

VILLAGE OF DUNDEE
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

February 28, 2018

VILLAGE OF DUNDEE

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COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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, 2018, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 10, and 70 through 74, and 75 through 76 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 Hell Jabs & Calkins, PLLC

July 14, 2018

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2018

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, 2018. 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 \$38,935,120 (net position). Of this amount, \$4,279,975 (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 \$1,298,487.

At the close of the year, the Village's governmental funds reported combined ending fund balances of \$6,201,864, an increase of \$614,983 in comparison with the prior year increase of \$553,077. Approximately 54.45 percent of this amount, or \$3,377,094 is available for spending at the government's discretion (unrestricted fund balance). \$1,074,034 was assigned and \$2,303,060 was unassigned.

At the end of the year, the unassigned fund balance for the general fund was \$2,303,060 or 118.67 percent of total general fund expenditures.

The Village had a net increase in total bonded debt and compensated absences of \$2,175,129. New debt of \$3,518,999 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, 2018*

Government-Wide Financial Statements

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

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

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

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

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

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

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

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2018

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 17 and 20 respectively, to facilitate this comparison between governmental funds and governmental activities.

The Village maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, major street, local street, municipal highway, building department, parks and recreation, and capital funds. All of these governmental funds are considered to be and presented as major funds. All other remaining funds are reported as other governmental funds. Combining statements of non-major governmental are presented as other supplementary information.

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

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

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

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

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

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Management's Discussion and Analysis Year Ended February 28, 2018

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

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

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 31 through 69 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 \$38,935,120 at the close of the most recent year.

By far the largest portion of the Village's net position (76.4 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 \$4,279,975. 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, 2018.

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*Management's Discussion and Analysis
Year Ended February 28, 2018*

Table 1:

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$6,752,304	\$6,015,275	\$7,665,336	\$5,500,599	\$14,417,640	\$11,515,874
Restricted assets	0	0	810,252	792,286	810,252	792,286
Capital and other noncurrent assets, net	16,008,982	16,613,311	28,078,092	26,183,615	44,087,074	42,796,926
Total Assets	<u>22,761,286</u>	<u>22,628,586</u>	<u>36,553,680</u>	<u>32,476,500</u>	<u>59,314,966</u>	<u>55,105,086</u>
Total Deferred Outflows	<u>85,233</u>	<u>193,409</u>	<u>140,320</u>	<u>234,788</u>	<u>225,553</u>	<u>428,197</u>
Current and other liabilities	902,211	699,571	1,158,581	926,471	2,060,792	1,626,042
Long-term liabilities	3,685,769	4,101,528	11,074,521	12,110,672	14,760,290	16,212,200
Total Liabilities	<u>4,587,980</u>	<u>4,801,099</u>	<u>12,233,102</u>	<u>13,037,143</u>	<u>16,821,082</u>	<u>17,838,242</u>
Total Deferred Inflows	<u>38,039</u>	<u>42,862</u>	<u>430,581</u>	<u>15,546</u>	<u>468,620</u>	<u>58,408</u>
Net Position						
Net Investment in capital assets	13,177,757	13,395,233	16,571,344	13,972,768	29,749,101	27,368,001
Restricted:						
Capital asset replacement	0	0	1,000	1,000	1,000	1,000
Streets and highways	2,619,183	2,338,872	0	0	2,619,183	2,338,872
Parks and recreation	7,041	3,469	0	0	7,041	3,469
Historical commission	13,558	4,488	0	0	13,558	4,488
Building department	189,468	110,212	0	0	189,468	110,212
Capital improvement	869,166	868,942	0	0	869,166	868,942
Debt service	279,075	334,400	927,553	933,248	1,206,628	1,267,648
Unrestricted	1,065,252	922,418	3,214,723	4,751,583	4,279,975	5,674,001
Total Net Position	<u>\$18,220,500</u>	<u>\$17,978,034</u>	<u>\$20,714,620</u>	<u>\$19,658,599</u>	<u>\$38,935,120</u>	<u>\$37,636,633</u>

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 \$1,298,487 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, 2018

As indicated in Table 2, the cost of all governmental activities this year was \$2.991 million. Of this amount \$333,300 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 \$3.5312 million.

The Village experienced an increase in net position of governmental activities of \$242,466. This increase is due to a recognizing a rise in tax collections, lower interest expense, lower road maintenance expenses, and net of transfers in of \$31,901. The Village experienced an increase in net position of business-type activities of \$1,056,021.

Table 2:

Changes in Net Position Years Ended February 28,

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$333,300	\$355,952	\$3,703,477	\$3,556,488	\$4,036,777	\$3,912,440
Grants and contributions	431,886	331,305	112,373	216,591	544,259	547,896
	<u>765,186</u>	<u>687,257</u>	<u>3,815,850</u>	<u>3,773,079</u>	<u>4,581,036</u>	<u>4,460,336</u>
General revenues						
Property taxes	1,754,171	1,619,556	0	0	1,754,171	1,619,556
State grants (revenue sharing)	370,444	364,050	0	0	370,444	364,050
Other	312,110	400,886	248,728	112,976	560,838	513,862
	<u>2,436,725</u>	<u>2,384,492</u>	<u>248,728</u>	<u>112,976</u>	<u>2,685,453</u>	<u>2,497,468</u>
Total Revenues	3,201,911	3,071,749	4,064,578	3,886,055	7,266,489	6,957,804
Functions/Program Expenses						
Legislative	15,372	17,838	0	0	15,372	17,838
General government	914,112	931,723	0	0	914,112	931,723
Public safety	897,316	875,134	0	0	897,316	875,134
Public works	760,094	823,276	0	0	760,094	823,276
Economic development	116,435	66,257	0	0	116,435	66,257
Culture and recreation	150,728	147,172	0	0	150,728	147,172
Insurance	37,872	30,454	0	0	37,872	30,454
Interest on long-term debt	99,417	112,837	0	0	99,417	112,837
Water department	0	0	1,358,535	1,402,207	1,358,535	1,402,207
Sewer department	0	0	2,172,471	1,950,469	2,172,471	1,950,469
Total Expenses	<u>2,991,346</u>	<u>3,004,691</u>	<u>3,531,006</u>	<u>3,352,676</u>	<u>6,522,352</u>	<u>6,357,367</u>
Increase in Net Position						
Before Gains Losses and Transfers	210,565	67,058	533,572	533,379	744,137	600,437
Gain(loss) on the disposal of assets	0	49,139	0	0	0	49,139
Debt forgiveness	0	0	150,000	0	150,000	0
Transfers, net	31,901	(80,828)	372,449	366,598	404,350	285,770
Increase (Decrease) in Net Position	<u>\$242,466</u>	<u>\$35,369</u>	<u>\$1,056,021</u>	<u>\$899,977</u>	<u>\$1,298,487</u>	<u>\$935,346</u>

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2018

Fund Financial Analysis

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

As the Village completed the latest fiscal year, governmental funds reported a combined balance of \$6,201,864, which is an increase of \$614,983 from last year. The increase is due to an increase in tax collections, lower debts service payments, and lower road maintenance expenditures. The changes by fund are as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Retirement Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Fund balances- Beginning of year	\$2,043,812	\$2,457,314	\$216,813	\$868,942	\$5,586,881
Increase (decrease)	<u>275,254</u>	<u>371,936</u>	<u>224</u>	<u>(32,431)</u>	<u>614,983</u>
Fund balances- End of year	<u>\$2,319,066</u>	<u>\$2,829,250</u>	<u>\$217,037</u>	<u>\$836,511</u>	<u>\$6,201,864</u>

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

Revenues	February 28, 2018	February 28, 2017	Percent Change
Property taxes	\$1,320,372	\$1,192,171	10.75 %
Licenses and permits	72,771	75,862	(4.07)%
State revenue sharing	370,444	364,050	1.76 %
Fines and forfeits	29,286	93,709	(68.75)%
Interest and rentals	242,135	206,340	17.35 %
Other	131,309	112,433	16.79 %
Proceeds from disposition of assets	0	73,950	(100.00)%
Proceeds from lease purchase agreement	26,150	0	100.00 %
Transfers in	<u>23,500</u>	<u>34,500</u>	(31.88)%
Total Revenues	<u>\$2,215,967</u>	<u>\$2,153,015</u>	2.92 %

Expenditures	February 28, 2018	February 28, 2017	Percent Change
Legislative	\$15,372	\$17,838	(13.82)%
General government	222,108	247,974	(10.43)%
Public safety	731,705	713,598	2.54 %
Public works	364,444	269,148	35.41 %
Economic development	116,435	66,257	75.73 %
Insurance and other	37,872	30,454	24.36 %
Transfers out	<u>452,777</u>	<u>569,921</u>	(20.55)%
Total Expenditures	<u>\$1,940,713</u>	<u>\$1,915,190</u>	1.33 %

VILLAGE OF DUNDEE

Management's Discussion and Analysis Year Ended February 28, 2018

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, 2018, the Village had \$68.80 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 \$2,957,528. Other additions totaled \$97,689 for a green space property and \$82,297 for the purchase of three maintenance vehicles. New debt was issued in governmental activities of \$26,150, during the year, for the purchase of a maintenance vehicle. New debt was issued in business-type activities of \$3,492,849, during the year, of which the Village received \$150,000 of principal forgiveness for green energy projects. Depreciation this year totaled \$784,315 for governmental activities and \$1,063,051 for business-type activities. Details regarding capital assets are included in Note 9 to the financial statements.

Debt

At February 28, 2018, 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 \$20,376,906 as of February 28, 2018. 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 2018-2019 Fiscal Year Budget

Our elected officials considered many factors when setting the Village's 2018-2019 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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

VILLAGE OF DUNDEE

*Statement of Net Position
February 28, 2018*

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	\$6,025,804	\$6,823,626	\$12,849,430	\$3,560,337
Receivables:				
Accounts	24,053	753,524	558,177	0
Delinquent taxes	174,773	1,708	170,012	0
Special assessments	116,545	0	116,545	0
Internal balances	(41,377)	49,471	8,094	8,094
Due from other governmental units	436,173	0	436,173	494,722
Prepaid expenses	16,333	37,007	53,340	0
Total Current Assets	<u>6,752,304</u>	<u>7,665,336</u>	<u>14,417,640</u>	<u>4,063,153</u>
Restricted assets				
Cash and cash equivalents	0	721,090	721,090	124,007
Cash with fiscal agent	0	89,162	89,162	0
Total Restricted Assets	<u>0</u>	<u>810,252</u>	<u>810,252</u>	<u>124,007</u>
Noncurrent assets				
Capital assets:				
Nondepreciated	671,733	3,324,174	3,995,907	3,300,000
Depreciated, net	15,337,249	24,753,918	40,091,167	9,133,263
Total Capital Assets	<u>16,008,982</u>	<u>28,078,092</u>	<u>44,087,074</u>	<u>12,433,263</u>
Total Assets	22,761,286	36,553,680	59,314,966	16,620,423
Deferred Outflow of Resources				
Sewer refunding	0	118,301	118,301	0
Deferred outflows related to pension	85,233	22,019	107,252	0
Total Deferred Outflow of Resources	<u>85,233</u>	<u>140,320</u>	<u>225,553</u>	<u>0</u>
Liabilities				
Current liabilities				
Accounts payable	351,476	76,407	427,883	8,840
Accrued payroll	24,258	8,916	33,174	0
Accrued interest	31,000	153,149	184,149	31,950
Customer deposits	34,671	36,119	70,790	0
Accrued compensated absences	51,564	7,300	58,864	0
Current portion of long term debt				
net of related discount	409,242	876,690	1,285,932	400,000
Total Current Liabilities	<u>902,211</u>	<u>1,158,581</u>	<u>2,060,792</u>	<u>440,790</u>
Noncurrent liabilities				
Bonds payable (net of related discount)	2,390,983	10,740,030	13,131,013	2,185,400
Net pension liability	1,294,786	334,491	1,629,277	0
	<u>3,685,769</u>	<u>11,074,521</u>	<u>14,760,290</u>	<u>2,185,400</u>
Total Liabilities	4,587,980	12,233,102	16,821,082	2,626,190

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	\$0	\$8,329	\$8,329	\$0
Deferred inflows related to pension	38,039	9,827	47,866	0
Advanced payment of tap fees	0	412,425	412,425	0
Total Deferred Inflow of Resources	38,039	430,581	468,620	0
Net Position				
Net investment in capital assets	13,177,757	16,571,344	29,749,101	9,838,263
Restricted for:				
Capital asset replacement	0	1,000	1,000	0
Streets and highways	2,619,183	0	2,619,183	0
Parks and recreation	7,041	0	7,041	0
Historical commission	13,558	0	13,558	0
Building department	189,468	0	189,468	0
Capital improvements	869,166	0	869,166	0
Debt service	279,075	927,553	1,206,628	1,008,279
Unrestricted	1,065,252	3,214,723	4,279,975	3,150,951
Total Net Position	\$18,220,500	\$20,714,620	\$38,935,120	\$13,997,493

VILLAGE OF DUNDEE

*Statement of Activities
Year Ended February 28, 2018*

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
Legislative	\$15,372	\$0	\$0	\$0
General government	914,112	304,014	0	0
Public safety	897,316	29,286	0	0
Public works	756,423	0	431,886	0
Economic development	116,435	0	0	0
Culture and recreation	150,728	0	0	0
Capital improvements	3,671	0	0	0
Insurance	37,872	0	0	0
Interest on long-term debt	99,417	0	0	0
Total governmental activities	<u>2,991,346</u>	<u>333,300</u>	<u>431,886</u>	<u>0</u>
Business-type activities				
Water department	1,358,535	1,511,052	0	0
Sewer department	2,172,471	2,192,425	112,373	0
Total business-type activities	<u>3,531,006</u>	<u>3,703,477</u>	<u>112,373</u>	<u>0</u>
Total primary government	<u>\$6,522,352</u>	<u>\$4,036,777</u>	<u>\$544,259</u>	<u>\$0</u>
Component units				
Downtown Development Authority	\$150,046	\$0	\$0	\$0
LDFA - Water Plant	200	0	0	0
LDFA - Global Alliance	258,767	0	0	0
Economic Development - Cabelas	506,755	0	0	0
Brownfield Redevelopment	17,213	0	0	0
Total component units	<u>\$932,981</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

