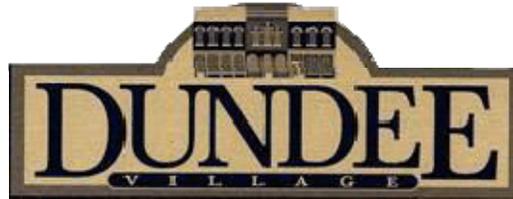


VILLAGE OF  
DUNDEE,  
MICHIGAN



Year Ended  
February 28, 2021

Financial  
Statements

**Rehmann**

**This page intentionally left blank.**

# VILLAGE OF DUNDEE, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	5
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	22
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Municipal Street Special Revenue Fund	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	29
Statement of Cash Flows – Proprietary Funds	30
Statement of Fiduciary Net Position – Custodial Fund	32
Statement of Changes in Fiduciary Net Position – Custodial Fund	33
Combining Statement of Net Position – Discretely Presented Component Units	34
Combining Statement of Activities – Discretely Presented Component Units	36
Notes to Financial Statements	39
<b>Required Supplementary Information</b>	
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios	66
Schedule of Contributions	68
Notes to Required Supplementary Information	69

# VILLAGE OF DUNDEE, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	73
Combining Balance Sheet – Nonmajor Special Revenue Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	76
Combining Balance Sheet – Nonmajor Capital Project Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	79
Combining Balance Sheet – Nonmajor Debt Service Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	82
Internal Service Funds:	
Combining Statement of Net Position	84
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	85
Combining Statement of Cash Flows	86
Component Units:	
Downtown Development Authority:	
Governmental Funds Balance Sheet and Statement of Net Position	87
Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Statement of Activities	88
Local Development Authority – Water Plant	
Governmental Funds Balance Sheet and Statement of Net Position	89
Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Statement of Activities	91
Local Development Authority – Global Engine Alliance	
Combining Governmental Funds Balance Sheet and Statement of Net Position	92
Combining Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Statement of Activities	94
Economic Development Corporation	
Governmental Funds Balance Sheet and Statement of Net Position	96
Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Statement of Activities	98
Brownfield Redevelopment Authority	
Governmental Funds Balance Sheet and Statement of Net Position	100
Governmental Fund Revenues, Expenditures, and Changes in Fund Balance Statement of Activities	101

# VILLAGE OF DUNDEE, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>Internal Control and Compliance</b>	
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 <i>Government Auditing Standards</i>	103
<b>Schedule of Findings and Responses</b>	105



**This page intentionally left blank.**

## INDEPENDENT AUDITORS' REPORT

February 28, 2022

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 aggregate 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 28, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Michigan, as of February 28, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and municipal street special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***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 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, 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.

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

**This page intentionally left blank.**

## **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 28, 2021.

### Financial Highlights

· Total net position	\$ 38,574,034
· Change in total net position	(442,400)
· Fund balances, governmental funds	6,088,218
· Change in fund balances, governmental funds	(224,085)
· Unassigned fund balance, general fund	1,851,143
· Change in fund balance, general fund	(477,947)
· Installment debt outstanding	18,225,474
· Change in installment debt	(1,744,619)

### 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, and interest on long-term debt. 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 legally separate entities 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.

## VILLAGE OF DUNDEE, MICHIGAN

### Management's Discussion and Analysis

**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.

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 and 2008 debt service SA/LTGO Oak Plank bond funds, 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 proprietary funds to account for its sanitary sewer and water distribution operations (Enterprise Funds). 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 custodian for the benefit of those outside of the government. The fiduciary fund statements present information on the Village's custodial funds, which account for property taxes collected on behalf of other governmental units.

**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 \$38,574,034 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	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 7,492,671	\$ 7,887,544	\$ 8,192,253	\$ 9,241,172	\$ 15,684,924	\$ 17,128,716
Capital assets, net	14,951,184	15,649,587	27,740,231	29,138,230	42,691,415	44,787,817
	<u>22,443,855</u>	<u>23,537,131</u>	<u>35,932,484</u>	<u>38,379,402</u>	<u>58,376,339</u>	<u>61,916,533</u>
<b>Deferred outflows of resources</b>	56,004	44,132	105,152	107,385	161,156	151,517
<b>Liabilities</b>						
Long-term debt	2,470,620	2,958,789	16,112,827	17,337,094	18,583,447	20,295,883
Other liabilities	292,959	1,124,637	953,746	1,628,654	1,246,705	2,753,291
	<u>2,763,579</u>	<u>4,083,426</u>	<u>17,066,573</u>	<u>18,965,748</u>	<u>19,830,152</u>	<u>23,049,174</u>
<b>Deferred inflows of resources</b>	46,325	1,338	86,984	1,104	133,309	2,442
<b>Net position</b>						
Net investment in capital assets	12,555,172	12,738,956	11,653,571	11,826,896	24,208,743	24,565,852
Restricted	5,295,478	3,917,929	80,486	957,235	5,375,964	4,875,164
Unrestricted	1,839,305	2,839,614	7,150,022	6,735,804	8,989,327	9,575,418
<b>Total net position</b>	<u>\$ 19,689,955</u>	<u>\$ 19,496,499</u>	<u>\$ 18,884,079</u>	<u>\$ 19,519,935</u>	<u>\$ 38,574,034</u>	<u>\$ 39,016,434</u>

By far, the largest portion of the Village's net position, \$24,208,743, reflects its investment in capital assets (e.g., land, land improvements, infrastructure, buildings, improvements other than buildings, water and sewer lines, 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, \$5,375,964, represents resources that are subject to external restriction on how they may be used. The remaining net position of \$8,989,327 is unrestricted.

The government's net position decreased by \$442,400 during the current fiscal year. This decrease was a combination of an increase of \$193,456 in governmental activities and a decrease of \$635,856 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	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 715,918	\$ 2,233,823	\$ 3,425,664	\$ 4,113,870	\$ 4,141,582	\$ 6,347,693
Operating grants and contributions	711,200	706,710	128,989	256,430	840,189	963,140
General revenues:						
Property taxes	1,955,093	1,708,276	-	-	1,955,093	1,708,276
Grants and contributions not restricted to specific programs	581,277	537,814	-	-	581,277	537,814
Other	130,052	185,952	9,648	23,034	139,700	208,986
<b>Total revenues</b>	<b>4,093,540</b>	<b>5,372,575</b>	<b>3,564,301</b>	<b>4,393,334</b>	<b>7,657,841</b>	<b>9,765,909</b>
<b>Expenses</b>						
Legislative	35,683	25,053	-	-	35,683	25,053
General government	1,154,547	899,386	-	-	1,154,547	899,386
Public safety	1,145,621	1,150,168	-	-	1,145,621	1,150,168
Public works	1,317,511	1,099,811	-	-	1,317,511	1,099,811
Economic development	29,594	93,159	-	-	29,594	93,159
Culture and recreation	115,380	123,612	-	-	115,380	123,612
Interest on long-term debt	90,912	100,747	-	-	90,912	100,747
Water	-	-	1,477,970	1,689,938	1,477,970	1,689,938
Sewer	-	-	2,733,023	3,073,564	2,733,023	3,073,564
<b>Total expenses</b>	<b>3,889,248</b>	<b>3,491,936</b>	<b>4,210,993</b>	<b>4,763,502</b>	<b>8,100,241</b>	<b>8,255,438</b>
<b>Change in net position before transfers</b>	<b>204,292</b>	<b>1,880,639</b>	<b>(646,692)</b>	<b>(370,168)</b>	<b>(442,400)</b>	<b>1,510,471</b>
<b>Transfers</b>	<b>(10,836)</b>	<b>17,401</b>	<b>10,836</b>	<b>(17,401)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>193,456</b>	<b>1,898,040</b>	<b>(635,856)</b>	<b>(387,569)</b>	<b>(442,400)</b>	<b>1,510,471</b>
<b>Net position, beginning of year</b>	<b>19,496,499</b>	<b>17,598,459</b>	<b>19,519,935</b>	<b>19,907,504</b>	<b>39,016,434</b>	<b>37,505,963</b>
<b>Net position, end of year</b>	<b>\$ 19,689,955</b>	<b>\$ 19,496,499</b>	<b>\$ 18,884,079</b>	<b>\$ 19,519,935</b>	<b>\$ 38,574,034</b>	<b>\$ 39,016,434</b>

**Governmental Activities.** Governmental activities increased the Village's net position by \$193,456. This is consistent with the change in fund balance at the fund level under modified accrual accounting. The significant change resulted from a decrease in special assessment revenues. Full accrual adjustments for depreciation expense, capital outlay, revenue recognized in a prior period, payments of long-term debt, and changes to the pension-related components mostly netted to zero. The increase with expenses was primarily the result of additional voluntary pension contributions.

**Business-type Activities.** Business-type activities decreased the Village's net position by \$635,856. This is primarily the result of nearly \$1.4 million of annual depreciation expense and \$529,000 of interest expense. The Village has made a substantial financed investment in capital improvements in recent years which has resulted in the significant depreciation and the repayment of long-term debt.

# VILLAGE OF DUNDEE, MICHIGAN

## Management's Discussion and Analysis

### 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.

**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 \$6,088,218, a decrease of \$224,085 in comparison with the prior year. Approximately 30% of this total amount, \$1,851,143, constitutes unassigned fund balance, which is available for spending at the government's discretion. \$71,658 is considered nonspendable for prepaid items. The remainder of fund balance is restricted to pay for streets \$3,278,907, debt service \$163,381, to accomplish capital projects \$324,533, or restricted for other purposes \$398,596.

### 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 \$477,947 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,851,143, while total fund balance totaled \$1,920,878.

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 53% of total general fund expenditures and transfers out, while total fund balance represents 55% of that same amount.

One of the most significant categories of general fund expenditures is public safety, which includes the operations of the police department. Public safety incurred expenditures of \$1,027,673 in 2021, or 33% of the total general fund expenditures.

General government expenditures totaled \$984,176, which include the various administrative departments, insurance, and special projects activities of the general fund. Transfers out for the general fund totaled \$366,843 which was transferred to the special revenue funds and the water and sewer enterprise fund.

### General Fund Budgetary Highlights

Over the course of the year, the Village amended the budget to take into account events during the year. The significant changes between the original and final budget primarily related to increased voluntary pension contributions. The difference between the final budget and the actual amount of expenditures is due to those same voluntary additional pension contributions being allocated between their appropriate funds.

### 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 \$4,466 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 \$955,633. Transfers out for the municipal street fund totaled \$628,486 which was transferred to major and local streets funds.

