

VILLAGE OF DUNDEE
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

February 28, 2017

VILLAGE OF DUNDEE

Table of Contents
February 28, 2017

Independent Auditor's Report	1-2
Independent Auditor's Report on Internal Control over Compliance with Act 51 based upon a performance audit performed in accordance with Government Auditing Standards	3-4
Management's Discussion and Analysis	5-12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13-14
Statement of Activities.....	15-16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17-18
Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20-21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Funds	23-24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Reconciliation of Operating Activities to Cash Provided by Operating Activities - Proprietary Funds.....	27
Statement of Assets and Liabilities - Fiduciary Funds.....	28
Combined Statement of Net Position - Component Units	29-30
Combined Statement of Activities - Component Units.....	31-32
Notes to Financial Statements.....	33-73
Required Supplemental Information:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -	
General Fund.....	74-75
Municipal Street Fund.....	76
Major Street Fund	77
Local Street Fund.....	78
Schedule of Changes in the Employer's Net Pension and Related Ratios.....	79
Schedule of Employer's Contributions.....	80
Other Supplemental Information:	
Detailed Statement of Expenditures - Budget and Actual -	
General Fund.....	81-84
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	85-86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	87-88

VILLAGE OF DUNDEE

Table of Contents
February 28, 2017

Other Supplemental Information (Continued):

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Special Revenue Funds:	
Parks and Recreation Fund	89
Historical Commission Fund	90
Building Department Fund	91
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Capital Improvements Funds:	
Industrial Park/Equipment Purchase Fund	92
Economic Development Corporation - Construction Fund	93
Sewer Separation and Street Rehabilitation Fund	94
General Debt Service Funds:	
1998 General Obligation	95
2001 Special Assessment Bonds (Rawson Street)	96
2006 Capital Improvement General Obligation	97
2008 Special Assessment Bonds (Pearl Street)	98
2008 Special Assessment Bonds (Oak/Plank)	99
2013 Refunding General Obligation	100
2014 Honeywell Installment Loan	101
2015 Vactor Installment Loan	102
Internal Service Funds - Unemployment Compensation:	
Combining Statement of Net Position	103
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	103
Combining Statement of Cash Flows	104
Fiduciary Funds:	
Combining Statement of Assets and Liabilities	105
Combining Statement of Changes in Assets and Liabilities All Agency Funds	106-107

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VILLAGE OF DUNDEE

Table of Contents
February 28, 2017

Other Supplemental Information (Concluded):

Component Units:

Downtown Development Authority:

Balance Sheet/Statement of Net Position..... 108
Statement of Revenues, Expenditures, and Changes
in Fund Balance/Net Position 109

Local Development Finance Authority - Water Plant:

Balance Sheet/Statement of Net Position..... 110
Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Position 111

Local Development Finance Authority - Global Engine Alliance:

Combining Balance Sheet/Statement of Net Position..... 112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Position 113

Economic Development Corporation:

Combining Balance Sheet/Statement of Net Position..... 114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Position 115

Brownfield Redevelopment Authority:

Balance Sheet/Statement of Net Position..... 116
Statement of Revenues, Expenditures, and Changes in Fund Balance/Net Position 117



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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 28, 2017, 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 28, 2017, 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 5 through 12, and 74 through 78, and 79 through 80 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 Hehl
Wohlgemuth & Cantor

June 30, 2017



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Independent Auditor's Report on Internal Control over Compliance with Act 51 based upon a performance audit performed in accordance with *Government Auditing Standards*

President and Village Council
Village of Dundee
Dundee, Michigan 48131

We have completed a performance audit, as of and for the year ended February 28, 2017, under the provisions of Michigan Public Act 298 of 2012 in accordance with standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (GAS) of the Village of Dundee, Monroe County, Michigan's compliance with Act 51. The objective of the performance audit under these procedures was to determine whether State funds received by the Village of Dundee for transportation purposes were expended and reported in compliance with provisions of Act 51 as of and for the year ended February 28, 2017.

Scope and methodology of work performed

The scope of our audit consisted of testing state distributions received for transportation purposes and determining whether they were expended and reported in compliance with the provisions of Act 51. As part of determining whether the distributions received were expended and reported free of material noncompliance, we performed tests of compliance with certain provisions of Act 51. Those tests included but were not limited to testing amounts expended for administrative purposes, testing expenditures on construction for adequate match from local sources, testing expenditures for roadside parks, sampled expenditures for street preservation and maintenance, reviewed the timely filing of reports on construction activity, and reviewed for the timely filing of the Annual Street Financial Report to the State of Michigan. We also reviewed time cards for proper recording allocation of payroll to street fund activities and reviewed the allocation of fixed wage split percentages for reasonableness. We traced equipment rental records to weekly summaries kept by Village employees and reviewed equipment rental rates for compliance with the State of Michigan.

Deficiencies Internal Control over Compliance

In planning and performing our audit of compliance, we assessed the Village of Dundee, Monroe County, Michigan's internal control relative to compliance with Act 51 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Village of Dundee, Monroe County, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Dundee, Monroe County, Michigan's internal control.

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

Deficiencies Internal Control over Compliance (Continued)

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

Report Findings

None

Other Comments

During our audit it was noted that administrative expenditures were in excess of 10% of MTF distributions. However, the excess administrative expenditures were paid out of amounts transferred as other financing sources from the Village's Municipal Street Fund (a non-Act 51 Fund).

During our audit it was noted that expenditures for roadside parks in the Major Street Fund were in excess of 5% of MTF distributions. However, the excess roadside park expenditures were paid out of amounts transferred as other financing sources from the Village's Municipal Street Fund (a non-Act 51 Fund).

Findings and Conclusions

We conducted this performance audit in accordance with generally accepted *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, based on the objective of the audit, the tests performed, and the results thereof, it is our overall conclusion that the Village is in compliance with Act 51.

Views of Responsible Officials

The views of responsible officials are that they are not aware of any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the entity's internal control. This report is an integral part of a performance audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly this communication is intended only for the Village Council and for reporting on compliance to the State of Michigan and is not suitable for any other purpose.

Cooley Wehl
Wehlmann + Carter

June 30, 2017

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2017

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 28, 2017. 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 \$37,636,633 (net position). Of this amount, \$5,652,895 (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 \$935,346.

At the close of the year, the Village's governmental funds reported combined ending fund balances of \$5,586,811, an increase of \$553,077 in comparison with the prior year increase of \$275,564. Approximately 56.01 percent of this amount, or \$3,129,265 is available for spending at the government's discretion (unrestricted fund balance). \$1,093,712 was assigned and \$2,035,553 was unassigned.

At the end of the year, the unassigned fund balance for the general fund was \$2,035,553 or 106.28 percent of total general fund expenditures.

The Village had a net increase in total bonded debt and compensated absences of \$163,662. New debt of \$1,140,348 was issued during the year. 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 28, 2017*

Government-Wide Financial Statements

The Government-Wide Financial Statements (on pages 13-16), 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 29-32.

VILLAGE OF DUNDEE

*Management's Discussion and Analysis
Year Ended February 28, 2017*

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.

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 19 and 22 respectively, to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 18 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 17, 18, 20, and 21 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 23 through 27 of this report.

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2017

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 28 of this report.

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 33 through 73 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 \$37,636,633 at the close of the most recent year.

By far the largest portion of the Village's net position (72.7 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 \$5,652,895. 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 28, 2017.

VILLAGE OF DUNDEE

*Management's Discussion and Analysis
Year Ended February 28, 2017*

Table 1:

**Condensed Statement of Net Position
February 28, 2017**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$6,015,275	\$5,457,683	\$5,500,599	\$5,064,519	\$11,515,874	\$10,522,202
Restricted assets	0	0	792,286	743,805	792,286	743,805
Capital and other noncurrent assets, net	16,613,311	17,366,571	26,183,615	25,178,343	42,796,926	42,544,914
Total Assets	22,628,586	22,824,254	32,476,500	30,986,667	55,105,086	53,810,921
Total Deferred Outflows	193,409	158,236	234,788	312,465	428,197	470,701
Current and other liabilities	699,571	537,713	1,111,471	855,204	1,811,042	1,392,917
Long-term liabilities	4,101,528	4,354,707	11,925,672	11,558,458	16,027,200	15,913,165
Total Liabilities	4,801,099	4,892,420	13,037,143	12,413,662	17,838,242	17,306,082
Total Deferred Inflows	42,862	147,405	15,546	126,848	58,408	274,253
Net Position						
Net Investment in capital assets	13,395,233	13,757,949	13,972,768	13,362,992	27,368,001	27,120,941
Restricted:						
Prepaid items	8,532	7,814	12,574	11,332	21,106	19,146
Fixed asset replacement	0	0	1,000	1,000	1,000	1,000
Streets and highways	2,338,872	2,050,615	0	0	2,338,872	2,050,615
Parks and recreation	3,469	5,620	0	0	3,469	5,620
Historical commission	4,488	2,318	0	0	4,488	2,318
Building department	110,212	76,926	0	0	110,212	76,926
Capital improvement	868,942	849,458	0	0	868,942	849,458
Debt service	334,400	396,155	933,248	908,427	1,267,648	1,304,582
Unrestricted	913,886	795,810	4,739,009	4,474,871	5,652,895	5,270,681
Total Net Position	\$17,978,034	\$17,942,665	\$19,658,599	\$18,758,622	\$37,636,633	\$36,701,287

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 \$935,346 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 28, 2017

As indicated in Table 2, the cost of all governmental activities this year was \$3.005 million. Of this amount \$355,952 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 \$3.352 million.

The Village experienced an increase in net position of governmental activities of \$35,369. This increase is due to a recognizing a rise in tax collections, lower interest expense, and lower road maintenance expenditures net of transfers out of \$80,828. The Village experienced an increase in net position of business-type activities of \$899,977.

Table 2:

Changes in Net Position Year Ended February 28, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$355,952	\$254,571	\$3,556,488	\$3,348,116	\$3,912,440	\$3,602,687
Grants and contributions	331,305	307,479	216,591	71,508	547,896	378,987
	<u>687,257</u>	<u>562,050</u>	<u>3,773,079</u>	<u>3,419,624</u>	<u>4,460,336</u>	<u>3,981,674</u>
General revenues						
Property taxes	1,619,556	1,498,708	0	0	1,619,556	1,498,708
State grants (revenue sharing)	364,050	372,341	0	0	364,050	372,341
Other	400,886	305,032	112,976	339,094	513,862	644,126
	<u>2,384,492</u>	<u>2,176,081</u>	<u>112,976</u>	<u>339,094</u>	<u>2,497,468</u>	<u>2,515,175</u>
Total Revenues	3,071,749	2,738,131	3,886,055	3,758,718	6,957,804	6,496,849
Functions/Program Expenses						
Legislative	17,838	17,147	0	0	17,838	17,147
General government	931,723	869,687	0	0	931,723	869,687
Public safety	875,134	850,335	0	0	875,134	850,335
Public works	823,276	764,956	0	0	823,276	764,956
Economic development	66,257	50,077	0	0	66,257	50,077
Culture and recreation	147,172	131,618	0	0	147,172	131,618
Insurance	30,454	27,179	0	0	30,454	27,179
Interest on long-term debt	112,837	123,909	0	0	112,837	123,909
Water department	0	0	1,402,207	1,282,953	1,402,207	1,282,953
Sewer department	0	0	1,950,469	1,886,832	1,950,469	1,886,832
	<u>3,004,691</u>	<u>2,834,908</u>	<u>3,352,676</u>	<u>3,169,785</u>	<u>6,357,367</u>	<u>6,004,693</u>
Total Expenses	3,004,691	2,834,908	3,352,676	3,169,785	6,357,367	6,004,693
Increase in Net Position						
Before Gains Losses and Transfers	67,058	(96,777)	533,379	588,933	600,437	492,156
Gain(loss) on the disposal of assets	49,139	60,000	0	(26,711)	49,139	33,289
Transfers, net	(80,828)	(85,157)	366,598	375,283	285,770	290,126
	<u>\$35,369</u>	<u>(\$121,934)</u>	<u>\$899,977</u>	<u>\$937,505</u>	<u>\$935,346</u>	<u>\$815,571</u>
Increase (Decrease) in Net Position	\$35,369	(\$121,934)	\$899,977	\$937,505	\$935,346	\$815,571

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2017

As indicated in Table 2, the cost of all governmental activities this year was \$3.005 million. Of this amount \$355,952 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 \$3.352 million.

The Village experienced an increase in net position of governmental activities of \$35,369. This increase is due to a recognizing a rise in tax collections, lower interest expense, and lower road maintenance expenditures net of transfers out of \$80,828. The Village experienced an increase in net position of business-type activities of \$899,977.

Table 2:

Changes in Net Position Year Ended February 28, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$355,952	\$254,571	\$3,556,488	\$3,348,116	\$3,912,440	\$3,602,687
Grants and contributions	331,305	307,479	216,591	71,508	547,896	378,987
	<u>687,257</u>	<u>562,050</u>	<u>3,773,079</u>	<u>3,419,624</u>	<u>4,460,336</u>	<u>3,981,674</u>
General revenues						
Property taxes	1,619,556	1,498,708	0	0	1,619,556	1,498,708
State grants (revenue sharing)	364,050	372,341	0	0	364,050	372,341
Other	400,886	305,032	112,976	339,094	513,862	644,126
	<u>2,384,492</u>	<u>2,176,081</u>	<u>112,976</u>	<u>339,094</u>	<u>2,497,468</u>	<u>2,515,175</u>
Total Revenues	3,071,749	2,738,131	3,886,055	3,758,718	6,957,804	6,496,849
Functions/Program Expenses						
Legislative	17,838	17,147	0	0	17,838	17,147
General government	931,723	869,687	0	0	931,723	869,687
Public safety	875,134	850,335	0	0	875,134	850,335
Public works	823,276	764,956	0	0	823,276	764,956
Economic development	66,257	50,077	0	0	66,257	50,077
Culture and recreation	147,172	131,618	0	0	147,172	131,618
Insurance	30,454	27,179	0	0	30,454	27,179
Interest on long-term debt	112,837	123,909	0	0	112,837	123,909
Water department	0	0	1,402,207	1,282,953	1,402,207	1,282,953
Sewer department	0	0	1,950,469	1,886,832	1,950,469	1,886,832
	<u>3,004,691</u>	<u>2,834,908</u>	<u>3,352,676</u>	<u>3,169,785</u>	<u>6,357,367</u>	<u>6,004,693</u>
Increase in Net Position						
Before Gains Losses and Transfers	67,058	(96,777)	533,379	588,933	600,437	492,156
Gain(loss) on the disposal of assets	49,139	60,000	0	(26,711)	49,139	33,289
Transfers, net	(80,828)	(85,157)	366,598	375,283	285,770	290,126
Increase (Decrease) in Net Position	\$35,369	(\$121,934)	\$899,977	\$937,505	\$935,346	\$815,571

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2017

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 28, 2017, the Village had \$65.66 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 water and sanitary sewer facilities in the amount of \$1,892,777. Other additions totaled \$58,507 for the purchase of three police vehicles, a trailer for \$7,995 and \$5,837 for computer equipment. No new debt was issued for governmental activities. New debt was issued in business-type activities of \$1,140,348 during the year. Depreciation this year totaled \$776,788 for governmental activities and \$921,617 for business-type activities. Details regarding capital assets are included in Note 9 to the financial statements.

