

Audited Financial Statements
and Other Supplementary Information

Village of Lake Orion

Year Ended June 30, 2024
with Report of Independent Auditors

Village of Lake Orion
Audited Financial Statements
and Other Supplementary Information
Year Ended June 30, 2024

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Village of Lake Orion

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and Other Supplementary Information

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Report of Independent Auditors

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

Opinions

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, Michigan, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lake Orion, Michigan, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Lake Orion, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, Michigan'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.

Bloomfield Hills, Michigan
December 18, 2024

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2024

The following is a discussion and analysis of the Village of Lake Orion's (Village) financial activities for the year ended June 30, 2024. 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 \$9,885,921 (net position). Included in this amount is unrestricted net position of \$1,616,081.

At the close of the most recent fiscal year, the Village's governmental funds reported combined ending fund balances of \$5,430,957. Approximately 23% of this total amount, \$1,275,823, is available for spending at the government's discretion (unassigned fund balance). Approximately 52% of this total amount, \$2,797,294, is restricted for capital projects.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,275,823, or 61% of total annual general fund expenditures including operating transfers.

The Village's total debt decreased during the current fiscal year due to payments downtown development bonds issued in June 2023.

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, 2024

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 11 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, 2024

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 balance 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 13 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 17 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 20 of this report.

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2024

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 22 of this report.

Government-wide Financial Analysis

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,885,921 at the close of the most recent fiscal year. Of the Village's net position, 43% 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 | |
|-----------------------------------|--------------------------------|--------------|---------------------------------|--------------|--------------|---------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Assets: | | | | | | |
| Current and other assets | \$ 5,737,483 | \$ 7,543,934 | \$ 3,148,122 | \$ 2,535,979 | \$ 8,885,605 | \$ 10,652,409 |
| Capital assets, net | 5,110,431 | 3,100,350 | 9,604,777 | 9,874,637 | 14,715,208 | 12,974,987 |
| Total assets | 10,847,914 | 10,644,284 | 12,752,899 | 12,410,616 | 23,600,813 | 23,627,396 |
| Deferred outflows | 280,431 | 550,936 | - | - | 280,431 | 550,936 |
| Liabilities: | | | | | | |
| Long-term liabilities outstanding | 7,158,273 | 7,582,537 | 5,381,481 | 5,212,484 | 12,539,754 | 12,795,021 |
| Other liabilities | 536,969 | 715,952 | 797,553 | 589,261 | 1,334,522 | 1,305,213 |
| Total liabilities | 7,695,242 | 8,298,489 | 6,179,034 | 5,801,745 | 13,874,276 | 14,100,234 |
| Deferred inflows of resources | 121,047 | 107,820 | - | - | 121,047 | 107,820 |
| Net position: | | | | | | |
| Net investment in capital assets | 365,431 | (1,899,650) | 3,883,165 | 4,327,110 | 4,248,596 | 2,427,460 |
| Restricted | 4,021,244 | 6,194,879 | - | - | 4,021,244 | 6,194,879 |
| Unrestricted (deficit) | (1,074,619) | (1,506,318) | 2,690,700 | 2,281,761 | 1,616,081 | 1,347,939 |
| Total net position | \$ 3,312,056 | \$ 2,788,911 | \$ 6,573,865 | \$ 6,608,871 | \$ 9,885,921 | \$ 9,970,278 |

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2024

Village of Lake Orion – Change in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|-------------------------|------------|--------------------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,288,570 | \$ 772,305 | \$ 2,217,779 | \$ 2,014,957 | \$ 2,933,853 | \$ 3,359,758 |
| Operating grants and contributions | 358,804 | 342,772 | - | - | 358,804 | 342,772 |
| Capital grants and contributions | 88,392 | - | 8,693 | 8,873 | 97,085 | 8,873 |
| General revenues: | | | | | | |
| Property taxes | 1,767,099 | 1,589,103 | - | - | 1,767,099 | 1,589,103 |
| State shared revenues | 403,925 | 392,916 | - | - | 403,925 | 392,916 |
| Unrestricted investment earnings | 35,459 | 21,855 | 44,303 | 32,128 | 79,762 | 53,983 |
| Transfers | 119,465 | 116,700 | (119,465) | (116,700) | - | - |
| Total revenues | 4,061,714 | 3,235,651 | 2,151,310 | 1,939,258 | 5,640,528 | 5,747,405 |
| Expenses: | | | | | | |
| General government | 887,646 | 1,135,704 | - | - | 887,646 | 1,135,704 |
| Public safety | 1,117,310 | 835,631 | - | - | 1,117,310 | 835,631 |
| Public works | 955,286 | 997,801 | - | - | 955,286 | 997,801 |
| Community development | 123,631 | 46,325 | - | - | 123,631 | 46,325 |
| Recreation and culture | 284,551 | 88,170 | - | - | 284,551 | 88,170 |
| Interest on long-term debt | 170,145 | - | - | - | 170,145 | - |
| Water and sewer | - | - | 2,186,316 | 2,547,967 | 2,186,316 | 2,547,967 |
| Total expenses | 3,538,569 | 3,103,631 | 2,186,316 | 2,547,967 | 5,554,740 | 5,651,598 |
| Change in net position | \$ 523,145 | \$ 132,020 | \$ (35,006) | \$ (608,709) | \$ (84,357) | \$ 95,807 |