# VILLAGE OF DUNDEE, MICHIGAN

## Management's Discussion and Analysis

### SA/LTGO Oak Plank Bonds Fund Highlights

2008 debt service SA/LTGO Oak Plank bonds fund is a major fund of the Village. The fund balance of the debt service SA/LTGO Oak Plank bonds fund decreased by \$17,542 during the current fiscal year. Fund balance decreased as a result of debt service payments greater than the special assessments revenue for the year.

**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 28, 2021, amounted to \$42,691,415 (net of accumulated depreciation). The major additions during the year related to the addition of vehicles for the Village of approximately \$129,000. This investment in capital assets includes land, land improvements, infrastructure, buildings, improvements other than buildings, equipment, and vehicles.

**Long-term Debt.** At the end of the current fiscal year, the Village had total bonded debt outstanding of \$17,669,462, which is backed by the full faith and credit of the government.

	General Obligation Bonds					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 1,840,000	\$ 2,170,000	\$ 15,829,462	\$ 17,059,462	\$ 17,669,462	\$ 19,229,462

The Village's total bonded debt decreased by \$1,560,000 (8.11%) during the current fiscal year due to regular scheduled principal payments.

### Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Village's budget for the 2021-22 fiscal year:

- No change to the Village's millages and no significant change to the resulting property tax revenue above inflation.
- Several departments of the general fund, including Village operations, Village Clerk, finance, and others have been consolidated into a larger department called "General Government Operations."
- The Village will continue emerging from the COVID-19 pandemic with revenue sources largely intact and unimpacted, with little effect on operating expenditures.
- Original fiscal year 2021-22 budget for major streets fund included a significant reconstruction project that has since been postponed to fiscal year 2022-23 or beyond.

### 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, 350 W. Monroe, Dundee, Michigan 49228.

**This page intentionally left blank.**

## **BASIC FINANCIAL STATEMENTS**

**This page intentionally left blank.**

# VILLAGE OF DUNDEE, MICHIGAN

## Statement of Net Position

February 28, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 5,690,171	\$ 7,137,799	\$ 12,827,970	\$ 5,515,748
Cash and cash equivalents - restricted	-	79,486	79,486	-
Receivables	1,730,792	973,572	2,704,364	409,010
Other assets	71,658	1,446	73,104	124
Internal balances	50	(50)	-	-
Capital assets not being depreciated	352,439	131,566	484,005	3,582,394
Capital assets being depreciated, net	14,598,745	27,608,665	42,207,410	8,089,308
<b>Total assets</b>	<b>22,443,855</b>	<b>35,932,484</b>	<b>58,376,339</b>	<b>17,596,584</b>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	56,004	105,152	161,156	-
<b>Liabilities</b>				
Accounts payable and accrued liabilities	189,852	455,222	645,074	92,016
Unearned revenue	-	304,924	304,924	-
Long-term debt:				
Due within one year	390,194	1,274,793	1,664,987	438,400
Due in more than one year	2,080,426	14,838,034	16,918,460	926,800
Net pension liability, due in more than one year	103,107	193,600	296,707	-
<b>Total liabilities</b>	<b>2,763,579</b>	<b>17,066,573</b>	<b>19,830,152</b>	<b>1,457,216</b>
<b>Deferred inflows of resources</b>				
Deferred pension amounts	46,325	86,984	133,309	-
<b>Net position</b>				
Net investment in capital assets	12,555,172	11,653,571	24,208,743	10,306,502
Restricted for:				
Replacement fund	-	1,000	1,000	-
Bond reserve fund	-	8,000	8,000	-
Capital projects	324,533	-	324,533	-
Streets	4,510,187	-	4,510,187	-
Building department	301,395	-	301,395	-
Debt service	60,239	71,486	131,725	1,297,394
Other purposes	99,124	-	99,124	-
Unrestricted	1,839,305	7,150,022	8,989,327	4,535,472
<b>Total net position</b>	<b>\$ 19,689,955</b>	<b>\$ 18,884,079</b>	<b>\$ 38,574,034</b>	<b>\$ 16,139,368</b>

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

# VILLAGE OF DUNDEE, MICHIGAN

## Statement of Activities

For the Year Ended February 28, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Primary government</b>				
Governmental activities:				
Legislative	\$ 35,683	\$ -	\$ -	(35,683)
General government	1,154,547	565,890	83,366	(505,291)
Public safety	1,145,621	150,028	89,689	(905,904)
Public works	1,317,511	-	511,143	(806,368)
Economic development	29,594	-	-	(29,594)
Culture and recreation	115,380	-	27,002	(88,378)
Interest on long-term debt	90,912	-	-	(90,912)
<b>Total governmental activities</b>	<b>3,889,248</b>	<b>715,918</b>	<b>711,200</b>	<b>(2,462,130)</b>
Business-type activities:				
Water	1,477,970	1,536,041	47,756	105,827
Sewer	2,733,023	1,889,623	81,233	(762,167)
<b>Total business-type activities</b>	<b>4,210,993</b>	<b>3,425,664</b>	<b>128,989</b>	<b>(656,340)</b>
<b>Total primary government</b>	<b>\$ 8,100,241</b>	<b>\$ 4,141,582</b>	<b>\$ 840,189</b>	<b>\$ (3,118,470)</b>
<b>Component units</b>				
Downtown Development Authority	\$ 235,828	\$ -	\$ -	(235,828)
LDFA - Water Plant	8,387	-	-	(8,387)
LDFA - Global Engine Alliance	215,634	-	392,496	176,862
Economic Development Corporation	277,653	-	-	(277,653)
Brownfield Redevelopment Authority	45,290	-	-	(45,290)
<b>Total component units</b>	<b>\$ 782,792</b>	<b>\$ -</b>	<b>\$ 392,496</b>	<b>\$ (390,296)</b>

continued...

## VILLAGE OF DUNDEE, MICHIGAN

### Statement of Activities

For the Year Ended February 28, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
Net (expense) revenue	\$ (2,462,130)	\$ (656,340)	\$ (3,118,470)	\$ (390,296)
General revenues:				
Property taxes	1,955,093	-	1,955,093	756,541
Grants and contributions not restricted to specific programs	581,277	-	581,277	724,904
Unrestricted interest	4,670	9,648	14,318	4,476
Other	125,382	-	125,382	9,598
Transfers - internal activities	(10,836)	10,836	-	-
Total general revenues and transfers	2,655,586	20,484	2,676,070	1,495,519
<b>Change in net position</b>	193,456	(635,856)	(442,400)	1,105,223
Net position, beginning of year	19,496,499	19,519,935	39,016,434	15,034,145
<b>Net position, end of year</b>	<u>\$ 19,689,955</u>	<u>\$ 18,884,079</u>	<u>\$ 38,574,034</u>	<u>\$ 16,139,368</u>

concluded.

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

# VILLAGE OF DUNDEE, MICHIGAN

## Balance Sheet

Governmental Funds

February 28, 2021

	General	Municipal Street	2008 Debt Service SA/LTGO Oak Plank Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,599,638	\$ 941,537	\$ 66,653	\$ 3,063,171	\$ 5,670,999
Accounts receivable	101,274	-	-	1,886	103,160
Taxes receivable	104,753	43,717	638	6,199	155,307
Special assessment receivable	-	-	1,231,280	-	1,231,280
Due from other governments	120,061	29,163	-	91,821	241,045
Due from other funds	58,834	-	-	-	58,834
Prepaid items	69,735	-	-	1,923	71,658
<b>Total assets</b>	<b>\$ 2,054,295</b>	<b>\$ 1,014,417</b>	<b>\$ 1,298,571</b>	<b>\$ 3,165,000</b>	<b>\$ 7,532,283</b>
<b>Liabilities</b>					
Due to other funds	\$ -	\$ 58,784	\$ -	\$ -	\$ 58,784
Accounts payable	89,046	-	-	10,721	99,767
Accrued payroll	44,371	-	-	1,763	46,134
Accrued liabilities	-	-	-	8,100	8,100
<b>Total liabilities</b>	<b>133,417</b>	<b>58,784</b>		<b>20,584</b>	<b>212,785</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue	-	-	1,231,280	-	1,231,280
<b>Fund balances</b>					
Nonspendable for prepaids	69,735	-	-	1,923	71,658
Restricted					
Highways and streets	-	955,633	-	2,323,274	3,278,907
Culture and recreation	-	-	-	4,335	4,335
Public improvements	-	-	-	4,637	4,637
Public safety	-	-	-	389,624	389,624
Economic development	-	-	-	324,533	324,533
Debt service	-	-	67,291	96,090	163,381
Unassigned	1,851,143	-	-	-	1,851,143
<b>Total fund balances</b>	<b>1,920,878</b>	<b>955,633</b>	<b>67,291</b>	<b>3,144,416</b>	<b>6,088,218</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,054,295</b>	<b>\$ 1,014,417</b>	<b>\$ 1,298,571</b>	<b>\$ 3,165,000</b>	<b>\$ 7,532,283</b>

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

## VILLAGE OF DUNDEE, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
February 28, 2021

**Fund balances - total governmental funds** \$ 6,088,218

Amounts reported for *governmental activities* 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	14,598,745

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	19,172
---	--------

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.

Deferred long-term special assessments receivable	1,231,280
---	-----------

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 and installment purchase contract	(2,396,012)
Accrued interest on long-term debt	(35,851)
Compensated absences	(74,608)

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	(103,107)
Deferred outflows related to the net pension liability	56,004
Deferred inflows related to the net pension liability	(46,325)

**Net position of governmental activities** \$ 19,689,955

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 28, 2021

	General	Municipal Street	2008 Debt Service SA/LTGO Oak Plank Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 1,372,793	\$ 582,300	\$ -	\$ -	\$ 1,955,093
Licenses and permits	80,807	-	-	150,028	230,835
State	516,526	48,624	-	504,708	1,069,858
Federal	-	-	-	16,027	16,027
Fines	62,173	-	-	-	62,173
Rental	337,342	-	-	-	337,342
Special assessments	6,775	-	22,824	146,337	175,936
Interest	2,410	1,387	2,223	4,845	10,865
Other	125,382	650	-	199,747	325,779
<b>Total revenues</b>	<b>2,504,208</b>	<b>632,961</b>	<b>25,047</b>	<b>1,021,692</b>	<b>4,183,908</b>
<b>Expenditures</b>					
Current expenditures:					
Legislative	35,683	-	-	-	35,683
General government	984,176	-	-	-	984,176
Public safety	1,027,673	-	-	197,589	1,225,262
Public works	887,812	9	-	535,347	1,423,168
Culture and recreation	-	-	-	113,436	113,436
Economic development	29,594	-	-	-	29,594
Debt service:					
Principal	139,031	-	35,000	340,588	514,619
Interest and fiscal charges	7,824	-	7,589	82,211	97,624
<b>Total expenditures</b>	<b>3,111,793</b>	<b>9</b>	<b>42,589</b>	<b>1,269,171</b>	<b>4,423,562</b>
Revenues over (under) expenditures	(607,585)	632,952	(17,542)	(247,479)	(239,654)
<b>Other financing sources (uses)</b>					
Transfers in	496,481	-	-	1,012,730	1,509,211
Transfers out	(366,843)	(628,486)	-	(498,313)	(1,493,642)
<b>Total other financing sources (uses)</b>	<b>129,638</b>	<b>(628,486)</b>	<b>-</b>	<b>514,417</b>	<b>15,569</b>
<b>Net change in fund balances</b>	<b>(477,947)</b>	<b>4,466</b>	<b>(17,542)</b>	<b>266,938</b>	<b>(224,085)</b>
Fund balances, beginning of year	2,398,825	951,167	84,833	2,877,478	6,312,303
<b>Fund balances, end of year</b>	<b>\$ 1,920,878</b>	<b>\$ 955,633</b>	<b>\$ 67,291</b>	<b>\$ 3,144,416</b>	<b>\$ 6,088,218</b>