General revenues
Taxes
Property taxes
State revenue sharing
Tap fees
Interest and rentals
Other
Debt forgiveness
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 Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
(\$15,372)	\$0	(\$15,372)	
(610,098)	0	(610,098)	
(868,030)	0	(868,030)	
(324,537)	0	(324,537)	
(116,435)	0	(116,435)	
(150,728)	0	(150,728)	
(3,671)	0	(3,671)	
(37,872)	0	(37,872)	
(99,417)	0	(99,417)	
<u>(2,226,160)</u>	<u>0</u>	<u>(2,226,160)</u>	
0	152,517	152,517	
0	132,327	132,327	
<u>0</u>	<u>284,844</u>	<u>284,844</u>	
<u>(2,226,160)</u>	<u>284,844</u>	<u>(1,941,316)</u>	
			(\$150,046)
			(200)
			(258,767)
			(506,755)
			<u>(17,213)</u>
			<u>(932,981)</u>
1,754,171	0	1,754,171	894,494
370,444	0	370,444	539,194
0	242,804	242,804	0
43,107	5,924	49,031	2,863
269,003	0	269,003	37,389
0	150,000	150,000	12,335,065
31,901	372,449	404,350	(404,350)
<u>2,468,626</u>	<u>771,177</u>	<u>3,239,803</u>	<u>13,404,655</u>
242,466	1,056,021	1,298,487	12,471,674
17,978,034	19,658,599	37,636,633	1,525,819
<u>\$18,220,500</u>	<u>\$20,714,620</u>	<u>\$38,935,120</u>	<u>\$13,997,493</u>

FUND FINANCIAL STATEMENTS

VILLAGE OF DUNDEE

*Balance Sheet
Governmental Funds
February 28, 2018*

	General Fund	Municipal Street Fund	Major Street Fund
Assets			
Cash and cash equivalents	\$2,127,872	\$930,424	\$1,352,304
Receivables:			
Accounts	19,823	4,230	0
Delinquent taxes	116,630	53,358	0
Special assessments	0	0	0
Due from other funds	105,491	513	121
Due from other governmental units	51,145	0	58,139
Prepaid expenses	16,006	0	0
Total Assets	<u>\$2,436,967</u>	<u>\$988,525</u>	<u>\$1,410,564</u>
Liabilities			
Accounts payable/retainage	\$32,555	\$0	\$8,067
Accrued wages	18,825	0	2,506
Due to other funds	41,521	5,413	22,660
Customer deposits	25,000	0	5,000
Total Liabilities	117,901	5,413	38,233
Deferred Inflows of Resources			
Special assessments	0	0	0
Fund Balance			
Nonspendable:			
Prepaid expenses	16,006	0	0
Restricted for:			
Streets and highways	0	983,112	1,372,331
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	2,303,060	0	0
Total Fund Balances	<u>2,319,066</u>	<u>983,112</u>	<u>1,372,331</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$2,436,967</u>	<u>\$988,525</u>	<u>\$1,410,564</u>

See accompanying notes to the basic financial statements

Local Street Fund	Sewer Separation and Street Rehabilitation	Nonmajor Governmental Funds	Total Governmental Funds
\$263,700	\$3,900	\$1,302,262	\$5,980,462
0	0	0	24,053
3,469	0	1,316	174,773
0	0	116,545	116,545
0	500	5,200	111,825
20,666	302,726	0	432,676
0	0	327	16,333
<u>\$287,835</u>	<u>\$307,126</u>	<u>\$1,425,650</u>	<u>\$6,856,667</u>
\$5,222	\$304,121	\$1,511	\$351,476
1,653	0	1,274	24,258
17,220	0	62,891	149,705
0	0	4,671	34,671
24,095	304,121	70,347	560,110
0	0	94,693	94,693
0	0	327	16,333
263,740	0	0	2,619,183
0	0	189,254	189,254
0	0	20,486	20,486
0	3,005	525,819	528,824
0	0	340,342	340,342
0	0	184,382	184,382
0	0	0	2,303,060
<u>263,740</u>	<u>3,005</u>	<u>1,260,610</u>	<u>6,201,864</u>
<u>\$287,835</u>	<u>\$307,126</u>	<u>\$1,425,650</u>	<u>\$6,856,667</u>

VILLAGE OF DUNDEE

*Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
February 28, 2018*

Total Governmental Fund Balance		\$6,201,864
<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		45,342
<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	\$24,668,268	
Accumulated depreciation	<u>(8,659,286)</u>	
		16,008,982
<p>Governmental activities will recognize the net pension liability as of the measurement date. Pension contributions made after the measurement date are reported as deferred outflows. In addition, resources related to change in assumptions, differences between expected and actual experience, and differences between projected and actual pension investment earnings are also included in the government-wide financial statements as follows:</p>		
Deferred outflows of resources related to the pension liability		85,233
Deferred inflows of resources the related to pension liability		(38,039)
<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>		
		94,693
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>		
Compenstated absences	(51,564)	
Bonds and installment obligations	(2,800,225)	
Net pension liability	<u>(1,294,786)</u>	
		(4,146,575)
Accrued interest on long term liabilities is not reported in the funds		<u>(31,000)</u>
Total Net Position of Governmental Activities		<u>\$18,220,500</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, 2018*

	General Fund	Municipal Street Fund	Major Street Fund	Local Street Fund
Revenues				
Taxes	\$1,320,372	\$433,799	\$0	\$0
Special assessments	0	0	0	0
Licenses and permits	72,771	0	0	0
State grants	370,444	0	319,620	112,266
Fines and forfeits	29,286	0	0	0
Interest and rentals	242,135	892	1,073	193
Other revenues	131,309	26,373	36,959	31,894
Total Revenues	2,166,317	461,064	357,652	144,353
Expenditures				
Legislative	15,372	0	0	0
General government	222,108	0	0	0
Public safety	731,705	0	0	0
Public works	364,444	51,589	351,980	249,152
Economic development	116,435	0	0	0
Culture and recreation	0	0	0	0
Capital outlay	0	0	0	0
Insurance	37,872	0	0	0
Debt service	0	0	0	0
Total Expenditures	1,487,936	51,589	351,980	249,152
Excess (Deficiency) of Revenues over Expenditures	678,381	409,475	5,672	(104,799)
Other Financing Sources (Uses)				
Proceeds from lease purchase agreement	26,150	0	0	0
Bond proceeds	0	0	0	0
Debt forgiveness on state revolving fund loan	0	0	0	0
Operating transfers in	23,500	0	215,000	170,000
Operating transfers (out)	(452,777)	(370,000)	(1,000)	(44,037)
Total Other Financing Sources (Uses)	(403,127)	(370,000)	214,000	125,963
Net Change in Fund Balances	275,254	39,475	219,672	21,164
Fund Balances - Beginning of Year	2,043,812	943,637	1,152,659	242,576
Fund Balances - End of Year	\$2,319,066	\$983,112	\$1,372,331	\$263,740

See accompanying notes to the basic financial statements

Sewer Separation and Street Rehabilitation	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$0	\$1,754,171
0	22,894	22,894
0	231,243	304,014
0	0	802,330
0	0	29,286
72	20,022	264,387
0	42,468	269,003
72	316,627	3,446,085
0	0	15,372
0	0	222,108
0	142,340	874,045
0	2,370	1,019,535
0	0	116,435
0	90,065	90,065
3,494,150	0	3,494,150
0	0	37,872
0	512,420	512,420
3,494,150	747,195	6,382,002
(3,494,078)	(430,568)	(2,935,917)
0	0	26,150
3,342,849	0	3,342,849
150,000	0	150,000
3,000	498,215	909,715
0	(10,000)	(877,814)
3,495,849	488,215	3,550,900
1,771	57,647	614,983
1,234	1,202,963	5,586,881
\$3,005	\$1,260,610	\$6,201,864

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, 2018*

Net Change in Fund Balances - Total Governmental Funds		\$614,983
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:</p>		
Expenditures for capital assets	\$179,986	
Less current year depreciation	<u>(784,315)</u>	(604,329)
Revenues in the governmental funds that do not provide current financial resources are not reported as revenue in the statement of activities.		(22,894)
Interest is recorded as it accrues in the statement of activities		3,113
Compensated absences not payable from current year resources are not reported as expenditures of the current year. In the statement of activities, these costs represent expenses of the current year.		(9,412)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment of bonds reduces long-term liabilities in the statement of net position.		409,890
<p>The statement of net position reports the net pension liability, deferred inflows of resources, and deferred outflows of resources related to the net pension liability. However, the amount recorded in the governmental fund equals actual pension contributions.</p>		
Net change in pension liability		23,440
Net change in deferred outflows of resources related to the net pension liability		(108,176)
Net change in deferred inflows of resource related to the net pension liability		(38,039)
Proceeds from lease agreements are reported as other financing sources in the governmental fund financial statements but but not in the statement of activities		(26,150)
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>40</u>
Change in Net Position of Governmental Activities		<u><u>\$242,466</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

Statement of Net Position
 Proprietary Funds
 February 28, 2018

	Business-type Activities Enterprise Funds			Governmental Activities
	Water	Sewage Disposal	Total	Internal Service Funds
Assets				
Current assets				
Cash and cash equivalents	\$2,713,291	\$4,110,335	\$6,823,626	\$45,342
Receivables:				
Delinquent taxes	0	1,708	1,708	0
Accounts	275,285	478,239	753,524	0
Due from other funds	3,824	77,563	81,387	0
Prepaid expenses	18,920	18,087	37,007	0
Total Current Assets	<u>3,011,320</u>	<u>4,685,932</u>	<u>7,697,252</u>	<u>45,342</u>
Restricted assets				
Cash and cash equivalents	0	721,090	721,090	0
Cash with fiscal agent	1,191	87,971	89,162	0
Total Restricted Assets	<u>1,191</u>	<u>809,061</u>	<u>810,252</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	13,204,100	21,103,935	0
Construction in progress	0	3,240,898	3,240,898	0
	<u>12,351,988</u>	<u>31,777,451</u>	<u>44,129,439</u>	<u>0</u>
Less: accumulated depreciation	(6,018,713)	(10,032,634)	(16,051,347)	0
Net Capital Assets	<u>6,333,275</u>	<u>21,744,817</u>	<u>28,078,092</u>	<u>0</u>
Total Assets	9,345,786	27,239,810	36,585,596	45,342
Deferred Outflow of Resources				
Sewer refunding	0	118,301	118,301	0
Deferred outflows related to pension	13,385	8,634	22,019	0
Total Deferred Outflow of Resources	<u>13,385</u>	<u>126,935</u>	<u>140,320</u>	<u>0</u>

See accompanying notes to the basic financial statements

	Business-type Activities Enterprise Funds			Governmental Activities
	Water	Sewage	Total	Internal
		Disposal		Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$1,647	\$74,760	\$76,407	\$0
Accrued payroll	4,452	4,464	8,916	0
Due to other funds	17,826	14,090	31,916	0
Customer deposits	35,058	1,061	36,119	0
Accrued interest	27,236	125,913	153,149	0
Accrued compensated absences	6,783	517	7,300	0
Current portion of state revolving fund - sewer	0	190,000	190,000	0
Total Current Liabilities (payable from current assets)	93,002	410,805	503,807	0
Current liabilities (payable from restricted assets):				
Current portion of contract payable - sewer	0	345,000	345,000	0
Current portion of contract payable - water	205,000	0	205,000	0
Current portion of contract payable - water and sewer	20,845	20,845	41,690	0
Current portion of contract payable - sewer	0	95,000	95,000	0
Total Current Liabilities (payable from restricted assets)	225,845	460,845	686,690	0
Noncurrent liabilities (payable from current assets):				
State revolving fund loan - sewer	0	4,031,043	4,031,043	0
State revolving fund loan - sewer	0	3,315,697	3,315,697	0
Net pension liability	203,334	131,157	334,491	0
Total Noncurrent Liabilities (payable from current assets)	203,334	7,477,897	7,681,231	0
Noncurrent liabilities (payable from restricted assets):				
Contract payable - sewer	0	1,840,000	1,840,000	0
Contract payable - water (net of \$21,213 discount)	1,898,787	0	1,898,787	0
Bonds payable - water and sewer	100,000	100,000	200,000	0
Bonds payable - sewer (net of \$24,800 discount)	0	2,770,200	2,770,200	0
Total Noncurrent Liabilities (payable from restricted assets)	1,998,787	4,710,200	6,708,987	0
Total Liabilities	2,520,968	13,059,747	15,580,715	0
Deferred Outflow of Resources				
Unexpended I & I project funds	0	8,329	8,329	0
Deferred inflows related to pension	5,974	3,853	9,827	0
Advanced payment of tap fees	0	412,425	412,425	0
Total Deferred Inflow of Resources	5,974	424,607	430,581	0
Net Position				
Net Investment in capital assets	4,108,643	12,462,701	16,571,344	0
Restricted:				
Replacement fund	1,000	0	1,000	0
Debt retirement and construction	1,191	935,996	927,553	0
Unrestricted	2,721,395	483,694	3,214,723	45,342
Total Net Position	\$6,832,229	\$13,882,391	\$20,714,620	\$45,342

VILLAGE OF DUNDEE

*Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended February 28, 2018*

	Business-type Activities Enterprise Funds			Governmental Activities
	Water Department	Sewer Department	Totals	Internal Service Funds
Operating Revenues				
Charges for services	\$1,479,074	\$2,160,737	\$3,639,811	\$0
Grant revenue	0	112,373	112,373	0
Penalties	17,593	27,646	45,239	0
Other revenue	14,385	4,042	18,427	0
Total Operating Revenues	1,511,052	2,304,798	3,815,850	0
Operating Expenses				
Operating and maintenance wages	91,806	47,055	138,861	0
Clerical salaries	47,726	47,729	95,455	0
Employee benefits	80,279	57,986	138,265	0
Training	300	8	308	0
Utilities and telephone	12,626	197,452	210,078	0
Water supply and system maintenance	654,210	242,369	896,579	0
Chemicals	5,136	39,236	44,372	0
Laboratory supplies	2,973	5,316	8,289	0
Insurance	32,382	31,613	63,995	0
Office supplies	5,398	106	5,504	0
Professional services	4,183	4,798	8,981	0
Depreciation and amortization	326,297	741,197	1,067,494	0
Miscellaneous expense	928	1,433	2,361	0
Engineering fees	109	0	109	0
Contractual services	5,899	274,383	280,282	0
Sanitation	0	49,033	49,033	0
Total Operating Expenses	1,270,252	1,739,714	3,009,966	0
Net Operating Income (loss)	240,800	565,084	805,884	0
Non-Operating Revenues (Expenses)				
Tap fees	116,683	126,121	242,804	0
Interest income	2,236	3,688	5,924	40
Principal forgiveness on state revolving fund loans	0	150,000	150,000	0
Interest and fiscal charges	(88,283)	(357,958)	(446,241)	0
Bond issuance costs	0	(74,799)	(74,799)	0
Total Non-Operating Revenues (Expenses)	30,636	(152,948)	(122,312)	40
Income (loss) before contributions and transfers	271,436	412,136	683,572	40
Transfers to other funds	0	(20,401)	(20,401)	0
Transfers from other funds	0	392,850	392,850	0
Change in net position	271,436	784,585	1,056,021	40
Total Net Position - Beginning of Year	6,560,793	13,097,806	19,658,599	45,302
Total Net Position - End of Year	\$6,832,229	\$13,882,391	\$20,714,620	\$45,342