Governmental Activities. Governmental activities increased net position by \$523,145 as compared to an increase of \$132,020 in the prior year.

Business-type Activities. Business-type activities decreased net position by \$35,006, which reflects the activity in the Village's Water and Sewer Fund. In fiscal year 2023, the Water and Sewer Fund reflected a decrease in net position of \$608,709 after the restatement and prior period adjustment described in footnote 13.

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2024

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 \$5,430,957. Approximately 23% of this total amount, \$1,275,823, 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 decreased by \$1,650,179 in 2024 as compared to an increase of \$4,834,524 in the 2023 fiscal year. The 2024 decrease is primarily related to capital outlay and debt payments related to the downtown development project, while the 2023 increase is driven in large part by the issuance of downtown development bonds.

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 \$1,275,823, while the total fund balance was \$1,279,023. Unassigned fund balance represents 61% of total general fund expenditures including operating transfers. The fund balance of the Village's general fund increased \$455,233 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 \$2,690,700. The Water and Sewer Fund had an operating income of \$182,585 at year-end, and a total net loss of \$35,006.

General Fund Budgetary Highlights

There was a \$40,512 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, 2024

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for its governmental and business-type activities is \$14,715,208 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, 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 65% increase for governmental activities (related to downtown development project), and a 3% decrease in business-type activities.

Long-term Debt. At the end of the current fiscal year, the Village had governmental activities bond debt outstanding of \$4,745,000 and business-type activities bond debt outstanding of \$5,721,612. The \$4,745,000 of governmental activities bond debt was issued in June 2023 for a downtown development project.

During the fiscal year, the Village's Component Unit (DDA) paid off an advance from the Water & Sewer Fund outstanding of \$300,000.

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 2024/2025 budget year, the Village anticipates a slight increase in property tax revenue due to housing market conditions. The Village will began work on the downtown development project in conjunction with the DDA during the current fiscal year.

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 downtown development project and others. The Village's primary revenue stream, property taxes, is anticipated to remain stable or increase slightly, but other unexpected expenditures could affect net position.

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, 2024

| | Primary Government | | | Component Unit – DDA |
|---|----------------------------|-----------------------------|--------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 5,388,737 | \$ 2,391,269 | \$ 7,780,006 | \$ 543,746 |
| Receivables (net of allowance for uncollectibles) | 224,128 | 745,678 | 969,806 | - |
| Due from other governmental units | 113,227 | - | 113,227 | - |
| Prepaid expenditures | 11,391 | 11,175 | 22,566 | - |
| Total current assets | 5,737,483 | 3,148,122 | 8,885,605 | 543,746 |
| Capital assets – non-depreciating | 2,619,353 | 5,435,368 | 8,054,721 | 572,593 |
| Capital assets, net of accumulated depreciation | 2,491,078 | 4,169,409 | 6,660,487 | 2,503,321 |
| Net capital assets | 5,110,431 | 9,604,777 | 14,715,208 | 3,075,914 |
| Total assets | 10,847,914 | 12,752,899 | 23,600,813 | 3,619,660 |
| Deferred outflow of resources | | | | |
| Deferred outflow related to pension | 280,431 | - | 280,431 | - |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 177,860 | 415,224 | 593,084 | 17,470 |
| Accrued liabilities/interest | 74,675 | 31,824 | 106,499 | - |
| Current portion of compensated absences | 74,434 | 500 | 74,934 | - |
| Current portion of long-term debt | 210,000 | 350,005 | 560,005 | - |
| Total current liabilities | 536,969 | 797,553 | 1,334,522 | 17,470 |
| Noncurrent liabilities: | | | | |
| Net other post employment benefits liability | 969,992 | - | 969,992 | - |
| Net pension liability | 1,604,091 | - | 1,604,091 | - |
| Compensated absences, net of current portion | 49,190 | 9,874 | 59,064 | - |
| Long-term debt, net of current portion | 4,535,000 | 5,371,607 | 9,906,607 | - |
| Total noncurrent liabilities | 7,158,273 | 5,381,481 | 12,539,754 | - |
| Total liabilities | 7,695,242 | 6,179,034 | 13,874,276 | 17,470 |
| Deferred inflow of resources | | | | |
| Deferred inflow related to OPEB | 14,629 | - | 14,629 | - |
| Taxes levied for the following year | 106,418 | - | 106,418 | - |
| Total deferred inflow of resources | 121,047 | - | 121,047 | - |
| Net position | | | | |
| Net investment in capital assets | 365,431 | 3,883,165 | 4,248,596 | 3,075,914 |
| Restricted for: | | | | |
| Police | 227,472 | - | 227,472 | - |
| Streets | 674,939 | - | 674,939 | - |
| Capital projects | 2,797,294 | - | 2,797,294 | - |
| Perpetual care | 321,539 | - | 321,539 | - |
| Unrestricted | (1,074,619) | 2,690,700 | 1,616,081 | 526,276 |
| Total net position | \$ 3,312,056 | \$ 6,573,865 | \$ 9,885,921 | \$ 3,602,190 |