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

## 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 28, 2021

<b>Net change in fund balances - total governmental funds</b>	\$ (224,085)
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>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.</p>	
Capital assets purchased / constructed	140,516
Depreciation expense	(838,919)
<p>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.</p>	
Change in deferred special assessments receivable	(90,368)
<p>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.</p>	
Principal payments on long-term debt	514,619
<p>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.</p>	
Interest revenue from internal service fund	7
Transfers out from governmental internal service fund	(26,405)
<p>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.</p>	
Change in accrued interest payable on long-term debt	6,712
Change in net pension liability and related deferred outflows and inflows	737,829
Change in the accrual for compensated absences	(26,450)
<b>Change in net position of governmental activities</b>	<u><u>\$ 193,456</u></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 28, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 1,481,900	\$ 1,203,750	\$ 1,372,793	\$ 169,043
Licenses and permits	70,020	70,000	80,807	10,807
State	438,100	543,134	516,526	(26,608)
Fines	48,900	56,375	62,173	5,798
Rental	259,000	215,077	337,342	122,265
Special assessments	55,000	7,300	6,775	(525)
Interest	7,000	2,050	2,410	360
Other	125,401	93,391	125,382	31,991
<b>Total revenues</b>	<b>2,485,321</b>	<b>2,191,077</b>	<b>2,504,208</b>	<b>313,131</b>
<b>Expenditures</b>				
Current:				
Legislative - Village Council	19,525	38,715	35,683	(3,032)
General government:				
Village manager	304,753	1,043,885	396,223	(647,662)
Accounting	61,000	167,415	112,884	(54,531)
Clerk	218,925	410,539	281,876	(128,663)
Treasurer	575	45,670	57,317	11,647
Village hall and grounds	51,000	135,850	135,876	26
<b>Total general government</b>	<b>636,253</b>	<b>1,803,359</b>	<b>984,176</b>	<b>(819,183)</b>
Public safety:				
Police	689,607	802,421	788,945	(13,476)
Blight inspector	1,965	525	322	(203)
Street lights	122,000	120,000	115,848	(4,152)
Building safety	750	658	679	21
Engineering	83,708	155,370	121,879	(33,491)
<b>Total public safety</b>	<b>898,030</b>	<b>1,078,974</b>	<b>1,027,673</b>	<b>(51,301)</b>

continued...

## VILLAGE OF DUNDEE, MICHIGAN

### Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended February 28, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
Public works	\$ 592,515	\$ 645,450	\$ 887,812	\$ 242,362
Economic development	98,620	40,000	29,594	(10,406)
Debt service:				
Principal	150,429	188,883	139,031	(49,852)
Interest and fiscal charges	13,451	7,830	7,824	(6)
Total debt service	163,880	196,713	146,855	(49,858)
<b>Total expenditures</b>	<b>2,408,823</b>	<b>3,803,211</b>	<b>3,111,793</b>	<b>(691,418)</b>
Revenues over (under) expenditures	76,498	(1,612,134)	(607,585)	1,004,549
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	17,000	-	-	-
Transfers in	33,768	-	496,481	496,481
Transfers out	(899,602)	(158,003)	(366,843)	208,840
<b>Total other financing sources (uses)</b>	<b>(848,834)</b>	<b>(158,003)</b>	<b>129,638</b>	<b>287,641</b>
<b>Net change in fund balance</b>	<b>(772,336)</b>	<b>(1,770,137)</b>	<b>(477,947)</b>	<b>1,292,190</b>
Fund balance, beginning of year	2,398,825	2,398,825	2,398,825	-
<b>Fund balance, end of year</b>	<b>\$ 1,626,489</b>	<b>\$ 628,688</b>	<b>\$ 1,920,878</b>	<b>\$ 1,292,190</b>

concluded.

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

**This page intentionally left blank.**

## 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 28, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 498,000	\$ 610,000	\$ 582,300	\$ (27,700)
State	30,000	62,344	48,624	(13,720)
Interest	1,000	300	1,387	1,087
Other	5,000	650	650	-
<b>Total revenues</b>	<u>534,000</u>	<u>673,294</u>	<u>632,961</u>	<u>(40,333)</u>
<b>Expenditures</b>				
Public works - Construction	46,000	-	-	-
Administration and engineering	1,100	9	9	-
<b>Total expenditures</b>	<u>47,100</u>	<u>9</u>	<u>9</u>	<u>-</u>
Revenues over expenditures	532,900	673,285	632,952	(40,333)
<b>Other financing uses</b>				
Transfers out	<u>(769,316)</u>	<u>(672,923)</u>	<u>(628,486)</u>	<u>(44,437)</u>
<b>Net change in fund balance</b>	(236,416)	362	4,466	4,104
Fund balance, beginning of year	<u>951,167</u>	<u>951,167</u>	<u>951,167</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 714,751</u>	<u>\$ 951,529</u>	<u>\$ 955,633</u>	<u>\$ 4,104</u>

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

# VILLAGE OF DUNDEE, MICHIGAN

## Statement of Net Position

Proprietary Funds

February 28, 2021

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,578,159	\$ 4,559,640	\$ 7,137,799	\$ 19,172
Cash and cash equivalents - restricted	-	79,486	79,486	-
Accounts receivable	349,178	623,925	973,103	-
Taxes receivable	-	469	469	-
Prepaid items	1,275	171	1,446	-
Total current assets	<u>2,928,612</u>	<u>5,263,691</u>	<u>8,192,303</u>	<u>19,172</u>
Noncurrent assets:				
Capital assets not being depreciated	112,942	18,624	131,566	-
Capital assets being depreciated, net	<u>5,123,383</u>	<u>22,485,282</u>	<u>27,608,665</u>	<u>-</u>
Total noncurrent assets	<u>5,236,325</u>	<u>22,503,906</u>	<u>27,740,231</u>	<u>-</u>
<b>Total assets</b>	<u>8,164,937</u>	<u>27,767,597</u>	<u>35,932,534</u>	<u>19,172</u>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	<u>54,920</u>	<u>50,232</u>	<u>105,152</u>	<u>-</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	101,453	138,444	239,897	-
Unearned revenues	-	304,924	304,924	-
Due to other funds	-	50	50	-
Accrued payroll	3,034	1,435	4,469	-
Accrued liabilities	30,919	1,061	31,980	-
Accrued interest payable	21,467	157,409	178,876	-
Compensated absences	23,639	2,528	26,167	-
Bonds payable, current portion	<u>272,893</u>	<u>975,733</u>	<u>1,248,626</u>	<u>-</u>
Total current liabilities	<u>453,405</u>	<u>1,581,584</u>	<u>2,034,989</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable	1,254,573	13,583,461	14,838,034	-
Net pension liability	<u>101,116</u>	<u>92,484</u>	<u>193,600</u>	<u>-</u>
Total noncurrent liabilities	<u>1,355,689</u>	<u>13,675,945</u>	<u>15,031,634</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,809,094</u>	<u>15,257,529</u>	<u>17,066,623</u>	<u>-</u>

continued...

# VILLAGE OF DUNDEE, MICHIGAN

## Statement of Net Position

Proprietary Funds

February 28, 2021

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
<b>Deferred inflows of resources</b>				
Deferred pension amounts	\$ 45,431	\$ 41,553	\$ 86,984	\$ -
<b>Net position</b>				
Net investment in capital assets	3,708,859	7,944,712	11,653,571	-
Restricted:				
Replacement fund	1,000	-	1,000	-
Bond reserve fund	-	8,000	8,000	-
Debt service	-	71,486	71,486	-
Unrestricted	2,655,473	4,494,549	7,150,022	19,172
<b>Total net position</b>	<b>\$ 6,365,332</b>	<b>\$ 12,518,747</b>	<b>\$ 18,884,079</b>	<b>\$ 19,172</b>

concluded.

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

**This page intentionally left blank.**

## VILLAGE OF DUNDEE, MICHIGAN

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

Proprietary Funds

For the Year Ended February 28, 2021

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
<b>Operating revenues</b>				
Charges for services	\$ 1,536,041	\$ 1,889,623	\$ 3,425,664	\$ -
Other	47,756	81,233	128,989	-
<b>Total operating revenues</b>	<u>1,583,797</u>	<u>1,970,856</u>	<u>3,554,653</u>	<u>-</u>
<b>Operating expenses</b>				
Operating and maintenance wages	80,678	38,070	118,748	-
Clerical salaries	43,852	43,846	87,698	-
Employee benefits	242,051	196,553	438,604	-
Utilities and telephone	14,380	152,950	167,330	-
Water supply and system maintenance	738,773	181,076	919,849	-
Chemicals	3,723	25,374	29,097	-
Laboratory supplies	2,313	6,823	9,136	-
Office supplies	11,987	14,374	26,361	-
Depreciation and amortization	248,212	1,149,787	1,397,999	-
Miscellaneous	18,993	40,006	58,999	-
Engineering fees	-	97,890	97,890	-
Contractual services	4,161	248,138	252,299	-
Sanitation	-	77,520	77,520	-
<b>Total operating expenses</b>	<u>1,409,123</u>	<u>2,272,407</u>	<u>3,681,530</u>	<u>-</u>
Operating income (loss)	<u>174,674</u>	<u>(301,551)</u>	<u>(126,877)</u>	<u>-</u>
<b>Nonoperating revenues (expenses)</b>				
Interest revenue	3,186	6,462	9,648	7
Interest expense	(68,847)	(460,616)	(529,463)	-
<b>Total nonoperating revenue (expenses)</b>	<u>(65,661)</u>	<u>(454,154)</u>	<u>(519,815)</u>	<u>7</u>
Income (loss) before transfers	109,013	(755,705)	(646,692)	7
<b>Transfers</b>				
Transfers in	-	28,237	28,237	-
Transfers out	-	(17,401)	(17,401)	(26,405)
<b>Change in net position</b>	<u>109,013</u>	<u>(744,869)</u>	<u>(635,856)</u>	<u>(26,398)</u>
Net position, beginning of year	<u>6,256,319</u>	<u>13,263,616</u>	<u>19,519,935</u>	<u>45,570</u>
<b>Net position, end of year</b>	<u>\$ 6,365,332</u>	<u>\$ 12,518,747</u>	<u>\$ 18,884,079</u>	<u>\$ 19,172</u>

