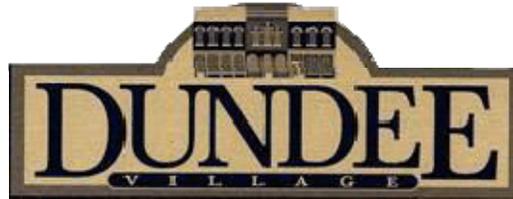


Village of  
Dundee,  
Michigan



Year Ended  
February 28, 2023

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
Major Streets Special Revenue Fund	24
Local Streets Special Revenue Fund	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Combining Statement of Net Position – Discretely Presented Component Units	30
Combining Statement of Activities – Discretely Presented Component Units	32
Notes to Financial Statements	35
<b>Required Supplementary Information</b>	
MERS Agent Multiple-Employer Defined Benefit Pension Plan:	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	62
Schedule of Contributions	64
Notes to Required Supplementary Information	65

# 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	68
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
Combining Balance Sheet – Nonmajor Special Revenue Funds	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	72
Combining Balance Sheet – Nonmajor Capital Project Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Project Funds	75
Combining Balance Sheet – Nonmajor Debt Service Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	77
Component Units:	
Downtown Development Authority:	
Combining Governmental Funds Balance Sheet and Statement of Net Position	78
Combining Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	79
Local Development Finance Authority – Water Plant:	
Governmental Fund Balance Sheet and Statement of Net Position	80
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	81
Local Development Finance Authority – Global Engine Alliance:	
Combining Governmental Funds Balance Sheet and Statement of Net Position	82
Combining Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	84
Economic Development Corporation:	
Governmental Fund Balance Sheet and Statement of Net Position	86
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	87
Brownfield Redevelopment Authority:	
Governmental Fund Balance Sheet and Statement of Net Position	88
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	89
<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>	91
<b>Schedule of Findings and Responses</b>	93



## INDEPENDENT AUDITORS' REPORT

August 30, 2023

President and Village Council  
Village of Dundee, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of February 28, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Restatement of Beginning Net Position/Fund Balance*

As discussed in Note 19 to the financial statements, beginning governmental activities net position and fund balance of the governmental funds was restated to correct federal revenue that was recognized in the prior year. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules of the pension plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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, 2023.

### Financial Highlights

· Total net position	\$ 39,258,216
· Change in total net position	766,389
· Fund balances, governmental funds	6,605,824
· Change in fund balances, governmental funds	466,718
· Unassigned fund balance, general fund	1,443,994
· Change in fund balance, general fund	(145,480)
· General obligation bonds outstanding	14,688,061
· Change in general obligation bonds outstanding	(1,545,000)

### 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 two categories: governmental funds and proprietary 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, major streets, local streets, and American Rescue Plan 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various Village functions. The Village uses an internal service fund to account for its unemployment compensation.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the pension plan.

## Village of Dundee, Michigan

### Management's Discussion and Analysis

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,258,216 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	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and other assets	\$ 8,235,036	\$ 8,577,633	\$ 8,063,280	\$ 8,318,811	\$ 16,298,316	\$ 16,896,444
Capital assets, net	14,471,938	14,338,453	25,172,201	26,520,501	39,644,139	40,858,954
	<u>22,706,974</u>	<u>22,916,086</u>	<u>33,235,481</u>	<u>34,839,312</u>	<u>55,942,455</u>	<u>57,755,398</u>
<b>Deferred outflows of resources</b>	533,954	96,120	156,000	74,608	689,954	170,728
<b>Liabilities</b>						
Long-term liabilities	2,263,856	2,248,998	13,610,521	14,883,221	15,874,377	17,132,219
Other liabilities	1,086,402	1,057,207	413,414	631,039	1,499,816	1,688,246
	<u>3,350,258</u>	<u>3,306,205</u>	<u>14,023,935</u>	<u>15,514,260</u>	<u>17,374,193</u>	<u>18,820,465</u>
<b>Deferred inflows of resources</b>	-	209,232	-	162,405	-	371,637
<b>Net position</b>						
Net investment in capital assets	12,428,745	12,163,991	11,644,691	11,661,616	24,073,436	23,825,607
Restricted	5,995,366	6,117,913	9,000	283,655	6,004,366	6,401,568
Unrestricted	1,466,559	1,214,865	7,713,855	7,291,984	9,180,414	8,506,849
<b>Total net position</b>	<u>\$ 19,890,670</u>	<u>\$ 19,496,769</u>	<u>\$ 19,367,546</u>	<u>\$ 19,237,255</u>	<u>\$ 39,258,216</u>	<u>\$ 38,734,024</u>

By far, the largest portion of the Village's net position, \$24,073,436, 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, \$6,004,366, represents resources that are subject to external restriction on how they may be used. The remaining net position of \$9,180,414 is unrestricted.

The government's net position increased by \$766,389 during the current fiscal year. This increase was a combination of an increase of \$636,098 in governmental activities and an increase of \$130,291 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	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,230,966	\$ 756,449	\$ 3,945,016	\$ 4,288,498	\$ 5,175,982	\$ 5,044,947
Operating grants and contributions	795,762	671,653	112,535	144,501	908,297	816,154
General revenues:						
Property taxes	1,447,960	1,928,854	-	-	1,447,960	1,928,854
Grants and contributions not restricted to specific programs	801,267	941,788	-	-	801,267	941,788
Other	178,338	138,818	7,279	5,634	185,617	144,452
<b>Total revenues</b>	<b>4,454,293</b>	<b>4,437,562</b>	<b>4,064,830</b>	<b>4,438,633</b>	<b>8,519,123</b>	<b>8,876,195</b>
<b>Expenses</b>						
Legislative	38,375	36,088	-	-	38,375	36,088
General government	1,144,057	1,316,119	-	-	1,144,057	1,316,119
Public safety	1,130,514	1,160,562	-	-	1,130,514	1,160,562
Public works	1,177,201	1,228,444	-	-	1,177,201	1,228,444
Economic development	11,356	-	-	-	11,356	-
Culture and recreation	246,080	224,108	-	-	246,080	224,108
Interest on long-term debt	73,212	68,027	-	-	73,212	68,027
Water	-	-	1,425,434	1,494,841	1,425,434	1,494,841
Sewer	-	-	2,506,505	2,588,016	2,506,505	2,588,016
<b>Total expenses</b>	<b>3,820,795</b>	<b>4,033,348</b>	<b>3,931,939</b>	<b>4,082,857</b>	<b>7,752,734</b>	<b>8,116,205</b>
Change in net position before transfers and special item	633,498	404,214	132,891	355,776	766,389	759,990
<b>Transfers</b>	<b>2,600</b>	<b>2,600</b>	<b>(2,600)</b>	<b>(2,600)</b>	<b>-</b>	<b>-</b>
<b>Special item</b>	<b>-</b>	<b>(600,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(600,000)</b>
<b>Change in net position</b>	<b>636,098</b>	<b>(193,186)</b>	<b>130,291</b>	<b>353,176</b>	<b>766,389</b>	<b>159,990</b>
<b>Net position, beginning of year, as restated</b>	<b>19,254,572</b>	<b>19,689,955</b>	<b>19,237,255</b>	<b>18,884,079</b>	<b>38,491,827</b>	<b>38,574,034</b>
<b>Net position, end of year</b>	<b>\$ 19,890,670</b>	<b>\$ 19,496,769</b>	<b>\$ 19,367,546</b>	<b>\$ 19,237,255</b>	<b>\$ 39,258,216</b>	<b>\$ 38,734,024</b>

**Governmental Activities.** Governmental activities increased the Village's net position by \$636,098. This is consistent with the change in fund balance at the fund level under modified accrual accounting. The significant change resulted from the Village collecting back owed revenues from the State and receiving an additional SSR payment resulting from a State census adjustment. The Village also experienced a significant decrease in governmental expenditures due to the resignation of the Village Manager, Finance Director, Building Inspector, and Engineering Director during the year.

# Village of Dundee, Michigan

## Management's Discussion and Analysis

**Business-type Activities.** Business-type activities increased the Village's net position by \$130,291. This is primarily the result of residential and economic growth throughout the Village, which generated significant revenue from charges for services in the current year.

### 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 \$6,605,824, an increase of \$466,718 in comparison with the prior year. Approximately 22% of this total amount, \$1,453,341, constitutes unassigned fund balance, which is available for spending at the government's discretion. \$66,630 is considered nonspendable for prepaid items. The remainder of fund balance is restricted to pay for streets \$4,413,717, debt service \$70,169, to accomplish capital projects \$325,036, or restricted for other purposes \$276,931.

### 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 \$145,480 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,443,994, while total fund balance totaled \$1,504,749.

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 45% of total general fund expenditures and transfers out, while total fund balance represents 47% 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 \$937,436 in 2023, or 32% of the total general fund expenditures.

General government expenditures totaled \$1,128,408, which include the various administrative departments, insurance, and special projects activities of the general fund. Transfers out for the general fund totaled \$276,165 which was transferred to the nonmajor governmental funds.

### General Fund Budgetary Highlights

Over the course of the year, the Village amended the budget to take into account events during the year. Original budgeted revenues changed from \$2,235,724 to \$2,733,899 for the final budget. This change was mostly due to an increase in state revenue from \$431,130 to \$764,840. Other significant changes between the original and final budget primarily related to changes in staff requirements, specifically regarding consolidation of administrative positions. Original expenditures were appropriated at \$2,068,115, with the final budget expenditures appropriated at \$3,491,933. Actual expenditures amounted to \$2,911,887, resulting in a variance from budgeted expenditures of \$580,046 under final budget.

# Village of Dundee, Michigan

## Management's Discussion and Analysis

During the year, the Village significantly increased the budget in a number of expenditure functions. Specifically, the Village increased the Village Manager budget from \$12,000 to \$244,675 due to hiring a full-time manager for the Village following an interim arrangement. Likewise, the Treasurer function saw an increase from \$518,160 to \$1,013,200 because of increases in consulting fees and engagements, contractual payments to attorneys, and a general increase in property insurance and benefits. The public safety police budget was increased from \$598,200 to \$828,845 due to an increase in wages, benefits, and purchase of a police vehicle during the year. The public works function also saw an increase from \$419,643 to \$749,042 due to a purchase of a street sweeper, an increase in equipment maintenance requirements, and an increase in gas prices and equipment rental rates. Another large budget adjustment took place in the principal expenditures, which increased from \$138,956 to \$328,590 as extra payments were anticipated on the new street sweeper, but not ultimately made until after fiscal year-end.

### Major Streets Fund Highlights

The major streets special revenue fund is a major fund of the Village. The fund balance of the major streets fund increased by \$248,585 during the current fiscal year. Fund balance increased as a result of increases in state funding and special assessments.

