 2009, or who attain 20 years of service during the period which began October 1, 2009 and closed February 28, 2010.

As an inducement to encourage eligible employees to participate in the Voluntary Separation Program the Village will continue health/medical, dental and vision insurance coverage on the same basis as provided to active union employees for employee, spouse, and eligible dependent children until the employee and spouse is age 65. Insurance coverage will not be provided to a terminated employee or spouse if the employee or spouse has other outside insurance coverage, or is eligible for other coverage.

As of February 28, 2010, five employees had participated in the Voluntary Separation Program, and therefore, will be eligible to participate in the continued health insurance coverage. Of the five terminated employees none are receiving health insurance coverage. One terminated employee's spouse is receiving benefits until the spouse reaches the age of 65. The Village has decided to expense the costs at the time they are incurred.

Note 11 – Consent Order Costs and Fines

The Village entered into a consent order with the State of Michigan Department of Natural Resources and Environment in an effort to comply with regulations related to its wastewater

Village of Dundee

Notes to the Financial Statements

treatment plant. This subjects the Village to continuing obligations under an enforceable compliance program. Under the compliance program the Village is required to take action to prevent, detect, report, and correct deficiencies in its wastewater collection system. Any failure to comply with the consent order may subject the Village to future fines.

Because the Village does not believe that the costs and fines under this consent order are reasonably estimable, it has decided to expense the costs and fines at the time they are incurred.

Note 12 - Defined Benefit Pension Plan

General Information about the Plan

Plan Description. The primary government participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability, and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. Public Act 427 of 1984, as amended, establishes, and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided

Benefit provisions and all other requirements are established by state statute and Village council resolution. The defined benefit covers all full-time employees. Covered employees are eligible to retire at age 60 with 10 or more years of credited service or age 55 with 15 or more years of credited service or age 50 with 25 or more years of credited service. Monthly benefits are calculated by multiplying the member's five-year final average compensation by the years of credited service not to exceed 30 years, payable until the attainment of age at which unreduced social security benefits are available (currently age 65 for normal retirement, gradually increasing to age 67). Upon attainment of this age, the benefit reverts to 1.7% of a member's 5-year final average compensation. The system also provides death and disability benefits. Benefits are established by the State statute and village council resolution.

Village of Dundee

Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2023 measurement date, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>12</u>
<i>Total employees covered by MERS</i>	<u>35</u>

Contributions. The Village is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Village may establish contribution rates to be paid by its covered employees. Covered employee contributions are expressed as a percentage of payroll, where applicable. Employer contributions are expressed as a percentage of payroll.

For the year ended February 29, 2024, the active employee contribution rates were 7% of annual payroll for the general employee division. The Village's contribution rate was 3% of covered payroll for the general employee division.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5%
Salary increases:	3.0% plus merit and longevity: 3.0% in the long-term
Investment rate of return:	6.93%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

Village of Dundee

Notes to the Financial Statements

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation Gross Rate of Return</u>	<u>Long-term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.00%	6.93%	4.16%	2.50%	2.66%
Global Fixed Income	20.00%	4.44%	0.89%	2.50%	0.39%
Private Investments	20.00%	9.44%	1.89%	2.50%	1.39%
Totals	100.00%		6.93%		4.43%

Discount Rate. The discount rate used to measure the total pension liability is 7.18%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in Discount Rate Assumption. Effective at the end of the fiscal year, the discount rate used to measure the total pension liability has been reduced from 7.25% to 7.18%. This change reflects updated expectations for long-term investment returns and other economic factors.

Village of Dundee

Notes to the Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 4,732,617	\$ 4,512,757	\$ 219,860
Service Cost	79,043	-	79,043
Interest	333,306	-	333,306
Changes in Benefits	-	-	-
Differences Between Expected and Actual Experience	(50,803)	-	(50,803)
Changes in Assumptions	29,655	-	29,655
Contributions - Employer	-	24,287	(24,287)
Contributions - Employee	-	54,152	(54,152)
Net Investment Income	-	486,156	(486,156)
Benefit Payments, Including Refunds	(349,624)	(399,226)	49,602
Administrative Expenses	-	(10,329)	10,329
Other Changes	(22,876)	-	(22,876)
Net Changes	18,701	155,040	(136,339)
Balance at December 31, 2023	\$ 4,751,318	\$ 4,667,797	\$ 83,521
	Allocated to:		
		Governmental Activities	\$ 65,647
		Business-type Activities	17,874
		<i>Total</i>	\$ 83,521

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Village, calculated using the future discount rate of 7.18%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.18%) or 1% higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net Pension Liability of the Village	\$ 544,260	\$ 83,521	\$ (303,857)

Pension Expense and Deferred Outflows/Inflows of Resources Related to the Pension

For the year ended February 29, 2024, the Village recognized pension expense of \$335,757.