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 28, 2021

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 1,548,607	\$ 1,865,029	\$ 3,413,636	\$ -
Payments to suppliers and contractors	(802,437)	(930,142)	(1,732,579)	-
Payments to employees for services	(623,495)	(531,349)	(1,154,844)	-
<b>Net cash provided by operating activities</b>	<u>122,675</u>	<u>403,538</u>	<u>526,213</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	28,237	28,237	-
Transfers out	-	(17,401)	(17,401)	(26,405)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>-</u>	<u>10,836</u>	<u>10,836</u>	<u>(26,405)</u>
<b>Cash flows from capital and related financing activities</b>				
Principal paid on debt	(245,000)	(985,000)	(1,230,000)	-
Interest paid on debt	(69,666)	(401,867)	(471,533)	-
<b>Net cash used in capital and related financing activities</b>	<u>(314,666)</u>	<u>(1,386,867)</u>	<u>(1,701,533)</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest income received	3,186	6,462	9,648	7
<b>Net change in cash and cash equivalents</b>	<u>(188,805)</u>	<u>(966,031)</u>	<u>(1,154,836)</u>	<u>(26,398)</u>
Cash and cash equivalents, beginning of year	<u>2,766,964</u>	<u>5,605,157</u>	<u>8,372,121</u>	<u>45,570</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,578,159</u>	<u>\$ 4,639,126</u>	<u>\$ 7,217,285</u>	<u>\$ 19,172</u>
<b>Reconciliation to statement of net position</b>				
Cash and investments	\$ 2,578,159	\$ 4,559,640	\$ 7,137,799	\$ 19,172
Cash and investments - restricted	-	79,486	79,486	-
	<u>\$ 2,578,159</u>	<u>\$ 4,639,126</u>	<u>\$ 7,217,285</u>	<u>\$ 19,172</u>

continued...

## VILLAGE OF DUNDEE, MICHIGAN

### Statement of Cash Flows

Proprietary Funds

For the Year Ended February 28, 2021

	Business-type activities			Governmental Activities
	Water Enterprise Fund	Sewer Enterprise Fund	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ 174,674	\$ (301,551)	(126,877)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	248,212	1,149,787	1,397,999	-
Amortization of deferred charges	2,887	2,433	5,320	-
Changes in assets and liabilities:				
Accounts receivable	(35,190)	(70,727)	(105,917)	-
Deferred outflows related to the net pension liability	(36,367)	(32,381)	(68,748)	-
Accounts payable	(11,735)	(88,424)	(100,159)	-
Unearned revenue	-	(35,100)	(35,100)	-
Accrued liabilities	741	-	741	-
Compensated absences	888	(481)	407	-
Net pension liability	(266,303)	(261,030)	(527,333)	-
Deferred inflows related to the net pension liability	44,868	41,012	85,880	-
<b>Net cash provided by operating activities</b>	<u>\$ 122,675</u>	<u>\$ 403,538</u>	<u>\$ 526,213</u>	<u>\$ -</u>

concluded.

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

# VILLAGE OF DUNDEE, MICHIGAN

## Statement of Fiduciary Net Position

Custodial Fund

February 28, 2021

	<b>Tax Collection Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 50,657
<b>Liabilities</b>	
Due to other governments	<u>50,657</u>
<b>Net position</b>	
Restricted for other governments	<u><u>\$ -</u></u>

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

# VILLAGE OF DUNDEE, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Custodial Fund

For the Year Ended February 28, 2021

	<b>Tax Collection Fund</b>
<b>Additions</b>	
Taxes collected for other governments	\$ 46,623
<b>Deductions</b>	
Payments of taxes to other governments	<u>46,623</u>
<b>Change in net position</b>	-
<b>Net position -</b>	
Beginning of year	<u>-</u>
<b>End of year</b>	<u><u>\$ -</u></u>

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

## VILLAGE OF DUNDEE, MICHIGAN

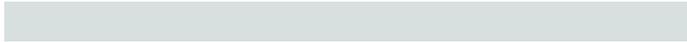
### Combining Statement of Net Position

Discretely Presented Component Units

February 28, 2021

	Downtown Development Authority	Local Development Financing Authority Water Plant	Local Development Financing Authority Global Engine Alliance
<b>Assets</b>			
Cash and cash equivalents	\$ 90,404	\$ 168,105	\$ 4,289,882
Due from other governments	90,893	-	311,272
Prepays	124	-	-
Capital assets not being depreciated	282,394	-	-
Capital assets being depreciated, net	289,505	-	4,015,398
<b>Total assets</b>	<u>753,320</u>	<u>168,105</u>	<u>8,616,552</u>
<b>Liabilities</b>			
Accounts payable	443	-	73,186
Interest payable	-	-	18,387
Long-term debt:			
Due within one year	-	-	438,400
Due in more than one year	-	-	926,800
<b>Total liabilities</b>	<u>443</u>	<u>-</u>	<u>1,456,773</u>
<b>Net position</b>			
Net investment in capital assets	571,899	-	2,650,198
Restricted for debt service	-	-	1,297,394
Unrestricted	180,978	168,105	3,212,187
<b>Total net position</b>	<u>\$ 752,877</u>	<u>\$ 168,105</u>	<u>\$ 7,159,779</u>

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



<b>Economic Development Corporation</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
\$ 80,963	\$ 886,394	\$ 5,515,748
-	6,845	409,010
-	-	124
3,300,000	-	3,582,394
3,784,405	-	8,089,308
<hr/>	<hr/>	<hr/>
7,165,368	893,239	17,596,584
<hr/>	<hr/>	<hr/>
-	-	73,629
-	-	18,387
-	-	438,400
-	-	926,800
<hr/>	<hr/>	<hr/>
-	-	1,457,216
<hr/>	<hr/>	<hr/>
7,084,405	-	10,306,502
-	-	1,297,394
80,963	893,239	4,535,472
<hr/>	<hr/>	<hr/>
\$ 7,165,368	\$ 893,239	\$ 16,139,368
<hr/>	<hr/>	<hr/>

## VILLAGE OF DUNDEE, MICHIGAN

### Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended February 28, 2021

	Downtown Development Authority	Local Development Financing Authority Water Plant	Local Development Financing Authority Global Engine Alliance
<b>Revenues</b>			
General:			
Property taxes	\$ 147,629	\$ -	\$ 600,884
State	8,818	-	715,308
Interest	115	196	3,001
Other	9,598	-	-
Operating grants and contributions	-	-	392,496
<b>Total revenues</b>	<u>166,160</u>	<u>196</u>	<u>1,711,689</u>
<b>Expenses</b>			
Public works	235,828	8,387	155,742
Interest	-	-	59,892
<b>Total expenses</b>	<u>235,828</u>	<u>8,387</u>	<u>215,634</u>
<b>Change in net position</b>	(69,668)	(8,191)	1,496,055
<b>Net position, beginning of year</b>	<u>822,545</u>	<u>176,296</u>	<u>5,663,724</u>
<b>Net position, end of year</b>	<u><u>\$ 752,877</u></u>	<u><u>\$ 168,105</u></u>	<u><u>\$ 7,159,779</u></u>

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



<b>Economic Development Corporation</b>	<b>Brownfield Redevelopment Authority</b>	<b>Total</b>
\$ -	\$ 8,028	\$ 756,541
-	778	724,904
95	1,069	4,476
-	-	9,598
-	-	392,496
<hr/>	<hr/>	<hr/>
95	9,875	1,888,015
<hr/>	<hr/>	<hr/>
277,653	45,290	722,900
-	-	59,892
<hr/>	<hr/>	<hr/>
277,653	45,290	782,792
<hr/>	<hr/>	<hr/>
(277,558)	(35,415)	1,105,223
<hr/>	<hr/>	<hr/>
7,442,926	928,654	15,034,145
<hr/>	<hr/>	<hr/>
<u>\$ 7,165,368</u>	<u>\$ 893,239</u>	<u>\$ 16,139,368</u>

**This page intentionally left blank.**

## **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. 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 *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.

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

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 funds* account 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 funds* account for equipment expense by which other government funds reimburse through equipment rental charges.

The *custodial fund* accounts for assets held by the Village as a custodian 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, payables, and unearned revenues***

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 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.

## 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 governmental funds also report unavailable revenues (special assessment revenues), which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the Village reports deferred inflows of resources related to pension liabilities.

#### ***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 2020-21 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 28, 2021, 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:			
Treasurer	\$ 45,670	\$ 57,317	\$ 11,647
Village hall and grounds	135,850	135,876	26
Public safety -			
Building safety	658	679	21
Public works	645,450	887,812	242,362
Other financing uses -			
Transfers out	158,003	366,843	208,840

### 4. CASH AND CASH EQUIVALENTS

Following is a reconciliation of cash and cash equivalents as of February 28, 2021:

	Primary Government	Component Units	Totals
<b>Statement of net position</b>			
Cash and cash equivalents	\$ 12,827,970	\$ 5,515,748	\$ 18,343,718
Cash and cash equivalents - restricted	79,486	-	79,486
<b>Statement of fiduciary net position</b>			
Cash and cash equivalents	50,657	-	50,657
<b>Total</b>	<u>\$ 12,958,113</u>	<u>\$ 5,515,748</u>	<u>\$ 18,473,861</u>
<b>Deposits</b>			
Demand deposits (checking/savings accounts)			\$ 18,473,446
Cash on hand			<u>415</u>
<b>Total</b>			<u>\$ 18,473,861</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

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.

#### 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 28, 2021.

*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 28, 2021.

*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, \$18,122,990 of the Village's bank balance of \$18,536,772 was exposed to custodial credit risk because it was uninsured and uncollateralized.

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

*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 28, 2021.

*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 28, 2021.

