

VILLAGE OF
DUNDEE,
MICHIGAN



Year Ended
February 29, 2020

Financial
Statements

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VILLAGE OF DUNDEE, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

September 30, 2020

President and Village Council
Village of Dundee, Michigan**Report on the Financial Statements**

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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Michigan, as of February 29, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, municipal street special revenue fund, major street special revenue fund, and local street special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement of Beginning Net Position

As described in Note 21, the beginning net position of governmental activities, business-type activities, and the discretely presented component units has been restated to correct errors in the balances of capital assets and special assessments receivable presented in the prior year. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the schedules for the pension plan listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 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 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 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.

Other 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 fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF DUNDEE, MICHIGAN

Management's Discussion and Analysis

As management of the Village of Dundee, Michigan (the "Village"), 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, 2020.

Financial Highlights

· Total net position	\$39,016,434
· Change in total net position	1,510,471
· Fund balances, governmental funds	6,312,303
· Change in fund balances, governmental funds	195,971
· Unassigned fund balance, general fund	2,387,403
· Change in fund balance, general fund	(113,298)
· Installment debt outstanding	19,970,093
· Change in installment debt	(880,352)

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to 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 and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village finances. The longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services. 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 governmental activities of the Village include legislative, general government, public safety, public works, economic development, culture and recreation, insurance, interest on long-term debt, and unallocated depreciation. The business-type activities of the Village include water and sewer operations.

The government-wide financial statements include not only the Village itself (known as the primary government), but also a legally separate entity for which the Village is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operation in more detail than the government-wide financial statements by providing information about the Village's most significant funds. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, they 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 evaluating a government's near-term financing requirements.

VILLAGE OF DUNDEE, MICHIGAN

Management's Discussion and Analysis

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.

The Village maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, municipal street, major street, local street, and debt service SA/LTGO Oak Plank bonds fund, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. - The Village maintains a proprietary fund to account for its sanitary sewer and water distribution operations (Enterprise Fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements present information on the Village's sewer and water operations.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Notes to the Financial Statements. The notes provide additional information that is essential to 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 certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the pension plan.

VILLAGE OF DUNDEE, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time 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 \$39,016,434 at the close of the most recent fiscal year. The following table shows, in a condensed format, the net position as of the current date and compared to the prior year:

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 7,887,544	\$ 6,369,414	\$ 9,241,172	\$ 9,302,011	\$17,128,716	\$15,671,425
Capital assets, net	15,649,587	15,923,816	29,138,230	31,819,522	44,787,817	47,743,338
	<u>23,537,131</u>	<u>22,293,230</u>	<u>38,379,402</u>	<u>41,121,533</u>	<u>61,916,533</u>	<u>63,414,763</u>
Deferred outflows of resources						
	<u>44,132</u>	<u>218,938</u>	<u>107,385</u>	<u>146,063</u>	<u>151,517</u>	<u>365,001</u>
Liabilities						
Long-term debt	2,958,789	3,496,384	17,337,094	17,571,160	20,295,883	21,067,544
Other liabilities	1,124,637	601,365	1,628,654	1,858,964	2,753,291	2,460,329
	<u>4,083,426</u>	<u>4,097,749</u>	<u>18,965,748</u>	<u>19,430,124</u>	<u>23,049,174</u>	<u>23,527,873</u>
Deferred inflows of resources						
	<u>1,338</u>	<u>-</u>	<u>1,104</u>	<u>387,409</u>	<u>2,442</u>	<u>387,409</u>
Net position						
Net investment in capital assets	12,738,956	13,498,854	11,826,896	13,487,942	24,565,852	26,986,796
Restricted	3,917,929	3,696,375	957,235	1,028,090	4,875,164	4,724,465
Unrestricted	2,839,614	1,219,190	6,735,804	6,934,031	9,575,418	8,153,221
Total net position	<u>\$ 19,496,499</u>	<u>\$ 18,414,419</u>	<u>\$ 19,519,935</u>	<u>\$ 21,450,063</u>	<u>\$ 39,016,434</u>	<u>\$ 39,864,482</u>

By far, the largest portion of the Village's net position, \$24,565,852, reflects its investment in capital assets (e.g., land, land improvements, infrastructure, buildings, improvements other than buildings, equipment, and vehicles), less any debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position, \$4,875,164, represents resources that are subject to external restriction on how they may be used. The remaining net position of \$9,575,418 is unrestricted.

The government's net position increased by \$1,510,471 during the current fiscal year. This increase was a combination of an increase of \$1,898,040 in governmental activities and an decrease of \$387,569 in business-type activities.

VILLAGE OF DUNDEE, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes in net position during the current year with a comparison to prior year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 2,233,823	\$ 388,872	\$ 4,113,870	\$ 3,728,014	\$ 6,347,693	\$ 4,116,886
Operating grants and contributions	706,710	608,925	256,430	-	963,140	608,925
General revenues:						
Property taxes	1,708,276	1,597,365	-	-	1,708,276	1,597,365
Grants and contributions not restricted to specific programs	537,814	545,551	-	-	537,814	545,551
Other	185,952	294,477	23,034	116,133	208,986	410,610
Transfers	17,401	27,566	(17,401)	400,737	-	428,303
Total revenues	5,389,976	3,462,756	4,375,933	4,244,884	9,765,909	7,707,640
Expenses						
Legislative	25,053	21,677	-	-	25,053	21,677
General government	74,986	394,767	-	-	74,986	394,767
Public safety	1,150,168	975,129	-	-	1,150,168	975,129
Public works	1,099,811	1,517,949	-	-	1,099,811	1,517,949
Economic development	93,159	70,370	-	-	93,159	70,370
Culture and recreation	123,612	162,461	-	-	123,612	162,461
Insurance	-	32,513	-	-	-	32,513
Interest on long-term debt	100,747	93,971	-	-	100,747	93,971
Unallocated depreciation	824,400	-	-	-	824,400	-
Water	-	-	1,689,938	1,394,385	1,689,938	1,394,385
Sewer	-	-	3,073,564	2,115,056	3,073,564	2,115,056
Total expenses	3,491,936	3,268,837	4,763,502	3,509,441	8,255,438	6,778,278
Change in net position	1,898,040	193,919	(387,569)	735,443	1,510,471	929,362
Net position, beginning of year as restated	17,598,459	18,220,500	19,907,504	20,714,620	37,505,963	38,935,120
Net position, end of year	\$ 19,496,499	\$ 18,414,419	\$ 19,519,935	\$ 21,450,063	\$ 39,016,434	\$ 39,864,482

Governmental Activities. Governmental activities increased the Village's net position by \$1,898,040. This is primarily the result of the less expenses for public works and reduced pension expenses.

Business-type Activities. Business-type activities decreased the Village's net position by \$387,569. This is primarily the result of depreciation expense.

Financial Analysis of the Government's Funds

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

VILLAGE OF DUNDEE, MICHIGAN

Management's Discussion and Analysis

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 spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$6,312,303, an increase of \$195,971 in comparison with the prior year. Approximately 38% of this total amount, \$2,381,029, constitutes unassigned fund balance, which is available for spending at the government's discretion. \$13,345 is considered nonspendable for inventory and prepaid items. The remainder of fund balance is restricted to pay for streets \$2,601,937 debt service \$165,685, to accomplish capital projects \$816,882, or other purposes \$333,425.

General Fund Highlights

The general fund is the chief operating fund of the Village. The fund balance of the Village's general fund decreased by \$113,298 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,387,403, while total fund balance totaled \$2,398,825.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 88% of total general fund expenditures and transfers out, while total fund balance represents 89% of that same amount.

The most significant category is public safety, which includes the operations of the police department, and which incurred expenditures of \$979,112 in 2020 or 43% of the total general fund expenditures.

General government expenditures totaled \$365,731, which include the various administrative departments, insurance and special projects activities of the general fund. Transfers out for the general fund was \$400,022 which was transferred to the capital projects fund and the water and sewer enterprise fund.

Over the course of the year, the Village amended the budget to take into account events during the year. There were no significant changes between the original and final budget or between the final budget and the actual amount of expenditures.

Municipal Street Fund Highlights

The municipal street fund is a major fund of the Village. The fund balance of the municipal street fund increased by \$74,061 during the current fiscal year. Fund balance increased in the current year as a result of no significant expenditures. At the end of the current fiscal year, the total fund balance of the municipal street fund was \$951,167. Total expenditures for the fiscal year were \$33,421 for various street projects.

Major Street Fund Highlights

The major street fund is a major fund of the Village. The fund balance of the major street fund increased by \$376,711 during the current fiscal year. Fund balance increased in the current year as a result of the unspent bond issuance proceeds in the current year. At the end of the current fiscal year, the total fund balance of the major street fund was \$1,501,198. Total expenditures for the fiscal year were \$1,048,405 for various street projects.

VILLAGE OF DUNDEE, MICHIGAN

Management's Discussion and Analysis

Local Street Fund Highlights

The local street fund is a major fund of the Village. The fund balance of the local street projects fund decreased by \$185,417 during the current fiscal year. Fund balance decreased as a result of a decision to increase street maintenance expenditures. At the end of the current fiscal year, the total fund balance of the local street fund was \$149,572. Total expenditures for the fiscal year were \$699,088 for construction on local roads.

Debt Service SA/LTGO Oak Plank Fund Highlights

The debt service SA/LTGO Oak Plank fund is a major fund of the Village. The fund balance of the debt service SA/LGTO Oak Plank fund decreased by \$5,485 during the current fiscal year. Fund balance decreased as a result of debt principal payments in the current year. At the end of the current fiscal year, the total fund balance of the debt service SA/LTGO Oak Plank fund was \$84,833. Total expenditures for the fiscal year were \$44,167 for debt principal payments in the current.

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

Capital Asset and Debt Administration

Capital Assets. The Village's net investment in capital assets for its governmental and business-type activities as of February 29, 2020, amounted to \$24,565,852 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, buildings, improvements other than buildings, equipment, and vehicles.

Contacting the Village's Management

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Dundee, 130 South Lane Street, Dundee, Michigan 49228.