Village of Dundee

Notes to the Financial Statements

The Village reported pension-related deferred outflows/inflows of resources from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 252,719	\$ -
Net difference between expected and actual experience	-	33,869
Net difference between actuarial assumptions	19,770	-
Employer contributions to the plan subsequent to the measurement date*	5,341	-
Total	\$ 277,830	\$ 33,869
Allocated to:		
Governmental Activities	\$ 218,376	\$ 26,621
Business-type Activities	59,454	7,248
<i>Total</i>	\$ 277,830	\$ 33,869

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending February 28, 2025.

Amounts reported as pension-related deferred outflows/inflows of resources will be recognized in pension expense as follows:

Year Ending	Amount
2025	\$ 46,985
2026	78,642
2027	152,531
2028	(34,197)

Note 13 - Risk Management

The Village is exposed to various risks of loss for property, liability, wrongful acts, automobile, and crime losses for which the Village carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Village participates in a State pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation claims. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The Village has not been informed of any special assessments being required in the past three years.

Village of Dundee

Notes to the Financial Statements

Note 14 – Net Investment in Capital Assets

The following is a summary of the Village's net investment in capital assets as presented in the government-wide statement of net position.

	Governmental Activities	Business-type Activities	Component Units
Capital Assets:			
Capital Assets not Being Depreciated	\$ 1,062,480	\$ 1,325,594	\$ 3,582,394
Capital Assets being Depreciated, Net	13,489,122	27,666,397	3,408,078
Total Capital Assets	<u>14,551,602</u>	<u>28,991,991</u>	<u>6,990,472</u>
Related Debt			
Total Bonds, Loans, and Other Installment Debt	1,296,999	11,978,061	-
Discounts/Premiums on Bonds	-	208,076	-
Total Related Debt	<u>1,296,999</u>	<u>12,186,137</u>	<u>-</u>
<i>Net Investment in Capital Assets</i>	<u>\$ 13,254,603</u>	<u>\$ 16,805,854</u>	<u>\$ 6,990,472</u>

Note 15 – Tax Abatements

The Village received reduced property tax revenues during 2024 as a result of industrial facilities tax exemptions ("IFT's") and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the Village.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the Village. The abatements amounted to \$36,137 in reduced Village tax revenues for 2024.

Village of Dundee

Notes to the Financial Statements

Note 16 – Lease Receivable

The Village of Dundee is reporting total lease receivable of \$322,307 from T-Mobile as of February 29, 2024. For the fiscal year 2024 the Village reported lease revenue of \$778 and interest revenue of \$579 related to the lease payments received. Future lease receipts are summarized below:

Year Ended			
February 28,	Principal	Interest	Total
2025	\$ 9,819	\$ 6,834	\$ 16,653
2026	10,537	6,616	17,153
2027	11,285	6,382	17,667
2028	12,065	6,132	18,197
2029	12,879	5,865	18,744
2030-2034	77,834	25,140	102,974
2035-2039	103,854	15,306	119,160
2040-2044	84,034	3,092	87,126
Total	<u>\$ 322,307</u>	<u>\$ 75,367</u>	<u>\$ 397,674</u>

Note 17 - Subsequent Events

Management is not aware of any subsequent events that would have a significant financial impact on the Village.