### 5. RECEIVABLES

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Accounts receivable	\$ 103,160	\$ 973,103
Taxes receivable	155,307	469
Special assessment receivable	1,231,280	-
Due from other governments	241,045	-
	<u>\$ 1,730,792</u>	<u>\$ 973,572</u>
Amount not expected to be collected within one year	<u>\$ 1,113,719</u>	<u>\$ -</u>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

### 6. CAPITAL ASSETS

#### Primary government

Capital asset activity for the year ended February 28, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated - Land	\$ 352,439	\$ -	\$ -	\$ 352,439
Capital assets being depreciated:				
Land improvements	181,174	-	-	181,174
Infrastructure	18,039,887	-	-	18,039,887
Buildings	4,409,724	11,920	-	4,421,644
Improvements other than buildings	298,647	-	-	298,647
Equipment	428,174	-	(21,121)	407,053
Vehicles	1,115,615	128,596	(67,460)	1,176,751
	<u>24,473,221</u>	<u>140,516</u>	<u>(88,581)</u>	<u>24,525,156</u>
Less accumulated depreciation for:				
Land improvements	(51,123)	(8,804)	-	(59,927)
Infrastructure	(5,845,482)	(547,290)	-	(6,392,772)
Buildings	(1,855,044)	(140,923)	-	(1,995,967)
Improvements other than buildings	(217,542)	(9,050)	-	(226,592)
Equipment	(341,196)	(24,351)	21,121	(344,426)
Vehicles	(865,686)	(108,501)	67,460	(906,727)
	<u>(9,176,073)</u>	<u>(838,919)</u>	<u>88,581</u>	<u>(9,926,411)</u>
Total capital assets being depreciated, net	<u>15,297,148</u>	<u>(698,403)</u>	<u>-</u>	<u>14,598,745</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 15,649,587</u>	<u>\$ (698,403)</u>	<u>\$ -</u>	<u>\$ 14,951,184</u>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type activities</b>				
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	28,098,631	-	-	28,098,631
	<u>45,347,645</u>	<u>-</u>	<u>-</u>	<u>45,347,645</u>
Less accumulated depreciation for:				
Vehicle and equipment	(511,021)	(23,525)	-	(534,546)
Building and improvements	(8,392,782)	(461,498)	-	(8,854,280)
Water and sewer lines	(7,437,178)	(912,976)	-	(8,350,154)
	<u>(16,340,981)</u>	<u>(1,397,999)</u>	<u>-</u>	<u>(17,738,980)</u>
Total capital assets being depreciated, net	<u>29,006,664</u>	<u>(1,397,999)</u>	<u>-</u>	<u>27,608,665</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 29,138,230</u>	<u>\$ (1,397,999)</u>	<u>\$ -</u>	<u>\$ 27,740,231</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

### Depreciation of governmental activities by function

General government	\$ 662,031
Public safety	35,187
Public works	139,576
Culture and recreation	<u>2,125</u>
	<u>\$ 838,919</u>

### Depreciation of business-type activities by function

Water	\$ 248,212
Sewer	<u>1,149,787</u>
	<u>\$ 1,397,999</u>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

### Component unit - DDA

Capital asset activity for the DDA for the year ended February 28, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - DDA</b>				
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	(311,686)	(17,664)	-	(329,350)
Total capital assets being depreciated, net	307,169	(17,664)	-	289,505
<b>DDA capital assets, net</b>	<b>\$ 589,563</b>	<b>\$ (17,664)</b>	<b>\$ -</b>	<b>\$ 571,899</b>

### Component unit - LDFA

Capital asset activity for the LDFA for the year ended February 28, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - LDFA</b>				
Capital assets being depreciated - Streets and ramps	\$ 6,220,787	\$ -	\$ -	\$ 6,220,787
Less accumulated depreciation for - Streets and ramps	(2,049,647)	(155,742)	-	(2,205,389)
<b>LDFA capital assets, net</b>	<b>\$ 4,171,140</b>	<b>\$ (155,742)</b>	<b>\$ -</b>	<b>\$ 4,015,398</b>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

### Component unit - EDC

Capital asset activity for the EDC for the year ended February 28, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - EDC</b>				
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
	<u>9,054,699</u>	<u>-</u>	<u>-</u>	<u>9,054,699</u>
Less accumulated depreciation for:				
Water and sewer lines	(862,586)	(47,921)	-	(910,507)
Storm sewers	(659,046)	(36,614)	-	(695,660)
Streets and ramps	(3,471,009)	(193,118)	-	(3,664,127)
	<u>(4,992,641)</u>	<u>(277,653)</u>	<u>-</u>	<u>(5,270,294)</u>
Total capital assets being depreciated, net	<u>4,062,058</u>	<u>(277,653)</u>	<u>-</u>	<u>3,784,405</u>
<b>EDC capital assets, net</b>	<u>\$ 7,362,058</u>	<u>\$ (277,653)</u>	<u>\$ -</u>	<u>\$ 7,084,405</u>

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 99,767	\$ 239,897
Accrued payroll	46,134	4,469
Accrued liabilities	8,100	31,980
Accrued interest payable	35,851	178,876
	<u>\$ 189,852</u>	<u>\$ 455,222</u>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

### 8. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At February 28, 2021, amounts due from and due to other funds were as follows:

Receivable funds	Payable Funds		Totals
	Municipal Street Fund	Sewer Fund	
General fund	\$ 58,784	\$ 50	\$ 58,834

The Village has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended February 28, 2021, interfund transfers are summarized as follows:

	Transfers Out					Totals
	General Fund	Municipal Street Fund	Nonmajor Governmental Funds	Sewer Fund	Internal Service Fund	
<b>Transfers In</b>						
General	\$ -	\$ -	\$ 496,481	\$ -	\$ -	\$ 496,481
Nonmajor governmental funds	366,843	628,486	-	17,401	-	1,012,730
Sewer	-	-	1,832	-	26,405	28,237
	<u>\$ 366,843</u>	<u>\$ 628,486</u>	<u>\$ 498,313</u>	<u>\$ 17,401</u>	<u>\$ 26,405</u>	<u>\$ 1,537,448</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 28, 2021 is summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 2,170,000	\$ -	\$ (330,000)	\$ 1,840,000	\$ 225,000
Notes from direct borrowing/placements - Installment purchase agreements	740,631	-	(184,619)	556,012	90,586
Compensated absences	48,158	62,883	(36,433)	74,608	74,608
<b>Total governmental activities</b>	<u>\$ 2,958,789</u>	<u>\$ 62,883</u>	<u>\$ (551,052)</u>	<u>\$ 2,470,620</u>	<u>\$ 390,194</u>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
General obligation bonds	\$ 17,059,462	\$ -	\$ (1,230,000)	\$ 15,829,462	\$ 1,265,000
Deferred amounts:					
For issuance discounts	(37,127)	-	24,593	(12,534)	2,893
For issuance premiums	288,999	-	(19,267)	269,732	(19,267)
Compensated absences	25,760	22,055	(21,648)	26,167	26,167
<b>Total business-type activities</b>	<u>\$ 17,337,094</u>	<u>\$ 22,055</u>	<u>\$ (1,246,322)</u>	<u>\$ 16,112,827</u>	<u>\$ 1,274,793</u>
<b>Component unit</b>					
General obligation bonds	\$ 1,790,000	\$ -	\$ (420,000)	\$ 1,370,000	\$ 440,000
Deferred amounts - For issuance discounts	(6,400)	-	1,600	(4,800)	(1,600)
<b>Total component unit</b>	<u>\$ 1,783,600</u>	<u>\$ -</u>	<u>\$ (418,400)</u>	<u>\$ 1,365,200</u>	<u>\$ 438,400</u>

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

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

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

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
<b>Governmental activities</b>				
2008 capital improvement limited tax bonds	2024	2.75% -4.50%	\$ 370,000	\$ 100,000
2008 special assessment tax bonds	2024	4.5%	222,060	60,000
2008 capital improvement limited tax bonds	2024	4.5%	105,000	40,000
2006 capital improvement tax bonds	2027	3.75% -4.50%	1,300,000	585,000
2013 general obligation refunding bonds	2027	2.39%	1,660,000	315,000
2019 special assessment tax bonds	2034	3.10%	740,000	<u>740,000</u>
<b>Total governmental activities</b>				<u><u>\$ 1,840,000</u></u>
<b>Business-type activities</b>				
2012 limited tax general obligation bonds	2023	2.42%	\$ 3,530,000	\$ 1,130,000
2010 limited tax general obligation bonds	2026	2.00% -4.25%	3,100,000	1,480,000
2008 capital improvement limited tax bonds	2028	3.00% -4.50%	446,690	120,000
2019 limited tax general obligation bonds	2034	4.0%	2,495,000	2,395,000
2015 limited tax general obligation bonds	2036	2.5%	4,406,043	3,666,043
2017 limited tax general obligation bonds	2038	2.5%	8,000,000	<u>7,038,419</u>
<b>Total business-type activities</b>				<u><u>\$ 15,829,462</u></u>
<b>Component units</b>				
2005 refunding bonds	2023	3.50% -4.50%	\$ 2,210,000	\$ 535,000
2004B obligation limited tax bonds	2024	3.00% -4.00%	425,000	75,000
2013 refunding bonds	2024	1.25% -3.75%	2,100,000	<u>760,000</u>
<b>Total component units</b>				<u><u>\$ 1,370,000</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
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	185,000	26,885	985,000	291,513
2027-2031	545,000	57,065	4,240,000	1,055,472
2032-2036	200,000	11,242	4,345,000	448,953
2037-2038	-	-	1,409,462	34,678
	<u>\$ 1,840,000</u>	<u>\$ 281,979</u>	<u>\$ 15,829,462</u>	<u>\$ 3,334,141</u>

Year Ended February 28/29,	Component Units	
	Principal	Interest
2022	\$ 440,000	\$ 46,638
2023	455,000	28,813
2024	<u>475,000</u>	<u>9,756</u>
	<u>\$ 1,370,000</u>	<u>\$ 85,207</u>

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

	Interest Rate	Original Amount	Amount
<b>Installment purchase agreements</b>			
Governmental activities:			
2014 installment agreement - honeywell	3.10%	\$ 727,441	\$ 419,433
2019 installment agreement - peterbilt snowplow	4.39%	<u>225,112</u>	<u>136,579</u>
		<u>\$ 952,553</u>	<u>\$ 556,012</u>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

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

Year Ended February 28/29,	Governmental Activities	
	Principal	Interest
2022	\$ 90,586	\$ 18,998
2023	93,956	15,627
2024	97,456	12,128
2025	51,509	8,494
2026	53,105	6,898
2027-2029	169,400	10,609
	<u>\$ 556,012</u>	<u>\$ 72,754</u>

### 10. 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.

### 11. 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 28, 2021, the Downtown Development Fund recorded \$147,629 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 28, 2021, 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 28, 2021, the Local Development Finance Authority (Global Engine Project) recorded \$600,884 as property tax revenue generated from the properties under improvement.

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

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 28, 2021, the Authority recorded \$8,028 in property tax revenue.

#### 12. 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.

#### 13. 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.

#### 14. 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.

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

### 15. CONSENT ORDER COSTS AND FINES

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

### 16. 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](http://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, 2019, 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>
<b>Total membership</b>	<b><u><u>27</u></u></b>

*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, 2019, 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 additional contributions of \$1,245,856 for the year ended December 31, 2019.