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

Statement of Cash Flows
 Proprietary Funds
 Year Ended February 28, 2018

	Business-type Activities			Governmental
	Enterprise Funds			Activities
	Water	Sewer	Total	Internal
	Department	Department		Service Funds
Cash Flows From Operating Activities				
Cash received from customers	\$1,451,892	\$2,154,958	\$3,606,850	\$0
Cash paid to suppliers	(743,721)	(1,001,757)	(1,745,477)	0
Cash paid to employees	(199,705)	(141,352)	(341,057)	0
Net cash provided by operating activities	508,466	1,011,849	1,520,316	0
Cash Flows From Noncapital Financing Activities				
Transfer to other funds	0	(20,401)	(20,401)	0
Transfer from other funds	0	392,850	392,850	0
Net cash provided by noncapital financing activities	0	372,449	372,449	0
Cash Flows From Capital and Related Financing Activities				
Tap fees	116,683	538,546	655,229	0
Proceeds from issuance of bonds	0	3,492,849	3,492,849	0
Acquisition and construction of capital assets	0	(2,921,883)	(2,921,883)	0
Principal paid on contract payable	(162,500)	(632,500)	(795,000)	0
Interest paid on revenue bonds and contract payable	(87,064)	(307,470)	(394,534)	0
Net cash provided (used) by capital and related financing activities	(132,881)	94,743	(38,138)	0
Cash Flows From Investing Activities				
Interest earned on cash investments	2,236	3,688	5,924	40
Net increase in cash and cash equivalents	377,821	1,482,729	1,860,551	40
Cash and cash equivalents - beginning of year	2,336,661	3,436,667	5,773,328	45,302
Cash and cash equivalents - end of year	\$2,714,482	\$4,919,396	\$7,633,879	\$45,342

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, 2018*

	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	\$240,800	\$565,084	\$805,884	\$0
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization expense	323,404	739,647	1,063,051	0
Change in				
Receivables	(59,160)	(162,512)	(221,672)	0
Due from other funds	(2,265)	(44,982)	(47,247)	0
Due from other governments	0	12,672	12,672	0
Prepaid expenses	(12,989)	(11,444)	(24,433)	0
Deferred pension amounts	22,963	10,956	33,919	
Accounts payable	(2,810)	(55,832)	(58,642)	0
Accrued payroll	824	(1,016)	(192)	0
Due to other funds	790	(42,263)	(41,473)	0
Customer deposits	590	61	651	0
Net pension liability	(3,681)	1,478	(2,203)	
Total Adjustments	<u>267,666</u>	<u>446,765</u>	<u>714,431</u>	<u>0</u>
Net cash provided by operating activities	<u>\$508,466</u>	<u>\$1,011,849</u>	<u>\$1,520,315</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

*Statement of Assets and Liabilities
Fiduciary Funds
February 28, 2018*

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	<u>\$45,531</u>
Total Assets	<u><u>\$45,531</u></u>
Liabilities	
Due to other funds	\$22,833
Other liabilities	<u>22,698</u>
Total Liabilities	<u><u>\$45,531</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DUNDEE

*Combined Statement of Net Position
Component Units
February 28, 2018*

	Downtown Development Authority	LDFA Water Plant	LDFA Global Alliance
Assets			
Cash and cash equivalents	\$143,529	\$214,016	\$2,281,968
Internal balances	48,406	0	0
Due from other governmental units	109,880	8,386	334,294
Restricted cash	0	0	101,228
Prepaid insurance	112	0	0
Capital assets, net of accumulated depreciation	0	0	4,515,899
 Total Assets	 301,927	 222,402	 7,233,389
Liabilities			
Accounts payable	8,840	0	0
Accrued interest	0	0	31,950
Due to other funds	40,312	0	0
Noncurrent liabilities:			
Due within one year	0	0	400,000
Due in more than one year (net of related discount)	0	0	2,185,400
 Total Liabilities	 49,152	 0	 2,617,350
Net Position			
Net investment in capital assets	0	0	1,920,899
Restricted for debt service	0	0	101,228
Unrestricted	252,775	222,402	2,593,912
 Total Net Position(Deficit)	 \$252,775	 \$222,402	 \$4,616,039

See accompanying notes to the basic financial statements

<u>Economic Development</u>	<u>Brownfield Redevelopment</u>	<u>Total</u>
\$59,083	\$861,741	\$3,560,337
0	0	48,406
0	42,162	494,722
22,779	0	124,007
0	0	112
7,917,364	0	12,433,263
<hr/>	<hr/>	<hr/>
7,999,226	903,903	16,660,847
0	0	8,840
0	0	31,950
0	0	40,312
0	0	400,000
0	0	2,185,400
<hr/>	<hr/>	<hr/>
0	0	2,666,502
7,917,364	0	9,838,263
0	907,051	1,008,279
81,862	0	3,150,951
<hr/>	<hr/>	<hr/>
\$7,999,226	\$907,051	\$13,997,493
<hr/>	<hr/>	<hr/>

VILLAGE OF DUNDEE

*Combined Statement of Activities
Component Units
Year Ended February 28, 2018*

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority				
Public Works	\$150,046	\$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	101,109	0	0	0
Total	<u>258,767</u>	<u>0</u>	<u>0</u>	<u>0</u>
Economic Development Corporation				
Public Works	278,353	0	0	0
Interest on long term debt	228,402	0	0	0
Total	<u>506,755</u>	<u>0</u>	<u>0</u>	<u>0</u>
Brownfield Redevelopment Corporation				
Public Works	<u>17,213</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total component units	<u>\$932,981</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
		General revenues:		
		Property taxes		
		Local community stabilization share		
		Interest		
		Other		
		Debt forgiveness		
		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
(\$150,046)					(\$150,046)
	(\$200)				(200)
		(\$157,658) (101,109) <u>(258,767)</u>			(258,767)
			(\$278,353) (228,402) <u>(506,755)</u>		(506,755)
				(\$17,213)	(17,213)
(150,046)	(200)	(258,767)	(506,755)	(17,213)	(932,981)
171,666	0	675,453	0	47,375	894,494
8,509	0	530,685	0	0	539,194
129	193	1,629	132	780	2,863
37,389	0	0	0	0	37,389
0	0	0	12,335,065	0	12,335,065
0	(500)	(403,850)	0	0	(404,350)
217,693	(307)	803,917	12,335,197	48,155	13,404,655
67,647	(507)	545,150	11,828,442	30,942	12,471,674
185,128	222,909	4,070,889	(3,829,216)	876,109	1,525,819
<u>\$252,775</u>	<u>\$222,402</u>	<u>\$4,616,039</u>	<u>\$7,999,226</u>	<u>\$907,051</u>	<u>\$13,997,493</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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, 2018

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, 2018

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, 2018*

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, 2015 Vactor Installment Loan, and 2016 Polaris Lease Purchase.

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, 2018*

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, 2018

Note 2 Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position (Continued)

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

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

Works of Art, Historical Treasures, and Similar Assets

The Village has several historical artifacts and works of art that are presented for public exhibition, protected, kept unencumbered, cared for, and preserved by its Historical Commission. Village policy requires the proceeds from sales of collection items to be used to acquire other items for collections. 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, 2018*

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, 2018*

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, 2018*

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, 2018, the carrying amount of deposits (cash, certificates of deposits, checking accounts, savings accounts and money markets) for the government and component units were \$13,659,682 and \$3,384,344, respectively. The combined bank balance was \$17,425,305. The Village's deposits are insured by the FDIC in the amount of \$436,032, with uninsured deposits of \$16,989,272. 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, 2018*

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	\$6,025,804	\$6,823,626	\$12,849,430	\$45,531	\$3,560,337
Restricted Cash	-	810,252	810,252	-	124,007
	<u>\$6,025,804</u>	<u>\$7,633,878</u>	<u>\$13,659,682</u>	<u>\$45,531</u>	<u>\$3,684,344</u>

Note 5 Interfund Receivable, Payable and Transfers

Interfund receivable and payable balances as of February 28, 2018 were:

	Interfund Receivables	Interfund Payables
General Fund:		
Major Street Fund	\$22,660	
Local Street Fund	17,099	
Tax	2,084	
Water Fund	9,256	
Sewer Fund	13,590	
A/P T&A Fund:	63	
Payroll Fund	27	
Building Fund	600	
Downtown Development Authority	40,112	\$34,285
Industrial Park and Equipment Purchase Fund		5,000
Municipal Street Fund		15
Brownfield Debt Fund		2,221
Municipal Street Fund:		
Downtown Development Authority		4,486
Brownfield Redevelopment Authority		927
Tax Collection Fund	498	
General Fund	15	
Major Street Fund:		
Local Street Fund	121	
General Fund		22,660
Local Street Fund:		
General Fund		17,099
Major Street Fund		121
Building Fund		
General Fund		600
Parks and Recreation Fund		
Downtown Development Authority	200	
Downtown Development Authority		
General Fund	34,285	40,112
Municipal Street Fund	4,486	
A/P T&A Fund	9,635	
Parks and Recreation Fund		200

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2018

Note 5 Interfund Receivable, Payable and Transfers (Continued)
Interfund receivable and payable balances as of February 28, 2018 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Brownfield Redevelopment Authority		
General Fund	\$2,221	
Municipal Street Fund	927	
Industrial Park/Equipment Purchase Fund:		
General Fund	5,000	
Sewer Enterprise Fund		\$62,291
Sewer Separation and Street Rehabilitation Fund:		
Sewer Enterprise Fund	500	
Tax Fund:		
General Fund		2,084
Municipal Street Fund		498
W/S T & A:		
Sewer Fund		6,702
Water Fund		3,824
Payroll Fund:		
General Fund		27
Water Fund:		
W/S T & A	3,824	
Sewer Fund		8,570
General Fund		9,256
A/P T&A Fund:		
General Fund		63
Municipal Street Fund		9,635
Sewer Fund:		
General Fund		13,590
Sewer Separation and Street Rehabilitation Fund		500
Industrial Park/Equipment Purchase Fund	62,291	
Water Fund	8,570	
W/S T & A Fund	6,702	
	<u>\$244,766</u>	<u>\$244,766</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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	Parks and Recreation Fund	\$13,000	(2)
	Historical Commission Fund	37,000	(2)
	2016 Polaris Lease Purchase	9,384	(1)
	2015 Vactor Installment Loan	34,290	(3)
	2013 Refunding General Obligation	220,000	(3)
	2006 Capital Improvement		
	General Obligation	96,500	(3)
	2014 Honeywell Installment	<u>42,603</u>	(3)
Total General Fund		452,777	
Municipal Street Fund	Major Street Fund	200,000	(4)
	Local Street Fund	<u>170,000</u>	(4)
Total Municipal Street Fund		370,000	
Major Street Fund	General Fund	1,000	(5)
Local Street Fund	2008 Special Assessment Bonds (Pearl Street)	20,000	(3)
	Major Street Fund	15,000	(4)
	General Fund	1,000	(5)
	2008 Special Assessment Bonds (Oak/Plank)	<u>8,037</u>	(3)
	Total Local Street Fund		44,037
Building Fund	General Fund	10,000	(5)
Sewer Enterprise Fund	Sewer Separation and Street Rehabilitation Fund	3,000	(6)
	2014 Honeywell Installment Fund	<u>17,401</u>	(3)
Total Sewer Enterprise Fund		20,401	
LDFA #3 - Global Engine Alliance	General Fund	11,000	(5)
	LDFA #3 Debt Fund	488,300	(3)
	Sewer Enterprise Fund	<u>392,850</u>	(3)
Total LDFA #3 Fund		892,150	

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 5 Interfund Receivable, Payable and Transfers (Concluded)

Funds Transferred From	Funds Transferred To	Amount
LDFA - Water Plant	General Fund	\$500 (5)
Total		\$1,790,865

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, 2016 amounted to \$177,429,938 which was based on a percentage of the fair market value of the assessed property. The 2017 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, 2018*

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, 2018, the Downtown Development Fund recorded \$171,666 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, 2018, 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, 2018, the Local Development Finance Authority (Global Engine Project) recorded \$675,453 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, 2018, the Authority recorded \$47,375 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 \$497,870.

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 9 Capital Assets

Capital asset activity for the year ended February 28, 2018 was as follows:

	<u>Balance</u> <u>March 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>February 28, 2018</u>
<u>Governmental Activities</u>				
Capital assets not depreciated:				
Land	\$574,044	\$97,689	\$0	\$671,733
Capital assets being depreciated				
Land improvements	106,686	0	0	106,686
Infrastructure, roads, drains, and storm sewer	16,449,758	0	0	16,449,758
Buildings	4,416,241	0	0	4,416,241
Improvements other than buildings	1,636,756	0	0	1,636,756
Equipment	455,045	0	0	455,045
Vehicles	849,752	82,297	0	932,049
Totals at historical cost	<u>24,488,282</u>	<u>179,986</u>	<u>0</u>	<u>24,668,268</u>
Less accumulated depreciation for				
Land improvements	(29,559)	(5,335)		(34,894)
Infrastructure, roads, drains, and storm sewer	(4,322,264)	(499,103)	0	(4,821,367)
Buildings	(1,523,104)	(139,243)	0	(1,662,347)
Improvements other than buildings	(969,262)	(50,429)	0	(1,019,691)
Equipment	(405,569)	(15,868)	0	(421,437)
Vehicles	(625,213)	(74,337)	0	(699,550)
Total accumulated depreciation	<u>(7,874,971)</u>	<u>(784,315)</u>	<u>0</u>	<u>(8,659,286)</u>
Net capital assets	<u>\$16,613,311</u>	<u>(\$604,329)</u>	<u>\$0</u>	<u>\$16,008,982</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$602,317
Public safety	12,590
Public works	108,745
Culture and recreation	60,663
Total depreciation expense	<u>\$784,315</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 9 Capital Assets (Continued)

	<u>Balance</u>			<u>Balance</u>
	<u>March 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>February 28, 2018</u>
<u>Business-type Activities</u>				
Capital assets not depreciated:				
Land	\$131,566	\$0	\$0	\$131,566
Construction in process	7,656,202	2,957,528	7,372,832	3,240,898
Capital assets being depreciated:				
Vehicles and equipment	625,423	0	0	625,423
Buildings and improvements	19,653,040	0	0	19,653,040
Water and sewer lines	13,105,680	7,372,832	0	20,478,512
Totals at historical costs	<u>41,171,911</u>	<u>10,330,360</u>	<u>7,372,832</u>	<u>44,129,439</u>
Less accumulated depreciation for:				
Vehicles and equipment	(482,143)	(33,186)	0	(515,329)
Buildings and improvements	(9,176,802)	(552,088)	0	(9,728,890)
Water and sewer lines	(5,329,351)	(477,777)	0	(5,807,128)
Total accumulated depreciation	<u>(14,988,296)</u>	<u>(1,063,051)</u>	<u>0</u>	<u>(16,051,347)</u>
Business-Type Activities - Net				
Capital Assets	<u>\$26,183,615</u>	<u>\$9,267,309</u>	<u>\$7,372,832</u>	<u>\$28,078,092</u>