Debt

At February 28, 2017, 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 \$30,920,242 as of February 28, 2017. 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 2017-2018 Fiscal Year Budget

Our elected officials considered many factors when setting the Village's 2017-2018 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.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF DUNDEE

*Statement of Net Position
February 28, 2017*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$5,344,884	\$4,981,042	\$10,325,926	\$3,180,209
Receivables:				
Accounts	31,711	532,258	558,177	0
Delinquent taxes	160,196	1,302	170,012	0
Special assessments	170,767	0	170,767	0
Internal balances	31,217	(42,949)	(11,732)	11,732
Due from other governmental units	267,968	16,372	284,340	493,928
Prepaid expenses	8,532	12,574	21,106	0
Total Current Assets	<u>6,015,275</u>	<u>5,500,599</u>	<u>11,515,874</u>	<u>3,685,869</u>
Restricted assets				
Cash and cash equivalents	0	696,672	696,672	311,356
Cash with fiscal agent	0	95,614	95,614	0
Total Restricted Assets	<u>0</u>	<u>792,286</u>	<u>792,286</u>	<u>311,356</u>
Noncurrent assets				
Capital assets:				
Nondepreciated	574,044	7,739,478	8,313,522	3,300,000
Depreciated, net	16,039,267	18,444,137	34,483,404	9,568,074
Total Capital Assets	<u>16,613,311</u>	<u>26,183,615</u>	<u>42,796,926</u>	<u>12,868,074</u>
Total Assets	<u>22,628,586</u>	<u>32,476,500</u>	<u>55,105,086</u>	<u>16,865,299</u>
Deferred Outflow of Resources				
Sewer refunding	0	141,962	141,962	0
Deferred outflows related to pension	193,409	49,964	243,373	0
Project costs	0	42,862	42,862	0
Total Deferred Outflow of Resources	<u>193,409</u>	<u>234,788</u>	<u>428,197</u>	<u>0</u>
Liabilities				
Current liabilities				
Accounts payable	174,361	135,049	309,410	0
Accrued payroll	20,411	6,273	26,684	0
Accrued interest	34,113	129,546	163,659	35,615
Customer deposits	27,871	35,468	63,339	0
Accrued compensated absences	42,152	10,135	52,287	0
Current portion of long term debt net of related discount	400,663	795,000	1,195,663	370,000
Total Current Liabilities	<u>699,571</u>	<u>1,111,471</u>	<u>1,811,042</u>	<u>405,615</u>
Noncurrent liabilities				
Bonds payable (net of related discount)	2,783,302	11,585,125	14,368,427	14,933,865
Net pension liability	1,318,226	340,547	1,658,773	0
	<u>4,101,528</u>	<u>11,925,672</u>	<u>16,027,200</u>	<u>14,933,865</u>
Total Liabilities	<u>4,801,099</u>	<u>13,037,143</u>	<u>17,838,242</u>	<u>15,339,480</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	\$42,862	\$15,546	\$58,408	\$0
Net Position				
Net investment in capital assets	13,395,233	13,972,768	27,368,001	(2,446,991)
Restricted for:				
Prepaid expenses	8,532	12,574	21,106	0
Fixed asset replacement	0	1,000	1,000	0
Streets and highways	2,338,872	0	2,338,872	0
Parks and recreation	3,469	0	3,469	0
Historical commission	4,488	0	4,488	0
Building department	110,212	0	110,212	0
Capital improvements	868,942	0	868,942	0
Debt service	334,400	933,248	1,267,648	1,228,185
Unrestricted	913,886	4,739,009	5,652,895	2,744,625
Total Net Position	\$17,978,034	\$19,658,599	\$37,636,633	\$1,525,819

VILLAGE OF DUNDEE

*Statement of Activities
Year Ended February 28, 2017*

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
Legislative	\$17,838	\$0	\$0	\$0
General government	931,723	262,243	0	0
Public safety	875,134	93,709	0	0
Public works	821,317	0	331,305	0
Economic development	66,257	0	0	0
Culture and recreation	147,172	0	0	0
Capital improvements	1,959	0	0	0
Insurance	30,454	0	0	0
Interest on long-term debt	112,837	0	0	0
Total governmental activities	<u>3,004,691</u>	<u>355,952</u>	<u>331,305</u>	<u>0</u>
Business-type activities				
Water department	1,402,207	1,524,123	0	0
Sewer department	1,950,469	2,032,365	216,591	0
Total business-type activities	<u>3,352,676</u>	<u>3,556,488</u>	<u>216,591</u>	<u>0</u>
Total primary government	<u>\$6,357,367</u>	<u>\$3,912,440</u>	<u>\$547,896</u>	<u>\$0</u>
Component units				
Downtown Development Authority	\$113,852	\$0	\$0	\$0
LDFA - Water Plant	200	0	0	0
LDFA - Global Alliance	269,549	0	0	0
Economic Development - Cabelas	493,099	0	0	0
Brownfield Redevelopment	800	0	0	0
Total component units	<u>\$877,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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	
(\$17,838)	\$0	(\$17,838)	
(669,480)	0	(669,480)	
(781,425)	0	(781,425)	
(490,012)	0	(490,012)	
(66,257)	0	(66,257)	
(147,172)	0	(147,172)	
(1,959)	0	(1,959)	
(30,454)	0	(30,454)	
(112,837)	0	(112,837)	
<u>(2,317,434)</u>	<u>0</u>	<u>(2,317,434)</u>	
0	121,916	121,916	
0	298,487	298,487	
<u>0</u>	<u>420,403</u>	<u>420,403</u>	
<u>(2,317,434)</u>	<u>420,403</u>	<u>(1,897,031)</u>	
			(\$113,852)
			(200)
			(269,549)
			(493,099)
			<u>(800)</u>
			(877,500)
1,619,556	0	1,619,556	927,722
364,050	0	364,050	475,292
0	108,035	108,035	0
73,644	4,941	78,585	2,583
327,242	0	327,242	3,516
49,139	0	49,139	0
(80,828)	366,598	285,770	(285,770)
<u>2,352,803</u>	<u>479,574</u>	<u>2,832,377</u>	<u>1,123,343</u>
35,369	899,977	935,346	245,843
17,942,665	18,758,622	36,701,287	1,279,976
<u>\$17,978,034</u>	<u>\$19,658,599</u>	<u>\$37,636,633</u>	<u>\$1,525,819</u>

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FUND FINANCIAL STATEMENTS

VILLAGE OF DUNDEE

*Balance Sheet
Governmental Funds
February 28, 2017*

	General Fund	Municipal Street Fund	Major Street Fund
Assets			
Cash and cash equivalents	\$1,887,000	\$893,434	\$1,109,129
Receivables:			
Accounts	23,852	1,098	0
Delinquent taxes	105,509	50,454	0
Special assessments	0	0	10,048
Due from other funds	48,155	3,296	0
Due from other governmental units	56,859	0	50,610
Prepaid expenses	8,259	0	0
Total Assets	<u>\$2,129,634</u>	<u>\$948,282</u>	<u>\$1,169,787</u>
Liabilities			
Accounts payable/retainage	\$26,887	\$0	\$1,589
Accrued wages	16,019	0	1,768
Due to other funds	17,916	4,645	13,771
Customer deposits	25,000	0	0
Total Liabilities	85,822	4,645	17,128
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	8,259	0	0
Restricted for:			
Streets and highways	0	943,637	1,152,659
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	2,035,553	0	0
Total Fund Balances	<u>2,043,812</u>	<u>943,637</u>	<u>1,152,659</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$2,129,634</u>	<u>\$948,282</u>	<u>\$1,169,787</u>

See accompanying notes to the basic financial statements

Local Street Fund	Sewer Separation and Street Rehabilitation	Nonmajor Governmental Funds	Total Governmental Funds
\$230,503	\$2,129	\$1,177,387	\$5,299,582
0	0	6,761	31,711
0	0	4,233	160,196
7,231	0	153,488	170,767
0	500	50,105	102,056
17,320	141,152	0	265,941
0	0	273	8,532
<u>\$255,054</u>	<u>\$143,781</u>	<u>\$1,392,247</u>	<u>\$6,038,785</u>
\$330	\$142,547	\$3,008	\$174,361
1,569	0	1,055	20,411
10,579	0	21,901	68,812
0	0	2,871	27,871
<u>12,478</u>	<u>142,547</u>	<u>28,835</u>	<u>291,455</u>
0	0	117,587	117,587
0	0	42,862	42,862
0	0	160,449	160,449
0	0	273	8,532
242,576	0	0	2,338,872
0	0	110,212	110,212
0	0	7,957	7,957
0	1,234	525,303	526,537
0	0	342,405	342,405
0	0	216,813	216,813
0	0	0	2,035,553
<u>242,576</u>	<u>1,234</u>	<u>1,202,963</u>	<u>5,586,881</u>
<u>\$255,054</u>	<u>\$143,781</u>	<u>\$1,392,247</u>	<u>\$6,038,785</u>

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VILLAGE OF DUNDEE

*Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
February 28, 2017*

Total Governmental Fund Balance		\$5,586,881
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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.</p>		
Total internal service fund net position		45,302
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds</p>		
Cost of capital assets	\$24,488,282	
Accumulated depreciation	<u>(7,874,971)</u>	
		16,613,311
Deferred outflows of resources from subsequent pension expense from measurement date		193,409
<p>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.</p>		
		117,587
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>		
Compenstated absences	(42,152)	
Bonds and installment obligations	(3,183,965)	
Net pension liability	<u>(1,318,226)</u>	
		(4,544,343)
Accrued interest on long term liabilities is not reported in the funds		<u>(34,113)</u>
Total Net Position of Governmental Activities		<u>\$17,978,034</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

*Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
February 28, 2017*

	General Fund	Municipal Street Fund	Major Street Fund	Local Street Fund
Revenues				
Taxes	\$1,192,171	\$427,385	\$0	\$0
Special assessments	0	0	0	0
Licenses and permits	75,862	0	0	0
State grants	364,050	0	246,328	84,977
Fines and forfeits	93,709	0	0	0
Interest and rentals	206,340	956	763	147
Other revenues	112,433	14,551	108,154	66,307
Total Revenues	<u>2,044,565</u>	<u>442,892</u>	<u>355,245</u>	<u>151,431</u>
Expenditures				
Legislative	17,838	0	0	0
General government	247,974	0	0	0
Public safety	713,598	0	0	0
Public works	269,148	43,899	314,870	232,304
Economic development	66,257	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	0	0	0
Insurance	30,454	0	0	0
Debt service	0	0	0	0
Total Expenditures	<u>1,345,269</u>	<u>43,899</u>	<u>314,870</u>	<u>232,304</u>
Excess (Deficiency) of Revenues over Expenditures	699,296	398,993	40,375	(80,873)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	73,950	0	0	0
Bond proceeds	0	0	0	0
Operating transfers in	34,500	0	300,000	160,000
Operating transfers (out)	(569,921)	(500,125)	0	(30,113)
Total Other Financing Sources (Uses)	<u>(461,471)</u>	<u>(500,125)</u>	<u>300,000</u>	<u>129,887</u>
Net Change in Fund Balances	237,825	(101,132)	340,375	49,014
Fund Balances - Beginning of Year (as restated)	<u>1,805,987</u>	<u>1,044,769</u>	<u>812,284</u>	<u>193,562</u>
Fund Balances - End of Year	<u>\$2,043,812</u>	<u>\$943,637</u>	<u>\$1,152,659</u>	<u>\$242,576</u>

See accompanying notes to the basic financial statements

Sewer Separation and Street Rehabilitation	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$0	\$1,619,556
0	36,811	36,811
0	186,381	262,243
0	0	695,355
0	0	93,709
23	22,742	230,971
0	25,797	327,242
23	271,731	3,265,887
0	0	17,838
0	0	247,974
0	144,003	857,601
0	300	860,521
0	0	66,257
0	85,740	85,740
1,141,852	58,662	1,200,514
0	0	30,454
0	503,381	503,381
1,141,852	792,086	3,870,280
(1,141,829)	(520,355)	(604,393)
0	24,000	97,950
1,140,348	0	1,140,348
0	534,831	1,029,331
0	(10,000)	(1,110,159)
1,140,348	548,831	1,157,470
(1,481)	28,476	553,077
2,715	1,174,487	5,033,804
\$1,234	\$1,202,963	\$5,586,881

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VILLAGE OF DUNDEE

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
February 28, 2017

Net Change in Fund Balances - Total Governmental Funds		\$553,077
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	\$72,339	
Less current year depreciation	<u>(776,788)</u>	(704,449)
Revenues in the governmental funds that do not provide current financial resources are not reported as revenue in the statement of activities.		(36,811)
Interest is recorded as it accrues in the statement of activities		1,922
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.		(5,911)
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.		388,622
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		(147,484)
Net change in deferred outflows related to the net pension liability		35,173
Proceeds from the sale of assets are reported as other financing sources in the governmental fund financial statements but only the gain or (loss) on the disposal of capital assets is reported in the statement of activities		(97,950)
Gains on the disposal of assets are reported in the statement of activities		49,139
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>\$35,369</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

Statement of Net Position
 Proprietary Funds
 February 28, 2017

	Business-type Activities Enterprise Funds			Governmental Activities
	Water	Sewage Disposal	Total	Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$2,335,499	\$2,645,543	\$4,981,042	\$45,302
Receivables:				
Delinquent taxes	0	1,302	1,302	0
Accounts	216,125	316,133	532,258	0
Due from other funds	1,559	32,581	34,140	0
Due from other governments	0	12,672	12,672	0
Prepaid expenses	5,931	6,643	12,574	0
Total Current Assets	<u>2,559,114</u>	<u>3,014,874</u>	<u>5,573,988</u>	<u>45,302</u>
Restricted assets				
Cash and cash equivalents	0	696,672	696,672	0
Cash with fiscal agent	1,162	94,452	95,614	0
Total Restricted Assets	<u>1,162</u>	<u>791,124</u>	<u>792,286</u>	<u>0</u>
Noncurrent assets				
Capital assets:				
Land and buildings	4,452,153	15,332,453	19,784,606	0
Machinery and equipment	7,899,835	5,831,268	13,731,103	0
Construction in progress	0	7,656,202	7,656,202	0
	<u>12,351,988</u>	<u>28,819,923</u>	<u>41,171,911</u>	<u>0</u>
Less: accumulated depreciation	(5,695,309)	(9,292,987)	(14,988,296)	0
Net Capital Assets	<u>6,656,679</u>	<u>19,526,936</u>	<u>26,183,615</u>	<u>0</u>
Total Assets	9,216,955	23,332,934	32,549,889	45,302
Deferred Outflow of Resources				
Sewer refunding	0	141,962	141,962	0
Deferred outflows related to pension	30,374	19,590	49,964	0
Project costs	0	42,862	42,862	0
Total Deferred Outflow of Resources	<u>30,374</u>	<u>204,414</u>	<u>234,788</u>	<u>0</u>

