

Audited Financial Statements  
and Other Supplementary Information

Village of Lake Orion

*Year Ended June 30, 2021*  
*with Report of Independent Auditors*

Village of Lake Orion  
Audited Financial Statements  
and Other Supplementary Information  
Year Ended June 30, 2021

**Contents**

Report of Independent Auditors.....	1
Management’s Discussion and Analysis .....	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	12
Reconciliation of Balance Sheet to Statement of Net Position – Governmental Funds .....	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	14
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance to Statement of Activities – Governmental Funds .....	15
Statement of Net Position – Proprietary Fund .....	16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund.....	17
Statement of Cash Flows – Proprietary Fund .....	18
Statement of Fiduciary Net Position .....	19
Statement of Changes in Fiduciary Net Position .....	20
Notes to Financial Statements.....	21
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios .....	58
Schedule of Pension Contributions.....	59
Schedule of Changes in Net OPEB Liability and Related Ratios.....	60
Schedule of OPEB Contributions .....	61
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund .....	62
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Public Works Fund .....	63
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Police Fund .....	64

Village of Lake Orion  
Audited Financial Statements  
and Other Supplementary Information  
Year Ended June 30, 2021

**Contents**

Other Supplementary Information

Combining Fund Statements:

Combining Balance Sheet – Nonmajor Governmental Funds .....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds.....	66
Combining Balance Sheet – Component Unit – DDA.....	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Component Unit – DDA .....	68

Schedules of Indebtedness:

Schedule of Indebtedness – Proprietary Funds .....	69
--	----

## Report of Independent Auditors

To the Members of the Village Council  
Village of Lake Orion, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lake Orion, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lake Orion, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lake Orion's basic financial statements. The combining and individual nonmajor fund financial statements, component unit financial statements, and the schedules of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund and component unit 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 and component unit financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules of indebtedness have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Andrews Hooper Pavlik PLC*

Bloomfield Hills, Michigan  
December 13, 2021

# Village of Lake Orion

## Management's Discussion and Analysis

June 30, 2021

The following is a discussion and analysis of the Village of Lake Orion's (Village) financial activities for the year ended June 30, 2021. This analysis should be read in conjunction with the Report of Independent Auditors and with the Village's financial statements. All amounts, unless otherwise indicated, are presented in whole dollars.

### **Financial Highlights**

The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$8,791,027 (net position). Included in this amount is unrestricted net deficit of \$137,560.

At the close of the most recent fiscal year, the Village's governmental funds reported combined ending fund balances of \$2,090,928. Approximately 36% of this total amount, \$759,405, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$759,405, or 39% of total annual general fund expenditures including operating transfers.

The Village's total debt increased by \$409,451 during the current fiscal year, due to new debt primarily related to water system improvements and county interceptor drains, less annual debt service payments made.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction of the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

- **Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

## Village of Lake Orion

### Management's Discussion and Analysis

June 30, 2021

The statement of activities presents information showing how the government's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government, public works, police, streets, debt service, capital improvements, and cemetery. The business-type activity of the Village is the Water and Sewer Fund.

The government-wide financial statements include not only the Village itself (known as the primary government), but also a legally separate Downtown Development Authority (DDA) district for which the Village is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 10 of this report.

- **Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported 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 on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Village of Lake Orion  
Management's Discussion and Analysis

June 30, 2021

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, the public works fund, and the police fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found beginning on page 12 of this report.

***Proprietary Funds*** – The Village maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses an enterprise fund to account for its Water and Sewer operation.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the Village.

The basic proprietary fund financial statements can be found beginning on page 16 of this report.

***Fiduciary Funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 19 of this report.

## Village of Lake Orion

### Management's Discussion and Analysis

June 30, 2021

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

#### Government-wide Financial Analysis

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,791,027 at the close of the most recent fiscal year. Of the Village's net position, 87% reflects its investment in capital assets (e.g., land, buildings, machinery, 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 investment in 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 the capital assets themselves cannot be used to liquidate these liabilities.

#### Village of Lake Orion – Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	<b>\$ 2,400,109</b>	\$ 1,933,386	<b>\$ 3,286,656</b>	\$ 3,514,515	<b>\$ 5,686,765</b>	\$ 5,447,901
Capital assets, net	<b>3,136,228</b>	3,219,199	<b>10,688,264</b>	10,325,369	<b>13,824,492</b>	13,544,568
Total assets	<b>5,536,337</b>	5,152,585	<b>13,974,920</b>	13,839,884	<b>19,511,257</b>	18,992,469
Deferred outflows	<b>87,732</b>	266,677	-	-	<b>87,732</b>	266,677
Liabilities:						
Long-term liabilities outstanding	<b>3,296,172</b>	3,311,695	<b>5,866,151</b>	5,534,216	<b>9,162,323</b>	8,845,911
Other liabilities	<b>306,340</b>	146,870	<b>1,121,858</b>	1,304,975	<b>1,428,198</b>	1,451,845
Total liabilities	<b>3,602,512</b>	3,458,565	<b>6,988,009</b>	6,839,191	<b>10,589,862</b>	10,297,756
Deferred inflows of resources	<b>217,441</b>	323,728	-	-	<b>217,441</b>	323,728
Net position:						
Net investment in capital assets	<b>3,136,228</b>	3,219,199	<b>4,495,894</b>	4,466,343	<b>7,632,122</b>	7,685,542
Restricted	<b>1,296,465</b>	936,722	-	-	<b>1,296,465</b>	936,722
Unrestricted (deficit)	<b>(2,628,577)</b>	(2,518,952)	<b>2,491,017</b>	2,534,350	<b>(137,560)</b>	15,398
Total net position	<b>\$ 1,804,116</b>	\$ 1,636,969	<b>\$ 6,986,911</b>	\$ 7,000,693	<b>\$ 8,791,027</b>	\$ 8,637,662

## Village of Lake Orion

### Management's Discussion and Analysis

June 30, 2021

#### Village of Lake Orion – Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charge for services	\$ 664,410	\$ 507,821	\$ 1,935,085	\$ 1,818,764	\$ 2,599,495	\$ 2,326,585
Operating grants and contributions	425,183	289,994	-	-	425,183	289,994
Capital grants and contributions	-	-	16,595	9,932	16,595	9,932
General revenues:						
Property taxes	1,502,123	1,446,513	-	-	1,502,123	1,446,513
State shared revenues	320,047	279,062	-	-	320,047	279,062
Unrestricted investment earnings	14,012	21,701	24,268	27,674	38,280	49,375
Transfers	139,000	203,738	(110,000)	(108,000)	29,000	95,738
Total revenues	<u>3,064,777</u>	<u>2,748,829</u>	<u>1,865,948</u>	<u>1,748,370</u>	<u>4,930,723</u>	<u>4,497,199</u>
Expenses:						
General government	776,642	589,862	-	-	776,642	589,862
Public safety	782,436	828,666	-	-	782,436	828,666
Public works	1,229,664	1,095,586	-	-	1,229,664	1,095,586
Community development	53,971	57,501	-	-	53,971	57,501
Recreation and culture	54,915	32,248	-	-	54,915	32,248
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	1,879,730	1,834,586	1,879,730	1,834,586
Total expenses	<u>2,897,628</u>	<u>2,603,863</u>	<u>1,879,730</u>	<u>1,834,586</u>	<u>4,777,358</u>	<u>4,438,449</u>
Change in net position	<u>\$ 167,147</u>	<u>\$ 144,966</u>	<u>\$ (13,782)</u>	<u>\$ (86,216)</u>	<u>\$ 153,365</u>	<u>\$ 58,750</u>

**Governmental Activities.** Governmental activities increased net position by \$167,147 as compared to an increase of \$144,966 in the prior year.

**Business-type Activities.** Business-type activities decreased net position by \$13,782, which reflects the activity in the Village's Water and Sewer Fund. In fiscal year 2020, the Water and Sewer Fund reflected a decrease in net position of \$86,216.

# Village of Lake Orion

## Management's Discussion and Analysis

June 30, 2021

### **Financial Analysis of the Government's Funds**

As noted earlier, the Village of Lake Orion uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$2,090,928. Approximately 36% of this total amount, \$759,405, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable (prepaid expenditures) or restricted to indicate that it is not available for new spending because it has already been committed for police, streets, debt service, capital projects, or to generate income to pay for the perpetual care of the municipal cemetery.

Total governmental fund balances increased by \$339,924 in 2021 as compared to an increase of \$160,861 in the 2020 fiscal year.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was \$759,405, while the total fund balance was \$777,844. Unassigned fund balance represents 39% of total general fund expenditures including operating transfers, while the total fund balance represents 40% of that same amount. The fund balance of the Village's general fund increased \$55,563 during the current fiscal year.

**Proprietary Funds.** The Village's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$2,491,017. The Water and Sewer Fund had operating income of \$173,496 at year end, and a total net loss of \$13,782, as compared to operating income of \$81,999 and total net loss of \$86,216 in the prior fiscal year.

### **General Fund Budgetary Highlights**

There was a \$110,072 increase in budgeted revenues between the original budget and the final amended budget. Total expenditures were within the amount budgeted.

## Village of Lake Orion

### Management's Discussion and Analysis

June 30, 2021

#### **Capital Asset and Debt Administration**

**Capital Assets.** The Village's investment in capital assets for its governmental and business-type activities is \$13,824,492 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, park facilities, roads, water and sewer lines, and bridges. The net change in the Village's investment in capital assets for the current fiscal year was a 3% decrease for governmental activities, and a 4% increase in business-type activities. Governmental capital asset additions include street and sidewalk improvements and vehicles. Business-type capital asset additions include water line construction.

**Long-term Debt.** At the end of the current fiscal year, the Village had total bond debt outstanding of \$6,192,372 which is entirely business-type activities.

At the end of the current fiscal year, the Village's Component Unit (DDA) had an advance from the Water & Sewer Fund outstanding of \$500,000 to assist the DDA in financing the streetscape project.

The Village of Lake Orion continues to maintain a stable rating of "AA-" from Standard and Poor's for bond debt.

#### **Economic Factors and Future Budgets and Rates**

For the 2021/2022 budget year, the Village expects to see changes in revenues and expenditures as a result of the COVID-19 pandemic. The Village anticipates a slight increase in property tax revenue and a decrease in state shared revenue received from the State of Michigan. The Village will also continue work on the water main project throughout the Village, which has been funded through a Drinking Water Revolving Fund loan.

The Village has made every effort to reduce expenses while maintaining services to its citizens. Each year it has been an increasing challenge and this upcoming year will bring new challenges with the ongoing COVID-19 pandemic. The Village's primary revenue stream, property taxes, is anticipated to remain stable or increase slightly, but other unexpected expenditures stemming from the pandemic could affect net position. In fiscal year 2022, the Village has been awarded American Rescue Plan Act funds totaling approximately \$334,000.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Village of Lake Orion's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 21 E. Church Street, Lake Orion, Michigan 48362.