See accompanying notes.

Village of Lake Orion

Statement of Activities

Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|--------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Unit - DDA |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Primary government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 887,646 | \$ 112,789 | \$ - | \$ - | \$ (774,857) | \$ - | \$ (774,857) | \$ - |
| Public safety | 1,117,310 | 137,361 | 17,291 | - | (962,658) | - | (962,658) | - |
| Public works | 955,286 | 450,373 | 341,513 | - | (163,400) | - | (163,400) | - |
| Community development | 123,631 | 571,769 | - | 88,392 | 536,530 | - | 536,530 | - |
| Recreation and culture | 284,551 | 16,278 | - | - | (268,273) | - | (268,273) | - |
| Interest on long-term debt | 170,145 | - | - | - | (170,145) | - | (170,145) | - |
| Total governmental activities | 3,538,569 | 1,288,570 | 358,804 | 88,392 | (1,802,803) | - | (1,802,803) | - |
| Business-type activities: | | | | | | | | |
| Water and sewer | 2,186,316 | 2,217,779 | - | 8,693 | - | 40,156 | 40,156 | - |
| Total primary government | \$ 5,724,885 | \$ 3,506,349 | \$ 358,804 | \$ 97,085 | \$ (1,802,803) | \$ 40,156 | \$ (1,762,647) | \$ - |
| Component unit: | | | | | | | | |
| Downtown development authority | \$ 1,182,716 | \$ 35,802 | \$ - | \$ - | - | - | - | (1,146,914) |
| General revenues and transfers: | | | | | | | | |
| Property taxes | | | | | 1,767,099 | - | 1,767,099 | 805,579 |
| Other taxes | | | | | - | - | - | 15,971 |
| Operating grants and contributions | | | | | - | - | - | 201,996 |
| State grants | | | | | - | - | - | 3,500 |
| State shared revenue | | | | | 403,925 | - | 403,925 | - |
| Unrestricted investment earnings | | | | | 35,459 | 44,303 | 79,762 | 7,753 |
| Transfers | | | | | 119,465 | (119,465) | - | - |
| Total general revenues and transfers | | | | | 2,325,948 | (75,162) | 2,250,786 | 1,034,799 |
| Change in net position | | | | | 523,145 | (35,006) | 488,139 | (112,115) |
| Net position at beginning of year, as restated | | | | | 2,788,911 | 6,608,871 | 9,397,782 | 3,714,305 |
| Net position at end of year | | | | | \$ 3,312,056 | \$ 6,573,865 | \$ 9,885,921 | \$ 3,602,190 |

See accompanying notes.