See accompanying notes to the basic financial statements

	Business-type Activities			Governmental
	Water	Sewage Disposal	Total	Internal Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$4,457	\$130,592	\$135,049	\$0
Accrued payroll	3,286	2,987	6,273	0
Due to other funds	17,036	56,353	73,389	0
Customer deposits	34,468	1,000	35,468	0
Accrued interest	28,910	100,636	129,546	0
Accrued compensated absences	7,125	3,010	10,135	0
Current portion of state revolving fund - sewer	0	185,000	185,000	0
Total Current Liabilities (payable from current assets)	95,282	479,578	574,860	0
Current liabilities (payable from restricted assets):				
Current portion of contract payable - sewer	0	335,000	335,000	0
Current portion of contract payable - water	145,000	0	145,000	0
Current portion of contract payable - water and sewer	17,500	17,500	35,000	0
Current portion of contract payable - sewer	0	95,000	95,000	0
Total Current Liabilities (payable from restricted assets)	162,500	447,500	610,000	0
Noncurrent liabilities (payable from current assets):				
State revolving fund loan - sewer	0	4,193,891	4,193,891	0
Net pension liability	207,015	133,532	340,547	0
Total Noncurrent Liabilities (payable from current assets)	207,015	4,327,423	4,534,438	0
Noncurrent liabilities (payable from restricted assets):				
Contract payable - sewer	0	2,185,000	2,185,000	0
Contract payable - water (net of \$24,106 discount)	2,100,894	0	2,100,894	0
Bonds payable - water and sewer	120,845	120,845	241,690	0
Bonds payable - sewer (net of \$26,350 discount)	0	2,863,650	2,863,650	0
Total Noncurrent Liabilities (payable from restricted assets)	2,221,739	5,169,495	7,391,234	0
Total Liabilities	2,686,536	10,423,996	13,110,532	0
Deferred Outflow of Resources				
Unexpended I & I project funds	0	15,546	15,546	0
Net Position				
Net Investment in capital assets	4,272,440	9,700,328	13,972,768	0
Restricted:				
Prepaid expenses	5,931	6,643	12,574	0
Replacement fund	1,000	0	1,000	0
Debt retirement and construction	1,162	995,538	933,248	0
Unrestricted	2,280,260	2,395,297	4,739,009	45,302
Total Net Position	\$6,560,793	\$13,097,806	\$19,658,599	\$45,302

VILLAGE OF DUNDEE

*Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended February 28, 2017*

	Business-type Activities		Totals	Governmental
	Enterprise Fund			Activities
	Water Department	Sewer Department		Internal Service Funds
Operating Revenues				
Charges for services	\$1,498,775	\$2,006,380	\$3,505,155	\$0
Grant revenue	0	216,591	216,591	0
Penalties	12,263	17,577	29,840	0
Other revenue	13,085	8,408	21,493	0
Total Operating Revenues	1,524,123	2,248,956	3,773,079	0
Operating Expenses				
Operating and maintenance wages	90,884	42,007	132,891	0
Clerical salaries	46,898	46,860	93,758	0
Employee benefits	77,218	33,996	111,214	0
Training	927	273	1,200	0
Utilities and telephone	15,263	185,188	200,451	0
Water supply and system maintenance	695,531	96,905	792,436	0
Chemicals	4,394	35,905	40,299	0
Laboratory supplies	6,699	6,216	12,915	0
Insurance	26,878	28,134	55,012	0
Office supplies	14,936	21,432	36,368	0
Professional services	4,240	4,633	8,873	0
Depreciation and amortization	313,100	612,959	926,059	0
Miscellaneous expense	2,923	2,602	5,525	0
Engineering fees	5,004	621	5,625	0
Contractual services	2,625	472,578	475,203	0
Vacation and sick pay	1,585	0	1,585	0
Sanitation	0	40,117	40,117	0
Total Operating Expenses	1,309,105	1,630,426	2,939,531	0
Net Operating Income (loss)	215,018	618,530	833,548	0
Non-Operating Revenues (Expenses)				
Tap fees	50,895	57,140	108,035	0
Interest income	2,025	2,916	4,941	41
Interest and fiscal charges	(93,102)	(320,043)	(413,145)	0
Total Non-Operating Revenues (Expenses)	(40,182)	(259,987)	(300,169)	41
Income (loss) before contributions and transfers	174,836	358,543	533,379	41
Transfers to other funds	(5,000)	(24,402)	(29,402)	0
Transfers from other funds	0	396,000	396,000	0
Change in net position	169,836	730,141	899,977	41
Total Net Position - Beginning of Year (as restated)	6,390,957	12,367,665	18,758,622	45,220
Total Net Position - End of Year	\$6,560,793	\$13,097,806	\$19,658,599	\$45,261

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

Statement of Cash Flows
 Proprietary Funds
 Year Ended February 28, 2017

	Business-type Activities Enterprise Fund			Governmental Activities
	Water	Sewer	Total	Internal
	Department	Department		Service Funds
Cash Flows From Operating Activities				
Cash received from customers	\$1,528,662	\$2,245,465	\$3,774,127	\$0
Cash paid to suppliers	(785,866)	(863,508)	(1,649,374)	0
Cash paid to employees	(193,271)	(129,651)	(366,594)	0
Net cash provided by operating activities	549,525	1,252,306	1,758,159	0
Cash Flows From Noncapital Financing Activities				
Transfer to other funds	(5,000)	(24,402)	(29,402)	0
Transfer from other funds	0	396,000	396,000	0
Net cash provided by noncapital financing activities	(5,000)	371,598	366,598	0
Cash Flows From Capital and Related Financing Activities				
Tap fees	50,895	57,140	108,035	0
Proceeds from issuance of bonds	0	1,140,348	1,140,348	0
Acquisition and construction of capital assets	(267,630)	(1,710,252)	(1,977,882)	0
Principal paid on contract payable	(162,500)	(437,500)	(600,000)	0
Interest paid on revenue bonds and contract payable	(92,101)	(283,196)	(375,297)	0
Net cash provided (used) by capital and related financing activities	(471,336)	(1,233,460)	(1,704,796)	0
Cash Flows From Investing Activities				
Interest earned on cash investments	2,025	2,916	4,941	41
Net increase in cash and cash equivalents	75,214	393,360	424,902	41
Cash and cash equivalents - beginning of year	2,261,447	3,043,307	5,304,754	45,220
Cash and cash equivalents - end of year	\$2,336,661	\$3,436,667	\$5,729,656	\$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 28, 2017*

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Water Department	Sewer Department	Total	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$215,018	\$618,530	\$833,548	\$0
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	310,208	611,409	921,617	0
Change in				
Receivables	4,539	(5,236)	(697)	0
Due from other funds	(1,129)	(4,567)	(5,696)	0
Due from other governments	0	1,745	1,745	0
Prepaid expenses	(199)	(1,043)	(1,242)	0
Deferred pension amounts	(5,762)	(530)	(6,292)	
Accounts payable	1,454	44,818	46,272	0
Accrued payroll	2,578	1,231	3,809	0
Due to other funds	(3,535)	(6,562)	(10,097)	0
Customer deposits	1,440	0	1,440	0
Net pension liability	24,913	(7,489)	17,424	
Total Adjustments	<u>334,507</u>	<u>633,776</u>	<u>968,283</u>	<u>0</u>
Net cash provided by operating activities	<u>\$549,525</u>	<u>\$1,252,306</u>	<u>\$1,801,831</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

Statement of Assets and Liabilities
Fiduciary Funds
February 28, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$28,034
Due from other funds	<u>121</u>
Total Assets	<u><u>\$28,155</u></u>
Liabilities	
Due to other funds	\$5,848
Other liabilities	<u>22,307</u>
Total Liabilities	<u><u>\$28,155</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

*Combined Statement of Net Position
Component Units
February 28, 2017*

	Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance
Assets			
Cash and cash equivalents	\$97,186	\$214,523	\$1,973,218
Internal balances	(1,947)	0	14,258
Due from other governmental units	89,889	8,386	313,797
Restricted cash	0	0	100,974
Capital assets, net of accumulated depreciation	0	0	4,673,057
 Total Assets	 185,128	 222,909	 7,075,304
 Liabilities			
Accrued interest	0	0	35,615
Noncurrent liabilities:			
Due within one year	0	0	370,000
Due in more than one year (net of related discount)	0	0	2,598,800
 Total Liabilities	 0	 0	 3,004,415
 Net Position			
Net investment in capital assets	0	0	1,693,057
Restricted for debt service	0	0	100,974
Unrestricted	185,128	222,909	2,276,858
 Total Net Position(Deficit)	 \$185,128	 \$222,909	 \$4,070,889

See accompanying notes to the basic financial statements

<u>Economic Development</u>	<u>Brownfield Redevelopment</u>	<u>Total</u>
\$59,730	\$835,552	\$3,180,209
(579)	0	11,732
41,299	40,557	493,928
210,382	0	311,356
<u>8,195,017</u>	<u>0</u>	<u>12,868,074</u>
8,505,849	876,109	16,865,299
0	0	35,615
0	0	370,000
<u>12,335,065</u>	<u>0</u>	<u>14,933,865</u>
12,335,065	0	15,339,480
(4,140,048)	0	(2,446,991)
251,102	876,109	1,228,185
<u>59,730</u>	<u>0</u>	<u>2,744,625</u>
<u>(\$3,829,216)</u>	<u>\$876,109</u>	<u>\$1,525,819</u>

VILLAGE OF DUNDEE

Combined Statement of Activities
Component Units
Year Ended February 28, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority				
Public Works	\$113,852	\$0	\$0	\$0
L DFA - Water Plant				
Public Works	200	0	0	0
L DFA - Global Alliance				
Public Works	157,658	0	0	0
Interest on long term debt	111,891	0	0	0
Total	<u>269,549</u>	<u>0</u>	<u>0</u>	<u>0</u>
Economic Development Corporation				
Public Works	277,652	0	0	0
Interest on long term debt	215,447	0	0	0
Total	<u>493,099</u>	<u>0</u>	<u>0</u>	<u>0</u>
Brownfield Redevelopment Corporation				
Public Works	800	0	0	0
Total component units	<u>\$877,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
		General revenues:		
		Property taxes		
		Local community stabilization share		
		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
(\$113,852)					(\$113,852)
	(\$200)				(200)
		(\$157,658) (111,891) <u>(269,549)</u>			(269,549)
			(\$277,652) (215,447) <u>(493,099)</u>		(493,099)
				(\$800)	(800)
(113,852)	(200)	(269,549)	(493,099)	(800)	(877,500)
135,278	0	636,117	106,672	49,655	927,722
6,684	0	467,688	0	920	475,292
94	193	1,390	165	741	2,583
3,516	0	0	0	0	3,516
0	(500)	(407,000)	121,730	0	(285,770)
145,572	(307)	698,195	228,567	51,316	1,123,343
31,720	(507)	428,646	(264,532)	50,516	245,843
153,408	223,416	3,642,243	(3,564,684)	825,593	1,279,976
<u>\$185,128</u>	<u>\$222,909</u>	<u>\$4,070,889</u>	<u>(\$3,829,216)</u>	<u>\$876,109</u>	<u>\$1,525,819</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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 28, 2017

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 28, 2017*

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 28, 2017*

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

Industrial Park/Equipment Purchase Fund, Economic Development Fund, and Sewer Separation and Street Rehabilitation Fund.

Debt Service Funds

1998 General Obligation Fund, 2001 Special Assessment 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 28, 2017*

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 capital 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 28, 2017

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	5-10
Village office equipment	5-33
Water and sewer equipment	33-100
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. The value of artifacts and works of art are not included in amounts reported for capital assets.

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.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 2 Summary of Significant Accounting Policies (Concluded)

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

Unearned Revenue

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.

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.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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.

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.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 4 Deposits (Continued)

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.

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 28, 2017, the carrying amount of deposits (cash, certificates of deposits, checking accounts, savings accounts and money markets) for the government and component units were \$11,118,212 and \$3,491,565, respectively. The combined bank balance was \$14,766,713. The Village's deposits are insured by the FDIC in the amount of \$427,416, with uninsured deposits of \$14,339,297. 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.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 4 Deposits (Concluded)

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	\$5,344,884	\$4,981,042	\$10,325,926	\$28,034	\$3,180,209
Restricted Cash	-	792,286	792,286	-	311,356
	<u>\$5,344,884</u>	<u>\$5,773,328</u>	<u>\$11,118,212</u>	<u>\$28,034</u>	<u>\$3,491,565</u>

Note 5 Interfund Receivable, Payable and Transfers

Interfund receivable and payable balances as of February 28, 2017 were:

	Interfund Receivables	Interfund Payables
General Fund:		
Major Street Fund	\$13,771	
Local Street Fund	10,579	
Tax	1,499	
Water Fund	8,576	
Sewer Fund	12,912	
Trust & Agency	141	
Payroll Fund	10	\$121
Industrial Park and Equipment Purchase Fund		5,000
LDFA #3 - Global Engine Alliance Building Fund		10,060
Downtown Development Authority	667	1,071
Municipal Street Fund:		
Downtown Development Authority	2,798	447
LDFA #3 - Global Engine Alliance Tax Collection Fund		4,198
Major Street Fund:		
General Fund		13,771
Local Street Fund:		
General Fund		10,579
Building Fund		
General Fund	1,664	
Downtown Development Authority		
General Fund	1,071	667
Municipal Street Fund	447	2,798
LDFA #3 - Global Engine Alliance		
General Fund	10,060	
Municipal Street Fund	4,198	
Industrial Park/Equipment Purchase Fund:		
General Fund	5,000	
Sewer Enterprise Fund	42,862	21,901
Sewer Separation and Street Rehabilitation Fund:		
Sewer Enterprise Fund	500	

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 5 **Interfund Receivable, Payable and Transfers (Continued)**
Interfund receivable and payable balances as of February 28, 2017 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
EDC Construction Fund		
EDC Debt Service Fund	\$579	
EDC Debt Service Fund		
EDC Construction Fund		\$579
Tax		
Fund:		
General Fund		1,499
Municipal Street Fund		498
W/S T & A:		
Sewer Fund		2,220
Water Fund		1,480
Payroll Fund:		
General Fund	121	10
Water Fund:		
W/S T & A	1,480	
Sewer Fund	79	8,460
General Fund		8,576
A/P T&A Fund:		
General Fund		141
Sewer Fund:		
General Fund		12,912
Sewer Separation and Street Rehabilitation Fund		500
Industrial Park/Equipment Purchase Fund	21,901	42,862
Water Fund	8,460	79
W/S T & A Fund	2,220	
	<u>\$152,093</u>	<u>\$152,093</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 5 Interfund Receivable, Payable and Transfers (Continued)

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

Interfund transfers were as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>	
General Fund	EDC Construction Fund	\$8,415	(1)
	Parks and Recreation Fund	20,500	(2)
	Historical Commission Fund	29,000	(2)
	EDC Debt Fund	85,211	(1)
	2011 Vactor Installment Loan	34,290	(3)
	Capital Improvement	43,100	(6)
	2013 Refunding General Obligation	214,304	(3)
	2006 Capital Improvement		
	General Obligation	98,498	(3)
	2014 Honeywell Installment	<u>36,603</u>	(3)
Total General Fund		569,921	
Municipal Street Fund	EDC Construction Fund	\$3,606	(1)
	Major Street Fund	300,000	(4)
	EDC Debt Fund	36,519	(1)
	Local Street Fund	<u>160,000</u>	(4)
Total Municipal Street Fund		500,125	
Local Street Fund	2008 Special Assessment Bonds (Pearl Street)	\$20,600	(3)
	General Fund	1,000	(5)
	2008 Special Assessment Bonds (Oak/Plank)	<u>8,513</u>	(3)
Total Local Street Fund		30,113	
Sewer Enterprise Fund	General Fund	\$7,000	(6)
Building Fund	General Fund	10,000	(5)
Sewer Enterprise Fund	2014 Honeywell Installment Fund	17,402	(3)
Water Enterprise Fund	General Fund	5,000	(5)
LDFA #3 - Global Engine Alliance	General Fund	\$11,000	(5)
	LDFA #3 Debt Fund	484,000	(3)
	Sewer Enterprise Fund	<u>396,000</u>	(3)
Total LDFA #3 Fund		891,500	

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 5 Interfund Receivable, Payable and Transfers (Concluded)

Funds Transferred From	Funds Transferred To	Amount	
LDFA - Water Plant	General Fund	\$500	(5)
Total		\$2,031,061	

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, 2015 amounted to \$159,482,251, which was based on a percentage of the fair market value of the assessed property. The 2016 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 28, 2017

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 28, 2017, the Downtown Development Fund recorded \$135,278 as property tax revenue generated from the downtown development district.

