

VILLAGE OF DUNDEE
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

February 29, 2016

VILLAGE OF DUNDEE

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Independent Auditor's Report

President and Village Council
Village of Dundee
Dundee, Michigan 48131

Report on Audited Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Monroe County, Michigan as of and for the year ended February 29, 2016, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dundee, Monroe County, Michigan as of February 29, 2016, and the respective changes in financial position, and where applicable it's cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 10, and 71 through 75, and 76 through 77 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 of Dundee, Monroe County, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements and combining agency fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and combining agency fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and combining agency fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

*Cooley Hecht
W. H. Gamuth & Carlton*

June 27, 2016

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 29, 2016

As management of the Village of Dundee, Monroe County, Michigan, we offer readers of the Village's financial statements this narrative overview and analysis of the governmental and business-type activities of the Village for the fiscal year ended February 29, 2016. This information should be taken into consideration before reading the Village's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consist of the financial statements and other supplementary information that presents all the Village's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, and Component Units.

Financial Highlights

The assets of the Village exceeded its liabilities at the close of the most recent year by \$36,598,666 (net position). Of this amount, \$5,037,996 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$815,252.

At the close of the year, the Village's governmental funds reported combined ending fund balances of \$4,931,183, an increase of \$275,564 in comparison with the prior year decrease of \$750,265. Approximately 57.81 percent of this amount, or \$2,850,764 is available for spending at the government's discretion (unrestricted fund balance). \$1,099,153 was assigned and \$1,751,611 was unassigned.

At the end of the year, the unassigned fund balance for the general fund was \$1,751,611 or 98.17 percent of total general fund expenditures.

The Village had a net increase in total bonded debt and compensated absences of \$2,374,399. New debt of \$3,488,043 was issued during the year. \$93,061 remains available for future use. Village's debt issued will be paid from various sources provided through special assessments, general revenues, and water and sewer charges.

Overview of the Financial Statements

This report is organized so that the reader can understand the Village of Dundee financially as a whole. This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves. Other supplementary information also includes combining balance sheets/statement of net position and statement of revenues, expenditures, and changes in fund balance/net position for each of the Villages component units.

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 29, 2016

Government-Wide Financial Statements

The Government-Wide Financial Statements (on pages 11-14), which appear first in the Village's financial statements, report information on the Village as a whole and its activities. These statements include all its' assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus the revenues and expenses are reported in this statement for some items that will only result in cash flows in the future periods (i.e., earned but unused vacation leave). The relationship between revenues and expenses indicates the Village's operating results. However, the Village's goal is to provide services and economic growth to our residents, not to generate profits as commercial entities do. One must consider many other non financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Village.

Both of the government-wide statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. These functions can be divided into three following categories:

Governmental activities - which encompass all the Village's services, including general government services, public safety, and public works. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.

Business-type activities - which include sanitary sewer and water distribution operations.

Component units - which provide special types of financial arrangements that promote economic development and other activities in the community.

The government-wide financial statements include not only the Village itself (known as the primary government), but also of legally separate authorities - the Downtown Development Authority, Local Development Finance Authorities #1 and #3, Economic Development Corporation, and Brownfield Development Authority - for which the Village is financially accountable. The individual component units are combined and presented separately from the primary government itself on pages 27 - 30.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law and by bond covenants. However the Village establishes most of its funds to control and manage money for particular purposes or to show that it is properly using revenues. All of the funds of the Village can be divided into four categories: Governmental funds, Proprietary funds, Fiduciary funds, and Component units.

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 29, 2016

Fund Financial Statements - Concluded

Governmental funds - All of the Village's governmental funds are used to account for the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. They are reported using the modified accrual method, which measures cash and all other financial assets that can be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

Because the focus of the 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. Reconciliations are provided for the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances, on pages 17 and 20 respectively, to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major street, local street, municipal highway, building department, parks and recreation, and capital funds. All of these governmental funds are considered to be and presented as major funds. All other remaining funds are reported as other governmental funds. Combining statements of non-major governmental are presented as other supplementary information.

The Village adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15, 16, 18, and 19 of this report.

Proprietary fund - The Village maintains a proprietary fund to account for its sanitary sewer and water distribution operations (Enterprise Fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements present information on the Village's sewer and water operations as one major fund.

The basic proprietary fund financial statements can be found on pages 21 through 25 of this report.

Fiduciary funds - Agency funds are used to account for assets held by the Village as an agent for the collection and disbursement of property taxes and escrow accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The only basic fund financial statement for Fiduciary funds required to be reported can be found on page 26 of this report.

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 29, 2016

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 the fund financial statements. The notes to the financial statements can be found on pages 31 through 70 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides a long-term perspective of the Village's financial position. As indicated earlier and on Table 1 of the following page assets exceeded liabilities by \$36,598,666 at the close of the most recent year.

By far the largest portion of the Village's net position (74.6 percent) reflects its investment in capital assets (land, buildings, systems, vehicles, and equipment), less any related debt used to acquire those assets that is 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 needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

As also depicted in Table 1, the Village's unrestricted net position totaled \$5,037,996. This amount represents the accumulated results of all past year's operations. The unrestricted net position balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay all of our bills off today, including all of our noncapital liabilities, we could with our current resources. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the Village as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal year ended February 29, 2016.

VILLAGE OF DUNDEE

*Management's Discussion and Analysis
Year Ended February 29, 2016*

Table 1:

**Condensed Statement of Net Position
February 29, 2016**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$5,355,062	\$4,962,253	\$5,064,519	\$4,350,063	\$10,419,581	\$9,312,316
Restricted assets	0	0	743,805	547,131	743,805	547,131
Capital and other noncurrent assets, net	17,366,571	17,797,920	25,178,343	22,517,163	42,544,914	40,315,083
Total Assets	22,721,633	22,760,173	30,986,667	27,414,357	53,708,300	50,174,530
Total Deferred Outflows	158,236	0	312,465	189,282	470,701	189,282
Current and other liabilities	537,713	495,439	855,204	839,337	1,392,917	1,334,776
Long-term liabilities	4,354,707	4,302,437	11,558,458	8,943,185	15,913,165	13,245,622
Total Liabilities	4,892,420	4,797,876	12,413,662	9,782,522	17,306,082	14,580,398
Total Deferred inflows	147,405	0	126,848	0	274,253	0
Net Position						
Net investment in capital assets	13,757,949	14,032,432	13,547,992	13,204,814	27,305,941	27,237,246
Restricted:						
Prepaid items	7,814	7,415	11,332	10,954	19,146	18,369
Fixed asset replacement	0	0	1,000	1,000	1,000	1,000
Streets and highways	1,995,679	1,843,127	0	0	1,995,679	1,843,127
Parks and recreation	5,620	2,886	0	0	5,620	2,886
Historical commission	2,318	377	0	0	2,318	377
Building department	76,926	73,816	0	0	76,926	73,816
Capital improvement	849,458	845,170	0	0	849,458	845,170
Debt service	396,155	458,760	908,427	735,413	1,304,582	1,194,173
Unrestricted	748,125	698,314	4,289,871	3,868,936	5,037,996	4,567,250
Total Net Position	\$17,840,044	\$17,962,297	\$18,758,622	\$17,821,117	\$36,598,666	\$35,783,414

At the end of the year the Village is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's total net position increased by \$815,252 during the fiscal year ended. This increase is primarily attributable to the increases in charges for service, grants, and tap fees.

VILLAGE OF DUNDEE

*Management's Discussion and Analysis
Year Ended February 29, 2016*

As indicated in Table 2, the cost of all governmental activities this year was \$2.835 million. Of this amount \$254,571 was subsidized with revenue generated from charges for services with the remaining costs financed with grants and general revenues. The cost of business-type activities was \$3.170 million.

The Village experienced a decrease in net position of governmental activities of \$122,253. This decrease is due to a recognizing a change in net pension obligations of \$225,682 and net transfers out of \$85,157. The Village experienced an increase in net position of business-type activities of \$937,505.

Table 2:

**Changes in Net Position
Year Ended February 29, 2016**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$254,571	\$226,483	\$3,348,116	\$3,071,106	\$3,602,687	\$3,297,589
Grants and contributions	306,620	310,854	71,508	122,010	378,128	432,864
	561,191	537,337	3,419,624	3,193,116	3,980,815	3,730,453
General revenues						
Property taxes	1,498,708	1,429,266	0	0	1,498,708	1,429,266
State grants (revenue sharing)	372,881	321,724	0	0	372,881	321,724
Other	305,032	309,667	339,094	86,806	644,126	396,473
	2,176,621	2,060,657	339,094	86,806	2,515,715	2,147,463
Total Revenues	2,737,812	2,597,994	3,758,718	3,279,922	6,496,530	5,877,916
Functions/Program Expenses						
Legislative	17,147	15,689	0	0	17,147	15,689
General government	869,687	765,700	0	0	869,687	765,700
Public safety	850,335	838,914	0	0	850,335	838,914
Public works	764,956	687,549	0	0	764,956	687,549
Economic Development	50,077	68,198	0	0	50,077	68,198
Culture and recreation	131,618	141,510	0	0	131,618	141,510
Capital improvements	0	0	0	0	0	0
Insurance	27,179	25,236	0	0	27,179	25,236
Interest on long-term debt	123,909	109,849	0	0	123,909	109,849
Water department	0	0	1,282,953	1,227,253	1,282,953	1,227,253
Sewer department	0	0	1,886,832	1,859,594	1,886,832	1,859,594
Total Expenses	2,834,908	2,652,645	3,169,785	3,086,847	6,004,693	5,739,492
Increase in Net Position						
Before Losses and Transfers	(97,096)	(54,651)	588,933	193,075	491,837	138,424
Loss on sale of capital assets	60,000	(54,600)	(26,711)	0	33,289	(54,600)
Transfers, net	(85,157)	(144,409)	375,283	637,897	290,126	493,488
Increase (Decrease) in Net Position	(\$122,253)	(\$253,660)	\$937,505	\$830,972	\$815,252	\$577,312

VILLAGE OF DUNDEE

*Management's Discussion and Analysis
Year Ended February 29, 2016*

Fund Financial Analysis

As noted earlier, the Village uses funds to help control and manage money for specific purposes. Looking at funds helps the reader consider whether the Village of Dundee's Management is being held accountable for resources taxpayers and others provide to it and may give more insight into the Village's overall financial health.

As the Village completed the latest fiscal year, governmental funds reported a combined balance of \$4,931,183, which is an increase of \$275,564 from last year. The decrease is due to road construction and prior year debt proceeds in the capital project funds that were spent this year on energy improvements. The changes by fund are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Fund balances- Beginning of year	\$1,630,905	\$1,921,202	\$258,342	\$845,170	\$4,655,619
Increase (decrease)	<u>127,397</u>	<u>160,464</u>	<u>(16,585)</u>	<u>4,288</u>	<u>275,564</u>
Fund balances- End of year	<u>\$1,758,302</u>	<u>\$2,081,666</u>	<u>\$241,757</u>	<u>\$849,458</u>	<u>\$4,931,183</u>

Many factors have contributed to the General Fund's fund balance increase. The tables below will assist in illustrating the financial activities of the General Fund.

	<u>February 29, 2016</u>	<u>February 28, 2015</u>	<u>Percent Change</u>
Revenues			
Property taxes	\$1,059,042	\$1,011,272	4.72 %
Licenses and permits	66,032	61,656	7.10 %
State revenue sharing	372,881	321,724	15.90 %
Interest and rentals	179,318	188,470	(4.86)%
Other	184,504	134,649	37.03 %
Transfers in	<u>41,900</u>	<u>42,633</u>	(1.72)%
Total Revenues	<u>\$1,903,677</u>	<u>\$1,760,404</u>	8.14%

	<u>February 29, 2016</u>	<u>February 28, 2015</u>	<u>Percent Change</u>
Expenditures			
Legislative	\$17,147	\$15,689	9.29%
General government	218,585	202,949	7.70%
Public safety	687,013	658,439	4.34%
Public works	235,686	259,034	(9.01)%
Economic development	50,077	68,198	(26.57)%
Insurance and other	27,179	25,236	7.70%
Transfers out	<u>548,593</u>	<u>508,098</u>	7.97%
Total Expenditures	<u>\$1,784,280</u>	<u>\$1,737,643</u>	2.68%

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 29, 2016

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Village of Dundee Council to adopt the original budget prior to March 1, the start of the fiscal year. Over the course of the year the Village reviewed and amended its budget for unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that the expenditures do not exceed appropriations. A schedule illustrating the Village's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these statements.

Long-term Contracts, Capital Assets and Debt Administration

As of February 29, 2016, the Village had \$63.73 million invested in a broad range of capital assets, including land, building and improvements, machinery and equipment, vehicles, as well as water and sewer systems. The Village continued to make improvements to existing storm and sanitary sewer facilities in the amount of \$3,592,870. Other additions totaled \$249,500 for the purchase of a vactor truck and \$83,767 for street improvements. New debt was issued in the governmental activities of \$249,500 and in business-type activities of \$3,238,543 during the year. Depreciation this year totaled \$764,616 for governmental activities and \$902,230 for business-type activities. Details regarding capital assets are included in Note 9 to the financial statements.

Debt

At February 29, 2016, the Village's debt, which includes the Component Units, consisted mainly of contracts payable and general obligation bonds. Total debt outstanding, including compensated absences and unamortized issuance discount, was \$31,124,980 as of February 29, 2016. The repayment of debt will be financed partially by tax increment financing and special assessments administered through the Village's Tax Collection Agency Fund which collects special assessments for the Village's street projects. It will also be partially financed through sewer and water debt charges on quarterly water and sewer billings. A detail summary of changes in long-term debt is located in Note 11 to the financial statements.

Development of the 2016-2017 Fiscal Year Budget

Our elected officials considered many factors when setting the Village's 2016-2017 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to factors affecting the budget, like decreased revenue as a result of reduced millage rates. The Village has taken several measures to help control the rising costs of governmental services. We will continue to watch our budget closely as we continue to upgrade our development programs and roads using money received from property taxes.

Contacting the Village of Dundee

This financial report is designed to provide the Village's citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances to demonstrate its accountability for the money it receives. If you have any questions about this report or any other information, contact the Village of Dundee Finance Director, 350 West Monroe Street, Dundee, MI 48131. Our phone number is (734) 529-3430.

VILLAGE OF DUNDEE

*Statement of Net Position
February 29, 2016*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$4,931,354	\$4,560,949	\$9,492,303	\$2,766,740
Receivables:				
Accounts	21,288	530,565	558,177	0
Delinquent taxes	125,243	2,298	170,012	0
Special assessments	200,724	0	200,724	0
Internal balances	68,639	(68,639)	0	0
Due from other governmental units	0	28,014	28,014	633,287
Prepaid expenses	7,814	11,332	19,146	0
Total Current Assets	<u>5,355,062</u>	<u>5,064,519</u>	<u>10,419,581</u>	<u>3,400,027</u>
Restricted assets				
Cash and cash equivalents	0	649,147	649,147	308,791
Cash with fiscal agent	0	94,658	94,658	0
Total Restricted Assets	<u>0</u>	<u>743,805</u>	<u>743,805</u>	<u>308,791</u>
Noncurrent assets				
Capital assets:				
Nondepreciated	574,044	6,114,332	6,688,376	3,300,000
Depreciated, net	16,792,527	19,064,011	35,856,538	10,002,884
Total Capital Assets	<u>17,366,571</u>	<u>25,178,343</u>	<u>42,544,914</u>	<u>13,302,884</u>
Total Assets	<u>22,721,633</u>	<u>30,986,667</u>	<u>53,708,300</u>	<u>17,011,702</u>
Deferred Outflow of Resources				
Sewer refunding	0	165,622	165,622	0
Deferred outflows related to pension	158,236	43,672	201,908	0
Project costs	0	103,171	103,171	0
Total Deferred Outflow of Resources	<u>158,236</u>	<u>312,465</u>	<u>470,701</u>	<u>0</u>
Liabilities				
Current liabilities				
Accounts payable	30,670	88,777	119,447	20,587
Accrued payroll	16,374	4,047	20,421	0
Accrued interest	36,035	119,800	155,835	38,874
Customer deposits	29,771	34,028	63,799	0
Accrued compensated absences	36,241	8,552	44,793	0
Current portion of long term debt net of related discount	<u>388,622</u>	<u>600,000</u>	<u>988,622</u>	<u>370,000</u>
Total Current Liabilities	<u>537,713</u>	<u>855,204</u>	<u>1,392,917</u>	<u>429,461</u>
Noncurrent liabilities				
Bonds payable (net of related discount)	3,183,965	11,235,335	14,419,300	15,302,265
Net pension liability	1,170,742	323,123	1,493,865	0
	<u>4,354,707</u>	<u>11,558,458</u>	<u>15,913,165</u>	<u>15,302,265</u>
Total Liabilities	<u>4,892,420</u>	<u>12,413,662</u>	<u>15,812,217</u>	<u>15,731,726</u>

See accompanying notes to the basic financial statements

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflow of Resources				
Unexpended I & I Project costs	147,405	126,848	274,253	0
Net Position				
Net investment in capital assets	\$13,757,949	\$13,362,992	\$27,120,941	(\$2,382,181)
Restricted for:				
Prepaid expenses	7,814	11,332	19,146	0
Fixed asset replacement	0	1,000	1,000	0
Streets and highways	1,995,679	0	1,995,679	0
Parks and recreation	5,620	0	5,620	0
Historical commission	2,318	0	2,318	0
Building department	76,926	0	76,926	0
Capital improvements	849,458	0	849,458	0
Debt service	396,155	908,427	1,304,582	1,164,022
Unrestricted	748,125	4,474,871	5,222,996	2,498,135
Total Net Position	\$17,840,044	\$18,758,622	\$36,598,666	\$1,279,976

VILLAGE OF DUNDEE

Statement of Activities
Year Ended February 29, 2016

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
Legislative	\$17,147	\$0	\$0	\$0
General government	869,687	215,585	0	0
Public safety	850,335	38,986	0	0
Public works	764,956	0	306,620	0
Economic development	50,077	0	0	0
Culture and recreation	131,618	0	0	0
Capital improvements	0	0	0	0
Insurance	27,179	0	0	0
Interest on long-term debt	123,909	0	0	0
Total governmental activities	2,834,908	254,571	306,620	0
Business-type activities				
Water department	1,282,953	1,467,261	0	0
Sewer department	1,886,832	1,880,855	71,508	0
Total business-type activities	3,169,785	3,348,116	71,508	0
Total primary government	\$6,004,693	\$3,602,687	\$378,128	\$0
Component units				
Downtown Development Authority	\$84,494	\$0	\$0	\$0
LDFA - Water Plant	700	0	0	0
LDFA - Global Alliance	279,482	0	0	0
Economic Development - Cabelas	443,749	0	0	0
Brownfield Redevelopment	700	0	0	0
Total component units	\$809,125	\$0	\$0	\$0