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BASIC FINANCIAL STATEMENTS

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VILLAGE OF DUNDEE, MICHIGAN

Statement of Net Position

February 29, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 6,112,132	\$ 7,486,867	\$ 13,598,999	\$ 4,362,324
Cash and cash equivalents - restricted	-	885,254	885,254	-
Receivables, net	1,762,017	867,655	2,629,672	360,814
Other assets	13,345	1,446	14,791	124
Internal balances	50	(50)	-	-
Capital assets not being depreciated	352,439	131,566	484,005	7,753,534
Capital assets being depreciated, net	15,297,148	29,006,664	44,303,812	4,369,227
Total assets	23,537,131	38,379,402	61,916,533	16,846,023
Deferred outflows of resources				
Deferred loss on bond refunding	-	70,981	70,981	-
Deferred pension amounts	44,132	36,404	80,536	-
Total deferred outflows of resources	44,132	107,385	151,517	-
Liabilities				
Accounts payable and accrued expenses	250,586	567,697	818,283	28,278
Unearned revenue	-	340,024	340,024	-
Long-term debt:				
Due within one year	562,777	1,240,936	1,803,713	418,400
Due in more than one year	2,396,012	16,096,158	18,492,170	1,365,200
Net pension liability, due in more than one year	874,051	720,933	1,594,984	-
Total liabilities	4,083,426	18,965,748	23,049,174	1,811,878
Deferred inflows of resources				
Deferred pension amounts	1,338	1,104	2,442	-
Net position				
Net investment in capital assets	12,738,956	11,826,896	24,565,852	10,332,761
Restricted for:				
Replacement fund	-	1,000	1,000	-
Bond reserve fund	-	8,000	8,000	-
Capital projects	816,882	-	816,882	-
Streets	2,601,937	-	2,601,937	-
Building department	333,425	-	333,425	-
Debt service	165,685	948,235	1,113,920	102,016
Unrestricted	2,839,614	6,735,804	9,575,418	4,599,368
Total net position	\$ 19,496,499	\$ 19,519,935	\$ 39,016,434	\$ 15,034,145

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Statement of Activities For the Year Ended February 29, 2020

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
Legislative	\$ 25,053	\$ -	\$ -	\$ (25,053)
General government	74,986	1,941,289	-	1,866,303
Public safety	1,150,168	292,534	118,451	(739,183)
Public works	1,099,811	-	541,428	(558,383)
Economic development	93,159	-	-	(93,159)
Culture and recreation	123,612	-	46,831	(76,781)
Interest on long-term debt	100,747	-	-	(100,747)
Unallocated depreciation	824,400	-	-	(824,400)
Total governmental activities	3,491,936	2,233,823	706,710	(551,403)
Business-type activities:				
Water	1,689,938	1,494,662	117,548	(77,728)
Sewer	3,073,564	2,619,208	138,882	(315,474)
Total business-type activities	4,763,502	4,113,870	256,430	(393,202)
Total primary government	\$ 8,255,438	\$ 6,347,693	\$ 963,140	\$ (944,605)
Component units				
Downtown Development Authority	\$ 202,403	\$ -	\$ -	\$ (202,403)
LDFA - Water Plant	23,300	-	-	(23,300)
LDFA - Global Engine Alliance	1,125,768	-	483,143	(642,625)
Economic Development Corporation	299,838	-	-	(299,838)
Brownfield Redevelopment Authority	800	-	-	(800)
Total component units	\$ 1,652,109	\$ -	\$ 483,143	\$ (1,168,966)

continued...

VILLAGE OF DUNDEE, MICHIGAN

Statement of Activities

For the Year Ended February 29, 2020

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (551,403)	\$ (393,202)	\$ (944,605)	\$ (1,168,966)
General revenues:				
Property taxes	1,708,276	-	1,708,276	733,941
Grants and contributions not restricted to specific programs	537,814	-	537,814	569,743
Other	167,470	-	167,470	9,266
Unrestricted investment earnings	18,482	23,034	41,516	32,233
Transfers - internal activities	17,401	(17,401)	-	-
Total general revenues	2,449,443	5,633	2,455,076	1,345,183
Change in net position	1,898,040	(387,569)	1,510,471	176,217
Net position, beginning of year, as restated	17,598,459	19,907,504	37,505,963	14,857,928
Net position, end of year	\$ 19,496,499	\$ 19,519,935	\$ 39,016,434	\$ 15,034,145

concluded.

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Balance Sheet

Governmental Funds

February 29, 2020

	General	Municipal Street	Major Street	Local Street
Assets				
Cash and cash equivalents	\$ 2,257,924	\$ 866,552	\$ 1,461,884	\$ 147,438
Due from other funds	50	-	-	-
Accounts receivable	5,689	-	-	-
Taxes receivable, net	102,638	41,742	3,699	2,500
Special assessment receivable	-	-	-	-
Due from other governments	142,464	42,873	71,020	25,220
Prepaid items	11,422	-	-	-
Total assets	\$ 2,520,187	\$ 951,167	\$ 1,536,603	\$ 175,158
Liabilities				
Accounts payable	\$ 85,120	\$ -	\$ 29,934	\$ 25,115
Accrued payroll	36,242	-	471	471
Accrued liabilities	-	-	5,000	-
Total liabilities	121,362	-	35,405	25,586
Deferred inflows of resources				
Unavailable revenue	-	-	-	-
Fund balances				
Nonspendable	11,422	-	-	-
Restricted	-	951,167	1,501,198	149,572
Unassigned (deficit)	2,387,403	-	-	-
Total fund balances	2,398,825	951,167	1,501,198	149,572
Total liabilities and fund balances	\$ 2,520,187	\$ 951,167	\$ 1,536,603	\$ 175,158

The accompanying notes are an integral part of these financial statements.



Debt Service SA/LTGO Oak Plank Bonds	Nonmajor Governmental Funds	Total Governmental Funds
\$ 84,195	\$ 1,248,569	\$ 6,066,562
-	-	50
-	1,886	7,575
638	-	151,217
1,321,648	-	1,321,648
-	-	281,577
-	1,923	13,345
<u>\$ 1,406,481</u>	<u>\$ 1,252,378</u>	<u>\$ 7,841,974</u>
\$ -	\$ 17,435	\$ 157,604
-	821	38,005
-	7,414	12,414
<u>-</u>	<u>25,670</u>	<u>208,023</u>
<u>1,321,648</u>	<u>-</u>	<u>1,321,648</u>
-	1,923	13,345
84,833	1,231,159	3,917,929
-	(6,374)	2,381,029
<u>84,833</u>	<u>1,226,708</u>	<u>6,312,303</u>
<u>\$ 1,406,481</u>	<u>\$ 1,252,378</u>	<u>\$ 7,841,974</u>

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VILLAGE OF DUNDEE, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
February 29, 2020

Fund balances - total governmental funds	\$ 6,312,303
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
Capital assets not being depreciated	352,439
Capital assets being depreciated, net of accumulated depreciation	15,297,148
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental internal service funds	45,570
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, are not included in fund balance.	
Deferred long-term special assessments receivable	1,321,648
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable, premium on bonds and installment purchase contract	(2,910,631)
Accrued interest on long-term debt	(42,563)
Compensated absences	(48,158)
Certain pension-related amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(874,051)
Deferred outflows related to the net pension liability	44,132
Deferred inflows related to the net pension liability	(1,338)
Net position of governmental activities	<u>\$ 19,496,499</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended February 29, 2020

	General	Municipal Street	Major Street	Local Street
Revenues				
Property taxes	\$ 1,186,346	\$ 521,958	\$ -	\$ -
Licenses and permits	82,207	-	-	-
State revenue	534,051	73,279	421,455	139,140
Fines	63,942	-	-	-
Fees	-	-	-	-
Rental revenue	250,701	-	-	-
Special assessments	61,765	-	56,112	105,478
Interest revenue	12,987	2,372	3,873	661
Other	167,442	9,873	3,676	-
Total revenues	2,359,441	607,482	485,116	245,279
Expenditures				
Current expenditures:				
Legislative	25,053	-	-	-
General government	365,731	-	-	-
Public safety	979,112	-	-	-
Public works	745,057	33,421	1,048,405	699,088
Culture and recreation	-	-	-	-
Economic Development	93,159	-	-	-
Debt service:				
Principal	86,247	-	-	-
Interest and fiscal charges	13,470	-	-	-
Total expenditures	2,307,829	33,421	1,048,405	699,088
Revenues over (under) expenditures	51,612	574,061	(563,289)	(453,809)
Other financing sources (uses)				
Transfers in	10,000	-	200,000	300,000
Transfers out	(400,022)	(500,000)	-	(31,608)
Issuance of long-term debt	225,112	-	740,000	-
Total other financing sources (uses)	(164,910)	(500,000)	940,000	268,392
Net change in fund balances	(113,298)	74,061	376,711	(185,417)
Fund balances, beginning of year	2,512,123	877,106	1,124,487	334,989
Fund balances, end of year	\$ 2,398,825	\$ 951,167	\$ 1,501,198	\$ 149,572

The accompanying notes are an integral part of these financial statements.

Debt Service SA/LTGO Oak Plank Bonds	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,708,304
-	-	82,207
-	-	1,167,925
-	-	63,942
-	292,534	292,534
-	-	250,701
20,416	49,333	293,104
5,316	5,278	30,487
-	51,045	232,036
<u>25,732</u>	<u>398,190</u>	<u>4,121,240</u>
-	-	25,053
-	-	365,731
-	206,028	1,185,140
-	51,490	2,577,461
-	123,612	123,612
-	-	93,159
35,000	324,217	445,464
9,167	69,525	92,162
<u>44,167</u>	<u>774,872</u>	<u>4,907,782</u>
<u>(18,435)</u>	<u>(376,682)</u>	<u>(786,542)</u>
12,950	436,081	959,031
-	(10,000)	(941,630)
-	-	965,112
<u>12,950</u>	<u>426,081</u>	<u>982,513</u>
(5,485)	49,399	195,971
90,318	1,177,309	6,116,332
<u>\$ 84,833</u>	<u>\$ 1,226,708</u>	<u>\$ 6,312,303</u>

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VILLAGE OF DUNDEE, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended February 29, 2020

Net change in fund balances - total governmental funds	\$ 195,971
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
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.	
Capital assets purchased / constructed	1,356,047
Depreciation expense	(824,400)
Loss on sale of capital assets	(11,768)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.	
Change in deferred special assessments receivable	1,251,335
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on long-term debt	445,464
Issuance of long-term debt	(965,112)
Internal service funds are used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenues (expense) attributable to those funds is reported with governmental activities.	
Interest from internal service fund	129
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.	
Change in accrued interest payable on long-term debt	(8,585)
Change in net pension liability and related deferred outflows and inflows	453,890
Change in the accrual for compensated absences	5,069
Change in net position of governmental activities	<u>\$ 1,898,040</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended February 29, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 1,362,000	\$ 1,080,500	\$ 1,186,346	\$ 105,846
Licenses and permits	68,000	68,000	82,207	14,207
State revenue	429,600	429,600	534,051	104,451
Fines	43,700	43,700	63,942	20,242
Rental revenue	214,000	214,000	250,701	36,701
Special assessments	46,000	46,000	61,765	15,765
Interest revenue	6,300	6,300	12,987	6,687
Other	117,355	162,355	167,442	5,087
Total revenues	2,286,955	2,050,455	2,359,441	308,986
Expenditures				
Current:				
Legislative - Village Council	18,975	18,975	25,053	6,078
General government:				
Village manager	80,525	80,525	91,710	11,185
Attorney	8,000	20,000	20,127	127
Accounting	51,200	51,200	46,426	(4,774)
Clerk	162,277	163,777	165,415	1,638
Treasurer	500	500	2,935	2,435
Village hall and grounds	50,500	50,500	39,118	(11,382)
Total general government	353,002	366,502	365,731	(771)
Public safety:				
Police	667,120	702,450	779,648	77,198
Blight inspector	1,965	1,965	1,937	(28)
Street lights	126,000	126,000	128,511	2,511
Building safety	750	750	691	(59)
Engineering	38,715	53,715	68,325	14,610
Total public safety	834,550	884,880	979,112	94,232

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VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund
For the Year Ended February 29, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Public works:				
Public works	\$ 449,350	\$ 525,426	\$ 745,057	\$ 219,631
Economic development	90,300	98,000	93,159	(4,841)
Debt service:				
Principal	47,080	89,661	86,247	(3,414)
Interest and fiscal charges	7,270	10,071	13,470	3,399
Total debt service	54,350	99,732	99,717	(15)
Total expenditures	1,800,527	1,993,515	2,307,829	314,314
Revenues over expenditures	486,428	56,940	51,612	(5,328)
Other financing sources (uses)				
Transfers in	35,600	35,600	10,000	(25,600)
Transfers out	(694,522)	(419,022)	(400,022)	(19,000)
Issuance of long-term debt	-	-	225,112	225,112
Total other financing sources (uses)	(658,922)	(383,422)	(164,910)	180,512
Net change in fund balance	(172,494)	(326,482)	(113,298)	175,184
Fund balance, beginning of year	2,512,123	2,512,123	2,512,123	-
Fund balance, end of year	\$ 2,339,629	\$ 2,185,641	\$ 2,398,825	\$ 175,184

concluded.