Required Supplementary Information

Village of Dundee
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended February 29, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ 1,422,760	\$ 1,435,125	\$ 1,539,735	\$ 104,610
License and Permits	67,960	71,830	68,670	(3,160)
Intergovernmental Revenues	721,755	1,437,630	4,120,154	2,682,524
Charges for Services	1,175	31,758	37,750	5,992
Fines and Forfeitures	80,000	97,095	87,439	(9,656)
Interest and Rents	295,350	377,325	360,807	(16,518)
Other Revenue	71,350	122,030	112,444	(9,586)
Total Revenues	2,660,350	3,572,793	6,326,999	2,754,206
Other Financing Sources				
Transfers In	--	2,737,800	27,202	(2,710,598)
Total Revenues and Other Financing Sources	2,660,350	6,310,593	6,354,201	43,608
Expenditures				
General Government				
Village Council/President	41,130	42,930	38,957	3,973
Village Manager	190,142	176,470	151,829	24,641
Village Clerk	133,072	185,795	170,025	15,770
Finance Department	152,000	173,430	160,230	13,200
General Government Operations	245,814	484,410	453,334	31,076
Village Hall	38,020	50,080	44,199	5,881
Total General Government	800,178	1,113,115	1,018,574	94,541
Public Safety				
Police Services	770,157	890,535	811,936	78,599
Building Safety - Fire Warden	3,340	3,340	3,114	226
Total Public Safety	773,497	893,875	815,050	78,825
Public Works				
Department of Public Works	412,545	430,635	299,472	131,163
Engineering Dept.	31,905	58,405	57,734	671
Street Lights	130,000	178,325	154,607	23,718
Total Public Works	574,450	667,365	511,813	155,552
Community and Economic Development				
Economic Development Corporation	80,020	195,815	11,111	184,704
Debt Service - Principal	201,195	203,280	201,194	2,086
Debt Service - Interest	25,825	26,000	25,942	58
Total Expenditures	2,455,165	3,099,450	2,583,684	515,766
Other Financing Uses				
Transfers to other funds	320,011	377,050	341,080	35,970
Total Expenditures and Other Financing Uses	2,775,176	3,476,500	2,924,764	551,736
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(114,826)	2,834,093	3,429,437	595,344
Net Change in Fund Balance	(114,826)	2,834,093	3,429,437	595,344
<i>Fund Balance at Beginning of Period</i>	<i>1,504,749</i>	<i>1,504,749</i>	<i>1,504,749</i>	<i>--</i>
Fund Balance at End of Period	\$ 1,389,923	\$ 4,338,842	\$ 4,934,186	\$ 595,344

Village of Dundee
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Streets
For the Year Ended February 29, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Special Assessments	\$ 57,760	\$ 99,575	\$ 95,413	\$ (4,162)
License and Permits	950	950	--	(950)
Intergovernmental Revenues	478,675	478,675	534,362	55,687
Interest and Rents	2,065	118,855	114,557	(4,298)
Other Revenue	--	185	184	(1)
Total Revenues	539,450	698,240	744,516	46,276
Expenditures				
Public Works	439,120	2,573,445	806,890	1,766,555
Total Expenditures	439,120	2,573,445	806,890	1,766,555
Other Financing Uses				
Transfers to other funds	87,860	87,860	63,852	24,008
Total Expenditures and Other Financing Uses	526,980	2,661,305	870,742	1,790,563
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	12,470	(1,963,065)	(126,226)	1,836,839
Net Change in Fund Balance	12,470	(1,963,065)	(126,226)	1,836,839
<i>Fund Balance at Beginning of Period</i>	2,998,239	2,998,239	2,998,239	--
Fund Balance at End of Period	\$ 3,010,709	\$ 1,035,174	\$ 2,872,013	\$ 1,836,839

Village of Dundee
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Local Streets
For the Year Ended February 29, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ 547,795	\$ 921,320	\$ 987,536	\$ 66,216
Special Assessments	52,130	56,330	59,370	3,040
License and Permits	500	1,200	1,100	(100)
Intergovernmental Revenues	229,885	229,885	1,144,753	914,868
Interest and Rents	70	78,115	74,549	(3,566)
Other Revenue	--	70	68	(2)
Total Revenues	830,380	1,286,920	2,267,376	980,456
Other Financing Sources				
Transfers In	--	900,445	--	(900,445)
Total Revenues and Other Financing Sources	830,380	2,187,365	2,267,376	80,011
Expenditures				
Public Works	521,830	559,155	396,989	162,166
Total Expenditures	521,830	559,155	396,989	162,166
Other Financing Uses				
Transfers to other funds	45,130	57,220	57,217	3
Total Expenditures and Other Financing Uses	566,960	616,375	454,206	162,169
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	263,420	1,570,990	1,813,170	242,180
Net Change in Fund Balance	263,420	1,570,990	1,813,170	242,180
<i>Fund Balance at Beginning of Period</i>	1,418,221	1,418,221	1,418,221	--
Fund Balance at End of Period	\$ 1,681,641	\$ 2,989,211	\$ 3,231,391	\$ 242,180