General revenues

Taxes

Property taxes

State revenue sharing

Tap fees

Interest and rentals

Other

Gain (loss) on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year (as restated)

Net position, end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
(\$17,147)	\$0	(\$17,147)	
(654,102)	0	(654,102)	
(811,349)	0	(811,349)	
(458,336)	0	(458,336)	
(50,077)	0	(50,077)	
(131,618)	0	(131,618)	
0	0	0	
(27,179)	0	(27,179)	
(123,909)	0	(123,909)	
<u>(2,273,717)</u>	<u>0</u>	<u>(2,273,717)</u>	
0	184,308	184,308	
0	65,531	65,531	
<u>0</u>	<u>249,839</u>	<u>249,839</u>	
<u>(2,273,717)</u>	<u>249,839</u>	<u>(2,023,878)</u>	
			(\$84,494)
			(700)
			(279,482)
			(443,749)
			<u>(700)</u>
			(809,125)
1,498,708	0	1,498,708	1,232,689
372,881	0	372,881	0
0	334,964	334,964	0
67,795	4,130	71,925	2,401
237,237	0	237,237	19,548
60,000	(26,711)	33,289	0
(85,157)	375,283	290,126	(290,126)
<u>2,151,464</u>	<u>687,666</u>	<u>2,839,130</u>	<u>964,512</u>
<u>(122,253)</u>	<u>937,505</u>	<u>815,252</u>	<u>155,387</u>
<u>17,962,297</u>	<u>17,821,117</u>	<u>35,783,414</u>	<u>1,124,589</u>
<u>\$17,840,044</u>	<u>\$18,758,622</u>	<u>\$36,598,666</u>	<u>\$1,279,976</u>

VILLAGE OF DUNDEE

*Balance Sheet
Governmental Funds
February 29, 2016*

	General Fund	Municipal Street Fund	Major Street Fund
Assets			
Cash and cash equivalents	\$1,633,291	\$1,005,246	\$796,861
Receivables:			
Accounts	19,137	487	0
Delinquent taxes	82,611	38,019	0
Special assessments	0	0	0
Due from other funds	75,228	1,017	0
Prepaid expenses	6,691	0	0
Total Assets	<u>\$1,816,958</u>	<u>\$1,044,769</u>	<u>\$796,861</u>
Liabilities			
Accounts payable/retainage	\$16,495	\$0	\$745
Accrued wages	11,040	0	2,136
Due to other funds	5,121	0	22,357
Customer deposits	26,000	0	0
Total Liabilities	58,656	0	25,238
Deferred Inflows of Resources			
Special assessments	0	0	0
Project costs	0	0	0
Total Deferred Inflows	0	0	0
Fund Balance			
Nonspendable:			
Prepaid expenses	6,691	0	0
Restricted for:			
Streets and highways	0	1,044,769	771,623
Building code enforcement	0	0	0
Assigned to:			
Culture and recreation	0	0	0
Special projects	0	0	0
Community and economic development	0	0	0
Debt service	0	0	0
Unassigned	1,751,611	0	0
Total Fund Balances	<u>1,758,302</u>	<u>1,044,769</u>	<u>771,623</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$1,816,958</u>	<u>\$1,044,769</u>	<u>\$796,861</u>

See accompanying notes to the basic financial statements

Local Street Fund	Sewer Separation and Street Rehabilitation	Nonmajor Governmental Funds	Total Governmental Funds
\$199,099	\$4,110	\$1,247,486	\$4,886,093
0	0	1,664	21,288
617	0	3,996	125,243
0	0	200,724	200,724
0	44,234	5,000	125,479
0	0	1,123	7,814
<u>\$199,716</u>	<u>\$48,344</u>	<u>\$1,459,993</u>	<u>\$5,366,641</u>
\$472	\$1,395	\$2,253	\$21,360
2,219	0	979	16,374
17,738	0	20,934	66,150
0	0	3,771	29,771
<u>20,429</u>	<u>1,395</u>	<u>27,937</u>	<u>133,655</u>
0	0	154,398	154,398
0	44,234	103,171	147,405
0	44,234	257,569	301,803
0	0	1,123	7,814
179,287	0	0	1,995,679
0	0	76,926	76,926
0	0	7,938	7,938
0	2,715	516,358	519,073
0	0	330,385	330,385
0	0	241,757	241,757
0	0	0	1,751,611
<u>179,287</u>	<u>2,715</u>	<u>1,174,487</u>	<u>4,931,183</u>
<u>\$199,716</u>	<u>\$48,344</u>	<u>\$1,459,993</u>	<u>\$5,366,641</u>

VILLAGE OF DUNDEE

Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
February 29, 2016

Total Governmental Fund Balance		\$4,931,183
Amounts reported for governmental activities in the statement of net position are different because:		
Internal service funds are used by the Village of Dundee to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with the governmental activities in the statement of net position.		
Total internal service fund net position		45,261
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Cost of capital assets	\$24,480,240	
Accumulated depreciation	<u>(7,113,669)</u>	
		17,366,571
Deferred outflows of resources from subsequent pension expense from measurement date		158,236
Deferred inflows of resources are recognized as special assessments revenue on a modified accrual basis as money is collected in the governmental funds. However in the statement of net position it is recognized in the year earned or when the special assessment project was completed.		
		154,398
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(36,241)	
Bonds and installment obligations	(3,572,587)	
Net pension liability	<u>(1,170,742)</u>	
		(4,779,570)
Accrued interest on long term liabilities is not reported in the funds		<u>(36,035)</u>
Total Net Position of Governmental Activities		<u>\$17,840,044</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

*Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
February 29, 2016*

	General Fund	Municipal Street Fund	Major Street Fund	Local Street Fund
Revenues				
Taxes	\$1,059,042	\$439,666	\$0	\$0
Special assessments	0	0	0	0
Licenses and permits	66,032	0	0	0
State grants	372,881	0	226,962	79,658
Fines and forfeits	38,986	0	0	0
Interest and rentals	179,318	1,016	665	90
Other revenues	153,518	2,637	72,799	48,172
Total Revenues	1,869,777	443,319	300,426	127,920
Expenditures				
Legislative	17,147	0	0	0
General government	218,585	0	0	0
Public safety	687,013	0	0	0
Public works	235,686	10,903	365,052	270,812
Economic development	50,077	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	0	0	0
Insurance	27,179	0	0	0
Debt service	0	0	0	0
Total Expenditures	1,235,687	10,903	365,052	270,812
Excess (Deficiency) of Revenues over Expenditures	634,090	432,416	(64,626)	(142,892)
Other Financing Sources (Uses)				
Bond proceeds	0	0	0	0
Proceeds from installment loan	0	0	0	0
Operating transfers in	41,900	0	168,645	300,000
Operating transfers (out)	(548,593)	(508,671)	(1,200)	(31,120)
Total Other Financing Sources (Uses)	(506,693)	(508,671)	167,445	268,880
Net Change in Fund Balances	127,397	(76,255)	102,819	125,988
Fund Balances - Beginning of Year	1,630,905	1,121,024	668,804	53,299
Fund Balances - End of Year	\$1,758,302	\$1,044,769	\$771,623	\$179,287

See accompanying notes to the basic financial statements

Sewer Separation and Street Rehabilitation	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$0	\$1,498,708
0	46,020	46,020
0	149,553	215,585
0	0	679,501
0	0	38,986
42	22,874	204,005
0	20,111	297,237
42	238,558	2,980,042
0	0	17,147
0	0	218,585
0	136,406	823,419
0	0	882,453
0	0	50,077
0	70,186	70,186
3,238,543	249,500	3,488,043
0	0	27,179
0	530,275	530,275
3,238,543	986,367	6,107,364
(3,238,501)	(747,809)	(3,127,322)
3,238,543	0	3,238,543
0	249,500	249,500
0	547,841	1,058,386
0	(53,959)	(1,143,543)
3,238,543	743,382	3,402,886
42	(4,427)	275,564
2,673	1,178,914	4,655,619
\$2,715	\$1,174,487	\$4,931,183

VILLAGE OF DUNDEE

*Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
February 29, 2016*

Net Change in Fund Balances - Total Governmental Funds		\$275,564
Amounts reported for governmental activities 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 depreciated over their estimated useful lives:		
Expenditures for capital assets	\$333,267	
Less current year depreciation	<u>(764,616)</u>	(431,349)
Revenues in the governmental funds that do not provide current financial resources are not reported as revenue in the statement of activities.		(46,020)
Interest is recorded as it accrues in the statement of activities		(3,058)
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the statement of activities, these costs represent expenses of the current year.		(9,909)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment of bonds reduces long-term liabilities in the statement of net position.		409,424
The statement of net position reports the net pension liability and deferred outflows of resources related to the net pension liability and pension expense. However, the amount recorded in the governmental fund equals actual pension contributions.		
Net change in pension liability		(225,682)
Net change in deferred outflows of resources related to the net pension liability		158,236
Installment loan proceeds are not reported as other financing sources in the statement of activities		(249,500)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds is reported with the governmental activities.		<u>41</u>
Change in Net Position of Governmental Activities		<u><u>(\$122,253)</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

Statement of Net Position
 Proprietary Funds
 February 29, 2016

	Business-type Activities Enterprise Funds			Governmental Activities
	Water	Sewage Disposal	Total	Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$2,260,675	\$2,300,274	\$4,560,949	\$45,261
Receivables:				
Delinquent taxes	1,659	639	2,298	0
Accounts	219,005	311,560	530,565	0
Due from other funds	430	14,417	14,847	0
Due from other governments	0	28,014	28,014	0
Prepaid expenses	5,732	5,600	11,332	0
Total Current Assets	<u>2,487,501</u>	<u>2,660,504</u>	<u>5,148,005</u>	<u>45,261</u>
Restricted assets				
Cash and cash equivalents	0	649,147	649,147	0
Cash with fiscal agent	772	93,886	94,658	0
Total Restricted Assets	<u>772</u>	<u>743,033</u>	<u>743,805</u>	<u>0</u>
Noncurrent assets				
Capital assets:				
Land and buildings	4,452,153	15,332,453	19,784,606	0
Machinery and equipment	7,632,205	5,797,155	13,429,360	0
Construction in progress	0	6,031,056	6,031,056	0
	<u>12,084,358</u>	<u>27,160,664</u>	<u>39,245,022</u>	<u>0</u>
Less: accumulated depreciation	(5,385,101)	(8,681,578)	(14,066,679)	0
Net Capital Assets	<u>6,699,257</u>	<u>18,479,086</u>	<u>25,178,343</u>	<u>0</u>
Total Assets	9,187,530	21,882,623	31,070,153	45,261
Deferred Outflow of Resources				
Sewer refunding	0	165,622	165,622	0
Deferred outflows related to pension	24,612	19,060	43,672	0
Project costs	0	103,171	103,171	0
Total Deferred Outflow of Resources	<u>24,612</u>	<u>287,853</u>	<u>312,465</u>	<u>0</u>

See accompanying notes to the basic financial statements

	Business-type Activities			Governmental
	Water	Sewage Disposal	Total	Activities Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$3,003	\$85,774	\$88,777	\$0
Accrued payroll	2,292	1,755	4,047	0
Due to other funds	20,571	62,915	83,486	0
Customer deposits	33,028	1,000	34,028	0
Accrued interest	30,801	88,999	119,800	0
Accrued compensated absences	5,541	3,011	8,552	0
Total Current Liabilities (payable from current assets)	95,236	243,454	338,690	0
Current liabilities (payable from restricted assets):				
Current portion of contract payable - sewer	0	330,000	330,000	0
Current portion of contract payable - water	145,000	0	145,000	0
Current portion of contract payable - sewer	17,500	17,500	35,000	0
Current portion of contract payable - sewer	0	90,000	90,000	0
Total Current Liabilities (payable from restricted assets)	162,500	437,500	600,000	0
Noncurrent liabilities (payable from current assets):				
State revolving fund loan - sewer	0	3,238,543	3,238,543	0
Net pension liability	182,102	141,021	323,123	0
Total Noncurrent Liabilities (payable from current assets)	182,102	3,379,564	3,561,666	0
Noncurrent liabilities (payable from restricted assets):				
Contract payable - sewer	0	2,520,000	2,520,000	0
Contract payable - water (net of \$26,998 discount)	2,243,002	0	2,243,002	0
Bonds payable - water/sewer	138,345	138,345	276,690	0
Bonds payable - sewer (net of \$27,900 discount)	0	2,957,100	2,957,100	0
Total Noncurrent Liabilities (payable from restricted assets)	2,381,347	5,615,445	7,996,792	0
Total Liabilities	2,821,185	9,675,963	12,497,148	0
Deferred Outflow of Resources				
Unexpended I & I project funds	0	126,848	126,848	0
Net Position				
Net Investment in capital assets	4,155,410	9,207,582	13,362,992	0
Restricted:				
Prepaid expenses	5,732	5,600	11,332	0
Replacement fund	1,000	0	1,000	0
Debt retirement and construction	772	1,030,886	908,427	0
Unrestricted	2,228,043	2,123,597	4,474,871	45,261
Total Net Position	\$6,390,957	\$12,367,665	\$18,758,622	\$45,261

VILLAGE OF DUNDEE

*Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended February 29, 2016*

	Business-type Activities Enterprise Fund			Governmental Activities
	Water	Sewer	Totals	Internal
	Department	Department		Service Funds
Operating Revenues				
Charges for services	\$1,451,032	\$1,863,022	\$3,314,054	\$0
Grant revenue	0	71,508	71,508	0
Hydrant rental	1,420	0	1,420	0
Penalties	11,815	15,453	27,268	0
Other revenue	2,994	2,380	5,374	0
Total Operating Revenues	1,467,261	1,952,363	3,419,624	0
Operating Expenses				
Operating and maintenance wages	90,678	60,737	151,415	0
Clerical salaries	41,995	41,996	83,991	0
Employee benefits	66,051	53,944	119,995	0
Training	400	0	400	0
Utilities and telephone	13,635	148,436	162,071	0
Water supply and system maintenance	612,849	222,956	835,805	0
Chemicals	0	33,920	33,920	0
Laboratory supplies	5,654	7,665	13,319	0
Insurance	27,385	26,433	53,818	0
Office supplies	4,486	67	4,553	0
Professional services	3,638	6,627	10,265	0
Depreciation and amortization	302,733	603,940	906,673	0
Miscellaneous expense	3,213	2,483	5,696	0
Engineering fees	5,433	4,648	10,081	0
Contractual services	4,820	323,276	328,096	0
Vacation and sick pay	975	453	1,428	0
Sanitation	0	40,538	40,538	0
Total Operating Expenses	1,183,945	1,578,119	2,762,064	0
Net Operating Income (loss)	283,316	374,244	657,560	0
Non-Operating Revenues (Expenses)				
Tap fees	96,929	238,035	334,964	0
Interest income	1,907	2,223	4,130	41
Gain (loss) on the sale of asset	0	(26,711)	(26,711)	0
Interest and fiscal charges	(99,008)	(260,189)	(359,197)	0
Bond issuance costs	0	(48,524)	(48,524)	0
Total Non-Operating Revenues (Expenses)	(172)	(95,166)	(95,338)	41
Income (loss) before contributions and transfers	283,144	279,078	562,222	41
Transfers to other funds	(15,618)	(17,402)	(33,020)	0
Transfers from other funds	10,000	398,303	408,303	0
Change in net position	\$277,526	\$659,979	937,505	41
Total Net Position - Beginning of Year (as restated)	6,113,431	11,707,686	17,821,117	45,220
Total Net Position - End of Year	\$6,390,957	\$12,367,665	\$18,758,622	\$45,261

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

Statement of Cash Flows
 Proprietary Funds
 Year Ended February 29, 2016

	Business-type Activities			Governmental
	Enterprise Fund			Activities
	Water Department	Sewer Department	Total	Internal Service Funds
Cash Flows From Operating Activities				
Cash received from customers	\$1,542,390	\$2,034,920	\$3,577,310	\$0
Cash paid to suppliers	(687,862)	(746,264)	(1,434,126)	0
Cash paid to employees	(188,971)	(147,944)	(336,915)	0
Net cash provided by operating activities	665,557	1,140,712	1,806,269	0
Cash Flows From Noncapital Financing Activities				
Transfer to other funds	(15,618)	(17,402)	(33,020)	0
Transfer from other funds	10,000	398,303	408,303	0
Sale of capital assets	0	2,750	2,750	0
Net cash provided by noncapital financing activities	(5,618)	383,651	378,033	0
Cash Flows From Capital and Related Financing Activities				
Tap fees	96,929	238,035	334,964	0
Proceeds from issuance of bonds	0	3,238,543	3,238,543	0
Bond issuance costs	0	(48,524)	(48,524)	0
Acquisition and construction of capital assets	(312,978)	(3,256,216)	(3,569,194)	0
Principal paid on contract payable	(227,500)	(492,500)	(720,000)	0
Interest paid on revenue bonds and contract payable	(98,835)	(224,287)	(323,122)	0
Net cash provided (used) by capital and related financing activities	(542,384)	(544,949)	(1,087,333)	0
Cash Flows From Investing Activities				
Interest earned on cash investments	1,907	2,223	4,130	41
Net increase in cash and cash equivalents	119,462	981,637	1,101,099	41
Cash and cash equivalents - beginning of year	2,141,985	2,061,670	4,203,655	45,220
Cash and cash equivalents - end of year	\$2,261,447	\$3,043,307	\$5,304,754	\$45,261

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

*Reconciliation of Operating Activities to Cash Provided by Operating Activities
Proprietary Funds
Year Ended February 29, 2016*

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Department	Sewer Department	Total	Internal Service Funds
	Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$283,316	\$374,244	\$657,560	\$0
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	299,841	602,390	902,231	0
(Increase) decrease in Assets				
Receivables	75,129	52,740	127,869	0
Due from other funds	381	(9,281)	(8,900)	0
Due from other governments	0	29,817	29,817	0
Prepaid expenses	(197)	(181)	(378)	0
Increase (Decrease) in Liabilities				
Accounts payable	(5,547)	42,699	37,152	0
Accrued payroll	(738)	609	(129)	0
Due to other funds	2,010	39,551	41,561	0
Customer deposits	871	0	871	0
Net pension liability	10,491	8,124	18,615	
Total Adjustments	<u>382,241</u>	<u>766,468</u>	<u>1,148,709</u>	<u>0</u>
Net cash provided by operating activities	<u>\$665,557</u>	<u>\$1,140,712</u>	<u>\$1,806,269</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

*Statement of Assets and Liabilities
Fiduciary Funds
February 29, 2016*

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$19,596
Due from other funds	<u>20,541</u>
Total Assets	<u><u>\$40,137</u></u>
Liabilities	
Due to other funds	\$4,903
Other liabilities	<u>35,234</u>
Total Liabilities	<u><u>\$40,137</u></u>