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation

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 December 31, 2019 valuation were based on the results of the most recent actuarial experience study of 2009-2013.

*Long-term Expected Rate of Return.* 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	60.0%	5.25%	3.15%
Global fixed income	20.0%	1.25%	0.25%
Private investments	20.0%	7.25%	1.45%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u><u>7.60%</u></u>

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2020 was 7.6% (down from 8.0% at December 31, 2019). 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.

#### **Changes in Net Pension Liability**

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at December 31, 2019	\$ 4,118,537	\$ 2,523,553	\$ 1,594,984
Changes for the year:			
Service cost	42,993	-	42,993
Interest	317,716	-	317,716
Differences between expected and actual experience	68,230	-	68,230
Changes in assumptions	120,181	-	120,181
Employer contributions	-	1,353,634	(1,353,634)
Employee contributions	-	48,596	(48,596)
Net investment income	-	429,254	(429,254)
Benefit payments, including refunds of employee contributions	(337,167)	(337,167)	-
Administrative expense	-	(5,482)	5,482
Other changes	(21,395)	-	(21,395)
Net changes	<u>190,558</u>	<u>1,488,835</u>	<u>(1,298,277)</u>
<b>Balances at December 31, 2020</b>	<u>\$ 4,309,095</u>	<u>\$ 4,012,388</u>	<u>\$ 296,707</u>

*Changes in Assumptions.* In 2020, amounts reported as changes in assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assume rate of wage inflation from 3.75% to 3.00%.

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

*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 7.6%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.6%) or 1% higher (8.6%) than the current rate:

1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
\$ 699,972	\$ 296,707	\$ (49,809)

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

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

For the year ended February 28, 2021, the Village recognized pension expense of \$114,148. 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	\$ 41,598	\$ -	\$ 41,598
Changes in assumptions	60,090	-	60,090
Net difference between projected and actual earnings on pension plan investments	-	133,309	(133,309)
	101,688	133,309	(31,621)
Contributions subsequent to the measurement date	59,468	-	59,468
<b>Total</b>	<b>\$ 161,156</b>	<b>\$ 133,309</b>	<b>\$ 27,847</b>

## VILLAGE OF DUNDEE, MICHIGAN

### Notes to Financial Statements

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending February 28, 2022. 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
2022	\$ 72,655
2023	(5,445)
2024	(61,830)
2025	<u>(37,001)</u>
<b>Total</b>	<b>\$ <u>(31,621)</u></b>

*Payable to the Pension Plan.* At February 28, 2021, the Village had no amounts payable to contributions to the pension plan.

### 17. 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	\$ 3,582,394
Capital assets being depreciated, net	<u>14,598,745</u>	<u>27,608,665</u>	<u>8,089,308</u>
	<u>14,951,184</u>	<u>27,740,231</u>	<u>11,671,702</u>
Related debt:			
Total bonds, loans, and other installment debt	2,396,012	15,829,462	1,365,200
Discounts/premium on bonds	-	257,198	-
	<u>2,396,012</u>	<u>16,086,660</u>	<u>1,365,200</u>
<b>Net investment in capital assets</b>	<b>\$ <u>12,555,172</u></b>	<b>\$ <u>11,653,571</u></b>	<b>\$ <u>10,306,502</u></b>

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Financial Statements

### 18. TAX ABATEMENTS

The Village received reduced property tax revenues during 2021 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 \$59,563 in reduced Village tax revenues for 2021.

### 19. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the Village for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The Village directly received over \$16,000 during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as vaccination programs, personal protection equipment (PPE) programs, small business grants, housing assistance and food and transportation assistance among others.



## **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

	Year Ended February 28/29,			
	2021	2020	2019	2018
<b>Total pension liability</b>				
Service cost	\$ 42,993	\$ 41,361	\$ 40,318	\$ 45,837
Interest on total pension liability	317,716	316,773	312,283	308,907
Difference between expected and actual experience	68,230	22,449	21,175	(9,767)
Assumption changes	120,181	-	-	-
Benefit payments	(337,167)	(315,994)	(321,211)	(324,726)
Other	(21,395)	(43,027)	426	22,951
<b>Net change in total pension liability</b>	<u>190,558</u>	<u>21,562</u>	<u>52,991</u>	<u>43,202</u>
Total pension liability, beginning of year	<u>4,118,537</u>	<u>4,096,975</u>	<u>4,043,984</u>	<u>4,000,782</u>
<b>Total pension liability, end of year</b>	<u>4,309,095</u>	<u>4,118,537</u>	<u>4,096,975</u>	<u>4,043,984</u>
<b>Plan fiduciary net position</b>				
Employer contributions	1,353,634	269,919	211,396	74,930
Employee contributions	48,596	32,629	31,390	30,851
Pension plan net investment income (loss)	429,254	302,590	(92,069)	296,358
Pension plan administrative expense	(5,482)	(5,213)	(4,591)	(4,715)
Benefit payments and refunds	(337,167)	(315,994)	(321,211)	(324,726)
<b>Net change in plan fiduciary net position</b>	<u>1,488,835</u>	<u>283,931</u>	<u>(175,085)</u>	<u>72,698</u>
Plan fiduciary net position, beginning of year	<u>2,523,553</u>	<u>2,239,622</u>	<u>2,414,707</u>	<u>2,342,009</u>
<b>Plan fiduciary net position, end of year</b>	<u>4,012,388</u>	<u>2,523,553</u>	<u>2,239,622</u>	<u>2,414,707</u>
<b>Net pension liability</b>	<u>\$ 296,707</u>	<u>\$ 1,594,984</u>	<u>\$ 1,857,353</u>	<u>\$ 1,629,277</u>
Plan fiduciary net position as a percentage of total pension liability	93.11%	61.27%	54.67%	59.71%
Covered payroll	\$ 466,129	\$ 448,435	\$ 434,195	\$ 513,728
Net pension liability as a percentage of covered payroll	63.65%	355.68%	427.77%	317.15%

See Notes to Required Supplementary Information.



Year Ended February 28/29,	
2017	2016
\$ 45,172	\$ 42,319
292,091	288,145
28,075	-
174,752	-
(295,740)	(319,834)
(19,992)	25,222
<u>224,358</u>	<u>35,852</u>
<u>3,776,424</u>	<u>3,740,572</u>
<u>4,000,782</u>	<u>3,776,424</u>

75,572	71,757
34,313	36,356
250,254	(35,054)
(4,949)	(5,342)
(295,740)	(319,834)
<u>59,450</u>	<u>(252,117)</u>
<u>2,282,559</u>	<u>2,534,676</u>
<u>2,342,009</u>	<u>2,282,559</u>
<u>\$ 1,658,773</u>	<u>\$ 1,493,865</u>

58.54% 60.44%

\$ 502,352 \$ 490,999

330.20% 304.25%

## 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
2016	\$ 71,757	\$ 71,757	\$ -	\$ 490,999	14.61%
2017	75,572	75,572	-	502,352	15.04%
2018	74,930	74,930	-	513,728	14.59%
2019	86,396	211,936	(125,540)	434,195	48.81%
2020	119,919	280,912	(160,993)	486,482	57.74%
2021	216,275	1,365,775	(1,149,500)	706,564	193.30%

See Notes to Required Supplementary Information.

# VILLAGE OF DUNDEE, MICHIGAN

## Notes to Required Supplementary Information

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

GASB 67 was implemented in fiscal year 2016. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### *Notes to Schedule of Changes in Net Pension Liability and Related Ratios*

The significant changes in assumptions for each of the fiscal years ended February 28/29 were as follows:

2017:

- Change in the mortality tables.
- Decrease in the assumed rate of return rate.
- Changes in asset smoothing.

2021:

- Decrease in rate of return from 7.75% to 7.35%
- Decrease in assumed rate of wage inflation from 3.75% to 3.00%

#### *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 (2020, based on the December 31, 2017 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, open
Remaining amortization period	19 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

**This page intentionally left blank.**

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

# VILLAGE OF DUNDEE, MICHIGAN

## Combining Balance Sheet

Nonmajor Governmental Funds

February 28, 2021

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 2,641,153	\$ 325,928	\$ 96,090	\$ 3,063,171
Accounts receivable	1,886	-	-	1,886
Taxes receivable	6,199	-	-	6,199
Due from other governments	91,821	-	-	91,821
Prepaid items	1,923	-	-	1,923
<b>Total assets</b>	<u>\$ 2,742,982</u>	<u>\$ 325,928</u>	<u>\$ 96,090</u>	<u>\$ 3,165,000</u>
<b>Liabilities</b>				
Accounts payable	\$ 9,326	\$ 1,395	\$ -	\$ 10,721
Accrued payroll	1,763	-	-	1,763
Accrued liabilities	8,100	-	-	8,100
<b>Total liabilities</b>	<u>19,189</u>	<u>1,395</u>	<u>-</u>	<u>20,584</u>
<b>Fund balances</b>				
Nonspendable	1,923	-	-	1,923
Restricted	2,721,870	324,533	96,090	3,142,493
<b>Total fund balances</b>	<u>2,723,793</u>	<u>324,533</u>	<u>96,090</u>	<u>3,144,416</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,742,982</u>	<u>\$ 325,928</u>	<u>\$ 96,090</u>	<u>\$ 3,165,000</u>

## VILLAGE OF DUNDEE, MICHIGAN

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

Nonmajor Governmental Funds

For the Year Ended February 28, 2021

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Totals
<b>Revenues</b>				
Licenses and permits	\$ 150,028	\$ -	\$ -	\$ 150,028
State	504,708	-	-	504,708
Federal	16,027	-	-	16,027
Special assessments	70,689	-	75,648	146,337
Interest	2,322	2,486	37	4,845
Other	116,381	-	83,366	199,747
<b>Total revenues</b>	<b>860,155</b>	<b>2,486</b>	<b>159,051</b>	<b>1,021,692</b>
<b>Expenditures</b>				
Current expenditures:				
Public safety	197,589	-	-	197,589
Public works	535,347	-	-	535,347
Culture and recreation	113,436	-	-	113,436
Debt service:				
Principal	-	-	340,588	340,588
Interest and fiscal charges	-	-	82,211	82,211
<b>Total expenditures</b>	<b>846,372</b>	<b>-</b>	<b>422,799</b>	<b>1,269,171</b>
Revenues over (under) expenditures	13,783	2,486	(263,748)	(247,479)
<b>Other financing sources (uses)</b>				
Transfers in	730,266	3,478	278,986	1,012,730
Transfers out	-	(498,313)	-	(498,313)
<b>Total other financing sources (uses)</b>	<b>730,266</b>	<b>(494,835)</b>	<b>278,986</b>	<b>514,417</b>
<b>Net change in fund balances</b>	<b>744,049</b>	<b>(492,349)</b>	<b>15,238</b>	<b>266,938</b>
Fund balances, beginning of year	1,979,744	816,882	80,852	2,877,478
<b>Fund balances, end of year</b>	<b>\$ 2,723,793</b>	<b>\$ 324,533</b>	<b>\$ 96,090</b>	<b>\$ 3,144,416</b>