On February 20, 1990, the Village adopted a Local Development Finance Authority Plan (water plant) to help eliminate the causes of unemployment, underemployment, joblessness, and to promote economic growth in the Village, pursuant to Act No. 281 of the Public Acts of 1986. For the fiscal year ended February 28, 2017, 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 28, 2017, the Local Development Finance Authority (Global Engine Project) recorded \$636,117 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 28, 2017, the Authority recorded \$49,655 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 \$493,928.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 9 Capital Assets

Capital asset activity for the year ended February 28, 2017 was as follows:

	Balance March 1, 2016	Additions	Deletions	Balance February 28, 2017
<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	16,449,758	0	0	16,449,758
Buildings	4,446,127	0	29,886	4,416,241
Improvements other than buildings	1,636,756	0	0	1,636,756
Equipment	441,213	13,832	0	455,045
Vehicles	825,656	58,507	34,411	849,752
Totals at historical cost	<u>24,480,240</u>	<u>72,339</u>	<u>64,297</u>	<u>24,488,282</u>
Less accumulated depreciation for				
Land improvements	(24,225)	(5,334)		(29,559)
Infrastructure, roads, drains, and storm sewers	(3,823,160)	(499,104)	0	(4,322,264)
Buildings	(1,383,422)	(139,682)	0	(1,523,104)
Improvements other than buildings	(918,500)	(50,762)	0	(969,262)
Equipment	(384,235)	(21,334)	0	(405,569)
Vehicles	(580,127)	(60,572)	(15,486)	(625,213)
Total accumulated depreciation	<u>(7,113,669)</u>	<u>(776,788)</u>	<u>(15,486)</u>	<u>(7,874,971)</u>
Net capital assets	<u>\$17,366,571</u>	<u>(\$704,449)</u>	<u>\$48,811</u>	<u>\$16,613,311</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$607,583
Public safety	7,762
Public works	100,011
Culture and recreation	61,432
Total depreciation expense	<u>\$776,788</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

Note 9 Capital Assets (Continued)

	Balance March 1, 2016	Additions	Deletions	Balance February 28, 2017
<u>Business-type Activities</u>				
Capital assets not depreciated:				
Land	\$131,566	\$0	\$0	\$131,566
Construction in process	6,031,056	1,625,146	0	7,656,202
Capital assets being depreciated:				
Vehicles and equipment	591,311	34,112	0	625,423
Buildings and improvements	19,653,040	0	0	19,653,040
Water and sewer lines	12,838,049	267,631	0	13,105,680
Totals at historical costs	<u>39,245,022</u>	<u>1,926,889</u>	<u>0</u>	<u>41,171,911</u>
Less accumulated depreciation for:				
Vehicles and equipment	(445,394)	(36,749)	0	(482,143)
Buildings and improvements	(8,624,714)	(552,088)	0	(9,176,802)
Water and sewer lines	(4,996,571)	(332,780)	0	(5,329,351)
Total accumulated depreciation	<u>(14,066,679)</u>	<u>(921,617)</u>	<u>0</u>	<u>(14,988,296)</u>
Business-Type Activities - Net Capital Assets	<u>\$25,178,343</u>	<u>\$1,005,272</u>	<u>\$0</u>	<u>\$26,183,615</u>

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

Water	\$310,208
Sewer	611,409
Total depreciation expense	<u>\$921,617</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

Note 9 Capital Assets (Concluded)

	Balance March 1, 2016	Additions	Deletions	Balance February 28, 2017
<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	<u>12,354,699</u>	<u>0</u>	<u>0</u>	<u>12,354,699</u>
Less accumulated depreciation for:				
Water and sewer lines	(670,902)	(47,921)	0	(718,823)
Storm Sewers	(512,592)	(36,614)	0	(549,206)
Streets and ramps	(2,698,536)	(193,117)	0	(2,891,653)
Totals accumulated depreciation	<u>(3,882,030)</u>	<u>(277,652)</u>	<u>0</u>	<u>(4,159,682)</u>
EDC - Net Capital Assets	<u>\$8,472,669</u>	<u>(\$277,652)</u>	<u>\$0</u>	<u>\$8,195,017</u>
Depreciation expense charged to public works		<u>\$277,652</u>		
<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	<u>6,267,513</u>	<u>0</u>	<u>0</u>	<u>6,267,513</u>
Less accumulated depreciation for:				
Improvements	(1,437,298)	(157,158)	0	(1,594,456)
LDFA #3 - Net Capital Assets	<u>\$4,830,215</u>	<u>(\$157,158)</u>	<u>\$0</u>	<u>\$4,673,057</u>
Depreciation expense charged to public works		<u>\$157,158</u>		

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 28, 2017

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, 2015 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><u>27</u></u>

Contributions - All full-time employees contribute 7% of their salary to the plan. The Village is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. For year ended December 31, 2016, the Village's average contribution was 15.73% 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, 2016, 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, 2016 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 2014 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 2009 to 2013

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability is 8.00%. 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 28, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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 12/31/15	\$3,776,425	\$2,282,559	\$1,493,866
Service cost	45,171	0	45,171
Interest on total pension liability	292,091	0	292,091
Difference between expected and actual experience	28,075	0	28,075
Changes in assumptions	174,752	0	174,752
Employer contributions	0	75,572	(75,572)
Employee contributions	0	34,313	(34,313)
Net investment income	0	250,254	(250,254)
Benefit payments, including employee refunds	(295,740)	(295,740)	0
Administrative expense	0	(4,949)	4,949
Other changes	(19,992)	0	(19,992)
Net changes	224,357	59,450	164,907
Balances as of 12/31/16	<u>\$4,000,782</u>	<u>\$2,342,009</u>	<u>\$1,658,773</u>

Of total net pension liability of \$1,658,773 at 12/31/16, \$1,318,226 has been allocated to governmental activities, \$207,015 has been allocated to the Sewer Department, and \$133,532 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 28, 2017, the Village recognized pension expense of \$194,413. At February 28, 2017, 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	\$77,262	\$0
Differences in experience	21,057	0
plan investments earnings	131,064	0
Employer contributions to the plan subsequent to the measurement date	13,990	0
	<u>\$243,373</u>	<u>\$0</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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

Of the total deferred outflows of resources, \$193,409 has been allocated to governmental activities, \$30,374 has been allocated to the Water Department, and \$19,590 has been allocated to the Sewer Department.

Amounts reported as deferred outflows and (deferred inflows) 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 (\$13,990), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

Year ended February 28,	Amount
2018	\$81,480
2019	81,480
2020	81,479
2021	(15,056)

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.

	1% Lower (7.00%)	Discount Rate (8.00%)	1% Higher (9.00%)
Net pension liability (asset) of the Village	\$2,019,698	\$1,658,774	\$1,349,514

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 28, 2017

Note 11 Long-Term Debt

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

	Balance February 29, 2016	Additions	Retired	Balance February 28, 2017	Due Within One Year
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest from 3.00% to 4.50%	\$311,690	\$0	\$35,000	\$276,690	\$35,000
2009 Monroe County Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest from 3.00% to 4.875%.	3,075,000	0	90,000	2,985,000	95,000
2010 Monroe County Water Limited Tax General Obligation Refunding Bonds, bearing interest from 2.00% to 4.25%.	2,415,000	0	145,000	2,270,000	145,000
2012 Monroe County Sewage Disposal System Limited Tax General Obligation Refunding Bonds, bearing interest at 2.42%.	2,850,000	0	330,000	2,520,000	335,000
2015 Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest at 2.50%.	<u>3,238,543</u>	<u>1,140,348</u>	<u>0</u>	<u>4,378,891</u>	<u>185,000</u>
Total Bonds and Contracts	11,890,233	1,140,348	600,000	12,430,581	795,000
Unamortized Issuance Discount	(54,898)	0	(4,442)	(50,456)	(4,442)
Compensated Absences	<u>8,552</u>	<u>10,135</u>	<u>8,552</u>	<u>10,135</u>	<u>10,135</u>
Total Business-type Activities	<u>11,843,887</u>	<u>1,150,483</u>	<u>604,110</u>	<u>12,390,260</u>	<u>800,693</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

Note 11 Long-Term Debt (Continued)

	Balance February 29, 2016	Additions	Retired	Balance February 28, 2017	Due Within One Year
2001 Special Assessment Limited Tax General Obligation Bonds bearing interest at 4.45%.	\$30,000	\$ 0	\$15,000	\$15,000	\$15,000
2015 Installment purchase agreement with US Bank for purchase of a 2011 Vactor truck Payments are made annually With interest at 2.760%.	215,210	0	28,275	186,935	29,065
2006 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 3.75% to 4.50%.	905,000	0	60,000	845,000	60,000
2008 Special Assessment Limited Tax General Obligation Bonds, (Pearl) bearing interest at 2.75% to 4.25%.	51,250	0	20,000	31,250	15,000

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

Note 11 Long-Term Debt (Continued)

	Balance February 29, 2016	<u>Additions</u>	<u>Retired</u>	Balance February 28, 2017	Due Within One Year
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 2.75% to 4.50%	\$137,060	\$0	\$15,000	\$122,060	\$15,000
2008 Special Assessment Limited Tax General Obligation Bonds, (Oak/Plank) bearing interest at 4.50%.	220,000	0	20,000	200,000	20,000
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 4.50%	75,000	0	5,000	70,000	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 %	1,305,000	0	185,000	1,120,000	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>634,067</u>	<u>0</u>	<u>40,347</u>	<u>593,720</u>	<u>41,598</u>
Total Bonds and Installment Obligations	3,572,587	0	388,622	3,183,965	385,663
Compensated Absences	<u>36,241</u>	<u>42,152</u>	<u>36,241</u>	<u>42,152</u>	<u>42,152</u>
Total Governmental Activities	<u>3,608,828</u>	<u>42,152</u>	<u>424,863</u>	<u>3,226,117</u>	<u>427,815</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

Note 11 Long-Term Debt (Continued)

	Balance February 29, 2016	Additions	Retired	Balance February 28, 2017	Due Within One Year
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)	1,280,000	0	135,000	1,145,000	145,000
2004 Local Development Finance Authority Monroe Bank & Trust Bonds, bearing interest from 4.00% to 5.00%. (Tax Exempt)	200,000	0	25,000	175,000	25,000
2013 Local Development Finance Authority Advance Refunding Monroe Bank & Trust Bonds, bearing interest from 1.25% to 3.75% (Tax Exempt)	<u>1,870,000</u>	<u>0</u>	<u>210,000</u>	<u>1,660,000</u>	<u>215,000</u>
Total Bonds and Contracts	15,685,065	0	370,000	15,315,065	385,000
Unamortized Issuance Discount	<u>(12,800)</u>	<u>0</u>	<u>(1,600)</u>	<u>(11,200)</u>	<u>(1,600)</u>
Total Component Unit	<u>15,672,265</u>	<u>0</u>	<u>368,400</u>	<u>15,303,865</u>	<u>383,400</u>
Total	<u>\$31,124,980</u>	<u>\$1,192,635</u>	<u>\$1,397,373</u>	<u>\$30,920,242</u>	<u>\$1,611,908</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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>
2018	<u>\$50,000</u>	<u>\$1,263</u>	<u>\$51,263</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>
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>\$276,690</u>	<u>\$43,258</u>	<u>\$319,948</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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>
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>\$2,270,000</u>	<u>\$480,119</u>	<u>\$2,750,119</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 11 Long-Term Debt (Continued)

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.