VILLAGE OF DUNDEE

*Combined Statement of Net Position
Component Units
February 29, 2016*

	Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance
Assets			
Cash and cash equivalents	\$92,190	\$215,030	\$1,614,125
Due from other governmental units	81,805	8,386	473,584
Restricted cash	0	0	100,393
Capital assets, net of accumulated depreciation	0	0	4,830,215
Total Assets	173,995	223,416	7,018,317
Liabilities			
Accounts payable	20,587	0	0
Accrued interest	0	0	38,874
Noncurrent liabilities:			
Due within one year	0	0	370,000
Due in more than one year (net of related discount)	0	0	2,967,200
Total Liabilities	20,587	0	3,376,074
Net Position			
Net investment in capital assets	0	0	1,480,215
Restricted for debt service	0	0	100,393
Unrestricted	153,408	223,416	2,061,635
Total Net Position(Deficit)	\$153,408	\$223,416	\$3,642,243

See accompanying notes to the basic financial statements

<u>Economic Development</u>	<u>Brownfield Redevelopment</u>	<u>Total</u>
\$59,676	\$785,719	\$2,766,740
29,638	39,874	633,287
208,398	0	308,791
8,472,669	0	13,302,884
<u>8,770,381</u>	<u>825,593</u>	<u>17,011,702</u>
0	0	20,587
0	0	38,874
0	0	370,000
<u>12,335,065</u>	<u>0</u>	<u>15,302,265</u>
12,335,065	0	15,731,726
(3,862,396)	0	(2,382,181)
238,036	825,593	1,164,022
59,676	0	2,498,135
<u>(\$3,564,684)</u>	<u>\$825,593</u>	<u>\$1,279,976</u>

VILLAGE OF DUNDEE

*Combined Statement of Activities
Component Units
Year Ended February 29, 2016*

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority				
Public Works	\$84,494	\$0	\$0	\$0
L DFA - Water Plant				
Public Works	700	0	0	0
L DFA - Global Alliance				
Public Works	157,859	0	0	0
Interest on long term debt	121,623	0	0	0
Total	<u>279,482</u>	<u>0</u>	<u>0</u>	<u>0</u>
Economic Development Corporation				
Public Works	278,353	0	0	0
Interest on long term debt	165,396	0	0	0
Total	<u>443,749</u>	<u>0</u>	<u>0</u>	<u>0</u>
Brownfield Redevelopment Corporation				
Public Works	<u>700</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total component units	<u>\$809,125</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
		General revenues:		
		Property taxes		
		Interest		
		Other		
		Transfers		
		Total general revenues and transfers		
		Change in net position		
		Net position, beginning of year		
		Net position, end of year		

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance	Economic Development	Brownfield Redevelopment	Total
(\$84,494)					(\$84,494)
	(\$700)				(700)
		(\$157,859) (121,623) <u>(279,482)</u>			(279,482)
			(\$278,353) (165,396) <u>(443,749)</u>		(443,749)
				(\$700)	(700)
(84,494)	(700)	(279,482)	(443,749)	(700)	(809,125)
133,186	0	1,007,547	42,098	49,858	1,232,689
57	193	1,278	173	700	2,401
19,548	0	0	0	0	19,548
(7,948)	5,118	(409,303)	122,007	0	(290,126)
144,843	5,311	599,522	164,278	50,558	964,512
60,349	4,611	320,040	(279,471)	49,858	155,387
93,059	218,805	3,322,203	(3,285,213)	775,735	1,124,589
<u>\$153,408</u>	<u>\$223,416</u>	<u>\$3,642,243</u>	<u>(\$3,564,684)</u>	<u>\$825,593</u>	<u>\$1,279,976</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 1 Description of the Village and Reporting Entity

The Village of Dundee 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.

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Financial Reporting Entity*", these financial statements present the Village of Dundee (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes fiscal dependency and whether the financial statements would be misleading if the data were not included. The individual component units discussed below are included in the Village's reporting entity based on the nature of their operational or financial relationship to the Village.

Discretely Presented Component Units

The following component units are reported within the component units column in the combined financial statements. They are reported in a separate column to emphasize that they are legally separate from the Village. More detailed information on each component unit is disclosed in the other supplemental information section.

Downtown Development Authority

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.

Local Development Finance Authority-Water Plant

The Local Development Finance Authority-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.

Local Development Finance Authority-Global Engine Alliance

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.

Economic Development Corporation

The Economic Development Corporation was created to encourage economic development within the Village.

Brownfield Redevelopment Authority

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.

Note 2 Summary of Significant Accounting Policies

The accounting principles of the Village of Dundee conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting standards.

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 2 Summary of Significant Accounting Policies (Continued)

The following are the more significant of the Village's accounting policies.

A. 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 non-fiduciary activities of the primary government. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities which normally are supported by general government revenues (i.e., property taxes, revenue sharing, fines, permits, and charges) and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by the related program revenues, operating and capital grants. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* must be directly associated with the function or business-type activity. Program revenues include 1) fines and forfeitures, licenses and permits fees, special assessments, and charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (statement of net position and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund statements and discretely presented component units. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the eligibility requirements imposed by the provider have been met.

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt obligations. The net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The Village's net position is reported in three parts:

- (1) Net investment in capital assets, consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition or improvement of this assets and increased by the balances of deferred outflows of resources related to those assets.
- (2) Restricted net position, net position is considered restricted if the use is constrained for a particular purpose. Restrictions are imposed by external organizations. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted use.
- (3) Unrestricted net position, consists of all other net position that does not meet the definition of the above two components.

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 2 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due.

On the governmental funds statements, 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 basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. While the previous model emphasized Fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the Village as a whole or major individual funds (within the individual fund financial statements). Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental or business-type activities.

In the government-wide Statement of Net Position, both the governmental, business-type activities, and Component units columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The Village reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Municipal Street Fund

The Municipal Street Fund is used to account for tax collections used for the street operations of the Village not provided for by Act 51 PA 1951.

Major Street Fund

The Major Street Fund accounts for gas and weight tax monies from the State of Michigan and expenditures for construction and maintenance of all major streets.

Local Street Fund

The Local Street Fund accounts for gas and weight tax monies from the State of Michigan and expenditures for construction and maintenance of all local streets.

Industrial Park and Equipment Purchase Fund

The Industrial Park and Equipment Purchase Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities and equipment.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 2 Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Village reports the following major proprietary fund:

Enterprise Funds

The Enterprise Funds are used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses), including depreciation, of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water and Sewage Disposal Fund are the only Enterprise Funds in this report.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the water and sewage disposal fund are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, amortization, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

Parks and Recreation Fund, Historical Commission Fund, and Building Department Fund.

Capital Improvement Funds

Economic Development Fund and Sewer Separation and Street Rehabilitation Fund.

Debt Service Funds

1994 Downtown Development Authority (LTGO) Bond Fund, 1998 General Obligation Fund, 1998 Special Assessment Fund, 2001 Special Assessment Fund, 2004 Special Assessment Fund, 2005 Vactor Installment Loan Fund, 2006 Capital Improvement General Obligation Fund, 2008 Pearl Street Special Assessment Fund, 2008 Oak/Plank Special Assessment Fund, 2013 Refunding General Obligation Fund, 2014 Honeywell Installment Loan Fund, and 2015 Vactor Installment Loan.

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.

Additionally, the Village reports the following fund types:

Agency Funds

Agency Funds are used to account for assets held by the Village as an agent for individuals, private organizations, other governments, and/or other funds. These funds are reported in the fund financial statements only because they do not report resources under the control of the Village. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Village to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates

D. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

The Village's cash and cash equivalents include cash and money management accounts, restricted cash and money management accounts, cash with fiscal agent, petty cash, and certificates of deposit with maturities of three months or less from the date of acquisition.

Due From Other Governments

Amounts due from other governments include amounts due from grantors for specific program and capital projects. Program grants and capital grants for fixed assets are recorded as receivables and revenues at the time the reimbursable project costs are incurred. Revenues received in advance of the project costs being incurred are recorded as deferred inflows/unearned revenues.

Prepaid Expenses

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. Additionally, the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Restricted Assets

Restricted assets in the Enterprise Fund and the Component Units consist of amounts restricted for debt retirement or construction.

Capital Assets

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

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

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 2 Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position (Continued)

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:

	<u>Years</u>
Land improvements	15-33
Infrastructure (Streets, bridges, and ramps)	20-50
Building and building improvements	10-33
Police vehicles	3-5
DPW vehicles	5-20
Public safety equipment	5-20
Village office equipment	5-10
Water and sewer equipment	5-33
Water and sewer lines/systems	33-100

Works of Art, Historical Treasures, and Similar Assets

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.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column of the statement of net assets. Any residual balances outstanding between the governmental activities, the business-type activities, and the component units are reported in the government-wide financial statements as "internal balances".

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds, are recognized as an expenditure on the governmental fund financial statements when due.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs during the current period. The face amount of the debt is reported as other financing sources. Premiums, discounts, and bond issuance costs are amortized over the life of the bond issue and reported in depreciation and amortization in the statement of activities.

Compensated Absences

Village employees are granted vacation and personal days under formulas and conditions in the employees contract or Village policy. The vacation and personal pay is accrued in the government-wide financial statements. In the fund financial statements, these amounts are reported when paid as wages.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 2 Summary of Significant Accounting Policies (Concluded)

D. Assets, Liabilities, and Net Position (Concluded)

Unearned Revenue

Unearned revenue arises when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Village has a legal claim to them.

Deferred Inflows and Outflows of Resources

When an asset or liability is received, but the amounts are not measurable and available, the government will report a deferred outflow or inflow of resources until such time as amounts become measurable and available. This statement also identifies net position as the residual of all other elements presented in the statement of net position.

Fund Balance Non-spendable, Restricted, Committed, Assigned, and Unassigned

The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The Village Council has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The Village will maintain a minimum unassigned fund balance in its General Fund of no less than 15% of annual budgeted expenditures to be used for unexpected expenditures of a nonrecurring nature, unforeseen revenue shortfalls, meeting increased costs for service delivery, and/or to negate short-term borrowing for operating cash flows.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

Note 3 Stewardship, Compliance, and Accountability

Budget Policy and Budgetary Accounting

Budgetary comparison schedules are required to be presented as Required Supplementary Information for the General Fund and each major Special Revenue Fund for which an annual budget has been adopted.

Under the new reporting model GASB Statement No. 34 the following information is to be reported:

- Original Budget
- Final Budget
- Actual inflows, outflows and balances on a budgetary basis

The Village has presented the General Fund and all major Special Revenue funds in the Budgetary Comparison Schedules as Required Supplementary Information.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 3 Stewardship, Compliance, and Accountability (Concluded)
Budget Policy and Budgetary Accounting (Concluded)

The Village has presented the nonmajor governmental funds in the Budgetary Comparison Schedules as Other Supplementary Information.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Village manager submits to the Village Council a proposed operating budget for the fiscal year beginning March 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to February, the budget is legally enacted through a council resolution.
4. Any revisions of the budget must be approved by a council resolution.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Budgeted amounts are as originally adopted, or as amended by the Village Council.

Note 4 Deposits

Statutes authorize the Village to invest in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. Banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds may not be deposited in financial institutions located in states other than Michigan.

The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Village evaluates each financial institution with which it deposits

Village funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Village of Dundee Council has adopted an investment policy and has authorized two depositories: Monroe Bank & Trust and Old National Bank.

Interest rate risk. The Village's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Village will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in the Village's investment policy.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 4 Deposits (Concluded)

Concentration of credit risk. The Village does not have limits on the amount the Village may deposit in any one issuer. The Village adheres to the following four criteria, as listed in order of priority, in making investment decisions:

Safety: Safety of principal is the foremost objective of the Village's investment practices. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

Diversification: The investments shall be diversified by specific maturity dates, individual financial institutions or specific classes of securities in order that the potential losses in individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The investment policy requires the investments to remain sufficiently liquid to meet all of the operating requirements that may be reasonably anticipated.

Return on Investment: Return on investment is of secondary importance compared to safety and liquidity criteria. Investments shall be selected to obtain a market average rate of return.

Custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned or the Village will not be able to recover the collateral securities in the possession of an outside party. As of February 29, 2016, the carrying amount of deposits (cash, certificates of deposits, checking accounts, savings accounts and money markets) for the government and component units were \$10,236,108 and \$3,075,531, respectively. The combined bank balance was \$13,242,699. The Village's deposits are insured by the FDIC in the amount of \$438,391, with uninsured deposits of \$12,804,308. The Village Council approves and designates a list of authorized depository institutions. The Village's policy does not address custodial credit risk.

Foreign currency risk. The Village is not authorized to invest in investments which have this type of risk.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and Cash Equivalents	\$4,931,354	\$4,560,949	\$9,492,303	\$19,596	\$2,766,740
Restricted Cash	-	743,805	743,805	-	308,791
	<u>\$4,931,534</u>	<u>\$5,304,754</u>	<u>\$10,236,108</u>	<u>\$19,596</u>	<u>\$3,075,531</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 5 Interfund Receivable, Payable and Transfers

Interfund receivable and payable balances as of February 29, 2016 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$22,357	
Local Street Fund	\$17,738	
Tax	2,426	
Water Fund	13,961	
Sewer Fund	18,681	
Trust & Agency	65	
Payroll Fund		\$121
Industrial Park and Equipment Purchase Fund		5,000
Municipal Street Fund:		
Tax Collection Fund	1,017	
Major Street Fund:		
General Fund		22,357
Local Street Fund:		
General Fund		17,738
Tax Fund:		
General Fund		2,426
Municipal Street Fund		1,017
Industrial Park/Equipment Purchase Fund:		
General Fund	5,000	
Sewer Enterprise Fund		20,870
Sewer Separation and Street Rehabilitation Fund:		
Sewer Enterprise Fund	44,234	
W/S T & A:		
Sewer Fund		534
Water Fund		430
Payroll Fund:		
General Fund	121	
Water Fund:		
W/S T & A	430	
Sewer Fund		6,610
General Fund		13,961
A/P T&A Fund:		
General Fund		65
Sewer Fund:		
General Fund		18,681
Sewer Separation and Street Rehabilitation Fund		44,234
Industrial Park/Equipment Purchase Fund	20,870	
Water Fund	6,610	
W/S T & A Fund	534	
	<u>\$154,044</u>	<u>\$154,044</u>

Interfund balances reflect temporary loans and reimbursements due in the normal course of interfund activity.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 5 Interfund Receivable, Payable and Transfers (Concluded)

Interfund transfers were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>	
General Fund	EDC Construction Fund	\$7,990	(1)
	Parks and Recreation Fund	19,000	(2)
	Historical Commission Fund	28,000	(2)
	EDC Debt Fund	85,405	(1)
	2011 Vector Installment Loan	34,290	(3)
	2005 Vector Installment Loan	16,665	(3)
	2013 Refunding General Obligation	218,741	(3)
	2006 Capital Improvement		
	General Obligation	95,900	(3)
	2014 Honeywell Installment	<u>42,602</u>	(3)
Total General Fund		548,593	
Municipal Street Fund	EDC Construction Fund	\$3,424	(1)
	Major Street Fund	168,645	(4)
	EDC Debt Fund	36,602	(1)
	Local Street Fund	<u>300,000</u>	(4)
Total Municipal Street Fund		508,671	
Local Street Fund	2008 Special Assessment Bonds		
	(Pearl Street)	\$21,182	(3)
	General Fund	1,200	(5)
	2008 Special Assessment Bonds		
	(Oak/Plank)	<u>8,738</u>	(3)
Total Local Street Fund		31,120	
Major Street Fund	General Fund	\$1,200	(6)
Building Fund	General Fund	10,000	(5)
Sewer Enterprise Fund	2014 Honeywell Installment Fund	17,402	(3)
Water Enterprise Fund	General Fund	15,618	(5)
L DFA #3 - Global Engine Alliance	General Fund	\$11,000	(5)
	L DFA #3 Debt Fund	483,164	(3)
	Sewer Enterprise Fund	<u>398,303</u>	(3)
Total L DFA #3 Fund		892,467	

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 5 Interfund Receivable, Payable and Transfers (Concluded)

Funds Transferred From	Funds Transferred To	Amount	
Downtown Development Authority	General Fund	\$10,000	(3)
LDFA - Water Plant	General Fund	\$500	(5)
	Water Enterprise Fund	<u>10,000</u>	(3)
Total LDFA – Water Plant		10,500	
Economic Development Capital Project Fund	General Fund	\$8,000	(6)
1994 DDA LTGO Bonds	Downtown Development Authority	\$2,052	(3)
1998 Special Assessment Bonds (Stowell/Commerce)	2001 Special Assessment Bonds (Rawson)	\$19,244	(3)
2004 Special Assessment Bonds (First Street)	2001 Special Assessment Bonds (Rawson)	<u>\$14,663</u>	(3)
Total		<u>\$2,089,530</u>	

The following describes the purpose of the transfers:

- (1) Transfers of tax revenues in accordance with provisions of the project financing and interlocal agreements between the Economic Development Corporation of the Village of Dundee and Cabela's, Inc.
- (2) Transfers of discretionary funds to be used for recreation and education
- (3) Transfer for debt service
- (4) Transfer for various street maintenance costs
- (5) Transfer for administrative expenses
- (6) Transfer for equipment maintenance and capital asset purchases

Note 6 Property Tax

The Village, under Public Act 3 of 1895, as amended, may levy up to 12.5 mills for general purposes, 5 mills for highways and streets, and 1 mill for cemetery maintenance. Taxes are levied on July 1, each year and are collected by the Village from July 1 to September 14.

The property tax revenue is recognized in the period that the tax was levied.

The taxable value for both real and personal property as of December 31, 2014 amounted to \$167,056,559, which was based on a percentage of the fair market value of the assessed property. The 2015 tax roll consisted of the following millage rates.

6.9221 mills	General Fund
<u>2.8889</u> mills	Municipal Highway Fund
<u>9.8110</u> mills	

VILLAGE OF DUNDEE

Notes to Financial Statements Year Ended February 29, 2016

Note 7 Tax Increment Financing

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

On May 31, 1988, the Village adopted a Tax Increment Financing Authority Plan for the Dundee Downtown Development District as allowed under the Downtown Development Authority Act, Act No. 197 of the Public Acts of 1975. This plan is devoted to the planned and orderly economic revitalization of the downtown business district. For the fiscal year ended February 29, 2016, the Downtown Development Fund recorded \$133,630 as property tax revenue generated from the downtown development district.

On February 20, 1990, the Village adopted a Local Development Finance Authority Plan (water plant) to help eliminate the causes of unemployment, underemployment, joblessness, and to promote economic growth in the Village, pursuant to Act No. 281 of the Public Acts of 1986. For the fiscal year ended February 29, 2016, the Local Development Finance Fund (Water Fund) recorded \$0 as property tax revenue generated from the industrial park area.

On May 29, 2003, the Village adopted a Local Development Finance Authority Plan (Global Engine Project) to repay the financing of improvements to utilities and roadways on Ty Circle Drive, Ann Arbor Road, and Dundee Azalia Road. These improvements were required to allow the construction of a \$240,000,000 facility by Global Engine Alliance, LLC. For the fiscal year ended February 29, 2016, the Local Development Finance Authority (Global Engine Project) recorded \$1,007,546 as property tax revenue generated from the properties under improvement.