The accompanying notes are an integral part of these financial statements.

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VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Municipal Street Special Revenue Fund

For the Year Ended February 29, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 478,000	\$ 360,000	\$ 521,958	\$ 161,958
State revenue	-	-	73,279	73,279
Interest revenue	1,000	1,000	2,372	1,372
Other revenue	8,000	8,000	9,873	1,873
Total revenues	487,000	369,000	607,482	238,482
Expenditures				
Public works:				
Construction	45,000	45,000	32,321	(12,679)
Administration and engineering	1,100	1,100	1,100	-
Total expenditures	46,100	46,100	33,421	(12,679)
Revenues over expenditures	485,900	367,900	574,061	238,482
Other financing uses				
Transfers out	(719,000)	(601,000)	(500,000)	(101,000)
Net change in fund balance	(233,100)	(233,100)	74,061	307,161
Fund balance, beginning of year	877,106	877,106	877,106	-
Fund balance, end of year	\$ 644,006	\$ 644,006	\$ 951,167	\$ 307,161

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Major Street Special Revenue Fund

For the Year Ended February 29, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State revenue	\$ 365,000	\$ 371,000	\$ 421,455	\$ 50,455
Special assessments	49,216	49,216	56,112	6,896
Interest revenue	1,500	1,500	3,873	2,373
Other	1,000	1,000	3,676	2,676
Total revenues	416,716	422,716	485,116	62,400
Expenditures				
Public works:				
Construction	1,031,353	1,031,353	624,493	(406,860)
Maintenance	388,278	394,278	266,130	(128,148)
Roadside parks and parkways	122,495	122,495	108,380	(14,115)
Administrative services	73,590	73,590	49,402	(24,188)
Total expenditures	1,615,716	1,621,716	1,048,405	(573,311)
Revenues under expenditures	(1,199,000)	(1,199,000)	(563,289)	635,711
Other financing sources (uses)				
Transfers in	200,000	200,000	200,000	-
Transfers out	(1,000)	(1,000)	-	(1,000)
Issuance of long-term debt	1,000,000	1,000,000	740,000	260,000
Total other financing sources (uses)	1,199,000	1,199,000	940,000	259,000
Net change in fund balance	-	-	376,711	376,711
Fund balance, beginning of year	1,124,487	1,124,487	1,124,487	-
Fund balance, end of year	\$ 1,124,487	\$ 1,124,487	\$ 1,501,198	\$ 376,711

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Local Street Special Revenue Fund

For the Year Ended February 29, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State revenue	\$ 124,000	\$ 130,000	\$ 139,140	\$ 9,140
Special assessments	21,472	21,472	105,478	84,006
Interest revenue	300	300	661	361
Total revenues	<u>145,772</u>	<u>151,772</u>	<u>245,279</u>	<u>93,507</u>
Expenditures				
Public works:				
Construction	403,000	418,000	441,612	23,612
Maintenance	229,179	245,979	218,047	(27,932)
Administrative services	32,713	32,713	39,429	6,716
Total expenditures	<u>664,892</u>	<u>696,692</u>	<u>699,088</u>	<u>2,396</u>
Revenues under expenditures	<u>(519,120)</u>	<u>(544,920)</u>	<u>(453,809)</u>	<u>91,111</u>
Other financing sources (uses)				
Transfers in	400,000	400,000	300,000	(100,000)
Transfers out	(32,608)	(32,608)	(31,608)	(1,000)
Total other financing sources (uses)	<u>367,392</u>	<u>367,392</u>	<u>268,392</u>	<u>(99,000)</u>
Net change in fund balance	(151,728)	(177,528)	(185,417)	(7,889)
Fund balance, beginning of year	<u>334,989</u>	<u>334,989</u>	<u>334,989</u>	<u>-</u>
Fund balance, end of year	<u>\$ 183,261</u>	<u>\$ 157,461</u>	<u>\$ 149,572</u>	<u>\$ (7,889)</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Statement of Net Position

Proprietary Funds

February 29, 2020

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,766,964	\$ 4,719,903	\$ 7,486,867	\$ 45,570
Cash and cash equivalents - restricted	-	885,254	885,254	-
Accounts receivable	313,988	553,198	867,186	-
Taxes receivable	-	469	469	-
Prepaid items	1,275	171	1,446	-
Total current assets	<u>3,082,227</u>	<u>6,158,995</u>	<u>9,241,222</u>	<u>45,570</u>
Noncurrent assets:				
Capital assets not being depreciated	112,942	18,624	131,566	-
Capital assets being depreciated, net	5,371,595	23,635,069	29,006,664	-
Total noncurrent assets	<u>5,484,537</u>	<u>23,653,693</u>	<u>29,138,230</u>	<u>-</u>
Total assets	<u>8,566,764</u>	<u>29,812,688</u>	<u>38,379,452</u>	<u>45,570</u>
Deferred outflows of resources				
Deferred loss on bond refunding	-	70,981	70,981	-
Deferred pension amounts	18,553	17,851	36,404	-
Total deferred outflows of resources	<u>18,553</u>	<u>88,832</u>	<u>107,385</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable	113,188	226,868	340,056	-
Unearned revenues	-	340,024	340,024	-
Due to other funds	-	50	50	-
Accrued payroll	3,034	1,435	4,469	-
Accrued liabilities	30,178	1,061	31,239	-
Accrued interest payable	22,292	169,641	191,933	-
Compensated absences, current portion	22,751	3,009	25,760	-
Bonds payable, current portion	247,893	967,283	1,215,176	-
Total current liabilities	<u>439,336</u>	<u>1,709,371</u>	<u>2,148,707</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable	1,521,680	14,574,478	16,096,158	-
Net pension liability	367,419	353,514	720,933	-
Total noncurrent liabilities	<u>1,889,099</u>	<u>14,927,992</u>	<u>16,817,091</u>	<u>-</u>
Total liabilities	<u>2,328,435</u>	<u>16,637,363</u>	<u>18,965,798</u>	<u>-</u>

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VILLAGE OF DUNDEE, MICHIGAN

Statement of Net Position Proprietary Funds February 29, 2020

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Deferred inflows of resources				
Deferred pension amounts	\$ 563	\$ 541	\$ 1,104	\$ -
Net position				
Net investment in capital assets	3,714,964	8,111,932	11,826,896	-
Restricted:				
Replacement fund	1,000	-	1,000	-
Bond reserve fund	-	8,000	8,000	-
Debt service	-	948,235	948,235	-
Unrestricted	2,540,355	4,195,449	6,735,804	45,570
Total net position	\$ 6,256,319	\$ 13,263,616	\$ 19,519,935	\$ 45,570

concluded.

The accompanying notes are an integral part of these financial statements.

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VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended February 29, 2020

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ 1,494,662	\$ 2,619,208	\$ 4,113,870	\$ -
Other	117,548	138,882	256,430	-
Total operating revenues	1,612,210	2,758,090	4,370,300	-
Operating expenses				
Operating and maintenance wages	96,271	51,982	148,253	-
Clerical salaries	56,191	56,195	112,386	-
Employee benefits	285,507	326,774	612,281	-
Utilities and telephone	14,080	173,332	187,412	-
Water supply and system maintenance	862,023	195,207	1,057,230	-
Chemicals	4,198	32,449	36,647	-
Laboratory supplies	4,312	7,450	11,762	-
Insurance	30,717	44,347	75,064	-
Office supplies	8,880	16,262	25,142	-
Professional services	3,730	5,200	8,930	-
Depreciation and amortization	248,392	1,164,796	1,413,188	-
Miscellaneous expense	2,233	83,790	86,023	-
Engineering fees	-	64	64	-
Contractual services	103	398,723	398,826	-
Sanitation	-	67,993	67,993	-
Total operating expenses	1,616,637	2,624,564	4,241,201	-
Operating income (loss)	(4,427)	133,526	129,099	-
Nonoperating revenues (expenses)				
Interest revenue	7,614	15,420	23,034	129
Interest expense	(73,301)	(449,000)	(522,301)	-
Total nonoperating revenue (expenses)	(65,687)	(433,580)	(499,267)	129
Income (loss) before transfers	(70,114)	(300,054)	(370,168)	129
Transfers in	-	-	-	-
Transfers out	-	(17,401)	(17,401)	-
Change in net position	(70,114)	(317,455)	(387,569)	129
Net position, beginning of year, as restated	6,326,433	13,581,071	19,907,504	45,441
Net position, end of year	\$ 6,256,319	\$ 13,263,616	\$ 19,519,935	\$ 45,570

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended February 29, 2020

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 1,568,339	\$ 2,962,261	\$ 4,530,600	\$ -
Cash received from (paid for) interfund services	(10,254)	(4,693)	(14,947)	-
Payments to suppliers and contractors	(827,185)	(1,162,498)	(1,989,683)	-
Payments to employees for services	(253,774)	(216,724)	(470,498)	-
Net cash provided by operating activities	<u>477,126</u>	<u>1,578,346</u>	<u>2,055,472</u>	<u>-</u>
Cash flows from noncapital financing activities				
Transfers in	-	-	-	-
Transfers out	-	(17,401)	(17,401)	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>(17,401)</u>	<u>(17,401)</u>	<u>-</u>
Cash flows from capital and related financing activities				
Principal paid on debt	(235,000)	(965,000)	(1,200,000)	-
Interest paid on debt	(75,742)	(340,146)	(415,888)	-
Purchase of capital assets	(156,914)	(113,273)	(270,187)	-
Net cash used in capital and related financing activities	<u>(467,656)</u>	<u>(1,418,419)</u>	<u>(1,886,075)</u>	<u>-</u>
Cash flows from investing activities				
Interest income received	7,614	15,420	23,034	129
Net change in cash and cash equivalents	<u>17,084</u>	<u>157,946</u>	<u>175,030</u>	<u>129</u>
Cash and cash equivalents, beginning of year	<u>2,749,880</u>	<u>5,447,211</u>	<u>8,197,091</u>	<u>45,441</u>
Cash and cash equivalents, end of year	<u>\$ 2,766,964</u>	<u>\$ 5,605,157</u>	<u>\$ 8,372,121</u>	<u>\$ 45,570</u>
Reconciliation to statement of net position				
Cash and investments	\$ 2,766,964	\$ 4,719,903	\$ 7,486,867	\$ 45,570
Cash and investments - restricted	-	885,254	885,254	-
	<u>\$ 2,766,964</u>	<u>\$ 5,605,157</u>	<u>\$ 8,372,121</u>	<u>\$ 45,570</u>

continued...