### Local Streets Fund Highlights

The local streets special revenue fund is a major fund of the Village. The fund balance of the local streets fund increased by \$1,277,246 during the current fiscal year. Fund balance primarily increased as a result of the closing transfer in from the municipal streets fund in the current year, which amounted to \$837,135.

### American Rescue Plan Fund Highlights

The American Rescue Plan special revenue fund is a major fund of the Village. There was no fund balance of the American Rescue Plan fund during the current fiscal year as all was recorded as unearned revenue.

**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, 2023, amounted to \$39,644,139 (net of accumulated depreciation). The major additions during the year related to the additions of Old Mill Banquet Hall furniture, fixtures, and improvements, pavement improvements and street lighting, a new street sweeper, vehicles, and various other equipment purchases for the department of public works. 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 \$14,688,061, which is backed by the full faith and credit of the government.

	General Obligation Bonds					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 1,385,000	\$ 1,615,000	\$ 13,303,061	\$ 14,618,061	\$ 14,688,061	\$ 16,233,061

## Village of Dundee, Michigan

### Management's Discussion and Analysis

The Village's total bonded debt decreased by \$1,545,000 (9.5%) during the current fiscal year due to regular scheduled principal payments.

The Village's total installment purchase agreement debt increased by \$253,453 (17.6%) during the current year due to the installment purchase of a new street sweeper.

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

The following factors were considered in preparing the Village's budget for the 2023-24 fiscal year:

- The Village increased the road millage to encourage a more long-term road management plan.
- Several departments of the general fund, including Village operations, Village Clerk, Police, Finance, and others have been separated out of "General Government Operations" and into individual department budgets.
- The Village will continue emerging from the COVID-19 pandemic with revenue sources largely intact and unimpacted, with little effect on operating expenditures.
- The Village adopted an investment policy which resulted in the participation and investment in MI Class.

#### 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.

## **BASIC FINANCIAL STATEMENTS**

**This page intentionally left blank.**

# Village of Dundee, Michigan

## Statement of Net Position

February 28, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 6,291,304	\$ 7,245,637	\$ 13,536,941	\$ 5,957,985
Restricted cash	483,951	-	483,951	-
Receivables	1,393,151	775,505	2,168,656	418,626
Other assets	66,630	42,138	108,768	21,069
Capital assets not being depreciated	364,939	131,566	496,505	3,716,803
Capital assets being depreciated, net	14,106,999	25,040,635	39,147,634	7,270,827
<b>Total assets</b>	<u>22,706,974</u>	<u>33,235,481</u>	<u>55,942,455</u>	<u>17,385,310</u>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	533,954	156,000	689,954	-
<b>Liabilities</b>				
Accounts payable and accrued liabilities	140,717	179,999	320,716	5,140
Other liabilities	453,333	-	453,333	-
Unearned revenue	492,352	233,415	725,767	-
Long-term debt:				
Due within one year	441,708	1,374,674	1,816,382	301,028
Due in more than one year	1,651,999	12,186,136	13,838,135	-
Net pension liability, due in more than one year	170,149	49,711	219,860	-
<b>Total liabilities</b>	<u>3,350,258</u>	<u>14,023,935</u>	<u>17,374,193</u>	<u>306,168</u>
<b>Net position</b>				
Net investment in capital assets	12,428,745	11,644,691	24,073,436	10,699,230
Restricted for:				
Replacement fund	-	1,000	1,000	-
Bond reserve fund	-	8,000	8,000	-
Capital projects	325,036	-	325,036	-
Streets	5,349,804	-	5,349,804	-
Building department	203,657	-	203,657	-
Debt service	40,463	-	40,463	-
Other purposes	76,406	-	76,406	-
Unrestricted	1,466,559	7,713,855	9,180,414	6,379,912
<b>Total net position</b>	<u>\$ 19,890,670</u>	<u>\$ 19,367,546</u>	<u>\$ 39,258,216</u>	<u>\$ 17,079,142</u>

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

# Village of Dundee, Michigan

## Statement of Activities

For the Year Ended February 28, 2023

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Primary government</b>				
Governmental activities:				
Legislative	\$ 38,375	\$ -	\$ -	\$ (38,375)
General government	1,144,057	1,048,894	300	(94,863)
Public safety	1,130,514	182,072	44,552	(903,890)
Public works	1,177,201	-	695,071	(482,130)
Economic development	11,356	-	-	(11,356)
Culture and recreation	246,080	-	55,839	(190,241)
Interest on long-term debt	73,212	-	-	(73,212)
<b>Total governmental activities</b>	<b>3,820,795</b>	<b>1,230,966</b>	<b>795,762</b>	<b>(1,794,067)</b>
Business-type activities:				
Water	1,425,434	1,781,916	27,346	383,828
Sewer	2,506,505	2,163,100	85,189	(258,216)
<b>Total business-type activities</b>	<b>3,931,939</b>	<b>3,945,016</b>	<b>112,535</b>	<b>125,612</b>
<b>Total primary government</b>	<b>\$ 7,752,734</b>	<b>\$ 5,175,982</b>	<b>\$ 908,297</b>	<b>\$ (1,668,455)</b>
<b>Component units</b>				
Downtown Development Authority	\$ 282,748	\$ -	\$ -	\$ (282,748)
LDFA - Global Engine Alliance	485,917	-	-	(485,917)
Economic Development Corporation	280,895	-	-	(280,895)
<b>Total component units</b>	<b>\$ 1,049,560</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,049,560)</b>

continued...

## Village of Dundee, Michigan

### Statement of Activities

For the Year Ended February 28, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
Net (expense) revenue	\$ (1,794,067)	\$ 125,612	\$ (1,668,455)	\$ (1,049,560)
General revenues:				
Property taxes	1,447,960	-	1,447,960	682,507
Grants and contributions not restricted to specific programs	801,267	-	801,267	653,704
Unrestricted interest	4,381	7,279	11,660	2,562
Other	173,957	-	173,957	250,969
Transfers - internal activities	2,600	(2,600)	-	-
Total general revenues and transfers	2,430,165	4,679	2,434,844	1,589,742
<b>Change in net position</b>	636,098	130,291	766,389	540,182
Net position, beginning of year, as restated	19,254,572	19,237,255	38,491,827	16,538,960
<b>Net position, end of year</b>	\$ 19,890,670	\$ 19,367,546	\$ 39,258,216	\$ 17,079,142

concluded

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

## Village of Dundee, Michigan

### Balance Sheet

Governmental Funds

February 28, 2023

	General	Major Streets	Local Streets	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 1,364,010	\$ 2,878,444	\$ 1,336,691	\$ -	\$ 692,987	\$ 6,272,132
Restricted cash	-	-	-	483,951	-	483,951
Accounts receivable	6,909	-	-	-	-	6,909
Taxes receivable	131,743	44,834	57,942	-	-	234,519
Special assessment receivable	-	693,193	240,152	-	-	933,345
Due from other governments	99,805	87,464	31,109	-	-	218,378
Prepaid items	60,755	1,646	1,097	-	3,132	66,630
<b>Total assets</b>	<b>\$ 1,663,222</b>	<b>\$ 3,705,581</b>	<b>\$ 1,666,991</b>	<b>\$ 483,951</b>	<b>\$ 696,119</b>	<b>\$ 8,215,864</b>
<b>Liabilities</b>						
Accounts payable	\$ 47,503	\$ 10,343	\$ 2,480	\$ -	\$ 2,286	\$ 62,612
Accrued payroll	29,236	3,807	6,138	-	5,518	44,699
Accrued liabilities	-	-	-	-	3,700	3,700
Other liabilities	73,333	-	-	-	-	73,333
Unearned revenue	8,401	-	-	483,951	-	492,352
<b>Total liabilities</b>	<b>158,473</b>	<b>14,150</b>	<b>8,618</b>	<b>483,951</b>	<b>11,504</b>	<b>676,696</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue	-	693,192	240,152	-	-	933,344
<b>Fund balances</b>						
Nonspendable for prepaids	60,755	1,646	1,097	-	3,132	66,630
Restricted						
Highways and streets	-	2,996,593	1,417,124	-	-	4,413,717
Culture and recreation	-	-	-	-	-	-
Public improvements	-	-	-	-	-	-
Public safety	-	-	-	-	276,931	276,931
Economic development	-	-	-	-	325,036	325,036
Debt service	-	-	-	-	70,169	70,169
Unassigned	1,443,994	-	-	-	9,347	1,453,341
<b>Total fund balances</b>	<b>1,504,749</b>	<b>2,998,239</b>	<b>1,418,221</b>	<b>-</b>	<b>684,615</b>	<b>6,605,824</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,663,222</b>	<b>\$ 3,705,581</b>	<b>\$ 1,666,991</b>	<b>\$ 483,951</b>	<b>\$ 696,119</b>	<b>\$ 8,215,864</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, 2023

**Fund balances - total governmental funds** \$ 6,605,824

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	364,939
Capital assets being depreciated, net of accumulated depreciation	14,106,999

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	933,344
---------------------------------------------------	---------

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 agreements	(2,043,193)
Accrued interest on long-term debt	(29,706)
Compensated absences	(50,514)
Other liabilities	(380,000)

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	(170,149)
Deferred outflows related to the net pension liability	533,954

**Net position of governmental activities** \$ 19,890,670

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, 2023

	General	Major Streets	Local Streets	American Rescue Plan	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 1,447,960	\$ -	\$ -	\$ -	\$ -	\$ 1,447,960
Licenses and permits	65,869	-	-	-	182,072	247,941
State	736,000	509,057	246,437	-	-	1,491,494
Fines	71,198	-	-	-	-	71,198
Rental	289,822	-	-	-	-	289,822
Special assessments	-	99,665	652,845	-	-	752,510
Interest	4,314	3,058	478	-	330	8,180
Other	173,957	950	500	-	100,286	275,693
<b>Total revenues</b>	<b>2,789,120</b>	<b>612,730</b>	<b>900,260</b>	<b>-</b>	<b>282,688</b>	<b>4,584,798</b>
<b>Expenditures</b>						
Current expenditures:						
Legislative	38,375	-	-	-	-	38,375
General government	1,128,408	-	-	-	-	1,128,408
Public safety	937,436	-	-	-	253,128	1,190,564
Public works	579,334	278,790	463,508	-	-	1,321,632
Culture and recreation	-	-	-	-	236,070	236,070
Debt service:						
Principal	199,721	-	-	-	185,000	384,721
Interest and fiscal charges	28,613	-	-	-	45,749	74,362
<b>Total expenditures</b>	<b>2,911,887</b>	<b>278,790</b>	<b>463,508</b>	<b>-</b>	<b>719,947</b>	<b>4,374,132</b>
Revenues over (under) expenditures	(122,767)	333,940	436,752	-	(437,259)	210,666
<b>Other financing sources (uses)</b>						
Issuance of long-term debt	253,452	-	-	-	-	253,452
Transfers in	-	-	837,135	-	410,760	1,247,895
Transfers out	(276,165)	(85,355)	(46,640)	-	(837,135)	(1,245,295)
<b>Total other financing sources (uses)</b>	<b>(22,713)</b>	<b>(85,355)</b>	<b>790,495</b>	<b>-</b>	<b>(426,375)</b>	<b>256,052</b>
<b>Net Change in fund balance</b>	<b>(145,480)</b>	<b>248,585</b>	<b>1,227,247</b>	<b>-</b>	<b>(863,634)</b>	<b>466,718</b>
Fund balances, beginning of year, as restated	1,650,229	2,749,654	190,974	-	1,548,249	6,139,106
<b>Fund balances, end of year</b>	<b>\$ 1,504,749</b>	<b>\$ 2,998,239</b>	<b>\$ 1,418,221</b>	<b>\$ -</b>	<b>\$ 684,615</b>	<b>\$ 6,605,824</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, 2023