The Village has adopted Brownfield Redevelopment Authority (Tecumseh Road) to assist in financing the clean-up and development of a Brownfield area. For the year ended February 29, 2016, the Authority recorded \$49,858 in property tax revenue.

Note 8 Due from Other Governments

Due from other governments in the Downtown Development, Local Development Finance Component Units, Economic Development, and the Brownfield Redevelopment Component Unit is a receivable for amounts billed pursuant to interlocal agreements with Monroe County and captured taxes from Dundee Township of \$633,730.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 9 Capital Assets

Capital asset activity for the year ended February 29, 2016 was as follows:

	Balance March 1, 2015	Additions	Deletions	Balance February 29, 2016
<u>Governmental Activities</u>				
Capital assets not depreciated:				
Land	\$574,044	\$0	\$0	\$574,044
Capital assets being depreciated				
Land improvements	106,686	0	0	106,686
Infrastructure, roads, drains, and storm sewers	16,365,991	83,767	0	16,449,758
Buildings	4,446,127	0	0	4,446,127
Improvements other than buildings	1,636,756	0	0	1,636,756
Equipment	447,291	0	6,078	441,213
Vehicles	757,341	249,500	181,185	825,656
Totals at historical cost	24,334,236	333,267	187,263	24,480,240
Less accumulated depreciation for				
Land improvements	(18,891)	(5,334)		(24,225)
Infrastructure, roads, drains, and storm sewers	(3,326,594)	(496,566)	0	(3,823,160)
Buildings	(1,243,741)	(139,681)	0	(1,383,422)
Improvements other than buildings	(867,739)	(50,761)	0	(918,500)
Equipment	(368,918)	(21,395)	(6,078)	(384,235)
Vehicles	(710,433)	(50,879)	(181,185)	(580,127)
Total accumulated depreciation	(6,536,316)	(764,616)	(187,263)	(7,113,669)
Net capital assets	\$17,797,920	(\$431,349)	\$0	\$17,366,571

Depreciation expense was charged to governmental functions as follows:

General government	\$605,042
Public safety	20,522
Public works	77,620
Culture and recreation	61,432
Total depreciation expense	\$764,616

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 9 Capital Assets (Continued)

	<u>Balance</u> March 1, 2015	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> February 29, 2016
<u>Business-type Activities</u>				
Capital assets not depreciated:				
Land	\$83,276	\$77,750	\$29,460	\$131,566
Construction in process	2,841,036	3,190,020	0	6,031,056
Capital assets being depreciated:				
Vehicles and equipment	496,274	95,037	0	591,311
Buildings and improvements	19,882,055	0	229,015	19,653,040
Water and sewer lines	12,607,986	230,063	0	12,838,049
Totals at historical costs	35,910,627	3,592,870	258,475	39,245,022
Less accumulated depreciation for:				
Vehicles and equipment	(417,993)	(27,401)	0	(445,394)
Buildings and improvements	(8,301,640)	(552,089)	(229,015)	(8,624,714)
Water and sewer lines	(4,673,831)	(322,740)	0	(4,996,571)
Total accumulated depreciation	(13,393,464)	(902,230)	(229,015)	(14,066,679)
Business-Type Activities - Net				
Capital Assets	\$22,517,163	\$2,690,640	\$29,460	\$25,178,343

Depreciation expense was charged to business-type functions as follows:

Water	\$299,840
Sewer	602,390
Total depreciation expense	\$902,230

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 9 Capital Assets (Concluded)

	Balance March 1, 2015	Additions	Deletions	Balance February 28, 2016
<u>Economic Development Corporation</u>				
Capital assets not depreciated:				
Land	\$3,300,000	\$0	\$0	\$3,300,000
Capital assets being depreciated:				
Water and sewer lines	2,396,074	0	0	2,396,074
Storm Sewers	1,830,690	0	0	1,830,690
Streets and ramps	4,827,935	0	0	4,827,935
Totals at historical costs	12,354,699	0	0	12,354,699
Less accumulated depreciation for:				
Water and sewer lines	(622,980)	(47,922)	0	(670,902)
Storm Sewers	(475,978)	(36,614)	0	(512,592)
Streets and ramps	(2,505,419)	(193,117)	0	(2,698,536)
Totals accumulated depreciation	(3,604,377)	(277,653)	0	(3,882,030)
EDC - Net Capital Assets	\$8,750,322	(\$277,653)	\$0	\$8,472,669
Depreciation expense charged to public works		\$277,653		
<u>LDFA #3 Global Engine Project</u>				
Capital assets not depreciated:				
Construction in process	\$0	\$0	\$0	\$0
Capital assets being depreciated:				
Infrastructure Improvements	6,267,513	0	0	6,267,513
Totals at historical costs	6,267,513	0	0	6,267,513
Less accumulated depreciation for:				
Improvements	(1,280,139)	(157,159)	0	(1,437,298)
LDFA #3 - Net Capital Assets	\$4,987,374	(\$157,159)	\$0	\$4,830,215
Depreciation expense charged to public works		\$157,159		

Note 10 Employee's Defined Benefit Pension Plan
Plan Description

The Village of Dundee Participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System (MERS) of Michigan. MERS is a statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The system also provides death and disability benefits. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmichigan.com.

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 10 Employee's Defined Benefit Pension Plan (Continued)

Benefits Provided

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

Employees covered by benefit terms - At the December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>10</u>
Total employees covered by MERS	<u>27</u>

Contributions - All full-time employees contribute 7% of their salary to the plan. The Village is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. For year ended December 31, 2015, the Village's average contribution was 14.13% 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 employer's Net Pension Liability was measured as of December 31, 2015, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions - The Total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3% - 4%

Salary Increases: 4.5% in the long term (1%, 2%, and 3% for the calendar years 2014, 2015, and 2016 respectively)

Investment rate of return: 8%, net of investment expense, including inflation

Mortality rates used were based in the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 10 Employee's Defined Benefit Pension Plan (Continued)
Actuarial Assumptions (Concluded)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.50%	5.02%
Global Fixed Income	20.00%	2.18%
Real Assets	12.50%	4.23%
Diversifying Strategies	10.00%	6.56%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability is 8.00% for 2015. 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.

Net Pension Liability - The net pension liability reported at February 29, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of December 31, 2014.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 10 Employee's Defined Benefit Pension Plan (Continued)

Net Pension Liability (Concluded)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/14	\$3,740,572	\$2,534,676	\$1,205,896
Service cost	42,319	0	42,319
Interest on total pension liability	288,145	0	288,145
Employer contributions	0	71,757	(71,757)
Employee contributions	0	36,356	(36,356)
Net investment income	0	(35,054)	35,054
Benefit payments, including employee refunds	(319,834)	(319,834)	0
Administrative expense	0	(5,342)	5,342
Other changes	25,223	0	25,223
Net changes	35,833	(252,117)	287,969
Balances as of 12/31/15	<u>\$3,776,425</u>	<u>\$2,282,559</u>	<u>\$1,493,866</u>

Of total net pension liability of \$1,493,866 at 12/31/15, \$1,170,743 has been allocated to governmental activities, \$141,021 has been allocated to the Sewer Department, and \$182,102 has been allocated to the Water Department.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended, February 29, 2016, the Village recognized pension expense of \$176,410. At February 29, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net differences between projected and actual plan investments earnings	\$183,317	\$0
Employer contributions to the plan subsequent to the measurement date	18,591	0
	<u>\$201,908</u>	<u>\$0</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 10 Employee's Defined Benefit Pension Plan (Continued)
Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

Of the total deferred outflows of resources, \$158,236 has been allocated to governmental activities, \$24,612 has been allocated to the Water Department, and \$19,060 has been allocated to the Sewer Department.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$77,232), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

<u>Year ended February 28,</u>	<u>Amount</u>
2017	\$45,829
2018	45,829
2019	45,829
2020	45,830

Sensitivity of the Net Pension Liability to changes in the discount rate - The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.00%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.00%) or 1% higher (9.00%) than the current rate.

	<u>1% Lower (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Higher (9.00%)</u>
Net pension liability (asset) of the Township	<u>\$1,854,790</u>	<u>\$1,493,865</u>	<u>\$1,184,606</u>

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in a separately issued financial report. For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

The Municipal Employees Retirement System of Michigan issues a publically available financial report which may be obtained by writing to MERS, 447 North Canal Road, Lansing, Michigan, 48197.

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 11 Long-Term Debt

Following is a summary of changes in long-term debt:

	<u>Balance February 28, 2015</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 29, 2016</u>	<u>Due Within One Year</u>
1998 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 5.75%.	\$130,000	\$0	\$130,000	\$0	\$0
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest from 3.00% to 4.50%	346,690	0	35,000	311,690	35,000
2009 Monroe County Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest from 3.00% to 4.875%.	3,160,000	0	85,000	3,075,000	90,000
2010 Monroe County Water Limited Tax General Obligation Refunding Bonds, bearing interest from 2.00% to 4.25%.	2,560,000	0	145,000	2,415,000	145,000
2012 Monroe County Sewage Disposal System Limited Tax General Obligation Refunding Bonds, bearing interest at 2.42%.	3,175,000	0	325,000	2,850,000	330,000
2015 Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest at 2.50%.	<u>0</u>	<u>3,238,543</u>	<u>0</u>	<u>3,238,543</u>	<u>0</u>
Total Bonds and Contracts	9,371,690	3,238,543	720,000	11,890,233	600,000
Unamortized Issuance Discount	(59,341)	0	(4,443)	(54,898)	(4,442)
Compensated Absences	<u>7,124</u>	<u>8,552</u>	<u>7,124</u>	<u>8,552</u>	<u>7,124</u>
Total Business-type Activities	<u>9,319,473</u>	<u>3,247,095</u>	<u>722,681</u>	<u>11,843,887</u>	<u>602,682</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 11 Long-Term Debt (Continued)

	Balance February 28, 2015	<u>Additions</u>	<u>Retired</u>	Balance February 29, 2016	Due Within One Year
2001 Special Assessment Limited Tax General Obligation Bonds bearing interest at 4.45%.	\$45,000	\$ 0	\$15,000	\$30,000	\$15,000
2015 Installment purchase agreement with US Bank for purchase of a 2011 Vector truck Payments are made annually With interest at 2.760%.	0	249,500	34,290	215,210	28,275
2005 Installment purchase with United Bank & Trust for the purchase of a 1998 Ford vector truck. Payments are made annually with interest at 4.145%.	16,000	0	16,000	0	0
2006 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 3.75% to 4.50%.	960,000	0	55,000	905,000	60,000
2008 Special Assessment Limited Tax General Obligation Bonds, (Pearl) bearing interest at 2.75% to 4.25%.	71,250	0	20,000	51,250	20,000

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 11 Long-Term Debt (Continued)

	Balance February 28, 2015	Additions	Retired	Balance February 29, 2016	Due Within One Year
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 2.75% to 4.50%	\$152,060	\$0	\$15,000	\$137,060	\$15,000
2008 Special Assessment Limited Tax General Obligation Bonds, (Oak/Plank) bearing interest at 4.50%.	245,000	0	25,000	220,000	20,000
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 4.50%	80,000	0	5,000	75,000	5,000
2013 General Obligation Refund Bonds (Refunding 2005 G.O and 2007 G.O. Capital Improvement Limited Tax General Obligation Bonds, bearing interest at %	1,490,000	0	185,000	1,305,000	185,000
2014 Installment Purchase agreement with Pinnacle Public Finance for the purchase of energy improvements. Payments are made annually with Bonds, bearing interest from 3.1%	<u>673,201</u>	<u>0</u>	<u>39,134</u>	<u>634,067</u>	<u>40,347</u>
Total Bonds and Installment Obligations	3,732,511	249,500	409,424	3,572,587	388,622
Compensated Absences	<u>26,332</u>	<u>36,241</u>	<u>26,332</u>	<u>36,241</u>	<u>36,241</u>
Total Governmental Activities	<u>3,758,843</u>	<u>285,741</u>	<u>435,756</u>	<u>3,608,828</u>	<u>424,863</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

	<u>Balance February 28, 2015</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 29, 2016</u>	<u>Due Within One Year</u>
Economic Development Component Unit note payable to Cabela's Retail, Inc. Payments to be made annually starting 2003 and continuing for sixteen years. Payment amount is based on tax revenues.	\$12,335,065	\$0	\$0	\$12,335,065	\$0
Local Development Finance Authority Component Unit 2005 Global Engine Refunding Bonds, bearing interest from 3.50% to 4.50%. (Tax Exempt)	1,410,000	0	130,000	1,280,000	135,000
2004 Local Development Finance Authority-Component Unit Limited Tax General Obligation Bonds, bearing interest from 3.95% to 5.5%. (Federally Taxable)	0	0	165,000	0	0
2004 Local Development Finance Authority Monroe Bank & Trust Bonds, bearing interest from 4.00% to 5.00%. (Tax Exempt)	225,000	0	25,000	200,000	25,000
2013 Local Development Finance Authority Advance Refunding Monroe Bank & Trust Bonds, bearing interest from 1.25% to 3.75% (Tax Exempt)	<u>2,075,000</u>	<u>0</u>	<u>205,000</u>	<u>1,870,000</u>	<u>210,000</u>
Total Bonds and Contracts	16,045,065	0	360,000	15,685,065	370,000
Unamortized Issuance Discount	<u>(14,400)</u>	<u>0</u>	<u>(1,600)</u>	<u>(12,800)</u>	<u>(1,600)</u>
Total Component Unit	<u>16,030,665</u>	<u>0</u>	<u>358,400</u>	<u>15,672,265</u>	<u>368,400</u>
Total	<u>\$29,108,981</u>	<u>\$3,532,836</u>	<u>\$1,593,087</u>	<u>\$31,124,980</u>	<u>\$1,392,079</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

Contract Liability for General Obligation Limited Tax Bonds - \$350,000 issue dated May 5, 1998, by the County of Monroe for the purpose of construction and improvements to the Village's Water Supply and Sewage Disposal System.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$40,000	\$3,535	\$43,535
2018	50,000	1,263	51,263
	<u>\$90,000</u>	<u>\$4,798</u>	<u>\$94,798</u>

2008 Capital Improvement Limited Tax General Obligation Bonds, dated May 22, 2008 in aggregate principal amount of \$446,690 for the purpose of paying village portion of water and sewer lines down Pearl Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$35,000	\$12,672	\$47,672
2018	35,000	11,272	46,272
2019	41,690	9,686	51,376
2020	40,000	7,950	47,950
2021	40,000	6,250	46,250
2022	40,000	4,500	44,500
2023	40,000	2,700	42,700
2024	40,000	900	40,900
	<u>\$311,690</u>	<u>\$55,930</u>	<u>\$367,620</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

Contract Liability for 2010 Monroe County Water Supply System Refunding Bonds dated July 15, 2010, in the aggregate principal amount of \$3,100,000 less discount of \$43,390 by the County of Monroe to advance refund 2001 Water Supply System Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$145,000	\$87,587	\$232,587
2018	145,000	83,238	228,238
2019	205,000	77,731	282,731
2020	215,000	70,638	285,638
2021	225,000	62,937	287,937
2022	230,000	54,688	284,688
2023	240,000	45,725	285,725
2024	245,000	36,328	281,328
2025	245,000	26,681	271,681
2026	255,000	16,522	271,522
2027	265,000	5,631	270,631
	<u>\$2,415,000</u>	<u>\$567,706</u>	<u>\$2,982,706</u>

Advance Refunding of Sewer Bonds

On April 12, 2012, The Village issued \$3,530,000 in Monroe County Sewage Disposal System Refunding Bonds with a 2.42% interest rate. The Village issued the bonds to advance refund \$3,265,000 of the outstanding series 2004 Monroe County Sewage Disposal System (Village of Dundee System No.3) Limited Tax General Obligation Bonds with interest rates ranging from 4.25% to 5.00%. The Village used the net proceeds to purchase US Treasury Obligations. These securities were deposited into the County's irrevocable trust with escrow agent to pay future principal and interest on the refunded portion of the 2004 series bonds. As a result, that portion of the 2004 series bonds was considered defeased and the Village has removed the liability from its accounts. The defeased 2004 bonds were subsequently called on May 1, 2013 with the securities in the County's irrevocable trust with escrow agent.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

Contract Liability for 2012 Monroe County Sewage Disposal System Refunding Bonds dated April 12, 2012 in the aggregate principal amount of \$3,530,000 by the County of Monroe to advance refund \$3,265,000 of the 2004 Sewage Disposal System Limited Tax General Obligation Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$330,000	\$64,977	\$394,977
2018	335,000	56,931	391,931
2019	345,000	48,702	393,702
2020	350,000	40,293	390,293
2021	360,000	31,702	391,702
2022	370,000	22,869	392,869
2023	385,000	13,734	398,734
2024	375,000	4,537	379,537
	<u>\$2,850,000</u>	<u>\$283,745</u>	<u>\$3,133,745</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

2009 Monroe County Sewage Disposal System (Village of Dundee System No. 4) Limited Tax General Obligation Bonds dated May 27, 2009 in the aggregate amount of \$3,500,000 less discount of \$35,000 by the County of Monroe for the purpose of acquisition, construction, furnishing, and equipping of improvements to the existing storm and sanitary sewer facilities in the Village of Dundee.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$90,000	\$139,460	\$229,460
2018	95,000	136,223	231,223
2019	95,000	132,826	227,826
2020	100,000	129,167	229,167
2021	110,000	125,043	235,043
2022	115,000	120,427	235,427
2023	125,000	115,263	240,263
2024	135,000	109,391	244,391
2025	145,000	102,916	247,916
2026	155,000	95,881	250,881
2027	165,000	88,281	253,281
2028	175,000	80,206	255,206
2029	190,000	71,538	261,538
2030	200,000	62,275	262,275
2031	210,000	52,406	262,406
2032	225,000	41,803	266,803
2033	240,000	30,469	270,469
2034	250,000	18,525	268,525
2035	255,000	6,215	261,215
	\$3,075,000	\$1,658,315	\$4,733,315

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

2015 Sewage Disposal System Revenue Bonds (2015 Sanitary Sewer Collection System and Plant Improvements) June 25, 2015, as part of a State Revolving Loan Funded Project, in the aggregate amount of \$4,790,000 for the purpose of acquisition, construction, furnishing, and equipping of improvements to the existing storm and sanitary sewer facilities in the Village of Dundee. As of February 29, 2016, total draws from the State Revolving fund Loan Program were \$3,238,543.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$0	\$65,707	\$65,707
2018	185,000	73,237	258,237
2019	190,000	68,549	258,549
2020	195,000	63,737	258,737
2021	200,000	58,799	258,799
2022	205,000	53,737	258,737
2023	210,000	48,549	258,549
2024	220,000	43,174	263,174
2025	225,000	37,612	262,612
2026	230,000	31,924	261,924
2027	235,000	26,112	261,112
2028	240,000	20,174	260,174
2029	245,000	14,112	259,112
2030	255,000	7,862	262,862
2031	260,000	1,425	261,425
2032	143,543	511	144,054
	<u>\$3,238,543</u>	<u>\$615,221</u>	<u>\$3,853,764</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