Village of Lake Orion

Governmental Funds
Balance Sheet

June 30, 2024

| | General Fund | Special Revenue | | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|--------------|-------------------|-------------|-------------------|--------------------------|--------------------------|
| | | Public Works Fund | Police Fund | | | |
| Assets | | | | | | |
| Cash and investments | \$ 1,180,557 | \$ 225,856 | \$ 308,791 | \$ 2,813,135 | \$ 860,398 | \$ 5,388,737 |
| Receivables (net of allowance for uncollectibles) | 116,010 | 2,129 | 105,989 | - | - | 224,128 |
| Advance to other funds | - | - | - | - | 94,292 | 94,292 |
| Due from State | 54,328 | - | - | - | 54,754 | 109,082 |
| Due from County | - | - | 4,145 | - | - | 4,145 |
| Due from other funds | 388 | - | - | - | - | 388 |
| Prepaid expenditures | 3,200 | 3,507 | 3,762 | - | 922 | 11,391 |
| Total assets | \$ 1,354,483 | \$ 231,492 | \$ 422,687 | \$ 2,813,135 | \$ 1,010,366 | \$ 5,832,163 |
| Liabilities, deferred inflows of resources, and fund balance | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 54,353 | \$ 14,764 | \$ 83,894 | \$ 17,935 | \$ 6,914 | \$ 177,860 |
| Accrued and other liabilities | 21,107 | - | 1,141 | - | - | 22,248 |
| Due to other funds | - | - | - | 388 | - | 388 |
| Advance from other funds | - | 94,292 | - | - | - | 94,292 |
| Total liabilities | 75,460 | 109,056 | 85,035 | 18,323 | 6,914 | 294,788 |
| Deferred inflows of resources: | | | | | | |
| Taxes levied for the following year | - | - | 106,418 | - | - | 106,418 |
| Fund balance: | | | | | | |
| Nonspendable – prepaid expenditures | 3,200 | 3,507 | 3,762 | - | 922 | 11,391 |
| Restricted for: | | | | | | - |
| Police | - | - | 227,472 | - | - | 227,472 |
| Streets | - | - | - | - | 674,939 | 674,939 |
| Parking | - | - | - | - | 3,570 | 3,570 |
| Capital projects | - | - | - | 2,794,812 | 2,482 | 2,797,294 |
| Perpetual care | - | - | - | - | 321,539 | 321,539 |
| Committed for public works | - | 118,929 | - | - | - | 118,929 |
| Unassigned | 1,275,823 | - | - | - | - | 1,275,823 |
| Total fund balance | 1,279,023 | 122,436 | 231,234 | 2,794,812 | 1,003,452 | 5,430,957 |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 1,354,483 | \$ 231,492 | \$ 422,687 | \$ 2,813,135 | \$ 1,010,366 | \$ 5,832,163 |

See accompanying notes.

Village of Lake Orion
Governmental Funds
Reconciliation of Balance Sheet to Statement of Net Position

June 30, 2024

| | |
|---|--------------|
| Total fund balance – governmental funds | \$ 5,430,957 |
|---|--------------|

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 | 5,110,431 |
|----------------------------|-----------|

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 | 280,431 |
| Deferred inflows of resources related to other post employment benefits | (14,629) |

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:

| | |
|---|--------------|
| Bonds payable | (4,745,000) |
| Accrued interest on bonds payable | (52,427) |
| Net other post employment benefit liability | (969,992) |
| Net pension liability | (1,604,091) |
| Compensated absences | (123,624) |
| Net position – governmental activities | \$ 3,312,056 |

Village of Lake Orion

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

Year Ended June 30, 2024

| | | Special Revenue | | | | |
|--|--------------|-------------------|-------------|-------------------|--------------------------|--------------------------|
| | General Fund | Public Works Fund | Police Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
| Revenues | | | | | | |
| Property taxes | \$ 1,374,063 | \$ - | \$ 393,036 | \$ - | \$ - | \$ 1,767,099 |
| Intergovernmental: | | | | | | |
| Federal, state, and local | 562,317 | - | 17,291 | 422,709 | 341,513 | 1,343,830 |
| Charges for services | 431,163 | 155,441 | 100,358 | - | 14,300 | 701,262 |
| Fines and forfeitures | - | - | 33,331 | - | 28 | 33,359 |
| Interest | 16,271 | 624 | 5,598 | - | 12,966 | 35,459 |
| Other revenues | 42,761 | 3,650 | 3,672 | - | 11,157 | 61,240 |
| Total revenues | 2,426,575 | 159,715 | 553,286 | 422,709 | 379,964 | 3,942,249 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 775,815 | - | - | - | - | 775,815 |
| Public safety | - | - | 1,030,649 | - | - | 1,030,649 |
| Public works | 279,570 | 544,781 | - | - | 218,282 | 1,042,633 |
| Parking | - | - | - | - | 5,363 | 5,363 |
| Community and economic development | 71,204 | - | - | - | - | 71,204 |
| Recreation and culture | 40,491 | - | - | - | - | 40,491 |
| Other | 70,143 | - | - | - | - | 70,143 |
| Debt service: | | | | | | |
| Principal | - | - | - | 255,000 | - | 255,000 |
| Interest and other charges | - | - | - | 170,145 | - | 170,145 |
| Capital outlay | 3,584 | - | 3,922 | 2,147,702 | 95,242 | 2,250,450 |
| Total expenditures | 1,240,807 | 544,781 | 1,034,571 | 2,572,847 | 318,887 | 5,711,893 |
| Excess of revenues over (under) expenditures | 1,185,768 | (385,066) | (481,285) | (2,150,138) | 61,077 | (1,769,644) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 121,368 | 455,250 | 400,000 | - | 73,000 | 1,049,618 |
| Transfers out | (851,903) | - | (5,000) | - | (73,250) | (930,153) |
| Total other financing sources and uses | (730,535) | 455,250 | 395,000 | - | (250) | 119,465 |
| Net change in fund balance | 455,233 | 70,184 | (86,285) | (2,150,138) | 60,827 | (1,650,179) |
| Fund balance at beginning of year | 823,790 | 52,252 | 317,519 | 4,944,950 | 942,625 | 7,081,136 |
| Fund balance at end of year | \$ 1,279,023 | \$ 122,436 | \$ 231,234 | \$ 2,794,812 | \$ 1,003,452 | \$ 5,430,957 |