<b>Net change in fund balances - total governmental funds</b>	\$ 466,718
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased / constructed	1,011,066
Depreciation expense	(877,581)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to subsequent fiscal years.	
Change in deferred special assessments receivable	(130,505)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.	
Principal payments on long-term debt	384,721
Issuance of long-term debt	(253,452)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrued interest payable on long-term debt	1,150
Change in net pension liability and related deferred outflows and inflows	9,959
Change in the accrual for compensated absences	24,022
<b>Change in net position of governmental activities</b>	<u>\$ 636,098</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 1,279,123	\$ 1,320,640	\$ 1,447,960	\$ 127,320
Licenses and permits	55,017	68,882	65,869	(3,013)
State	431,130	764,840	736,000	(28,840)
Fines	81,024	83,100	71,198	(11,902)
Rental	304,004	304,379	289,822	(14,557)
Interest	500	4,715	4,314	(401)
Other	84,926	187,343	173,957	(13,386)
<b>Total revenues</b>	<b>2,235,724</b>	<b>2,733,899</b>	<b>2,789,120</b>	<b>55,221</b>
<b>Expenditures</b>				
Current:				
Legislative - Village Council	26,480	40,105	38,375	(1,730)
General government:				
Village manager	12,000	244,675	238,812	(5,863)
Clerk	-	1,605	1,322	(283)
Treasurer	518,160	1,013,200	849,131	(164,069)
Village hall and grounds	162,000	48,300	39,143	(9,157)
<b>Total general government</b>	<b>692,160</b>	<b>1,307,780</b>	<b>1,128,408</b>	<b>(179,372)</b>
Public safety:				
Police	598,200	828,845	746,027	(82,818)
Street lights	115,000	180,000	178,304	(1,696)
Engineering	56,013	14,238	13,105	(1,133)
<b>Total public safety</b>	<b>769,213</b>	<b>1,023,083</b>	<b>937,436</b>	<b>(85,647)</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, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (concluded)</b>				
Public works	\$ 419,643	\$ 749,042	\$ 579,334	\$ (169,708)
Debt service:				
Principal	138,956	328,590	199,721	(128,869)
Interest and fiscal charges	21,663	43,333	28,613	(14,720)
Total debt service	160,619	371,923	228,334	(143,589)
<b>Total expenditures</b>	2,068,115	3,491,933	2,911,887	(580,046)
Revenues over (under) expenditures	167,609	(758,034)	(122,767)	635,267
<b>Other financing sources (uses)</b>				
Issuance of long-term debt	-	253,452	253,452	-
Transfers out	(250,000)	(306,165)	(276,165)	(30,000)
<b>Total other financing sources (uses)</b>	(250,000)	(52,713)	(22,713)	30,000
Net change in fund balance before special item	(82,391)	(810,747)	(145,480)	665,267
<b>Special item</b>				
Settlement of claims (Note 12)	-	(120,000)	-	(120,000)
<b>Net change in fund balance</b>	(82,391)	(930,747)	(145,480)	785,267
Fund balance, beginning of year	1,650,229	1,650,229	1,650,229	-
<b>Fund balance, end of year</b>	\$ 1,567,838	\$ 719,482	\$ 1,504,749	\$ 785,267

concluded

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 - Major Streets Special Revenue Fund

For the Year Ended February 28, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State	\$ 400,588	\$ 529,438	\$ 509,057	\$ (20,381)
Special assessments	22,822	63,187	99,665	36,478
Interest	2,060	3,085	3,058	(27)
Other	309	1,059	950	(109)
<b>Total revenues</b>	<u>425,779</u>	<u>596,769</u>	<u>612,730</u>	<u>15,961</u>
<b>Expenditures</b>				
Public works:				
Construction	1,765,548	34,598	25,372	(9,226)
Maintenance	456,033	280,968	216,340	(64,628)
Administrative services	22,130	37,580	37,078	(502)
<b>Total expenditures</b>	<u>2,243,711</u>	<u>353,146</u>	<u>278,790</u>	<u>(74,356)</u>
Revenues over (under) expenditures	(1,817,932)	243,623	333,940	90,317
<b>Other financing sources (uses)</b>				
Transfers out	-	(90,000)	(85,355)	(4,645)
<b>Net change in fund balance</b>	(1,817,932)	153,623	248,585	94,962
Fund balance, beginning of year	<u>2,749,654</u>	<u>2,749,654</u>	<u>2,749,654</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 931,722</u>	<u>\$ 2,903,277</u>	<u>\$ 2,998,239</u>	<u>\$ 94,962</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 - Local Streets Special Revenue Fund

For the Year Ended February 28, 2023

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State	\$ 156,919	\$ 252,189	\$ 246,437	\$ (5,752)
Special assessments	381,937	599,441	652,845	53,404
Interest	206	496	478	(18)
Other	-	500	500	-
<b>Total revenues</b>	<b>539,062</b>	<b>852,626</b>	<b>900,260</b>	<b>47,634</b>
<b>Expenditures</b>				
Public works:				
Construction	765,000	15,000	14,365	(635)
Maintenance	381,377	455,132	431,187	(23,945)
Administrative services	-	30,950	17,956	(12,994)
<b>Total expenditures</b>	<b>1,146,377</b>	<b>501,082</b>	<b>463,508</b>	<b>(37,574)</b>
Revenues over (under) expenditures	(607,315)	351,544	436,752	85,208
<b>Other financing sources (uses)</b>				
Transfers in	850,000	850,000	837,135	12,865
Transfers out	-	(46,640)	(46,640)	-
<b>Total other financing sources (uses)</b>	<b>850,000</b>	<b>803,360</b>	<b>790,495</b>	<b>(12,865)</b>
<b>Net change in fund balance</b>	<b>242,685</b>	<b>1,154,904</b>	<b>1,227,247</b>	<b>72,343</b>
Fund balance, beginning of year	190,974	190,974	190,974	-
<b>Fund balance, end of year</b>	<b>\$ 433,659</b>	<b>\$ 1,345,878</b>	<b>\$ 1,418,221</b>	<b>\$ 72,343</b>

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

## Village of Dundee, Michigan

### Statement of Net Position

Proprietary Funds

February 28, 2023

	Business-type activities			Governmental Activities
	Water Fund	Sewer Fund	Total	Unemployment Compensation Internal Service Fund
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,942,285	\$ 4,294,352	\$ 7,236,637	\$ 19,172
Cash and cash equivalents - restricted	1,000	8,000	9,000	-
Accounts receivable	275,429	499,862	775,291	-
Taxes receivable	9	205	214	-
Prepaid items	21,069	21,069	42,138	-
Total current assets	<u>3,239,792</u>	<u>4,823,488</u>	<u>8,063,280</u>	<u>19,172</u>
Noncurrent assets:				
Capital assets not being depreciated	112,942	18,624	131,566	-
Capital assets being depreciated, net	4,654,033	20,386,602	25,040,635	-
Total noncurrent assets	<u>4,766,975</u>	<u>20,405,226</u>	<u>25,172,201</u>	<u>-</u>
<b>Total assets</b>	<u>8,006,767</u>	<u>25,228,714</u>	<u>33,235,481</u>	<u>19,172</u>
<b>Deferred outflows of resources</b>				
Deferred pension amounts	100,527	55,473	156,000	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	3,717	6,484	10,201	-
Unearned revenues	-	233,415	233,415	-
Accrued payroll	5,304	2,383	7,687	-
Accrued liabilities	14,920	-	14,920	-
Accrued interest payable	5,797	141,394	147,191	-
Compensated absences	28,685	4,615	33,300	-
Bonds payable, current portion	399,267	942,107	1,341,374	-
Total current liabilities	<u>457,690</u>	<u>1,330,398</u>	<u>1,788,088</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable	623,984	11,562,152	12,186,136	-
Net pension liability	32,034	17,677	49,711	-
Total noncurrent liabilities	<u>656,018</u>	<u>11,579,829</u>	<u>12,235,847</u>	<u>-</u>
<b>Total liabilities</b>	<u>1,113,708</u>	<u>12,910,227</u>	<u>14,023,935</u>	<u>-</u>
<b>Net position</b>				
Net investment in capital assets	3,743,724	7,900,967	11,644,691	-
Restricted:				
Replacement fund	1,000	-	1,000	-
Bond reserve fund	-	8,000	8,000	-
Unrestricted	3,248,862	4,464,993	7,713,855	19,172
<b>Total net position</b>	<u>\$ 6,993,586</u>	<u>\$ 12,373,960</u>	<u>\$ 19,367,546</u>	<u>\$ 19,172</u>