2001 Special Assessment (Limited Tax General Obligation) Bonds dated November 1, 2001, in the aggregate amount of \$220,000 for the purpose of road replacement on Rawson Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$15,000	\$1,001	\$16,001
2018	15,000	334	15,334
	<u>\$30,000</u>	<u>\$1,335</u>	<u>\$31,335</u>

Long-Term Debt

2006 Capital Improvement (Limited Tax General Obligations) Bonds dated October 17, 2006 in the aggregate amount of \$1,300,000 for the purpose of paying all or part of the cost of acquiring and constructing riverwalk improvements along the east and west banks of the Raisin River, together with street scape improvements along M-50 and miscellaneous road improvements in the Village, including sidewalk, landscaping, lighting, parking, and site improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$60,000	\$38,497	\$98,497
2018	60,000	35,992	95,992
2019	65,000	33,351	98,351
2020	65,000	30,573	95,573
2021	70,000	27,653	97,653
2022	75,000	24,480	99,480
2023	75,000	21,161	96,161
2024	80,000	17,712	97,712
2025	85,000	14,041	99,041
2026	85,000	10,237	95,237
2027	90,000	6,301	96,301
2028	95,000	2,138	97,138
	<u>\$905,000</u>	<u>\$262,136</u>	<u>\$1,167,136</u>

2008 Special Assessment (Limited Tax General Obligation) Bonds dated May 22, 2008 in the aggregate amount of \$181,250 for the purpose of road replacement on Pearl Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$20,000	\$2,091	\$22,091
2018	15,000	1,291	16,291
2019	16,250	691	16,941
	<u>\$51,250</u>	<u>\$4,073</u>	<u>\$55,323</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 11 Long-Term Debt (Continued)

2008 Capital Improvement (Limited Tax General Obligation) Bonds dated May 22, 2008 in the aggregate amount of \$222,060 for the purpose of paying part of the cost of construction of road on Pearl Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$15,000	\$5,600	\$20,600
2018	15,000	5,000	20,000
2019	17,060	4,338	21,398
2020	15,000	3,656	18,656
2021	15,000	3,019	18,019
2022	20,000	2,250	22,250
2023	20,000	1,350	21,350
2024	20,000	450	20,450
	<u>\$137,060</u>	<u>\$25,663</u>	<u>\$162,723</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)
2008 Special Assessment (Limited Tax General Obligation) Bonds dated August 19, 2008 in the aggregate amount of \$370,000 for the purpose of road replacement on Oak/Plank Streets.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$20,000	\$9,450	\$29,450
2018	25,000	8,433	33,433
2019	25,000	7,313	32,313
2020	25,000	6,188	31,188
2021	25,000	5,063	30,063
2022	25,000	3,937	28,937
2023	25,000	2,813	27,813
2024	25,000	1,687	26,687
2025	25,000	563	25,563
	<u>\$220,000</u>	<u>\$45,447</u>	<u>\$265,447</u>

2008 Capital Improvement (Limited Tax General Obligation) Bonds dated August 19, 2008 in the aggregate amount of \$105,000 for the purpose of road replacement on Oak/Plank Streets.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$5,000	\$3,263	\$8,263
2018	5,000	3,037	8,037
2019	5,000	2,813	7,813
2020	10,000	2,475	12,475
2021	10,000	2,025	12,025
2022	10,000	1,575	11,575
2023	10,000	1,125	11,125
2024	10,000	675	10,675
2025	10,000	225	10,225
	<u>\$75,000</u>	<u>\$17,213</u>	<u>\$92,213</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

On July 18, 2013, the Village issued \$1,660,000 limited tax general obligation bonds with an average interest rate of 2.39 percent to advance refund \$1,035,000 of outstanding 2005 Capital Improvement Bonds (Limited Tax General Obligation) and \$565,000 of outstanding 2007 Capital Improvement Bonds (Limited Tax General Obligation). The net bond proceeds of \$1,627,682 (after payment of \$32,318 of issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with escrow agent to provide for the future debt service payments on the 2005 Capital Improvement Bonds and the 2007 Capital Improvement Bonds which were called on September 5, 2013 and November 1, 2013, respectively .

The Village completed the advance refunding to reduce the total debt service payments over the next 14 years by \$158,705 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$129,225.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$185,000	\$28,979	\$213,979
2018	195,000	24,438	219,438
2019	200,000	19,718	219,718
2020	200,000	14,937	214,937
2021	210,000	10,038	220,038
2022	40,000	7,050	47,050
2023	45,000	6,035	51,035
2024	45,000	4,959	49,959
2025	45,000	3,884	48,884
2026	45,000	2,808	47,808
2027	45,000	1,733	46,733
2028	50,000	597	50,597
	<u>\$1,305,000</u>	<u>\$125,176</u>	<u>\$1,430,176</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

2014 Installment Purchase agreement with Pinnacle Public Finance Incorporated dated January 29, 2014 for \$727,441 to finance energy conservation improvements to be acquired from Honeywell International Incorporated.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$40,347	\$19,656	\$60,003
2018	41,598	18,405	60,003
2019	42,887	17,116	60,003
2020	44,217	15,786	60,003
2021	45,587	14,416	60,003
2022	47,001	13,002	60,003
2023	48,458	11,545	60,003
2024	49,960	10,043	60,003
2025	51,509	8,494	60,003
2026	53,105	6,898	60,003
2027	54,751	5,252	60,003
2028	56,449	3,554	60,003
2029	58,198	1,805	60,003
	<u>\$634,067</u>	<u>\$145,972</u>	<u>\$780,039</u>

2105 Installment Purchase agreement with US Bank dated September 29, 2015 for \$249,500 to finance the purchase of a 2011 International vector truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$28,275	\$6,015	\$34,290
2018	29,065	5,225	34,290
2019	29,877	4,413	34,290
2020	30,712	3,578	34,290
2021	97,281	2,719	100,000
	<u>\$215,210</u>	<u>\$21,950</u>	<u>\$237,160</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

2005 Local development Finance Authority Global Engine Refunding Bonds (Village LDFA Tax Exempt) dated October 6, 2005 in the aggregate principal amount of \$2,210,000 for refinancing acquisition-construction of various improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$135,000	\$51,538	\$186,538
2018	145,000	45,938	190,938
2019	150,000	40,037	190,037
2020	155,000	33,744	188,744
2021	160,000	27,050	187,050
2022	170,000	20,038	190,038
2023	180,000	12,375	192,375
2024	185,000	4,162	189,162
	<u>\$1,280,000</u>	<u>\$234,882</u>	<u>\$1,514,882</u>

2004 Local Development Finance Authority Global Engine Bonds (Limited Tax General Obligation) (Federally Taxable) dated June 1, 2004 in the aggregate principal amount of \$425,000 for the acquisition and construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$25,000	\$8,813	\$33,813
2018	25,000	7,687	32,687
2019	25,000	6,563	31,563
2020	25,000	5,437	30,437
2021	25,000	4,313	29,313
2022	25,000	3,125	28,125
2023	25,000	1,875	26,875
2024	25,000	625	25,625
	<u>\$200,000</u>	<u>\$38,438</u>	<u>\$238,438</u>

On December 5, 2013, the Village issued \$2,100,000 limited tax general obligation bonds with an average interest rate of 3.11 percent to advance refund \$2,010,000 of outstanding 2004 Local Development Finance Authority Global Engine Bonds (Limited Tax General Obligation)(Federally Taxable). The net bond proceeds of \$2,063,754 (after payment of \$36,246 of issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with escrow agent to provide for the future debt service payments on the 2004 Series bonds which were called on May 1, 2014.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Continued)

The Village completed the advance refunding to reduce the total debt service payments over the next 10 years by \$184,430 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$158,700.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2017	\$210,000	\$52,625	\$262,625
2018	215,000	48,849	263,849
2019	225,000	44,053	269,053
2020	225,000	38,259	263,259
2021	235,000	31,464	266,464
2022	245,000	23,475	268,475
2023	250,000	14,562	264,562
2024	265,000	4,968	269,968
	<u>\$1,870,000</u>	<u>\$258,255</u>	<u>\$2,128,255</u>

The annual requirements to pay principal and interest on the long-term debt outstanding at February 29, 2016, excluding compensated absences, are as follows:

Activities Business-type:

<u>Fiscal Years</u>	<u>Enterprise Fund</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$600,000	\$370,403	\$970,403
2018	795,000	360,901	1,155,901
2019	876,690	337,494	1,214,184
2020	900,000	311,786	1,211,786
2021	935,000	284,730	1,219,730
2022-2026	4,230,000	988,058	5,218,058
2027-2031	2,440,000	430,021	2,870,021
2032-2036	1,113,543	97,523	1,211,066
	<u>\$11,890,233</u>	<u>\$3,180,916</u>	<u>\$15,071,149</u>

Governmental Activities:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$388,622	\$114,552	\$503,174
2018	400,663	102,155	502,818
2019	401,074	89,752	490,826
2020	389,929	77,193	467,122
2021	472,868	64,933	537,801
2022-2026	1,070,032	179,000	1,249,032
2027-2031	449,399	21,380	470,779
	<u>\$3,572,587</u>	<u>\$648,965</u>	<u>\$4,221,552</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 11 Long-Term Debt (Concluded)
Component Units:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$370,000	\$112,976	\$482,976
2018	385,000	102,474	487,474
2019	400,000	90,652	490,652
2020	405,000	77,440	482,440
2021	420,000	62,827	482,827
2022-2026	1,370,000	85,206	1,455,206
	<u>\$3,350,000</u>	<u>\$531,575</u>	<u>\$3,881,575</u>

The annual requirements to pay principal and interest on the long-term debt outstanding do not include requirements of the Economic Development Corporation's note payable to Cabela's Retail, Inc. Payment amounts are based on tax revenues and have not been determined.

Note 12 Enterprise Fund - Restricted Assets

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

Note 13 Segment Information for Enterprise Fund

The Village maintains two Enterprise Funds which provides water and sewer services to Village residents. Segment information for the year ended February 29, 2016 follows:

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues	\$3,419,624	\$1,467,261	\$1,952,363
Depreciation and amortization	906,673	302,733	603,940
Operating income (loss)	676,175	293,807	382,368
Net income (loss) before contributions and transfers	580,837	293,635	287,202
Property and equipment additions	3,592,870	312,878	3,279,892
Bonds and contracts payables	11,835,335	2,543,847	9,291,488
Net working capital	4,024,315	2,229,765	1,794,550
Total assets	31,070,530	9,187,530	21,882,623
Total net position	18,758,622	6,390,957	12,367,665

Note 14 Accrued Compensated Absences

The Village has accrued liability to its employees for accumulated vested vacation benefits. The period begins and ends on the employee's anniversary date.

The Village accrued vacation pay of \$8,552 in the Water and Sewage Disposal Enterprise Fund at February 29, 2016. Vacation pay of approximately \$36,241 relating to the governmental activities is reported in the government-wide financial statements. The Village's employment policy allows for sick days to be carried forward.

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 15 Contingent Liability - Unemployment Compensation

Effective January 1, 1975 political subdivisions became subject to the Michigan Employment Security Act. The Village of Dundee, instead of paying regular contributions to the State Unemployment Fund, elected to make reimbursement payments. The Village is self-insuring its contingent liability for reimbursement payments, by making appropriations to the Unemployment Compensation Fund. It is not possible to estimate the potential expense from future unemployment claims. During the year ended February 29, 2016, the Village paid \$0 in reimbursements to the Michigan Unemployment Insurance Agency.

Note 16 Contingent Liability - Federal and State Grants

During the past several years federal and state grants for various projects have been received that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

Note 17 Excess of Expenditures over Appropriations

During the year ended February 29, 2016, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
Industrial Park/Equipment Purchase Fund	\$175,000	\$249,500	\$(74,500)

Note 18 Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman’s compensation). The Village has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 19 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 it’s union contract. Eligible employees were both union and non-union employees with twenty (20) years of service as of October 1, 2009, or who attain twenty (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 employee and spouse is age sixty-five (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

*Notes to Financial Statements
Year Ended February 29, 2016*

Note 19 Voluntary Separation Program (Concluded)

As of February 28, 2010 five (5) employees had participated in the Voluntary Separation Program and, therefore, will be eligible to participate in the continued health insurance coverage. Of the five (5) terminated employees three (3) potentially will receive health insurance coverage for one (1) year and two (2) potentially will receive health insurance coverage for ten (10) years. The Village has estimated that the potential cost of providing health insurance coverage to the terminated employees (assuming that they remain in the Village's plan) will be approximately \$400,000.

Because the Village believes that the total cost of providing this continued health insurance coverage is not reasonably estimable, it has decided to expense the cost at the time the health insurance premium liabilities are incurred.

Note 20 Consent Order Costs and Fine

The Village entered into a consent order with the State of Michigan Department of Natural Resources and Environment in an effort to comply with regulations related to its waste water treatment plant. This subjects the Village to continuing obligations under an enforceable compliance program. Under the compliance program the Village is required to take action to prevent, detect, report, and correct deficiencies in its waste water collection system. Any failure to comply with the consent order may subject the Village to future fines.

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

Note 21 New Accounting Standard

For the year ended February 29, 2016 the Village implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 29, 2016

Note 21 New Accounting Standard (Concluded)

The restatement of the beginning of the year net position is as follows:

	Governmental Activities	Business -type Activities
Net position, as previously reported February 28, 2015	<u>\$18,907,357</u>	<u>\$18,081,953</u>
Adoption of GASB 68 and 71		
Net pension liability	<u>(945,060)</u>	<u>(260,836)</u>
Net position as restated March 1, 2015	<u>\$17,962,297</u>	<u>\$17,821,117</u>

Note 22 Subsequent Events

The Village's management evaluated subsequent events from February 29, 2016 through June 27, 2016, the date the financial statements were available to be issued.

VILLAGE OF DUNDEE

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes:				
Property taxes	\$1,485,196	\$1,042,596	\$1,059,042	\$16,446
Licenses and permits:				
Business licenses and permits	58,050	58,050	66,032	7,982
State grants:				
State revenue sharing	297,000	297,000	308,569	11,569
Liquor license fees	4,500	4,500	4,681	181
Department of justice	16,300	36,300	59,631	23,331
	<u>317,800</u>	<u>337,800</u>	<u>372,881</u>	<u>11,750</u>
Fines and forfeits:				
Fines	30,000	30,000	38,986	8,986
Interest and rentals:				
Interest	5,100	5,100	3,985	(1,115)
Equipment rental	195,000	195,000	175,333	(19,667)
Building rental	0	0	0	0
	<u>200,100</u>	<u>200,100</u>	<u>179,318</u>	<u>(20,782)</u>
Other revenue:				
Other revenue	83,350	143,350	153,518	10,168
	<u>83,350</u>	<u>143,350</u>	<u>153,518</u>	<u>10,168</u>
Total Revenues	2,174,496	1,811,896	1,869,777	34,550
Expenditures				
Legislative:				
Village president and council	20,775	20,775	17,147	3,628
General government:				
Village manager	41,356	51,356	57,640	(6,284)
Attorney	8,000	8,000	9,620	(1,620)
Accounting	7,000	7,000	6,900	100
Clerk - staff	121,282	173,952	114,795	59,157
Treasurer	490	490	466	24
Village hall and grounds	53,500	53,500	29,164	24,336
	<u>231,628</u>	<u>294,298</u>	<u>218,585</u>	<u>75,713</u>

VILLAGE OF DUNDEE

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures (Concluded)				
Public safety:				
Police protection	\$433,066	\$479,066	\$522,004	(\$42,938)
Blight inspector	1,965	2,065	1,658	407
Street lights	130,000	130,000	139,184	(9,184)
Building safety - fire warden	725	725	691	34
Engineering	42,965	44,465	23,476	20,989
	<u>608,721</u>	<u>656,321</u>	<u>687,013</u>	<u>(30,692)</u>
Public works	298,043	282,543	235,686	46,857
Economic development	54,200	63,308	50,077	13,231
Insurance (Bonds & Liability)	26,000	26,000	27,179	(1,179)
	<u>1,239,367</u>	<u>1,343,245</u>	<u>1,235,687</u>	<u>107,558</u>
Excess (Deficiency) of Revenues over Expenditures	935,129	468,651	634,090	142,108
Other Financing Sources (Uses)				
Operating transfers in	31,500	31,500	41,900	10,400
Operating transfers out	(980,451)	(588,851)	(548,593)	40,258
Total Other Financing Sources (Uses)	<u>(948,951)</u>	<u>(557,351)</u>	<u>(506,693)</u>	<u>50,658</u>
Net Change in Fund Balance	(13,822)	(88,700)	127,397	192,766
Fund Balances - Beginning of Year	<u>13,822</u>	<u>88,700</u>	<u>1,630,905</u>	<u>1,542,205</u>
Fund Balances - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$1,758,302</u>	<u>\$1,734,971</u>

VILLAGE OF DUNDEE

*Municipal Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$606,000	\$418,200	\$439,666	\$21,466
Interest	1,000	1,000	1,016	16
Other	2,000	2,000	2,637	637
Total Revenues	609,000	421,200	443,319	22,119
Expenditures				
Public works:				
Construction	45,000	45,000	9,903	35,097
Administration and engineering	1,300	1,300	1,000	300
Total Expenditures	46,300	46,300	10,903	35,397
Excess (Deficiency) of Revenues over Expenditures	562,700	374,900	432,416	57,516
Other Financing Sources (Uses)				
Operating transfers out	(782,300)	(594,500)	(508,671)	85,829
Net Change in Fund Balance	(219,600)	(219,600)	(76,255)	143,345
Fund Balance - Beginning of Year	219,600	219,600	1,121,024	901,424
Fund Balance - End of Year	\$0	\$0	\$1,044,769	\$1,044,769

VILLAGE OF DUNDEE

*Major Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
State grants:				
Gas and weight tax	\$200,000	\$200,000	\$226,962	\$26,962
Interest	650	650	665	15
Other	53,569	53,569	72,799	19,230
Total Revenues	<u>254,219</u>	<u>254,219</u>	<u>300,426</u>	<u>46,207</u>
Expenditures				
Public works:				
Construction	136,353	130,970	83,767	47,203
Routing maintenance - roads and streets	153,700	159,083	183,868	(24,785)
Traffic services - maintenance	6,642	6,642	4,363	2,279
Winter maintenance	32,612	32,612	25,730	6,882
Roadside parks and parkways	57,301	57,301	34,050	23,251
Administration, engineering and recordkeeping	34,742	34,742	33,274	1,468
Total Expenditures	<u>421,350</u>	<u>421,350</u>	<u>365,052</u>	<u>56,298</u>
Excess (Deficiency) of Revenues over Expenditures	(167,131)	(167,131)	(64,626)	102,505
Other Financing Sources (Uses)				
Operating transfers in	168,645	168,645	168,645	0
Operating transfer out	<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>167,445</u>	<u>167,445</u>	<u>167,445</u>	<u>0</u>
Net Change in Fund Balance	314	314	102,819	102,505
Fund Balance - Beginning of Year	<u>(314)</u>	<u>(314)</u>	<u>668,804</u>	<u>669,118</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$771,623</u>	<u>\$771,623</u>