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, 2024

| | |
|---|---------------|
| Net change in fund balance – governmental funds | \$(1,650,179) |
|---|---------------|

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 | 2,244,747 |
| Depreciation expense | (234,666) |

Repayment of long-term debt and borrowing of long-term debt are reported as expenditures and other financing sources in the governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current period, these amounts are:

| | |
|----------------------|---------|
| Principal repayments | 255,000 |
|----------------------|---------|

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 accrued interest on bonds payable | (52,427) |
| Change in net other post employment benefit liability | 35,472 |
| Change in deferred outflows related to pensions and OPEB | (270,505) |
| Change in deferred inflows related to pensions and OPEB | (13,227) |
| Change in net pension liability | 160,639 |
| Change in compensated absences | 48,291 |
| Change in net position – governmental activities | \$ 523,145 |

Village of Lake Orion
Proprietary Fund
Statement of Net Position

June 30, 2024

| | <u>Enterprise Fund</u> <u>Water and Sewer</u> |
|--|--|
| Assets | |
| Current assets: | |
| Cash and investments | \$ 2,391,269 |
| Accounts receivable | 745,678 |
| Prepaid expenses | 11,175 |
| Total current assets | <u>3,148,122</u> |
| Property, plant, and equipment | 18,554,004 |
| Less: Accumulated depreciation | <u>(8,949,227)</u> |
| Net property, plant, and equipment | <u>9,604,777</u> |
| Total assets | <u>12,752,899</u> |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | 415,224 |
| Accrued interest | 31,824 |
| Current portion of compensated absences | 500 |
| Current portion of bonds payable | 350,005 |
| Total current liabilities | <u>797,553</u> |
| Long-term liabilities: | |
| Compensated absences, less current portion | 9,874 |
| Bonds payable, less current portion | <u>5,371,607</u> |
| Total long-term liabilities | <u>5,381,481</u> |
| Total liabilities | <u>6,179,034</u> |
| Net position | |
| Net investment in capital assets | 3,883,165 |
| Unrestricted | <u>2,690,700</u> |
| Total net position | <u>\$ 6,573,865</u> |

Village of Lake Orion

Proprietary Fund

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

| | <u>Enterprise Fund</u> <u>Water and Sewer</u> |
|--|--|
| Operating revenues | |
| Charges for services | \$ 2,170,494 |
| Penalty charges | 24,800 |
| Miscellaneous | 22,485 |
| Total operating revenues | <u>2,217,779</u> |
| Operating expenses | |
| Salaries and fringe benefits | 172,992 |
| Water purchases | 500,035 |
| Sewage treatment | 990,887 |
| General and administrative | 12,923 |
| Supplies | 6,783 |
| Contract services | 44,940 |
| Equipment repairs and rentals | 36,774 |
| Depreciation | 269,860 |
| Total operating expenses | <u>2,035,194</u> |
| Operating income | 182,585 |
| Nonoperating revenues (expenses) | |
| Interest earned | 44,303 |
| Interest expense and related fees | (151,122) |
| Total nonoperating revenues (expenses) | <u>(106,819)</u> |
| Income before contributions and transfers | 75,766 |
| Capital contributions | |
| Capital and lateral charges | 8,693 |
| Transfers | |
| Transfers in | 1,903 |
| Transfers out | (121,368) |
| Total transfers | <u>(119,465)</u> |
| Change in net position | (35,006) |
| Net position at beginning of period, as restated | 6,608,871 |
| Net position at end of period | <u><u>\$ 6,573,865</u></u> |