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>
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>\$2,520,000</u>	<u>\$218,768</u>	<u>\$2,738,768</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

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>
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	6,216	261,216
	<u>\$2,985,000</u>	<u>\$1,518,856</u>	<u>\$4,503,856</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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 28, 2017, total draws from the State Revolving fund Loan Program were \$4,378,891.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2018	\$185,000	\$100,365	\$285,365
2019	190,000	95,193	285,193
2020	195,000	90,384	285,384
2021	200,000	85,443	285,443
2022	205,000	80,381	285,381
2023	210,000	75,193	285,193
2024	220,000	69,818	289,818
2025	225,000	64,226	289,226
2026	230,000	58,568	288,568
2027	235,000	52,756	287,756
2028	240,000	46,818	286,818
2029	245,000	40,756	285,756
2030	255,000	34,506	289,506
2031	260,000	28,068	288,068
2032	265,000	21,506	286,506
2033	270,000	14,818	284,818
2034	280,000	7,943	287,943
2035	285,000	2,222	287,222
2036	183,891	881	184,772
	<u>\$4,378,891</u>	<u>\$969,845</u>	<u>\$5,348,736</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2017

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>
2018	\$15,000	\$334	\$15,334

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>
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
	\$845,000	\$223,639	\$1,068,639

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>
2018	\$15,000	\$1,291	\$16,291
2019	16,250	691	16,941
	\$31,250	\$1,982	\$33,232

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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>
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>\$122,060</u>	<u>\$20,063</u>	<u>\$142,123</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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>
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>\$200,000</u>	<u>\$35,997</u>	<u>\$235,997</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>
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>\$70,000</u>	<u>\$13,950</u>	<u>\$83,950</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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>
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>\$1,120,000</u>	<u>\$96,197</u>	<u>\$1,216,197</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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>
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>\$593,720</u>	<u>\$126,316</u>	<u>\$720,036</u>

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

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
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>\$186,935</u>	<u>\$15,935</u>	<u>\$202,870</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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>
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>\$1,145,000</u>	<u>\$183,344</u>	<u>\$1,328,344</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>
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>\$175,000</u>	<u>\$29,625</u>	<u>\$204,625</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 28, 2017*

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>
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>\$1,660,000</u>	<u>\$205,630</u>	<u>\$1,865,630</u>

The annual requirements to pay principal and interest on the long-term debt outstanding at February 28, 2017, 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>
2018	\$795,000	\$388,029	\$1,183,029
2019	876,690	364,138	1,240,828
2020	900,000	338,433	1,238,433
2021	935,000	311,374	1,246,374
2022	960,000	282,866	1,242,866
2023-2027	3,935,000	985,050	4,920,050
2028-2032	2,265,000	479,881	2,744,881
2033-2037	1,763,891	81,073	1,844,964
	<u>\$12,430,581</u>	<u>\$3,230,844</u>	<u>\$15,661,425</u>

Governmental Activities:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	217,001	52,294	269,295
2023-2027	1,042,783	139,991	1,182,774
2028-2032	259,647	8,095	267,742
	<u>\$3,183,965</u>	<u>\$534,413</u>	<u>\$3,718,378</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

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

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	440,000	46,638	486,638
2023-2027	930,000	38,568	968,568
	<u>\$2,980,000</u>	<u>\$418,599</u>	<u>\$3,398,599</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 Lease Commitments
 Operating Leases

The Village had entered into an operating lease with TAMCO Capital Corporation for the use of communications equipment provided by Frontier Communications. The lease term is (60) months ending in February 2021. Annual payment requirements under the terms of the lease are as follows:

<u>Fiscal Year</u>	<u>Annual Requirements</u>
2018	\$5,408
2019	5,408
2020	5,408
2021	5,408

The Village had entered into an operating lease with Deere Credit, Inc. for the use of a loader / Backhoe. The lease term is (60) months ending in June 2021. Annual payment requirements under the terms of the lease are as follows:

<u>Fiscal Year</u>	<u>Annual Requirements</u>
2018	\$6,470
2019	6,470
2020	6,470
2021	6,470

Lease expense for the year ended February 28, 2017 was \$11,878.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 13 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 14 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 28, 2017 follows:

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues	\$3,773,079	\$1,524,123	\$2,248,956
Depreciation and amortization	926,059	313,100	603,940
Operating income (loss)	833,548	215,018	618,530
Net income (loss) before contributions and transfers	533,379	174,836	358,543
Property and equipment additions	1,926,889	267,630	1,659,259
Bonds and contracts payables	12,380,125	2,384,239	9,995,886
Net working capital	4,574,128	2,301,332	2,272,796
Total assets	32,549,889	9,216,955	23,332,934
Total net position	19,658,599	6,560,793	13,097,806

Note 15 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 \$10,135 in the Water and Sewage Disposal Enterprise Fund at February 28, 2017. Vacation pay of approximately \$42,152 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.

Note 16 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 28, 2017, the Village paid \$0 in reimbursements to the Michigan Unemployment Insurance Agency.

Note 17 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.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 18 Excess of Expenditures over Appropriations

During the year ended February 28, 2017, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

Fund	Appropriation	Expenditures	Excess Expenditures
Parks and Recreation Fund	\$38,500	\$39,451	\$ 951
Historical Commission Fund	45,018	46,289	1,271

Note 19 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 20 Voluntary Separation Program

During the fiscal year ended February 28, 2010, the Village offered to eligible employees an opportunity to voluntarily terminate employment and receive a special retirement and benefit package outside of normal Village policy, and, if applicable, the provisions of its union contract. Eligible employees were both union and non-union employees with 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.

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 that 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 21 Consent Order Costs and Fine

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

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

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2017*

Note 22 Prior Period Adjustments

For the year ended February 28, 2017 the Village corrected the way it accrues and records revenue received from the State of Michigan for State Revenue Sharing and Michigan Transportation Fund distributions.

GASB Statement No. 62 addresses reporting the issue of a correction of an error in previously issued financial statements. The effect is to eliminate the source of a potential significant understatement of beginning fund balance/net position and revenue to more properly follow the accrual basis of reporting in the financial statements.

The restatement of the beginning of the year fund balances are as follows:

	General Fund	Major Street Fund	Local Street Fund	Total Governmental Funds
Fund balances, March 1, 2016, as previously reported	\$1,758,302	\$771,623	\$179,287	\$4,931,183
Correction of an error in the financial statements of a prior period	47,685	40,661	14,275	102,621
Fund balances, March 1, 2016, as restated	<u>\$1,805,987</u>	<u>\$812,284</u>	<u>\$193,562</u>	<u>\$5,033,804</u>

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

	Governmental Funds	Total Primary Government
Net position, March 1, 2016, as previously reported	\$17,840,044	\$36,598,666
Correction of an error in the financial statements of a prior period	102,621	102,621
Net position, March 1, 2016, as restated	<u>\$17,942,665</u>	<u>\$36,701,287</u>

Note 23 Tax Abatements

The Village of Dundee entered into property tax abatement agreements with local businesses under the Industrial Facilities Tax Exemption, P.A. 198 of 1974, M.C.L. 207.551 et seq and the New Personal Property Exemption, P.A. 328 of 1998, M.C.L. 211.9f, as amended. Under these exemptions, localities may grant property tax abatements of a business's property tax bill for the purpose of attracting or retaining businesses within their jurisdiction, and to any business located within or promising to relocate to the Village.

For the year ended February 28, 2017, the Village abated property taxes totaling approximately \$278,111 under these programs.

Note 24 Subsequent Events

The Village's management evaluated subsequent events from February 28, 2017 through June 30, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF DUNDEE

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes:				
Property taxes	\$1,491,000	\$1,228,915	\$1,034,004	(\$194,911)
Local community stabilization share	0	0	158,167	158,167
	<u>1,491,000</u>	<u>1,228,915</u>	<u>1,192,171</u>	<u>(36,744)</u>
Licenses and permits:				
Business licenses and permits	60,025	60,025	75,862	15,837
State grants:				
State revenue sharing	321,000	321,000	325,455	4,455
Liquor license fees	4,600	4,600	4,949	349
Department of justice	59,000	59,000	33,646	(25,354)
	<u>384,600</u>	<u>384,600</u>	<u>364,050</u>	<u>(20,550)</u>
Fines and forfeits:				
Fines	44,200	44,200	93,709	49,509
Interest and rentals:				
Interest	3,500	3,500	2,841	(659)
Equipment rental	190,000	190,000	194,787	4,787
Building rental	0	0	8,712	8,712
	<u>193,500</u>	<u>193,500</u>	<u>206,340</u>	<u>12,840</u>
Other revenue:				
Other revenue	97,100	97,100	112,433	15,333
	<u>97,100</u>	<u>97,100</u>	<u>112,433</u>	<u>15,333</u>
Total Revenues	2,270,425	2,008,340	2,044,565	36,225
Expenditures				
Legislative:				
Village president and council	19,755	20,555	17,838	2,717
General government:				
Village manager	57,085	63,864	64,471	(607)
Attorney	8,000	8,000	8,133	(133)
Accounting	7,000	7,000	7,000	0
Clerk - staff	120,021	120,021	121,622	(1,601)
Treasurer	495	495	616	(121)
Village hall and grounds	45,700	45,700	46,132	(432)
	<u>238,301</u>	<u>245,080</u>	<u>247,974</u>	<u>(2,894)</u>

VILLAGE OF DUNDEE

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures (Concluded)				
Public safety:				
Police protection	\$567,295	\$567,295	\$560,169	\$7,126
Blight inspector	2,065	2,065	1,945	120
Street lights	125,000	125,000	115,642	9,358
Building safety - fire warden	725	725	691	34
Engineering	29,386	29,886	35,151	(5,265)
	<u>724,471</u>	<u>724,971</u>	<u>713,598</u>	<u>11,373</u>
Public works	264,579	269,979	269,148	831
Economic development	67,400	67,400	66,257	1,143
Insurance (Bonds & Liability)	26,000	30,000	30,454	(454)
	<u>1,340,506</u>	<u>1,357,985</u>	<u>1,345,269</u>	<u>12,716</u>
Excess (Deficiency) of Revenues over Expenditures	929,919	650,355	699,296	48,941
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	0	0	73,950	73,950
Operating transfers in	33,500	33,500	34,500	1,000
Operating transfers out	(1,045,103)	(803,018)	(569,921)	233,097
Total Other Financing Sources (Uses)	<u>(1,011,603)</u>	<u>(769,518)</u>	<u>(461,471)</u>	<u>308,047</u>
Net Change in Fund Balance	(81,684)	(119,163)	237,825	356,988
Fund Balances - Beginning of Year (as restated)	<u>81,684</u>	<u>119,163</u>	<u>1,805,987</u>	<u>1,686,824</u>
Fund Balances - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,043,812</u>	<u>\$2,043,812</u>

VILLAGE OF DUNDEE

*Municipal Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$417,000	\$306,280	\$427,385	\$121,105
Interest	500	500	956	456
Other	1,000	8,000	14,551	6,551
Total Revenues	418,500	314,780	442,892	128,112
Expenditures				
Public works:				
Construction	15,000	40,000	40,259	(259)
Administration and engineering	1,200	3,700	3,640	60
Total Expenditures	16,200	43,700	43,899	(199)
Excess (Deficiency) of Revenues over Expenditures	402,300	271,080	398,993	127,913
Other Financing Sources (Uses)				
Operating transfers out	(808,100)	(697,380)	(500,125)	197,255
Net Change in Fund Balance	(405,800)	(426,300)	(101,132)	325,168
Fund Balance - Beginning of Year	405,800	426,300	1,044,769	618,469
Fund Balance - End of Year	\$0	\$0	\$943,637	\$943,637

VILLAGE OF DUNDEE

*Major Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	<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	\$225,000	\$225,000	\$246,328	\$21,328
Interest	400	400	763	363
Other	<u>62,386</u>	<u>62,386</u>	<u>108,154</u>	<u>45,768</u>
Total Revenues	<u>287,786</u>	<u>287,786</u>	<u>355,245</u>	<u>67,459</u>
Expenditures				
Public works:				
Construction	35,653	35,653	18,352	17,301
Routing maintenance - roads and streets	682,195	682,195	200,155	482,040
Traffic services - maintenance	6,377	6,377	1,015	5,362
Winter maintenance	29,689	29,689	27,031	2,658
Roadside parks and parkways	53,050	53,050	39,070	13,980
Administration, engineering and recordkeeping	<u>34,750</u>	<u>34,750</u>	<u>29,247</u>	<u>5,503</u>
Total Expenditures	<u>841,714</u>	<u>841,714</u>	<u>314,870</u>	<u>526,844</u>
Excess (Deficiency) of Revenues over Expenditures	(553,928)	(553,928)	40,375	594,303
Other Financing Sources (Uses)				
Operating transfers in	400,000	400,000	300,000	(100,000)
Operating transfer out	<u>(1,000)</u>	<u>(1,000)</u>	<u>0</u>	<u>1,000</u>
Total Other Financing Sources (Uses)	<u>399,000</u>	<u>399,000</u>	<u>300,000</u>	<u>(99,000)</u>
Net Change in Fund Balance	(154,928)	(154,928)	340,375	495,303
Fund Balance - Beginning of Year (as restated)	<u>154,928</u>	<u>154,928</u>	<u>812,284</u>	<u>657,356</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$1,152,659</u>	<u>\$1,152,659</u>

VILLAGE OF DUNDEE

*Local Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	<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	\$80,000	\$80,000	\$84,977	\$4,977
Interest	50	50	147	97
Other revenues	<u>36,477</u>	<u>36,477</u>	<u>66,307</u>	<u>29,830</u>
Total Revenues	116,527	116,527	151,431	34,904
Expenditures				
Public works:				
Construction - contractual services	23,915	23,915	13,722	10,193
Routing maintenance - roads and streets	148,280	148,280	173,863	(25,583)
Traffic services - maintenance	1,300	1,300	829	471
Winter maintenance	30,712	30,712	16,108	14,604
Administration, engineering and recordkeeping	<u>42,207</u>	<u>42,207</u>	<u>27,782</u>	<u>14,425</u>
Total Expenditures	<u>246,414</u>	<u>246,414</u>	<u>232,304</u>	<u>14,110</u>
Excess (Deficiency) of Revenues over Expenditures	(129,887)	(129,887)	(80,873)	49,014
Other Financing Sources (Uses)				
Operating transfers in	160,000	160,000	160,000	0
Operating transfers out	<u>(30,113)</u>	<u>(30,113)</u>	<u>(30,113)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>129,887</u>	<u>129,887</u>	<u>129,887</u>	<u>0</u>
Net Change in Fund Balance	0	0	49,014	49,014
Fund Balance - Beginning of Year (as restated)	<u>0</u>	<u>0</u>	<u>193,562</u>	<u>193,562</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$242,576</u>	<u>\$242,576</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)

	2016	2015
Total Pension Liability		
Service Cost	\$45,172	\$42,319
Interest	292,091	288,145
Changes of Benefit Terms	0	0
Difference between expected and actual experience	28,075	0
Changes of assumptions	174,752	0
Benefit payments including employee refunds	(295,740)	(319,834)
Other	(19,992)	25,222
Net Change in Total Pension Liability	224,358	35,852
Total Pension Liability - Beginning of year	3,776,424	3,740,572
Total Pension Liability - End of year	<u>\$4,000,782</u>	<u>\$3,776,424</u>
Plan Fiduciary Net Position		
Contributions - employer	\$75,572	\$71,757
Contributions - employee	34,313	36,356
Net investment income	250,254	(35,054)
Administrative expenses	(4,949)	(5,342)
Benefit payments, including refunds	(295,740)	(319,834)
Other		
Net Change in Plan Fiduciary Net Position	59,450	(252,117)
Plan Fiduciary Net Position - Beginning of year	2,282,559	2,534,676
Plan Fiduciary Net Position - End of year	<u>\$2,342,009</u>	<u>\$2,282,559</u>
Township's Net Pension Liability - Ending	<u>\$1,658,773</u>	<u>\$1,493,865</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	58.5%	60.4%
Covered Employee Payroll	502,352	490,999
Township's Net Pension Liability as a percentage of Covered Employee Payroll	330.2%	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)*

	2016	2015
Actuarial determined contributions	\$75,572	\$71,757
Contributions in relation to the actuarially determined contribution	75,572	71,757
Contribution deficiency (excess)	\$0	\$0

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.