VILLAGE OF DUNDEE

*Local Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State grants:				
Gas and weight tax	\$65,000	\$65,000	\$79,658	\$14,658
Interest	150	150	90	(60)
Other revenues	<u>41,689</u>	<u>41,689</u>	<u>48,172</u>	<u>6,483</u>
Total Revenues	106,839	106,839	127,920	21,081
Expenditures				
Public works:				
Construction - contractual services	224,415	184,415	0	184,415
Routing maintenance - roads and streets	145,254	185,254	207,082	(21,828)
Traffic services - maintenance	2,260	2,260	444	1,816
Winter maintenance	30,712	30,712	19,733	10,979
Administration, engineering and recordkeeping	<u>45,207</u>	<u>45,207</u>	<u>43,553</u>	<u>1,654</u>
Total Expenditures	<u>447,848</u>	<u>447,848</u>	<u>270,812</u>	<u>177,036</u>
Excess (Deficiency) of Revenues over Expenditures	(341,009)	(341,009)	(142,892)	198,117
Other Financing Sources (Uses)				
Operating transfers in	372,129	372,129	300,000	(72,129)
Operating transfers out	<u>(31,120)</u>	<u>(31,120)</u>	<u>(31,120)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>341,009</u>	<u>341,009</u>	<u>268,880</u>	<u>(72,129)</u>
Net Change in Fund Balance	0	0	125,988	125,988
Fund Balance - Beginning of Year	<u>0</u>	<u>0</u>	<u>53,299</u>	<u>53,299</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$179,287</u>	<u>\$179,287</u>

VILLAGE OF DUNDEE

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
Municipal Employees' Retirement System of Michigan
Last 10 Fiscal Years (Amounts determined as of 12/31 of each year)

	2015
Total Pension Liability	
Service Cost	\$42,319
Interest	288,145
Changes of Benefit Terms	0
Difference between expected and actual experience	0
Changes of assumptions	0
Benefit payments including employee refunds	(319,834)
Other	25,222
Net Change in Total Pension Liability	35,852
Total Pension Liability - Beginning of year	3,740,572
Total Pension Liability - End of year	<u>\$3,776,424</u>
Plan Fiduciary Net Position	
Contributions - employer	\$71,757
Contributions - employee	36,356
Net investment income	(35,054)
Administrative expenses	(5,342)
Benefit payments, including refunds	(319,834)
Other	
Net Change in Plan Fiduciary Net Position	(252,117)
Plan Fiduciary Net Position - Beginning of year	2,534,676
Plan Fiduciary Net Position - End of year	<u>\$2,282,559</u>
Township's Net Pension Liability - Ending	<u>\$1,493,865</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	60.4%
Covered Employee Payroll	490,999
Township's Net Pension Liability as a percentage of Covered Employee Payroll	304.3%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE December 31, 2015.

VILLAGE OF DUNDEE

*Schedule of Employer's Contributions
Municipal Employees' Retirement System of Michigan
Last 10 Fiscal Years (Amounts determined as of 12/31 of each year)*

	2015
	\$71,757
	71,757
	\$0

Actuarial determined contributions

Contributions in relation to the actuarially determined contribution

Contribution deficiency (excess)

Notes to Schedule of Village Contributions

Actuarial cost method	Entry age	
Amortization method	Level percentage of payroll	
Remaining amortization period	24 years	
Asset valuation method	10 year smoothed	
Inflation	3% - 4%	
Salary increases	4.50%	
Investment rate of return	8.00%	
Retirement age	Normal age is 60, or 50 with 25 years of service, or 55 with 15 years of service	
Mortality	50% female/50% male 1994 Group Annuity Mortality Table	

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE December 31, 2015.

VILLAGE OF DUNDEE

*General Fund
Detailed Statement of Expenditures
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Village president and council:				
President's fees/council fees	\$16,000	\$16,000	\$13,575	\$2,425
FICA expense	1,225	1,225	1,039	186
Travel/conferences	200	200	0	200
Telephone	600	600	600	0
Miscellaneous	2,750	2,750	1,933	817
	<u>20,775</u>	<u>20,775</u>	<u>17,147</u>	<u>3,628</u>
Village manager:				
Manager's salary	30,000	30,000	36,400	(6,400)
FICA expense	2,296	2,296	2,779	(483)
Life insurance	460	460	468	(8)
Retirement	0	5,000	5,000	0
Supplies and postage	500	500	562	(62)
Conference and seminars	1,000	4,000	4,103	(103)
Telephone	3,800	3,800	3,643	157
Travel expense	1,800	1,800	680	1,120
Dues	1,000	1,000	1,840	(840)
Miscellaneous	500	2,500	2,164	336
	<u>41,356</u>	<u>51,356</u>	<u>57,639</u>	<u>(6,283)</u>
Attorney:				
Legal advisor	8,000	8,000	9,620	(1,620)
Accounting	7,000	7,000	6,900	100
Clerk-staff:				
Fees elected	2,300	2,300	2,235	65
Wages clerical	56,000	56,000	54,190	1,810
FICA expense	4,460	4,460	4,270	190
Hospitalization insurance	15,000	15,000	10,950	4,050
Life insurance	300	300	223	77
Retirement contribution	11,000	17,000	17,257	(257)
Supplies	6,000	6,000	5,209	791
Computer/software costs	2,000	48,670	6,339	42,331
Contractual	2,167	2,167	553	1,614
Telephone	2,500	2,500	2,944	(444)
Equipment maintenance	10,000	10,000	5,126	4,874

VILLAGE OF DUNDEE

*General Fund
Detailed Statement of Expenditures
Budget and Actual (Continued)
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Clerk-staff (concluded):				
Publishing	\$2,000	\$2,000	\$64	\$1,936
Conferences and training	100	100	0	100
Miscellaneous	1,750	1,750	1,187	563
Dues	205	205	330	(125)
Capital outlay	5,500	5,500	3,919	1,581
	<u>121,282</u>	<u>173,952</u>	<u>114,796</u>	<u>59,156</u>
Treasurer:				
Supplies	215	215	211	4
Tax bill preparation	275	275	256	19
	<u>490</u>	<u>490</u>	<u>467</u>	<u>23</u>
Village hall and grounds:				
Utilities	15,000	15,000	11,585	3,415
Repairs and maintenance	38,500	38,500	17,579	20,921
	<u>53,500</u>	<u>53,500</u>	<u>29,164</u>	<u>24,336</u>
Police protection:				
Police salaries	318,960	338,960	385,545	(46,585)
FICA expense	24,401	24,401	29,494	(5,093)
Retirement	2,000	8,000	7,990	10
Supplies	8,000	8,000	14,080	(6,080)
Insurances	810	810	675	135
Computer/software costs	3,975	3,975	3,270	705
Legal expenses	4,000	4,000	4,818	(818)
Auto maintenance	7,000	15,000	16,072	(1,072)
Gas and oil	25,000	25,000	19,107	5,893
Conference and training	6,500	6,500	2,658	3,842
Radio maintenance	2,000	2,000	0	2,000
Telephone	9,000	9,000	7,287	1,713
Utilities	4,300	4,300	2,124	2,176
Miscellaneous	11,920	20,420	18,366	2,054
Uniform expense	5,200	8,700	10,516	(1,816)
	<u>433,066</u>	<u>479,066</u>	<u>522,002</u>	<u>(42,936)</u>

VILLAGE OF DUNDEE

General Fund
 Detailed Statement of Expenditures
 Budget and Actual (Continued)
 Year Ended February 29, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Blight inspector:				
Fees	\$1,800	\$1,800	\$1,507	\$293
FICA expense	140	140	114	26
Retirement	0	100	36	64
Supplies	25	25	2	23
	<u>1,965</u>	<u>2,065</u>	<u>1,659</u>	<u>406</u>
Street lighting:				
Street lights	130,000	130,000	139,184	(9,184)
Building safety - fire warden:				
Inspectors' fees	650	650	642	8
FICA expense	50	50	49	1
Supplies	25	25	0	25
	<u>725</u>	<u>725</u>	<u>691</u>	<u>34</u>
Engineering:				
Wages	11,000	11,000	10,433	567
FICA expense	845	845	783	62
Hospitalization insurance	22,300	22,300	4,590	17,710
Life insurance	120	120	30	90
Retirement	3,000	4,500	4,077	423
Supplies	500	500	246	254
Computer/software costs	2,500	2,500	1,681	819
Conferences and training	500	500	0	500
Telephone	1,100	1,100	1,486	(386)
Equipment	500	500	0	500
Miscellaneous	600	600	150	450
	<u>42,965</u>	<u>44,465</u>	<u>23,476</u>	<u>20,989</u>

VILLAGE OF DUNDEE

*General Fund
Detailed Statement of Expenditures
Budget and Actual (Concluded)
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public works:				
Maintenance wages	\$80,000	\$80,000	\$77,846	\$2,154
FICA expense	6,120	6,120	5,955	165
Hospitalization insurance	49,000	49,000	35,842	13,158
Life insurance	250	250	185	65
Retirement	20,800	20,800	21,455	(655)
Office supplies	4,000	4,000	758	3,242
Conferences and training	400	900	934	(34)
Telephone	3,400	3,400	3,134	266
Gas and oil	22,000	22,000	14,659	7,341
Utilities	9,000	9,000	7,286	1,714
Building maintenance	15,000	15,000	9,981	5,019
Equipment maintenance	45,000	45,000	34,941	10,059
Tree trimming and purchases	5,000	5,000	15,561	(10,561)
Sanitation	1,400	1,400	1,880	(480)
Miscellaneous	17,673	1,673	488	1,185
Uniform expense	4,000	4,000	3,554	446
New equipment	15,000	15,000	1,227	13,773
	<u>298,043</u>	<u>282,543</u>	<u>235,686</u>	<u>46,857</u>
Economic development:				
Contractual services	10,000	10,000	4,999	5,001
Community promotion	13,700	17,700	16,107	1,593
Legal	500	500	2,353	(1,853)
Dues	3,600	3,600	1,848	1,752
Grounds	22,000	22,000	22,640	(640)
Supplies	100	100	0	100
Publishing	300	300	216	84
Advertising	3,500	3,500	0	3,500
Miscellaneous	500	5,608	1,914	3,694
	<u>54,200</u>	<u>63,308</u>	<u>50,077</u>	<u>13,231</u>
Insurance (Bonds and Liability)	<u>26,000</u>	<u>26,000</u>	<u>27,179</u>	<u>(1,179)</u>
Total Expenditures	<u>\$1,239,367</u>	<u>\$1,343,245</u>	<u>\$1,235,687</u>	<u>\$107,558</u>

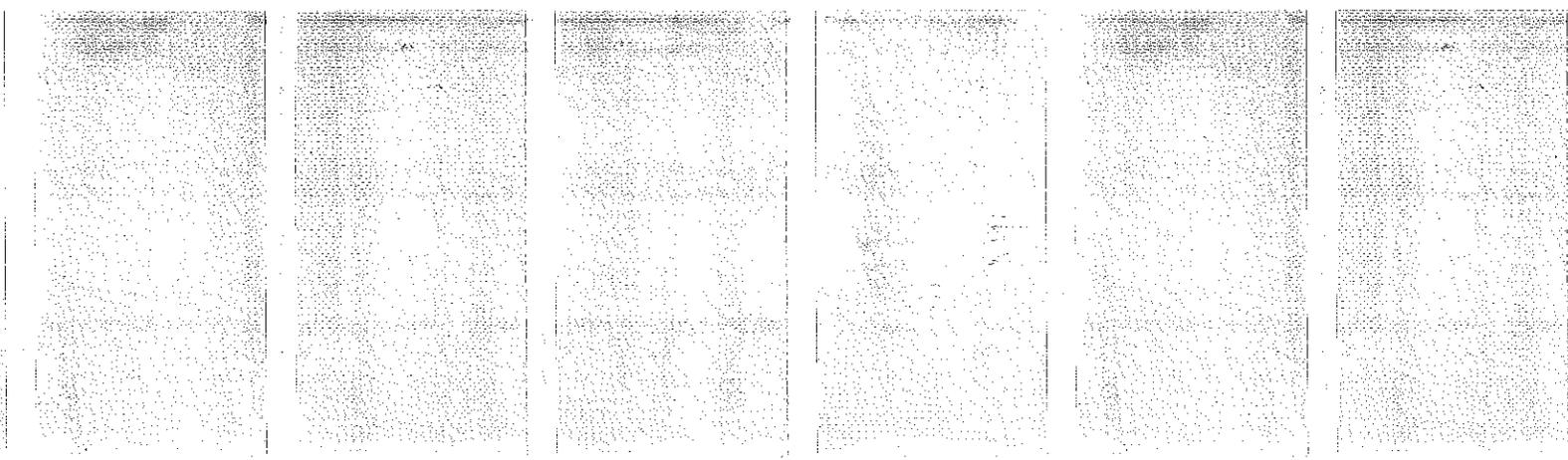
VILLAGE OF DUNDEE

Combining Balance Sheet
 Nonmajor Governmental Funds
 February 29, 2016

	Special Revenue Funds			Capital Project Funds	
	Parks and Recreation	Historical Commission	Building Department	Economic Development	Industrial Park/ Equipment Purchase Fund
Assets					
Cash and cash equivalents	\$5,684	\$2,356	\$82,227	\$330,385	\$635,399
Receivables:					
Accounts	0	0	1,664	0	0
Delinquent taxes	0	0	0	0	0
Special assessments	0	0	0	0	0
Due from other funds	0	0	0	0	5,000
Prepaid insurance	0	132	991	0	0
Total Assets	\$5,684	\$2,488	\$84,882	\$330,385	\$640,399
Liabilities					
Accounts payable/retainage	\$0	\$38	\$2,215	\$0	\$0
Accrued wages	0	0	979	0	0
Due to other funds	64	0	0	0	20,870
Customer deposits	0	0	3,771	0	0
Total Liabilities	64	38	6,965	0	20,870
Deferred Inflows of Resources					
Special assessments	0	0	0	0	0
Project costs	0	0	0	0	103,171
Total Deferred Inflows	0	0	0	0	103,171
Fund Balance					
Nonspendable:					
Prepaid items	0	132	991	0	0
Restricted for:					
Building code enforcement	0	0	76,926	0	0
Assigned to:					
Culture and recreation	5,620	2,318	0	0	0
Special projects	0	0	0	0	516,358
Community and economic development	0	0	0	330,385	0
Debt service	0	0	0	0	0
Total Fund Balances	5,620	2,450	77,917	330,385	516,358
Total Liabilities, Deferred Inflows, and Fund Balances	\$5,684	\$2,488	\$84,882	\$330,385	\$640,399

Debt Service Funds

1994 DDA LTGO Bonds	1998 G.O. Bonds	1998 Special Assessment Bonds	2001 Special Assessment Bonds	2004 Special Assessment Bonds	2005 Vactor Installment Loan	2006 Capital Improvement G.O. Bonds	2008 Pearl St Assessment Bonds	2008 S.A./LTGO Oak/Plank Bonds	2013 Refunding G.O. Bonds	2014 Honeywell Installment	2015 Vactor Installment Loan	No Gov 1
\$0	\$7,982	\$0	\$44,804	\$0	\$0	\$1,051	\$31,389	\$89,883	\$2,220	\$14,106	\$0	\$
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	408	0	0	0	2,160	1,428	0	0	0	0
0	0	0	8,849	0	0	0	28,750	163,125	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
<u>\$0</u>	<u>\$7,982</u>	<u>\$0</u>	<u>\$54,061</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,051</u>	<u>\$62,299</u>	<u>\$254,436</u>	<u>\$2,220</u>	<u>\$14,106</u>	<u>\$0</u>	<u>\$</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	13,125	141,273	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	13,125	141,273	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	7,982	0	54,061	0	0	1,051	49,174	113,163	2,220	14,106	0	0
0	7,982	0	54,061	0	0	1,051	49,174	113,163	2,220	14,106	0	0
<u>\$0</u>	<u>\$7,982</u>	<u>\$0</u>	<u>\$54,061</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,051</u>	<u>\$62,299</u>	<u>\$254,436</u>	<u>\$2,220</u>	<u>\$14,106</u>	<u>\$0</u>	<u>\$</u>



VILLAGE OF DUNDEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended February 29, 2016

	Special Revenue Funds			Capital Project Funds	
	Parks and Recreation	Historical Commission	Building Department	Economic Development	Industrial Park/ Equipment Purchase Fund
Revenues					
Special assessments	\$0	\$0	\$0	\$0	\$0
Interest and rentals	2	7,752	86	300	532
Licenses and permits	0	0	149,553	0	0
Other revenues	12,611	7,500	0	0	0
Total Revenues	12,613	15,252	149,639	300	532
Expenditures					
Public safety	0	0	136,406	0	0
Public works	0	0	0	0	0
Culture and recreation	28,879	41,307	0	0	0
Capital outlay	0	0	0	0	249,500
Debt service	0	0	0	0	0
Total Expenditures	28,879	41,307	136,406	0	249,500
Excess (Deficiency) of Revenues over Expenditures	(16,266)	(26,055)	13,233	300	(248,968)
Other Financing Sources (Uses)					
Proceeds from installment loan	0	0	0	0	249,500
Operating transfers in	19,000	28,000	0	11,414	0
Operating transfers (ont)	0	0	(10,000)	(8,000)	0
Total Other Financing Sources (Uses)	19,000	28,000	(10,000)	3,414	249,500
Net Change in Fund Balances	2,734	1,945	3,233	3,714	532
Fund Balances - Beginning of Year	2,886	505	74,684	326,671	515,826
Fund Balances - End of Year	\$5,620	\$2,450	\$77,917	\$330,385	\$516,358