VILLAGE OF DUNDEE, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended February 29, 2020

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total Enterprise Funds	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ (4,427)	\$ 133,526	129,099	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	248,392	1,164,796	1,413,188	-
Changes in assets and liabilities:				
Accounts receivable	(43,871)	251,620	207,749	-
Taxes receivable	-	(64)	(64)	-
Due from other funds	2,612	7,408	10,020	-
Due from other governments	-	-	-	-
Prepaid items	15,111	28,020	43,131	-
Accounts payable	95,702	(162,547)	(66,845)	-
Unearned revenue	-	(47,385)	(47,385)	-
Due to other funds	(12,866)	(12,101)	(24,967)	-
Accrued payroll	(2,232)	(3,154)	(5,386)	-
Accrued liabilities	(5,490)	-	(5,490)	-
Compensated absences	16,159	2,476	18,635	-
Net pension liability	155,124	212,541	367,665	-
Deferred outflows related to the net pension liability	12,349	2,669	15,018	-
Deferred inflows related to the net pension liability	563	541	1,104	-
Net cash provided by operating activities	<u>\$ 477,126</u>	<u>\$ 1,578,346</u>	<u>\$ 2,055,472</u>	<u>\$ -</u>

concluded.

Non-cash transactions

The sewer fund other revenue refunded debt with a non-cash deduction of \$200,000.

The accompanying notes are an integral part of these financial statements.

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VILLAGE OF DUNDEE, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Fiduciary Fund
February 29, 2020

	Tax Collection Fund
Assets	
Cash and cash equivalents	<u>\$ 6,131</u>
Liabilities	
Accounts payable	<u>\$ 6,131</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNDEE, MICHIGAN

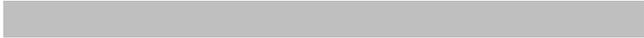
Combining Statement of Net Position

Discretely Presented Component Units

February 29, 2020

	Downtown Development Authority	Local Development Financing Authority Water Plant	Local Development Financing Authority Global Engine Alliance
Assets			
Cash and cash equivalents	\$ 145,814	\$ 167,909	\$ 3,053,867
Due from other governments	91,825	8,387	245,814
Prepays	124	-	-
Capital assets not being depreciated	282,394	-	4,171,140
Capital assets being depreciated, net	307,169	-	-
Total assets	827,326	176,296	7,470,821
Liabilities			
Accounts payable	4,781	-	-
Interest payable	-	-	23,497
Long-term debt:			
Due within one year	-	-	418,400
Due in more than one year	-	-	1,365,200
Total liabilities	4,781	-	1,807,097
Net position			
Net investment in capital assets	589,563	-	2,381,140
Restricted for debt service	-	-	102,016
Unrestricted	232,982	176,296	3,180,568
Total net position	\$ 822,545	\$ 176,296	\$ 5,663,724

The accompanying notes are an integral part of these basic financial statements.



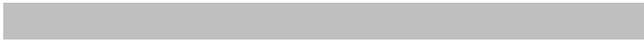
Economic Development Corporation	Brownfield Redevelopment Authority	Total
\$ 80,868	\$ 913,866	\$ 4,362,324
-	14,788	360,814
-	-	124
3,300,000	-	7,753,534
4,062,058	-	4,369,227
<u>7,442,926</u>	<u>928,654</u>	<u>16,846,023</u>
-	-	4,781
-	-	23,497
-	-	418,400
-	-	1,365,200
<u>-</u>	<u>-</u>	<u>1,811,878</u>
7,362,058	-	10,332,761
-	-	102,016
80,868	928,654	4,599,368
<u>\$ 7,442,926</u>	<u>\$ 928,654</u>	<u>\$ 15,034,145</u>

VILLAGE OF DUNDEE, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units For the Year Ended February 29, 2020

	Downtown Development Authority	Local Development Financing Authority Water Plant	Local Development Financing Authority Global Engine Alliance
Revenues			
General:			
Property taxes	\$ 147,457	\$ -	\$ 568,743
State revenue	8,119	-	560,872
Other revenue	9,266	-	-
Investment earnings	436	540	6,963
Operating grants and contributions	-	-	483,143
Total revenues	165,278	540	1,619,721
Expenses			
Public works	202,403	23,300	1,108,671
Interest	-	-	17,097
Total expenses	202,403	23,300	1,125,768
Revenues over (under) expenditures	(37,125)	(22,760)	493,953
Change in net position	(37,125)	(22,760)	493,953
Net position, beginning of year, as restated	859,670	199,056	5,169,771
Net position, end of year	\$ 822,545	\$ 176,296	\$ 5,663,724

The accompanying notes are an integral part of these basic financial statements.



Economic Development Corporation	Brownfield Redevelopment Authority	Total
\$ -	\$ 17,741	\$ 733,941
-	752	569,743
-	-	9,266
21,713	2,581	32,233
-	-	483,143
<u>21,713</u>	<u>21,074</u>	<u>1,828,326</u>
299,838	800	1,635,012
-	-	17,097
<u>299,838</u>	<u>800</u>	<u>1,652,109</u>
(278,125)	20,274	176,217
(278,125)	20,274	176,217
<u>7,721,051</u>	<u>908,380</u>	<u>14,857,928</u>
<u>\$ 7,442,926</u>	<u>\$ 928,654</u>	<u>\$ 15,034,145</u>

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NOTES TO FINANCIAL STATEMENTS

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Dundee, Michigan (the "Village") is governed by a locally elected president and five-member Council. The Village provides the following services: public works, public safety (police service), road construction, public improvements, planning and zoning, construction code inspections, water and sewer, economic development, and general administrative services.

Discretely presented component units

The following component units are reported within the component unit column in the statement of net position.

The *Downtown Development Authority (DDA)* is 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.

The *Local Development Finance Authority (LDFA) -Water Plant* 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.

The *Local Development Finance Authority-Global Engine Alliance* 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.

The *Economic Development Corporation (EDC)* was created to encourage economic development within the Village. A majority of the board is appointed by the Village.

The *Brownfield Redevelopment Authority* 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.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. However, agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and permits, state revenue, fees, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental funds:

The *general fund* is the Village's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The *municipal street special revenue fund* is used to account for tax revenue restricted for street improvements and other local revenue related to streets.

The *major street special revenue fund* is used to account for the road expenditures for all streets designated as "major."

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

The *local street special revenue fund* is used to account for the road expenditures for all streets designated as "local."

The *debt service SA/LTGO Oak Plank bonds fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal, interest, and related costs.

The Village reports the following major proprietary funds:

The *water fund* accounts for the operation and maintenance of the water systems, capital additions and improvements, and retirement of related long-term debt. Financing is provided by user charges.

The *sewer fund* accounts for the operation and maintenance of the sewer systems, capital additions and improvements, and retirement of related long-term debt. Financing is provided by user charges.

Additionally, the Village reports the following fund types:

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

The *debt service fund* accounts for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

Capital project funds are used to 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 assets.

The *internal service fund* accounts for equipment expense by which other government funds reimburse through equipment rental charges.

The *agency fund* accounts for assets held by the Village as an agent for individuals, private organizations, and other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Restricted net position is reported for amounts that are subject to restrictions beyond the Village's control. The restrictions may be externally imposed or imposed by law. 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits

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 bond covenants.

Receivables and payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

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. Revenues received in advance of project costs being incurred are recorded as unearned revenue.

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.

Restricted assets

Restricted assets in the sewer enterprise fund and the component units consist of amounts restricted for debt retirement or construction.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of at least \$5,000 and an estimated useful life in excess of two years. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of the normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, no interest was capitalized.

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.

Depreciation of all exhaustible capital assets used by the Village is charged as an expense against its various functions. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

	Years
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.

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pension and deferred loss on bond refunding.

VILLAGE OF DUNDEE, MICHIGAN

Notes to 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

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums 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 inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The government has three type of item that qualifies for reporting in this category. The Village reports deferred inflows of resources related to pension, project funds and advance payments to tap fees.

Fund balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Village Council. A formal resolution of the Village Council is required to establish, modify, or rescind a fund balance commitment. The Village currently has no committed fund balance. The Village has no assigned fund balance as the Village Council has not yet given authority for the making of such assignments; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund or for any fund in a deficit position.

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.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Property taxes

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 2018-19 was 6.9221 mills with an additional 2.8889 mills for municipal highway.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. BUDGETARY INFORMATION

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The general fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually.

Annual budgets are adopted on a basis consistent with GAAP for the general fund and special revenue funds. The legal level of budgetary control is the department level. All unexpended appropriations lapse at fiscal year end. The Village does not utilize encumbrance accounting.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended February 29, 2020, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

	Final Budget	Actual	Variance with Final Budget
General fund:			
General government:			
Village manager	\$ 80,525	\$ 91,710	\$ (11,185)
Attorney	20,000	20,127	(127)
Clerk	163,777	165,415	(1,638)
Treasurer	500	2,935	(2,435)
Public safety:			
Police	702,450	779,648	(77,198)
Street lights	126,000	128,511	(2,511)
Engineering	53,715	68,325	(14,610)
Public works -			
Public works	525,426	745,057	(219,631)
Debt service			
Interest and fiscal charges	10,071	13,470	(3,399)
Local street:			
Public works:			
Construction	418,000	441,612	(23,612)
Administrative services	32,713	39,429	(6,716)

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

4. CASH AND CASH EQUIVALENTS

Following is a reconciliation of cash and cash equivalents as of February 29, 2020:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and cash equivalents	\$ 13,598,999	\$ 4,362,324	\$ 17,961,323
Restricted cash and investments	885,254	-	885,254
Statement of fiduciary assets and liabilities			
Cash and cash equivalents	6,131	-	6,131
Total	\$ 14,490,384	\$ 4,362,324	\$ 18,852,708
Deposits			
Demand deposits (checking/savings accounts)			\$ 18,851,130
Cash held by fiscal agent			1,103
Cash on hand			475
Total			\$ 18,852,708

Statutes authorize the Village to invest funds in the following:

- Bonds, securities, other obligations, and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the investment company act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the listing of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Village had no investments at February 29, 2020.

Credit Risk. State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on investment credit risk. The Village had no investments at February 29, 2020.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may 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, \$18,406,333 of the Village's bank balance of \$18,819,663 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk 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. State law does not require and the Village does not have a policy for investment custodial credit risk. The Village had no investments at February 29, 2020.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Village's investment policy does not have specific limits in excess of state law on concentration of credit risk. The Village had no investments at February 29, 2020.