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

## Village of Dundee, Michigan

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

Proprietary Funds

For the Year Ended February 28, 2023

	Business-type activities			Governmental Activities
	Water Fund	Sewer Fund	Total	Unemployment Compensation Internal Service Fund
<b>Operating revenues</b>				
Charges for services	\$ 1,781,916	\$ 2,163,100	\$ 3,945,016	\$ -
Other	27,346	85,189	112,535	-
<b>Total operating revenues</b>	<u>1,809,262</u>	<u>2,248,289</u>	<u>4,057,551</u>	<u>-</u>
<b>Operating expenses</b>				
Operating and maintenance wages	99,613	61,395	161,008	-
Employee benefits, including pension changes	107,415	111,319	218,734	-
Utilities and telephone	19,764	199,282	219,046	-
Water supply and system maintenance	861,658	112,881	974,539	-
Chemicals	-	31,785	31,785	-
Laboratory supplies	7,349	10,728	18,077	-
Office supplies	17,871	21,797	39,668	-
Depreciation	253,594	1,155,053	1,408,647	-
Miscellaneous	2,342	16,162	18,504	-
Engineering fees	-	5,940	5,940	-
Contractual services	13,482	345,854	359,336	-
Sanitation	-	67,389	67,389	-
<b>Total operating expenses</b>	<u>1,417,285</u>	<u>2,173,782</u>	<u>3,591,067</u>	<u>-</u>
Operating income	<u>391,977</u>	<u>74,507</u>	<u>466,484</u>	<u>-</u>
<b>Nonoperating revenues (expenses)</b>				
Interest revenue	2,904	4,375	7,279	-
Interest expense	(8,149)	(332,723)	(340,872)	-
<b>Total nonoperating expenses</b>	<u>(5,245)</u>	<u>(328,348)</u>	<u>(333,593)</u>	<u>-</u>
Income (loss) before transfers	<u>386,732</u>	<u>(253,841)</u>	<u>132,891</u>	<u>-</u>
<b>Transfers</b>				
Transfers out	<u>(1,300)</u>	<u>(1,300)</u>	<u>(2,600)</u>	<u>-</u>
<b>Change in net position</b>	<u>385,432</u>	<u>(255,141)</u>	<u>130,291</u>	<u>-</u>
Net position, beginning of year	<u>6,608,154</u>	<u>12,629,101</u>	<u>19,237,255</u>	<u>19,172</u>
<b>Net position, end of year</b>	<u>\$ 6,993,586</u>	<u>\$ 12,373,960</u>	<u>\$ 19,367,546</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, 2023

	Business-type activities			Governmental Activities
	Water Fund	Sewer Fund	Total	Unemployment Compensation Internal Service Fund
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 1,842,411	\$ 2,263,756	\$ 4,106,167	\$ -
Payments to suppliers and contractors	(1,071,146)	(901,117)	(1,972,263)	-
Payments to employees for services	(129,250)	(73,162)	(202,412)	-
<b>Net cash provided by operating activities</b>	<u>642,015</u>	<u>1,289,477</u>	<u>1,931,492</u>	<u>-</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers out	(1,300)	(1,300)	(2,600)	-
<b>Cash flows from capital and related financing activities</b>				
Principal paid on debt	(260,000)	(1,055,000)	(1,315,000)	-
Interest paid on debt	(22,619)	(339,153)	(361,772)	-
Purchase of capital assets	(32,595)	(27,752)	(60,347)	-
<b>Net cash used in capital and related financing activities</b>	<u>(315,214)</u>	<u>(1,421,905)</u>	<u>(1,737,119)</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest income received	2,904	4,375	7,279	-
<b>Net change in cash and cash equivalents</b>	<u>328,405</u>	<u>(129,353)</u>	<u>199,052</u>	<u>-</u>
Cash and cash equivalents, beginning of year	<u>2,614,880</u>	<u>4,431,705</u>	<u>7,046,585</u>	<u>19,172</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,943,285</u>	<u>\$ 4,302,352</u>	<u>\$ 7,245,637</u>	<u>\$ 19,172</u>
<b>Reconciliation to statement of net position</b>				
Cash and cash equivalents	\$ 2,942,285	\$ 4,294,352	\$ 7,236,637	\$ 19,172
Cash and cash equivalents - restricted	1,000	8,000	9,000	-
	<u>\$ 2,943,285</u>	<u>\$ 4,302,352</u>	<u>\$ 7,245,637</u>	<u>\$ 19,172</u>

continued...

## Village of Dundee, Michigan

### Statement of Cash Flows

Proprietary Funds

For the Year Ended February 28, 2023

	Business-type activities			Governmental Activities
	Water Fund	Sewer Fund	Total	Unemployment Compensation Internal Service Fund
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income	\$ 391,977	\$ 74,507	\$ 466,484	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	253,594	1,155,053	1,408,647	-
Amortization of deferred charges	2,891	(19,266)	(16,375)	-
Changes in assets and liabilities:				
Accounts receivable	33,133	48,548	81,681	-
Taxes receivable	16	264	280	-
Prepaid items	5,085	5,085	10,170	-
Accounts payable	(123,950)	(40,577)	(164,527)	-
Unearned revenue	-	(33,345)	(33,345)	-
Accrued payroll	1,821	656	2,477	-
Accrued liabilities	(330)	(1,000)	(1,330)	-
Compensated absences	4,795	4,169	8,964	-
Net pension liability	218,734	193,429	412,163	-
Deferred outflows related to the net pension liability	(62,096)	(19,296)	(81,392)	-
Deferred inflows related to the net pension liability	(83,655)	(78,750)	(162,405)	-
<b>Net cash provided by operating activities</b>	<u>\$ 642,015</u>	<u>\$ 1,289,477</u>	<u>\$ 1,931,492</u>	<u>\$ -</u>

concluded

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, 2023

	Downtown Development Authority	Local Development Financing Authority Water Plant	Local Development Financing Authority Global Engine Alliance
<b>Assets</b>			
Cash and cash equivalents	\$ 33,341	\$ 168,296	\$ 4,865,854
Due from other governments	106,499	-	312,127
Prepaid items	21,069	-	-
Capital assets not being depreciated	416,803	-	-
Capital assets being depreciated, net	260,026	-	3,703,913
<b>Total assets</b>	<u>837,738</u>	<u>168,296</u>	<u>8,881,894</u>
<b>Liabilities</b>			
Accounts payable	41	-	-
Accrued payroll	1,369	-	-
Interest payable	-	-	3,730
Long-term debt - Due within one year	12,628	-	288,400
<b>Total liabilities</b>	<u>14,038</u>	<u>-</u>	<u>292,130</u>
<b>Net position</b>			
Net investment in capital assets	676,829	-	3,415,513
Unrestricted	146,871	168,296	5,174,251
<b>Total net position</b>	<u>\$ 823,700</u>	<u>\$ 168,296</u>	<u>\$ 8,589,764</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>
\$ 23	\$ 890,471	\$ 5,957,985
-	-	418,626
-	-	21,069
3,300,000	-	3,716,803
3,306,888	-	7,270,827
<hr/>	<hr/>	<hr/>
6,606,911	890,471	17,385,310
<hr/>	<hr/>	<hr/>
-	-	41
-	-	1,369
-	-	3,730
<hr/>	<hr/>	<hr/>
-	-	301,028
<hr/>	<hr/>	<hr/>
-	-	306,168
<hr/>	<hr/>	<hr/>
6,606,888	-	10,699,230
23	890,471	6,379,912
<hr/>	<hr/>	<hr/>
\$ 6,606,911	\$ 890,471	\$ 17,079,142
<hr/>	<hr/>	<hr/>

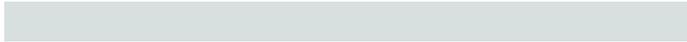
## Village of Dundee, Michigan

### Combining Statement of Activities

Discretely Presented Component Units  
For the Year Ended February 28, 2023

	Downtown Development Authority	Local Development Financing Authority Water Plant	Local Development Financing Authority Global Engine Alliance
<b>Revenues</b>			
General:			
Property taxes	\$ 186,506	\$ -	\$ 494,250
State	14,798	-	638,906
Interest	11	170	1,420
Other	250,969	-	-
<b>Total revenues</b>	<u>452,284</u>	<u>170</u>	<u>1,134,576</u>
<b>Expenses</b>			
Public works	282,748	-	443,743
Interest	-	-	42,174
<b>Total expenses</b>	<u>282,748</u>	<u>-</u>	<u>485,917</u>
<b>Change in net position</b>	169,536	170	648,659
<b>Net position, beginning of year</b>	<u>654,164</u>	<u>168,126</u>	<u>7,941,105</u>
<b>Net position, end of year</b>	<u>\$ 823,700</u>	<u>\$ 168,296</u>	<u>\$ 8,589,764</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>
\$ -	\$ 1,751	\$ 682,507
-	-	653,704
23	938	2,562
-	-	250,969
<hr/>	<hr/>	<hr/>
23	2,689	1,589,742
<hr/>	<hr/>	<hr/>
280,895	-	1,007,386
-	-	42,174
<hr/>	<hr/>	<hr/>
280,895	-	1,049,560
<hr/>	<hr/>	<hr/>
(280,872)	2,689	540,182
6,887,783	887,782	16,538,960
<hr/>	<hr/>	<hr/>
<u>\$ 6,606,911</u>	<u>\$ 890,471</u>	<u>\$ 17,079,142</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 and proprietary funds. 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 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 *major streets special revenue fund* is used to account for expenditures associated with the construction and maintenance needs of the major street portion (as defined by State Act 51) of the Village's street network.

The *local streets special revenue fund* receives allocations of State collected gasoline taxes and license fees to be used for the maintenance, repair, and construction of streets and bridges within the Village.

The *American Rescue Plan special revenue fund* received federal dollars from the American Rescue Plan Act.

## 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

*Capital project funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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.

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.

# Village of Dundee, Michigan

## Notes to Financial Statements

### **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 state law, debt covenants, and federal spending appropriations.

#### ***Receivables 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.

#### ***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 acquisition cost 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.

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.

## Village of Dundee, Michigan

### Notes to 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 assets 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 when applicable.

#### ***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.

## Village of Dundee, Michigan

### Notes to Financial Statements

#### *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 assets that applies to future periods and so will not be recognized as an inflow of resources until that time. The governmental funds 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.

#### *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.

#### *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 year 2022-23 was 6.9221 mills with an additional 2.8889 mills for local streets.

#### *Pensions*

For purposes of measuring the net pension asset, 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.

# Village of Dundee, Michigan

## Notes to Financial Statements

### *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.

## 3. CASH AND CASH EQUIVALENTS

Following is a reconciliation of cash and cash equivalents as of February 28, 2023:

	Primary Government	Component Units	Totals
<b>Statement of net position</b>			
Cash and cash equivalents	\$ 13,536,941	\$ 5,957,985	\$ 19,494,926
<b>Deposits</b>			
Demand deposits (checking/savings accounts)			<u>\$ 19,494,926</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.

#### Deposit Risk

*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, \$20,029,437 of the Village's bank balance of \$20,279,437 was exposed to custodial credit risk because it was uninsured and uncollateralized.