Debt Service Funds

1994 DDA LTGO Bonds	1998 G.O. Bonds	1998 Special Assessment Bonds	2001 Special Assessment Bonds	2004 Special Assessment Bonds	2005 Vactor Installment Loan	2006 Capital Improvement G.O. Bond	Pearl St Assessment Bonds	2008 S.A./LTGO Oak/Plank Bonds	2013 Refunding G.O. Bond	2014 Honeywell Installment	2015 Vactor Installment Loan
\$0	\$0	\$0	\$6,794	\$0	\$0	\$0	\$14,375	\$24,851	\$0	\$0	\$0
2	2	14	988	0	0	1	2,209	10,971	1	14	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
2	2	14	7,782	0	0	1	16,584	35,822	1	14	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	16,957	0	16,665	95,864	43,636	44,460	218,400	60,003	34,290
0	0	0	16,957	0	16,665	95,864	43,636	44,460	218,400	60,003	34,290
2	2	14	(9,175)	0	(16,665)	(95,863)	(27,052)	(8,638)	(218,399)	(59,989)	(34,290)
0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	33,907	0	16,665	95,900	21,182	8,738	218,741	60,004	34,290
(2,052)	0	(19,244)	0	(14,663)	0	0	0	0	0	0	0
(2,052)	0	(19,244)	33,907	(14,663)	16,665	95,900	21,182	8,738	218,741	60,004	34,290
(2,050)	2	(19,230)	24,732	(14,663)	0	37	(5,870)	100	342	15	0
2,050	7,980	19,230	29,329	14,663	0	1,014	55,044	113,063	1,878	14,091	0
\$0	\$7,982	\$0	\$54,061	\$0	\$0	\$1,051	\$49,174	\$113,163	\$2,220	\$14,106	\$0

SPECIAL REVENUE FUNDS

1. Parks and Recreation Fund
2. Historical Commission
3. Building Department Fund

VILLAGE OF DUNDEE

*Parks and Recreation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$2	\$2	\$2	\$0
Other revenue	9,700	9,700	12,611	2,911
Total Revenues	9,702	9,702	12,613	2,911
Expenditures				
Culture and recreation:				
Audit fees	800	800	800	0
Building maintenance	250	250	304	(54)
Programs	9,200	9,200	13,758	(4,558)
Park maintenance	21,200	21,200	8,870	12,330
Contractual	3,000	3,000	1,790	1,210
Utilities	3,800	3,800	3,192	608
Miscellaneous	0	0	165	(165)
Total Expenditures	38,250	38,250	28,879	9,371
Excess (Deficiency) of				
Revenues over Expenditures	(28,548)	(28,548)	(16,266)	12,282
Other Financing Sources (Uses)				
Operating transfers in	28,548	28,548	19,000	(9,548)
Net Change in Fund Balance	0	0	2,734	2,734
Fund Balance - Beginning of Year	2,886	2,886	2,886	0
Fund Balance - End of Year	<u>\$2,886</u>	<u>\$2,886</u>	<u>\$5,620</u>	<u>\$2,734</u>

VILLAGE OF DUNDEE

*Historical Commission Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and rentals:				
Interest	\$5	\$5	\$2	(\$3)
Rentals	10,000	10,000	7,750	(2,250)
Other revenue	10,000	10,000	7,500	(2,500)
Total Revenues	20,005	20,005	15,252	(4,753)
Expenditures				
Culture and recreation:				
Wages	15,000	15,000	16,178	(1,178)
FICA expense	1,148	1,148	1,238	(90)
Professional services	800	800	800	0
Bonds and insurance	350	350	378	(28)
Telephone & utilities	18,650	18,650	16,399	2,251
Building maintenance	15,000	15,000	4,963	10,037
Sanitation	2,400	2,400	1,351	1,049
Miscellaneous	50	50	0	50
Total Expenditures	53,398	53,398	41,307	12,091
Excess (Deficiency) of Revenues over Expenditures	(33,393)	(33,393)	(26,055)	7,338
Other Financing Sources (Uses)				
Operating transfers in	33,395	33,395	28,000	(5,395)
Net Change in Fund Balance	2	2	1,945	1,943
Fund Balance - Beginning of Year	19,045	19,045	505	(18,540)
Fund Balance - End of Year	<u>\$19,047</u>	<u>\$19,047</u>	<u>\$2,450</u>	<u>(\$16,597)</u>

VILLAGE OF DUNDEE

*Building Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Building fees	\$90,797	\$90,797	\$81,622	(\$9,175)
Electrical fees	18,000	18,000	16,316	(1,684)
Plumbing fees	12,000	12,000	12,616	616
Mechanical fees	20,000	20,000	20,751	751
Registration fees	2,200	2,200	2,325	125
Rental ordinance fee	3,000	3,000	1,205	(1,795)
Planning review fees	800	800	5,200	4,400
Zoning board authority fees	1,000	4,000	5,050	1,050
Interest	50	50	86	36
Other income	2,400	2,400	4,468	2,068
Total Revenues	150,247	153,247	149,639	(3,608)
Expenditures				
Public safety:				
Building department expenses	6,380	14,050	5,396	8,654
Building inspector	83,255	85,408	85,853	(445)
Electrical inspector	16,670	16,670	10,025	6,645
Mechanical inspector	10,435	10,435	9,715	720
Plumbing inspector	17,324	15,654	7,479	8,175
Zoning board of appeals	1,089	3,228	5,465	(2,237)
Planning commission	5,094	12,394	12,473	(79)
Total Expenditures	140,247	157,839	136,406	21,433
Excess (Deficiency) of				
Revenues over Expenditures	10,000	(4,592)	13,233	17,825
Other Financing Sources (Uses)				
Operating transfer (out)	(10,000)	(10,000)	(10,000)	0
Net Change in Fund Balance	0	(14,592)	3,233	17,825
Fund Balance - Beginning of Year	0	14,592	74,684	60,092
Fund Balance - End of Year	\$0	\$0	\$77,917	\$77,917

CAPITAL IMPROVEMENT FUNDS

1. Industrial Park/Equipment Purchase Fund
2. Economic Development Corporation - Construction Fund
3. Sewer Separation and Street Rehabilitation Fund

VILLAGE OF DUNDEE

*Industrial Park/Equipment Purchase Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$400	\$400	\$532	\$132
Total Revenues	400	400	532	132
Expenditures				
Capital outlay:				
Department of public works & village hall	0	0	249,500	(249,500)
Water, sewer, and road system expansion	175,000	175,000	0	175,000
Total Expenditures	175,000	175,000	249,500	(74,500)
Excess (Deficiency) of Revenues over Expenditures	(174,600)	(174,600)	(248,968)	(74,368)
Other Financing Sources (Uses)				
Bond proceeds	175,000	175,000	249,500	74,500
Total Other Financing Sources (Uses)	175,000	175,000	249,500	74,500
Net Change in Fund Balance	400	400	532	132
Fund Balance - Beginning of Year	515,826	515,826	515,826	0
Fund Balance - End of Year	\$516,226	\$516,226	\$516,358	\$132

VILLAGE OF DUNDEE

*Economic Development Corporation - Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$200	\$200	\$300	\$100
Expenditures				
Capital outlay	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	200	200	300	100
Other Financing Sources (Uses)				
Operating transfers in	10,000	10,000	11,414	1,414
Operating transfers (out)	(10,000)	(10,000)	(8,000)	2,000
Total Other Financing Sources (Uses)	0	0	3,414	3,414
Net Change in Fund Balance	200	200	3,714	3,514
Fund Balance - Beginning of Year	317,840	317,840	326,671	8,831
Fund Balance - End of Year	<u>\$318,040</u>	<u>\$318,040</u>	<u>\$330,385</u>	<u>\$12,345</u>

VILLAGE OF DUNDEE

*Sewer Separation and Street Rehabilitation Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$5	\$5	\$42	\$37
Expenditures				
Capital Outlay	0	2,946,500	3,238,543	(292,043)
Excess (Deficiency) of Revenues over Expenditures	5	(2,946,495)	(3,238,501)	(292,006)
Other Financing Sources (Uses)				
Bond proceeds	0	3,242,500	3,238,543	(3,957)
Operating transfers (out)	0	(296,000)	0	296,000
Total Other Financing Sources (Uses)	0	2,946,500	3,238,543	292,043
Net Change in Fund Balance	5	5	42	37
Fund Balance - Beginning of Year	2,673	2,673	2,673	0
Fund Balance - End of Year	\$2,678	\$2,678	\$2,715	\$37

GENERAL DEBT SERVICE FUNDS

General Debt Service Funds

To account for payments of interest and principal on long-term general obligation debt other than that payable by an enterprise fund. There are fourteen (12) debt service funds to account for:

1. 1994 Downtown Development Authority (LTGO) Bonds
2. 1998 General Obligation
3. 1998 Special Assessment Bonds (Stowell/Commerce)
4. 2001 Special Assessment Bonds (Rawson Street)
5. 2004 Special Assessment Bonds (First Street)
6. 2005 Vactor Installment Loan
7. 2006 Capital Improvement General Obligation
8. 2008 Special Assessment Bonds (Pearl Street)
9. 2008 Special Assessment Bonds (Oak/Plank)
10. 2013 Refunding General Obligation
11. 2014 Honeywell Installment Loan
12. 2015 Vactor Installment Loan

VILLAGE OF DUNDEE

*1994 Downtown Development Authority (LTGO) Bonds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$0	\$0	\$2	\$2
Expenditures				
Debt service:	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	2	2
Other Financing Sources (Uses)				
Operating transfers out	0	0	(2,052)	(2,052)
Net Change in Fund Balance	0	0	(2,050)	(2,050)
Fund Balance - Beginning of Year	0	0	2,050	2,050
Fund Balance - End of Year	\$0	\$0	\$0	\$0

VILLAGE OF DUNDEE

*1998 General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$1	\$1	\$2	\$1
Expenditures				
Debt service:	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	1	1	2	1
Fund Balance - Beginning of Year	7,979	7,979	7,980	1
Fund Balance - End of Year	<u>\$7,980</u>	<u>\$7,980</u>	<u>\$7,982</u>	<u>\$2</u>

VILLAGE OF DUNDEE

*1998 Special Assessment Bonds (Stowell/Commerce)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$14	\$14
Total Revenues	0	0	14	14
Expenditures				
Debt service:	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues over Expenditures	0	0	14	14
Other Financing Sources (Uses):				
Operating transfers out	0	0	(19,244)	(19,244)
Net Change in Fund Balance	0	0	(19,230)	(19,230)
Fund Balance - Beginning of Year	0	0	19,230	19,230
Fund Balance - End of Year	\$0	\$0	\$0	\$0

VILLAGE OF DUNDEE

*2001 Special Assessment Bonds (Rawson Street)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessment	\$8,851	\$8,851	\$6,794	(\$2,057)
Interest	969	969	988	19
Total Revenues	9,820	9,820	7,782	(2,038)
Expenditures				
Debt service:				
Principal	15,000	15,000	15,000	0
Interest	1,669	1,669	1,669	0
Agent fees	250	250	288	(38)
Miscellaneous	50	50	0	50
Total Expenditures	16,969	16,969	16,957	12
Excess (Deficiency) of Revenues over Expenditures	(7,149)	(7,149)	(9,175)	(2,026)
Other Financing Sources (Uses):				
Operating transfers in	50	50	33,907	33,857
Net Change in Fund Balance	(7,099)	(7,099)	24,732	31,831
Fund Balance - Beginning of Year	7,099	7,099	29,329	22,230
Fund Balance - End of Year	\$0	\$0	\$54,061	\$54,061

VILLAGE OF DUNDEE

*2004 Special Assessment Bonds (First Street)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt service:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues over Expenditures	0	0	0	0
Other Financing Sources (Uses)				
Operating transfers out	<u>0</u>	<u>0</u>	<u>(14,663)</u>	<u>(14,663)</u>
Net Change in Fund Balance	0	0	(14,663)	(14,663)
Fund Balance - Beginning of Year	<u>14,663</u>	<u>14,663</u>	<u>14,663</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$14,663</u></u>	<u><u>\$14,663</u></u>	<u><u>\$0</u></u>	<u><u>(\$14,663)</u></u>

VILLAGE OF DUNDEE

*2005 Vactor Installment Loan
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt service:				
Principal	16,000	16,000	16,000	0
Interest	672	672	665	7
Total Expenditures	16,672	16,672	16,665	7
Excess (Deficiency) of Revenues over Expenditures	(16,672)	(16,672)	(16,665)	7
Other Financing Sources (Uses)				
Operating transfers in	16,672	16,672	16,665	(7)
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

VILLAGE OF DUNDEE

*2006 Capital Improvement General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$5	\$5	\$1	(\$4)
Expenditures				
Debt service:				
Principal	55,000	55,000	55,000	0
Interest	40,900	41,130	40,864	266
Total Expenditures	95,900	96,130	95,864	266
Excess (Deficiency) of Revenues over Expenditures	(95,895)	(96,125)	(95,863)	262
Other Financing Sources (Uses)				
Operating transfers in	95,895	96,125	95,900	(225)
Net Change in Fund Balance	0	0	37	37
Fund Balance - Beginning of Year	1,014	1,014	1,014	0
Fund Balance - End of Year	<u>\$1,014</u>	<u>\$1,014</u>	<u>\$1,051</u>	<u>\$37</u>

VILLAGE OF DUNDEE

*2008 Special Assessment Bonds (Pearl Street)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessment	\$14,375	\$14,375	\$14,375	\$0
Interest	2,222	2,222	2,209	7,669
Total Revenues	16,597	16,597	16,584	7,669
Expenditures				
Debt service:				
Principal	35,000	35,000	35,000	0
Interest	9,022	9,022	8,635	387
Misc Expense	0	0	1	(1)
Total Expenditures	44,022	44,022	43,636	386
Excess (Deficiency) of Revenues over Expenditures	(27,425)	(27,425)	(27,052)	373
Other Financing Sources (Uses):				
Operating transfer in	21,182	21,182	21,182	0
Net Change in Fund Balance	(6,243)	(6,243)	(5,870)	373
Fund Balance - Beginning of Year	6,243	6,243	55,044	48,801
Fund Balance - End of Year	\$0	\$0	\$49,174	\$49,174

VILLAGE OF DUNDEE

*2008 Special Assessment Bonds (Oak/Plank)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessment	\$20,886	\$20,886	\$24,851	\$3,965
Interest	10,859	10,859	10,971	112
Total Revenues	31,745	31,745	35,822	4,077
Expenditures				
Debt service:				
Principal	30,000	30,000	30,000	0
Interest	13,951	13,951	13,950	1
Agent fees	500	500	500	0
Misc expense	15	15	10	5
Total Expenditures	44,466	44,466	44,460	6
Excess (Deficiency) of				
Revenues over Expenditures	(12,721)	(12,721)	(8,638)	4,083
Other Financing Sources (Uses):				
Operating transfer in	8,738	8,738	8,738	0
Net Change in Fund Balance	(3,983)	(3,983)	100	4,083
Fund Balance - Beginning of Year	3,983	3,983	113,063	109,080
Fund Balance - End of Year	\$0	\$0	\$113,163	\$113,163

VILLAGE OF DUNDEE

*2013 Refunding General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$10	\$10	\$1	(\$9)
Expenditures				
Debt service:				
Principal	185,000	185,000	185,000	0
Interest	<u>33,751</u>	<u>33,751</u>	<u>33,400</u>	<u>351</u>
Total Expenditures	<u>218,751</u>	<u>218,751</u>	<u>218,400</u>	<u>351</u>
Excess (Deficiency) of Revenues over Expenditures	(218,741)	(218,741)	(218,399)	342
Other Financing Sources (Uses):				
Operating transfer in	<u>218,741</u>	<u>218,741</u>	<u>218,741</u>	<u>0</u>
Net Change in Fund Balance	0	0	342	342
Fund Balance - Beginning of Year	<u>1,878</u>	<u>1,878</u>	<u>1,878</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$1,878</u></u>	<u><u>\$1,878</u></u>	<u><u>\$2,220</u></u>	<u><u>\$342</u></u>

VILLAGE OF DUNDEE

*2014 Honeywell Installment Loan
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$14	\$14
Expenditures				
Debt service:				
Principal	39,134	39,134	39,134	0
Interest	20,870	20,870	20,869	1
Total Expenditures	60,004	60,004	60,003	1
Excess (Deficiency) of Revenues over Expenditures	(60,004)	(60,004)	(59,989)	15
Other Financing Sources (Uses):				
Operating transfer in	60,004	60,004	60,004	0
Net Change in Fund Balance	0	0	15	15
Fund Balance - Beginning of Year	14,091	14,091	14,091	0
Fund Balance - End of Year	\$14,091	\$14,091	\$14,106	\$15

VILLAGE OF DUNDEE

*2015 Vactor Installment Loan
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 29, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt service:				
Principal	34,290	34,290	34,290	0
Excess (Deficiency) of Revenues over Expenditures	(34,290)	(34,290)	(34,290)	0
Other Financing Sources (Uses)				
Operating transfers in	34,290	34,290	34,290	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0	\$0

INTERNAL SERVICE FUNDS

1. Unemployment Compensation - General Fund
2. Unemployment Compensation - Water and Sewer Fund

VILLAGE OF DUNDEE

*Internal Service Funds Unemployment Compensation
Combining Statement of Net Position
February 29, 2016*

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	<u>\$19,039</u>	<u>\$26,222</u>	<u>\$45,261</u>
Fund Equity			
Net Assets - unrestricted	<u>\$19,039</u>	<u>\$26,222</u>	<u>\$45,261</u>

*Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Year Ended February 29, 2016*

Operating income	\$0	\$0	\$0
Operating expenses	<u>0</u>	<u>0</u>	<u>0</u>
Operating Income	0	0	0
Non-Operating Revenues (Expenses)			
Interest income	<u>17</u>	<u>24</u>	<u>41</u>
Total Non-operating Revenues (Expenses)	<u>17</u>	<u>24</u>	<u>41</u>
Net Income (Loss)	17	24	41
Net Assets - Beginning of Year	<u>19,022</u>	<u>26,198</u>	<u>45,220</u>
Net Assets - End of Year	<u>\$19,039</u>	<u>\$26,222</u>	<u>\$45,261</u>

VILLAGE OF DUNDEE

*Internal Service Funds Unemployment Compensation
Combining Statement of Cash Flows
Year Ended February 29, 2016*

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Operating income	\$0	\$0	\$0
Cash Flows from Non-Capital Financing Activities:			
Transfer to General Fund	0	0	0
Cash Flows from Investing Activities:			
Interest income	<u>17</u>	<u>24</u>	<u>41</u>
Net Increase in Cash and Cash Equivalents	17	24	41
Cash and Cash Equivalents - Beginning of Year	<u>19,022</u>	<u>26,198</u>	<u>45,220</u>
Cash and Cash Equivalents - End of Year	<u><u>\$19,039</u></u>	<u><u>\$26,222</u></u>	<u><u>\$45,261</u></u>

AGENCY FUNDS

1. Accounts Payable Fund
2. Payroll Fund
3. Tax Collection Fund
4. Water and Sewer Agency Fund

VILLAGE OF DUNDEE

*Fiduciary Funds
Combining Statement of Assets and Liabilities
February 29, 2016*

	Agency Funds				Totals
	Accounts Payable	Payroll	Tax Collection	Water and Sewer	
Assets					
Cash and cash equivalents	\$6,052	\$5,245	\$7,335	\$964	\$19,596
Due from other funds	0	20,541	0	0	20,541
Total Assets	\$6,052	\$25,786	\$7,335	\$964	\$40,137
Liabilities					
Due to other funds	\$65	\$430	\$3,444	\$964	\$4,903
Other liabilities	5,987	25,356	3,891	0	35,234
Total Liabilities	\$6,052	\$25,786	\$7,335	\$964	\$40,137