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

Water	\$323,404
Sewer	<u>739,647</u>
Total depreciation expense	<u>\$1,063,051</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 9 Capital Assets (Concluded)

	Balance March 1, 2017	Additions	Deletions	Balance February 28, 2018
<u>Economic Development Corporation</u>				
Capital assets not depreciated:				
Land	\$3,300,000	\$0	\$0	\$3,300,000
Capital assets being depreciated:				
Water and sewer lines	2,396,074	0	0	2,396,074
Storm Sewers	1,830,690	0	0	1,830,690
Streets and ramps	4,827,935	0	0	4,827,935
Totals at historical costs	12,354,699	0	0	12,354,699
Less accumulated depreciation for:				
Water and sewer lines	(718,823)	(47,921)	0	(766,744)
Storm Sewers	(549,206)	(36,612)	0	(585,818)
Streets and ramps	(2,891,653)	(193,120)	0	(3,084,773)
Totals accumulated depreciation	(4,159,682)	(277,653)	0	(4,437,335)
EDC - Net Capital Assets	\$8,195,017	(\$277,653)	\$0	\$7,917,364
Depreciation expense charged to public works		\$277,653		
<u>LDFA #3 Global Engine Project</u>				
Capital assets not depreciated:				
Construction in process	\$0	\$0	\$0	\$0
Capital assets being depreciated:				
Infrastructure Improvements	6,267,513	0	0	6,267,513
Totals at historical costs	6,267,513	0	0	6,267,513
Less accumulated depreciation for:				
Improvements	(1,594,456)	(157,158)	0	(1,751,614)
LDFA #3 - Net Capital Assets	\$4,673,057	(\$157,158)	\$0	\$4,515,899
Depreciation expense charged to public works		\$157,158		

**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, 2018

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, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>10</u>
Total employees covered by MERS	<u><u>26</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, 2017, the Village's average contribution was 17.38% 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: 2.5%

Salary Increases: 3.75% in the long term

Investment rate of return: 7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. 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, 2018

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

Actuarial Assumptions (Concluded)

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment, and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability is 8.00%. 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, 2018 was determined using a measure of the total pension liability and the plan fiduciary net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of December 31, 2016.

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2018

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 12/31/16	\$4,000,782	\$2,342,009	\$1,658,773
Service cost	45,837	0	45,837
Interest on total pension liability	308,907	0	308,907
Difference between expected and actual experience	0	0	0
Changes in assumptions	(9,767)	0	(9,767)
Employer contributions	0	74,930	(74,930)
Employee contributions	0	30,851	(30,851)
Net investment income	0	296,358	(296,358)
Benefit payments, including employee refunds	(324,726)	(324,726)	0
Administrative expense	0	(4,715)	4,715
Other changes	22,951	0	22,951
Net changes	43,202	72,698	(29,496)
Balances as of 12/31/17	\$4,043,984	\$2,414,707	\$1,629,277

Of total net pension liability of \$1,629,277 at 12/31/17, \$1,294,786 has been allocated to governmental activities, \$203,334 has been allocated to the Sewer Department, and \$131,157 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, 2018, the Village recognized pension expense of \$177,887. At February 28, 2018, 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	\$0	\$47,866
Differences in experience	6,712	0
Differences in assumptions	87,376	0
Employer contributions to the plan subsequent to the measurement date	13,164	0
	\$107,252	\$47,866

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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, \$85,233 has been allocated to governmental activities, \$13,385 has been allocated to the Water Department, and \$8,634 has been allocated to the Sewer Department.

Of the total deferred inflows of resources, \$38,039 has been allocated to governmental activities, \$5,974 has been allocated to the Water Department, and \$3,853 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 (\$13,164), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

Year ended February 28,	Amount
2019	\$55,449
2020	55,449
2021	(41,087)
2022	(23,589)

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	\$1,629,277	\$1,295,190

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, 2018*

Note 11 Long-Term Debt

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

	<u>Balance February 28, 2017</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 28, 2018</u>	<u>Due Within One Year</u>
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest from 3.00% to 4.50%.	\$276,690	\$0	\$35,000	\$241,690	\$41,690
2009 Monroe County Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest from 3.00% to 4.875%.	2,985,000	0	95,000	2,890,000	95,000
2010 Monroe County Water Limited Tax General Obligation Refunding Bonds, bearing interest from 2.00% to 4.25%.	2,270,000	0	145,000	2,125,000	205,000
2012 Monroe County Sewage Disposal System Limited Tax General Obligation Refunding Bonds, bearing interest at 2.42%.	2,520,000	0	335,000	2,185,000	345,000
2015 Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest at 2.50%.	4,378,891	177,152	335,000	4,221,043	190,000
2017 Sewage Disposal System Limited Tax General Obligation Bonds, bearing interest at 2.50%.	<u>0</u>	<u>3,315,697</u>	<u>0</u>	<u>3,315,697</u>	<u>0</u>
Total Bonds and Contracts	12,430,581	3,492,849	945,000	14,978,430	876,690
Unamortized Issuance Discount	(50,456)	0	(4,443)	(46,013)	(4,443)
Compensated Absences	<u>10,135</u>	<u>7,300</u>	<u>10,135</u>	<u>7,300</u>	<u>10,135</u>
Total Business-type Activities	<u>12,390,260</u>	<u>3,500,149</u>	<u>950,692</u>	<u>14,939,717</u>	<u>882,382</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 11 Long-Term Debt (Continued)

	<u>Balance February 28, 2017</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 28, 2018</u>	<u>Due Within One Year</u>
2001 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 4.45%	\$15,000	\$ 0	\$15,000	\$0	\$0
2015 Installment purchase agreement with US Bank for the purchase of a 2011 Vactor truck Payments are made annually With interest at 2.760%.	186,935	0	29,065	157,870	29,877
2006 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 3.75% to 4.50%.	845,000	0	60,000	785,000	65,000
2008 Special Assessment Limited Tax General Obligation Bonds, (Pearl) bearing interest at 2.75% to 4.25%.	31,250	0	15,000	16,250	16,250
2017 Installment lease purchase agreement with TCF Equipment Finance for the lease purchase of a 2016 Polaris Ranger Payments are made annually with interest at 7.18%.	0	26,150	9,227	16,923	8,168

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 11 Long-Term Debt (Continued)

	Balance February 28, 2017	Additions	Retired	Balance February 28, 2018	Due Within One Year
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 2.75% to 4.50%	\$122,060	\$0	\$15,000	\$107,060	\$17,060
2008 Special Assessment Limited Tax General Obligation Bonds, (Oak/Plank) bearing interest at 4.50%.	200,000	0	25,000	175,000	25,000
2008 Capital Improvement Limited Tax General Obligation Bonds, bearing interest at 4.50%	70,000	0	5,000	65,000	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 %	1,120,000	0	195,000	925,000	200,000
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%	593,720	0	41,598	552,122	42,887
Total Bonds and Installment Obligations	3,183,965	26,150	409,890	2,800,225	409,242
Compensated Absences	42,152	51,564	42,152	51,564	51,564
Total Governmental Activities	3,226,117	77,714	452,042	2,851,789	460,806

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 11 Long-Term Debt (Continued)

	<u>Balance February 28, 2017</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance February 28, 2018</u>	<u>Due Within One Year</u>
Economic Development Component Unit note payable to Cabela's Retail, Inc. Payments to be made annually starting 2003 and continuing for sixteen years. Payment amount is based on tax revenues.	\$12,335,065	\$0	\$12,335,065	\$0	\$0
Local Development Finance Authority Component Unit 2005 Global Engine Refunding Bonds, bearing interest from 3.50% to 4.50%. (Tax Exempt)	1,145,000	0	145,000	1,000,000	150,000
2004 Local Development Finance Authority Monroe Bank & Trust Bonds, bearing interest from 4.00% to 5.00%. (Tax Exempt)	175,000	0	25,000	150,000	25,000
2013 Local Development Finance Authority Advance Refunding Monroe Bank & Trust Bonds, bearing interest from 1.25% to 3.75% (Tax Exempt)	<u>1,660,000</u>	<u>0</u>	<u>215,000</u>	<u>1,445,000</u>	<u>225,000</u>
Total Bonds and Contracts	15,685,065	0	12,720,065	2,595,000	400,000
Unamortized Issuance Discount	<u>(11,200)</u>	<u>0</u>	<u>(1,600)</u>	<u>(9,600)</u>	<u>(1,600)</u>
Total Component Unit	<u>15,303,865</u>	<u>0</u>	<u>12,718,465</u>	<u>2,585,400</u>	<u>398,400</u>
Total	<u>\$30,920,242</u>	<u>\$3,577,863</u>	<u>\$14,121,199</u>	<u>\$20,376,906</u>	<u>\$1,741,588</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 11 Long-Term Debt (Continued)

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>
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>\$241,690</u>	<u>\$31,986</u>	<u>\$273,676</u>

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>
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>\$2,890,000</u>	<u>\$1,382,633</u>	<u>\$4,272,633</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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>
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
	2,125,000	396,881	2,521,881

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>
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
	\$2,185,000	\$161,837	\$2,346,837

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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, 2018, total draws from the State Revolving fund Loan Program were \$4,556,043. Of this amount \$150,000 of principal was forgiven through the State Revolving Fund.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2019	\$190,000	\$103,140	\$293,140
2020	180,000	98,526	278,526
2021	185,000	93,963	278,963
2022	190,000	89,276	279,276
2023	195,000	84,564	279,564
2024	200,000	79,526	279,526
2025	205,000	74,464	279,464
2026	210,000	68,276	278,276
2027	215,000	63,964	278,964
2028	220,000	58,526	278,526
2029	225,000	52,964	277,964
2030	230,000	47,276	277,276
2031	235,000	41,464	276,464
2032	240,000	35,526	275,526
2033	250,000	29,401	279,401
2034	255,000	23,089	278,089
2035	260,000	16,651	276,651
2036	265,000	10,089	275,089
2037	271,043	3,388	274,431
	<u>\$4,221,043</u>	<u>\$1,074,073</u>	<u>\$5,001,976</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 11 Long-Term Debt (Continued)

2017 Sewage Disposal System Junior Lien Revenue Bonds, Series 2017(2017 Sanitary Sewer Collection System and Plant Improvements) April 10, 2017, as part of a State Revolving Loan Funded Project, in the aggregate amount of \$8,050,000 for the purpose of acquisition, construction, furnishing, and equipping of improvements to the existing sewage disposal system in the Village of Dundee. As of February 28, 2018, total draws from the State Revolving fund Loan Program were \$3,315,697.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2019	\$0	\$56,051	\$56,051
2020	315,000	66,192	381,192
2021	320,000	58,317	378,317
2022	330,000	50,317	380,317
2023	335,000	42,067	377,067
2024	345,000	33,692	378,692
2025	355,000	25,067	380,067
2026	365,000	16,192	381,192
2027	375,000	10,352	385,352
2028	380,000	7,192	387,192
2029	195,697	2,447	198,144
	<u>\$3,315,697</u>	<u>\$367,886</u>	<u>\$3,627,532</u>

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

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2019	\$29,877	\$4,413	\$34,290
2020	30,712	3,578	34,290
2021	97,281	2,719	100,000
	<u>\$157,870</u>	<u>\$10,710</u>	<u>\$168,580</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 11 Long-Term Debt (Continued)

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>
2019	\$65,000	\$33,351	\$98,351
2020	65,000	30,573	95,573
2021	70,000	27,653	97,653
2022	75,000	24,480	99,480
2023	75,000	21,161	96,161
2024	80,000	17,712	97,712
2025	85,000	14,041	99,041
2026	85,000	10,237	95,237
2027	90,000	6,301	96,301
2028	95,000	2,138	97,138
	<u>\$785,000</u>	<u>\$187,647</u>	<u>\$972,647</u>

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

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2019	<u>\$16,250</u>	<u>\$691</u>	<u>\$16,941</u>

2017 Lease Purchase agreement with TCF Equipment Finance dated June 9, 2017 for \$26,150 to finance the purchase of a 2016 Polaris Ranger.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2019	\$8,168	\$1,216	\$9,384
2020	8,755	629	9,384
	<u>\$16,923</u>	<u>\$1,845</u>	<u>\$18,768</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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>
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>\$107,060</u>	<u>\$15,063</u>	<u>\$122,123</u>

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>
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>\$175,000</u>	<u>\$27,564</u>	<u>\$202,564</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>
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>\$65,000</u>	<u>\$10,913</u>	<u>\$75,913</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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>
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>\$925,000</u>	<u>\$71,759</u>	<u>\$996,759</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2018

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>
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>\$552,122</u>	<u>\$107,911</u>	<u>\$660,033</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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>
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>\$1,000,000</u>	<u>\$137,406</u>	<u>\$1,137,406</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>
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>\$150,000</u>	<u>\$21,938</u>	<u>\$171,938</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.

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>
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>\$1,445,000</u>	<u>\$156,781</u>	<u>\$1,601,781</u>

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

Note 11 **Long-Term Debt (Concluded)**

The annual requirements to pay principal and interest on the long-term debt outstanding at February 28, 2018, 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>
2019	\$876,690	\$428,136	\$1,304,826
2020	1,200,000	412,767	1,612,767
2021	1,240,000	378,212	1,618,212
2022	1,275,000	342,048	1,617,048
2023	1,320,000	303,952	1,623,952
2024-2028	5,070,000	995,048	6,065,048
2029-2033	2,440,697	465,121	2,905,818
2034-2038	1,556,043	77,957	1,634,000
	<u>\$14,978,430</u>	<u>\$3,403,241</u>	<u>\$18,381,671</u>

Governmental Activities:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$409,242	\$90,968	\$500,210
2020	398,684	77,822	476,506
2021	472,868	64,933	537,801
2022	217,001	52,294	269,295
2023	223,458	44,029	267,487
2024-2028	1,020,774	102,252	1,123,026
2029-2033	58,198	1,805	60,003
	<u>\$2,800,225</u>	<u>\$434,103</u>	<u>\$3,234,328</u>

Component Units:

<u>Fiscal Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	455,000	28,812	483,812
2024-2028	475,000	9,756	484,756
	<u>\$2,595,000</u>	<u>\$316,125</u>	<u>\$2,911,125</u>

VILLAGE OF DUNDEE

Notes to Financial Statements
Year Ended February 28, 2018

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>
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>
2019	\$6,470
2020	6,470
2021	6,470

Lease expense for the year ended February 28, 2018 was \$11,878.