# Village of Lake Orion

## Statement of Net Position

June 30, 2021

	Primary Government			Component Unit – DDA
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 2,078,476	\$ 1,928,992	\$ 4,007,468	\$ 782,345
Receivables (net of allowance for uncollectibles)	163,262	566,516	729,778	-
Due from other governmental units	132,649	282,382	415,031	-
Prepaid expenditures	25,722	8,766	34,488	4,951
Total current assets	2,400,109	2,786,656	5,186,765	787,296
Advance to component unit	-	500,000	500,000	-
Capital assets – non-depreciating	498,484	5,709,281	6,207,765	393,274
Capital assets, net of accumulated depreciation	2,637,744	4,978,983	7,616,727	2,809,712
Net capital assets	3,136,228	10,688,264	13,824,492	3,202,986
Total assets	5,536,337	13,974,920	19,511,257	3,990,282
<b>Deferred outflow of resources</b>				
Deferred outflow related to pension	87,732	-	87,732	-
Total outflow of resources	87,732	-	87,732	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	68,190	481,864	550,054	13,215
Contract retainage	-	273,913	273,913	-
Accrued liabilities/interest	136,439	33,334	169,773	-
Current portion of compensated absences	101,711	500	102,211	-
Current portion of long-term debt	-	332,247	332,247	100,000
Total current liabilities	306,340	1,121,858	1,428,198	113,215
Noncurrent liabilities:				
Net other post employment benefits liability	1,753,817	-	1,753,817	-
Net pension liability	1,469,863	-	1,469,863	-
Compensated absences, net of current portion	72,492	6,028	78,520	-
Long-term debt, net of current portion	-	5,860,123	5,860,123	400,000
Total noncurrent liabilities	3,296,172	5,866,151	9,162,323	400,000
Total liabilities	3,602,512	6,988,009	10,590,521	513,215
<b>Deferred inflow of resources</b>				
Deferred inflow related to pension	90,438	-	90,438	-
Deferred inflow related to OPEB	22,451	-	22,451	-
Taxes levied for the following year	104,552	-	104,552	-
Total deferred inflow of resources	217,441	-	217,441	-
<b>Net position</b>				
Net investment in capital assets	3,136,228	4,495,894	7,632,122	2,702,986
Restricted for:				
Police	406,549	-	406,549	-
Streets	413,617	-	413,617	-
Capital projects	153,499	-	153,499	-
Perpetual care	322,800	-	322,800	-
Unrestricted	(2,628,577)	2,491,017	(137,560)	774,081
Total net position	\$ 1,804,116	\$ 6,986,911	\$ 8,791,027	\$ 3,477,067

See accompanying notes.

Village of Lake Orion

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit - DDA
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities:								
General government	\$ 776,642	\$ 80,520	\$ 28,824	\$ -	\$ (667,298)	\$ -	\$ (667,298)	\$ -
Public safety	782,436	133,812	68,519	-	(580,105)	-	(580,105)	-
Public works	1,229,664	410,080	327,840	-	(491,744)	-	(491,744)	-
Community development	53,971	32,480	-	-	(21,491)	-	(21,491)	-
Recreation and culture	54,915	7,518	-	-	(47,397)	-	(47,397)	-
Total governmental activities	2,897,628	664,410	425,183	-	(1,808,035)	-	(1,808,035)	-
Business-type activities:								
Water and sewer	1,879,730	1,935,085	-	16,595	-	71,950	71,950	-
Total primary government	\$ 4,777,358	\$ 2,599,495	\$ 425,183	\$ 16,595	\$ (1,808,035)	\$ 71,950	\$ (1,736,085)	\$ -
<b>Component unit:</b>								
Downtown development authority	\$ 650,817	\$ 43,078	\$ -	\$ -	-	-	-	(607,739)
General revenues and transfers:								
Property taxes					1,502,123	-	1,502,123	697,980
Other taxes					-	-	-	8,128
Operating grants and contributions					-	-	-	95,649
State grants					-	-	-	32,418
State shared revenue					320,047	-	320,047	-
Unrestricted investment earnings					14,012	24,268	38,280	2,620
Transfers					139,000	(110,000)	29,000	(29,000)
Total general revenues and transfers					1,975,182	(85,732)	1,889,450	807,795
Change in net position					167,147	(13,782)	153,365	200,056
Net position at beginning of year					1,636,969	7,000,693	8,637,662	3,277,011
Net position at end of year					\$ 1,804,116	\$ 6,986,911	\$ 8,791,027	\$ 3,477,067

See accompanying notes.

Village of Lake Orion

Governmental Funds  
Balance Sheet

June 30, 2021

	<u>Special Revenue</u>			Other Governmental Funds	Total Governmental Funds
	General Fund	Public Works Fund	Police Fund		
<b>Assets</b>					
Cash and investments	\$ 771,801	\$ 155,063	\$ 433,762	\$ 717,850	\$ 2,078,476
Receivables (net of allowance for uncollectibles)	58,711	-	104,551	-	163,262
Advance to other funds	-	-	-	133,625	133,625
Due from State	57,549	-	-	50,955	108,504
Due from County	20,000	-	4,145	-	24,145
Prepaid expenditures	18,439	4,810	2,013	460	25,722
Total assets	<u>\$ 926,500</u>	<u>\$ 159,873</u>	<u>\$ 544,471</u>	<u>\$ 902,890</u>	<u>\$ 2,533,734</u>
<b>Liabilities, deferred inflows of resources, and fund balance</b>					
Liabilities:					
Accounts payable	\$ 41,565	\$ 4,186	\$ 9,925	\$ 12,514	\$ 68,190
Accrued and other liabilities	107,091	7,916	21,432	-	136,439
Advance from other funds	-	133,625	-	-	133,625
Total liabilities	<u>148,656</u>	<u>145,727</u>	<u>31,357</u>	<u>12,514</u>	<u>338,254</u>
Deferred inflows of resources:					
Taxes levied for the following year	-	-	104,552	-	104,552
Fund balance:					
Nonspendable – prepaid expenditures	18,439	4,810	2,013	460	25,722
Restricted for:					
Police	-	-	406,549	-	406,549
Streets	-	-	-	413,617	413,617
Capital projects	-	-	-	153,499	153,499
Perpetual care	-	-	-	322,800	322,800
Committed for public works	-	9,336	-	-	9,336
Unassigned	759,405	-	-	-	759,405
Total fund balance	<u>777,844</u>	<u>14,146</u>	<u>408,562</u>	<u>890,376</u>	<u>2,090,928</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 926,500</u>	<u>\$ 159,873</u>	<u>\$ 544,471</u>	<u>\$ 902,890</u>	<u>\$ 2,533,734</u>

See accompanying notes.

# Village of Lake Orion

## Governmental Funds

### Reconciliation of Balance Sheet to Statement of Net Position

June 30, 2021

Total fund balance – governmental funds \$ 2,090,928

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Net cost of capital assets 3,136,228

Governmental funds report actual pension and other post employment benefit expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	87,732
Deferred inflows of resources related to pensions	(90,438)
Deferred inflows of resources related to other post employment benefits	(22,451)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Net other post employment benefit liability	(1,753,817)
Net pension liability	(1,469,863)
Compensated absences	(174,203)
Net position – governmental activities	<u>\$ 1,804,116</u>

# Village of Lake Orion

## Governmental Funds

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

Year Ended June 30, 2021

	Special Revenue			Other Governmental Funds	Total Governmental Funds
	General Fund	Public Works Fund	Police Fund		
<b>Revenues</b>					
Property taxes	\$ 1,161,010	\$ -	\$ 341,113	\$ -	\$ 1,502,123
Intergovernmental:					
Federal, state, and local	415,609	16,646	68,519	311,194	811,968
Charges for services	280,233	130,081	89,921	23,201	523,436
Fines and forfeitures	-	-	39,058	2,032	41,090
Interest	3,544	852	1,431	8,185	14,012
Other revenues	11,750	2,430	4,833	14,133	33,146
<b>Total revenues</b>	1,872,146	150,009	544,875	358,745	2,925,775
<b>Expenditures</b>					
Current:					
General government	585,518	-	-	-	585,518
Public safety	-	-	715,736	-	715,736
Public works	224,101	541,163	-	339,483	1,104,747
Parking	-	-	-	2,522	2,522
Community and economic development	53,971	-	-	-	53,971
Recreation and culture	49,710	-	-	-	49,710
Other	65,439	-	-	-	65,439
Capital outlay	14,889	88,255	500	43,564	147,208
<b>Total expenditures</b>	993,628	629,418	716,236	385,569	2,724,851
Excess of revenues over (under)	878,518	(479,409)	(171,361)	(26,824)	200,924
<b>Other financing sources (uses)</b>					
Transfers in	139,000	477,000	390,000	202,445	1,208,445
Transfers out	(961,955)	-	(490)	(107,000)	(1,069,445)
<b>Total other financing sources and uses</b>	(822,955)	477,000	389,510	95,445	139,000
Net change in fund balance	55,563	(2,409)	218,149	68,621	339,924
Fund balance at beginning of year	722,281	16,555	190,413	821,755	1,751,004
<b>Fund balance at end of year</b>	\$ 777,844	\$ 14,146	\$ 408,562	\$ 890,376	\$ 2,090,928

See accompanying notes.

Village of Lake Orion  
 Governmental Funds  
 Reconciliation of Statement of Revenues, Expenditures, and  
 Changes in Fund Balance to Statement of Activities

Year Ended June 30, 2021

Net change in fund balance – governmental funds	\$	339,924
---	----	---------

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. Also, when capital assets are disposed prior to being fully depreciated, the loss on disposal is recorded in the statement of activities, but not in the governmental funds. In the current period, these amounts are:

Capital outlay		117,510
Depreciation expense		(200,481)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. In the current period, these items consist of:

Change in net other post employment benefit liability		113,292
Change in deferred outflows related to pensions and OPEB		(178,945)
Change in deferred inflows related to pensions and OPEB		105,403
Change in net pension liability		(91,492)
Change in compensated absences		(38,064)
Change in net position – governmental activities	\$	167,147

Village of Lake Orion  
 Proprietary Fund  
 Statement of Net Position

June 30, 2021

	<b>Enterprise Fund</b>
	<b>Water and Sewer</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 1,928,992
Accounts receivable	566,516
Due from State	282,382
Prepaid expenses	8,766
Total current assets	2,786,656
Advance to component unit	500,000
Property, plant, and equipment	18,827,919
Less: Accumulated depreciation	(8,139,655)
Net property, plant, and equipment	10,688,264
Total assets	13,974,920
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	481,864
Contract retainage	273,913
Accrued interest	33,334
Current portion of compensated absences	500
Current portion of bonds payable	332,247
Total current liabilities	1,121,858
Long-term liabilities:	
Compensated absences, less current portion	6,028
Bonds payable, less current portion	5,860,123
Total long-term liabilities	5,866,151
Total liabilities	6,988,009
<b>Net position</b>	
Net investment in capital assets	4,495,894
Unrestricted	2,491,017
Total net position	\$ 6,986,911

Village of Lake Orion

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

Year Ended June 30, 2021

	<u>Enterprise Fund</u> <u>Water and Sewer</u>
<b>Operating revenues</b>	
Charges for services	\$ 1,910,272
Penalty charges	24,280
Miscellaneous	533
Total operating revenues	<u>1,935,085</u>
<b>Operating expenses</b>	
Salaries and fringe benefits	69,568
Water purchases	418,778
Sewage treatment	850,108
General and administrative	15,539
Supplies	2,546
Contract services	113,898
Equipment repairs and rentals	26,350
Depreciation	264,802
Total operating expenses	<u>1,761,589</u>
Operating income	173,496
<b>Nonoperating revenues (expenses)</b>	
Interest earned	24,268
Interest expense and related fees	(118,141)
Total nonoperating revenues (expenses)	<u>(93,873)</u>
Income before contributions and transfers	79,623
<b>Capital contributions</b>	
Capital and lateral charges	16,595
<b>Transfers</b>	
Transfers out	<u>(110,000)</u>
Change in net position	(13,782)
Net position at beginning of period	<u>7,000,693</u>
Net position at end of period	<u><u>\$ 6,986,911</u></u>

Village of Lake Orion

Proprietary Fund  
Statement of Cash Flows

Year Ended June 30, 2021

	<b>Enterprise Fund</b>
	<b>Water and Sewer</b>
<b>Cash flows from operating activities</b>	
Receipts from customers and users	\$ 1,908,269
Payments to suppliers	(1,622,822)
Payments to employees	(69,568)
Net cash from operating activities	<u>215,879</u>
<b>Cash flows from capital and related financing activities</b>	
Collection of capital and lateral charges	16,595
Amounts due from State, net	997,673
Payment for capital acquisitions	(627,696)
Proceeds from issuance of capital debt	664,182
Principal paid on capital debt	(330,861)
Interest paid on capital debt	(115,223)
Transfer to other funds	(110,000)
Net cash from capital and related financing activities	<u>494,670</u>
<b>Cash flows from investing activities</b>	
Advance to component unit, net	120,000
Interest earned	24,268
Net cash from investing activities	<u>144,268</u>
Net change in cash and cash equivalents	854,817
Cash and cash equivalents at beginning of period	1,074,175
Cash and cash equivalents at end of period	<u>\$ 1,928,992</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 173,496
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	264,802
Change in accounts receivable	(26,816)
Change in prepaids	765
Change in accounts payable and contract retainage	(196,368)
Net cash from operating activities	<u>\$ 215,879</u>

See accompanying notes.