### 4. RECEIVABLES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 6,909	\$ 775,291	\$ -
Taxes receivable	234,519	214	-
Special assessment receivable	933,345	-	-
Due from other governments	218,378	-	418,626
	<u>\$ 1,393,151</u>	<u>\$ 775,505</u>	<u>\$ 418,626</u>
Amount not expected to be collected within one year	<u>\$ 933,344</u>	<u>\$ -</u>	<u>\$ -</u>

# Village of Dundee, Michigan

## Notes to Financial Statements

### 5. CAPITAL ASSETS

#### Primary government

Capital asset activity for the year ended February 28, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 352,439	\$ -	\$ -	\$ 352,439
Construction in progress	-	12,500	-	12,500
	<u>352,439</u>	<u>12,500</u>	<u>-</u>	<u>364,939</u>
Capital assets being depreciated:				
Land improvements	181,174	-	-	181,174
Infrastructure	18,096,971	593,650	-	18,690,621
Buildings	4,433,772	9,260	(12,000)	4,431,032
Improvements other than buildings	298,647	-	-	298,647
Equipment	542,189	25,894	-	568,083
Vehicles	1,176,751	369,762	(242,218)	1,304,295
	<u>24,729,504</u>	<u>998,566</u>	<u>(254,218)</u>	<u>25,473,852</u>
Less accumulated depreciation for:				
Land improvements	(68,732)	(8,804)	-	(77,536)
Infrastructure	(6,941,792)	(567,542)	-	(7,509,334)
Buildings	(2,136,141)	(134,277)	12,000	(2,258,418)
Improvements other than buildings	(235,642)	(9,050)	-	(244,692)
Equipment	(377,702)	(33,671)	-	(411,373)
Vehicles	(983,481)	(124,237)	242,218	(865,500)
	<u>(10,743,490)</u>	<u>(877,581)</u>	<u>254,218</u>	<u>(11,366,853)</u>
Total capital assets being depreciated, net	<u>13,986,014</u>	<u>120,985</u>	<u>-</u>	<u>14,106,999</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 14,338,453</u>	<u>\$ 133,485</u>	<u>\$ -</u>	<u>\$ 14,471,938</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	60,347	(53,681)	589,343
Building and improvements	16,666,337	-	-	16,666,337
Water and sewer lines	28,278,826	-	-	28,278,826
	<u>45,527,840</u>	<u>60,347</u>	<u>(53,681)</u>	<u>45,534,506</u>
Less accumulated depreciation for:				
Vehicle and equipment	(551,584)	(25,076)	53,681	(522,979)
Building and improvements	(9,315,963)	(461,683)	-	(9,777,646)
Water and sewer lines	(9,271,358)	(921,888)	-	(10,193,246)
	<u>(19,138,905)</u>	<u>(1,408,647)</u>	<u>53,681</u>	<u>(20,493,871)</u>
Total capital assets being depreciated, net	<u>26,388,935</u>	<u>(1,348,300)</u>	<u>-</u>	<u>25,040,635</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 26,520,501</u>	<u>\$ (1,348,300)</u>	<u>\$ -</u>	<u>\$ 25,172,201</u>

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

### Depreciation of governmental activities by function

General government	\$ 672,180
Public safety	30,597
Public works	173,260
Culture and recreation	1,544
	<u>\$ 877,581</u>

### Depreciation of business-type activities by function

Water	\$ 253,594
Sewer	1,155,053
	<u>\$ 1,408,647</u>

# Village of Dundee, Michigan

## Notes to Financial Statements

### Component unit - DDA

Capital asset activity for the DDA for the year ended February 28, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - DDA</b>				
Capital assets not being depreciated:				
Land	\$ 282,394	\$ -	\$ -	\$ 282,394
Construction in progress	-	134,409	-	134,409
	<u>282,394</u>	<u>134,409</u>	<u>-</u>	<u>416,803</u>
Capital assets being depreciated -				
Land improvements	618,855	6,500	-	625,355
Less accumulated depreciation for -				
Land improvements	<u>(347,015)</u>	<u>(18,314)</u>	<u>-</u>	<u>(365,329)</u>
Total capital assets being depreciated, net	<u>271,840</u>	<u>(11,814)</u>	<u>-</u>	<u>260,026</u>
<b>DDA capital assets, net</b>	<u>\$ 554,234</u>	<u>\$ 122,595</u>	<u>\$ -</u>	<u>\$ 676,829</u>

### Component unit - LDFA Global Engine Alliance

Capital asset activity for the LDFA Global Engine Alliance for the year ended February 28, 2023 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Component unit - LDFA Global Engine Alliance</b>				
Capital assets being depreciated -				
Streets and ramps	\$ 6,220,787	\$ -	\$ -	\$ 6,220,787
Less accumulated depreciation for -				
Streets and ramps	<u>(2,361,131)</u>	<u>(155,743)</u>	<u>-</u>	<u>(2,516,874)</u>
<b>LDFA Global Engine Alliance capital assets, net</b>	<u>\$ 3,859,656</u>	<u>\$ (155,743)</u>	<u>\$ -</u>	<u>\$ 3,703,913</u>

# Village of Dundee, Michigan

## Notes to Financial Statements

### Component unit - EDC

Capital asset activity for the EDC for the year ended February 28, 2023 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<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	81,028	-	4,908,963
	<u>9,054,699</u>	<u>81,028</u>	<u>-</u>	<u>9,135,727</u>
Less accumulated depreciation for:				
Water and sewer lines	(958,429)	(47,922)	-	(1,006,351)
Storm sewers	(732,274)	(36,613)	-	(768,887)
Streets and ramps	(3,857,243)	(196,358)	-	(4,053,601)
	<u>(5,547,946)</u>	<u>(280,893)</u>	<u>-</u>	<u>(5,828,839)</u>
Total capital assets being depreciated, net	<u>3,506,753</u>	<u>(199,865)</u>	<u>-</u>	<u>3,306,888</u>
<b>EDC capital assets, net</b>	<u>\$ 6,806,753</u>	<u>\$ (199,865)</u>	<u>\$ -</u>	<u>\$ 6,606,888</u>

### Construction Commitments

The Village entered into contract with Salenbien Trucking and Excavating, Inc. to make improvements on Toledo Street. The total bid price per the contract for this construction is \$3,630,565, with payments to be made on a progression basis as the work is completed.

The Village entered into contract with David Arthur Consultants Inc. to refurbish the Boy Scout Building at Waterworks Park. The total design and management for the project, per the contract, is \$88,750, with payments to be made on a progression basis as the work is completed.

# Village of Dundee, Michigan

## Notes to Financial Statements

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities are as follows:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 62,612	\$ 10,201	\$ 41
Accrued payroll	44,699	7,687	1,369
Accrued liabilities	3,700	14,920	-
Accrued interest payable	29,706	147,191	3,730
	<u>\$ 140,717</u>	<u>\$ 179,999</u>	<u>\$ 5,140</u>

### 7. INTERFUND TRANSFERS

For the year ended February 28, 2023, interfund transfers are summarized as follows:

	Transfers In		
	Local Streets Fund	Nonmajor Governmental Funds	Totals
<b>Transfers Out</b>			
General fund	\$ -	\$ 276,165	\$ 276,165
Major streets fund	-	85,355	85,355
Local streets fund	-	46,640	46,640
Nonmajor governmental fund	837,135	-	837,135
Sewer fund	-	1,300	1,300
Water fund	-	1,300	1,300
	<u>\$ 837,135</u>	<u>\$ 410,760</u>	<u>\$ 1,247,895</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

### 8. LONG-TERM DEBT

Long-term debt activity for the year ended February 28, 2023 is summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 1,615,000	\$ -	\$ (230,000)	\$ 1,385,000	\$ 235,000
Notes from direct borrowing/placements - Installment purchase agreements	559,462	253,452	(154,721)	658,193	156,194
Compensated absences	74,536	67,416	(91,438)	50,514	50,514
<b>Total governmental activities</b>	<b>\$ 2,248,998</b>	<b>\$ 320,868</b>	<b>\$ (476,159)</b>	<b>\$ 2,093,707</b>	<b>\$ 441,708</b>
<b>Business-type activities</b>					
General obligation bonds	\$ 14,618,061	\$ -	\$ (1,315,000)	\$ 13,303,061	\$ 1,325,000
Deferred amounts: For issuance discounts	(9,642)	-	2,892	(6,750)	(2,893)
For issuance premiums	250,466	-	(19,267)	231,199	19,267
Compensated absences	24,336	10,818	(1,854)	33,300	33,300
<b>Total business-type activities</b>	<b>\$ 14,883,221</b>	<b>\$ 10,818</b>	<b>\$ (1,333,229)</b>	<b>\$ 13,560,810</b>	<b>\$ 1,374,674</b>
<b>Component unit - LDFA</b>					
General obligation bonds	\$ 565,000	\$ -	\$ (275,000)	\$ 290,000	\$ 290,000
Deferred amounts - For issuance discounts	(3,200)	-	1,600	(1,600)	(1,600)
<b>Total component unit - LDFA</b>	<b>\$ 561,800</b>	<b>\$ -</b>	<b>\$ (273,400)</b>	<b>\$ 288,400</b>	<b>\$ 288,400</b>
<b>Component unit - DDA</b>					
Compensated absences	\$ -	\$ 12,628	\$ -	\$ 12,628	\$ 12,628

# Village of Dundee, Michigan

## Notes to Financial Statements

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

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

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

	Year of Maturity	Interest Rates	Original Amount	Amount
<b>Governmental activities</b>				
2008 special assessment tax bonds	2024	4.5%	\$ 222,060	\$ 20,000
2008 capital improvement limited tax bonds	2025	2.75%-4.50%	370,000	50,000
2008 capital improvement limited tax bonds	2025	4.5%	105,000	20,000
2006 capital improvement tax bonds	2028	3.75% -4.50%	1,300,000	435,000
2013 general obligation refunding bonds	2028	2.39%	1,660,000	230,000
2019 special assessment tax bonds	2035	3.10%	740,000	630,000
<b>Total governmental activities</b>				<u><u>\$ 1,385,000</u></u>
<b>Business-type activities</b>				
2012 limited tax general obligation bonds	2024	2.42%	\$ 3,530,000	\$ 375,000
2008 capital improvement limited tax bonds	2024	3.0%-4.5%	446,690	40,000
2010 limited tax general obligation bonds	2027	2.00% -4.25%	3,100,000	1,010,000
2019 limited tax general obligation bonds	2035	4.0%	2,495,000	2,175,000
2015 limited tax general obligation bonds	2037	2.5%	4,406,043	3,281,043
2017 limited tax general obligation bonds	2039	2.5%	7,727,018	6,422,018
<b>Total business-type activities</b>				<u><u>\$ 13,303,061</u></u>
<b>Component unit - LDFA</b>				
2004B obligation limited tax bonds	2024	3.0% -4.0%	\$ 425,000	\$ 25,000
2013 refunding bonds	2024	1.25% -3.75%	2,100,000	265,000
<b>Total component units</b>				<u><u>\$ 290,000</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
2024	\$ 235,000	\$ 42,415	\$ 1,325,000	\$ 366,542
2025	220,000	34,098	960,000	332,345
2026	185,000	26,885	990,000	301,899
2027	190,000	20,327	1,010,000	270,145
2028	200,000	13,484	775,000	243,127
2029-2033	255,000	31,685	4,170,000	870,983
2034-2038	100,000	2,811	3,631,043	288,019
2039-2040	-	-	442,018	11,050
	<u>\$ 1,385,000</u>	<u>\$ 171,705</u>	<u>\$ 13,303,061</u>	<u>\$ 2,684,110</u>