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF DUNDEE

*General Fund
Detailed Statement of Expenditures
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Village president and council:				
President's fees/council fees	\$16,000	\$16,000	\$13,468	\$2,532
FICA expense	1,225	1,225	1,030	195
Computer/software	1,680	1,680	1,619	61
Travel/conferences	100	100	0	100
Telephone	600	600	518	82
Miscellaneous	150	950	1,203	(253)
	<u>19,755</u>	<u>20,555</u>	<u>17,838</u>	<u>2,717</u>
Village manager:				
Manager's salary	36,000	37,500	41,422	(3,922)
FICA expense	2,755	2,934	3,150	(216)
Life insurance	530	530	538	(8)
Retirement	3,000	3,000	3,500	(500)
Supplies and postage	500	5,000	4,949	51
Conference and seminars	4,000	4,000	1,079	2,921
Telephone	3,600	5,300	7,219	(1,919)
Travel expense	3,600	3,600	1,049	2,551
Dues	1,000	1,000	1,397	(397)
Miscellaneous	2,100	1,000	168	832
	<u>57,085</u>	<u>63,864</u>	<u>64,471</u>	<u>(607)</u>
Attorney:				
Legal advisor	8,000	8,000	8,133	(133)
Accounting	7,000	7,000	7,000	0
Clerk-staff:				
Fees elected	2,300	2,300	2,235	65
Wages clerical	55,000	55,000	57,746	(2,746)
FICA expense	4,384	4,384	4,558	(174)
Hospitalization insurance	15,500	15,500	10,829	4,671
Life insurance	400	400	259	141
Retirement contribution	14,000	14,000	18,891	(4,891)
Supplies	5,200	5,200	7,336	(2,136)
Computer/software costs	600	600	1,529	(929)
Contractual	2,167	2,167	242	1,925
Telephone	2,500	2,500	5,294	(2,794)
Equipment maintenance	6,030	6,030	2,022	4,008

VILLAGE OF DUNDEE

*General Fund
Detailed Statement of Expenditures
Budget and Actual (Continued)
Year Ended February 28, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Clerk-staff (concluded):				
Publishing	\$500	\$500	\$389	\$111
Conferences and training	100	100	0	100
Miscellaneous	1,400	1,400	1,274	126
Dues	225	225	170	55
Capital outlay	9,715	9,715	8,848	867
	<u>120,021</u>	<u>120,021</u>	<u>121,622</u>	<u>(1,601)</u>
Treasurer:				
Supplies	220	220	215	5
Tax bill preparation	275	275	401	(126)
	<u>495</u>	<u>495</u>	<u>616</u>	<u>(121)</u>
Village hall and grounds:				
Utilities	15,000	15,000	17,444	(2,444)
Repairs and maintenance	30,700	30,700	28,688	2,012
	<u>45,700</u>	<u>45,700</u>	<u>46,132</u>	<u>(432)</u>
Police protection:				
Police salaries	385,560	385,560	391,449	(5,889)
FICA expense	30,000	30,000	29,767	233
Hospitalization insurance	18,000	18,000	26,169	(8,169)
Life insurance	440	440	293	147
Retirement	12,600	12,600	10,149	2,451
Supplies	4,845	4,845	2,332	2,513
Computer/software costs	12,000	12,000	10,521	1,479
Special assignment	1,000	1,000	0	1,000
Legal expenses	4,000	4,000	4,000	0
Contractual	500	500	0	500
Gas and oil	20,000	20,000	18,596	1,404
Auto maintenance	15,000	15,000	21,572	(6,572)
Dues	750	750	180	570
Conference and training	8,500	8,500	5,407	3,093
Radio maintenance	500	500	0	500
Telephone	8,800	8,800	8,263	537
Utilities	3,500	3,500	2,620	880
Equipment	13,000	13,000	4,060	8,940
Miscellaneous	21,200	21,200	17,427	3,773
Uniform expense	7,100	7,100	7,364	(264)
	<u>567,295</u>	<u>567,295</u>	<u>560,169</u>	<u>7,126</u>

VILLAGE OF DUNDEE

General Fund
 Detailed Statement of Expenditures
 Budget and Actual (Continued)
 Year Ended February 28, 2017

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Blight inspector:				
Fees	\$1,800	\$1,800	\$1,800	\$0
FICA expense	140	140	138	2
Retirement	100	100	7	93
Supplies	25	25	0	25
	<u>2,065</u>	<u>2,065</u>	<u>1,945</u>	<u>120</u>
Street lighting:				
Street lights	125,000	125,000	115,642	9,358
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	12,000	12,500	24,798	(12,298)
FICA expense	918	918	1,874	(956)
Hospitalization insurance	5,348	5,348	1,855	3,493
Life insurance	120	120	0	120
Retirement	5,000	5,000	597	4,403
Supplies	500	500	356	144
Computer/software costs	3,000	3,000	4,708	(1,708)
Conferences and training	500	500	0	500
Telephone	1,100	1,100	747	353
Equipment	500	500	0	500
Miscellaneous	400	400	216	184
	<u>29,386</u>	<u>29,886</u>	<u>35,151</u>	<u>(5,265)</u>

VILLAGE OF DUNDEE

*General Fund
Detailed Statement of Expenditures
Budget and Actual (Concluded)
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public works:				
Maintenance wages	\$97,600	\$97,600	\$107,266	(\$9,666)
FICA expense	7,469	7,469	8,117	(648)
Hospitalization insurance	38,000	38,000	33,525	4,475
Life insurance	300	300	217	83
Retirement	15,000	15,000	20,637	(5,637)
Office supplies	1,000	1,000	870	130
Conferences and training	1,000	1,000	557	443
Telephone	3,400	3,400	2,653	747
Gas and oil	16,000	16,000	14,691	1,309
Utilities	8,000	8,000	8,261	(261)
Building maintenance	11,000	11,000	11,433	(433)
Equipment maintenance	35,000	35,000	23,073	11,927
Tree trimming and purchases	5,000	5,000	10,689	(5,689)
Sanitation	1,800	1,800	1,449	351
Miscellaneous	800	800	969	(169)
Uniform expense	4,000	4,000	3,108	892
New equipment	18,000	18,000	15,163	2,837
Equipment lease	1,210	6,610	6,470	140
	264,579	269,979	269,148	831
Economic development:				
Contractual services	21,000	21,000	5,953	15,047
Community promotion	15,000	15,000	23,464	(8,464)
Legal	1,500	1,500	734	766
Engineering	0	0	346	(346)
Dues	5,000	5,000	4,854	146
Grounds	22,000	22,000	28,757	(6,757)
Supplies	200	200	0	200
Telephone	1,500	1,500	1,481	19
Publishing	300	300	144	156
Advertising	500	500	0	500
Miscellaneous	400	400	524	(124)
	67,400	67,400	66,257	1,143
Insurance (Bonds and Liability)	26,000	30,000	30,454	(454)
Total Expenditures	\$1,340,506	\$1,357,985	\$1,345,269	\$12,716

VILLAGE OF DUNDEE

*Combining Balance Sheet
Nonmajor Governmental Funds
February 28, 2017*

	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	\$3,798	\$5,461	\$114,180	\$341,826	\$535,443
Receivables:					
Accounts	0	0	0	0	6,761
Delinquent taxes	0	0	0	0	0
Special assessments	0	0	0	0	0
Due from other funds	0	0	1,664	579	47,862
Prepaid insurance	0	76	197	0	0
Total Assets	\$3,798	\$5,537	\$116,041	\$342,405	\$590,066
Liabilities					
Accounts payable/retainage	\$329	\$973	\$1,706	\$0	\$0
Accrued wages	0	0	1,055	0	0
Due to other funds	0	0	0	0	21,901
Customer deposits	0	0	2,871	0	0
Total Liabilities	329	973	5,632	0	21,901
Deferred Inflows of Resources					
Special assessments	0	0	0	0	0
Project costs	0	0	0	0	42,862
Total Deferred Inflows	0	0	0	0	42,862
Fund Balance					
Nonspendable:					
Prepaid items	0	76	197	0	0
Restricted for:					
Building code enforcement	0	0	110,212	0	0
Assigned to:					
Culture and recreation	3,469	4,488	0	0	0
Special projects	0	0	0	0	525,303
Community and economic development	0	0	0	342,405	0
Debt service	0	0	0	0	0
Total Fund Balances	3,469	4,564	110,409	342,405	525,303
Total Liabilities, Deferred Inflows, and Fund Balances	\$3,798	\$5,537	\$116,041	\$342,405	\$590,066

Debt Service Funds

1998 G.O. Bonds	2001 Special Assessment Bonds	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	Total Nonmajor Governmental Funds
\$7,983	\$38,024	\$1,124	\$27,708	\$91,167	\$2,555	\$8,118	\$0	\$1,177,387
0	0	0	0	0	0	0	0	6,761
0	0	0	688	3,545	0	0	0	4,233
0	299	0	13,750	139,439	0	0	0	153,488
0	0	0	0	0	0	0	0	50,105
0	0	0	0	0	0	0	0	273
<u>\$7,983</u>	<u>\$38,323</u>	<u>\$1,124</u>	<u>\$42,146</u>	<u>\$234,151</u>	<u>\$2,555</u>	<u>\$8,118</u>	<u>\$0</u>	<u>\$1,392,247</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,008
0	0	0	0	0	0	0	0	1,055
0	0	0	0	0	0	0	0	21,901
0	0	0	0	0	0	0	0	2,871
0	0	0	0	0	0	0	0	28,835
0	0	0	0	117,587	0	0	0	117,587
0	0	0	0	0	0	0	0	42,862
0	0	0	0	117,587	0	0	0	160,449
0	0	0	0	0	0	0	0	273
0	0	0	0	0	0	0	0	110,212
0	0	0	0	0	0	0	0	7,957
0	0	0	0	0	0	0	0	525,303
0	0	0	0	0	0	0	0	342,405
7,983	38,323	1,124	42,146	116,564	2,555	8,118	0	216,813
<u>7,983</u>	<u>38,323</u>	<u>1,124</u>	<u>42,146</u>	<u>116,564</u>	<u>2,555</u>	<u>8,118</u>	<u>0</u>	<u>1,202,963</u>
<u>\$7,983</u>	<u>\$38,323</u>	<u>\$1,124</u>	<u>\$42,146</u>	<u>\$234,151</u>	<u>\$2,555</u>	<u>\$8,118</u>	<u>\$0</u>	<u>\$1,392,247</u>

VILLAGE OF DUNDEE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended February 28, 2017

	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	3	10,403	114	299	507
Licenses and permits	0	0	186,381	0	0
Other revenues	16,797	9,000	0	0	0
Total Revenues	16,800	19,403	186,495	299	507
Expenditures					
Public safety	0	0	144,003	0	0
Public works	0	0	0	300	0
Culture and recreation	39,451	46,289	0	0	0
Capital outlay	0	0	0	0	58,662
Debt service	0	0	0	0	0
Total Expenditures	39,451	46,289	144,003	300	58,662
Excess (Deficiency) of Revenues over Expenditures	(22,651)	(26,886)	42,492	(1)	(58,155)
Other Financing Sources (Uses)					
Proceeds from the sale of capital asset	0	0	0	0	24,000
Operating transfers in	20,500	29,000	0	12,021	43,100
Operating transfers (out)	0	0	(10,000)	0	0
Total Other Financing Sources (Uses)	20,500	29,000	(10,000)	12,021	67,100
Net Change in Fund Balances	(2,151)	2,114	32,492	12,020	8,945
Fund Balances - Beginning of Year	5,620	2,450	77,917	330,385	516,358
Fund Balances - End of Year	\$3,469	\$4,564	\$110,409	\$342,405	\$525,303

Debt Service Funds

1998 G.O. Bonds	2001 Special Assessment Bonds	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	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$13,125	\$23,686	\$0	\$0	\$0	\$36,811
1	513	3	1,460	9,420	9	10	0	22,742
0	0	0	0	0	0	0	0	186,381
0	0	0	0	0	0	0	0	25,797
1	513	3	14,585	33,106	9	10	0	271,731
0	0	0	0	0	0	0	0	144,003
0	0	0	0	0	0	0	0	300
0	0	0	0	0	0	0	0	85,740
0	0	0	0	0	0	0	0	58,662
0	16,251	98,428	42,213	38,218	213,978	60,003	34,290	503,381
0	16,251	98,428	42,213	38,218	213,978	60,003	34,290	733,124
1	(15,738)	(98,425)	(27,628)	(5,112)	(213,969)	(59,993)	(34,290)	(461,393)
0	0	0	0	0	0	0	0	24,000
0	0	98,498	20,600	8,513	214,304	54,005	34,290	534,831
0	0	0	0	0	0	0	0	(10,000)
0	0	98,498	20,600	8,513	214,304	54,005	34,290	548,831
1	(15,738)	73	(7,028)	3,401	335	(5,988)	0	28,476
7,982	54,061	1,051	49,174	113,163	2,220	14,106	0	1,174,487
<u>\$7,983</u>	<u>\$38,323</u>	<u>\$1,124</u>	<u>\$42,146</u>	<u>\$116,564</u>	<u>\$2,555</u>	<u>\$8,118</u>	<u>\$0</u>	<u>\$1,202,963</u>

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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 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$2	\$2	\$3	\$1
Other revenue	10,050	10,050	16,797	6,747
Total Revenues	10,052	10,052	16,800	6,748
Expenditures				
Culture and recreation:				
Audit fees	800	800	500	300
Building maintenance	300	300	402	(102)
Programs	12,000	13,500	20,723	(7,223)
Park maintenance	10,000	10,000	7,300	2,700
Contractual	2,000	5,500	5,344	156
Utilities	2,000	2,000	2,203	(203)
Miscellaneous	1,400	1,400	2,979	(1,579)
Total Expenditures	28,500	33,500	39,451	(5,951)
Excess (Deficiency) of Revenues over Expenditures	(18,448)	(23,448)	(22,651)	797
Other Financing Sources (Uses)				
Operating transfers in	18,448	18,448	20,500	2,052
Net Change in Fund Balance	0	(5,000)	(2,151)	2,849
Fund Balance - Beginning of Year	0	5,000	5,620	620
Fund Balance - End of Year	\$0	\$0	\$3,469	\$3,469

VILLAGE OF DUNDEE

*Historical Commission Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and rentals:				
Interest	\$3	\$3	\$3	\$0
Rentals	5,515	5,515	10,400	4,885
Other revenue	9,500	9,500	9,000	(500)
Total Revenues	15,018	15,018	19,403	4,385
Expenditures				
Culture and recreation:				
Wages	15,000	15,000	14,635	365
FICA expense	1,148	1,148	1,120	28
Professional services	800	800	500	300
Bonds and insurance	370	370	81	289
Telephone & utilities	15,650	15,650	17,377	(1,727)
Building maintenance	10,000	10,000	10,882	(882)
Sanitation	2,000	2,000	1,104	896
Miscellaneous	50	50	590	(540)
Total Expenditures	45,018	45,018	46,289	(1,271)
Excess (Deficiency) of Revenues over Expenditures	(30,000)	(30,000)	(26,886)	3,114
Other Financing Sources (Uses)				
Operating transfers in	30,000	30,000	29,000	(1,000)
Net Change in Fund Balance	0	0	2,114	2,114
Fund Balance - Beginning of Year	2,450	2,450	2,450	0
Fund Balance - End of Year	\$2,450	\$2,450	\$4,564	\$2,114