# VILLAGE OF DUNDEE, MICHIGAN

## Combining Balance Sheet

Nonmajor Special Revenue Funds

February 28, 2021

	Major Streets	Local Streets	Parks and Recreation
<b>Assets</b>			
Cash and cash equivalents	\$ 2,004,847	\$ 225,502	\$ 4,969
Accounts receivable	-	-	-
Taxes receivable	3,699	2,500	-
Due from other governments	67,760	24,061	-
Prepaid items	-	-	-
<b>Total assets</b>	<u>\$ 2,076,306</u>	<u>\$ 252,063</u>	<u>\$ 4,969</u>
<b>Liabilities</b>			
Accounts payable	\$ 4,018	\$ 135	\$ 634
Accrued payroll	471	471	-
Accrued liabilities	-	-	-
<b>Total liabilities</b>	<u>4,489</u>	<u>606</u>	<u>634</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	2,071,817	251,457	4,335
<b>Total fund balances</b>	<u>2,071,817</u>	<u>251,457</u>	<u>4,335</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,076,306</u>	<u>\$ 252,063</u>	<u>\$ 4,969</u>



<b>Federal Forfeitures</b>	<b>Historical Commission</b>	<b>CARES Act</b>	<b>Building Department</b>	<b>Total</b>
\$ 87,082	\$ 6,811	\$ 3,070	\$ 308,872	\$ 2,641,153
-	-	-	1,886	1,886
-	-	-	-	6,199
-	-	-	-	91,821
-	-	-	1,923	1,923
<u>\$ 87,082</u>	<u>\$ 6,811</u>	<u>\$ 3,070</u>	<u>\$ 312,681</u>	<u>\$ 2,742,982</u>
\$ -	\$ 2,174	\$ -	\$ 2,365	\$ 9,326
-	-	-	821	1,763
-	-	-	8,100	8,100
-	<u>2,174</u>	-	<u>11,286</u>	<u>19,189</u>
-	-	-	1,923	1,923
<u>87,082</u>	<u>4,637</u>	<u>3,070</u>	<u>299,472</u>	<u>2,721,870</u>
<u>87,082</u>	<u>4,637</u>	<u>3,070</u>	<u>301,395</u>	<u>2,723,793</u>
<u>\$ 87,082</u>	<u>\$ 6,811</u>	<u>\$ 3,070</u>	<u>\$ 312,681</u>	<u>\$ 2,742,982</u>

## VILLAGE OF DUNDEE, MICHIGAN

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

Nonmajor Special Revenue Funds  
For the Year Ended February 28, 2021

	Major Streets	Local Streets	Parks and Recreation
<b>Revenues</b>			
Licenses and permits	\$ -	\$ -	\$ -
State	372,377	132,331	-
Federal	-	-	-
Special assessments	28,188	42,501	-
Interest	1,779	183	6
Other	50	-	356
<b>Total revenues</b>	<u>402,394</u>	<u>175,015</u>	<u>362</u>
<b>Expenditures</b>			
Current expenditures:			
Public safety	-	-	-
Public works	296,946	236,445	-
Culture and recreation	-	-	51,433
<b>Total expenditures</b>	<u>296,946</u>	<u>236,445</u>	<u>51,433</u>
Revenues over (under) expenditures	105,448	(61,430)	(51,071)
<b>Other financing sources</b>			
Transfers in	465,171	163,315	59,449
<b>Net change in fund balances</b>	570,619	101,885	8,378
Fund balances (deficit), beginning of year	<u>1,501,198</u>	<u>149,572</u>	<u>(4,043)</u>
<b>Fund balances, end of year</b>	<u>\$ 2,071,817</u>	<u>\$ 251,457</u>	<u>\$ 4,335</u>



<b>Federal Forfeitures</b>	<b>Historical Commission</b>	<b>CARES Act</b>	<b>Building Department</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 150,028	\$ 150,028
-	-	-	-	504,708
-	-	16,027	-	16,027
-	-	-	-	70,689
-	-	-	354	2,322
<u>87,082</u>	<u>26,640</u>	<u>-</u>	<u>2,253</u>	<u>116,381</u>
<u>87,082</u>	<u>26,640</u>	<u>16,027</u>	<u>152,635</u>	<u>860,155</u>
-	-	11,001	186,588	197,589
-	-	1,956	-	535,347
-	<u>62,003</u>	<u>-</u>	<u>-</u>	<u>113,436</u>
-	<u>62,003</u>	<u>12,957</u>	<u>186,588</u>	<u>846,372</u>
87,082	(35,363)	3,070	(33,953)	13,783
-	<u>42,331</u>	<u>-</u>	<u>-</u>	<u>730,266</u>
87,082	6,968	3,070	(33,953)	744,049
-	<u>(2,331)</u>	<u>-</u>	<u>335,348</u>	<u>1,979,744</u>
<u>\$ 87,082</u>	<u>\$ 4,637</u>	<u>\$ 3,070</u>	<u>\$ 301,395</u>	<u>\$ 2,723,793</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Combining Balance Sheet

Nonmajor Capital Project Funds

February 28, 2021

	Industrial Park	Economic Development	Sewer Separation	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,000	\$ 322,533	\$ 1,395	\$ 325,928
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 1,395	\$ 1,395
<b>Fund balances</b>				
Restricted	2,000	322,533	-	324,533
<b>Total liabilities and fund balances</b>	<b>\$ 2,000</b>	<b>\$ 322,533</b>	<b>\$ 1,395</b>	<b>\$ 325,928</b>

## VILLAGE OF DUNDEE, MICHIGAN

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

Nonmajor Capital Project Funds

For the Year Ended February 28, 2021

	Industrial Park	Economic Development	Sewer Separation	Total
<b>Revenues</b>				
Interest	\$ 2,109	\$ 377	\$ -	\$ 2,486
<b>Other financing sources (uses)</b>				
Transfers in	2,083	-	1,395	3,478
Transfers out	(496,481)	-	(1,832)	(498,313)
<b>Total other financing sources (uses)</b>	<u>(494,398)</u>	<u>-</u>	<u>(437)</u>	<u>(494,835)</u>
<b>Net change in fund balances</b>	(492,289)	377	(437)	(492,349)
Fund balances, beginning of year	<u>494,289</u>	<u>322,156</u>	<u>437</u>	<u>816,882</u>
<b>Fund balances, end of year</b>	<u>\$ 2,000</u>	<u>\$ 322,533</u>	<u>\$ -</u>	<u>\$ 324,533</u>

# VILLAGE OF DUNDEE, MICHIGAN

## Combining Balance Sheet

Nonmajor Debt Service Funds

February 28, 2021

	2006 Capital Improvement GO Bonds	2008 Pearl St. Assessment Bonds	2013 Refunding GO Bonds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,916	\$ -	\$ -
<b>Fund balance</b>			
Restricted	\$ 1,916	\$ -	\$ -



<b>2014 Honeywell Installment</b>	<b>2019 Special Assessment Bonds</b>	<b>Total</b>
---	--	--------------

<u>\$ -</u>	<u>\$ 94,174</u>	<u>\$ 96,090</u>
-------------	------------------	------------------

<u>\$ -</u>	<u>\$ 94,174</u>	<u>\$ 96,090</u>
-------------	------------------	------------------

## VILLAGE OF DUNDEE, MICHIGAN

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

Nonmajor Debt Service Funds

For the Year Ended February 28, 2021

	2006 Capital Improvement GO Bonds	2008 Pearl St. Assessment Bonds	2013 Refunding GO Bonds
<b>Revenue</b>			
Special assessments	\$ -	\$ -	\$ -
Interest	-	3	4
Other	83,366	-	-
<b>Total revenues</b>	<u>83,366</u>	<u>3</u>	<u>4</u>
<b>Expenditures</b>			
Debt service:			
Principal	70,000	15,000	210,000
Interest and fiscal charges	28,821	2,700	10,038
<b>Total expenditures</b>	<u>98,821</u>	<u>17,700</u>	<u>220,038</u>
Revenues over (under) expenditures	(15,455)	(17,697)	(220,034)
<b>Other financing sources</b>			
Transfers in	15,456	13,643	197,477
<b>Net change in fund balances</b>	1	(4,054)	(22,557)
Fund balances, beginning of year	1,915	4,054	22,557
<b>Fund balances, end of year</b>	<u>\$ 1,916</u>	<u>\$ -</u>	<u>\$ -</u>



<b>2014 Honeywell Installment</b>	<b>2019 Special Assessment Bonds</b>	<b>Total</b>
\$ -	\$ 75,648	75,648
1	29	37
-	-	83,366
<hr/>		
1	75,677	159,051
<hr/>		
45,588	-	340,588
14,415	26,237	82,211
<hr/>		
60,003	26,237	422,799
<hr/>		
(60,002)	49,440	(263,748)
<hr/>		
52,410	-	278,986
<hr/>		
(7,592)	49,440	15,238
<hr/>		
7,592	44,734	80,852
<hr/>		
\$ -	\$ 94,174	\$ 96,090
<hr/> <hr/>		

# VILLAGE OF DUNDEE, MICHIGAN

## Combining Balance Sheet / Statement of Net Position

Internal Service Funds

February 28, 2021

	Unemployment Compensation General	Unemployment Compensation Water Sewer	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 19,172	\$ -	\$ 19,172
<b>Net Position</b>			
Unrestricted	\$ 19,172	\$ -	\$ 19,172

## VILLAGE OF DUNDEE, MICHIGAN

**Combining Statement of Revenues, Expenses,  
and Changes in Fund Net Position**  
Internal Service Funds  
For the Year Ended February 28, 2021

	Unemployment Compensation General	Unemployment Compensation Water Sewer	Total
<b>Nonoperating revenues</b>			
Interest	\$ 3	\$ 4	\$ 7
<b>Transfers out</b>	-	(26,405)	(26,405)
<b>Change in net position</b>	3	(26,401)	(26,398)
<b>Net position</b>			
Beginning of year	19,169	26,401	45,570
<b>End of year</b>	<u>\$ 19,172</u>	<u>\$ -</u>	<u>\$ 19,172</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended February 28, 2021