Total annual lease commitments over the next three years are as follows:

<u>Fiscal Year</u>	<u>Annual Requirements</u>
2019	\$11,878
2020	11,878
2021	11,878

VILLAGE OF DUNDEE

*Notes to Financial Statements
Year Ended February 28, 2018*

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, 2018 follows:

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues	\$3,639,811	\$1,511,052	\$2,304,798
Depreciation and amortization	1,067,494	326,297	741,197
Operating income (loss)	805,884	240,800	565,084
Net income (loss) before contributions and transfers	683,572	271,436	412,136
Property and equipment additions	2,921,883	0	2,921,883
Bonds and contracts payables	14,932,417	2,224,632	12,707,785
Net working capital	6,696,755	2,692,473	4,004,282
Total assets	36,585,596	9,345,786	27,239,810
Total net position	20,714,620	6,832,229	13,882,391

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 \$7,300 in the Water and Sewage Disposal Enterprise Fund at February 28, 2018. Vacation pay of approximately \$51,564 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, 2018, 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, 2018*

Note 18 Excess of Expenditures over Appropriations

During the year ended February 28, 2018, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
General Fund	\$1,882,316	\$1,940,713	\$58,397

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 they remain in the Village’s plan) will be approximately \$400,000.

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

Note 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, 2018

Note 22 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, 2018, the Village abated property taxes totaling approximately \$168,212 under these programs.

Note 23 Principal Forgiveness – State Revolving Fund Loans

Subsequent to a final disbursement dated February 15, 2018, the Village completed State Revolving Fund Loan Project SRF Project No. 5609-01 with total loan proceeds of \$4,556,043. This project received assistance from the federal fiscal year 2013 appropriations law (P.L. 112-74) and included loan principal forgiveness of \$150,000. This amount is recognized as a Non-Operating Revenue on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as principal forgiveness on state revolving fund loans.

Note 24 Principal Forgiveness - Economic Development Corporation

As part of a Development and Interlocal Agreement made and entered into as of December 1, 1999 by Cabela's, The Economic Development Corporation of the Village of Dundee, the Village of Dundee, the County of Monroe, and the Monroe County Community College, \$12,335,065 of Limited Obligation Revenue bonds were issued by the Economic Development Corporation of the Village of Dundee. These bonds were issued to finance the construction of infrastructure improvements, ramp improvements, acquisition of land, and various other related costs to assist Cabela's in the financing of its projects. The bonds were funded by Cabela's and payments were to be made based in the incremental tax revenues collected from properties within the Cabela's project area.

On or before June 30th of each year, beginning on June 30, 2001 and ending June 30, 2017, the Economic Development Corporation of the Village paid Cabela's the incremental tax revenue it received from the Village of Dundee General and Municipal Funds, the County of Monroe, and the Monroe County Community College. Since the interest on the principal amount was 8.5% per annum, there was not enough tax revenue collected to be applied to the principal amount of the bonds.

The agreement states the bonds shall be deemed to have been paid in full on June 30, 2017 if all of the property taxes due have been paid in full by the owners of the property and the Government Units have paid all Incremental Revenues to the issuer (the Economic Development Corporation of the Village of Dundee). The agreement also states that the Village is not liable for payment of the bond and the bond shall not be a debt of the Village, as that term is described in the Michigan Constitution and laws.

Since all of the bonds are deemed to have been paid as of June 30, 2017, debt forgiveness of \$12,335,065 has been recognized in the Statement of Activities for the Economic Development Corporation.

Note 25 Subsequent Events

The Village's management evaluated subsequent events from February 28, 2018 through July 14, 2018, 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, 2018*

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes:				
Property taxes	\$1,371,300	\$1,008,445	\$1,049,426	\$40,981
Local community stabilization share	90,000	90,000	270,946	180,946
	<u>1,461,300</u>	<u>1,098,445</u>	<u>1,320,372</u>	<u>221,927</u>
Licenses and permits:				
Business licenses and permits	62,025	62,025	72,771	10,746
State grants:				
State revenue sharing	315,000	315,000	334,444	19,444
Liquor license fees	4,600	4,600	5,281	681
Department of justice	33,000	33,000	30,719	(2,281)
	<u>352,600</u>	<u>352,600</u>	<u>370,444</u>	<u>17,844</u>
Fines and forfeits:				
Fines	30,000	30,000	29,286	(714)
Interest and rentals:				
Interest	3,250	3,250	6,800	3,550
Equipment rental	180,000	180,000	221,320	41,320
Building rental	12,996	12,996	14,015	1,019
	<u>196,246</u>	<u>196,246</u>	<u>242,135</u>	<u>45,889</u>
Other revenue:				
Other revenue	71,700	71,700	131,309	59,609
	<u>71,700</u>	<u>71,700</u>	<u>131,309</u>	<u>59,609</u>
Total Revenues	2,173,871	1,811,016	2,166,317	355,301
Expenditures				
Legislative:				
Village president and council	18,775	18,775	15,372	3,403
General government:				
Village manager	59,253	59,253	62,748	(3,495)
Attorney	10,000	10,000	6,323	3,677
Accounting	7,200	7,200	7,000	200
Clerk - staff	121,930	121,930	109,176	12,754
Treasurer	670	670	443	227
Village hall and grounds	53,395	53,395	36,418	16,977
	<u>252,448</u>	<u>252,448</u>	<u>222,108</u>	<u>30,340</u>

VILLAGE OF DUNDEE

*General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures (Concluded)				
Public safety:				
Police protection	\$542,280	\$542,280	\$571,469	(\$29,189)
Blight inspector	2,010	2,010	1,937	73
Street lights	125,000	125,000	124,357	643
Building safety - fire warden	800	800	691	109
Engineering	35,522	35,522	33,251	2,271
	<u>705,612</u>	<u>705,612</u>	<u>731,705</u>	<u>(26,093)</u>
Public works	292,200	292,200	364,444	(72,244)
Economic development	74,600	74,600	116,435	(41,835)
Insurance (Bonds & Liability)	34,000	34,000	37,872	(3,872)
	<u>1,377,635</u>	<u>1,377,635</u>	<u>1,487,936</u>	<u>(110,301)</u>
Excess (Deficiency) of Revenues over Expenditures	796,236	433,381	678,381	245,000
Other Financing Sources (Uses)				
Proceeds from lease purchase agreement	0	0	26,150	26,150
Operating transfers in	71,300	71,300	23,500	(47,800)
Operating transfers out	(867,536)	(504,681)	(452,777)	51,904
Total Other Financing Sources (Uses)	<u>(796,236)</u>	<u>(433,381)</u>	<u>(403,127)</u>	<u>30,254</u>
Net Change in Fund Balance	0	0	275,254	275,254
Fund Balances - Beginning of Year	0	0	2,043,812	2,043,812
Fund Balances - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,319,066</u>	<u>\$2,319,066</u>

VILLAGE OF DUNDEE

*Municipal Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$423,500	\$312,200	\$433,799	\$121,599
Interest	500	500	892	392
Other	8,000	8,000	26,373	18,373
Total Revenues	432,000	320,700	461,064	140,364
Expenditures				
Public works:				
Construction	40,000	40,000	50,489	(10,489)
Administration and engineering	3,700	3,700	1,100	2,600
Total Expenditures	43,700	43,700	51,589	(7,889)
Excess (Deficiency) of Revenues over Expenditures	388,300	277,000	409,475	132,475
Other Financing Sources (Uses)				
Operating transfers out	(787,528)	(676,228)	(370,000)	306,228
Net Change in Fund Balance	(399,228)	(399,228)	39,475	438,703
Fund Balance - Beginning of Year	399,228	399,228	943,637	544,409
Fund Balance - End of Year	\$0	\$0	\$983,112	\$983,112

VILLAGE OF DUNDEE

*Major Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	<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	\$230,000	\$230,000	\$319,620	\$89,620
Other state source	21,000	21,000	0	(21,000)
Interest	400	400	1,073	673
Other	31,587	31,587	36,959	5,372
Total Revenues	<u>282,987</u>	<u>282,987</u>	<u>357,652</u>	<u>74,665</u>
Expenditures				
Public works:				
Construction	575,653	575,653	12,671	562,982
Routing maintenance - roads and streets	159,900	159,900	181,928	(22,028)
Traffic services - maintenance	5,839	5,839	841	4,998
Winter maintenance	32,189	32,189	54,852	(22,663)
Roadside parks and parkways	47,050	47,050	73,978	(26,928)
Administration, engineering and recordkeeping	37,150	37,150	27,710	9,440
Total Expenditures	<u>857,781</u>	<u>857,781</u>	<u>351,980</u>	<u>505,801</u>
Excess (Deficiency) of Revenues over Expenditures	(574,794)	(574,794)	5,672	580,466
Other Financing Sources (Uses)				
Operating transfers in	451,596	451,596	215,000	(236,596)
Operating transfer out	(1,000)	(1,000)	(1,000)	0
Total Other Financing Sources (Uses)	<u>450,596</u>	<u>450,596</u>	<u>214,000</u>	<u>(236,596)</u>
Net Change in Fund Balance	(124,198)	(124,198)	219,672	343,870
Fund Balance - Beginning of Year	<u>124,198</u>	<u>124,198</u>	<u>1,152,659</u>	<u>1,028,461</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$1,372,331</u>	<u>\$1,372,331</u>

VILLAGE OF DUNDEE

*Local Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
State grants:				
Gas and weight tax	\$80,000	\$80,000	\$112,266	\$32,266
Interest	140	140	193	53
Other revenues	<u>31,729</u>	<u>31,729</u>	<u>31,894</u>	<u>165</u>
Total Revenues	111,869	111,869	144,353	32,484
Expenditures				
Public works:				
Construction - contractual services	18,415	18,415	2,555	15,860
Routing maintenance - roads and streets	156,861	156,861	176,448	(19,587)
Traffic services - maintenance	1,556	1,556	418	1,138
Winter maintenance	26,712	26,712	42,124	(15,412)
Administration, engineering and recordkeeping	<u>42,307</u>	<u>42,307</u>	<u>27,607</u>	<u>14,700</u>
Total Expenditures	<u>245,851</u>	<u>245,851</u>	<u>249,152</u>	<u>(3,301)</u>
Excess (Deficiency) of Revenues over Expenditures	(133,982)	(133,982)	(104,799)	29,183
Other Financing Sources (Uses)				
Operating transfers in	193,632	193,632	170,000	(23,632)
Operating transfers out	<u>(59,650)</u>	<u>(59,650)</u>	<u>(44,037)</u>	<u>15,613</u>
Total Other Financing Sources (Uses)	<u>133,982</u>	<u>133,982</u>	<u>125,963</u>	<u>(8,019)</u>
Net Change in Fund Balance	0	0	21,164	21,164
Fund Balance - Beginning of Year	<u>0</u>	<u>0</u>	<u>242,576</u>	<u>242,576</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$263,740</u>	<u>\$263,740</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)

	2017	2016	2015
Total Pension Liability			
Service Cost	\$45,837	\$45,172	\$42,319
Interest	308,907	292,091	288,145
Changes of Benefit Terms	0	0	0
Difference between expected and actual experience	(9,767)	28,075	0
Changes of assumptions	0	174,752	0
Benefit payments including employee refunds	(324,726)	(295,740)	(319,834)
Other	22,951	(19,992)	25,222
Net Change in Total Pension Liability	43,202	224,358	35,852
Total Pension Liability - Beginning of year	4,000,782	3,776,424	3,740,572
Total Pension Liability - End of year	\$4,043,984	\$4,000,782	\$3,776,424
Plan Fiduciary Net Position			
Contributions - employer	\$74,930	\$75,572	\$71,757
Contributions - employee	30,851	34,313	36,356
Net investment income	296,358	250,254	(35,054)
Administrative expenses	(4,715)	(4,949)	(5,342)
Benefit payments, including refunds	(324,726)	(295,740)	(319,834)
Other			
Net Change in Plan Fiduciary Net Position	72,698	59,450	(252,117)
Plan Fiduciary Net Position - Beginning of year	2,342,009	2,282,559	2,534,676
Plan Fiduciary Net Position - End of year	\$2,414,707	\$2,342,009	\$2,282,559
Township's Net Pension Liability - Ending	\$1,629,277	\$1,658,773	\$1,493,865
Plan Fiduciary Net Position as a percentage of Total Pension Liability	59.7%	58.5%	60.4%
Covered Employee Payroll	513,728	502,352	490,999
Township's Net Pension Liability as a percentage of Covered Employee Payroll	317.1%	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)*

	2017	2016	2015
Actuarial determined contributions	\$74,930	\$75,572	\$71,757
Contributions in relation to the actuarially determined contribution	74,930	75,572	71,757
Contribution deficiency (excess)	\$0	\$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, 2018*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Village president and council:				
President's fees/council fees	\$16,000	\$16,000	\$12,965	\$3,035
FICA expense	1,225	1,225	992	233
Computer/software	500	500	31	469
Travel/conferences	200	200	127	73
Telephone and internet	650	650	700	(50)
Miscellaneous	200	200	557	(357)
	<u>18,775</u>	<u>18,775</u>	<u>15,372</u>	<u>3,403</u>
Village manager:				
Manager's salary	38,600	38,600	40,526	(1,926)
FICA expense	2,953	2,953	3,120	(167)
Life insurance	600	600	594	6
Retirement	5,000	5,000	6,200	(1,200)
Supplies and postage	1,000	1,000	990	10
Conference and seminars	1,000	1,000	829	171
Telephone and internet	6,800	6,800	6,732	68
Travel expense	1,500	1,500	1,102	398
Dues	1,300	1,300	1,952	(652)
Miscellaneous	500	500	703	(203)
	<u>59,253</u>	<u>59,253</u>	<u>62,748</u>	<u>(3,495)</u>
Attorney:				
Legal advisor	10,000	10,000	6,323	3,677
Accounting	7,200	7,200	7,000	200
Clerk-staff:				
Fees elected	2,300	2,300	2,198	102
Wages clerical	56,000	56,000	59,127	(3,127)
FICA expense	4,500	4,500	4,717	(217)
Hospitalization insurance	12,000	12,000	10,841	1,159
Life insurance	500	500	249	251
Retirement contribution	17,000	17,000	14,127	2,873
Supplies	6,000	6,000	6,556	(556)
Computer/software costs	3,000	3,000	2,949	51
Contractual	4,000	4,000	749	3,251
Telephone and internet	5,000	5,000	4,629	371
Equipment maintenance	8,680	8,680	1,612	7,068