Village of Dundee
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Calendar Years (Schedule is built prospectively upon implementation of GASB 68)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability									
Service Cost	\$ 79,043	\$ 61,414	\$ 65,467	\$ 42,993	\$ 41,361	\$ 40,318	\$ 45,837	\$ 45,172	\$ 42,319
Interest on Total Pension Liability	333,306	333,779	316,658	317,716	316,773	312,283	308,907	292,091	288,145
Differences Between Expected and Actual Experience	(50,803)	63,499	113,227	68,230	22,449	21,175	(9,767)	28,075	-
Changes of Assumptions *	29,655	144,865	142,864	120,181	-	-	-	174,752	-
Benefit Payments, Including Refunds	(349,624)	(362,753)	(350,543)	(337,167)	(315,994)	(321,211)	(324,726)	(295,740)	(319,834)
Other Changes	(22,876)	(50,679)	(54,276)	(21,395)	(43,027)	426	22,951	(19,992)	25,222
Net Change in Pension Liability	18,701	190,125	233,397	190,558	21,562	52,991	43,202	224,358	35,852
<i>Total Pension Liability - Beginning</i>	4,732,617	4,542,492	4,309,095	4,118,537	4,096,975	4,043,984	4,000,782	3,776,424	3,740,572
Total Pension Liability - Ending (a)	<u>\$ 4,751,318</u>	<u>\$ 4,732,617</u>	<u>\$ 4,542,492</u>	<u>\$ 4,309,095</u>	<u>\$ 4,118,537</u>	<u>\$ 4,096,975</u>	<u>\$ 4,043,984</u>	<u>\$ 4,000,782</u>	<u>\$ 3,776,424</u>
Plan Fiduciary Net Position									
Employer Contributions	\$ 24,287	\$ 22,781	\$ 998,918	\$ 1,353,634	\$ 269,919	\$ 211,396	\$ 74,930	\$ 75,572	\$ 71,757
Employee Contributions	54,152	45,734	53,264	48,596	32,629	31,390	30,851	34,313	36,356
Net Investment Income (Loss)	486,156	(555,198)	665,514	429,254	302,590	(92,069)	296,358	250,254	(35,054)
Benefit Payments, Including Refunds	(399,226)	(362,753)	(350,543)	(337,167)	(315,994)	(321,211)	(324,726)	(295,740)	(319,834)
Administrative Expenses	(10,329)	(9,709)	(7,639)	(5,482)	(5,213)	(4,591)	(4,715)	(4,949)	(5,342)
Net Change in Plan Fiduciary Net Position	155,040	(859,145)	1,359,514	1,488,835	283,931	(175,085)	72,698	59,450	(252,117)
<i>Plan Fiduciary Net Position - Beginning</i>	4,512,757	5,371,902	4,012,388	2,523,553	2,239,622	2,414,707	2,342,009	2,282,559	2,534,676
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,667,797</u>	<u>\$ 4,512,757</u>	<u>\$ 5,371,902</u>	<u>\$ 4,012,388</u>	<u>\$ 2,523,553</u>	<u>\$ 2,239,622</u>	<u>\$ 2,414,707</u>	<u>\$ 2,342,009</u>	<u>\$ 2,282,559</u>
Net Pension Liability - Ending (a) - (b)	\$ 83,521	\$ 219,860	\$ (829,410)	\$ 296,707	\$ 1,594,984	\$ 1,857,353	\$ 1,629,277	\$ 1,658,773	\$ 1,493,865
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.2%	95.4%	118.3%	93.1%	61.3%	54.7%	59.7%	58.5%	60.4%
Covered Payroll	\$ 794,403	\$ 664,509	\$ 693,889	\$ 466,129	\$ 448,435	\$ 434,195	\$ 513,728	\$ 502,352	\$ 490,999
Net Pension Liability as a Percentage of Covered Payroll	10.5%	33.1%	-119.5%	63.7%	355.7%	427.8%	317.1%	330.2%	304.3%

Notes to Schedule:

*The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

2021 valuation - The investment rate of return assumption was reduced from 7.60% to 7.25%.

2023 valuation - The investment rate of return assumption was reduced from 7.25% to 7.18%.

Village of Dundee
Required Supplementary Information
Schedule of Contributions - MERS
Last Nine Fiscal Years *

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 24,287	\$ 22,014	\$ 49,385	\$ 203,433	\$ 119,919	\$ 86,396	\$ 74,930	\$ 75,572	\$ 71,757
Contributions in Relation to the Actuarially Determined Contribution	26,127	22,781	998,918	1,353,634	269,919	211,396	74,930	75,572	71,757
Contribution Deficiency (Excess)	\$ (1,840)	\$ (767)	\$ (949,533)	\$ (1,150,201)	\$ (150,000)	\$ (125,000)	\$ -	\$ -	\$ -
Covered Payroll	\$ 809,567	\$ 664,509	\$ 779,780	\$ 706,564	\$ 486,482	\$ 434,195	\$ 513,728	\$ 502,352	\$ 490,999
Contributions as a Percentage of Covered Payroll	3.2%	3.4%	128.1%	191.6%	55.5%	48.7%	14.6%	15.0%	14.6%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry-age Normal
Amortization Method	Level percentage of payroll, open
Remaining Amortization Period	0 Years
Asset Valuation Method	5 Years; smoothed
Inflation	2.50%
Salary Increases	3.00% in the long-term
Investment Rate of Return	6.93%, net of investment expense, including inflation
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 and fully generational MP-2019

* Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.