Village of Lake Orion

Proprietary Fund
Statement of Cash Flows

Year Ended June 30, 2024

| | <u>Enterprise Fund</u> <u>Water and Sewer</u> |
|--|--|
| Cash flows from operating activities | |
| Receipts from customers and users | \$ 2,125,061 |
| Payments to suppliers | (1,389,924) |
| Payments to employees | (172,992) |
| Net cash from operating activities | <u>562,145</u> |
| Cash flows from capital and related financing activities | |
| Collection of capital and lateral charges | 8,693 |
| Proceeds from issuance of capital debt, net | 175,874 |
| Interest paid on capital debt | (152,406) |
| Transfer to other funds | (119,465) |
| Net cash from capital and related financing activities | <u>(87,304)</u> |
| Cash flows from investing activities | |
| Cash received related to advance to component unit, net | 300,000 |
| Interest earned | 44,303 |
| Net cash from investing activities | <u>344,303</u> |
| Net change in cash and cash equivalents | 819,144 |
| Cash and cash equivalents at beginning of period | 1,572,125 |
| Cash and cash equivalents at end of period | <u>\$ 2,391,269</u> |
| Reconciliation of operating income to net cash from operating activities: | |
| Operating income | \$ 182,585 |
| Adjustments to reconcile operating income to net cash from operating activities: | |
| Depreciation | 269,860 |
| Change in accounts receivable | (92,718) |
| Change in accounts payable | 202,418 |
| Net cash from operating activities | <u>\$ 562,145</u> |

Village of Lake Orion

Fiduciary Fund

Statement of Fiduciary Net Position

June 30, 2024

| | |
|---------------------------------------|--|
| | Retiree Healthcare Trust Fund |
| Assets | |
| Investments, at fair value: | |
| Mutual funds | <u>\$ 255,063</u> |
| Total assets | 255,063 |
| Net Position | |
| Held in trust for retirement benefits | <u><u>\$ 255,063</u></u> |

Village of Lake Orion
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

| | Retiree Healthcare Trust Fund |
|---|--|
| Additions | |
| Contributions: | |
| Employer | \$ - |
| Investment earnings: | |
| Net increase in fair value of investments | 42,304 |
| Total additions | <u>42,304</u> |
| Deductions | |
| Fees | <u>-</u> |
| Change in net position | 42,304 |
| Net position at beginning of year | 212,759 |
| Net position at end of year | <u><u>\$ 255,063</u></u> |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024

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, 2024.

Village of Lake Orion
Notes to Financial Statements
June 30, 2024

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, 2024

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, 2024

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:

| | Governmental Activities | Business-type Activities | Fiduciary Funds | Component Units |
|----------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|
| Cash and investments | \$ 5,388,737 | \$ 2,391,269 | \$ 255,063 | \$ 543,746 |

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

| | Governmental Activities | Business-type Activities | Fiduciary Funds | Component Units |
|-----------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|
| Deposits | \$ 3,859,411 | \$ 814,827 | \$ - | \$ 136,427 |
| Investments: | | | | |
| Oakland County – LGIP | 1,443,269 | 1,576,442 | - | 407,319 |
| Michigan CLASS | 86,057 | - | - | - |
| Investment managers | - | - | 255,063 | - |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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 pool is the same as the value of the pool shares.

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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 \$4,488,894 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The uninsured and uncollateralized amount includes \$129,668 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 \$3,427,030 which includes component unit investments. At year end, the Village's investment in the Michigan CLASS investment pool was \$86,057.

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 \$255,063 as of June 30, 2024.

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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 (including component units):

| Deposits and Investments | Fair Value | Weighted Average Maturity |
|---|---------------------|------------------------------|
| Primary Government (includes component unit investments): | | |
| Savings and checking accounts | \$ 4,810,665 | Demand |
| Pooled investments (share price \$1) | 3,513,087 | Less Than One Year |
| | <u>\$ 8,323,752</u> | |
| Fiduciary Fund: | | |
| Mutual Funds – Bonds | \$ 75,937 | N/A |
| Mutual Funds – Equity | 179,126 | N/A |
| | <u>\$ 255,063</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.

| | Fair Value | Rating | Rating Organization |
|---|--------------|-----------|------------------------|
| Primary Government (includes component unit investments): | | | |
| Oakland County – LGIP | \$ 3,427,030 | Not rated | N/A |
| Michigan CLASS | 86,057 | AAAm | S&P |
| Fiduciary Fund: | | | |
| Mutual Funds – Bonds | \$ 75,937 | Not rated | N/A |
| Mutual Funds – Equity | 179,126 | Not rated | N/A |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