Village of Lake Orion  
Fiduciary Fund  
Statement of Fiduciary Net Position

June 30, 2021

	<b><u>Retiree Healthcare Trust Fund</u></b>
<b>Assets</b>	
Investments, at fair value:	
Mutual funds	\$ 197,640
Total assets	<u>197,640</u>
<b>Net Position</b>	
Held in trust for retirement benefits	<u><u>\$ 197,640</u></u>

Village of Lake Orion  
 Fiduciary Fund  
 Statement of Changes in Fiduciary Net Position  
 Year Ended June 30, 2021

	<u><b>Retiree Healthcare Trust Fund</b></u>
<b>Additions</b>	
Contributions:	
Employer	\$ 10,000
Investment earnings:	
Net increase in fair value of investments	<u>41,387</u>
Total additions	<u>51,387</u>
<b>Deductions</b>	
Fees	<u>895</u>
Change in net position	50,492
Net position at beginning of year	<u>147,148</u>
Net position at end of year	<u><u>\$ 197,640</u></u>

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies**

The accounting policies of the Village of Lake Orion (Village) 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 establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies used by the Village.

**Reporting Entity**

The Village was incorporated in 1859. The Village operates under an elected Village Council, with a full-time Village Manager appointed by the Council to carry out the policies that it establishes. Services are provided to approximately 3,000 residents in the areas of police, refuse removal, parks and recreation, road construction, lighting, maintenance, and water and sewer.

As required by generally accepted accounting principles, these financial statements present the Village and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely Presented Component Unit**

Downtown Development Authority (DDA)

The Village of Lake Orion Downtown Development Authority (DDA) was established to promote economic growth and revitalization of the Village's business district. The DDA Board is appointed by the Village Council, and the annual operating budget and any modifications require the approval of the Village Council. The DDA has a June 30 fiscal year end.

**Description of Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Description of Government-Wide and Fund Financial Statements (continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental and internal service funds, while business-type activities incorporate data from the Village's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the Village has one discretely presented component unit. Although all may not be considered to be major component units, they are nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and other charges between the Village's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the Village’s funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Village reports the following major governmental funds:

*General Fund* – General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*Public Works Fund* – Public Works Fund is a special revenue fund used to account for the activity of the Department of Public Works, including cemetery operations.

*Police Fund* – Police Fund is a special revenue fund used to account for the revenues and expenditures of the police department.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the enterprise fund types.

The Village reports the following major proprietary fund:

*Enterprise Funds* – Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Village Council has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The Village has one enterprise fund, which is the Water and Sewer Fund.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Basis of Presentation – Fund Financial Statements (continued)**

The Village reports the following fiduciary funds:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

*Retiree Healthcare Trust Fund* – Retiree Healthcare Trust Fund accumulates resources for future retiree health care payments.

*Agency Fund* – Agency Fund is used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Additionally, the Village reports the following fund types:

*Special Revenue Fund* – Special Revenue Fund is used to account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

*Capital Project Fund* – Capital Project Fund is used to account for the financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Funds.)

*Permanent Fund* – Permanent Fund is used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. This includes the Perpetual Care Fund for the municipal cemetery.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Basis of Presentation – Fund Financial Statements (continued)**

During the course of operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as “due from/to other funds” and “advances to/from other funds.” While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Use of Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Measurement Focus and Basis of Accounting (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 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

**Budgetary Information**

Budgetary Basis of Accounting

Annual budgets are adopted for the General Fund, all special revenue funds, capital project funds, enterprise and internal service funds and the discretely presented component unit. The DDA budget is based upon a fiscal year which matches the Village's fiscal year. The Village Administrator submits to the Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. Budgets are prepared on a basis consistent with the accounting basis utilized by the fund. Public hearings are conducted to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through a resolution passed by the Council. The budget and approved appropriations lapse at the end of the fiscal year. The Village does not maintain a formal encumbrance accounting system. The budgets are adopted on a functional basis. Expenditures may not legally exceed the budgeted amounts by function for these funds. The Village Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.

Comparisons to budget are presented as required by GAAP for all major governmental funds for which budgets were legally adopted. Budgets are adopted on a basis consistent with GAAP.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position/Fund Balance**

Cash and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

Investments for the Village, as well as for its component units, are recorded at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates, as determined by the Village's share of the net asset value (NAV) of the investment. Investments that do not have an established fair value are reported at estimated fair value as determined by management.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$0 as of June 30, 2021.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position/Fund Balance (continued)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the Village), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed. Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Land improvements	10-50 years
Buildings	40 years
Street and road improvements	50 years
Water and sewer lines	50 years
Equipment	5-10 years
Vehicles	5-10 years

Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Village and the Village's internal policy, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the statement of net position. This liability is composed of employees who retire and any unused vacation paid upon termination of employment.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position/Fund Balance (continued)**

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type state of net position. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the statement of net position. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

Fund Balance Classifications

In the fund financial statements, governmental funds report the following components of fund balance which comprise a hierarchy based on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable – amounts which cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as creditors, grantors, and higher levels of government), through constitutional provisions, or by enabling legislations.

Committed – amounts which are subject to limitations the Village imposes upon itself through official actions made by the Village Council, and that remain binding unless removed in the same manner.

Assigned – amounts neither restricted nor committed for which the Village has a stated intended use as established by the Village Council or an official to which the Village Council has delegated the authority to assign amounts for specific purposes.

Unassigned – amounts that are available for any purpose.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**1. Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position/Fund Balance (continued)**

The Village would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**2. Deposits and Investments**

Deposits and investments are reported in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and investments	\$ 2,078,476	\$ 1,928,992	\$ 197,640	\$ 782,345

These amounts are classified into the following deposits and investments categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Deposits	\$ 889,913	\$ 978,801	\$ -	\$ 534,413
Investments:				
Oakland County – LGIP	1,110,398	950,191	-	247,932
Michigan CLASS	78,165	-	-	-
Investment managers	-	-	197,640	-

# Village of Lake Orion

## Notes to Financial Statements

June 30, 2021

### **2. Deposits and Investments (continued)**

Michigan Compiled Laws Section 129.91 (Public Act (PA) 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Village adopted Public Act 149 of 1999, which allows the Village to invest retiree health care funds in more diversified investment asset classes, as allowed under Michigan Public Act 314 of 1965, as amended. Michigan Public Act 314 of 1965, as amended, allows the Village to invest pension and retiree health care funds in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Village has designated two banks for the deposit of its funds. The investment policy adopted by the Village Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts, CDs, commercial paper, repurchase agreements, bankers' acceptances of United States banks, municipal bonds, and investment pools. The Village's deposits and investment policies are in accordance with statutory authority. The Village's treasurer periodically submits recommendations for approved depository banks and credit unions to the Village Council. Additionally, the Village participates in the Oakland County Local Government Investment Pool (LGIP) and the Michigan CLASS investment pool. The investment pools are not subject to regulatory oversight, are not registered with the SEC, and do not issue a separate financial report. The fair value of the position in the pools is the same as the value of the pool shares.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**2. Deposits and Investments (continued)**

The Village's cash and investments are subject to several types of risk, which are examined in more detail below:

*Custodial Credit Risk.* Custodial Credit Risk is the risk that in the event of a bank failure, the Village's deposits may not be recovered. Neither State law nor the Village's investment policy requires consideration of custodial credit risk. At year end, the Village had \$2,178,919 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The uninsured and uncollateralized amount includes \$479,408 of component unit deposits. The Village believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As noted above, the Village participates in the Oakland County Local Government Investment Pool and the Michigan CLASS investment pool. At year end the Village's investment in the Oakland County Local Government Investment Pool was \$2,308,521 which includes component unit investments. At year end, the Village's investment in the Michigan CLASS investment pool was \$78,165, which includes component unit investments.

In addition to the governmental fund bank deposits noted above, the Village had investments held in trust by a custodial bank as a part of the Retiree Health Care Trust Fund. The fund's investments stated at market value were \$197,640 as of June 30, 2021.

Village of Lake Orion

Notes to Financial Statements

June 30, 2021

**2. Deposits and Investments (continued)**

*Interest Rate Risk.* Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates. The Village's investments and weighted average maturities consisted of the following:

<b>Deposits and Investments</b>	<b>Fair Value</b>	<b>Weighted Average Maturity</b>
Primary Government (includes component unit investments):		
Savings and checking accounts	\$ 2,403,127	Demand
Pooled investments (share price \$1)	2,386,686	Less Than One Year
	<u>\$ 4,789,813</u>	
Fiduciary Fund:		
Mutual Funds – Bonds	\$ 70,276	N/A
Mutual Funds – Equity	127,364	N/A
	<u>\$ 197,640</u>	

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified above. The Village has no investment policy that would further limit its investment choices.

	<b>Fair Value</b>	<b>Rating</b>	<b>Rating Organization</b>
Primary Government (includes component unit investments):			
Oakland County – LGIP	\$ 2,308,521	Not rated	N/A
Michigan CLASS	78,165	AAAm	S&P
Fiduciary Fund:			
Mutual Funds – Bonds	70,276	Not rated	N/A
Mutual Funds – Equity	127,364	Not rated	N/A

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**2. Deposits and Investments (continued)**

Investment and Deposit Risk (continued)

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Village's investment policy places no limit on the amount the Village may invest in any one issuer.

Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified within the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Village's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset.

The Village has the following recurring fair value measurements as of June 30, 2021:

	<b>Balance at June 30, 2021</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Investments by fair value level</b>				
Debt securities				
OPEB mutual funds – fixed income	\$ 70,276	\$ 70,276	\$ -	\$ -
Equity securities				
OPEB mutual funds – equity	127,364	127,364	-	-
<b>Total investments by fair value level</b>	<b>\$ 197,640</b>	<b>\$ 197,640</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Investments measured at the net asset value (NAV)</b>				
Oakland County Investment Pool	\$ 2,308,521			
Michigan CLASS	78,165			
<b>Total investments measured at NAV</b>	<b>2,386,686</b>			
<b>Total investments measured at fair value</b>	<b>\$ 2,584,326</b>			

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**2. Deposits and Investments (continued)**

Fair Value Measurements (continued)

Debt and equity securities (mutual funds) classified in Level 1 are valued using prices quoted in active markets for those securities.