VILLAGE OF DUNDEE

General Fund
 Detailed Statement of Expenditures
 Budget and Actual (Continued)
 Year Ended February 28, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Clerk-staff (concluded):				
Publishing	\$500	\$500	\$686	(\$186)
Conferences and training	500	500	0	500
Miscellaneous	1,300	1,300	511	789
Dues	150	150	225	(75)
Capital outlay	500	500	0	500
	<u>121,930</u>	<u>121,930</u>	<u>109,176</u>	<u>12,754</u>
Treasurer:				
Supplies	220	220	216	4
Tax bill preparation	450	450	227	223
	<u>670</u>	<u>670</u>	<u>443</u>	<u>227</u>
Village hall and grounds:				
Utilities	15,000	15,000	14,296	704
Repairs and maintenance	38,395	38,395	22,122	16,273
	<u>53,395</u>	<u>53,395</u>	<u>36,418</u>	<u>16,977</u>
Police protection:				
Police salaries	377,670	377,670	382,939	(5,269)
FICA expense	29,000	29,000	29,455	(455)
Hospitalization insurance	22,320	22,320	43,254	(20,934)
Life insurance	250	250	415	(165)
Retirement	17,340	17,340	2,406	14,934
Supplies	5,000	5,000	18,093	(13,093)
Computer/software costs	2,000	2,000	3,447	(1,447)
Special assignment	1,000	1,000	0	1,000
Legal expenses	4,000	4,000	4,165	(165)
Contractual	500	500	0	500
Gas and oil	20,000	20,000	21,363	(1,363)
Auto maintenance	15,000	15,000	18,552	(3,552)
Dues	500	500	0	500
Conference and training	8,700	8,700	3,902	4,798
Radio maintenance	200	200	0	200
Telephone and internet	8,800	8,800	8,314	486
Utilities	3,000	3,000	2,793	207
Equipment	10,000	10,000	9,443	557
Miscellaneous	11,000	11,000	14,161	(3,161)
Uniform expense	6,000	6,000	8,767	(2,767)
	<u>542,280</u>	<u>542,280</u>	<u>571,469</u>	<u>(29,189)</u>

VILLAGE OF DUNDEE

*General Fund
Detailed Statement of Expenditures
Budget and Actual (Continued)
Year Ended February 28, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Blight inspector:				
Fees	\$1,800	\$1,800	\$1,800	\$0
FICA expense	140	140	137	3
Retirement	50	50	0	50
Supplies	20	20	0	20
	2,010	2,010	1,937	73
Street lighting:				
Street lights	125,000	125,000	124,357	643
Building safety - fire warden:				
Inspectors' fees	650	650	642	8
FICA expense	50	50	49	1
Supplies	100	100	0	100
	800	800	691	109
Engineering:				
Wages	15,500	15,500	14,363	1,137
FICA expense	1,132	1,132	1,122	10
Hospitalization insurance	0	0	0	0
Life insurance	0	0	0	0
Retirement	4,000	4,000	1,264	2,736
Supplies	2,350	2,350	3,535	(1,185)
Computer/software costs	5,800	5,800	9,176	(3,376)
Conferences and training	300	300	604	(304)
Telephone and internet	1,170	1,170	840	330
Equipment	4,970	4,970	1,074	3,896
Miscellaneous	300	300	1,273	(973)
	35,522	35,522	33,251	2,271

VILLAGE OF DUNDEE

General Fund
 Detailed Statement of Expenditures
 Budget and Actual (Concluded)
 Year Ended February 28, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public works:				
Maintenance wages	\$100,000	\$100,000	\$112,947	(\$12,947)
FICA expense	7,700	7,700	8,722	(1,022)
Hospitalization insurance	39,000	39,000	31,083	7,917
Life insurance	300	300	235	65
Retirement	25,000	25,000	23,009	1,991
Office supplies	1,000	1,000	1,172	(172)
Conferences and training	1,000	1,000	393	607
Telephone and internet	3,400	3,400	2,094	1,306
Gas and oil	16,000	16,000	19,090	(3,090)
Utilities	8,000	8,000	8,217	(217)
Building maintenance	13,100	13,100	14,213	(1,113)
Equipment maintenance	25,000	25,000	44,439	(19,439)
Tree trimming and purchases	15,000	15,000	6,000	9,000
Sanitation	1,900	1,900	1,449	451
Outside equipment rental	0	0	6,470	(6,470)
Miscellaneous	800	800	1,209	(409)
Uniform expense	4,000	4,000	1,405	2,595
New equipment	31,000	31,000	82,297	(51,297)
	<u>292,200</u>	<u>292,200</u>	<u>364,444</u>	<u>(72,244)</u>
Economic development:				
Contractual services	15,000	15,000	11,777	3,223
Community promotion	18,900	18,900	22,971	(4,071)
Legal	1,500	1,500	974	526
Engineering	1,000	1,000	0	1,000
Dues	5,000	5,000	4,866	134
Grounds	25,000	25,000	18,935	6,065
Supplies	200	200	1,325	(1,125)
Telephone and internet	6,200	6,200	5,408	792
Publishing	300	300	205	95
Advertising	500	500	114	386
Miscellaneous	1,000	1,000	1,016	(16)
Capital outlay	0	0	48,844	(48,844)
	<u>74,600</u>	<u>74,600</u>	<u>116,435</u>	<u>(41,835)</u>
Insurance (Bonds and Liability)	<u>34,000</u>	<u>34,000</u>	<u>37,872</u>	<u>(3,872)</u>
Total Expenditures	<u>\$1,377,635</u>	<u>\$1,377,635</u>	<u>\$1,487,936</u>	<u>(\$110,301)</u>

VILLAGE OF DUNDEE

*Combining Balance Sheet
Nonmajor Governmental Funds
February 28, 2018*

	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	\$7,141	\$13,463	\$196,992	\$340,342	\$583,110
Receivables:					
Delinquent taxes	0	0	0	0	0
Special assessments	0	0	0	0	0
Due from other funds	200	0	0	0	5,000
Prepaid insurance	0	113	214	0	0
Total Assets	\$7,341	\$13,576	\$197,206	\$340,342	\$588,110
Liabilities					
Accounts payable/retainage	\$300	\$18	\$1,193	\$0	\$0
Accrued wages	0	0	1,274	0	0
Due to other funds	0	0	600	0	62,291
Customer deposits	0	0	4,671	0	0
Total Liabilities	300	18	7,738	0	62,291
Deferred Inflows of Resources					
Special assessments	0	0	0	0	0
Fund Balance					
Nonspendable:					
Prepaid items	0	113	214	0	0
Restricted for:					
Building code enforcement	0	0	189,254	0	0
Assigned to:					
Culture and recreation	7,041	13,445	0	0	0
Special projects	0	0	0	0	525,819
Community and economic development	0	0	0	340,342	0
Debt service	0	0	0	0	0
Total Fund Balances	7,041	13,558	189,468	340,342	525,819
Total Liabilities, Deferred Inflows, and Fund Balances	\$7,341	\$13,576	\$197,206	\$340,342	\$588,110

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	2016 Polaris Installment Loan	Total Nonmajor Governmental Funds
\$7,985	\$22,886	\$1,711	\$26,295	\$91,079	\$3,130	\$8,128	\$0	\$0	\$1,302,262
0	0	0	656	660	0	0	0	0	1,316
0	0	0	0	116,545	0	0	0	0	116,545
0	0	0	0	0	0	0	0	0	5,200
0	0	0	0	0	0	0	0	0	327
<u>\$7,985</u>	<u>\$22,886</u>	<u>\$1,711</u>	<u>\$26,951</u>	<u>\$208,284</u>	<u>\$3,130</u>	<u>\$8,128</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,425,650</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,511
0	0	0	0	0	0	0	0	0	1,274
0	0	0	0	0	0	0	0	0	62,891
0	0	0	0	0	0	0	0	0	4,671
0	0	0	0	0	0	0	0	0	70,347
0	0	0	0	94,693	0	0	0	0	94,693
0	0	0	0	0	0	0	0	0	327
0	0	0	0	0	0	0	0	0	189,254
0	0	0	0	0	0	0	0	0	20,486
0	0	0	0	0	0	0	0	0	525,819
0	0	0	0	0	0	0	0	0	340,342
7,985	22,886	1,711	26,951	113,591	3,130	8,128	0	0	184,382
<u>7,985</u>	<u>22,886</u>	<u>1,711</u>	<u>26,951</u>	<u>113,591</u>	<u>3,130</u>	<u>8,128</u>	<u>0</u>	<u>0</u>	<u>1,260,610</u>
<u>\$7,985</u>	<u>\$22,886</u>	<u>\$1,711</u>	<u>\$26,951</u>	<u>\$208,284</u>	<u>\$3,130</u>	<u>\$8,128</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,425,650</u>

VILLAGE OF DUNDEE

*Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended February 28, 2018*

	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	5	10,158	156	307	516
Licenses and permits	0	0	231,243	0	0
Other revenues	18,468	24,000	0	0	0
Total Revenues	18,473	34,158	231,399	307	516
Expenditures					
Public safety	0	0	142,340	0	0
Public works	0	0	0	2,370	0
Culture and recreation	27,901	62,164	0	0	0
Debt service	0	0	0	0	0
Total Expenditures	27,901	62,164	142,340	2,370	0
Excess (Deficiency) of Revenues over Expenditures	(9,428)	(28,006)	89,059	(2,063)	516
Other Financing Sources (Uses)					
Operating transfers in	13,000	37,000	0	0	0
Operating transfers (out)	0	0	(10,000)	0	0
Total Other Financing Sources (Uses)	13,000	37,000	(10,000)	0	0
Net Change in Fund Balances	3,572	8,994	79,059	(2,063)	516
Fund Balances - Beginning of Year	3,469	4,564	110,409	342,405	525,303
Fund Balances - End of Year	<u>\$7,041</u>	<u>\$13,558</u>	<u>\$189,468</u>	<u>\$340,342</u>	<u>\$525,819</u>

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	2016 Polaris Installment Loan	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$0	\$22,894	\$0	\$0	\$0	\$0	\$22,894
2	22	3	716	8,115	13	9	0	0	20,022
0	0	0	0	0	0	0	0	0	231,243
0	0	0	0	0	0	0	0	0	42,468
2	22	3	716	31,009	13	9	0	0	316,627
0	0	0	0	0	0	0	0	0	142,340
0	0	0	0	0	0	0	0	0	2,370
0	0	0	0	0	0	0	0	0	90,065
0	15,459	95,916	35,911	42,019	219,438	60,003	34,290	9,384	512,420
0	15,459	95,916	35,911	42,019	219,438	60,003	34,290	9,384	744,825
2	(15,437)	(95,913)	(35,195)	(11,010)	(219,425)	(59,994)	(34,290)	(9,384)	(428,198)
0	0	96,500	20,000	8,037	220,000	60,004	34,290	9,384	498,215
0	0	0	0	0	0	0	0	0	(10,000)
0	0	96,500	20,000	8,037	220,000	60,004	34,290	9,384	488,215
2	(15,437)	587	(15,195)	(2,973)	575	10	0	0	57,647
7,983	38,323	1,124	42,146	116,564	2,555	8,118	0	0	1,202,963
<u>\$7,985</u>	<u>\$22,886</u>	<u>\$1,711</u>	<u>\$26,951</u>	<u>\$113,591</u>	<u>\$3,130</u>	<u>\$8,128</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,260,610</u>

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, 2018*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$2	\$2	\$5	\$3
Other revenue	<u>17,550</u>	<u>17,550</u>	<u>18,468</u>	<u>918</u>
Total Revenues	17,552	17,552	18,473	921
Expenditures				
Culture and recreation:				
Audit fees	600	600	500	100
Building maintenance	300	300	407	(107)
Programs	17,500	17,500	17,294	206
Park maintenance	4,000	4,000	2,996	1,004
Contractual	67,000	67,000	2,586	64,414
Utilities	1,800	1,800	1,737	63
Miscellaneous	<u>1,400</u>	<u>1,400</u>	<u>2,381</u>	<u>(981)</u>
Total Expenditures	<u>92,600</u>	<u>92,600</u>	<u>27,901</u>	<u>64,699</u>
Excess (Deficiency) of Revenues over Expenditures	(75,048)	(75,048)	(9,428)	65,620
Other Financing Sources (Uses)				
Operating transfers in	<u>75,048</u>	<u>75,048</u>	<u>13,000</u>	<u>(62,048)</u>
Net Change in Fund Balance	0	0	3,572	3,572
Fund Balance - Beginning of Year	<u>3,469</u>	<u>3,469</u>	<u>3,469</u>	<u>0</u>
Fund Balance - End of Year	<u>\$3,469</u>	<u>\$3,469</u>	<u>\$7,041</u>	<u>\$3,572</u>

VILLAGE OF DUNDEE

*Historical Commission Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and rentals:				
Interest	\$18	\$18	\$8	(\$10)
Rentals	5,000	5,000	10,150	5,150
Other revenue	10,000	24,000	24,000	0
Total Revenues	15,018	29,018	34,158	5,140
Expenditures				
Culture and recreation:				
Wages	15,000	15,000	17,200	(2,200)
FICA expense	1,148	1,148	1,316	(168)
Professional services	700	700	500	200
Bonds and insurance	370	370	113	257
Telephone & utilities	15,800	15,800	17,655	(1,855)
Building maintenance	10,000	30,000	23,862	6,138
Sanitation	1,500	1,500	1,223	277
Miscellaneous	500	500	295	205
Total Expenditures	45,018	65,018	62,164	2,854
Excess (Deficiency) of Revenues over Expenditures	(30,000)	(36,000)	(28,006)	7,994
Other Financing Sources (Uses)				
Operating transfers in	30,000	36,000	37,000	1,000
Net Change in Fund Balance	0	0	8,994	8,994
Fund Balance - Beginning of Year	4,564	4,564	4,564	0
Fund Balance - End of Year	\$4,564	\$4,564	\$13,558	\$8,994