Year Ended February 28/29,	Component Units	
	Principal	Interest
2024	<u>\$ 290,000</u>	<u>\$ 5,594</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	\$ 323,974
2019 installment agreement - Peterbilt snowplow	4.39%	225,112	47,496
2021 installment agreement - John Deere	2.75%	106,751	83,940
2022 installment agreement - Street sweeper	8.01%	253,452	202,783
		<u>\$ 1,312,756</u>	<u>\$ 658,193</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
2024	\$ 156,194	\$ 20,857
2025	112,060	15,210
2026	115,526	11,945
2027	159,765	8,370
2028	56,449	3,554
2029-2030	58,199	1,804
	<u>\$ 658,193</u>	<u>\$ 61,740</u>

### 9. PROPRIETARY FUND - RESTRICTED ASSETS

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

### 10. 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, 2023, the Downtown Development Fund recorded \$186,506 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, 2023, 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, 2023, the Local Development Finance Authority (Global Engine Project) recorded \$494,250 as property tax revenue generated from the properties under improvement.

## Village of Dundee, Michigan

### Notes to Financial Statements

The Village has adopted a Brownfield Redevelopment Authority (Tecumseh Road) to assist in financing the clean-up and development of a Brownfield area. For the year ended February 28, 2023, the Authority recorded \$1,751 in property tax revenue.

#### 11. 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.

#### 12. CONTINGENCIES

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

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

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

#### 13. 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.

## Village of Dundee, Michigan

### Notes to Financial Statements

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 is receiving health insurance coverage. The terminated employee's spouse is eligible to receive benefits until the spouse reaches the age of 65. The Village has decided to expense the costs at the time they are incurred.

#### 14. 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.

#### 15. 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.

## Village of Dundee, Michigan

### Notes to Financial Statements

*Employees Covered by Benefit Terms.* At December 31, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>11</u>
<b>Total membership</b>	<u><u>35</u></u>

*Contributions.* All full-time employees contribute 7% of their salary to the plan. The Village is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. For year ended February 28, 2023, the Village's average contribution was 25.20% of annual payroll. The contribution requirements of plan members and the Village are established by the Village and by MERS Council of Trustees.

*Net Pension Liability.* The Village's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021.

*Actuarial Assumptions.* The total pension liability in the December 31, 2021 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	7.00%, net of investment and administrative expense including inflation

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for Ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

## Village of Dundee, Michigan

### Notes to Financial Statements

*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%	4.50%	2.70%
Global fixed income	20.0%	2.00%	0.40%
Private investments	<u>20.0%</u>	7.00%	1.40%
	<u>100.0%</u>		
Inflation			2.50%
Administrative expenses netted above			<u>0.25%</u>
<b>Investment rate of return</b>			<u><u>7.25%</u></u>

*Discount Rate.* The discount rate used to measure the total pension liability as of December 31, 2021 was 7.25% (down from 7.60% at December 31, 2020). The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Village of Dundee, Michigan

### Notes to Financial Statements

#### *Changes in Net Pension Liability*

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

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at December 31, 2021	\$ 4,542,492	\$ 5,371,902	\$ (829,410)
Changes for the year:			
Service cost	61,414	-	61,414
Interest	333,779	-	333,779
Differences between expected and actual experience	63,499	-	63,499
Changes in assumptions	144,865	-	144,865
Employer contributions	-	22,781	(22,781)
Employee contributions	-	45,734	(45,734)
Net investment loss	-	(555,198)	555,198
Benefit payments, including refunds of employee contributions	(362,753)	(362,753)	-
Administrative expense	-	(9,709)	9,709
Other changes	(50,679)	-	(50,679)
Net changes	<u>190,125</u>	<u>(859,145)</u>	<u>1,049,270</u>
<b>Balances at December 31, 2022</b>	<u>\$ 4,732,617</u>	<u>\$ 4,512,757</u>	<u>\$ 219,860</u>

*Changes in assumptions.* In 2022, amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the net pension liability (asset) of the Village, calculated using the discount rate of 7.25%, as well as what the Village's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate:

<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
\$ 689,205	\$ 219,860	\$ (174,327)

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

# Village of Dundee, Michigan

## Notes to Financial Statements

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

For the year ended February 28, 2023, the Village recognized pension expense of \$184,688. The Village reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>
Difference between expected and actual experience	\$ 80,074
Changes in assumptions	144,198
Net difference between projected and actual earnings on pension plan investments	<u>462,180</u>
	686,452
Contributions subsequent to the measurement date	<u>3,502</u>
<b>Total</b>	<u><u>\$ 689,954</u></u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending February 29, 2024. Other amounts reported as pension-related deferred outflows of resources will be recognized in pension expense as follows:

<b>Year Ended February 28/29,</b>	<b>Amount</b>
2024	\$ 216,529
2025	155,999
2026	123,542
2027	<u>190,382</u>
<b>Total</b>	<u><u>\$ 686,452</u></u>

*Payable to the Pension Plan.* At February 28, 2023, the Village had no amounts payable to contributions to the pension plan. For the governmental activities, the net pension liability is generally liquidated by the general fund.

# Village of Dundee, Michigan

## Notes to Financial Statements

### 16. 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	\$ 364,939	\$ 131,566	\$ 3,716,803
Capital assets being depreciated, net	14,106,999	25,040,635	7,270,827
	<u>14,471,938</u>	<u>25,172,201</u>	<u>10,987,630</u>
Related debt:			
Total bonds, loans, and other installment debt	2,043,193	13,303,061	290,000
Discounts/premium on bonds	-	224,449	(1,600)
	<u>2,043,193</u>	<u>13,527,510</u>	<u>288,400</u>
<b>Net investment in capital assets</b>	<u><u>\$ 12,428,745</u></u>	<u><u>\$ 11,644,691</u></u>	<u><u>\$ 10,699,230</u></u>

### 17. TAX ABATEMENTS

The Village received reduced property tax revenues during 2023 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 \$22,922 in reduced Village tax revenues for 2023.

### 18. 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 received over \$240,000 during 2023 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the American Rescue Plan Act and other funding sources.

### 19. RESTATEMENT

The beginning governmental activities net position and fund balance of governmental funds was restated resulting in a decrease of \$242,197 in beginning governmental activities net position and fund balance to correct recognition of federal revenue in the prior period.



**This page intentionally left blank.**

## **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 (Asset) and Related Ratios

	Year Ended February 28/29,			
	2023	2022	2021	2020
<b>Total pension liability</b>				
Service cost	\$ 61,414	65,467	\$ 42,993	\$ 41,361
Interest on total pension liability	333,779	316,658	317,716	316,773
Difference between expected and actual experience	63,499	113,227	68,230	22,449
Assumption changes	144,865	142,864	120,181	-
Benefit payments	(362,753)	(350,543)	(337,167)	(315,994)
Other	(50,679)	(54,276)	(21,395)	(43,027)
<b>Net change in total pension liability</b>	<u>190,125</u>	<u>233,397</u>	<u>190,558</u>	<u>21,562</u>
Total pension liability, beginning of year	<u>4,542,492</u>	<u>4,309,095</u>	<u>4,118,537</u>	<u>4,096,975</u>
<b>Total pension liability, end of year</b>	<u>4,732,617</u>	<u>4,542,492</u>	<u>4,309,095</u>	<u>4,118,537</u>
<b>Plan fiduciary net position</b>				
Employer contributions	22,781	998,918	1,353,634	269,919
Employee contributions	45,734	53,264	48,596	32,629
Pension plan net investment income (loss)	(555,198)	665,514	429,254	302,590
Benefit payments and refunds	(362,753)	(350,543)	(337,167)	(315,994)
Pension plan administrative expense	(9,709)	(7,639)	(5,482)	(5,213)
<b>Net change in plan fiduciary net position</b>	<u>(859,145)</u>	<u>1,359,514</u>	<u>1,488,835</u>	<u>283,931</u>
Plan fiduciary net position, beginning of year	<u>5,371,902</u>	<u>4,012,388</u>	<u>2,523,553</u>	<u>2,239,622</u>
<b>Plan fiduciary net position, end of year</b>	<u>4,512,757</u>	<u>5,371,902</u>	<u>4,012,388</u>	<u>2,523,553</u>
<b>Net pension liability (asset)</b>	<u>\$ 219,860</u>	<u>\$ (829,410)</u>	<u>\$ 296,707</u>	<u>\$ 1,594,984</u>
Plan fiduciary net position as a percentage of total pension liability	95.35%	118.26%	93.11%	61.27%
Covered payroll	\$ 664,509	693,889	\$ 466,129	\$ 448,435
Net pension liability (asset) as a percentage of covered payroll	33.09%	-119.53%	63.65%	355.68%

See Notes to Required Supplementary Information.



**Year Ended February 28/29,**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
-------------	-------------	-------------	-------------

\$ 40,318	\$ 45,837	\$ 45,172	\$ 42,319
312,283	308,907	292,091	288,145
21,175	(9,767)	28,075	-
-	-	174,752	-
(321,211)	(324,726)	(295,740)	(319,834)
426	22,951	(19,992)	25,222
<u>52,991</u>	<u>43,202</u>	<u>224,358</u>	<u>35,852</u>
<u>4,043,984</u>	<u>4,000,782</u>	<u>3,776,424</u>	<u>3,740,572</u>
<u>4,096,975</u>	<u>4,043,984</u>	<u>4,000,782</u>	<u>3,776,424</u>

211,396	74,930	75,572	71,757
31,390	30,851	34,313	36,356
(92,069)	296,358	250,254	(35,054)
(321,211)	(324,726)	(295,740)	(319,834)
(4,591)	(4,715)	(4,949)	(5,342)
<u>(175,085)</u>	<u>72,698</u>	<u>59,450</u>	<u>(252,117)</u>
<u>2,414,707</u>	<u>2,342,009</u>	<u>2,282,559</u>	<u>2,534,676</u>
<u>2,239,622</u>	<u>2,414,707</u>	<u>2,342,009</u>	<u>2,282,559</u>
<u>\$ 1,857,353</u>	<u>\$ 1,629,277</u>	<u>\$ 1,658,773</u>	<u>\$ 1,493,865</u>

54.67%	59.71%	58.54%	60.44%
\$ 434,195	\$ 513,728	\$ 502,352	\$ 490,999
427.77%	317.15%	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	211,396	(125,000)	434,195	48.69%
2020	119,919	269,919	(150,000)	486,482	55.48%
2021	203,433	1,353,634	(1,150,201)	706,564	191.58%
2022	49,385	998,918	(949,533)	779,780	128.10%
2023	22,014	22,781	(767)	664,509	3.43%

See Notes to Required Supplementary Information.