**Investments in Entities that Calculate Net Asset Value per Share**

The Village holds shares or interests in investment pools whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Oakland County Investment Pool	\$ 2,308,521	\$ -	No limitations	None
Michigan CLASS	78,165	-	No limitations	None
Total	<u>\$ 2,386,686</u>	<u>\$ -</u>		

The Oakland County Investment Pool is a portfolio combining investments in U.S. government securities, certificates of deposit, and cash equivalents. These investments are made in conformance with PA 20 of 1943 and the Oakland County Investment Policy. This investment policy demands three standards for investment: safety of principal, liquidity of investment, and return on investment. The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

The Michigan Cooperative Liquid Assets Securities System (CLASS) investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high grade commercial paper (rated “A1” or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under the state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**3. Interfund Receivables, Payables, and Transfers**

The transfers between funds may be summarized as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Public Works Fund	General Fund	\$ 470,000
Police Fund	General Fund	390,000
General Fund	Water Sewer Fund	110,000
General Fund	DDA	29,000
Public Works Fund	Cemetery Perpetual Care	7,000
Local Street Fund	Major Street Fund	100,000
Parking Fund	Police Fund	490
Capital Improvement Fund	General Fund	101,955
DDA Property Acquisition Fund	DDA	14,250
		<u>\$ 1,222,695</u>

Interfund transfers are used to: 1) transfer revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; 2) transfer receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and 3) transfer unrestricted revenues collected in the General Fund to other funds to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

During the year-ended June 30, 2020, the Cemetery Perpetual Care fund advanced \$148,472 to the Public Works Fund for the purchase of a vehicle. The Public Works Fund will repay this advance in ten annual installments of \$14,847 plus interest of 3.0%, beginning January 1, 2021. The current balance outstanding is \$133,625.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**4. Capital Assets**

Capital assets activity for primary government for the year ended June 30, 2021 was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
<b>General</b>				
Capital assets not being depreciated:				
Land	\$ 498,484	\$ -	\$ -	\$ 498,484
Capital assets being depreciated:				
Land improvements	476,965	9,000	-	485,965
Street and road improvements	2,504,796	24,650	-	2,529,446
Building and improvements	1,468,029	-	-	1,468,029
Machinery and equipment	663,326	-	-	663,326
Vehicles	860,350	83,860	-	944,210
Total capital assets being depreciated	5,973,466	117,510	-	6,090,976
Accumulated depreciation:				
Land improvements	(420,087)	(5,530)	-	(425,617)
Street and road improvements	(932,528)	(50,589)	-	(983,117)
Building and improvements	(639,616)	(75,071)	-	(714,687)
Machinery and equipment	(646,565)	(5,939)	-	(652,504)
Vehicles	(613,955)	(63,352)	-	(677,307)
Total accumulated depreciation	(3,252,751)	(200,481)	-	(3,453,232)
Total general capital assets being depreciated, net	2,720,715	(82,971)	-	2,637,744
Total governmental activities capital assets, net	\$ 3,219,199	\$ (82,971)	\$ -	\$ 3,136,228

The depreciation expense was \$200,481 during the year.

Depreciation expense was charged on the statement of activities as follows:

<b>Governmental Activities</b>	
General government	\$ 62,299
Public safety	36,310
Public works	96,667
Recreation and culture	5,205
Total depreciation expense – governmental activities	<u>\$ 200,481</u>

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**4. Capital Assets (continued)**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Construction in progress	\$ 5,334,418	\$ 374,863	\$ -	\$ 5,709,281
Capital assets being depreciated:				
Water and sewer mains	11,622,693	252,833	-	11,875,526
Equipment	342,399	-	-	342,399
Intangible assets – water lines	900,713	-	-	900,713
Total capital assets being depreciated	12,865,805	252,833	-	13,118,638
Accumulated depreciation:				
Water and sewer mains	(7,063,631)	(231,337)	-	(7,294,968)
Equipment	(225,759)	(10,947)	-	(236,706)
Intangible assets – water lines	(585,464)	(22,517)	-	(607,981)
Total accumulated depreciation	(7,874,854)	(264,801)	-	(8,139,655)
Business-type capital assets being depreciated, net	4,990,951	(11,968)	-	4,978,983
Business-type activities capital assets, net	\$ 10,325,369	\$ 362,895	\$ -	\$ 10,688,264

Depreciation expense was \$264,801 during the year. All depreciation expense was charged to the water and sewer function in the statement of activities.

<b>Component Unit – DDA</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 393,274	\$ -	\$ -	\$ 393,274
Capital assets being depreciated:				
Land improvements	889,690	19,530	-	909,220
Street and road improvements	3,628,501	-	-	3,628,501
Equipment	22,182	-	-	22,182
Total capital assets being depreciated	4,540,373	19,530	-	4,559,903
Accumulated depreciation:				
Land improvements	(633,145)	(23,128)	-	(656,273)
Street and road improvements	(977,614)	(100,763)	-	(1,078,377)
Equipment	(13,539)	(2,002)	-	(15,541)
Total accumulated depreciation	(1,624,298)	(125,893)	-	(1,750,191)
Component unit capital assets being depreciated, net	2,916,075	(106,363)	-	2,809,712
Component unit capital assets, net	\$ 3,309,349	\$ 402,650	\$ -	\$ 3,202,986

Depreciation expense was \$125,893 during the year.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**4. Capital Assets (continued)**

The Village has active construction projects at year-end. At year-end, the Village's commitments with contractors are as follows:

	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Water main project	\$ 5,435,368	\$ 594,632

In addition, the Village has active construction projects that are administered through Oakland County, Michigan and will be funded through long-term debt within the Water and Sewer Fund.

**5. Long-Term Debt**

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2021:

	<b>Balance July 1, 2020</b>	<b>Add: Additional Debt Incurred</b>	<b>Less: Retirements and Payments on Debt</b>	<b>Balance June 30, 2021</b>	<b>Due Within One Year</b>
Governmental Activities:					
Compensated absences	\$ 136,139	\$ 38,064	\$ -	\$ 174,203	\$ 101,711
Total governmental activities	136,139	38,064	-	174,203	101,711
Business-type Activities:					
County Interceptor Bonds	844,043	252,833	66,778	1,030,098	62,933
Resource Recovery Facility					
Bonds	199,479	-	9,083	190,396	9,314
Drinking Water Revolving					
Fund Bonds	4,815,504	411,374	255,000	4,971,878	260,000
Compensated absences	6,551	-	23	6,528	500
Total business-type activities	5,865,577	664,207	330,884	6,198,900	332,747
Total	\$ 6,001,716	\$ 702,271	\$ 330,884	\$ 6,373,103	\$ 434,458
Component Unit – DDA:					
Long-term advance	\$ 620,000	\$ -	\$ 120,000	\$ 500,000	\$ 100,000

## Village of Lake Orion

### Notes to Financial Statements

June 30, 2021

#### 5. Long-Term Debt (continued)

The following is a summary of general obligation debt outstanding (excluding compensated absences) of the Village as of June 30, 2021:

	<b>Number of Issues</b>	<b>Interest Rate</b>	<b>Maturing Through</b>	<b>Principal Outstanding</b>
Business-type Activities:				
County Interceptor Bonds	9	1.55-5.90%	2040	\$ 1,030,098
Resource Recovery Facility Bonds	1	2.50%	2038	190,396
Drinking Water Revolving Fund Bonds	1	2.00%	2037	4,971,878
				<u>\$ 6,192,372</u>
Component Unit – DDA				
Long term advance	1	2.50%	2026	<u>\$ 500,000</u>

In July 2010, the Oakland-Macomb Interceptor Drain Drainage Board assessed the Village of Lake Orion, along with other communities within the drainage district, for the maintenance and rehabilitation of the Oakland-Macomb Interceptor Drain, under the provisions of the Michigan Drain Code, Public Act 40 of 1956, Section 526. Bonds were issued in the amount of \$26,076,000, Series 2010A, maturing in 2031 with an interest rate of 2.50%, \$6,731,484, Series 2010B, maturing in 2030 with interest rates of 1.45-5.90%, Series 2011, maturing in 2033 with an interest rate of 2.50%, \$65,140,000, Series 2013A, maturing in 2034 with an interest rate of 2.00%, Series 2014A maturing in 2034 with interest rates of 2.00-3.50%, Series 2015 maturing in 2035 with interest rates of 2.00-3.50%, \$5,205,000, Series 2019A maturing in 2030 with an interest rate of 1.85%, and \$4,510,000 (a refunding of the 2010B bonds), Series 2019B maturing in 2025 with an interest rate of 1.55%. During the year-ended June 30, 2021, Series 2020A was issued, maturing in 2040 with interest rates of 2.00%-5.00% totaling \$252,833 (0.4419% of the issuance). The Village's portion of the total debt as of June 30, 2021 is \$1,030,098.

During fiscal year 2020, the Downtown Development Authority commenced a significant parking lot project. The Village authorized \$500,000 be loaned to the DDA from the Water and Sewer Fund. The loan was made in a lump-sum in fiscal year 2020. All loan amounts transferred will bear interest at the simple annual interest rate of 2.50% from the date of transfer until full repayment. Repayment will be made in 5 annual installments commencing October 1, 2021 through 2025.

## Village of Lake Orion

### Notes to Financial Statements

June 30, 2021

#### 5. Long-Term Debt (continued)

In 2017, the Village received notice from Oakland County Water Resources Commissioner that the Clinton River Water Resource Recovery Drainage District is planning to construct a Biosolids Handling and Septage Receiving Facility. The total estimated cost of the project is approximately \$40 million. The Village's estimated share of the total expected debt issue of approximately \$29.5 million is 0.7698% or approximately \$227,000. Each of the participating communities were given the option to prepay the assessment or pay the assessment through a debt issue over 20 years. The Village elected to pay the assessment through a debt issue over 20 years. Through June 30, 2021, the Village's share of the total debt incurred to date is \$190,396.

In 2017, the Village entered into an agreement with the State of Michigan Department of Environmental Quality, Drinking Water Revolving Fund loan program to upgrade certain portions of the Village's water main infrastructure. The total amount of the loan approved is \$6,030,000. The bonds will be purchased by the Michigan Finance Authority. Annual debt service began April 1, 2020 and continues with annual payments due through 2039. Interest on the bonds is payable semi-annually on October 1 and April 1 at 2.00% per annum.

The annual debt service requirements to maturity for general obligation debt outstanding as of June 30, 2021 are as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ -	\$ 332,247	\$ 121,106
2023	-	-	336,210	115,560
2024	-	-	343,129	109,310
2025	-	-	350,005	102,937
2026	-	-	356,932	96,411
2027-2031	-	-	1,896,903	476,499
2032-2036	-	-	1,966,008	201,215
2037-2041	-	-	610,938	32,517
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,192,372</u>	<u>\$1,255,555</u>

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**5. Long-Term Debt (continued)**

<b>Component Unit – DDA</b>		
<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 100,000	12,500
2023	100,000	10,000
2024	100,000	7,500
2025	100,000	5,000
2026	100,000	2,500
	\$ 500,000	\$ 37,500

**6. Employees' Retirement System**

**General Plan Information**

The Village participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member retirement board. MERS is a not-for-profit organization that was granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. 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 <http://www.mersofmich.com> or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

**Benefits Provided**

The Village's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The Plan covers all full-time employees at the Village including union and non-union employees. As of July 1, 2012, the Village closed all defined benefit groups to new members. Benefits are calculated as 2.25% of the employee's three-year final average compensation multiplied by the employee's years of service with a maximum of 80% of final average compensation. Normal retirement age is 60. Deferred retirement benefits vest after 10 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the Village Council, generally after negotiations of these terms with the affected unions. Police employee benefit terms may be subject to binding arbitration in certain circumstances.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**6. Employees' Retirement System (continued)**

As of the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	18
Inactive plan members entitled to, but not yet receiving benefits	2
Active plan members	<u>3</u>
Total employees covered by MERS plan	<u><u>23</u></u>

**Contributions**

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2021, the average active employee contribution rate was 5.00% of gross wages for police union employees and 5.00% of gross wages for public works employees. The Village's contribution rate was a monthly flat rate of \$14,622.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**6. Employees' Retirement System (continued)**

**Net Pension Liability**

The net pension liability reported as of June 30, 2021 was determined using a measure of the total pension liability and the plan net position as of December 31, 2020. The December 31, 2020 total pension liability was determined by an actuarial valuation performed as of that date.