5. RECEIVABLES

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts receivable	\$ 7,575	\$ 867,186
Taxes receivable	151,217	469
Special assessment receivable	1,321,648	-
Due from other governments	281,577	-
	<u>\$ 1,762,017</u>	<u>\$ 867,655</u>
Amount not expected to be collected within one year	<u>\$ 1,151,302</u>	<u>\$ -</u>

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Primary government

Capital asset activity for the year ended February 29, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets not being depreciated -				
Land	\$ 352,439	\$ -	\$ -	\$ 352,439
Capital assets being depreciated:				
Land improvements	181,174	-	-	181,174
Infrastructure	17,055,801	984,086	-	18,039,887
Buildings	4,326,709	83,015	-	4,409,724
Improvements other than buildings	298,647	-	-	298,647
Equipment	370,040	63,834	(5,700)	428,174
Vehicles	916,653	225,112	(26,150)	1,115,615
	<u>23,149,024</u>	<u>1,356,047</u>	<u>(31,850)</u>	<u>24,473,221</u>
Less accumulated depreciation for:				
Land improvements	(42,318)	(8,805)	-	(51,123)
Infrastructure	(5,320,472)	(525,010)	-	(5,845,482)
Buildings	(1,716,176)	(138,868)	-	(1,855,044)
Improvements other than buildings	(208,493)	(9,049)	-	(217,542)
Equipment	(322,082)	(24,814)	5,700	(341,196)
Vehicles	(762,214)	(117,854)	14,382	(865,686)
	<u>(8,371,755)</u>	<u>(824,400)</u>	<u>20,082</u>	<u>(9,176,073)</u>
Total capital assets being depreciated, net	<u>14,777,269</u>	<u>531,647</u>	<u>(11,768)</u>	<u>15,297,148</u>
Governmental activities capital assets, net	<u>\$ 15,129,708</u>	<u>\$ 531,647</u>	<u>\$ (11,768)</u>	<u>\$ 15,649,587</u>

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 131,566	\$ -	\$ -	\$ 131,566
Capital assets being depreciated:				
Vehicle and equipment	582,677	-	-	582,677
Building and improvements	16,666,337	-	-	16,666,337
Water and sewer lines	27,828,444	270,187	-	28,098,631
	<u>45,077,458</u>	<u>270,187</u>	<u>-</u>	<u>45,347,645</u>
Less accumulated depreciation for:				
Vehicle and equipment	(475,626)	(35,395)	-	(511,021)
Building and improvements	(7,931,098)	(461,684)	-	(8,392,782)
Water and sewer lines	(6,529,904)	(907,274)	-	(7,437,178)
	<u>(14,936,628)</u>	<u>(1,404,353)</u>	<u>-</u>	<u>(16,340,981)</u>
Total capital assets being depreciated, net	<u>30,140,830</u>	<u>(1,134,166)</u>	<u>-</u>	<u>29,006,664</u>
Business-type activities capital assets, net	<u>\$ 30,272,396</u>	<u>\$ (1,134,166)</u>	<u>\$ -</u>	<u>\$ 29,138,230</u>

Depreciation expense of \$824,400 was charged to function "unallocated depreciation" and was not allocated to other functions.

Depreciation of business-type activities by function	
Water	\$ 245,500
Sewer	<u>1,158,853</u>
Total business-type activities	<u>\$ 1,404,353</u>

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Component unit - DDA

Capital asset activity for the DDA for the year ended February 29, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component unit - DDA				
Capital assets not being depreciated -				
Land	\$ 282,394	\$ -	\$ -	\$ 282,394
Capital assets being depreciated -				
Land improvements	618,855	-	-	618,855
Less accumulated depreciation for -				
Land improvements	(294,023)	(17,664)	-	(311,687)
Total capital assets				
being depreciated, net	324,832	(17,664)	-	307,168
DDA capital assets, net	\$ 607,226	\$ (17,664)	\$ -	\$ 589,562

Component unit - EDC

Capital asset activity for the EDC for the year ended February 29, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component unit - EDC				
Capital assets not being depreciated				
Land	\$ 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	4,827,935	-	-	4,827,935
	9,054,699	-	-	9,054,699
Less accumulated depreciation for:				
Water and sewer lines	(814,665)	(47,921)	-	(862,586)
Storm sewers	(622,432)	(36,614)	-	(659,046)
Streets and ramps	(3,277,891)	(193,117)	-	(3,471,008)
	(4,714,988)	(277,652)	-	(4,992,640)
Total capital assets				
being depreciated, net	4,339,711	(277,652)	-	4,062,059
EDC capital assets, net	\$ 7,639,711	\$ (277,652)	\$ -	\$ 7,362,059

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Component unit - LDFA

Capital asset activity for the LDFA for the year ended February 29, 2020 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Component unit - LDFA				
Capital assets being depreciated - Streets and ramps	\$ 6,220,787	\$ -	\$ -	\$ 6,220,787
Less accumulated depreciation for - Streets and ramps	<u>(1,893,905)</u>	<u>(155,742)</u>	<u>-</u>	<u>(2,049,647)</u>
LDFA capital assets, net	<u>\$ 4,326,882</u>	<u>\$ (155,742)</u>	<u>\$ -</u>	<u>\$ 4,171,140</u>

7. PAYABLES

Payables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 157,604	\$ 340,056
Accrued payroll	38,005	4,469
Accrued liabilities	12,414	31,239
Accrued interest payable	<u>42,563</u>	<u>191,933</u>
	<u>\$ 250,586</u>	<u>\$ 567,697</u>

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

8. INTERFUND TRANSFERS

For the year ended February 29, 2020, interfund transfers are summarized as follows:

	Transfers Out					Totals
	General Fund	Municipal Street Fund	Local Street Fund	Nonmajor Governmental Funds	Sewer Fund	
Transfers In						
General	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000
Major street	-	200,000	-	-	-	200,000
Local street	-	300,000	-	-	-	300,000
Debt service						
SA/LTGO	-	-	12,950	-	-	12,950
Nonmajor governmental funds	400,022	-	18,658	-	17,401	436,081
	<u>\$ 400,022</u>	<u>\$ 500,000</u>	<u>\$ 31,608</u>	<u>\$ 10,000</u>	<u>\$ 17,401</u>	<u>\$ 959,031</u>

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, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

Long-term debt activity for the year ended February 29, 2020 is summarized as follows:

	Beginning Balance	Additions	Deductions	Refunding	Ending Balance	Due Within One Year
Governmental activities						
General						
obligation						
bonds	\$ 1,745,000	\$ 740,000	\$ (315,000)	\$ -	\$ 2,170,000	\$ 330,000
Installment						
purchases	645,983	225,112	(130,464)	-	740,631	184,619
Compensated						
absences	53,227	65,964	(71,033)	-	48,158	48,158
Total governmental activities						
	<u>\$ 2,444,210</u>	<u>\$ 1,031,076</u>	<u>\$ (516,497)</u>	<u>\$ -</u>	<u>\$ 2,958,789</u>	<u>\$ 562,777</u>
Business-type activities						
General						
obligation						
bonds	\$ 18,459,462	\$ 2,495,000	\$ (1,200,000)	\$ (2,695,000)	\$ 17,059,462	\$ 1,230,000
Deferred amounts:						
For issuance						
discounts	(41,570)	-	4,443	-	(37,127)	4,443
For issuance						
premiums	-	308,266	(19,267)	-	288,999	(19,267)
Compensated						
absences	7,125	35,285	(16,650)	-	25,760	25,760
Total business-type activities						
	<u>\$ 18,425,017</u>	<u>\$ 2,838,551</u>	<u>\$ (1,231,474)</u>	<u>\$ (2,695,000)</u>	<u>\$ 17,337,094</u>	<u>\$ 1,240,936</u>
Component unit						
General						
obligation						
bonds	\$ 2,195,000	\$ -	\$ (405,000)	\$ -	\$ 1,790,000	\$ 420,000
Deferred amounts -						
For issuance						
discounts	(8,000)	-	1,600	-	(6,400)	(1,600)
Total component unit						
	<u>\$ 2,187,000</u>	<u>\$ -</u>	<u>\$ (403,400)</u>	<u>\$ -</u>	<u>\$ 1,783,600</u>	<u>\$ 418,400</u>

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

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

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:

	Year of Maturity	Interest Rates	Original Amount	Amount
Governmental activities				
2006 capital improvement tax bonds	2027	3.75% -4.50%	\$ 1,300,000	\$ 655,000
2008 capital improvement limited tax bonds	2024	2.75% -4.50%	370,000	125,000
2008 special assessment tax bonds	2024	4.5%	222,060	75,000
2008 capital improvement limited tax bonds	2024	4.5%	105,000	50,000
2013 general obligation refunding bonds	2027	2.39%	1,660,000	525,000
2019 special assessment tax bonds	2034	3.10%	740,000	<u>740,000</u>
Total governmental activities				<u><u>\$ 2,170,000</u></u>
Business-type activities				
2008 capital improvement limited tax bonds	2028	3.00% -4.50%	\$ 446,690	\$ 160,000
2010 limited tax general obligation bonds	2026	2.00% -4.25%	3,100,000	1,705,000
2012 limited tax general obligation bonds	2023	2.42%	3,530,000	1,490,000
2015 limited tax general obligation bonds	2036	2.5%	4,406,043	3,851,043
2017 limited tax general obligation bonds	2038	2.5%	8,000,000	7,358,419
2019 limited tax general obligation bonds	2034	4.0%	2,495,000	<u>2,495,000</u>
Total business-type activities				<u><u>\$ 17,059,462</u></u>
Component units				
2004B obligation limited tax bonds	2024	3.00% -4.00%	\$ 425,000	\$ 100,000
2005 refunding bonds	2023	3.50% -4.50%	2,210,000	695,000
2013 refunding bonds	2032	1.25% -3.75%	2,100,000	<u>995,000</u>
Total component units				<u><u>\$ 1,790,000</u></u>

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

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

Year Ended February 28/29,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 330,000	\$ 68,591	\$ 1,230,000	\$ 467,192
2022	225,000	59,314	1,265,000	431,573
2023	230,000	50,960	1,310,000	394,212
2024	235,000	42,415	1,320,000	355,906
2025	220,000	34,098	955,000	321,834
2026-2030	680,000	77,627	4,385,000	1,182,556
2031-2035	250,000	17,565	4,455,000	572,628
2036-2038	-	-	2,139,462	75,431
	<u>\$ 2,170,000</u>	<u>\$ 350,570</u>	<u>\$ 17,059,462</u>	<u>\$ 3,801,332</u>

Year Ended February 28/29,	Component Units	
	Principal	Interest
2021	\$ 420,000	\$ 62,826
2022	440,000	46,638
2023	455,000	28,813
2024	475,000	9,756
	<u>\$ 1,790,000</u>	<u>\$ 148,033</u>

Installment purchase agreements

Governmental activities:

	Interest Rate	Original Amount	Amount
2014 installment agreement - honeywell	3.10%	\$ 727,441	\$ 465,019
2015 installment agreement - vactor truck	2.76%	249,500	97,281
2019 installment agreement - peterbilt snowplow	4.39%	225,112	178,331
		<u>\$ 1,202,053</u>	<u>\$ 740,631</u>

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for the installment purchases is as follows:

Year Ended February 28/29,	Governmental Activities	
	Principal	Interest
2021	\$ 184,619	\$ 24,964
2022	90,586	18,998
2023	93,956	15,627
2024	97,456	12,128
2025	51,509	8,494
2026-2029	222,505	17,057
	<u>\$ 740,631</u>	<u>\$ 97,268</u>

Refunded Debt

During the year, the Village defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the trust fund assets and related liabilities have been removed from the statement of net position.