Combining and Individual Fund Statements and Schedules

**Village of Dundee
Combining Balance Sheet
Nonmajor Governmental Funds
February 29, 2024**

	Special Revenue					Debt Service
	Parks and Recreation	Building Department	Federal Forfeitures	Historical Commission	American Rescue Plan	Major and Local Streets Bond Debt Retirement
ASSETS						
Cash and Investments	\$ 31,322	\$ 219,234	\$ 79,451	\$ 26,022	\$ --	\$ 58,632
Prepays	--	887	--	--	--	--
<i>Total Assets</i>	\$ 31,322	\$ 220,121	\$ 79,451	\$ 26,022	\$ --	\$ 58,632
LIABILITIES						
Accounts Payable	\$ 26,320	\$ 5,369	\$ --	\$ 21,006	\$ --	\$ --
Accrued Payroll and Related Liabilities	371	4,141	--	--	--	--
Other Liabilities	--	5,900	--	--	--	--
<i>Total Liabilities</i>	26,691	15,410	--	21,006	--	--
FUND BALANCE						
Nonspendable	--	887	--	--	--	--
Restricted	4,631	203,824	79,451	5,016	--	58,632
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	4,631	204,711	79,451	5,016	--	58,632
<i>Total Liabilities and Fund Balance</i>	\$ 31,322	\$ 220,121	\$ 79,451	\$ 26,022	\$ --	\$ 58,632

**Village of Dundee
Combining Balance Sheet
Nonmajor Governmental Funds
February 29, 2024**

	<u>Debt Service</u>		<u>Capital Projects</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>2006 Capital Improvement Bonds</u>	<u>2008 Pearl St. Assessment Bonds</u>	<u>Industrial Park</u>	<u>Sewer Separation</u>	<u>Economic Development</u>	
ASSETS						
Cash and Investments	\$ --	\$ --	\$ --	\$ --	\$ 328,936	\$ 743,597
Prepays	--	--	--	--	--	887
<i>Total Assets</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 328,936</u>	<u>\$ 744,484</u>
LIABILITIES						
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 52,695
Accrued Payroll and Related Liabilities	--	--	--	--	--	4,512
Other Liabilities	--	--	--	--	--	5,900
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>63,107</u>
FUND BALANCE						
Nonspendable	--	--	--	--	--	887
Restricted	--	--	--	--	328,936	680,490
Unassigned	--	--	--	--	--	--
<i>Total Fund Balance</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>328,936</u>	<u>681,377</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 328,936</u>	<u>\$ 744,484</u>

Village of Dundee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended February 29, 2024

	Special Revenue					Debt Service
	Parks and Recreation	Building Department	Federal Forfeitures	Historical Commission	American Rescue Plan	Major and Local Streets Bond Debt Retirement
Revenues						
Licenses and Permits	\$ --	\$ 116,184	\$ --	\$ --	\$ --	\$ --
Intergovernmental Revenues	--	--	--	5,920	--	--
Charges for Services	--	86,857	--	--	--	--
Fines and Forfeitures	--	--	24,914	--	--	--
Interest and Rents	3	215	--	5,375	4,829	--
Other Revenue	23,123	19,328	--	1,973	--	--
Total Revenues	23,126	222,584	24,914	13,268	4,829	--
Expenditures						
General Government	--	--	--	71,335	--	--
Public Safety	--	221,530	41,703	--	--	--
Recreation and Culture	196,259	--	--	--	--	--
Debt Service - Principal	--	--	--	--	--	110,000
Debt Service - Interest	--	--	--	--	--	20,685
Total Expenditures	196,259	221,530	41,703	71,335	--	130,685
Excess of Revenues Over (Under) Expenditures	(173,133)	1,054	(16,789)	(58,067)	4,829	(130,685)
Other Financing Sources (Uses)						
Transfers In	173,550	--	19,834	57,950	--	189,305
Transfers Out	--	--	--	--	(4,829)	--
Net Other Financing Sources (Uses)	173,550	--	19,834	57,950	(4,829)	189,305
Net Change in Fund Balance	417	1,054	3,045	(117)	--	58,620
<i>Fund Balance at Beginning of Period</i>	4,214	203,657	76,406	5,133	--	12
Fund Balance at End of Period	\$ 4,631	\$ 204,711	\$ 79,451	\$ 5,016	\$ --	\$ 58,632

Village of Dundee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended February 29, 2024