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	<b>Net Pension Liability</b>
Balance as of December 31, 2019	\$ 4,176,882	\$ 2,798,511	\$ 1,378,371
Service cost	21,712	-	21,712
Interest	304,357	-	304,357
Contributions – employer	-	158,088	(158,088)
Contributions – employee	-	9,392	(9,392)
Net investment income	-	333,267	(333,267)
Differences between expected and actual experience	81,869	-	81,869
Change in assumptions	178,827	-	178,827
Benefit payments, including refunds	(366,092)	(366,092)	-
Administrative expenses	-	(5,474)	5,474
Net changes	220,673	129,181	91,492
Balance as of December 31, 2020	<u>\$ 4,397,555</u>	<u>\$ 2,927,692</u>	<u>\$ 1,469,863</u>

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**6. Employees' Retirement System (continued)**

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

For the year ending June 30, 2021, the Village recognized a pension expense of \$332,980. At June 30, 2021, the Village reported deferred inflows and outflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments*	\$ -	\$ 90,438
Employer contributions to plan subsequent to the measurement date**	87,732	-
Total	<u>\$ 87,732</u>	<u>\$ 90,438</u>

\* Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2022	\$ (17,305)
2023	9,351
2024	(56,817)
2025	(25,667)

\*\* The amount reported as deferred outflow of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the fiscal year ending June 30, 2022.

**Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.35%

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**6. Employees' Retirement System (continued)**

**Actuarial Assumptions (continued)**

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table of a 50% male and 50% female blend with rates multiplied by 105%. For disabled retirees, the 50% male and 50% female blend of the RP-2014 Disabled Retiree Mortality Tables were used.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study in 2013.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 as of December 31, 2020, the measurement date, for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global equity	60%	3.15%
Global fixed income	20%	0.25%
Private investments	20%	1.45%

**Discount Rate**

The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**6. Employees' Retirement System (continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Village, calculated using the discount rate of 7.60%, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net pension liability	\$ 1,854,924	\$ 1,469,863	\$ 1,136,189

**7. Post-Employment Healthcare Benefits**

**Plan Administration**

The Village administers a single-employer, defined benefit post-employment health insurance plan (OPEB plan). The OPEB plan does not include pension benefits described in Note 6. Management of the plan is vested with the elected Village Council. The OPEB plan is reported as a Trust Fund in the Village's financial statements. The OPEB plan does not issue a publicly available financial report.

**OPEB Plan Membership**

As of June 30, 2021, the OPEB plan membership data is as follows:

Inactive plan members receiving benefits	10
Inactive plan members	1
Active plan members	3
Total participants	14

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**7. Post-Employment Healthcare Benefits (continued)**

**Benefits Provided**

The OPEB plan provides medical insurance for eligible retirees and their dependents through the Village's group health insurance plan, which covers both active and retired members. Benefit provisions are established and amended by the union contracts throughout negotiations between the Village and the respective unions or as established by the Village for non-union employees. The OPEB plan provides the following benefits based on employee group upon retirement.

*AFSCME Union* – The Village pays 75% of premium for the retiree and spouse for their lifetimes provided the participant was hired prior to July 1, 2007 and obtained 30 years of service.

*POAM Union* – The Village pays 75% of premium for the retiree and spouse for their lifetimes provided the participant was hired prior to July 1, 2007 and obtained 25 years of service.

*Non-Union* – The Village pays 75% (100% for certain retirees with grandfathered benefits) of premium for the retiree and spouse for their lifetimes provided the participant was hired prior to July 1, 2007 and obtained 25 years of service.

**Contributions**

The OPEB plan was established and is being funded under the authority of the Village. The OPEB plan's funding policy is that the Village will contribute up to \$10,000 to the OPEB trust fund in 2021 and discretionary amounts if able in subsequent years. The Village has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, the plan may be financed on a "pay-as-you-go" basis). There are no long-term contracts for contributions to the plan. The OPEB plan has no legally required reserves. For the year-ended June 30, 2021, the Village contributed \$78,550 for insurance premiums and \$10,000 to the Retiree Healthcare Trust Fund, while OPEB plan participants contributed \$16,363 for insurance premiums during the year ended June 30, 2021.

**Summary of Significant Accounting Policies**

**Basis of Accounting** – The Retiree Healthcare Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments** – Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**7. Post-Employment Healthcare Benefits (continued)**

**OPEB Plan Investments**

**Investment Policy** – The Village Treasurer may invest funds held in the Retiree Healthcare Trust Fund at his/her discretion including common or preferred stocks, bonds, certificates of deposit, interest or participation, mutual funds, and other forms of security investments.

**Net OPEB Liability**

The components of the net OPEB liability of the Village as of June 30, 2021, were as follows:

Total OPEB Liability	\$ 1,951,457
OPEB Plan Fiduciary Net Position	<u>(197,640)</u>
Net OPEB Liability	<u>\$ 1,753,817</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	10.1%

**Actuarial Assumptions** – The total OPEB liability was determined by an actuarial valuation as of June 30, 2021. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal (level percentage of compensation)
Salary Increases	3.00%
Discount Rate	4.46% for June 30, 2021 liability and 2022 contribution
Investment Rate of Return	4.46%
Healthcare Cost Trend Rates – pre-Medicare	8.25% per year graded down to an ultimate rate of 4.50% by 0.25% per year
Healthcare Cost Trend Rates – post-Medicare	6.50% graded down to an ultimate rate of 4.50% by 0.25% per year
Mortality	2010 Public General and Public Safety Employees, and Healthy Retirees, Headcount weighted, with MP-2020 Improvement Scale

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**7. Post-Employment Healthcare Benefits (continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of OPEB plan investment expense 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 best estimates of arithmetic rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	65.40%	4.80%
Global fixed income	29.10%	3.60%
Real assets	3.10%	6.40%
Diversifying strategies	2.40%	3.00%
	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability was 4.46%. Because the covered group is closed to new entrants and the Village continues to make benefit payments on a pay-as-you-go basis, assets will theoretically never be depleted, and no cross-over point will occur so the average rate above is used for the discount rate. As long as benefits are paid from general operating funds, those benefits ought to be discounted at the municipal bond rate and a lower discount rate would result in a higher liability.

The discount rate as of June 30, 2020 was 4.46%.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**7. Post-Employment Healthcare Benefits (continued)**

	<b>Changes in the Net OPEB Liability</b>		
	<b><u>Increase (Decrease)</u></b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balances as of July 1, 2020	\$ 2,014,257	\$ 147,148	\$ 1,867,109
Changes for the Year:			
Service cost	15,453	-	15,453
Interest on the total OPEB liability	88,773	-	88,773
Changes in benefits	-	-	-
Difference between expected and actual experience	1,670	-	1,670
Changes in assumptions	(90,146)	-	(90,146)
Employer contributions to OPEB Trust	-	10,000	(10,000)
Contributions paid from general operating funds	-	78,550	(78,550)
Net investment income	-	41,387	(41,387)
Benefit payments, including employee refunds	(78,550)	(78,550)	-
Administrative expense	-	(895)	895
Other changes	-	-	-
Net changes	(62,800)	50,492	(113,292)
<b>Balances as of June 30, 2021</b>	<b>\$ 1,951,457</b>	<b>\$ 197,640</b>	<b>\$ 1,753,817</b>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** – The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

	<b>1% Decrease (3.46%)</b>	<b>Current Discount Rate (4.46%)</b>	<b>1% Increase (5.46%)</b>
Net OPEB Liability	\$ 2,007,990	\$ 1,753,817	\$ 1,543,899

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**7. Post-Employment Healthcare Benefits (continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates –** The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower and 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease (3.50%)</b>	<b>Current Healthcare Cost Trend Rates (4.50%)</b>	<b>1% Increase (5.50%)</b>
Net OPEB Liability	\$ 1,518,137	\$ 1,753,817	\$ 2,038,239

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the Village recognized OPEB expense as follows:

	<b>OPEB</b>
	<b>Expense</b>
Service cost	\$ 15,453
Interest on the total OPEB liability	88,773
Experience (gains) / losses	(184,831)
Changes in assumptions	63,766
Employee contributions	-
Projected earnings on OPEB investments	(6,766)
Investment earnings (gains)/losses	(5,459)
Administrative expense	895
Other changes	-
Total OPEB expense	\$ (28,169)

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**7. Post-Employment Healthcare Benefits (continued)**

At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 22,451
Total	\$ -	\$ 22,451

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30</b>	
2022	(5,460)
2023	(4,921)
2024	(5,145)
2025	(6,925)

**8. Property Taxes**

Property tax assessments are determined as of each December 31. Taxes are levied on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28 before they are added to the county delinquent tax roll. The Village's property taxes are accounted for in the general fund and the downtown development authority. Village property tax revenues are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

Village of Lake Orion

Notes to Financial Statements

June 30, 2021

**8. Property Taxes (continued)**

The Village is permitted by State law to levy taxes up to \$20 per \$1,000 of equalized valuation for general governmental services. The 2020 taxable valuation of the Village totaled \$144.8 million. The following is a summary of the tax rates levied on the 2020 tax roll:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	9.9214	\$1,122,742
Police millage – operations	2.9317	331,762

Under terms of an agreement with the Charter Township of Orion, the Township remits to the Village the equivalent of two mills (as rolled back by State law) of property taxes, which represents a special-voted tax levied on all Township residents (including Village residents) for police services. In accordance with the agreement, the Village will decrease its tax levy by an equal amount. The December 31, 2020 Township tax levy is paid by residents through February 2021. The Township remits its payment to the Village through June 2021, which will be used to replace the July 1, 2021 tax levy.

**9. Risk Management**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee’s injuries (workers’ compensation). The Village has purchased commercial insurance coverage through various policies for general liability, property, vehicle, and workers’ compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

The Village is a member of the Michigan Municipal Liability and Property Pool for its general liability insurance coverage and a member of the Michigan Municipal Workers Compensation Fund for its workers’ compensation coverage. The Village pays annual premiums to the pools. The pools are self-sustaining through member premiums, and each carries reinsurance through commercial companies for claims in excess of the pool loss reserve fund.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made. No such event has occurred with the Village and the pools to which it belongs in any of the past three fiscal years.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**10. Stewardship, Compliance, and Accountability**

Budgetary Information

Budgets are adopted by the Village Council for the General Fund and Special Revenue Funds after a public hearing is held. The budget basis of accounting does not differ significantly for the modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget is adopted at the activity level and control is exercised at the activity level. The Village Council monitors and amends the budgets as necessary. Unexpended appropriations lapse at year end. The Village does not maintain a formalized encumbrance accounting system. Budget appropriations are considered to be spent once goods are delivered or services are rendered.

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

1. The Village charter requires two regular council meetings per month. By the first meeting in April, a proposed operating budget must be submitted to the Village Council for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year.
2. A public hearing and adoption of the budget is required by the first meeting in May.
3. On or before June 15, the tax rate must be set and the budget is legally enacted through the passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the general and special revenue funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP). The general fund and special revenue fund budgets are adopted at the activity level.
5. Budgetary appropriations lapse at year-end.
6. The Village Council may authorize supplemental appropriations (budget amendments) during the year. In fiscal year 2021, several budget amendments were made.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**10. Stewardship, Compliance, and Accountability (continued)**

Excess Expenditures over Appropriations in Budgeted Funds

P.A. 621 of 1978, Section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended June 30, 2021, the Village incurred expenditures in excess of the amounts appropriated as follows:

<u>Budget Item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>	<u>Variance</u>
General Fund – Community and economic development Planning and zoning	\$ 49,408	\$ 53,970	\$ 4,562

**11. Joint Venture**

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities: the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard, and the Village of Oxford. The Authority’s board consists of nine members of which the Village of Lake Orion appoints one. The North Oakland Transportation Authority is not considered a part of the reporting entity of the Village of Lake Orion. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 467 East Jackson St., Lake Orion, Michigan 48362.