The balance of defeased bonds outstanding as of February 29, 2020 was \$2,695,000, which represents amounts placed in escrow as part of the 2019 debt refunding. The refunding resulted in a savings of \$492,549 and an economic gain of \$419,125.

10. OPERATING LEASES

The Village had entered into an operating lease with TAMCO Capital Corporation for the use of communications equipment provided by Frontier Communications. The lease term is 60 months ending in February 2021.

The Village had entered into an operating lease with Deere Credit, Inc. for the use of a loader/ Backhoe. The lease term is 60 months ending in June 2021.

Scheduled future minimum lease payments are estimated as follows:

Year Ending February 28,	Amount
2021	\$ 11,878

11. ENTERPRISE 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. The remainder is restricted for debt service.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

12. 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, 2020, the Downtown Development Fund recorded \$147,457 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, 2020, 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, 2020, the Local Development Finance Authority (Global Engine Project) recorded \$568,743 as property tax revenue generated from the properties under improvement.

The Village has adopted Brownfield Redevelopment Authority (Tecumseh Road) to assist in financing the clean-up and development of a Brownfield area. For the year ended February 29, 2020, the Authority recorded \$17,741 in property tax revenue.

13. RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for medical benefit claims. The Village participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, property loss, torts, and errors and omissions. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

14. CONTINGENCIES

In the normal course of its activities, the Village has become a 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.

15. 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 only one will potentially receive health insurance coverage. The terminated employee has reached the age of 65 after year end and it is still being determined if there is an eligible spouse to receive benefits. The Village does not believe these costs are reasonably estimable, it has decided to expense the costs at the time they are incurred.

16. CONSENT ORDER COSTS AND FINE

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 waste water 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 waste water 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.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

17. PENSION PLAN

General Information About the Plan

Plan Description. The Village's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Village participates in the Municipal Employees Retirement System (MERS) of Michigan. 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. 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.

Employees Covered by Benefit Terms. At December 31, 2018, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	5
Active employees	<u>8</u>
Total membership	<u><u>27</u></u>

Contributions. All full-time employees contribute 7% of their salary to the plan. The Village is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. For year ended December 31, 2018, the Village's average contribution was 19.65% of annual payroll. The contribution requirements of plan members and the Village are established by the Village and by MERS Council of Trustees. In addition to the average contribution, the Village made extra contributions of \$160,993 for the year ended December 31, 2019.

Net Pension Liability. The Village's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Although no specific price inflation assumptions are needed for the valuation, the 3.75% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% male, 50% female blend of the following tables:

- The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
- The RP-2014 Employee Mortality Tables
- The RP-2014 Juvenile Mortality Tables

The mortality table used to project the mortality experience of disabled plan members is 50% Male, 50% Female blend of RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Global equity	55.5%	6.15%	3.41%
Global fixed income	18.5%	1.26%	0.23%
Real assets	13.5%	7.22%	0.98%
Diversifying strategies	<u>12.5%</u>	5.00%	0.63%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability as of December 31, 2018 was 8.0%. 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.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2018	\$ 4,096,975	\$ 2,239,622	\$ 1,857,353
Changes for the year:			
Service cost	41,361	-	41,361
Interest	316,773	-	316,773
Differences between expected and actual experience	22,449	-	22,449
Employer contributions	-	269,919	(269,919)
Employee contributions	-	32,629	(32,629)
Net investment income	-	302,590	(302,590)
Benefit payments, including refunds of employee contributions	(315,994)	(315,994)	-
Administrative expense	-	(5,213)	5,213
Other changes	(43,027)	-	(43,027)
Net changes	<u>21,562</u>	<u>283,931</u>	<u>(262,369)</u>
Balances at December 31, 2019	<u>\$ 4,118,537</u>	<u>\$ 2,523,553</u>	<u>\$ 1,594,984</u>

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 discount rate of 8.0%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
\$ 1,976,706	\$ 1,594,984	\$ 1,266,627

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended February 29, 2020, the Village recognized pension expense of \$228,160. The Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 22,025	\$ 2,442	\$ 19,583
Net difference between projected and actual earnings on pension plan investments	7,587	-	7,587
	<u>29,612</u>	<u>2,442</u>	<u>27,170</u>
Contributions subsequent to the measurement date	50,924	-	50,924
	<u>50,924</u>	<u>-</u>	<u>50,924</u>
Total	<u>\$ 80,536</u>	<u>\$ 2,442</u>	<u>\$ 78,094</u>

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 29, 2021. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year Ended February 28/29,	Amount
2021	\$ 5,006
2022	15,447
2023	31,552
2024	<u>(24,835)</u>
Total	<u>\$ 27,170</u>

Payable to the Pension Plan. At February 29, 2020, the Village had no amounts payable to contributions to the pension plan.

VILLAGE OF DUNDEE, MICHIGAN

Notes to Financial Statements

18. NET INVESTMENT IN CAPITAL ASSETS

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	\$ 352,439	\$ 131,566	\$ 7,753,534
Capital assets being depreciated, net	15,297,148	29,006,664	4,369,227
	<u>15,649,587</u>	<u>29,138,230</u>	<u>12,122,761</u>
Related debt:			
Total bonds, loans, and other installment debt	2,910,631	17,022,335	1,783,600
Premium on bonds	-	288,999	6,400
	<u>2,910,631</u>	<u>17,311,334</u>	<u>1,790,000</u>
Net investment in capital assets	<u>\$ 12,738,956</u>	<u>\$ 11,826,896</u>	<u>\$ 10,332,761</u>

19. TAX ABATEMENTS

The Village received reduced property tax revenues during 2020 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 \$90,082 in reduced Village tax revenues for 2020.

20. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the Village's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the Village for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the Village's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain. Adding to the uncertainty is legislation that would provide reimbursement of eligible expenditures to the Village for its efforts in responding to the pandemic. It is uncertain what level of funding would be appropriated to local units of government including counties and if the funding would cover loss of revenue due to the pandemic.

VILLAGE OF DUNDEE, MICHIGAN

■ Notes to Financial Statements

■ 21. RESTATEMENTS

Beginning net position of governmental activities was decreased by approximately \$800,000 to correct prior year errors in capital assets and special assessment receivables.

Beginning net position of business-type activities was decreased by approximately \$1,540,000 to correct prior year errors in capital assets.

Beginning net position of component units was increased by approximately \$570,000 to correct prior year errors in capital assets and special assessment receivables.



REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF DUNDEE, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Changes in Net Pension Liability and Related Ratios

	For the Year Ended February 28/29,				
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 41,361	\$ 40,318	\$ 45,837	\$ 45,172	\$ 42,319
Interest on total pension liability	316,773	312,283	308,907	292,091	288,145
Difference between expected and actual experience	22,449	21,175	(9,767)	28,075	-
Assumption changes	-	-	-	174,752	-
Benefit payments	(315,994)	(321,211)	(324,726)	(295,740)	(319,834)
Other	(43,027)	426	22,951	(19,992)	25,222
Net change in total pension liability	21,562	52,991	43,202	224,358	35,852
Total pension liability, beginning of year	4,096,975	4,043,984	4,000,782	3,776,424	3,740,572
Total pension liability, end of year	4,118,537	4,096,975	4,043,984	4,000,782	3,776,424
Plan fiduciary net position					
Employer contributions	269,919	211,396	74,930	75,572	71,757
Employee contributions	32,629	31,390	30,851	34,313	36,356
Pension plan net investment income (loss)	302,590	(92,069)	296,358	250,254	(35,054)
Pension plan administrative expense	(5,213)	(4,591)	(4,715)	(4,949)	(5,342)
Benefit payments and refunds	(315,994)	(321,211)	(324,726)	(295,740)	(319,834)
Net change in plan fiduciary net position	283,931	(175,085)	72,698	59,450	(252,117)
Plan fiduciary net position, beginning of year	2,239,622	2,414,707	2,342,009	2,282,559	2,534,676
Plan fiduciary net position, end of year	2,523,553	2,239,622	2,414,707	2,342,009	2,282,559
Net pension liability	\$ 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	61.27%	54.67%	59.71%	58.54%	60.44%
Covered payroll	\$ 448,435	\$ 434,195	\$ 513,728	\$ 502,352	\$ 490,999
Net pension liability as a percentage of covered payroll	355.68%	427.77%	317.15%	330.20%	304.25%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Changes in assumptions. In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing.

VILLAGE OF DUNDEE, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Fiscal Year Ending February 28/29,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2015	\$ 71,757	\$ 71,757	\$ -	\$ 490,999	14.61%
2016	75,572	75,572	-	502,352	15.04%
2017	74,930	74,930	-	513,728	14.59%
2018	86,396	211,936	(125,540)	434,195	48.81%
2019	119,919	280,912	(160,993)	448,435	62.64%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 21 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2019, based on the 12/31/2016 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	22 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	50% Female/50% Male blend of the RP-2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%, the RP-2014 Employee Mortality Tables, and the RP-2014 Juvenile Mortality Tables

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

VILLAGE OF DUNDEE, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds February 29, 2020

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Totals
Assets				
Cash and cash equivalents	\$ 347,440	\$ 820,277	\$ 80,852	\$ 1,248,569
Accounts receivable	1,886	-	-	1,886
Prepaid items	1,923	-	-	1,923
Total assets	\$ 351,249	\$ 820,277	\$ 80,852	\$ 1,252,378
Liabilities				
Accounts payable	\$ 14,040	\$ 3,395	\$ -	\$ 17,435
Accrued payroll	821	-	-	821
Accrued liabilities	7,414	-	-	7,414
Total liabilities	22,275	3,395	-	25,670
Fund balances				
Nonspendable	1,923	-	-	1,923
Restricted	333,425	816,882	80,852	1,231,159
Unassigned (deficit)	(6,374)	-	-	(6,374)
Total fund balances	328,974	816,882	80,852	1,226,708
Total liabilities and fund balances	\$ 351,249	\$ 820,277	\$ 80,852	\$ 1,252,378

VILLAGE OF DUNDEE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended February 29, 2020

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Totals
Revenues				
Fees	\$ 292,534	\$ -	\$ -	\$ 292,534
Special assessments	-	-	49,333	49,333
Interest revenue	908	4,370	-	5,278
Other	50,866	-	179	51,045
Total revenues	344,308	4,370	49,512	398,190
Expenditures				
Current expenditures:				
Public safety	206,028	-	-	206,028
Public works	-	51,490	-	51,490
Culture and recreation	123,612	-	-	123,612
Debt service:				
Principal	-	-	324,217	324,217
Interest and fiscal charges	-	-	69,525	69,525
Total expenditures	329,640	51,490	393,742	774,872
Revenues over (under) expenditures	14,668	(47,120)	(344,230)	(376,682)
Other financing sources (uses)				
Transfers in	53,000	-	383,081	436,081
Transfers out	(10,000)	-	-	(10,000)
Total other financing sources (uses)	43,000	-	383,081	426,081
Net change in fund balances	57,668	(47,120)	38,851	49,399
Fund balances, beginning of year	271,306	864,002	42,001	1,177,309
Fund balances, end of year	\$ 328,974	\$ 816,882	\$ 80,852	\$ 1,226,708