VILLAGE OF DUNDEE

Building Department Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 Year Ended February 28, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Building fees	\$95,000	\$98,300	\$104,528	\$6,228
Electrical fees	10,000	10,000	24,264	14,264
Plumbing fees	10,000	10,000	19,207	9,207
Mechanical fees	13,000	13,000	28,260	15,260
Registration fees	2,000	2,000	2,675	675
Rental ordinance fee	500	500	150	(350)
Planning review fees	1,000	1,000	4,500	3,500
Zoning board authority fees	4,000	4,000	0	(4,000)
Interest	50	50	114	64
Other income	1,101	1,101	2,797	1,696
Total Revenues	136,651	139,951	186,495	46,544
Expenditures				
Public safety:				
Building department expenses	15,200	15,200	16,924	(1,724)
Building inspector	82,800	86,100	82,100	4,000
Electrical inspector	8,787	8,787	13,016	(4,229)
Mechanical inspector	10,900	10,900	9,278	1,622
Plumbing inspector	8,475	8,475	7,737	738
Zoning board of appeals	3,578	3,578	2,615	963
Planning commission	7,911	7,911	12,333	(4,422)
Total Expenditures	137,651	140,951	144,003	(3,052)
Excess (Deficiency) of Revenues over Expenditures	(1,000)	(1,000)	42,492	43,492
Other Financing Sources (Uses)				
Operating transfer (out)	(10,000)	(10,000)	(10,000)	0
Net Change in Fund Balance	(11,000)	(11,000)	32,492	43,492
Fund Balance - Beginning of Year	11,000	11,000	77,917	66,917
Fund Balance - End of Year	\$0	\$0	\$110,409	\$110,409

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 28, 2017*

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Interest	\$300	\$300	\$507	\$207
Expenditures				
Capital outlay:				
Department of public works & village hall	43,100	43,100	58,662	(15,562)
Water, sewer, and road system expansion	100,000	100,000	0	100,000
Total Expenditures	143,100	143,100	58,662	84,438
Excess (Deficiency) of Revenues over Expenditures	(142,800)	(142,800)	(58,155)	84,645
Other Financing Sources (Uses)				
Proceeds from the sale of capital asset	0	0	24,000	24,000
Bond proceeds	100,000	100,000	0	(100,000)
Operating transfers in	43,100	43,100	43,100	86,200
Total Other Financing Sources (Uses)	143,100	143,100	67,100	(76,000)
Net Change in Fund Balance	300	300	8,945	8,645
Fund Balance - Beginning of Year	516,358	516,358	516,358	0
Fund Balance - End of Year	\$516,658	\$516,658	\$525,303	\$8,645

VILLAGE OF DUNDEE

*Economic Development Corporation - Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$200	\$200	\$299	\$99
Expenditures				
Capital outlay	8,200	8,200	300	7,900
Excess (Deficiency) of Revenues over Expenditures	(8,000)	(8,000)	(1)	7,999
Other Financing Sources (Uses)				
Operating transfers in	8,000	8,000	12,021	4,021
Total Other Financing Sources (Uses)	8,000	8,000	12,021	4,021
Net Change in Fund Balance	0	0	12,020	12,020
Fund Balance - Beginning of Year	330,385	330,385	330,385	0
Fund Balance - End of Year	<u>\$330,385</u>	<u>\$330,385</u>	<u>\$342,405</u>	<u>\$12,020</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 28, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$10	\$10	\$23	\$13
Expenditures				
Capital Outlay	1,700,000	1,700,000	1,141,852	558,148
Excess (Deficiency) of Revenues over Expenditures	(1,699,990)	(1,699,990)	(1,141,829)	558,161
Other Financing Sources (Uses)				
Bond proceeds	1,700,000	1,700,000	1,140,348	(559,652)
Net Change in Fund Balance	10	10	(1,481)	(1,491)
Fund Balance - Beginning of Year	2,715	2,715	2,715	0
Fund Balance - End of Year	<u>\$2,725</u>	<u>\$2,725</u>	<u>\$1,234</u>	<u>(\$1,491)</u>

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 eight (8) debt service funds to account for:

1. 1998 General Obligation
2. 2001 Special Assessment Bonds (Rawson Street)
3. 2006 Capital Improvement General Obligation
4. 2008 Special Assessment Bonds (Pearl Street)
5. 2008 Special Assessment Bonds (Oak/Plank)
6. 2013 Refunding General Obligation
7. 2014 Honeywell Installment Loan
8. 2015 Vactor Installment Loan

VILLAGE OF DUNDEE

*1998 General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$1	\$1	\$1	\$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>
Net Change in Fund Balance	1	1	1	0
Fund Balance - Beginning of Year	<u>7,982</u>	<u>7,982</u>	<u>7,982</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$7,983</u></u>	<u><u>\$7,983</u></u>	<u><u>\$7,983</u></u>	<u><u>\$0</u></u>

VILLAGE OF DUNDEE

*2001 Special Assessment Bonds (Rawson Street)
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessment	\$8,851	\$51	\$0	(\$51)
Interest	487	487	513	26
Total Revenues	9,338	538	513	(25)
Expenditures				
Debt service:				
Principal	15,000	15,000	15,000	0
Interest	1,002	1,002	1,001	1
Agent fees	250	250	250	0
Miscellaneous	50	50	0	50
Total Expenditures	16,302	16,302	16,251	51
Net Change in Fund Balance	(6,964)	(15,764)	(15,738)	26
Fund Balance - Beginning of Year	6,964	15,764	54,061	38,297
Fund Balance - End of Year	\$0	\$0	\$38,323	\$38,323

VILLAGE OF DUNDEE

*2006 Capital Improvement General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$0	\$0	\$3	\$3
Expenditures				
Debt service:				
Principal	60,000	60,000	60,000	0
Interest	38,498	38,498	38,428	70
Total Expenditures	<u>98,498</u>	<u>98,498</u>	<u>98,428</u>	<u>70</u>
Excess (Deficiency) of Revenues over Expenditures	(98,498)	(98,498)	(98,425)	73
Other Financing Sources (Uses)				
Operating transfers in	<u>98,498</u>	<u>98,498</u>	<u>98,498</u>	<u>0</u>
Net Change in Fund Balance	0	0	73	73
Fund Balance - Beginning of Year	<u>1,014</u>	<u>1,014</u>	<u>1,051</u>	<u>0</u>
Fund Balance - End of Year	<u>\$1,014</u>	<u>\$1,014</u>	<u>\$1,124</u>	<u>\$73</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 28, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessment	\$14,375	\$13,750	\$13,125	(\$625)
Interest	1,464	1,392	1,460	7,669
Total Revenues	<u>15,839</u>	<u>15,142</u>	<u>14,585</u>	<u>7,044</u>
Expenditures				
Debt service:				
Principal	35,000	35,000	35,000	0
Interest	7,300	7,300	7,212	88
Misc Expense	<u>0</u>	<u>0</u>	<u>1</u>	<u>(1)</u>
Total Expenditures	<u>42,300</u>	<u>42,300</u>	<u>42,213</u>	<u>87</u>
Excess (Deficiency) of Revenues over Expenditures	(26,461)	(27,158)	(27,628)	(470)
Other Financing Sources (Uses):				
Operating transfer in	<u>20,600</u>	<u>20,600</u>	<u>20,600</u>	<u>0</u>
Net Change in Fund Balance	(5,861)	(6,558)	(7,028)	(470)
Fund Balance - Beginning of Year	<u>5,861</u>	<u>6,558</u>	<u>49,174</u>	<u>42,616</u>
Fund Balance - End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$42,146</u></u>	<u><u>\$42,146</u></u>

VILLAGE OF DUNDEE

*2008 Special Assessment Bonds (Oak/Plank)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessment	\$19,895	\$19,895	\$23,686	\$3,791
Interest	9,191	9,191	9,420	229
Total Revenues	29,086	29,086	33,106	4,020
Expenditures				
Debt service:				
Principal	25,000	25,000	25,000	0
Interest	12,713	12,713	12,713	0
Agent fees	500	500	500	0
Misc expense	15	15	5	10
Total Expenditures	38,228	38,228	38,218	10
Excess (Deficiency) of Revenues over Expenditures	(9,142)	(9,142)	(5,112)	4,030
Other Financing Sources (Uses):				
Operating transfer in	8,513	8,513	8,513	0
Net Change in Fund Balance	(629)	(629)	3,401	4,030
Fund Balance - Beginning of Year	629	629	113,163	112,534
Fund Balance - End of Year	\$0	\$0	\$116,564	\$116,564

VILLAGE OF DUNDEE

*2013 Refunding General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$0	\$0	\$9	\$9
Expenditures				
Debt service:				
Principal	185,000	185,000	185,000	0
Interest	29,304	29,304	28,978	326
Total Expenditures	<u>214,304</u>	<u>214,304</u>	<u>213,978</u>	<u>326</u>
Excess (Deficiency) of Revenues over Expenditures	(214,304)	(214,304)	(213,969)	335
Other Financing Sources (Uses):				
Operating transfer in	<u>214,304</u>	<u>214,304</u>	<u>214,304</u>	<u>0</u>
Net Change in Fund Balance	0	0	335	335
Fund Balance - Beginning of Year	<u>2,220</u>	<u>2,220</u>	<u>2,220</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$2,220</u></u>	<u><u>\$2,220</u></u>	<u><u>\$2,555</u></u>	<u><u>\$335</u></u>

VILLAGE OF DUNDEE

*2014 Honeywell Installment Loan
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$10	\$10
Expenditures				
Debt service:				
Principal	40,347	40,347	40,347	0
Interest	19,657	19,657	19,656	1
Total Expenditures	60,004	60,004	60,003	1
Excess (Deficiency) of Revenues over Expenditures	(60,004)	(60,004)	(59,993)	11
Other Financing Sources (Uses):				
Operating transfer in	60,004	54,004	54,005	1
Net Change in Fund Balance	0	(6,000)	(5,988)	12
Fund Balance - Beginning of Year	0	6,000	14,106	8,106
Fund Balance - End of Year	\$0	\$0	\$8,118	\$8,118

VILLAGE OF DUNDEE

*2015 Vector Installment Loan
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt service:				
Principal	14,290	34,290	28,275	6,015
Interest	<u>0</u>	<u>0</u>	<u>6,015</u>	<u>(6,015)</u>
Total Expenditures	14,290	34,290	34,290	0
Excess (Deficiency) of Revenues over Expenditures	(14,290)	(34,290)	(34,290)	0
Other Financing Sources (Uses)				
Operating transfers in	<u>14,290</u>	<u>34,290</u>	<u>34,290</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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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 28, 2017*

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	<u>\$19,056</u>	<u>\$26,246</u>	<u>\$45,302</u>
Fund Equity			
Net Assets - unrestricted	<u>\$19,056</u>	<u>\$26,246</u>	<u>\$45,302</u>

*Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Year Ended February 28, 2017*

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>19,039</u>	<u>26,222</u>	<u>45,261</u>
Net Assets - End of Year	<u>\$19,056</u>	<u>\$26,246</u>	<u>\$45,302</u>

VILLAGE OF DUNDEE

*Internal Service Funds Unemployment Compensation
Combining Statement of Cash Flows
Year Ended February 28, 2017*

	<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>19,039</u>	<u>26,222</u>	<u>45,261</u>
Cash and Cash Equivalents - End of Year	<u><u>\$19,056</u></u>	<u><u>\$26,246</u></u>	<u><u>\$45,302</u></u>

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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 28, 2017*

	Agency Funds				Totals
	Accounts Payable	Payroll	Tax Collection	Water and Sewer	
Assets					
Cash and cash equivalents	\$8,118	\$10,328	\$5,888	\$3,700	\$28,034
Due from other funds	0	121	0	0	121
Total Assets	<u>\$8,118</u>	<u>\$10,449</u>	<u>\$5,888</u>	<u>\$3,700</u>	<u>\$28,155</u>
Liabilities					
Due to other funds	\$141	\$10	\$1,997	\$3,700	\$5,848
Other liabilities	7,977	10,439	3,891	0	22,307
Total Liabilities	<u>\$8,118</u>	<u>\$10,449</u>	<u>\$5,888</u>	<u>\$3,700</u>	<u>\$28,155</u>

VILLAGE OF DUNDEE

Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
February 28, 2017

ACCOUNTS PAYABLE FUND

	Balance February 29, 2016	Additions	Deductions	Balance February 28, 2017
Assets				
Cash and cash equivalents	\$8,053	\$4,059,603	\$4,059,538	\$8,118
Total Assets	<u>\$8,053</u>	<u>\$4,059,603</u>	<u>\$4,059,538</u>	<u>\$8,118</u>
Liabilities				
Due to other funds	\$414	\$81,345	\$81,618	\$141
Other liabilities	7,639	4,059,603	4,059,265	7,977
Total Liabilities	<u>\$8,053</u>	<u>\$4,140,948</u>	<u>\$4,140,883</u>	<u>\$8,118</u>

PAYROLL FUND

Assets				
Cash and cash equivalents	\$5,245	\$2,049,359	\$2,044,276	\$10,328
Due from other funds	20,541	25,431	45,851	121
Total Assets	<u>\$25,786</u>	<u>\$2,074,790</u>	<u>\$2,090,127</u>	<u>\$10,449</u>
Liabilities				
Due to other funds	\$0	\$17,532	\$17,522	\$10
Other liabilities	25,786	2,049,359	2,064,706	10,439
Total Liabilities	<u>\$25,786</u>	<u>\$2,066,891</u>	<u>\$2,082,228</u>	<u>\$10,449</u>

TAX COLLECTION FUND

Assets				
Cash and cash equivalents	\$7,335	\$1,995,172	\$1,996,619	\$5,888
Total Assets	<u>\$7,335</u>	<u>\$1,995,172</u>	<u>\$1,996,619</u>	<u>\$5,888</u>
Liabilities				
Due to other funds	\$3,444	\$1,734,660	\$1,736,107	\$1,997
Other liabilities	3,891	317,839	317,839	3,891
Total Liabilities	<u>\$7,335</u>	<u>\$2,052,499</u>	<u>\$2,053,946</u>	<u>\$5,888</u>

VILLAGE OF DUNDEE

Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Concluded)
February 28, 2017

WATER AND SEWER AGENCY

	Balance February 29, 2016	Additions	Deductions	Balance February 28, 2017
Assets				
Cash and cash equivalents	\$964	\$184,178	\$181,442	\$3,700
Total Assets	<u>\$964</u>	<u>\$184,178</u>	<u>\$181,442</u>	<u>\$3,700</u>
Liabilities				
Due to other funds	\$964	\$184,178	\$181,442	\$3,700
Total Liabilities	<u>\$964</u>	<u>\$184,178</u>	<u>\$181,442</u>	<u>\$3,700</u>