	<u>Debt Service</u>		<u>Capital Projects</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>2006 Capital Improvement Bonds</u>	<u>2008 Pearl St. Assessment Bonds</u>	<u>Industrial Park</u>	<u>Sewer Separation</u>	<u>Economic Development</u>	
Revenues						
Licenses and Permits	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 116,184
Intergovernmental Revenues	360,312	--	--	--	--	366,232
Charges for Services	--	--	--	--	--	86,857
Fines and Forfeitures	--	--	--	--	--	24,914
Interest and Rents	--	--	--	--	6,144	16,566
Other Revenue	664	--	--	1,395	--	46,483
Total Revenues	<u>360,976</u>	<u>--</u>	<u>--</u>	<u>1,395</u>	<u>6,144</u>	<u>657,236</u>
Expenditures						
General Government	--	--	--	--	--	71,335
Public Safety	--	--	--	--	--	263,233
Recreation and Culture	--	--	--	--	--	196,259
Debt Service - Principal	435,000	--	--	--	--	545,000
Debt Service - Interest	17,643	--	--	--	--	38,328
Total Expenditures	<u>452,643</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,114,155</u>
Excess of Revenues Over (Under) Expenditures	<u>(91,667)</u>	<u>--</u>	<u>--</u>	<u>1,395</u>	<u>6,144</u>	<u>(456,919)</u>
Other Financing Sources (Uses)						
Transfers In	89,746	--	--	--	--	530,385
Transfers Out	--	(68,236)	(2,243)	(1,396)	--	(76,704)
Net Other Financing Sources (Uses)	<u>89,746</u>	<u>(68,236)</u>	<u>(2,243)</u>	<u>(1,396)</u>	<u>--</u>	<u>453,681</u>
Net Change in Fund Balance	<u>(1,921)</u>	<u>(68,236)</u>	<u>(2,243)</u>	<u>(1)</u>	<u>6,144</u>	<u>(3,238)</u>
<i>Fund Balance at Beginning of Period</i>	1,921	68,236	2,243	1	322,792	684,615
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 328,936</u>	<u>\$ 681,377</u>

Village of Dundee
Combining Balance Sheet / Statement of Net Position
Component Unit - Brownfield Redevelopment Authority
February 29, 2024

	<u>Brownfield Redevelopment Authority</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ --	\$ --	\$ --
Due from Other Governments	--	--	--
Total Current Assets	<u> --</u>	<u> --</u>	<u> --</u>
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	--	--	--
Capital Assets Being Depreciated	--	--	--
Total Assets	<u> --</u>	<u> --</u>	<u> --</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	--	--	--
Accrued Payroll and Related Liabilities	--	--	--
Other Liabilities	--	--	--
Total Liabilities	<u> --</u>	<u> --</u>	<u> --</u>
FUND BALANCES			
Unassigned	--	--	--
Total Fund Balances	<u> --</u>	<u> --</u>	<u> --</u>
Total Liabilities and Fund Balances	<u>\$ --</u>		
NET POSITION			
Net Investment in Capital Assets		--	--
Unrestricted		--	--
Total Net Position		<u>\$ --</u>	<u>\$ --</u>

Village of Dundee
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance / Statement of Activities
Component Unit - Brownfield Redevelopment Authority
For the Year Ended February 29, 2024

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Expenses			
General Government	\$ 914,601	\$ --	\$ 914,601
Public Works	--	--	--
Community and Economic Development	--	--	--
Interest on Long-Term Debt	--	--	--
Total Expenses	914,601	--	914,601
Program Revenues			
Charges for services	--	--	--
Operating grants and contributions	--	--	--
Capital grants and contributions	--	--	--
Total Program Revenues	--	--	--
Net Program Revenues (Expenses)	(914,601)	--	(914,601)
General Revenue			
Property Taxes	2,186	--	2,186
Interest Revenue	21,944	--	21,944
Total General Revenues	24,130	--	24,130
Change in Net Position	(890,471)	--	(890,471)
<i>Fund Balance / Net Position at Beginning of Period</i>	890,471	--	890,471
Fund Balance / Net Position at End of Period	\$ --	\$ --	\$ --

**Combining Balance Sheet / Statement of Net Position
Component Unit - Economic Development Corporation
February 29, 2024**

	Economic Development Corporation	Adjustments	Statement of Net Position
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 23	\$ --	\$ 23
Due from Other Governments	--	--	--
Total Current Assets	23	--	23
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	--	3,300,000	3,300,000
Capital Assets Being Depreciated	--	3,025,996	3,025,996
Total Assets	23	6,325,996	6,326,019
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	--	--	--
Accrued Payroll and Related Liabilities	--	--	--
Other Liabilities	--	--	--
Total Liabilities	--	--	--
FUND BALANCES			
Unassigned	23	(23)	--
Total Fund Balances	23	(23)	--
Total Liabilities and Fund Balances	\$ 23		
NET POSITION			
Net Investment in Capital Assets		6,325,996	6,325,996
<i>Unrestricted</i>		23	23
Total Net Position		\$ 6,326,019	\$ 6,326,019