VILLAGE OF DUNDEE, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds February 29, 2020

	Parks and Recreation	Historical Commission	Building Department	Total
Assets				
Cash and cash equivalents	\$ 926	\$ 429	\$ 346,085	\$ 347,440
Accounts receivable	-	-	1,886	1,886
Prepaid items	-	-	1,923	1,923
Total assets	\$ 926	\$ 429	\$ 349,894	\$ 351,249
Liabilities				
Accounts payable	\$ 4,969	\$ 2,760	\$ 6,311	\$ 14,040
Accrued payroll	-	-	821	821
Accrued liabilities	-	-	7,414	7,414
Total liabilities	4,969	2,760	14,546	22,275
Fund balances				
Nonspendable	-	-	1,923	1,923
Restricted	-	-	333,425	333,425
Unassigned (deficit)	(4,043)	(2,331)	-	(6,374)
Total fund balances	(4,043)	(2,331)	335,348	328,974
Total liabilities and fund balances	\$ 926	\$ 429	\$ 349,894	\$ 351,249

VILLAGE OF DUNDEE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended February 29, 2020

	Parks and Recreation	Historical Commission	Building Department	Total
Revenues				
Licenses and permits	\$ -	\$ -	\$ 292,534	\$ 292,534
Interest revenue	16	16	876	908
Other	19,194	27,605	4,067	50,866
Total revenues	19,210	27,621	297,477	344,308
Expenditures				
Current expenditures:				
Public safety	-	-	206,028	206,028
Culture and recreation	49,138	74,474	-	123,612
Total expenditures	49,138	74,474	206,028	329,640
Revenues over (under) expenditures	(29,928)	(46,853)	91,449	14,668
Other financing sources (uses)				
Transfers in	16,000	37,000	-	53,000
Transfers out	-	-	(10,000)	(10,000)
Total other financing sources (uses)	16,000	37,000	(10,000)	43,000
Net change in fund balances	(13,928)	(9,853)	81,449	57,668
Fund balances, beginning of year	9,885	7,522	253,899	271,306
Fund balances, end of year	\$ (4,043)	\$ (2,331)	\$ 335,348	\$ 328,974

VILLAGE OF DUNDEE, MICHIGAN

Combining Balance Sheet Nonmajor Capital Project Funds February 29, 2020

	Industrial Park	Economic Development	Sewer Separation	Total
Assets				
Cash and cash equivalents	\$ 496,289	\$ 322,156	\$ 1,832	\$ 820,277
Liabilities				
Accounts payable	\$ 2,000	\$ -	\$ 1,395	\$ 3,395
Fund balances				
Restricted	494,289	322,156	437	816,882
Total liabilities and fund balances	\$ 496,289	\$ 322,156	\$ 1,832	\$ 820,277

VILLAGE OF DUNDEE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Project Funds

For the Year Ended February 29, 2020

	Industrial Park	Economic Development	Sewer Separation	Total
Revenues				
Interest revenue	\$ 1,489	\$ 914	\$ 1,967	\$ 4,370
Expenditures				
Public works	49,660	300	1,530	51,490
Net change in fund balances	(48,171)	614	437	(47,120)
Fund balances, beginning of year	542,460	321,542	-	864,002
Fund balances, end of year	<u>\$ 494,289</u>	<u>\$ 322,156</u>	<u>\$ 437</u>	<u>\$ 816,882</u>

VILLAGE OF DUNDEE, MICHIGAN

Combining Balance Sheet
 Nonmajor Debt Service Funds
 February 29, 2020

	2006 Capital Improvement GO Bonds	2008 Pearl St. Assessment Bonds	2013 Refunding GO Bonds	2014 Honeywell Installment	2019 Special Assessment Bonds	Total
Assets						
Cash and cash equivalents	\$ 1,915	\$ 4,054	\$ 22,557	\$ 7,592	\$ 44,734	\$ 80,852
Fund balance						
Restricted	\$ 1,915	\$ 4,054	\$ 22,557	\$ 7,592	\$ 44,734	\$ 80,852

VILLAGE OF DUNDEE, MICHIGAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended February 29, 2020

	2006 Capital Improvement GO Bonds	2008 Pearl St. Assessment Bonds	2013 Refunding GO Bonds	2014 Honeywell Installment	2019 Special Assessment Bonds	Total
Revenue						
Special assessment revenue	\$ -	\$ -	\$ -	\$ -	\$ 49,333	49,333
Interest revenue	25	5	122	25	2	179
Total revenues	25	5	122	25	49,335	49,512
Expenditures						
Debt service:						
Principal	65,000	15,000	200,000	44,217	-	324,217
Interest and fiscal charges	30,558	3,643	14,937	15,786	4,601	69,525
Total expenditures	95,558	18,643	214,937	60,003	4,601	393,742
Revenues over (under) expenditures	(95,533)	(18,638)	(214,815)	(59,978)	44,734	(344,230)
Other financing sources						
Transfers in	95,000	18,658	210,000	59,423	-	383,081
Net change in fund balances	(533)	20	(4,815)	(555)	44,734	38,851
Fund balances, beginning of year	2,448	4,034	27,372	8,147	-	42,001
Fund balances, end of year	\$ 1,915	\$ 4,054	\$ 22,557	\$ 7,592	\$ 44,734	\$ 80,852

VILLAGE OF DUNDEE, MICHIGAN

Balance Sheet / Statement of Net Position

Internal Service Funds

February 29, 2020

	Unemployment Compensation General	Unemployment Compensation Water Sewer	Total
Assets			
Cash and cash equivalents	\$ 19,169	\$ 26,401	\$ 45,570
Net Position			
Unassigned	\$ 19,169	\$ 26,401	\$ 45,570

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenses, and Changes in Fund Net Position Internal Service Funds For the Year Ended February 29, 2020

	Unemployment Compensation General	Unemployment Compensation Water Sewer	Total
Nonoperating revenues			
Interest revenue	\$ 54	\$ 75	\$ 129
Net position			
Beginning of year	19,115	26,326	45,441
End of year	\$ 19,169	\$ 26,401	\$ 45,570

VILLAGE OF DUNDEE, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended February 29, 2020

	Unemployment Compensation General	Unemployment Compensation Water Sewer	Total
Cash flows from investing activities			
Interest income received	54	75	129
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, beginning of year	19,115	26,326	45,441
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents, end of year	<u>\$ 19,169</u>	<u>\$ 26,401</u>	<u>\$ 45,570</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNDEE, MICHIGAN

Balance Sheet / Statement of Net Position

Downtown Development Authority Component Unit

February 29, 2020

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 145,814	\$ -	\$ 145,814
Due from other governments	91,825	-	91,825
Prepaid items	124	-	124
Capital assets not being depreciated	-	282,394	282,394
Capital assets being depreciated, net	-	307,169	307,169
Total assets	\$ 237,763	589,563	827,326
Liabilities			
Accounts payable	\$ 4,781	-	4,781
Fund balances			
Unassigned	232,982	(232,982)	-
Total liabilities and fund balances	\$ 237,763		
Net position			
Net investment in capital assets		589,563	589,563
Unrestricted		232,982	232,982
Total net position		\$ 822,545	\$ 822,545

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities Downtown Development Authority Component Unit For the Year Ended February 29, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 147,457	\$ -	\$ 147,457
Investment earnings	436	-	436
State revenue	8,119	-	8,119
Other revenue	9,266	-	9,266
	<hr/>	<hr/>	<hr/>
Total revenues	165,278	-	165,278
Expenditures / expenses			
Public works	184,739	17,664	202,403
	<hr/>	<hr/>	<hr/>
Change in fund balance / net position	(19,461)	(17,664)	(37,125)
Fund balance / net position			
Beginning of year, as restated	252,443	607,227	859,670
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 232,982</u>	<u>\$ 589,563</u>	<u>\$ 822,545</u>

VILLAGE OF DUNDEE, MICHIGAN

Balance Sheet / Statement of Net Position

Local Development Finance Authority Water Plant Component Unit

February 29, 2020

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 167,909	\$ -	\$ 167,909
Due from other governments	8,387	-	8,387
Total assets	<u>\$ 176,296</u>	<u>-</u>	<u>176,296</u>
Fund balances			
Unassigned	<u>\$ 176,296</u>	<u>(176,296)</u>	<u>-</u>
Net position			
Unrestricted		<u>\$ 176,296</u>	<u>\$ 176,296</u>

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VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities Local Development Finance Authority Water Plant Component Unit For the Year Ended February 29, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Investment earnings	\$ 540	\$ -	\$ 540
Expenditures / expenses			
Public works	23,300	-	23,300
Change in fund balance / net position	(22,760)	-	(22,760)
Fund balance / net position			
Beginning of year	199,056	-	199,056
End of year	\$ 176,296	\$ -	\$ 176,296

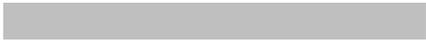
VILLAGE OF DUNDEE, MICHIGAN

Balance Sheet / Statement of Net Position

Local Development Finance Authority Global Engine Alliance Component Unit

February 29, 2020

	Global Engine Alliance	LDFA #3 Debt	Total Governmental Funds
Assets			
Due from other governments	\$ 245,814	\$ -	\$ 245,814
Cash and cash equivalents	2,951,851	102,016	3,053,867
Capital assets being depreciated, net	-	-	-
Total assets	\$ 3,197,665	\$ 102,016	\$ 3,299,681
Liabilities			
Accrued interest	\$ -	\$ -	\$ -
Debt with government commitment	-	-	-
Total liabilities	-	-	-
Fund balances			
Restricted for debt service	-	102,016	102,016
Unassigned	3,197,665	-	3,197,665
Total fund balances	3,197,665	102,016	3,299,681
Total liabilities and fund balances	\$ 3,197,665	\$ 102,016	\$ 3,299,681
Net position			
Net investment in capital assets			
Restricted for debt service			
Unrestricted			
Total net position			

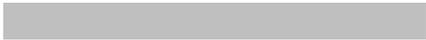


Adjustments	Statement of Net Position
\$ -	\$ 245,814
-	3,053,867
<u>4,171,140</u>	<u>4,171,140</u>
<u>4,171,140</u>	<u>7,470,821</u>
\$ 23,497	\$ 23,497
<u>1,783,600</u>	<u>1,783,600</u>
<u>1,807,097</u>	<u>1,807,097</u>
(102,016)	-
<u>(3,197,665)</u>	<u>-</u>
<u>(3,299,681)</u>	<u>-</u>
2,381,140	2,381,140
102,016	102,016
<u>3,180,568</u>	<u>3,180,568</u>
<u>\$ 5,663,724</u>	<u>\$ 5,663,724</u>

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities Local Development Finance Authority Global Engine Alliance Component Unit For the Year Ended February 29, 2020