2. Deposits and Investments (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, 2024:

| | Balance at June 30, 2024 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|-----------------------------|---|---|--|
| Investments by fair value level | | | | |
| Debt securities | | | | |
| OPEB mutual funds – fixed income | \$ 75,937 | \$ 75,937 | \$ - | \$ - |
| Equity securities | | | | |
| OPEB mutual funds – equity | 179,126 | 179,126 | - | - |
| Total investments by fair value level | <u>\$ 255,063</u> | <u>\$ 255,063</u> | <u>\$ -</u> | <u>\$ -</u> |
| Investments measured at the net asset value (NAV) | | | | |
| Oakland County Investment Pool | \$ 3,427,030 | | | |
| Michigan CLASS | 86,057 | | | |
| Total investments measured at NAV | <u>3,513,087</u> | | | |
| Total investments measured at fair value | <u>\$ 3,768,150</u> | | | |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

2. Deposits and Investments (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, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | Fair Value | Unfunded Commitments | Redemption Frequency, if Eligible | Redemption Notice Period |
|--------------------------------|---------------------|-------------------------|---|-----------------------------|
| Oakland County Investment Pool | \$ 3,427,030 | \$ - | No limitations | None |
| Michigan CLASS | 86,057 | - | No limitations | None |
| Total | <u>\$ 3,513,087</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, 2024

3. Interfund Receivables, Payables, and Transfers

The transfers between funds may be summarized as follows:

| Transfers In | Transfers Out | Amount |
|-------------------------------|-------------------------|---------------------|
| Public Works Fund | General Fund | \$ 450,000 |
| Police Fund | General Fund | 400,000 |
| General Fund | Water Sewer Fund | 121,368 |
| Parking Fund | Police Fund | 5,000 |
| Public Works Fund | Cemetery Perpetual Care | 5,250 |
| Local Street Fund | Major Street Fund | 68,000 |
| DDA Property Acquisition Fund | DDA | 157,500 |
| | | <u>\$ 1,207,118</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 \$94,292.

Village of Lake Orion
Notes to Financial Statements
June 30, 2024

4. Capital Assets

Capital assets activity for primary government for the year ended June 30, 2024 was as follows:

| Governmental Activities | Beginning Balance | Additions | Disposals | Ending Balance |
|---|----------------------|--------------|-----------|-------------------|
| General | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ - | \$ 2,120,869 | \$ - | \$ 2,120,869 |
| Land | 498,484 | - | - | 498,484 |
| Total capital assets not being depreciated | 498,484 | 2,120,869 | - | 2,619,353 |
| Capital assets being depreciated: | | | | |
| Land improvements | 498,802 | 14,095 | - | 512,897 |
| Street and road improvements | 2,575,570 | - | - | 2,575,570 |
| Building and improvements | 1,503,664 | 4,509 | - | 1,508,173 |
| Machinery and equipment | 803,721 | 11,364 | (442) | 814,643 |
| Vehicles | 1,035,666 | 94,352 | - | 1,130,018 |
| Total capital assets being depreciated | 6,417,423 | 124,320 | (442) | 6,541,301 |
| Accumulated depreciation: | | | | |
| Land improvements | (437,595) | (7,216) | - | (444,811) |
| Street and road improvements | (1,086,140) | (51,511) | - | (1,137,651) |
| Building and improvements | (870,544) | (81,958) | - | (952,502) |
| Machinery and equipment | (673,405) | (21,303) | - | (694,708) |
| Vehicles | (747,873) | (72,678) | - | (820,551) |
| Total accumulated depreciation | (3,815,557) | (234,666) | - | (4,050,223) |
| Total general capital assets being depreciated, net | 2,601,866 | (110,346) | (442) | 2,491,078 |
| Total governmental activities capital assets, net | \$ 3,100,350 | \$ 2,010,523 | \$ (442) | \$ 5,110,431 |

The depreciation expense was \$234,666 during the year.

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

| Governmental Activities | |
|--|-------------------|
| General government | \$ 72,543 |
| Public safety | 39,900 |
| Public works | 101,690 |
| Recreation and culture | 20,533 |
| Total depreciation expense – governmental activities | <u>\$ 234,666</u> |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

4. Capital Assets (continued)

| Business-Type Activities | Beginning Balance | Additions | Disposals | Ending Balance |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 5,435,368 | \$ - | \$ - | \$ 5,435,368 |
| Capital assets being depreciated: | | | | |
| Water and sewer mains | 11,875,526 | - | - | 11,875,526 |
| Equipment | 342,399 | - | - | 342,399 |
| Intangible assets – water lines | 900,713 | - | - | 900,713 |
| Total capital assets being depreciated | 13,118,638 | - | - | 13,118,638 |
| Accumulated depreciation: | | | | |
| Water and sewer mains | (7,767,752) | (236,394) | - | (8,004,146) |
| Equipment | (258,600) | (10,948) | - | (269,548) |
| Intangible assets – water lines | (653,017) | (22,518) | - | (675,535) |
| Total accumulated depreciation | (8,679,369) | (269,860) | - | (8,949,229) |
| Business-type capital assets being depreciated, net | 4,439,269 | (269,860) | - | 4,169,409 |
| Business-type activities capital assets, net | \$ 9,874,637 | \$ (269,860) | \$ - | \$ 9,604,777 |