VILLAGE OF DUNDEE

*Building Department Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Building fees	\$110,000	\$110,000	\$137,186	\$27,186
Electrical fees	15,000	15,000	36,850	21,850
Plumbing fees	15,000	15,000	19,151	4,151
Mechanical fees	13,000	13,000	31,281	18,281
Registration fees	2,000	2,000	2,925	925
Rental ordinance fee	175	175	0	(175)
Planning review fees	1,200	1,200	750	(450)
Zoning board authority fees	1,000	1,000	650	(350)
Interest	50	50	156	106
Other income	1,000	1,000	2,450	1,450
Total Revenues	158,425	158,425	231,399	72,974
Expenditures				
Public safety:				
Building department expenses	8,400	8,400	3,803	4,597
Building inspector	103,000	103,000	73,661	29,339
Electrical inspector	10,970	10,970	22,922	(11,952)
Mechanical inspector	10,104	10,104	21,958	(11,854)
Plumbing inspector	10,970	10,970	14,738	(3,768)
Zoning board of appeals	3,078	3,078	970	2,108
Planning commission	9,911	9,911	4,288	5,623
Total Expenditures	156,433	156,433	142,340	14,093
Excess (Deficiency) of Revenues over Expenditures	1,992	1,992	89,059	87,067
Other Financing Sources (Uses)				
Operating transfer (out)	(10,000)	(10,000)	(10,000)	0
Net Change in Fund Balance	(8,008)	(8,008)	79,059	87,067
Fund Balance - Beginning of Year	8,008	8,008	110,409	102,401
Fund Balance - End of Year	\$0	\$0	\$189,468	\$189,468

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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$350	\$350	\$516	\$166
Expenditures				
Capital outlay:				
Water, sewer, and road system expansion	90,000	90,000	0	90,000
Total Expenditures	90,000	90,000	0	90,000
Excess (Deficiency) of Revenues over Expenditures	(89,650)	(89,650)	516	90,166
Other Financing Sources (Uses)				
Bond proceeds	90,000	90,000	0	(90,000)
Total Other Financing Sources (Uses)	90,000	90,000	0	(90,000)
Net Change in Fund Balance	350	350	516	166
Fund Balance - Beginning of Year	525,303	525,303	525,303	0
Fund Balance - End of Year	<u>\$525,653</u>	<u>\$525,653</u>	<u>\$525,819</u>	<u>\$166</u>

VILLAGE OF DUNDEE

*Economic Development Corporation - Construction Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest	\$0	\$0	\$307	\$307
Expenditures				
Capital outlay	2,700	2,700	2,370	330
Net Change in Fund Balance	(2,700)	(2,700)	(2,063)	637
Fund Balance - Beginning of Year	342,405	342,405	342,405	0
Fund Balance - End of Year	<u>\$339,705</u>	<u>\$339,705</u>	<u>\$340,342</u>	<u>\$637</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$20	\$20	\$72	\$52
Expenditures				
Capital Outlay	7,284,000	7,904,000	3,494,150	4,409,850
Excess (Deficiency) of Revenues over Expenditures	(7,283,980)	(7,903,980)	(3,494,078)	4,409,902
Other Financing Sources (Uses)				
Bond proceeds	7,285,000	7,905,000	3,342,849	(4,562,151)
Debt forgiveness	0	0	150,000	150,000
Operating transfers in	0	0	3,000	3,000
Total Other Financing Sources (Uses)	7,285,000	7,905,000	3,495,849	(4,409,151)
Net Change in Fund Balance	1,020	1,020	1,771	751
Fund Balance - Beginning of Year	1,234	1,234	1,234	0
Fund Balance - End of Year	\$2,254	\$2,254	\$3,005	\$751

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 (9) 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
9. 2016 Polaris Lease Purchase

VILLAGE OF DUNDEE

*1998 General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$1	\$1	\$2	\$1
Expenditures				
Debt service:	0	0	0	0
Total Expenditures	0	0	0	0
Net Change in Fund Balance	1	1	2	1
Fund Balance - Beginning of Year	7,983	7,983	7,983	0
Fund Balance - End of Year	<u>\$7,984</u>	<u>\$7,984</u>	<u>\$7,985</u>	<u>\$1</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, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessment	\$0	\$0	\$0	\$0
Interest	<u>4</u>	<u>4</u>	<u>22</u>	<u>18</u>
Total Revenues	4	4	22	18
Expenditures				
Debt service:				
Principal	15,000	15,000	15,000	0
Interest	334	334	334	0
Agent fees	250	250	125	125
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>15,584</u>	<u>15,584</u>	<u>15,459</u>	<u>125</u>
Net Change in Fund Balance	(15,580)	(15,580)	(15,437)	143
Fund Balance - Beginning of Year	<u>38,323</u>	<u>38,323</u>	<u>38,323</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$22,743</u></u>	<u><u>\$22,743</u></u>	<u><u>\$22,886</u></u>	<u><u>\$143</u></u>

VILLAGE OF DUNDEE

*2006 Capital Improvement General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$0	\$0	\$3	\$3
Expenditures				
Debt service:				
Principal	60,000	60,000	60,000	0
Interest	36,000	36,000	35,916	84
Total Expenditures	96,000	96,000	95,916	84
Excess (Deficiency) of Revenues over Expenditures	(96,000)	(96,000)	(95,913)	87
Other Financing Sources (Uses)				
Operating transfers in	96,000	96,000	96,500	500
Net Change in Fund Balance	0	0	587	587
Fund Balance - Beginning of Year	1,124	1,124	1,124	0
Fund Balance - End of Year	\$1,124	\$1,124	\$1,711	\$587

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, 2018*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Special assessment	\$13,750	\$13,750	\$0	(\$13,750)
Interest	706	706	716	7,669
Total Revenues	14,456	14,456	716	(6,081)
Expenditures				
Debt service:				
Principal	30,000	30,000	30,000	0
Interest	5,990	5,990	5,911	79
Total Expenditures	35,990	35,990	35,911	79
Excess (Deficiency) of Revenues over Expenditures	(21,534)	(21,534)	(35,195)	(13,661)
Other Financing Sources (Uses):				
Operating transfer in	20,000	20,000	20,000	0
Net Change in Fund Balance	(1,534)	(1,534)	(15,195)	(13,661)
Fund Balance - Beginning of Year	42,146	42,146	42,146	0
Fund Balance - End of Year	<u>\$40,612</u>	<u>\$40,612</u>	<u>\$26,951</u>	<u>(\$13,661)</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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessment	\$19,920	\$19,920	\$22,894	\$2,974
Interest	8,043	8,043	8,115	72
Total Revenues	27,963	27,963	31,009	3,046
Expenditures				
Debt service:				
Principal	30,000	30,000	30,000	0
Interest	11,476	11,476	11,475	1
Agent fees	500	500	500	0
Misc expense	50	50	44	6
Total Expenditures	42,026	42,026	42,019	7
Excess (Deficiency) of Revenues over Expenditures	(14,063)	(14,063)	(11,010)	3,053
Other Financing Sources (Uses):				
Operating transfer in	8,037	8,037	8,037	0
Net Change in Fund Balance	(6,026)	(6,026)	(2,973)	3,053
Fund Balance - Beginning of Year	116,564	116,564	116,564	0
Fund Balance - End of Year	\$110,538	\$110,538	\$113,591	\$3,053

VILLAGE OF DUNDEE

*2013 Refunding General Obligation
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$3	\$3	\$13	\$10
Expenditures				
Debt service:				
Principal	195,000	195,000	195,000	0
Interest	24,463	24,463	24,438	25
Total Expenditures	<u>219,463</u>	<u>219,463</u>	<u>219,438</u>	<u>25</u>
Excess (Deficiency) of Revenues over Expenditures	(219,460)	(219,460)	(219,425)	35
Other Financing Sources (Uses):				
Operating transfer in	<u>219,460</u>	<u>219,460</u>	<u>220,000</u>	<u>540</u>
Net Change in Fund Balance	0	0	575	575
Fund Balance - Beginning of Year	<u>2,555</u>	<u>2,555</u>	<u>2,555</u>	<u>0</u>
Fund Balance - End of Year	<u><u>\$2,555</u></u>	<u><u>\$2,555</u></u>	<u><u>\$3,130</u></u>	<u><u>\$575</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, 2018*

	<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	41,598	41,598	41,598	0
Interest	18,411	18,411	18,405	6
Total Expenditures	<u>60,009</u>	<u>60,009</u>	<u>60,003</u>	<u>6</u>
Excess (Deficiency) of Revenues over Expenditures	(60,009)	(60,009)	(59,994)	15
Other Financing Sources (Uses):				
Operating transfer in	<u>60,009</u>	<u>60,009</u>	<u>60,004</u>	<u>(5)</u>
Net Change in Fund Balance	0	0	10	10
Fund Balance - Beginning of Year	<u>8,117</u>	<u>8,117</u>	<u>8,118</u>	<u>1</u>
Fund Balance - End of Year	<u><u>\$8,117</u></u>	<u><u>\$8,117</u></u>	<u><u>\$8,128</u></u>	<u><u>\$11</u></u>

VILLAGE OF DUNDEE

*2015 Vactor Installment Loan
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt service:				
Principal	9,065	29,065	29,065	0
Interest	<u>5,225</u>	<u>5,225</u>	<u>5,225</u>	<u>0</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>

VILLAGE OF DUNDEE

*2016 Polaris Lease Purchase
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended February 28, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Debt service:				
Principal	0	9,227	9,227	0
Interest	0	157	157	0
Total Expenditures	0	9,384	9,384	0
Excess (Deficiency) of Revenues over Expenditures	0	(9,384)	(9,384)	0
Other Financing Sources (Uses)				
Operating transfers in	0	9,384	9,384	0
Net Change in Fund Balance	0	0	0	0
Fund Balance - Beginning of Year	0	0	0	0
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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, 2018*

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	<u>\$19,073</u>	<u>\$26,269</u>	<u>\$45,342</u>
Fund Equity			
Net Assets - unrestricted	<u>\$19,073</u>	<u>\$26,269</u>	<u>\$45,342</u>

*Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Year Ended February 28, 2018*

Operating Revenues			
Operating income	\$0	\$0	\$0
Operating Expenses			
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>23</u>	<u>40</u>
Total Non-operating Revenues (Expenses)	<u>17</u>	<u>23</u>	<u>40</u>
Net Income (Loss)	17	23	40
Net Assets - Beginning of Year	<u>19,056</u>	<u>26,246</u>	<u>45,302</u>
Net Assets - End of Year	<u>\$19,073</u>	<u>\$26,269</u>	<u>\$45,342</u>

VILLAGE OF DUNDEE

*Internal Service Funds Unemployment Compensation
Combining Statement of Cash Flows
Year Ended February 28, 2018*

	<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	17	23	40
Net Increase in Cash and Cash Equivalents	17	23	40
Cash and Cash Equivalents - Beginning of Year	<u>19,056</u>	<u>26,246</u>	<u>45,302</u>
Cash and Cash Equivalents - End of Year	<u><u>\$19,073</u></u>	<u><u>\$26,269</u></u>	<u><u>\$45,342</u></u>

AGENCY FUNDS

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

VILLAGE OF DUNDEE

Fiduciary Funds
Combining Statement of Assets and Liabilities
February 28, 2018

	Agency Funds				Totals
	Accounts Payable	Payroll	Tax Collection	Water and Sewer	
Assets					
Cash and cash equivalents	\$19,925	\$6,687	\$8,393	\$10,526	\$45,531
Total Assets	<u>\$19,925</u>	<u>\$6,687</u>	<u>\$8,393</u>	<u>\$10,526</u>	<u>\$45,531</u>
Liabilities					
Due to other funds	\$9,698	\$27	\$2,582	\$10,526	\$22,833
Other liabilities	10,227	6,660	5,811	0	22,698
Total Liabilities	<u>\$19,925</u>	<u>\$6,687</u>	<u>\$8,393</u>	<u>\$10,526</u>	<u>\$45,531</u>

VILLAGE OF DUNDEE

*Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
February 28, 2018*

ACCOUNTS PAYABLE FUND

	Balance February 28, 2017	Additions	Deductions	Balance February 28, 2018
Assets				
Cash and cash equivalents	\$8,118	\$3,585,226	\$3,573,419	\$19,925
Total Assets	\$8,118	\$3,585,226	\$3,573,419	\$19,925
Liabilities				
Due to other funds	\$141	\$92,315	\$82,758	\$9,698
Other liabilities	7,977	3,585,226	3,582,976	10,227
Total Liabilities	\$8,118	\$3,677,541	\$3,665,734	\$19,925

PAYROLL FUND

Assets				
Cash and cash equivalents	\$10,328	\$2,185,257	\$2,188,898	\$6,687
Due from other funds	121	38,457	38,578	0
Total Assets	\$10,449	\$2,223,714	\$2,227,476	\$6,687
Liabilities				
Due to other funds	\$10	\$21,531	\$21,514	\$27
Other liabilities	10,439	2,185,257	2,189,036	6,660
Total Liabilities	\$10,449	\$2,206,788	\$2,210,550	\$6,687

TAX COLLECTION FUND

Assets				
Cash and cash equivalents	\$5,888	\$2,072,506	\$2,070,001	\$8,393
Total Assets	\$5,888	\$2,072,506	\$2,070,001	\$8,393
Liabilities				
Due to other funds	\$1,997	\$1,791,634	\$1,791,049	\$2,582
Other liabilities	3,891	282,105	280,185	5,811
Total Liabilities	\$5,888	\$2,073,739	\$2,071,234	\$8,393

VILLAGE OF DUNDEE

Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Concluded)
February 28, 2018

WATER AND SEWER AGENCY

	Balance February 28, 2017	Additions	Deductions	Balance February 28, 2018
Assets				
Cash and cash equivalents	\$3,700	\$270,836	\$264,010	\$10,526
Total Assets	<u>\$3,700</u>	<u>\$270,836</u>	<u>\$264,010</u>	<u>\$10,526</u>
Liabilities				
Due to other funds	\$3,700	\$270,836	\$264,010	\$10,526
Total Liabilities	<u>\$3,700</u>	<u>\$270,836</u>	<u>\$264,010</u>	<u>\$10,526</u>

TOTALS - ALL AGENCY FUNDS

	Balance February 28, 2017	Additions	Deductions	Balance February 28, 2018
Assets				
Cash and cash equivalents	\$28,034	\$8,113,825	\$8,096,328	\$45,531
Due from other funds	121	38,457	38,578	0
Total Assets	<u>\$28,155</u>	<u>\$8,152,282</u>	<u>\$8,134,906</u>	<u>\$45,531</u>
Liabilities				
Due to other funds	\$5,848	\$2,176,316	\$2,159,331	\$22,833
Other liabilities	22,307	6,052,588	6,052,197	22,698
Total Liabilities	<u>\$28,155</u>	<u>\$8,228,904</u>	<u>\$8,211,528</u>	<u>\$45,531</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, 2018*

	Total Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$143,529	\$0	\$143,529
Due from other governments	109,880	0	109,880
Due from other funds/Internal balances	48,406	0	48,406
Prepaid insurance	112		112
 Total Assets	 <u>\$301,927</u>	 <u>0</u>	 <u>301,927</u>
Liabilities			
Due to other funds	\$40,312	0	40,312
Accounts payable	8,840	0	8,840
 Total Liabilities	 49,152	 0	 49,152
Fund Balance			
Assigned	252,775	(252,775)	0
 Total Fund Balance	 <u>252,775</u>	 <u>(252,775)</u>	 <u>0</u>
 Total Liabilities and Fund Balance	 <u>\$301,927</u>		
Net Position			
Unrestricted		252,775	252,775
 Total Net Position		 <u>\$252,775</u>	 <u>\$252,775</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, 2018*