	Global Engine Alliance	LDFA #3 Debt	Total Governmental Funds
Revenues			
Property taxes	\$ 568,743	\$ -	\$ 568,743
Investment earnings	6,502	461	6,963
State revenue	560,872	-	560,872
Operating grants and contributions	-	483,143	483,143
Total revenues	1,136,117	483,604	1,619,721
Expenditures / expenses			
Public works	874,788	78,141	952,929
Debt service:			
Principal	-	405,000	405,000
Interest	-	-	-
Total expenditures / expenses	874,788	483,141	1,357,929
Change in fund balance / net position	261,329	463	261,792
Fund balance / net position			
Beginning of year, as restated	2,936,336	101,553	3,037,889
End of year	\$ 3,197,665	\$ 102,016	\$ 3,299,681



Adjustments	Statement of Activities
\$ -	\$ 568,743
-	6,963
-	560,872
-	483,143
<hr/>	<hr/>
-	1,619,721
<hr/>	<hr/>
155,742	1,108,671
(405,000)	-
17,097	17,097
<hr/>	<hr/>
(232,161)	1,125,768
<hr/>	<hr/>
232,161	493,953
<hr/>	<hr/>
2,131,882	5,169,771
<hr/>	<hr/>
\$ 2,364,043	\$ 5,663,724
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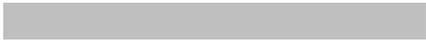
VILLAGE OF DUNDEE, MICHIGAN

Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

February 29, 2020

	Economic Development Corporation	EDC Debt Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 80,868	\$ -	\$ 80,868
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	-	-	-
Total assets	\$ 80,868	\$ -	\$ 80,868
Fund balances			
Unassigned	\$ 80,868	\$ -	\$ 80,868
Net position			
Investment in capital assets			
Unrestricted			
Total net position			



Adjustments	Statement of Net Position
\$ -	\$ 80,868
3,300,000	3,300,000
<u>4,062,058</u>	<u>4,062,058</u>
<u>7,362,058</u>	<u>7,442,926</u>
<u>(80,868)</u>	<u>-</u>
7,362,058	7,362,058
80,868	80,868
<u>\$ 7,442,926</u>	<u>\$ 7,442,926</u>

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities Economic Development Corporation Component Unit For the Year Ended February 29, 2020

	Economic Development Corporation	EDC Debt Fund	Total Governmental Funds
Revenues			
Investment earnings	\$ 21,656	\$ 57	\$ 21,713
Expenditures / expenses			
Public works	-	22,185	22,185
Change in fund balance / net position	21,656	(22,128)	(472)
Fund balance / net position			
Beginning of year, as restated	59,212	22,128	81,340
End of year	\$ 80,868	\$ -	\$ 80,868



Adjustments	Statement of Activities
<u>\$ -</u>	<u>\$ 21,713</u>
<u>277,653</u>	<u>299,838</u>
(277,653)	(278,125)
<u>7,639,711</u>	<u>7,721,051</u>
<u><u>\$ 7,362,058</u></u>	<u><u>\$ 7,442,926</u></u>

VILLAGE OF DUNDEE, MICHIGAN

Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

February 29, 2020

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 913,866	\$ -	\$ 913,866
Due from other governments	14,788	-	14,788
Total assets	<u>\$ 928,654</u>	<u>-</u>	<u>928,654</u>
Fund balances			
Restricted for debt service	<u>\$ 928,654</u>	<u>(928,654)</u>	<u>-</u>
Net position			
Restricted for debt service		<u>\$ 928,654</u>	<u>\$ 928,654</u>

VILLAGE OF DUNDEE, MICHIGAN

Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities Brownfield Redevelopment Authority Component Unit For the Year Ended February 29, 2020

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 17,741	\$ -	\$ 17,741
Investment earnings	2,581	-	2,581
State revenue	752	-	752
Total revenues	21,074	-	21,074
Expenditures / expenses			
Public works	800	-	800
Change in fund balance / net position	20,274	-	20,274
Fund balance / net position			
Beginning of year	908,380	-	908,380
End of year	\$ 928,654	\$ -	\$ 928,654

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INDEPENDENT AUDITORS' 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*

September 30, 2020

Honorable members of the Village Council
of the Village of Dundee
Dundee, MI

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *Village of Dundee* (the "Village"), as of and for the year ended February 29, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 30, 2020.

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) to 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2020-001, -002, -003, -004, and -005 that we consider to be material weaknesses.

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 statement. 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*.

Village of Dundee's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Village'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.

A handwritten signature in black ink that reads "Rehmann Lohorn LLC". The signature is written in a cursive, flowing style.

VILLAGE OF DUNDEE, MICHIGAN

Schedule of Findings and Responses

For the Year Ended February 29, 2020

2020-001 - Material Audit Adjustments

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During our audit, we identified and proposed several material adjustments (which were approved and posted by management) to adjust the Village's general ledger to the appropriate balances. These adjustment included entries to adjust the following:

- Special assessment receivables were initially understated by approximately \$1,220,000;
- Accounts payable were initially understated by approximately \$265,000;
- Accrued liabilities were initially understated by approximately \$75,000;
- Taxes receivables were initially overstated by approximately \$52,000;
- Due from other governments were initially understated by approximately \$617,000;
- Wages payable were initially understated by approximately \$68,000;
- Cash was initially understated by approximately \$154,000;
- Due from other governments was initially understated by approximately \$280,000; and
- Beginning fund balance was initially overstated by approximately \$1,783,000.

Cause. This condition was the result of dependence on external auditors, who by definition cannot be a part of the Village's internal control, to make adjustments to the general ledger and reconcile certain accounts to their underlying detail.

Effect. As a result of this condition, the Village's accounting records were initially misstated by amounts material to the financial statements.

Recommendation. The Village should reconcile all general ledgers to subsidiary detail routinely in order to have a more accurate financial picture throughout the year.

View of Responsible Officials. Management concurs with this finding.

VILLAGE OF DUNDEE, MICHIGAN

Schedule of Findings and Responses For the Year Ended February 29, 2020

2020-002 - Segregation of Incompatible Duties

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for establishing effective internal controls to safeguard the Village's assets and to prevent or detect misstatements to the financial statements. In establishing appropriate internal controls, careful consideration must be given to the cost of a particular control and the related benefits to be received. Accordingly, management must make the difficult decision of what degree of risk it is willing to accept, given the government's unique circumstances. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Effectively, proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and being able to conceal it.

Condition. As is the case with many organizations of similar size, the Village either lacks a sufficient number of accounting personnel or did not properly delegate responsibilities in order to ensure a complete segregation of duties within its accounting function. Specific areas of concern include:

- i. Employees who take in daily cash receipts should not be the same employees who enter receipts into the general ledger system, create the daily deposit slip, make the daily deposit at the bank and reconcile the bank statements.
- ii. All selections for journal entry testing did not have evidence of a reviewer separate from the originator.
- iii. The Village was accounting for some of its bank accounts and accounts payable in a separate accounting software other than BS&A where all other accounting transactions are accounted.
- iv. The prior finance director had sole control over authorizing and maintaining username and passwords for employees.

Cause. This condition was the result of a lack of properly delegating various responsibilities to ensure proper segregation.

Effect. As a result of this condition, the Village is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely manner.

Recommendation. While there are no easy answers to the challenge of balancing the costs and benefits of internal control and segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal control structure by requiring as much independent review, reconciliation, and approval of accounting functions by qualified members of management as possible.

View of Responsible Officials. Management concurs with this finding.

VILLAGE OF DUNDEE, MICHIGAN

Schedule of Findings and Responses

For the Year Ended February 29, 2020

2020-003 - Laws and regulations

Finding Type. Material noncompliance over laws and regulations.

Criteria. Management is responsible in ensuring that the entity's operations are conducted in accordance with laws and regulations.

Condition. The Village lacks a specific checklist or procedure in order to ensure all required laws and regulations are being followed and completed. Specific areas of concern include:

- i. The Village had not issued 1099s in past years for payments over \$600, as required by the IRS.
- ii. The Village was not alerting certain employees of eligibility of participation in the MERS pension plan.
- ii. The Village was not properly recording employees' pay and certain deductions and had to reissue W-2s for 2019.

Cause. This condition was the result of a lack of management oversight and turnover in key accounting personnel.

Effect. As a result of this condition, noncompliance by the Village with laws and regulations may result in certain penalties and fines or added costs associate with noncompliance.

Recommendation. We recommend that the Village maintain policies and procedures to ensure that 1099s and W-2s are accurate and sent in a timely fashion. It is also recommended that the Village ensure that eligible employees are being allowed participation in the MERS pension plan.

View of Responsible Officials. Management concurs with this finding.

VILLAGE OF DUNDEE, MICHIGAN

Schedule of Findings and Responses For the Year Ended February 29, 2020

2020-004 - Internal Controls over Payroll and Accounts Payable

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for establishing and maintaining effective internal control over financial reporting and the safeguarding of the Village's assets. In establishing appropriate internal controls, careful consideration must be given to the cost of a particular control and the related benefits to be received. Accordingly, management must make the difficult decision of what degree of risk it is willing to accept, given the government's unique circumstances. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Effectively, proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and being able to conceal it.

Condition. As is the case with many organizations of similar size, the Village lacks a sufficient number of accounting personnel in order to ensure a complete segregation of duties within its accounting function.

- Individual employment contracts are not being completed and sent to the board for approval.
- Accounts payable invoices do not contain evidence that they are being sent to board for approval.

Cause. This condition is a result of the Village's limited resources, and the small size of its accounting staff. There has also been significant turnover within the business office in recent years.

Effect. As a result of this condition, the Village is exposed to an increased risk that misstatements or misappropriations might occur and not be detected by management in a timely basis.

Recommendation. We recommend that the Village approve personnel contracts for all employees each fiscal year. We also recommend documentation is presented to the board for payment of invoices.

View of Responsible Officials. Management will review the current procedures and will evaluate based upon audit findings and current practice. With input of those involved, new procedures will be put into place to help establish better separation of duties. These changes will be implemented immediately.

VILLAGE OF DUNDEE, MICHIGAN

Schedule of Findings and Responses For the Year Ended February 29, 2020

2020-005 - Prior Period Adjustments

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. The Village had various unsupported balances and incorrect amounts presented in its February 29, 2019 audited financial report (AFR).

Cause. This condition was the result of a lack of management oversight. Internal controls did not detect all adjustments necessary to properly record year-end balances in the prior year.

Effect. As a result of this condition, the Village's fund balance and/or net position had to be restated by the following amounts:

- i. Beginning equity and receivables in the nonmajor governmental funds were understated by approximately \$38,000. Receivables were not booked in the prior year.
- ii. Beginning net position of governmental activities and capital assets were overstated by approximately \$794,000. As a result, a prior period adjustment was required to correct prior year errors in the capital asset balances of land, buildings, and buildings depreciation.
- iii. Beginning net position of business-type activities and capital assets were overstated by approximately \$1,542,000. As a result, a prior period adjustment was required to correct prior year errors in the capital asset balances of buildings and improvements assets, vehicles assets, and vehicles accumulated depreciation.
- iv. Beginning net position of component unit activities and capital assets were understated by approximately \$575,000. As a result, a prior period adjustment was required to correct prior year errors in the capital asset balances of buildings and improvements assets and building and improvements accumulated depreciation.

Recommendation. Management has already taken appropriate corrective action by posting correcting journal entries.

View of Responsible Officials. Management concurs with this finding.



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