Village of Dundee
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance / Statement of Activities
Component Unit - Economic Development Corporation
For the Year Ended February 29, 2024

	Economic Development Corporation	Adjustments	Statement of Activities
Expenses			
Public Works	\$ --	\$ 280,892	\$ 280,892
Total Expenses	--	280,892	280,892
Program Revenues			
Charges for services	--	--	--
Operating grants and contributions	--	--	--
Capital grants and contributions	--	--	--
Total Program Revenues	--	--	--
Net Program Revenues (Expenses)	--	(280,892)	(280,892)
General Revenue			
Property Taxes	--	--	--
Interest Revenue	--	--	--
Total General Revenues	--	--	--
Change in Net Position	--	(280,892)	(280,892)
<i>Fund Balance / Net Position at Beginning of Period</i>	23	6,606,888	6,606,911
Fund Balance / Net Position at End of Period	\$ 23	\$ 6,325,996	\$ 6,326,019

Village of Dundee
Combining Balance Sheet / Statement of Net Position
Component Unit - Downtown Development Authority
February 29, 2024

	Downtown Development Authority	Adjustments	Statement of Net Position
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ 34,475	\$ --	\$ 34,475
Due from Other Governments	113,548	--	113,548
Total Current Assets	148,023	--	148,023
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	--	282,394	282,394
Capital Assets Being Depreciated	--	382,082	382,082
Total Assets	148,023	664,476	812,499
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	999	--	999
Accrued Payroll and Related Liabilities	2,914	--	2,914
Other Liabilities	--	--	--
Total Liabilities	3,913	--	3,913
FUND BALANCES			
Unassigned	144,110	(144,110)	
Total Fund Balances	144,110	(144,110)	
Total Liabilities and Fund Balances	\$ 148,023		
NET POSITION			
Net Investment in Capital Assets		664,476	664,476
<i>Unrestricted</i>		144,110	144,110
Total Net Position		\$ 808,586	\$ 808,586

Village of Dundee
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance / Statement of Activities
Component Unit - Downtown Development Authority
For the Year Ended February 29, 2024

	Downtown Development Authority	Adjustments	Statement of Activities
Expenses			
Community and Economic Development	\$ 256,584	\$ (275)	\$ 256,309
Total Expenses	<u>256,584</u>	<u>(275)</u>	<u>256,309</u>
Program Revenues			
Charges for services	27,658	--	27,658
Operating grants and contributions	8,062	--	8,062
Capital grants and contributions	--	--	--
Total Program Revenues	<u>35,720</u>	<u>--</u>	<u>35,720</u>
Net Program Revenues (Expenses)	<u>(220,864)</u>	<u>275</u>	<u>(220,589)</u>
General Revenue			
Property Taxes	205,421	--	205,421
Interest Revenue	54	--	54
Total General Revenues	<u>205,475</u>	<u>--</u>	<u>205,475</u>
Change in Net Position	<u>(15,389)</u>	<u>275</u>	<u>(15,114)</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	159,499	664,201	823,700
Fund Balance / Net Position at End of Period	<u>\$ 144,110</u>	<u>\$ 664,476</u>	<u>\$ 808,586</u>

Village of Dundee
Combining Balance Sheet / Statement of Net Position
Component Unit - Local Development Finance Authority - Global Engine Alliance
February 29, 2024

	Local Development Finance Authority - Global Engine Alliance	Local Development Finance Authority - #3 Debt	Adjustments	Statement of Net Position
ASSETS				
<i>Current Assets</i>				
Cash and Investments	\$ --	\$ 499,259	\$ --	\$ 499,259
Due from Other Governments	--	--	--	--
Total Current Assets	<u>--</u>	<u>499,259</u>	<u>--</u>	<u>499,259</u>
<i>Noncurrent Assets</i>				
Capital Assets not Being Depreciated	--	--	--	--
Capital Assets Being Depreciated	--	--	--	--
Total Assets	<u>--</u>	<u>499,259</u>	<u>--</u>	<u>499,259</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts Payable	--	--	--	--
Accrued Payroll and Related Liabilities	--	--	--	--
Other Liabilities	--	3,791	--	3,791
Total Liabilities	<u>--</u>	<u>3,791</u>	<u>--</u>	<u>3,791</u>
FUND BALANCES				
Unassigned	<u>--</u>	495,468	(495,468)	<u>--</u>
Total Fund Balances	<u>--</u>	<u>495,468</u>	<u>(495,468)</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 495,468</u>	<u>--</u>	<u>--</u>
NET POSITION				
Net Investment in Capital Assets			--	--
<i>Unrestricted</i>			495,468	495,468
Total Net Position			<u>\$ 495,468</u>	<u>\$ 495,468</u>