**12. Tax Abatements**

The Village granted reduced property tax revenue to qualified low income housing programs (PA 346 of 1966). Qualified low-income housing is exempt from property taxes, but pay a fee in lieu of taxes based on a percentage of their rents. The amount of tax forgone was determined by subtracting the fee in lieu of taxes paid from the amount of tax that would have been calculated had PA 345 of 1966 not covered these properties.

Village of Lake Orion  
Notes to Financial Statements

June 30, 2021

**12. Tax Abatements (continued)**

The Village granted reduced property tax revenue as a result of issuing a Commercial Facilities Tax exemption (PA 255 of 1978). Commercial Facilities Exemptions are intended to promote commercial redevelopment and restoration of commercial facilities. Under the Commercial Facilities Exemption Certificate, the restored commercial facility is exempt from ad valorem taxation on the facility and personal property within the facility. The taxable value of the facility is also frozen.

The Village also granted reduced property tax revenue as a result of issuing a Commercial Rehabilitation exemption (PA 210 of 2005). The Commercial Rehabilitation Act, PA 210 of 2005, as amended, affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of 1-10 years. The property taxes are based upon the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the certificate.

The total amount of Village taxes abated under these three programs approximated \$31,000 during the year ended June 30, 2021.

**13. Risks and Uncertainties**

The current Coronavirus pandemic has had an economic impact on the United States and the international community. The extent of the ultimate impact of the pandemic on the Village's operational and financial performance will depend on various developments, including duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time.

**14. Subsequent Events**

Subsequent to June 30, 2021, the Village was notified that it was awarded American Rescue Plan Act funds totaling approximately \$334,000. This award will be disbursed to the Village during fiscal years 2022 and 2023.

Required Supplementary Information

## Village of Lake Orion

### Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>							
Service cost	\$ 21,712	\$ 18,056	\$ 24,122	\$ 28,897	\$ 28,587	\$ 27,164	\$ 33,257
Interest	304,357	288,677	299,399	300,398	326,778	329,227	308,260
Difference between expected and actual experience	81,869	100,782	36,345	(45,443)	(393,125)	(5,100)	-
Changes in assumptions	178,827	116,591	-	-	-	184,225	-
Benefit payments including refunds	(366,092)	(303,553)	(298,323)	(289,575)	(294,716)	(336,654)	(318,528)
Other changes	-	15,194	-	-	-	-	-
Net change in total pension liability	220,673	235,747	61,543	(5,723)	(332,476)	198,862	22,989
Total pension liability at beginning of year	4,176,882	3,941,135	3,879,592	3,885,315	4,217,791	4,018,929	3,995,940
Total pension liability at end of year	<u>\$ 4,397,555</u>	<u>\$ 4,176,882</u>	<u>\$ 3,941,135</u>	<u>\$ 3,879,592</u>	<u>\$ 3,885,315</u>	<u>\$ 4,217,791</u>	<u>\$ 4,018,929</u>
<b>Plan fiduciary net position</b>							
Contributions – employer	\$ 158,088	\$ 133,392	\$ 187,278	\$ 181,860	\$ 114,072	\$ 107,640	\$ 107,334
Contributions – employee	9,392	12,552	13,571	14,011	13,867	14,348	16,627
Net investment income	333,267	348,189	(108,893)	336,390	275,341	(38,613)	171,339
Benefit payments including refunds	(366,092)	(303,553)	(298,323)	(289,575)	(294,716)	(336,654)	(318,528)
Administrative expense	(5,474)	(5,995)	(5,458)	(5,331)	(5,442)	(5,808)	(6,252)
Net change in plan fiduciary net position	129,181	184,585	(211,825)	237,355	103,122	(259,087)	(29,480)
Plan fiduciary net position at beginning of year	2,798,511	2,613,926	2,825,751	2,588,396	2,485,274	2,744,361	2,773,841
Plan fiduciary net position at end of year	<u>\$ 2,927,692</u>	<u>\$ 2,798,511</u>	<u>\$ 2,613,926</u>	<u>\$ 2,825,751</u>	<u>\$ 2,588,396</u>	<u>\$ 2,485,274</u>	<u>\$ 2,744,361</u>
Village's net pension liability at end of year	<u>\$ 1,469,863</u>	<u>\$ 1,378,371</u>	<u>\$ 1,327,209</u>	<u>\$ 1,053,841</u>	<u>\$ 1,296,919</u>	<u>\$ 1,732,517</u>	<u>\$ 1,274,568</u>
Plan fiduciary net position as a percentage of the total pension liability	66.6%	67.0%	66.3%	72.8%	66.6%	58.9%	68.3%
Covered employee payroll	\$ 187,983	\$ 182,199	\$ 244,394	\$ 280,322	\$ 277,342	\$ 268,611	\$ 324,635
Employer's net pension liability as a percentage of covered employee payroll	781.9%	756.5%	543.1%	375.9%	467.6%	645.0%	392.6%

*Notes to schedule:*

Above dates are based on measurement date, which may not necessarily agree to the fiscal year.

## Village of Lake Orion

### Schedule of Pension Contributions Last Ten Fiscal Years

Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarial determined contributions	<b>\$ 181,596</b>	\$ 174,528	\$ 175,560	\$ 175,164	\$ 115,236	\$ 112,908	\$ 102,012	\$ 113,016	\$ 102,960	\$ 89,448
Contributions in relation to the actuarially determined contribution	<b>158,088</b>	133,392	187,278	181,860	115,236	112,908	102,012	113,016	102,960	89,448
Contribution deficiency (excess)	<b>\$ 23,508</b>	\$ 41,136	\$ (11,718)	\$ (6,696)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	<b>\$ 187,983</b>	\$ 182,199	\$ 244,394	\$ 280,322	\$ 277,342	\$ 268,611	\$ 324,635	\$ 378,751	\$ 489,211	\$ 666,239
Contributions as a percentage of covered employee payroll	<b>96.6%</b>	95.8%	71.8%	62.5%	41.6%	42.0%	31.4%	29.8%	21.0%	13.4%

**Notes to schedule**

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required

Methods and assumptions used to determine contribution rates:

Actuarial cost method  
Amortization method  
Remaining amortization period  
Asset valuation method  
Inflation  
Salary increases  
Investment rate of return  
Retirement age  
Mortality

Entry age normal  
Level percentage of payroll, closed  
10 years  
5 year smoothed market  
2.50%  
3.00% including inflation  
7.35%  
Experience-based tables of rates that are specific to the type of eligibility condition  
50% male / 50% female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables.

## Village of Lake Orion

### Schedule of Changes in Net OPEB Liability and Related Ratios Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)

Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>				
Service cost	\$ 15,453	\$ 13,960	\$ 27,523	\$ 26,056
Interest	88,773	136,147	120,056	119,190
Difference between expected and actual experience	1,670	(492,465)	833	-
Changes in assumptions	(90,146)	489,911	(307,414)	-
Benefit payments including refunds	(78,550)	(79,196)	(87,636)	(87,425)
Net change in total pension liability	(62,800)	68,357	(246,638)	57,821
Total OPEB liability at beginning of year	2,014,257	1,945,900	2,192,538	2,134,717
Total OPEB liability at end of year	<u>\$ 1,951,457</u>	<u>\$ 2,014,257</u>	<u>\$ 1,945,900</u>	<u>\$ 2,192,538</u>
<b>Plan fiduciary net position</b>				
Contributions to OPEB trust	10,000	10,000	10,000	10,000
Contributions/benefit payments made from general operating funds	78,550	79,196	87,636	87,425
Net investment income	41,387	962	5,726	8,775
Benefit payments including refunds	(78,550)	(79,196)	(87,636)	(87,425)
Administrative expense	(895)	(694)	(606)	(554)
Net change in plan fiduciary net position	50,492	10,268	15,120	18,221
Plan fiduciary net position at beginning of year	147,148	136,880	121,760	103,539
Plan fiduciary net position at end of year	<u>\$ 197,640</u>	<u>\$ 147,148</u>	<u>\$ 136,880</u>	<u>\$ 121,760</u>
Village's net pension liability at end of year	<u>\$ 1,753,817</u>	<u>\$ 1,867,109</u>	<u>\$ 1,809,020</u>	<u>\$ 2,070,778</u>
Plan fiduciary net position as a percentage of the total pension liability	10.1%	7.3%	7.0%	5.6%
Covered employee payroll	Not Avail.	Not Avail.	Not Avail.	Not Avail.
Employer's net pension liability as a percentage of covered employee payroll	Not Avail.	Not Avail.	Not Avail.	Not Avail.

## Village of Lake Orion

### Schedule of OPEB Contributions

Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)

Year Ended June 30, 2021

	2021	2020	2019	2018
Service cost	\$ 15,453	\$ 13,960	\$ 27,523	\$ 27,523
Interest cost	12,755	19,545	16,284	-
Amortization of unfunded liability	270,543	261,710	261,707	226,285
Actuarially determined employer contribution	298,751	295,215	305,514	253,808
Contributions in relation to the actuarially determined contribution	88,550	89,196	97,636	97,425
Contribution deficiency (excess)	\$ 210,201	\$ 206,019	\$ 207,878	\$ 156,383
 Covered employee payroll	 Not Avail.	 Not Avail.	 Not Avail.	 Not Avail.
Contributions as a percentage of covered employee payroll	Not Avail.	Not Avail.	Not Avail.	Not Avail.

#### Notes to schedule

Actuarial valuation information relative to the determination of contributions:

Valuation date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
----------------	-----------	-----------	-----------	-----------

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of compensation)
Amortization method	Level dollar
Remaining amortization period	8 years
Asset valuation method	Equal to market value of assets
Inflation	Included in investment return
Salary increases	3.00% including inflation
Investment rate of return	4.46% (including inflation)
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	2010 Public General and Public Safety Employees, and Healthy Retirees, Headcount weighted, with MP-2019 improvement scale

# Village of Lake Orion

## General Fund

### Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual

Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$1,136,962	\$ 1,136,962	\$ 1,122,762	\$ (14,200)
Penalties and interest	3,000	3,000	4,049	1,049
In lieu of taxes	36,000	36,000	29,697	(6,303)
Other taxes	681	681	4,502	3,821
Intergovernmental – Federal/CDBG	33,483	33,333	95,562	62,229
Intergovernmental – State and local	227,616	294,354	320,047	25,693
Charges for services	205,248	248,582	280,233	31,651
Interest earnings	4,000	4,000	3,544	(456)
Other revenues	13,100	13,250	11,750	(1,500)
<b>Total revenues</b>	<b>1,660,090</b>	<b>1,770,162</b>	<b>1,872,146</b>	<b>101,984</b>
<b>Expenditures</b>				
General government:				
Village council	3,171	3,171	2,999	172
Village manager	104,474	104,474	103,480	994
Clerk	91,445	91,445	90,577	868
Treasurer	91,043	91,043	67,689	23,354
Municipal building	234,271	235,773	230,937	4,836
Data processing and information technology	26,000	26,000	21,912	4,088
Professional services	40,600	50,188	47,925	2,263
	<u>591,004</u>	<u>602,094</u>	<u>565,519</u>	<u>36,575</u>
Public works:				
Sanitation	188,748	188,748	188,273	475
Street lighting	35,000	36,070	35,828	242
	<u>223,748</u>	<u>224,818</u>	<u>224,101</u>	<u>717</u>
Community and economic development:				
Community development and block grant	33,483	33,483	20,000	13,483
Planning and zoning	43,513	49,408	53,970	(4,562)
	<u>76,996</u>	<u>82,891</u>	<u>73,970</u>	<u>8,921</u>
Recreation and cultural:				
Parks and recreation	66,615	86,615	64,599	22,016
Other functions:				
Insurance	70,000	65,439	65,439	-
<b>Total expenditures</b>	<b>1,028,363</b>	<b>1,061,857</b>	<b>993,628</b>	<b>68,229</b>
<b>Excess of revenues over expenditures</b>	<b>631,727</b>	<b>708,305</b>	<b>878,518</b>	<b>170,213</b>
Other financing sources (uses):				
Transfers in	205,738	139,000	139,000	-
Transfers out	(837,465)	(961,955)	(961,955)	-
<b>Total other financing sources (uses)</b>	<b>(631,727)</b>	<b>(822,955)</b>	<b>(822,955)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(114,650)</b>	<b>55,563</b>	<b>170,213</b>
Fund balance at beginning of period	722,281	722,281	722,281	-
<b>Fund balance at end of period</b>	<b>\$ 722,281</b>	<b>\$ 607,631</b>	<b>\$ 777,844</b>	<b>\$ 170,213</b>