	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Taxes	\$171,666	\$0	\$171,666
Local community stabilization share	8,509	0	8,509
Interest	129	0	129
Other	37,389	0	37,389
Total Revenues	217,693	0	217,693
Expenditures			
Public works	150,046	0	150,046
Total Expenditures	150,046	0	150,046
Change in Fund Balance/Net Position	67,647	0	67,647
Fund Balance/Net Position - Beginning of Year	185,128	0	185,128
Fund Balance/Net Position - End of Year	<u>\$252,775</u>	<u>\$0</u>	<u>\$252,775</u>

VILLAGE OF DUNDEE

*Local Development Finance Authority Water Plant - Component Unit
Balance Sheet/Statement of Net Position
February 28, 2018*

	<u>Modified Accrual Basis</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets			
Cash and cash equivalents	\$214,016	\$0	\$214,016
Due from other governments	8,386	0	8,386
Total Assets	<u>\$222,402</u>	<u>0</u>	<u>222,402</u>
Liabilities			
Due to other funds	<u>\$0</u>	<u>0</u>	<u>0</u>
Total Liabilities	0	0	0
Fund Balance			
Assigned	<u>222,402</u>	<u>(222,402)</u>	<u>0</u>
Total Fund Balance	<u>222,402</u>	<u>(222,402)</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$222,402</u>		
Net Position			
Unrestricted		<u>222,402</u>	<u>222,402</u>
Total Net Position		<u>\$222,402</u>	<u>\$222,402</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, 2018*

	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	222,909	0	222,909
Fund Balance/ Net Position - End of Year	<u>\$222,402</u>	<u>\$0</u>	<u>\$222,402</u>

VILLAGE OF DUNDEE

*Local Development Finance Authority Global Engine Alliance - Component Unit
Combining Balance Sheet/Statement of Net Position
February 28, 2018*

	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	\$2,281,968	\$101,228	\$0	\$2,383,196	\$0	\$2,383,196
Due from other governments	334,294	0	0	334,294	0	334,294
Due from other funds/Internal balances	0	0	0	0	0	0
Capital assets (net of depreciation)	0	0	0	0	4,515,899	4,515,899
Amount available in Debt Service Fund	0	0	101,228	101,228	(101,228)	0
Amount to be provided for long-term debt	0	0	2,493,772	2,493,772	(2,493,772)	0
Total Assets	<u>\$2,616,262</u>	<u>\$101,228</u>	<u>\$2,595,000</u>	<u>\$5,312,490</u>	<u>1,920,899</u>	<u>7,233,389</u>
Liabilities						
Accrued interest	\$0	\$0	\$0	\$0	\$31,950	\$31,950
Debt with government commitment net of bond discount	0	0	2,595,000	2,595,000	(9,600)	2,585,400
Total Liabilities	0	0	2,595,000	2,595,000	22,350	2,617,350
Fund Balance						
Restricted for debt service	0	101,228	0	101,228	(101,228)	0
Assigned	2,616,262	0	0	2,616,262	(2,616,262)	0
Total Fund Balances	<u>2,616,262</u>	<u>101,228</u>	<u>0</u>	<u>2,717,490</u>	<u>(2,717,490)</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$2,616,262</u>	<u>\$101,228</u>	<u>\$2,595,000</u>	<u>\$5,312,490</u>		
Net Position						
Net investment in capital assets					1,920,899	1,920,899
Restricted for debt service					101,228	101,228
Unrestricted					2,593,912	2,593,912
Total Net Position					<u>\$4,616,039</u>	<u>\$4,616,039</u>

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, 2018*

	Global Engine Alliance	LDFA #3 Debt	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues					
Taxes	\$675,453	\$0	\$675,453	\$0	\$675,453
Local community stabilization share	530,685	0	530,685	0	530,685
Interest	1,501	128	1,629	0	1,629
Total Revenues	1,207,639	128	1,207,767	0	1,207,767
Expenditures					
Public works	500	0	500	157,158	157,658
Debt service	0	488,174	488,174	(387,065)	101,109
Total Expenditures	500	488,174	488,674	(229,907)	258,767
Excess (Deficiency) of Revenues over Expenditures	1,207,139	(488,046)	719,093	229,907	949,000
Other Financing Sources (Uses)					
Operating transfers in	0	488,300	488,300	(488,300)	0
Operating transfers out	(892,150)	0	(892,150)	488,300	(403,850)
Total Other Financing Sources (Uses)	(892,150)	488,300	(403,850)	0	(403,850)
Change in Fund Balance/Net Position	314,989	254	315,243	229,907	545,150
Fund Balances/ Net Position - Beginning of Year	2,301,273	100,974	2,402,247	1,668,642	4,070,889
Fund Balances/ Net Position - End of Year	\$2,616,262	\$101,228	\$2,717,490	\$1,898,549	\$4,616,039

VILLAGE OF DUNDEE

*Economic Development Corporation - Component Unit
Combining Balance Sheet/Statement of Net Position
February 28, 2018*

	Economic Development Corporation	EDC Debt Fund	Total Modified Accrual Basis	Adjustments	Statement of Net Position
Assets					
Cash and cash equivalents	\$59,083	\$22,779	\$81,862	\$0	\$81,862
Due from other governments	0	0	0	0	0
Capital assets (net of depreciation)	0	0	0	7,917,364	7,917,364
Amount available in Debt Service Fund	0	0	0		0
Amount to be provided for long-term debt	0	0	0		0
Total Assets	<u>\$59,083</u>	<u>\$22,779</u>	<u>\$81,862</u>	7,917,364	<u>7,999,226</u>
Liabilities					
Due to other funds/Internal balances	\$0	\$0	\$0	\$0	\$0
Debt with government commitment	\$0	\$0	\$0	\$0	\$0
Total Liabilities	0	0	0	0	0
Fund Balance					
Restricted for debt service	0	0	0	0	0
Assigned	59,083	22,779	81,862	(81,862)	0
Total Fund Balances	<u>59,083</u>	<u>22,779</u>	<u>81,862</u>	<u>(81,862)</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$59,083</u>	<u>\$22,779</u>	<u>\$81,862</u>		
Net Position					
Net investment in capital assets				7,917,364	7,917,364
Restricted for debt service				0	0
Unrestricted				81,862	81,862
Total Net Position				<u>\$7,999,226</u>	<u>\$7,999,226</u>

VILLAGE OF DUNDEE

*Economic Development Corporation - Component Unit
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 28, 2018*

	Economic Development Corporation	EDC Debt Fund	Total Modified Accrual Basis	Adjustments	Statement of Activities
Revenues					
Taxes	\$0	\$0	\$0	\$0	\$0
Interest and rentals	53	79	132	0	132
Total Revenues	53	79	132	0	132
Expenditures					
Public works	700	0	700	277,653	278,353
Debt service	0	228,402	228,402	0	228,402
Total Expenditures	700	228,402	229,102	277,653	506,755
Excess (Deficiency) of Revenues over Expenditures	(647)	(228,323)	(228,970)	(277,653)	(506,623)
Other Financing Sources (Uses)					
Debt forgiveness	0	0	0	12,335,065	12,335,065
Total Other Financing Sources (Uses)	0	0	0	12,335,065	12,335,065
Change in Fund Balance/Net Position	(647)	(228,323)	(228,970)	12,057,412	11,828,442
Fund Balances/Net Position (Deficit) - Beginning of Year	59,730	251,102	310,832	(4,140,048)	(3,829,216)
Fund Balances/Net Position (Deficit) - End of Year	<u>\$59,083</u>	<u>\$22,779</u>	<u>\$81,862</u>	<u>\$7,917,364</u>	<u>\$7,999,226</u>

VILLAGE OF DUNDEE

*Brownfield Redevelopment Authority - Component Unit
Balance Sheet/Statement of Net Position
February 28, 2018*

	Modified Accrual Basis	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	\$861,741	\$0	\$861,741
Due from other governments	42,162	0	42,162
Due from other funds/Internal balances	3,148	0	3,148
Total Assets	\$907,051	0	907,051
Liabilities			
Due to other funds / internal balances	\$0	0	0
Total Liabilities	0	0	0
Fund Balance			
Restricted for debt service	907,051	(907,051)	0
Total Fund Balance	907,051	(907,051)	0
Total Liabilities and Fund Balance	\$907,051		
Net Position			
Restricted for debt service		907,051	907,051
Total Net Position		\$907,051	\$907,051

VILLAGE OF DUNDEE

*Brownfield Redevelopment Authority - Component Unit
Statement of Revenues, Expenditures, and Changes in
Fund Balance/Fund Net Position
Year Ended February 28, 2018*

	Modified Accrual Basis	Adjustments	Statement of Activities
Revenues			
Taxes	\$47,375	\$0	\$47,375
Local community stabilization share	0	0	0
Interest and rentals	780	0	780
Total Revenues	48,155	0	48,155
Expenditures			
Public works	17,213	0	17,213
Change in Fund Balance/Net Position	30,942	0	30,942
Fund Balance/Net Position - Beginning of Year	876,109	0	876,109
Fund Balance/Net Position - End of Year	<u>\$907,051</u>	<u>\$0</u>	<u>\$907,051</u>

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, and have issued our report thereon dated July 14, 2018. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated March 16, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Dundee, Monroe County, Michigan are described in Note 2 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. No new accounting policies were adopted and the application of existing policies was not changed during the year ended February 28, 2018. All significant transactions have been recognized in the proper period.

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 July 14, 2018.

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.

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,


July 14, 2018

COOLEY HEHL SABO & CALKINS

CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, 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, 2018, 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>
General Fund	\$1,882,316	\$1,940,713	\$58,397

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

Village Council
 Village of Dundee

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Due To/Due From Other Funds

Interfund receivable and payable balances as of February 28, 2018 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$22,660	
Local Street Fund	17,099	
Tax	2,084	
Water Fund	9,256	
Sewer Fund	13,590	
A/P T&A Fund:	63	
Payroll Fund	27	
Building Fund	600	
Downtown Development Authority	40,112	\$34,285
Industrial Park and Equipment Purchase Fund		5,000
Municipal Street Fund		15
Brownfield Debt Fund		2,221
Municipal Street Fund:		
Downtown Development Authority		4,486
Brownfield Redevelopment Authority		927
Tax Collection Fund	498	
General Fund	15	
Major Street Fund:		
Local Street Fund	121	
General Fund		22,660
Local Street Fund:		
General Fund		17,099
Major Street Fund		121
Building Fund		
General Fund		600
Parks and Recreation Fund		
Downtown Development Authority	200	
Downtown Development Authority		
General Fund	34,285	40,112
Municipal Street Fund	4,486	
A/P T&A Fund	9,635	
Parks and Recreation Fund		200

Village Council
Village of Dundee

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Due To/Due From Other Funds (Concluded)

Interfund receivable and payable balances as of February 28, 2018 were:

	Interfund Receivables	Interfund Payables
Brownfield Redevelopment Authority		
General Fund	2,221	
Municipal Street Fund	927	
Industrial Park/Equipment Purchase Fund:		
General Fund	5,000	
Sewer Enterprise Fund		62,291
Sewer Separation and Street Rehabilitation Fund:		
Sewer Enterprise Fund	500	
Tax Fund:		
General Fund		2,084
Municipal Street Fund		498
W/S T & A:		
Sewer Fund		6,702
Water Fund		3,824
Payroll Fund:		
General Fund		27
Water Fund:		
W/S T & A	3,824	
Sewer Fund		8,570
General Fund		9,256
A/P T&A Fund:		
General Fund		63
Municipal Street Fund		9,635
Sewer Fund:		
General Fund		13,590
Sewer Separation and Street Rehabilitation Fund		500
Industrial Park/Equipment Purchase Fund	62,291	
Water Fund	8,570	
W/S T & A Fund	6,702	
	\$244,766	\$244,766

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, 2018. 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, purchases, 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, 2018, the Village had seventeen bond issues and installment purchase agreements.

Repayment of the Village's outstanding indebtedness which was \$20,318,042 as of February 28, 2018, 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.

Principal Forgiveness – State Revolving Fund Loans

Subsequent to a final disbursement dated February 15, 2018, the Village completed State Revolving Fund Loan Project SRF Project No. 5609-01 with total loan proceeds of \$4,556,043. This project received assistance from the federal fiscal year 2013 appropriations law (P.L. 112-74) and included loan principal forgiveness of \$150,000. This amount is recognized as a Non-Operating Revenue on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as principal forgiveness on state revolving fund loans.

Contingent Liability – Federal and State Grants and Loans

During the past several years federal and state grants and loans for various projects have been received that are subject to review by the Michigan Department of Environmental Quality, the Michigan Finance Authority, or other grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of that grant or loan documents. We recommend that you retain all project records, whether in written or computerized form for up to six years. If requested you must provide such records to the grantor agency for inspection.

Principal Forgiveness - Economic Development Corporation

As part of a Development and Interlocal Agreement made and entered into as of December 1, 1999 by Cabela's, The Economic Development Corporation of the Village of Dundee, the Village of Dundee, the County of Monroe, and the Monroe County Community College, \$12,335,065 of Limited Obligation Revenue bonds were issued by the Economic Development Corporation of the Village of Dundee. These bonds were issued to finance the construction of infrastructure improvements, ramp improvements, acquisition of land, and various other related costs to assist Cabela's in the financing of its projects. The bonds were funded by Cabela's and payments were to be made based in the incremental tax revenues collected from properties within the Cabela's project area.

On or before June 30th of each year, beginning on June 30, 2001 and ending June 30, 2017, the Economic Development Corporation of the Village paid Cabela's the incremental tax revenue it received from the Village of Dundee General and Municipal Funds, the County of Monroe, and the Monroe County Community College. Since the interest on the principal amount was 8.5% per annum, there was not enough tax revenue collected to be applied to the principal amount of the bonds.

The agreement states the bonds shall be deemed to have been paid in full on June 30, 2017 if all of the property taxes due have been paid in full by the owners of the property and the Government Units have paid all Incremental Revenues to the issuer (the Economic Development Corporation of the Village of Dundee). The agreement also states that the Village is not liable for payment of the bond and the bond shall not be a debt of the Village, as that term is described in the Michigan Constitution and laws.

Since all of the bonds are deemed to have been paid as of June 30, 2017, debt forgiveness of \$12,335,065 has been recognized in the Statement of Activities for the Economic Development Corporation.

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 2017-2018 audit report.

Very truly yours,

Cooley Hell Subs & Calkins, PLLC

July 14, 2018