VILLAGE OF DUNDEE

*Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
February 29, 2016*

ACCOUNTS PAYABLE FUND

	<u>Balance</u> <u>February 28, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>February 28, 2015</u>
Assets				
Cash and cash equivalents	\$8,333	\$4,422,709	\$4,422,989	\$8,053
Total Assets	<u>\$8,333</u>	<u>\$4,422,709</u>	<u>\$4,422,989</u>	<u>\$8,053</u>
Liabilities				
Due to other funds	\$330	\$78,327	\$78,243	\$414
Other liabilities	8,003	4,422,709	4,423,073	7,639
Total Liabilities	<u>\$8,333</u>	<u>\$4,501,036</u>	<u>\$4,501,316</u>	<u>\$8,053</u>

PAYROLL FUND

Assets				
Cash and cash equivalents	\$10,258	\$2,039,362	\$2,044,375	\$5,245
Due from other funds	232	20,541	232	20,541
Total Assets	<u>\$10,490</u>	<u>\$2,059,903</u>	<u>\$2,044,607</u>	<u>\$25,786</u>
Liabilities				
Due to other funds	\$36	\$0	\$36	\$0
Other liabilities	10,454	2,039,362	2,024,030	25,786
Total Liabilities	<u>\$10,490</u>	<u>\$2,039,362</u>	<u>\$2,024,066</u>	<u>\$25,786</u>

TAX COLLECTION FUND

Assets				
Cash and cash equivalents	\$14,715	\$2,344,530	\$2,351,910	\$7,335
Total Assets	<u>\$14,715</u>	<u>\$2,344,530</u>	<u>\$2,351,910</u>	<u>\$7,335</u>
Liabilities				
Due to other funds	\$10,396	\$2,020,384	\$2,027,336	\$3,444
Other liabilities	4,319	315,740	316,168	3,891
Total Liabilities	<u>\$14,715</u>	<u>\$2,336,124</u>	<u>\$2,343,504</u>	<u>\$7,335</u>

VILLAGE OF DUNDEE

*Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Concluded)
February 29, 2016*

WATER AND SEWER AGENCY

	Balance February 28, 2015	Additions	Deductions	Balance February 29, 2016
Assets				
Cash and cash equivalents	\$929	\$122,231	\$122,196	\$964
Due from other funds	132	0	132	0
Total Assets	<u>\$1,061</u>	<u>\$122,231</u>	<u>\$122,328</u>	<u>\$964</u>

Liabilities				
Due to other funds	\$1,061	\$123,292	\$123,389	\$964
Total Liabilities	<u>\$1,061</u>	<u>\$123,292</u>	<u>\$123,389</u>	<u>\$964</u>

TOTALS - ALL AGENCY FUNDS

	Balance February 28, 2015	Additions	Deductions	Balance February 29, 2016
Assets				
Cash and cash equivalents	\$34,235	\$8,928,832	\$8,941,470	\$21,597
Due from other funds	364	20,541	364	20,541
Total Assets	<u>\$34,599</u>	<u>\$8,949,373</u>	<u>\$8,941,834</u>	<u>\$42,138</u>

Liabilities				
Due to other funds	\$11,823	\$2,222,003	\$2,229,004	\$4,822
Other liabilities	22,776	6,777,811	6,763,271	37,316
Total Liabilities	<u>\$34,599</u>	<u>\$8,999,814</u>	<u>\$8,992,275</u>	<u>\$42,138</u>

DISCRETELY PRESENTED COMPONENT UNITS

1. Downtown Development Authority
2. Local Development Finance Authority - Water Plant
3. Local Development Finance Authority - Global Engine Alliance
4. Economic Development Corporation
5. Brownfield Redevelopment Authority

VILLAGE OF DUNDEE

*Downtown Development Authority - Component Unit
Combining Balance Sheet/Statement of Net Position
February 29, 2016*

	Total Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$92,190	\$0	\$92,190
Due from other governments	81,805	0	81,805
Due from other funds/Internal balances	0		0
Total Assets	\$173,995	0	173,995
Liabilities			
Accounts payable	\$20,587	0	20,587
Total Liabilities	20,587	0	20,587
Fund Balance			
Assigned	153,408	(153,408)	0
Total Fund Balance	153,408	(153,408)	0
Total Liabilities and Fund Balance	\$173,995		
Net Position			
Unrestricted		153,408	153,408
Total Net Position		\$153,408	\$153,408

VILLAGE OF DUNDEE

*Downtown Development Authority - Component Unit
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 29, 2016*

	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Taxes	\$133,186	\$0	\$133,186
Interest	57	0	57
Other	19,548	0	19,548
Total Revenues	152,791	0	152,791
Expenditures			
Public works	84,494	0	84,494
Total Expenditures	84,494	0	84,494
Excess (Deficiency) of Revenues over Expenditures	68,297	0	68,297
Other Financing Sources (Uses)			
Operating transfers in	2,052	0	2,052
Operating transfers out	(10,000)	0	(10,000)
Total Other Financing Sources (Uses)	(7,948)	0	(7,948)
Change in Fund Balance/Net Position	60,349	0	60,349
Fund Balance/Net Position - Beginning of Year	93,059	0	93,059
Fund Balance/Net Position - End of Year	<u>\$153,408</u>	<u>\$0</u>	<u>\$153,408</u>

VILLAGE OF DUNDEE

Local Development Finance Authority Water Plant - Component Unit
Balance Sheet/Statement of Net Position
February 29, 2016

	Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$215,030	\$0	\$215,030
Due from other governments	8,386	0	8,386
Total Assets	<u>\$223,416</u>	<u>0</u>	<u>223,416</u>
Liabilities			
Due to other funds	\$0	0	0
Total Liabilities	0	0	0
Fund Balance			
Assigned	223,416	(223,416)	0
Total Fund Balance	<u>223,416</u>	<u>(223,416)</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$223,416</u>		
Net Position			
Unrestricted		223,416	223,416
Total Net Position		<u>\$223,416</u>	<u>\$223,416</u>

VILLAGE OF DUNDEE

*Local Development Finance Authority Water Plant - Component Unit
Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 29, 2016*

	Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Interest	\$193	\$0	\$193
Expenditures			
Public works	700	0	700
Total Expenditures	700	0	700
Excess (Deficiency) of Revenues over Expenditures	(507)	0	(507)
Other Financing Sources (Uses)			
Operating transfer in	15,618		15,618
Operating transfers out	(10,500)	0	(10,500)
Total Other Financing Sources (Uses)	5,118	0	5,118
Change in Fund Balance/Net Position	4,611	0	4,611
Fund Balance/ Net Position - Beginning of Year	218,805	0	218,805
Fund Balance/ Net Position - End of Year	\$223,416	\$0	\$223,416

VILLAGE OF DUNDEE

*Local Development Finance Authority Global Engine Alliance - Component Unit
Combining Balance Sheet/Statement of Net Position
February 29, 2016*

	Global Engine Alliance	LDFA #3 Debt	Account Group General Long-term Debt	Total Modified Accrual Basis	Adjustments	Statement of Net Position
Assets						
Cash and cash equivalents	\$1,614,125	\$100,393	\$0	\$1,714,518	\$0	\$1,714,518
Due from other governments	473,584	0	0	473,584	0	473,584
Capital assets (net of depreciation)	0	0	0	0	4,830,215	4,830,215
Amount available in Debt Service Fund	0	0	100,393	100,393	(100,393)	0
Amount to be provided for long-term debt	0	0	3,249,607	3,249,607	(3,249,607)	0
Total Assets	\$2,087,709	\$100,393	\$3,350,000	\$5,538,102	1,480,215	7,018,317
Liabilities						
Accrued interest	\$0	\$0	\$0	\$0	\$38,874	\$38,874
Debt with government commitment net of bond discount	0	0	3,350,000	3,350,000	(12,800)	3,337,200
Total Liabilities	0	0	3,350,000	3,350,000	26,074	3,376,074
Fund Balance						
Restricted for debt service	0	100,393	0	100,393	(100,393)	0
Assigned	2,087,709	0	0	2,087,709	(2,087,709)	0
Total Fund Balances	2,087,709	100,393	0	2,188,102	(2,188,102)	0
Total Liabilities and Fund Balances	\$2,087,709	\$100,393	\$3,350,000	\$5,538,102		
Net Position						
Net investment in capital assets					1,480,215	1,480,215
Restricted for debt service					100,393	100,393
Unrestricted					2,061,635	2,061,635
Total Net Position					\$3,642,243	\$3,642,243

VILLAGE OF DUNDEE

*Local Development Finance Authority Global Engine Alliance - Component Unit
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 29, 2016*

	Global Engine Alliance	LDFA #3 Debt	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues					
Taxes	\$1,007,547	\$0	\$1,007,547	\$0	\$1,007,547
Interest	1,158	120	1,278	0	1,278
Total Revenues	1,008,705	120	1,008,825	0	1,008,825
Expenditures					
Public works	700	0	700	157,159	157,859
Debt service	0	482,987	482,987	(361,364)	121,623
Total Expenditures	700	482,987	483,687	(204,205)	279,482
Excess (Deficiency) of Revenues over Expenditures	1,008,005	(482,867)	525,138	204,205	729,343
Other Financing Sources (Uses)					
Operating transfers in	0	483,164	483,164	(483,164)	0
Operating transfers out	(892,467)	0	(892,467)	483,164	(409,303)
Total Other Financing Sources (Uses)	(892,467)	483,164	(409,303)	0	(409,303)
Change in Fund Balance/Net Position	115,538	297	115,835	204,205	320,040
Fund Balances/ Net Position - Beginning of Year (See Note 2)	1,972,171	100,096	2,072,267	1,249,936	3,322,203
Fund Balances/ Net Position - End of Year	<u>\$2,087,709</u>	<u>\$100,393</u>	<u>\$2,188,102</u>	<u>\$1,454,141</u>	<u>\$3,642,243</u>

VILLAGE OF DUNDEE

*Economic Development Corporation - Component Unit
Combining Balance Sheet/Statement of Net Position
February 29, 2016*

	Economic Development Corporation	EDC Debt Fund	Account Group General Long-term Debt	Total Modified Accrual Basis	Adjustments	Statement of Net Position
Assets						
Cash and cash equivalents	\$59,676	\$208,398	\$0	\$268,074	\$0	\$268,074
Due from other governments	0	29,638	0	29,638	0	29,638
Capital assets (net of depreciation)	0	0	0	0	8,472,669	8,472,669
Amount available in Debt Service Fund	0	0	238,036	238,036	(239,208)	(1,172)
Amount to be provided for long-term debt	0	0	12,097,029	12,097,029	(12,095,857)	1,172
Total Assets	<u>\$59,676</u>	<u>\$238,036</u>	<u>\$12,335,065</u>	<u>\$12,632,777</u>	<u>(3,862,396)</u>	<u>8,770,381</u>
Liabilities						
Debt with government commitment	\$0	\$0	\$12,335,065	\$12,335,065	\$0	\$12,335,065
Total Liabilities	0	0	12,335,065	12,335,065	0	12,335,065
Fund Balance						
Restricted for debt service	0	238,036	0	238,036	(238,036)	0
Assigned	59,676	0	0	59,676	(59,676)	0
Total Fund Balances	<u>59,676</u>	<u>238,036</u>	<u>0</u>	<u>297,712</u>	<u>(297,712)</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$59,676</u>	<u>\$238,036</u>	<u>\$12,335,065</u>	<u>\$12,632,777</u>		
Net Position						
Net investment in capital assets					(3,862,396)	(3,862,396)
Restricted for debt service					238,036	238,036
Unrestricted					59,676	59,676
Total Net Position (Deficit)					<u>(\$3,564,684)</u>	<u>(\$3,564,684)</u>

VILLAGE OF DUNDEE

*Economic Development Corporation - Component Unit
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 29, 2016*

	Economic Development Corporation	EDC Debt Fund	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues					
Taxes	\$0	\$42,098	\$42,098	\$0	\$42,098
Interest and rentals	54	119	173	0	173
Total Revenues	54	42,217	42,271	0	42,271
Expenditures					
Public works	700	0	700	277,653	278,353
Debt service	0	165,396	165,396	0	165,396
Total Expenditures	700	165,396	166,096	277,653	443,749
Excess (Deficiency) of Revenues over Expenditures	(646)	(123,179)	(123,825)	(277,653)	(401,478)
Other Financing Sources (Uses)					
Operating transfers in	0	122,007	122,007	0	122,007
Total Other Financing Sources (Uses)	0	122,007	122,007	0	122,007
Change in Fund Balance/Net Position	(646)	(1,172)	(1,818)	(277,653)	(279,471)
Fund Balances/Net Position (Deficit) - Beginning of Year	60,322	239,208	299,530	(3,584,743)	(3,285,213)
Fund Balances/Net Position (Deficit) - End of Year	<u>\$59,676</u>	<u>\$238,036</u>	<u>\$297,712</u>	<u>(\$3,862,396)</u>	<u>(\$3,564,684)</u>

VILLAGE OF DUNDEE

*Brownfield Redevelopment Authority - Component Unit
Balance Sheet/Statement of Net Position
February 29, 2016*

	Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$785,719	\$0	\$785,719
Due from other governments	39,874	0	39,874
Total Assets	\$825,593	0	825,593
Liabilities			
Due to other funds / internal balances	\$0	0	0
Total Liabilities	0	0	0
Fund Balance			
Restricted for debt service	825,593	(825,593)	0
Total Fund Balance	825,593	(825,593)	0
Total Liabilities and Fund Balance	\$825,593		
Net Position			
Restricted for debt service		825,593	825,593
Total Net Position		\$825,593	\$825,593

VILLAGE OF DUNDEE

*Brownfield Redevelopment Authority - Component Unit
Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 29, 2016*

	Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Taxes	\$49,858	\$0	\$49,858
Interest and rentals	700	0	700
Total Revenues	50,558	0	50,558
Expenditures			
Public works	700	0	700
Change in Fund Balance/Net Position	49,858	0	49,858
Fund Balance/Net Position - Beginning of Year	775,735	0	775,735
Fund Balance/Net Position - End of Year	<u>\$825,593</u>	<u>\$0</u>	<u>\$825,593</u>



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To the Village Council
Village of Dundee
Monroe County, Michigan

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, Monroe County, Michigan for the year ended February 29, 2016, and have issued our report thereon dated June 27, 2016. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated March 30, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Dundee, Monroe County, Michigan are described in Note 2 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period. As a result of implementing Government Accounting Standards Board Statement Number 68, the Township restated the beginning balance of net position for the cumulative effect of recognizing a net pension liability in the year incurred as follows:

	Governmental Activities	Business -type Activities
Net position, as previously reported February 28, 2015	<u>\$18,907,357</u>	<u>\$18,081,953</u>
Adoption of GASB 68 and 71		
Net pension liability	<u>(945,060)</u>	<u>(260,836)</u>
Net position as restated March 1, 2015	<u><u>\$17,962,297</u></u>	<u><u>\$17,821,117</u></u>

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

Management's estimate of construction in process recorded in the Sewer Fund is based on amounts incurred for sewer system improvements. We evaluated the key factors and assumptions used to develop the estimate of construction in process in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representation

We have requested certain representation from management that are included in the management representation letter dated June 27, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Village Council
Village of Dundee

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Other Information in Document Containing Audited Financial Statements

With respect to other supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

Cooley Hill
W. H. Gammitt & Carlton

June 27, 2016



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
P. L. L. C. Certified Public Accountants

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Village Council
Village of Dundee
Monroe County, Michigan

Report of Comments and Recommendations

Council Members:

Our audit of the financial statements of the Village of Dundee for the year ended February 29, 2016, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Village.

We remind you that the following comments, and where appropriate, recommendations are somewhat limited because they are not the result of a detailed systems analysis.

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Excess of Expenditures over Appropriations

During the year ended February 29, 2016, the Village incurred the following instances of expenditures in excess of the amounts appropriated.

Fund	Appropriation	Expenditures	Excess Expenditures
Industrial Park/Equipment Purchase Fund	\$175,000	\$249,500	\$(74,500)

We continue to recommend that actual vs. budget be monitored each month in order to avoid expenditures in excess of appropriations. The budgets should be amended by the Council, when necessary.

Village Council
 Village of Dundee

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Due To/Due From Other Funds

Interfund receivable and payable balances as of February 29, 2016 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$22,357	
Local Street Fund	\$17,738	
Tax	2,426	
Water Fund	13,961	
Sewer Fund	18,681	
Trust & Agency	65	
Payroll Fund		\$121
Industrial Park and Equipment Purchase Fund		5,000
Municipal Street Fund:		
Tax Collection Fund	1,017	
Major Street Fund:		
General Fund		22,357
Local Street Fund:		
General Fund		17,738
Tax Fund:		
General Fund		2,426
Municipal Street Fund		1,017
Industrial Park/Equipment Purchase Fund:		
General Fund	5,000	
Sewer Enterprise Fund		20,870
Sewer Separation and Street Rehabilitation Fund:		
Sewer Enterprise Fund	44,234	
W/S T & A:		
Sewer Fund		534
Water Fund		430
Payroll Fund:		
General Fund	121	
Water Fund:		
W/S T & A	430	
Sewer Fund		6,610
General Fund		13,961
A/P T&A Fund:		
General Fund		65
Sewer Fund:		
General Fund		18,681
Sewer Separation and Street Rehabilitation Fund		44,234
Industrial Park/Equipment Purchase Fund	20,870	
Water Fund	6,610	
W/S T & A Fund	534	
	<u>\$154,044</u>	<u>\$154,044</u>

Interfund balances reflect temporary loans and reimbursements due in the normal course of interfund activity.

There are several funds that owe each other as of February 29, 2016. Some of these balances include amounts owed from prior years. The Village should review these accounts periodically and transfer amounts to clear these balances.

Debt

In recent years, because of the proliferation of construction projects and other improvements which have been financed by a mixture of bond issues, grants and installment purchase agreements, Village finances have become extremely complex. As of February 29, 2016, the Village had seventeen bond issues and installment purchase agreements and the loan from Cabelas.

Repayment of the Village's outstanding indebtedness which was \$31,124,980 as of February 29, 2016, is scheduled from various sources, such as special assessments, water and sewer department resources, LDFA captured taxes, debt millage and general Village revenues. These sources must adhere to various legal restrictions.

New Accounting Standard

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is as follows:

	<u>Governmental Activities</u>	<u>Business - type Activities</u>
Net position, as previously reported February 28, 2015	\$18,907,357	\$18,081,953
Adoption of GASB 68 and 71		
Net pension liability	<u>(945,060)</u>	<u>(260,836)</u>
Net position as restated March 1, 2015	<u>\$17,962,297</u>	<u>\$17,821,117</u>

It has been a pleasure to serve you and we appreciate the cooperation we received during the audit. We are available to meet with you at any time to answer any questions concerning this letter or the 2015-2016 audit report.

Very truly yours,

Cody Hehl
Wohlgenuth & Carter

June 27, 2016