# Village of Dundee, Michigan

## Notes to Required Supplementary Information

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

GASB 68 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 (Asset) and Related Ratios*

The amounts presented for each fiscal year were determined as of December 31 of the preceeding year. The significant changes in assumptions for each of the fiscal years ended February 28/29 were as follows:

2017:

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

2021:

Amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%.

2022:

Amounts reported as changes of assumptions related to updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates.

2023:

Amounts reported as changes of assumptions resulted from a decrease in the assumed rate of return from 7.35% to 7.00%.

#### *Notes to Schedule of Contributions*

Valuation Date

Actuarially determined contribution rates are calculated as of the December 31 that is 22 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2023, based on the December 31, 2020 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-year smooth market
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
Normal retirement age	Age 60
Mortality	<ul style="list-style-type: none"><li>• Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for Ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120</li><li>• Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality</li><li>• Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120</li></ul>

**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, 2023

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 296,387	\$ 326,431	\$ 70,169	\$ 692,987
Prepaid items	3,132	-	-	3,132
<b>Total assets</b>	<u>\$ 299,519</u>	<u>\$ 326,431</u>	<u>\$ 70,169</u>	<u>\$ 696,119</u>
<b>Liabilities</b>				
Accounts payable	\$ 891	\$ 1,395	\$ -	\$ 2,286
Accrued payroll	5,518	-	-	5,518
Accrued liabilities	3,700	-	-	3,700
<b>Total liabilities</b>	<u>10,109</u>	<u>1,395</u>	<u>-</u>	<u>11,504</u>
<b>Fund balances</b>				
Nonspendable	3,132	-	-	3,132
Restricted	276,931	325,036	70,169	672,136
<b>Total fund balances</b>	<u>289,410</u>	<u>325,036</u>	<u>70,169</u>	<u>684,615</u>
<b>Total liabilities and fund balances</b>	<u>\$ 299,519</u>	<u>\$ 326,431</u>	<u>\$ 70,169</u>	<u>\$ 696,119</u>

## Village of Dundee, Michigan

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

Nonmajor Governmental Funds  
For the Year Ended February 28, 2023

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Totals
<b>Revenues</b>				
Licenses and permits	\$ 182,072	\$ -	\$ -	\$ 182,072
Interest	261	2	67	330
Other	100,130	156	-	100,286
<b>Total revenues</b>	<u>282,463</u>	<u>158</u>	<u>67</u>	<u>282,688</u>
<b>Expenditures</b>				
Current expenditures:				
Public safety	253,128	-	-	253,128
Culture and recreation	236,070	-	-	236,070
Debt service:				
Principal	-	-	185,000	185,000
Interest and fiscal charges	-	-	45,749	45,749
<b>Total expenditures</b>	<u>489,198</u>	<u>-</u>	<u>230,749</u>	<u>719,947</u>
Revenues over (under) expenditures	<u>(206,735)</u>	<u>158</u>	<u>(230,682)</u>	<u>(437,259)</u>
<b>Other financing sources (uses)</b>				
Transfers in	180,000	-	230,760	410,760
Transfers out	(837,135)	-	-	(837,135)
<b>Total other financing sources (uses)</b>	<u>(657,135)</u>	<u>-</u>	<u>230,760</u>	<u>(426,375)</u>
<b>Net change in fund balances</b>	<u>(863,870)</u>	<u>158</u>	<u>78</u>	<u>(863,634)</u>
Fund balances, beginning of year	<u>1,153,280</u>	<u>324,878</u>	<u>70,091</u>	<u>1,548,249</u>
<b>Fund balances, end of year</b>	<u>\$ 289,410</u>	<u>\$ 325,036</u>	<u>\$ 70,169</u>	<u>\$ 684,615</u>

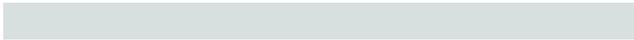
## Village of Dundee, Michigan

### Combining Balance Sheet

Nonmajor Special Revenue Funds

February 28, 2023

	Parks and Recreation	Federal Forfeitures	Historical Commission
<b>Assets</b>			
Cash and cash equivalents	\$ 5,830	\$ 76,406	\$ 6,551
Prepaid items	-	-	-
<b>Total assets</b>	<u>\$ 5,830</u>	<u>\$ 76,406</u>	<u>\$ 6,551</u>
<b>Liabilities</b>			
Accounts payable	\$ 36	\$ -	\$ 855
Accrued payroll	1,580	-	563
Accrued liabilities	-	-	-
<b>Total liabilities</b>	<u>1,616</u>	<u>-</u>	<u>1,418</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	76,406	-
Unassigned	4,214	-	5,133
<b>Total fund balances</b>	<u>4,214</u>	<u>76,406</u>	<u>5,133</u>
<b>Total liabilities and fund balances</b>	<u>\$ 5,830</u>	<u>\$ 76,406</u>	<u>\$ 6,551</u>



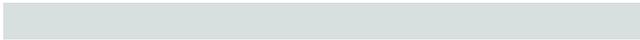
<b>Building Department</b>	<b>Municipal Streets</b>	<b>Total</b>
\$ 207,600	\$ -	\$ 296,387
3,132	-	3,132
<hr/>		<hr/>
\$ 210,732	\$ -	\$ 299,519
<hr/>		<hr/>
\$ -	\$ -	\$ 891
3,375	-	5,518
3,700	-	3,700
<hr/>		<hr/>
7,075	-	10,109
<hr/>		<hr/>
3,132	-	3,132
200,525	-	276,931
-	-	9,347
<hr/>		<hr/>
203,657	-	289,410
<hr/>		<hr/>
\$ 210,732	\$ -	\$ 299,519
<hr/>		<hr/>

## Village of Dundee, Michigan

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

Nonmajor Special Revenue Funds  
For the Year Ended February 28, 2023

	Parks and Recreation	Federal Forfeitures	Historical Commission
<b>Revenues</b>			
Licenses and permits	\$ -	\$ -	\$ -
Interest	2	-	-
Other	18,568	43,579	37,269
<b>Total revenues</b>	<u>18,570</u>	<u>43,579</u>	<u>37,269</u>
<b>Expenditures</b>			
Current expenditures:			
Public safety	-	10,199	-
Culture and recreation	118,812	-	117,258
<b>Total expenditures</b>	<u>118,812</u>	<u>10,199</u>	<u>117,258</u>
Revenues over (under) expenditures	<u>(100,242)</u>	<u>33,380</u>	<u>(79,989)</u>
<b>Other financing sources (uses)</b>			
Transfers in	100,000	-	80,000
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<u>100,000</u>	<u>-</u>	<u>80,000</u>
<b>Net change in fund balances</b>	(242)	33,380	11
Fund balances, beginning of year	<u>4,456</u>	<u>43,026</u>	<u>5,122</u>
<b>Fund balances, end of year</b>	<u>\$ 4,214</u>	<u>\$ 76,406</u>	<u>\$ 5,133</u>



<b>Building Department</b>	<b>Municipal Streets</b>	<b>Total</b>
\$ 182,072	\$ -	\$ 182,072
259	-	261
714	-	100,130
<hr/>	<hr/>	<hr/>
183,045	-	282,463
<hr/>	<hr/>	<hr/>
242,929	-	253,128
-	-	236,070
<hr/>	<hr/>	<hr/>
242,929	-	489,198
<hr/>	<hr/>	<hr/>
(59,884)	-	(206,735)
<hr/>	<hr/>	<hr/>
-	-	180,000
-	(837,135)	(837,135)
<hr/>	<hr/>	<hr/>
-	(837,135)	(657,135)
<hr/>	<hr/>	<hr/>
(59,884)	(837,135)	(863,870)
<hr/>	<hr/>	<hr/>
263,541	837,135	1,153,280
<hr/>	<hr/>	<hr/>
\$ 203,657	\$ -	\$ 289,410
<hr/>	<hr/>	<hr/>

## Village of Dundee, Michigan

### Combining Balance Sheet

Nonmajor Capital Project Funds

February 28, 2023

	Industrial Park	Economic Development	Sewer Separation	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,243	\$ 322,792	\$ 1,396	\$ 326,431
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 1,395	\$ 1,395
<b>Fund balances</b>				
Restricted	2,243	322,792	1	325,036
<b>Total liabilities and fund balances</b>	<b>\$ 2,243</b>	<b>\$ 322,792</b>	<b>\$ 1,396</b>	<b>\$ 326,431</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, 2023

	Industrial Park	Economic Development	Sewer Separation	Total
<b>Revenues</b>				
Interest	\$ 2	\$ -	\$ -	\$ 2
Other	156	-	-	156
<b>Total revenues/change in fund balances</b>	158	-	-	158
Fund balances, beginning of year	2,085	322,792	1	324,878
<b>Fund balances, end of year</b>	<u>\$ 2,243</u>	<u>\$ 322,792</u>	<u>\$ 1</u>	<u>\$ 325,036</u>

# Village of Dundee, Michigan

## Combining Balance Sheet

Nonmajor Debt Service Funds

February 28, 2023

	2006 Capital Improvement GO Bonds	2008 Pearl St. Assessment Bonds	Major and Local Streets Bond Debt Retirement	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,921	\$ 68,236	\$ 12	\$ 70,169
<b>Fund balances</b>				
Restricted	<u>\$ 1,921</u>	<u>\$ 68,236</u>	<u>\$ 12</u>	<u>\$ 70,169</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, 2023

	2006 Capital Improvement GO Bonds	2008 Pearl St. Assessment Bonds	Major and Local Streets Bond Debt Retirement	Total
<b>Revenue</b>				
Interest	\$ -	\$ 67	\$ -	\$ 67
<b>Expenditures</b>				
Debt service:				
Principal	75,000	-	110,000	185,000
Interest and fiscal charges	21,161	-	24,588	45,749
<b>Total expenditures</b>	96,161	-	134,588	230,749
Revenues over (under) expenditures	(96,161)	67	(134,588)	(230,682)
<b>Other financing sources (uses)</b>				
Transfers in	96,165	-	134,595	230,760
<b>Net change in fund balances</b>	4	67	7	78
Fund balances, beginning of year	1,917	68,169	5	70,091
<b>Fund balances, end of year</b>	\$ 1,921	\$ 68,236	\$ 12	\$ 70,169