TOTALS - ALL AGENCY FUNDS

	Balance February 29, 2016	Additions	Deductions	Balance February 28, 2017
Assets				
Cash and cash equivalents	\$21,597	\$8,288,312	\$8,281,875	\$28,034
Due from other funds	20,541	25,431	45,851	121
Total Assets	<u>\$42,138</u>	<u>\$8,313,743</u>	<u>\$8,327,726</u>	<u>\$28,155</u>
Liabilities				
Due to other funds	\$4,822	\$2,017,715	\$2,016,689	\$5,848
Other liabilities	37,316	6,426,801	6,441,810	22,307
Total Liabilities	<u>\$42,138</u>	<u>\$8,444,516</u>	<u>\$8,458,499</u>	<u>\$28,155</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 28, 2017*

	Total Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$97,186	\$0	\$97,186
Due from other governments	89,889	0	89,889
Due from other funds/Internal balances	1,518	(3,465)	(1,947)
Total Assets	<u>\$188,593</u>	<u>0</u>	<u>185,128</u>
Liabilities			
Due to other funds	\$3,465	(3,465)	0
Total Liabilities	3,465	0	0
Fund Balance			
Assigned	185,128	(185,128)	0
Total Fund Balance	<u>185,128</u>	<u>(185,128)</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$188,593</u>		
Net Position			
Unrestricted		185,128	185,128
Total Net Position		<u>\$185,128</u>	<u>\$185,128</u>

VILLAGE OF DUNDEE

*Downtown Development Authority - Component Unit
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 28, 2017*

	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Taxes	\$135,278	\$0	\$135,278
Local community stabilization share	6,684	0	6,684
Interest	94	0	94
Other	3,516	0	3,516
 Total Revenues	 145,572	 0	 145,572
Expenditures			
Public works	113,852	0	113,852
 Total Expenditures	 113,852	 0	 113,852
 Change in Fund Balance/Net Position	 31,720	 0	 31,720
 Fund Balance/Net Position - Beginning of Year	 153,408	 0	 153,408
 Fund Balance/Net Position - End of Year	 <u>\$185,128</u>	 <u>\$0</u>	 <u>\$185,128</u>

VILLAGE OF DUNDEE

*Local Development Finance Authority Water Plant - Component Unit
Balance Sheet/Statement of Net Position
February 28, 2017*

	Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$214,523	\$0	\$214,523
Due from other governments	8,386	0	8,386
Total Assets	<u>\$222,909</u>	<u>0</u>	<u>222,909</u>
Liabilities			
Due to other funds	\$0	0	0
Total Liabilities	0	0	0
Fund Balance			
Assigned	222,909	(222,909)	0
Total Fund Balance	<u>222,909</u>	<u>(222,909)</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$222,909</u>		
Net Position			
Unrestricted		222,909	222,909
Total Net Position		<u>\$222,909</u>	<u>\$222,909</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 28, 2017*

	Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Interest	\$193	\$0	\$193
Expenditures			
Public works	200	0	200
Total Expenditures	200	0	200
Excess (Deficiency) of Revenues over Expenditures	(7)	0	(7)
Other Financing Sources (Uses)			
Operating transfers out	(500)	0	(500)
Total Other Financing Sources (Uses)	(500)	0	(500)
Change in Fund Balance/Net Position	(507)	0	(507)
Fund Balance/ Net Position - Beginning of Year	223,416	0	223,416
Fund Balance/ Net Position - End of Year	<u>\$222,909</u>	<u>\$0</u>	<u>\$222,909</u>

VILLAGE OF DUNDEE

Local Development Finance Authority Global Engine Alliance - Component Unit
 Combining Balance Sheet/Statement of Net Position
 February 28, 2017

	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	\$1,973,218	\$100,974	\$0	\$2,074,192	\$0	\$2,074,192
Due from other governments	313,797	0	0	313,797	0	313,797
Due from other funds/Internal balances	14,258	0	0	14,258	0	14,258
Capital assets (net of depreciation)	0	0	0	0	4,673,057	4,673,057
Amount available in Debt Service Fund	0	0	100,974	100,974	(100,974)	0
Amount to be provided for long-term debt	0	0	2,879,026	2,879,026	(2,879,026)	0
Total Assets	\$2,301,273	\$100,974	\$2,980,000	\$5,382,247	1,693,057	7,075,304
Liabilities						
Accrued interest	\$0	\$0	\$0	\$0	\$35,615	\$35,615
Debt with government commitment net of bond discount	0	0	2,980,000	2,980,000	(11,200)	2,968,800
Total Liabilities	0	0	2,980,000	2,980,000	24,415	3,004,415
Fund Balance						
Restricted for debt service	0	100,974	0	100,974	(100,974)	0
Assigned	2,301,273	0	0	2,301,273	(2,301,273)	0
Total Fund Balances	2,301,273	100,974	0	2,402,247	(2,402,247)	0
Total Liabilities and Fund Balances	\$2,301,273	\$100,974	\$2,980,000	\$5,382,247		
Net Position						
Net investment in capital assets					1,693,057	1,693,057
Restricted for debt service					100,974	100,974
Unrestricted					2,276,858	2,276,858
Total Net Position					\$4,070,889	\$4,070,889

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 28, 2017*

	Global Engine Alliance	LDFA #3 Debt	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues					
Taxes	\$636,117	\$0	\$636,117	\$0	\$636,117
Local community stabilization share	467,688	0	467,688	0	467,688
Interest	1,259	131	1,390	0	1,390
Total Revenues	1,105,064	131	1,105,195	0	1,105,195
Expenditures					
Public works	500	0	500	157,158	157,658
Debt service	0	483,550	483,550	(371,659)	111,891
Total Expenditures	500	483,550	484,050	(214,501)	269,549
Excess (Deficiency) of Revenues over Expenditures	1,104,564	(483,419)	621,145	214,501	835,646
Other Financing Sources (Uses)					
Operating transfers in	0	484,000	484,000	(484,000)	0
Operating transfers out	(891,000)	0	(891,000)	484,000	(407,000)
Total Other Financing Sources (Uses)	(891,000)	484,000	(407,000)	0	(407,000)
Change in Fund Balance/Net Position	213,564	581	214,145	214,501	428,646
Fund Balances/ Net Position - Beginning of Year	2,087,709	100,393	2,188,102	1,454,141	3,642,243
Fund Balances/ Net Position - End of Year	\$2,301,273	\$100,974	\$2,402,247	\$1,668,642	\$4,070,889

VILLAGE OF DUNDEE

*Economic Development Corporation - Component Unit
Combining Balance Sheet/Statement of Net Position
February 28, 2017*

	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	\$59,730	\$210,382	\$0	\$270,112	\$0	\$270,112
Due from other governments	0	41,299	0	41,299	0	41,299
Capital assets (net of depreciation)	0	0	0	0	8,195,017	8,195,017
Amount available in Debt Service Fund	0	0	251,102	251,102	(251,102)	0
Amount to be provided for long-term debt	0	0	12,083,963	12,083,963	(12,083,963)	0
Total Assets	\$59,730	\$251,681	\$12,335,065	\$12,646,476	(4,140,048)	8,506,428
Liabilities						
Due to other funds/Internal balances	\$0	\$579	\$0	\$579	\$0	\$579
Debt with government commitment	\$0	\$0	\$12,335,065	\$12,335,065	\$0	\$12,335,065
Total Liabilities	0	579	12,335,065	12,335,644	0	12,335,644
Fund Balance						
Restricted for debt service	0	251,102	0	251,102	(251,102)	0
Assigned	59,730		0	59,730	(59,730)	0
Total Fund Balances	59,730	251,102	0	310,832	(310,832)	0
Total Liabilities and Fund Balances	\$59,730	\$251,681	\$12,335,065	\$12,646,476		
Net Position						
Net investment in capital assets					(4,140,048)	(4,140,048)
Restricted for debt service					251,102	251,102
Unrestricted					59,730	59,730
Total Net Position (Deficit)					(\$3,829,216)	(\$3,829,216)

VILLAGE OF DUNDEE

*Economic Development Corporation - Component Unit
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 28, 2017*

	Economic Development Corporation	EDC Debt Fund	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues					
Taxes	\$0	\$106,672	\$106,672	\$0	\$106,672
Interest and rentals	54	111	165	0	165
Total Revenues	54	106,783	106,837	0	106,837
Expenditures					
Public works	0	0	0	277,652	277,652
Debt service	0	215,447	215,447	0	215,447
Total Expenditures	0	215,447	215,447	277,652	493,099
Excess (Deficiency) of Revenues over Expenditures	54	(108,664)	(108,610)	(277,652)	(386,262)
Other Financing Sources (Uses)					
Operating transfers in	0	121,730	121,730	0	121,730
Total Other Financing Sources (Uses)	0	121,730	121,730	0	121,730
Change in Fund Balance/Net Position	54	13,066	13,120	(277,652)	(264,532)
Fund Balances/Net Position (Deficit) - Beginning of Year	59,676	238,036	297,712	(3,862,396)	(3,564,684)
Fund Balances/Net Position (Deficit) - End of Year	<u>\$59,730</u>	<u>\$251,102</u>	<u>\$310,832</u>	<u>(\$4,140,048)</u>	<u>(\$3,829,216)</u>

VILLAGE OF DUNDEE

*Brownfield Redevelopment Authority - Component Unit
Balance Sheet/Statement of Net Position
February 28, 2017*

	Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$835,552	\$0	\$835,552
Due from other governments	40,557	0	40,557
Total Assets	<u>\$876,109</u>	<u>0</u>	<u>876,109</u>
Liabilities			
Due to other funds / internal balances	\$0	0	0
Total Liabilities	0	0	0
Fund Balance			
Restricted for debt service	876,109	(876,109)	0
Total Fund Balance	876,109	(876,109)	0
Total Liabilities and Fund Balance	<u>\$876,109</u>		
Net Position			
Restricted for debt service		876,109	876,109
Total Net Position		<u>\$876,109</u>	<u>\$876,109</u>

VILLAGE OF DUNDEE

*Brownfield Redevelopment Authority - Component Unit
Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 28, 2017*

	Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Taxes	\$49,655	\$0	\$49,655
Local community stabilization share	920	0	920
Interest and rentals	741	0	741
Total Revenues	51,316	0	51,316
Expenditures			
Public works	800	0	800
Change in Fund Balance/Net Position	50,516	0	50,516
Fund Balance/Net Position - Beginning of Year	825,593	0	825,593
Fund Balance/Net Position - End of Year	<u>\$876,109</u>	<u>\$0</u>	<u>\$876,109</u>



COOLEY HEHL
WOHLGAMUTH & CARLTON
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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 28, 2017, and have issued our report thereon dated June 30, 2017. 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 April 20, 2017. 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. During the year ended February 28, 2017, The Village of Dundee implemented Governmental Accounting Standard Board Statement Number 77, *Tax Abatement Disclosures*. 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 correcting the way it recognizes revenue the Village restated the beginning balance of net position for the cumulative effect of recognizing the accrual of prior year state shared revenue as follows:

	Governmental Funds	Total Primary Government
Net position, March 1, 2016, as previously reported	\$17,840,044	\$36,598,666
Correction of an error in the financial statements of a prior period	102,621	102,621
Net position, March 1, 2016, as restated	<u>\$17,942,665</u>	<u>\$36,701,287</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 30, 2017.

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

-3-

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 Helt
Wohlgamuth & Carlton

June 30, 2017



**COOLEY HEHL
WOHLGAMUTH & CARLTON**
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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 28, 2017, 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 28, 2017, the Village incurred the following instances of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
Parks and Recreation Fund	\$38,500	\$39,451	\$ 951
Historical Commission Fund	45,018	46,289	1,271

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

-2-

Due To/Due From Other Funds

Interfund receivable and payable balances as of February 28, 2017 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$13,771	
Local Street Fund	10,579	
Tax	1,499	
Water Fund	8,576	
Sewer Fund	12,912	
Trust & Agency	141	
Payroll Fund	10	\$121
Industrial Park and Equipment Purchase Fund		5,000
LDFA #3 - Global Engine Alliance		10,060
Building Fund		1,664
Downtown Development Authority	667	1,071
Municipal Street Fund:		
Downtown Development Authority	2,798	447
LDFA #3 - Global Engine Alliance		4,198
Tax Collection Fund	498	
Major Street Fund:		
General Fund		13,771
Local Street Fund:		
General Fund		10,579
Building Fund		
General Fund	1,664	
Downtown Development Authority		
General Fund	1,071	667
Municipal Street Fund	447	2,798
LDFA #3 - Global Engine Alliance		
General Fund	10,060	
Municipal Street Fund	4,198	
Industrial Park/Equipment Purchase Fund:		
General Fund	5,000	
Sewer Enterprise Fund	42,862	21,901
Sewer Separation and Street Rehabilitation Fund:		
Sewer Enterprise Fund	500	

Village Council
Village of Dundee

-3-

Due To/Due From Other Funds (Concluded)

Interfund receivable and payable balances as of February 28, 2017 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
EDC Construction Fund		
EDC Debt Service Fund	579	
EDC Debt Service Fund		
EDC Construction Fund		579
Tax Fund:		
General Fund		1,499
Municipal Street Fund		498
W/S T & A:		
Sewer Fund		2,220
Water Fund		1,480
Payroll Fund:		
General Fund	121	10
Water Fund:		
W/S T & A	1,480	
Sewer Fund	79	8,460
General Fund		8,576
A/P T&A Fund:		
General Fund		141
Sewer Fund:		
General Fund		12,912
Sewer Separation and Street Rehabilitation Fund		500
Industrial Park/Equipment Purchase Fund	21,901	42,862
Water Fund	8,460	79
W/S T & A Fund	2,220	
	<u>\$152,093</u>	<u>\$152,093</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 28, 2017. 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 28, 2017, the Village had seventeen bond issues and installment purchase agreements and the loan from Cabelas.

Repayment of the Village's outstanding indebtedness which was \$30,867,955 as of February 28, 2017, 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.

Village Council
Village of Dundee

-4-

Prior Period Adjustment Accounting Standard

For the year ended February 28, 2017 the Village corrected the way it accrues and records revenue received from the State of Michigan for State Revenue Sharing and Michigan Transportation Fund distributions.

GASB Statement No. 62 addresses reporting the issue of a correction of an error in previously issued financial statements. The effect is to eliminate the source of a potential significant understatement of beginning fund balance/net position and revenue to more properly follow the accrual basis of reporting in the financial statements.

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

	<u>Governmental Funds</u>	<u>Total Primary Government</u>
Net position, March 1, 2016, as previously reported	\$17,840,044	\$36,598,666
Correction of an error in the financial statements of a prior period	<u>102,621</u>	<u>102,621</u>
Net position, March 1, 2016, as restated	<u>\$17,942,665</u>	<u>\$36,701,287</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 2016-2017 audit report.

Very truly yours,

Cooley Hehl
Wolfgangmutter & Carter

June 30, 2017