	Unemployment Compensation General	Unemployment Compensation Water Sewer	Total
<b>Cash flows from noncapital financing activities</b>			
Transfers to other funds	\$ -	\$ (26,405)	\$ (26,405)
<b>Cash flows from investing activities</b>			
Interest income received	3	4	7
<b>Change in cash and cash equivalents</b>	3	(26,401)	(26,398)
Cash and cash equivalents, beginning of year	19,169	26,401	45,570
<b>Cash and cash equivalents, end of year</b>	<u>\$ 19,172</u>	<u>\$ -</u>	<u>\$ 19,172</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Balance Sheet / Statement of Net Position

Downtown Development Authority Component Unit

February 28, 2021

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 90,404	\$ -	\$ 90,404
Due from other governments	90,893	-	90,893
Prepaid items	124	-	124
Capital assets not being depreciated	-	282,394	282,394
Capital assets being depreciated, net	-	289,505	289,505
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<u>\$ 181,421</u>	<u>571,899</u>	<u>753,320</u>
<b>Liabilities</b>			
Accounts payable	\$ 443	-	443
	<hr/>	<hr/>	<hr/>
<b>Fund balances</b>			
Nonspendable	124	(124)	-
Unassigned	180,854	(180,854)	-
	<hr/>	<hr/>	<hr/>
<b>Total fund balances</b>	<u>180,978</u>	<u>(180,978)</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balances</b>	<u>\$ 181,421</u>		
<b>Net position</b>			
Investment in capital assets		571,899	571,899
Unrestricted		180,978	180,978
		<hr/>	<hr/>
<b>Total net position</b>		<u>\$ 752,877</u>	<u>\$ 752,877</u>

## 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 28, 2021

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Property taxes	\$ 147,629	\$ -	\$ 147,629
State	8,818	-	8,818
Interest	115	-	115
Other	9,598	-	9,598
<b>Total revenues</b>	166,160	-	166,160
<b>Expenditures / expenses</b>			
Public works	218,164	17,664	235,828
<b>Change in fund balance / net position</b>	(52,004)	(17,664)	(69,668)
<b>Fund balance / net position</b>			
Beginning of year	232,982	589,563	822,545
<b>End of year</b>	\$ 180,978	\$ 571,899	\$ 752,877

## VILLAGE OF DUNDEE, MICHIGAN

### Balance Sheet / Statement of Net Position

Local Development Finance Authority Water Plant Component Unit

February 28, 2021

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 168,105	\$ -	\$ 168,105
<b>Fund balances</b>			
Unassigned	\$ 168,105	(168,105)	-
<b>Net position</b>			
Unrestricted		\$ 168,105	\$ 168,105

**This page intentionally left blank.**

## 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 28, 2021

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Interest	\$ 196	\$ -	\$ 196
<b>Expenditures / expenses</b>			
Public works	8,387	-	8,387
<b>Change in fund balance / net position</b>	(8,191)	-	(8,191)
<b>Fund balance / net position</b>			
Beginning of year	176,296	-	176,296
<b>End of year</b>	<u>\$ 168,105</u>	<u>\$ -</u>	<u>\$ 168,105</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Combining Balance Sheet / Statement of Net Position

Local Development Finance Authority Global Engine Alliance Component Unit

February 28, 2021

	Global Engine Alliance	LDFA #3 Debt	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 3,212,187	\$ 1,077,695	\$ 4,289,882
Due from other governments	-	311,272	311,272
Capital assets being depreciated, net	-	-	-
<b>Total assets</b>	<b>\$ 3,212,187</b>	<b>\$ 1,388,967</b>	<b>\$ 4,601,154</b>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 73,186	\$ 73,186
Accrued interest	-	-	-
Debt with government commitment	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>73,186</b>	<b>73,186</b>
<b>Fund balances</b>			
Restricted for debt service	-	1,315,781	1,315,781
Unassigned	3,212,187	-	3,212,187
<b>Total fund balances</b>	<b>3,212,187</b>	<b>1,315,781</b>	<b>4,527,968</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,212,187</b>	<b>\$ 1,388,967</b>	<b>\$ 4,601,154</b>
<b>Net position</b>			
Net investment in capital assets			
Restricted for debt service			
<b>Total net position</b>			



<b>Adjustments</b>	<b>Statement of Net Position</b>
\$ -	\$ 4,289,882
-	311,272
<u>4,015,398</u>	<u>4,015,398</u>
<u>4,015,398</u>	<u>8,616,552</u>
\$ -	\$ 73,186
18,387	18,387
<u>1,365,200</u>	<u>1,365,200</u>
<u>1,383,587</u>	<u>1,456,773</u>
(1,315,781)	-
<u>(3,212,187)</u>	<u>-</u>
<u>(4,527,968)</u>	<u>-</u>
2,650,198	2,650,198
<u>1,297,394</u>	<u>1,297,394</u>
<u>\$ 7,159,779</u>	<u>\$ 7,159,779</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Combining 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 28, 2021

	Global Engine Alliance	LDFA #3 Debt	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 14,063	\$ 586,821	\$ 600,884
State	-	715,308	715,308
Interest	459	2,542	3,001
Operating grants and contributions	-	392,496	392,496
<b>Total revenues</b>	<u>14,522</u>	<u>1,697,167</u>	<u>1,711,689</u>
<b>Expenditures / expenses</b>			
Public works	-	-	-
Debt service:			
Principal	-	420,000	420,000
Interest	-	63,402	63,402
<b>Total expenditures / expenses</b>	<u>-</u>	<u>483,402</u>	<u>483,402</u>
<b>Change in fund balance / net position</b>	14,522	1,213,765	1,228,287
<b>Fund balance / net position</b>			
Beginning of year	<u>3,197,665</u>	<u>102,016</u>	<u>3,299,681</u>
<b>End of year</b>	<u>\$ 3,212,187</u>	<u>\$ 1,315,781</u>	<u>\$ 4,527,968</u>



<b>Adjustments</b>	<b>Statement of Activities</b>
\$ -	\$ 600,884
-	715,308
-	3,001
-	392,496
<hr/>	
-	1,711,689
<hr/>	
155,742	155,742
(420,000)	-
(3,510)	59,892
<hr/>	
(267,768)	215,634
<hr/>	
267,768	1,496,055
<hr/>	
2,364,043	5,663,724
<hr/>	
<u>\$ 2,631,811</u>	<u>\$ 7,159,779</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

February 28, 2021

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 80,963	\$ -	\$ 80,963
Capital assets not being depreciated	-	3,300,000	3,300,000
Capital assets being depreciated, net	-	3,784,405	3,784,405
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<u>\$ 80,963</u>	<u>7,084,405</u>	<u>7,165,368</u>
<b>Fund balances</b>			
Unassigned	<u>\$ 80,963</u>	<u>(80,963)</u>	<u>-</u>
<b>Net position</b>			
Investment in capital assets		7,084,405	7,084,405
Unrestricted		<u>80,963</u>	<u>80,963</u>
		<hr/>	<hr/>
<b>Total net position</b>		<u>\$ 7,165,368</u>	<u>\$ 7,165,368</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 28, 2021

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Interest	\$ 95	\$ -	\$ 95
<b>Expenditures / expenses</b>			
Public works	-	277,653	277,653
<b>Change in fund balance / net position</b>	95	(277,653)	(277,558)
<b>Fund balance / net position</b>			
Beginning of year	80,868	7,362,058	7,442,926
<b>End of year</b>	<u>\$ 80,963</u>	<u>\$ 7,084,405</u>	<u>\$ 7,165,368</u>

## VILLAGE OF DUNDEE, MICHIGAN

### Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

February 28, 2021

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 886,394	\$ -	\$ 886,394
Due from other governments	6,845	-	6,845
	<u>893,239</u>	<u>-</u>	<u>893,239</u>
<b>Total assets</b>	<u>\$ 893,239</u>	<u>-</u>	<u>893,239</u>
<b>Fund balances</b>			
Unassigned	<u>\$ 893,239</u>	<u>(893,239)</u>	<u>-</u>
<b>Net position</b>			
Unrestricted		<u>\$ 893,239</u>	<u>\$ 893,239</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 28, 2021

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Property taxes	\$ 8,028	\$ -	\$ 8,028
State	778	-	778
Interest	1,069	-	1,069
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	9,875	-	9,875
<b>Expenditures / expenses</b>			
Public works	45,290	-	45,290
	<hr/>	<hr/>	<hr/>
<b>Change in fund balance / net position</b>	(35,415)	-	(35,415)
<b>Fund balance / net position</b>			
Beginning of year	928,654	-	928,654
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	<u>\$ 893,239</u>	<u>\$ -</u>	<u>\$ 893,239</u>

**This page intentionally left blank.**

**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**

February 28, 2022

President and Village Council  
Village of Dundee, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate 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 28, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated February 28, 2022.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 2021-001, 2021-002 and 2021-003 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 28, 2021

#### 2021-001 – Material Audit Adjustments (repeat finding)

**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 overstated by approximately \$90,000;
- Accounts payable were initially overstated by approximately \$102,000;
- Prepays were initially understated by approximately \$58,000;
- Due from other governments was initially understated by approximately \$313,000;
- Property tax revenues were initially understated by approximately \$306,000; and
- Bond premiums were understated by approximately \$289,000.

**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 28, 2021

#### 2021-002 – Segregation of Incompatible Duties (repeat finding)

**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. The prior finance director had the ability to set-up and make changes to the accounting system, resulting in transactions to be posted incorrectly through the system.

**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 28, 2021

### 2021-003 – Timely Year-End Closing and Workpaper Reconciliation

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

**Criteria.** The timely preparation and issuance of financial statements in accordance with generally accepted accounting principles requires a coordinated effort between management and the external auditors. This places the burden on the auditee to properly prepare for the audit, including timely closing of the accounting records, preparation of workpapers to support the significant account balances and obtaining the necessary documents needed to perform their procedures.

**Condition.** The Village was not ready for the audit on the appointed start date in August. Year-end reconciliations and closing entries were not complete at the start of the audit and still not completed when the auditors were scheduled to work on the audit, several weeks later. Reconciliations and journal entries needed to adjust the Village's general ledger to the appropriate balances were still being completed through January 2022, and could not have been completed without the assistance of individuals outside of Village personnel.

**Cause.** The Village did not have clear deadlines and documented processes in place to ensure timely completion of the audit.

**Effect.** As a result of these conditions, management was unable to timely close the accounting records and prepare for the audit. Additionally, we identified and proposed multiple material audit adjustments (which were approved and posted by management) to adjust the Village's general ledger to the appropriate balances.

**Recommendation.** We recommend that the Village develop and adhere to (with appropriate oversight) a written plan with detailed tasks and completion points for the timely completion of year end closing procedures to ensure timely issuance of the financial statements.

**View of Responsible Officials.** Management concurs with this finding.



**This page intentionally left blank.**