## Village of Dundee, Michigan

### Combining Balance Sheet / Statement of Net Position

Downtown Development Authority Component Unit  
February 28, 2023

	General Fund	Debt Fund	Adjustments	Statement of Net Position
<b>Assets</b>				
Cash and cash equivalents	\$ 33,341	\$ -	\$ -	\$ 33,341
Due from other governments	106,499	-	-	106,499
Prepaid items	21,069	-	-	21,069
Capital assets not being depreciated	-	-	416,803	416,803
Capital assets being depreciated, net	-	-	260,026	260,026
<b>Total assets</b>	<u>\$ 160,909</u>	<u>\$ -</u>	<u>676,829</u>	<u>837,738</u>
<b>Liabilities</b>				
Accounts payable	\$ 41	\$ -	-	41
Accrued payroll	1,369	-	-	1,369
Long-term debt - Due within one year	-	-	12,628	12,628
<b>Total liabilities</b>	<u>1,410</u>	<u>-</u>	<u>12,628</u>	<u>14,038</u>
<b>Fund balances</b>				
Nonspendable	21,069	-	(21,069)	-
Unassigned	138,430	-	(138,430)	-
<b>Total fund balances</b>	<u>159,499</u>	<u>-</u>	<u>(159,499)</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 160,909</u>	<u>\$ -</u>		
<b>Net position</b>				
Investment in capital assets			676,829	676,829
Unrestricted			146,871	146,871
<b>Total net position</b>			<u>\$ 823,700</u>	<u>\$ 823,700</u>

## Village of Dundee, Michigan

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities Downtown Development Authority Component Unit For the Year Ended February 28, 2023

	General Fund	Debt Fund	Adjustments	Statement of Activities
<b>Revenues</b>				
Property taxes	\$ 186,506	\$ -	\$ -	\$ 186,506
State	14,798	-	-	14,798
Interest	11	-	-	11
Other	250,969	-	-	250,969
<b>Total revenues</b>	<b>452,284</b>	<b>-</b>	<b>-</b>	<b>452,284</b>
<b>Expenditures / expenses</b>				
Public works	392,715	-	(109,967)	282,748
Revenues over expenses	59,569	-	109,967	169,536
<b>Other financing sources (uses)</b>				
Transfers in	5,707	-	(5,707)	-
Transfers out	-	(5,707)	5,707	-
<b>Total other financing sources (uses)</b>	<b>5,707</b>	<b>(5,707)</b>	<b>-</b>	<b>-</b>
<b>Change in fund balance / net position</b>	<b>65,276</b>	<b>(5,707)</b>	<b>109,967</b>	<b>169,536</b>
<b>Fund balance / net position</b>				
Beginning of year	94,223	5,707	554,234	654,164
<b>End of year</b>	<b>\$ 159,499</b>	<b>\$ -</b>	<b>\$ 664,201</b>	<b>\$ 823,700</b>

## Village of Dundee, Michigan

### Balance Sheet / Statement of Net Position

Local Development Finance Authority Water Plant Component Unit

February 28, 2023

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 168,296	\$ -	\$ 168,296
<b>Fund balances</b>			
Unassigned	\$ 168,296	(168,296)	-
<b>Net position</b>			
Unrestricted		\$ 168,296	\$ 168,296

## 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, 2023

	<b>General Fund/ Statement of Activities</b>
<b>Revenues</b>	
Interest	<u>\$ 170</u>
<b>Change in fund balance / net position</b>	170
<b>Fund balance / net position</b>	
Beginning of year	<u>168,126</u>
<b>End of year</b>	<u><u>\$ 168,296</u></u>

## Village of Dundee, Michigan

### Combining Balance Sheet / Statement of Net Position

Local Development Finance Authority Global Engine Alliance Component Unit

February 28, 2023

	Global Engine Alliance	LDFA #3 Debt	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 3,214,511	\$ 1,651,343	\$ 4,865,854
Due from other governments	-	312,127	312,127
Capital assets being depreciated, net	-	-	-
<b>Total assets</b>	<u><u>\$ 3,214,511</u></u>	<u><u>\$ 1,963,470</u></u>	<u><u>\$ 5,177,981</u></u>
<b>Liabilities</b>			
Accrued interest	\$ -	\$ -	\$ -
Long-term debt:			
Due within one year	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>			
Unassigned	<u>3,214,511</u>	<u>1,963,470</u>	<u>5,177,981</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 3,214,511</u></u>	<u><u>\$ 1,963,470</u></u>	<u><u>\$ 5,177,981</u></u>
<b>Net position</b>			
Net investment in capital assets			
Unrestricted			
<b>Total net position</b>			



<b>Adjustments</b>	<b>Statement of Net Position</b>
\$ -	\$ 4,865,854
-	312,127
<u>3,703,913</u>	<u>3,703,913</u>
<u>3,703,913</u>	<u>8,881,894</u>
3,730	3,730
<u>288,400</u>	<u>288,400</u>
<u>292,130</u>	<u>292,130</u>
<u>(5,177,981)</u>	<u>-</u>
3,415,513	3,415,513
<u>5,174,251</u>	<u>5,174,251</u>
<u>\$ 8,589,764</u>	<u>\$ 8,589,764</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, 2023

	Global Engine Alliance	LDFA #3 Debt	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ -	\$ 494,250	\$ 494,250
State	-	638,906	638,906
Interest	-	1,420	1,420
<b>Total revenues</b>	<b>-</b>	<b>1,134,576</b>	<b>1,134,576</b>
<b>Expenditures / expenses</b>			
Public works	-	288,000	288,000
Debt service:			
Principal	-	275,000	275,000
Interest	-	44,073	44,073
<b>Total expenditures / expenses</b>	<b>-</b>	<b>607,073</b>	<b>607,073</b>
<b>Change in fund balance / net position</b>	<b>-</b>	<b>527,503</b>	<b>527,503</b>
<b>Fund balance / net position</b>			
Beginning of year	3,214,511	1,435,967	4,650,478
<b>End of year</b>	<b>\$ 3,214,511</b>	<b>\$ 1,963,470</b>	<b>\$ 5,177,981</b>



<b>Adjustments</b>	<b>Statement of Activities</b>
\$ -	\$ 494,250
-	638,906
-	1,420
<hr/>	<hr/>
-	1,134,576
<hr/>	<hr/>
155,743	443,743
(275,000)	-
(1,899)	42,174
<hr/>	<hr/>
(121,156)	485,917
<hr/>	<hr/>
121,156	648,659
<hr/>	<hr/>
3,290,627	7,941,105
<hr/>	<hr/>
\$ 3,411,783	\$ 8,589,764
<hr/>	<hr/>

## Village of Dundee, Michigan

### Balance Sheet / Statement of Net Position

Economic Development Corporation Component Unit

February 28, 2023

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 23	\$ -	\$ 23
Capital assets not being depreciated	-	3,300,000	3,300,000
Capital assets being depreciated, net	-	3,306,888	3,306,888
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<u>\$ 23</u>	<u>6,606,888</u>	<u>6,606,911</u>
<b>Fund balances</b>			
Unassigned	<u>\$ 23</u>	<u>(23)</u>	<u>-</u>
<b>Net position</b>			
Investment in capital assets		6,606,888	6,606,888
Unrestricted		<u>23</u>	<u>23</u>
		<hr/>	<hr/>
<b>Total net position</b>		<u>\$ 6,606,911</u>	<u>\$ 6,606,911</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, 2023

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Interest	\$ 23	\$ -	\$ 23
<b>Expenditures / expenses</b>			
Public works	81,028	199,867	280,895
<b>Change in fund balance / net position</b>	(81,005)	(199,867)	(280,872)
<b>Fund balance / net position</b>			
Beginning of year	81,028	6,806,755	6,887,783
<b>End of year</b>	<u>\$ 23</u>	<u>\$ 6,606,888</u>	<u>\$ 6,606,911</u>

## Village of Dundee, Michigan

### Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

February 28, 2023

	General Fund	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 890,471	\$ -	\$ 890,471
<b>Fund balances</b>			
Unassigned	\$ 890,471	(890,471)	-
<b>Net position</b>			
Unrestricted		\$ 890,471	\$ 890,471

## 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, 2023

	<b>General Fund/ Statement of Activities</b>
<b>Revenues</b>	
Property taxes	\$ 1,751
Interest	938
	<hr/>
<b>Change in fund balance / net position</b>	2,689
<b>Fund balance / net position</b>	
Beginning of year	<hr/> 887,782
<b>End of year</b>	<hr/> <hr/> \$ 890,471

**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***

August 30, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 30, 2023.

### **Report on 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. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2023-002 that we consider to be a material weakness.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.



## **Report on 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 Finding**

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

## **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 Lobson 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, 2023

### 2023-001 – Internal Controls over Cash Receipts

**Finding Type.** Significant Deficiency 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 a lack of segregation of duties in the cash receipting process. A single individual takes in all cash receipts, records them, reconciles them, and deposits them.

**Cause.** This condition was the result of a limited number of finance office staff who are able to share the responsibilities of the internal control system, therefore leading to a breach in segregation of duties. Due to turnover at the Village in the current year, effective oversight and segregation of duties was also not possible.

**Effect.** As a result of this condition, the Village's financial statements are at risk of fraudulent financial reporting and its assets are at risk of potential misappropriation.

**Recommendation.** The Village should clearly segregate the collection, deposit, and record-keeping functions of the cash receipting process to the extent it is able to do so with its staff.

**View of Responsible Officials.** During the year, the Village experienced turnover in staffing resulting in inconsistent segregation of duties related to cash handling and deposit procedures. Effective August 31, 2023, the Village has revised and implemented a *Cash Handling & Deposit Procedure* that appropriately segregates duties. This process will be consistently applied going forward.



# Village of Dundee, Michigan

## Schedule of Findings and Responses

For the Year Ended February 28, 2023

### 2023-002 – Restatement of Beginning Net Position/Fund Balance

**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 a material adjustment (which was approved and posted by management) to adjust the Villages's general ledger to the appropriate balances.

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

**Effect.** As a result of this condition, the Village's accounting records were initially misstated as follows: For governmental funds, beginning governmental activities net position and fund balance was overstated by \$242,197 and unearned revenue for federal revenue was understated by the same amount.

**Recommendation.** For the current year, no further action is required as the adjustment has been posted. In future periods, we recommend that management implement procedures to ensure that all general ledger accounts are appropriately reconciled and adjusted at year end.

**View of Responsible Officials.** Management concurs.