Village of Dundee
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance / Statement of Activities
Component Unit - Local Development Finance Authority - Global Engine Alliance
For the Year Ended February 29, 2024

	Local Development Finance Authority - Global Engine Alliance	Local Development Finance Authority - #3 Debt	Adjustments	Statement of Activities
Expenses				
Public Works	\$ 9,312,165	\$ 1,514,859	\$ --	\$ 10,827,024
Interest on Long-Term Debt	--	25,606	--	25,606
Total Expenses	<u>9,312,165</u>	<u>1,540,465</u>	<u>--</u>	<u>10,852,630</u>
Program Revenues				
Charges for services	--	--	--	--
Operating grants and contributions	2,307,745	7,075	--	2,314,820
Capital grants and contributions	--	--	--	--
Total Program Revenues	<u>2,307,745</u>	<u>7,075</u>	<u>--</u>	<u>2,314,820</u>
Net Program Revenues (Expenses)	<u>(7,004,420)</u>	<u>(1,533,390)</u>	<u>--</u>	<u>(8,537,810)</u>
General Revenue				
Property Taxes	--	310,117	--	310,117
Interest Revenue	85,996	47,401	--	133,397
Total General Revenues	<u>85,996</u>	<u>357,518</u>	<u>--</u>	<u>443,514</u>
Change in Net Position	<u>(6,918,424)</u>	<u>(1,175,872)</u>	<u>--</u>	<u>(8,094,296)</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	6,918,424	1,671,340	--	8,589,764
Fund Balance / Net Position at End of Period	<u>\$ --</u>	<u>\$ 495,468</u>	<u>\$ --</u>	<u>\$ 495,468</u>

Village of Dundee
Combining Balance Sheet / Statement of Net Position
Component Unit - Local Development Finance Authority - Water Plant
February 29, 2024

	Local Development Finance Authority - Water Plant	Adjustments	Statement of Net Position
ASSETS			
<i>Current Assets</i>			
Cash and Investments	\$ --	\$ --	\$ --
Due from Other Governments	--	--	--
Total Current Assets	--	--	--
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	--	--	--
Capital Assets Being Depreciated	--	--	--
Total Assets	--	--	--
LIABILITIES			
<i>Current Liabilities</i>			
Accounts Payable	--	--	--
Accrued Payroll and Related Liabilities	--	--	--
Other Liabilities	--	--	--
Total Liabilities	--	--	--
FUND BALANCES			
Unassigned	--	--	--
Total Fund Balances	--	--	--
Total Liabilities and Fund Balances	\$ --	--	--
NET POSITION			
Net Investment in Capital Assets	--	--	--
<i>Unrestricted</i>	--	--	--
Total Net Position	--	\$ --	\$ --

Village of Dundee
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance / Statement of Activities
Component Unit - Local Development Finance Authority - Water Plant
For the Year Ended February 29, 2024

	Local Development Finance Authority - Water Plant	Adjustments	Statement of Activities
Expenses			
Public Works	\$ 172,603	\$ --	\$ 172,603
Total Expenses	<u>172,603</u>	<u>--</u>	<u>172,603</u>
Program Revenues			
Charges for services	--	--	--
Operating grants and contributions	--	--	--
Capital grants and contributions	--	--	--
Total Program Revenues	<u>--</u>	<u>--</u>	<u>--</u>
Net Program Revenues (Expenses)	<u>(172,603)</u>	<u>--</u>	<u>(172,603)</u>
General Revenue			
Property Taxes	--	--	--
Interest Revenue	4,307	--	4,307
Total General Revenues	<u>4,307</u>	<u>--</u>	<u>4,307</u>
Change in Net Position	<u>(168,296)</u>	<u>--</u>	<u>(168,296)</u>
<i>Fund Balance / Net Position at Beginning of Period</i>	<u>168,296</u>	<u>--</u>	<u>168,296</u>
Fund Balance / Net Position at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Village Council
Village of Dundee, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Michigan (the "Village"), as of and for the year ended February 29, 2024 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 16, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gabridge & Company, PLC
Grand Rapids, MI
August 16, 2024

August 16, 2024

To the Village Council
Village of Dundee, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Dundee for the year ended February 29, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 9, 2024. 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. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended February 29, 2024. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 estimate affecting the Village of Oxford's financial statements was:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- The assumptions used in the actuarial valuations of the pension plan are based on historical trends and industry standards.

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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 representation letter dated August 16, 2024.

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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management, the Village Council, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and the schedules for the pension, 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.

We were engaged to report on the combining and individual fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Village Council and management of the Village and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Gabridge & Company, PLC
Grand Rapids, MI