Village of Lake Orion

Public Works Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual

Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Charges for services	\$ 31,200	\$ 31,200	\$ 31,200	\$ -
Equipment rental	80,000	80,000	71,471	(8,529)
Cemetery	25,000	25,000	27,410	2,410
Federal grants	-	16,646	16,646	-
Interest income	200	800	852	52
Other	2,000	2,450	2,430	(20)
Total revenues	<u>138,400</u>	<u>156,096</u>	<u>150,009</u>	<u>(6,087)</u>
<b>Expenditures</b>				
Public works:				
Wages and benefits	303,699	347,820	339,613	8,207
Repairs and maintenance	40,376	51,476	50,896	580
Capital outlay	-	88,500	88,255	245
Other	46,560	59,017	56,903	2,114
Interest expense	-	4,455	4,454	1
Cemetery	78,001	78,001	75,380	2,621
Phase II Stormwater	27,264	20,382	13,917	6,465
Total expenditures	<u>495,900</u>	<u>649,651</u>	<u>629,418</u>	<u>20,233</u>
Excess (deficiency) of revenues over expenditures	<u>(357,500)</u>	<u>(493,555)</u>	<u>(479,409)</u>	<u>14,146</u>
Other financing sources (uses):				
Transfers in	375,000	477,000	477,000	-
Transfers out	(17,500)	-	-	-
Total other financing sources (uses)	<u>357,500</u>	<u>477,000</u>	<u>477,000</u>	<u>-</u>
Net change in fund balance	-	(16,555)	(2,409)	14,146
Fund balance at beginning of year	16,555	16,555	16,555	-
Fund balance at end of year	<u>\$ 16,555</u>	<u>\$ -</u>	<u>\$ 14,146</u>	<u>\$ 14,146</u>

Village of Lake Orion

Police Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual

Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 342,500	\$ 342,500	\$ 341,113	\$ (1,387)
Intergovernmental – State	1,000	1,000	669	(331)
Intergovernmental – Local	12,000	12,000	7,532	(4,468)
Charges for services	90,429	90,429	89,921	(508)
Federal grants	-	33,500	60,318	26,818
Fines and forfeitures	40,000	40,000	39,058	(942)
Interest	1,500	1,500	1,431	(69)
Other	2,820	2,820	4,833	2,013
Total revenues	490,249	523,749	544,875	21,126
<b>Expenditures</b>				
Wages and benefits	658,453	691,953	580,542	111,411
Other	169,325	169,710	135,194	34,516
Debt service	-	-	-	-
Capital outlay	38,471	38,086	500	37,586
Total expenditures	866,249	899,749	716,236	183,513
Excess of revenues over (under) expenditures	(376,000)	(376,000)	(171,361)	204,639
<b>Other financing sources (uses):</b>				
Transfers in	390,000	390,000	390,000	-
Transfers out	(14,000)	(14,000)	(490)	13,510
Total other financing sources (uses)	376,000	376,000	389,510	13,510
Net change in fund balance	-	-	218,149	218,149
Fund balance at beginning of year	190,413	190,413	190,413	-
Fund balance at end of year	\$ 190,413	\$ 190,413	\$ 408,562	\$ 218,149

## Other Supplementary Information

Village of Lake Orion

Nonmajor Governmental Funds  
Combining Balance Sheet

June 30, 2021

	Special Revenue			Capital Project	Permanent Fund	Total
	Major Street	Local Street	Parking	Capital Improvement	Cemetery Perpetual Care	
<b>Assets</b>						
Cash	\$ 303,552	\$ 71,624	\$ -	\$ 153,499	\$ 189,175	\$ 717,850
Advance to other funds	-	-	-	-	133,625	133,625
Due from State	35,571	15,384	-	-	-	50,955
Prepaid expenses	225	235	-	-	-	460
Total assets	<u>\$ 339,348</u>	<u>\$ 87,243</u>	<u>\$ -</u>	<u>\$ 153,499</u>	<u>\$ 322,800</u>	<u>\$ 902,890</u>
<b>Liabilities and fund balance</b>						
Liabilities:						
Accounts payable	\$ 7,675	\$ 4,839	\$ -	\$ -	\$ -	\$ 12,514
Fund balance:						
Nonspendable – prepaid	225	235	-	-	-	460
Restricted for streets	331,448	82,169	-	-	-	413,617
Restricted for capital projects	-	-	-	153,499	-	153,499
Restricted for perpetual care	-	-	-	-	322,800	322,800
Total fund balance	<u>331,673</u>	<u>82,404</u>	<u>-</u>	<u>153,499</u>	<u>322,800</u>	<u>890,376</u>
Total liabilities and fund balance	<u>\$ 339,348</u>	<u>\$ 87,243</u>	<u>\$ -</u>	<u>\$ 153,499</u>	<u>\$ 322,800</u>	<u>\$ 902,890</u>

Village of Lake Orion

Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2021

	Special Revenue			Capital Project	Permanent Fund	Total
	Major Street	Local Street	Parking	Capital Improvement	Cemetery Perpetual Care	
<b>Revenues</b>						
State-shared revenue	\$ 217,240	\$ 93,954	\$ -	\$ -	\$ -	\$ 311,194
Charges for services	-	-	-	-	23,201	23,201
Fines and forfeitures	-	-	2,032	-	-	2,032
Interest earned	2,420	253	-	46	5,466	8,185
Other revenues	-	14,133	-	-	-	14,133
Total revenues	219,660	108,340	2,032	46	28,667	358,745
<b>Expenditures</b>						
Highways, streets, sidewalks and other maintenance	89,845	249,638	-	-	-	339,483
Parking	-	-	2,522	-	-	2,522
Capital outlay	24,650	-	-	18,914	-	43,564
Total expenditures	114,495	249,638	2,522	18,914	-	385,569
Excess (deficiency) of revenues over expenditures	105,165	(141,298)	(490)	(18,868)	28,667	(26,824)
Other financing sources (uses):						
Operating transfers in	-	100,000	490	101,955	-	202,445
Operating transfers out	(100,000)	-	-	-	(7,000)	(107,000)
Total other financing sources (uses):	(100,000)	100,000	490	101,955	(7,000)	95,445
Change in fund balance	5,165	(41,298)	-	83,087	21,667	68,621
Fund balance at beginning of year	326,508	123,702	-	70,412	301,133	821,755
Fund balance at end of year	\$ 331,673	\$ 82,404	\$ -	\$ 153,499	\$ 322,800	\$ 890,376

Village of Lake Orion

Combining Balance Sheet  
Component Unit – DDA

June 30, 2021

	<b>Downtown Development Authority</b>	<b>DDA Property Acquisition Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 567,533	\$ 214,812	\$ 782,345
Prepaid expenditures	4,951	-	4,951
Total assets	<u>\$ 572,484</u>	<u>\$ 214,812</u>	<u>\$ 787,296</u>
<b>Liabilities and fund balance</b>			
Accounts payable and accrued liabilities	\$ 13,215	\$ -	\$ 13,215
Fund balance	559,269	214,812	774,081
Total liabilities and fund balance	<u>\$ 572,484</u>	<u>\$ 214,812</u>	<u>\$ 787,296</u>

Reconciliation to statement of net position:

Fund balance as of June 30, 2021	\$ 774,081
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,202,986
Long-term liabilities, including long term advance, are not due and payable in the current period and, therefore, are not reported in the funds.	(500,000)
Net position of governmental activities – component unit	<u>\$ 3,477,067</u>

Village of Lake Orion

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Component Unit – DDA

Year Ended June 30, 2021

	<b>Downtown Development Authority</b>	<b>DDA Property Acquisition Fund</b>	<b>Total</b>
<b>Revenues</b>			
Property taxes	\$ 697,980	\$ -	\$ 697,980
Other taxes	8,128	-	8,128
Operating grants and contributions	95,649	-	95,649
State grants	32,418	-	32,418
Interest	2,482	138	2,620
Other revenues	43,078	-	43,078
Total revenues	<u>879,735</u>	<u>138</u>	<u>879,873</u>
<b>Expenditures</b>			
Community development	501,463	-	501,463
Debt service:			
Principal	120,000	-	120,000
Interest and other charges	-	-	-
Capital outlay	42,991	-	42,991
Total expenditures	<u>664,454</u>	<u>-</u>	<u>664,454</u>
Excess (deficiency) of revenues over expenditures	215,281	138	215,419
<b>Other financing sources (uses)</b>			
Transfers in	-	14,250	14,250
Transfers out	(43,250)	-	(43,250)
Total other financing sources (uses)	<u>(43,250)</u>	<u>14,250</u>	<u>(29,000)</u>
Net change in fund balance	172,031	14,388	186,419
Fund balance at beginning of year	387,238	200,424	587,662
Fund balance at end of year	<u>\$ 559,269</u>	<u>\$ 214,812</u>	<u>\$ 774,081</u>

Reconciliation to statement of activities:

Net change in fund balance as of June 30, 2021 \$ 186,419

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlay in excess of depreciation in the current period.

Capital outlay	19,530
Depreciation expense	(125,893)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt.

Principal repayments	120,000
Change in net position-component unit	<u>\$ 200,056</u>

Village of Lake Orion

Schedule of Indebtedness  
Proprietary Funds

June 30, 2021

**2010A Oakland-Macomb Interceptor Drain Bond**  
**Date of Issue: January 22, 2010**  
**Village of Lake Orion Portion \$172,415 (.6612%)**  
**Interest Due April 1 and October 1**  
**Bonds Due As Follows:**

<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Principal Amount</b>	<b>Annual Interest Payable</b>	<b>Total Obligation</b>
2.50%	4/1/2022	8,629	2,424	11,053
2.50%	4/1/2023	8,860	2,208	11,068
2.50%	4/1/2024	9,092	1,986	11,078
2.50%	4/1/2025	9,323	1,759	11,082
2.50%	4/1/2026	9,554	1,526	11,080
2.50%	4/1/2027	9,786	1,286	11,072
2.50%	4/1/2028	10,050	1,042	11,092
2.50%	4/1/2029	10,282	790	11,072
2.50%	4/1/2030	10,545	534	11,079
2.50%	4/1/2031	10,811	270	11,081
		<u>\$ 96,932</u>	<u>\$ 13,825</u>	<u>\$ 110,757</u>

**2011 Oakland-Macomb Interceptor Drain Bond**  
**Date of Issue: November 2011**  
**Village of Lake Orion Portion \$207,251 (.6612%)**  
**Interest Due April 1 and October 1**  
**Bonds Due As Follows:**

<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Principal Amount</b>	<b>Annual Interest Payable</b>	<b>Total Obligation</b>
2.50%	10/1/2021	9,660	3,529	13,189
2.50%	10/1/2022	9,863	3,285	13,148
2.50%	10/1/2023	10,148	3,035	13,183
2.50%	10/1/2024	10,391	2,778	13,169
2.50%	10/1/2025	10,635	2,515	13,150
2.50%	10/1/2026	10,919	2,246	13,165
2.50%	10/1/2027	11,203	1,970	13,173
2.50%	10/1/2028	11,446	1,687	13,133
2.50%	10/1/2029	11,730	1,397	13,127
2.50%	10/1/2030	12,055	1,099	13,154
2.50%	10/1/2031	12,339	794	13,133
2.50%	10/1/2032	12,664	482	13,146
2.50%	10/1/2033	12,948	162	13,110
		<u>\$ 146,001</u>	<u>\$ 24,979</u>	<u>\$ 170,980</u>

Village of Lake Orion

Schedule of Indebtedness  
Proprietary Funds

June 30, 2021

**2013A Oakland-Macomb Interceptor Drain Bond**  
Date of Issue: June 2013  
Village of Lake Orion Portion \$452,251 (.6612%)  
Interest Due April 1 and October 1  
Bonds Due as Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.00%	10/1/2021	20,967	6,487	27,454
2.00%	10/1/2022	21,384	6,064	27,448
2.00%	10/1/2023	21,800	5,632	27,432
2.00%	10/1/2024	22,252	5,191	27,443
2.00%	10/1/2025	22,668	4,742	27,410
2.00%	10/1/2026	23,154	4,284	27,438
2.00%	10/1/2027	23,605	3,816	27,421
2.00%	10/1/2028	24,091	3,339	27,430
2.00%	10/1/2029	24,543	2,853	27,396
2.00%	10/1/2030	25,063	2,357	27,420
2.00%	10/1/2031	25,549	1,851	27,400
2.00%	10/1/2032	26,070	1,335	27,405
2.00%	10/1/2033	26,591	808	27,399
2.00%	10/1/2034	27,112	271	27,383
		<u>\$ 334,849</u>	<u>\$ 49,030</u>	<u>\$ 383,879</u>

**2014A Oakland-Macomb Interceptor Drain Bond**  
Date of Issue: September 2014  
Village of Lake Orion Portion \$66,124 (.6612%)  
Interest Due April 1 and October 1  
Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.00%	10/1/2021	2,925	1,351	4,276
2.00%	10/1/2022	3,016	1,292	4,308
2.00%	10/1/2023	3,107	1,231	4,338
2.00%	10/1/2024	3,153	1,168	4,321
3.00%	10/1/2025	3,245	1,087	4,332
3.00%	10/1/2026	3,382	988	4,370
3.00%	10/1/2027	3,473	886	4,359
3.00%	10/1/2028	3,564	780	4,344
3.00%	10/1/2029	3,701	671	4,372
3.00%	10/1/2030	3,793	559	4,352
3.00%	10/1/2031	3,930	443	4,373
3.00%	10/1/2032	4,067	323	4,390
2.50%	10/1/2033	4,204	199	4,403
3.125%	10/1/2034	4,341	68	4,409
		<u>\$ 49,901</u>	<u>\$ 11,046</u>	<u>\$ 60,947</u>

Village of Lake Orion

Schedule of Indebtedness  
Proprietary Funds

June 30, 2021

**2015 Oakland-Macomb Interceptor Drain Bond**  
Date of Issue: April 2015  
Village of Lake Orion Portion \$66,120 (.6612%)  
Interest Due April 1 and October 1  
Bonds Due as Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.50%	4/1/2022	2,909	1,578	4,487
2.75%	4/1/2023	3,008	1,506	4,514
2.75%	4/1/2024	3,108	1,422	4,530
3.00%	4/1/2025	3,174	1,338	4,512
3.00%	4/1/2026	3,273	1,242	4,515
3.00%	4/1/2027	3,372	1,144	4,516
3.00%	4/1/2028	3,471	1,042	4,513
3.25%	4/1/2029	3,570	938	4,508
3.25%	4/1/2030	3,670	822	4,492
3.25%	4/1/2031	3,802	704	4,506
3.50%	4/1/2032	3,934	580	4,514
3.50%	4/1/2033	4,066	442	4,508
3.50%	4/1/2034	4,199	300	4,499
3.50%	4/1/2035	4,364	152	4,516
		<u>\$ 49,920</u>	<u>\$ 13,210</u>	<u>\$ 63,130</u>

**2015 Oakland-Macomb Interceptor Drain Bond – SAW Loan**  
Date of Issue: April 2015  
Village of Lake Orion Portion \$66,120 (.6612%)  
Interest Due April 1 and October 1  
Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.50%	4/1/2022	3,008	1,240	4,248
2.50%	4/1/2023	3,075	1,164	4,239
2.50%	4/1/2024	3,141	1,088	4,229
2.50%	4/1/2025	3,240	1,009	4,249
2.50%	4/1/2026	3,306	928	4,234
2.50%	4/1/2027	3,405	846	4,251
2.50%	4/1/2028	3,471	760	4,231
2.50%	4/1/2029	3,570	674	4,244
2.50%	4/1/2030	3,670	584	4,254
2.50%	4/1/2031	3,769	492	4,261
2.50%	4/1/2032	3,835	398	4,233
2.50%	4/1/2033	3,934	302	4,236
2.50%	4/1/2034	4,034	204	4,238
2.50%	4/1/2035	4,133	104	4,237
		<u>\$ 49,591</u>	<u>\$ 9,793</u>	<u>\$ 59,384</u>

Village of Lake Orion

Schedule of Indebtedness  
Proprietary Funds

June 30, 2021

**2017 Clinton River Water Resource Recover Facility Drainage District Drain Bond (SRF)**

Date of Issue: July 2017

Village of Lake Orion Portion \$208,331 (.7698%)

Interest Due April 1 and October 1

Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.50%	10/1/2021	9,314	4,643	13,957
2.50%	10/1/2022	9,545	4,408	13,953
2.50%	10/1/2023	9,776	4,166	13,942
2.50%	10/1/2024	10,046	3,918	13,964
2.50%	10/1/2025	10,315	3,664	13,979
2.50%	10/1/2026	10,546	3,403	13,949
2.50%	10/1/2027	10,815	3,136	13,951
2.50%	10/1/2028	11,085	2,862	13,947
2.50%	10/1/2029	11,393	2,581	13,974
2.50%	10/1/2030	11,662	2,293	13,955
2.50%	10/1/2031	11,970	1,998	13,968
2.50%	10/1/2032	12,278	1,695	13,973
2.50%	10/1/2033	12,586	1,384	13,970
2.50%	10/1/2034	12,894	1,065	13,959
2.50%	10/1/2035	13,202	739	13,941
2.50%	10/1/2036	13,548	405	13,953
2.50%	10/1/2037	9,421	118	9,539
		<u>\$ 190,396</u>	<u>\$ 42,478</u>	<u>\$ 232,874</u>

**2017 State of Michigan Department of Environmental Quality, Drinking Water Revolving Fund Loan**

Total Outstanding: \$4,971,878 (82.5% of \$6,030,000)

Interest Due April 1 and October 1

Loan Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.00%	4/1/2022	260,000	99,678	359,678
2.00%	4/1/2023	265,000	94,991	359,991
2.00%	4/1/2024	270,000	90,214	360,214
2.00%	4/1/2025	275,000	85,348	360,348
2.00%	4/1/2026	280,000	80,391	360,391
2.00%	4/1/2027	285,000	75,344	360,344
2.00%	4/1/2028	290,000	70,207	360,207
2.00%	4/1/2029	295,000	64,979	359,979
2.00%	4/1/2030	305,000	59,662	364,662
2.00%	4/1/2031	310,000	54,165	364,165
2.00%	4/1/2032	315,000	48,577	363,577
2.00%	4/1/2033	320,000	48,299	368,299
2.00%	4/1/2034	325,000	37,131	362,131
2.00%	4/1/2035	335,000	31,273	366,273
2.00%	4/1/2036	340,000	25,235	365,235
2.00%	4/1/2037	345,000	19,106	364,106
2.00%	4/1/2038	156,878	12,887	169,765
		<u>\$ 4,971,878</u>	<u>\$ 997,487</u>	<u>\$5,969,365</u>

Village of Lake Orion

Schedule of Indebtedness  
Proprietary Funds

June 30, 2021

**2019A Oakland-Macomb Interceptor Drain Bond**

Date of Issue: December 19, 2019

Village of Lake Orion Portion \$29,820 (.6612%)

Interest Due April 1 and October 1

Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
1.85%	4/1/2022	\$ 2,413	\$ 475	\$ 2,888
1.85%	4/1/2023	2,513	430	2,943
1.85%	4/1/2024	2,645	383	3,028
1.85%	4/1/2025	2,744	335	3,079
1.85%	4/1/2026	2,843	284	3,127
1.85%	4/1/2027	2,942	231	3,173
1.85%	4/1/2028	3,042	177	3,219
1.85%	4/1/2029	3,207	120	3,327
1.85%	4/1/2030	3,306	61	3,367
		<u>\$ 25,655</u>	<u>\$ 2,496</u>	<u>\$ 28,151</u>

**2019B Oakland-Macomb Interceptor Drain Bond**

Date of Issue: December 19, 2019

Village of Lake Orion Portion \$41,000 (.7877%)

Interest Due April 1 and October 1

Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
1.55%	4/1/2022	\$ 8,113	\$ 303	\$ 8,416
1.55%	4/1/2023	3,781	211	3,992
1.55%	4/1/2024	3,860	152	4,012
1.55%	4/1/2025	3,899	92	3,991
1.55%	4/1/2026	3,978	31	4,009
		<u>\$ 23,631</u>	<u>\$ 789</u>	<u>\$ 24,420</u>

Village of Lake Orion

Schedule of Indebtedness  
Proprietary Funds

June 30, 2021

**2020A Oakland-Macomb Interceptor Drain Bond**  
**Date of Issue: September 3, 2020**  
**Village of Lake Orion Portion \$252,833 (.4419%)**  
**Interest Due January 1 and July 1**  
**Bonds Due As Follows:**

<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Principal Amount</b>	<b>Annual Interest Payable</b>	<b>Total Obligation</b>
5.00%	7/1/2021	\$ 4,309	\$ 8,430	\$ 12,739
5.00%	7/1/2022	6,165	8,168	14,333
5.00%	7/1/2023	6,452	7,852	14,304
5.00%	7/1/2024	6,783	7,520	14,303
5.00%	7/1/2025	7,115	7,172	14,287
5.00%	7/1/2026	11,025	6,719	17,744
5.00%	7/1/2027	11,578	6,155	17,733
5.00%	7/1/2028	12,152	5,562	17,714
5.00%	7/1/2029	12,771	4,939	17,710
5.00%	7/1/2030	13,412	4,283	17,695
4.00%	7/1/2031	14,097	3,667	17,764
4.00%	7/1/2032	14,649	3,093	17,742
3.00%	7/1/2033	15,268	2,571	17,839
2.00%	7/1/2034	15,710	2,183	17,893
2.00%	7/1/2035	16,041	1,865	17,906
2.00%	7/1/2036	16,372	1,542	17,914
2.00%	7/1/2037	16,726	1,211	17,937
2.00%	7/1/2038	17,057	874	17,931
2.00%	7/1/2039	17,411	529	17,940
2.00%	7/1/2040	18,525	177	18,702
		<u>\$ 253,618</u>	<u>\$ 84,512</u>	<u>\$ 338,130</u>