Depreciation expense was \$269,860 during the year. All depreciation expense was charged to the water and sewer function in the statement of activities.

| Component Unit – DDA | Beginning Balance | Additions | Disposals | Ending Balance |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 393,274 | \$ - | \$ - | \$ 393,274 |
| Construction in progress | 179,319 | - | - | 179,319 |
| Total capital assets not being depreciated | 572,593 | - | - | 572,593 |
| Capital assets being depreciated: | | | | |
| Land improvements | 966,841 | - | (4,824) | 962,017 |
| Street and road improvements | 3,628,501 | - | - | 3,628,501 |
| Equipment | 23,121 | 3,534 | (4,740) | 21,915 |
| Total capital assets being depreciated | 4,618,463 | 3,534 | (9,564) | 4,612,433 |
| Accumulated depreciation: | | | | |
| Land improvements | (704,670) | (50,582) | 4,824 | (750,428) |
| Street and road improvements | (1,279,902) | (57,884) | - | (1,337,786) |
| Equipment | (19,779) | (5,859) | 4,740 | (20,898) |
| Total accumulated depreciation | (2,004,351) | (114,325) | 9,564 | (2,109,112) |
| Component unit capital assets being depreciated, net | 2,614,112 | (110,791) | - | 2,503,321 |
| Component unit capital assets, net | \$ 3,186,705 | \$ (110,791) | \$ - | \$ 3,075,914 |

Depreciation expense was \$114,325 during the year.

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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:

| | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|--------------------|----------------------|---------------------------------|
| 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.

The Village also has an active project related to downtown development.

5. Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2024:

| | <u>Balance July 1, 2023</u> | <u>Add: Additional Debt Incurred</u> | <u>Less: Retirements and Payments on Debt</u> | <u>Balance June 30, 2024</u> | <u>Due Within One Year</u> |
|-------------------------------------|---------------------------------|--|---|----------------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Downtown development | \$ 5,000,000 | \$ - | \$ 255,000 | \$ 4,745,000 | \$ 210,000 |
| Compensated absences | 171,915 | - | 48,291 | 123,624 | 113,750 |
| Total governmental activities | <u>\$ 5,171,915</u> | <u>\$ -</u> | <u>\$ 303,291</u> | <u>\$ 4,868,624</u> | <u>\$ 323,750</u> |
| Business-type Activities: | | | | | |
| County Interceptor Bonds | 910,398 | - | 69,034 | 841,364 | 64,959 |
| Resource Recovery Facility Bonds | 190,251 | - | 9,776 | 180,475 | 10,046 |
| Drinking Water Revolving Fund Bonds | 4,446,878 | 517,895 | 265,000 | 4,699,773 | 275,000 |
| Compensated absences | 8,586 | 1,788 | - | 10,374 | 500 |
| Total business-type activities | <u>5,556,113</u> | <u>519,682</u> | <u>343,810</u> | <u>5,731,986</u> | <u>350,505</u> |
| Total | <u>\$ 10,728,028</u> | <u>\$ 519,682</u> | <u>\$ 647,101</u> | <u>\$ 10,600,610</u> | <u>\$ 674,255</u> |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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, 2024:

| | Number of Issues | Interest Rate | Maturing Through | Principal Outstanding |
|--|-----------------------------|--------------------------|-----------------------------|----------------------------------|
| Governmental Activities: | | | | |
| Downtown Development Series A | 1 | 4.00% | 2040 | \$ 3,320,000 |
| Downtown Development Series B | 1 | 4.98-5.70% | 2040 | 1,425,000 |
| | | | | <u>\$ 4,745,000</u> |
| Business-type Activities: | | | | |
| County Interceptor Bonds | 9 | 1.55-5.90% | 2040 | \$ 841,364 |
| Resource Recovery Facility Bonds | 1 | 2.50% | 2038 | 180,475 |
| Drinking Water Revolving Fund Bonds | 1 | 2.00% | 2037 | 4,699,773 |
| | | | | <u>\$ 5,721,612</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, 2024 is \$841,364.

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. This was repaid early during the current fiscal year.

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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, 2024, the Village's share of the total debt incurred to date is \$180,475.

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.

In June 2023, the Village entered into an agreement with the Downtown Development Authority (DDA) to issue bonds for \$5,000,000 through Huntington Bank for improvements to the Downtown District. The Village plans to issue 2 series of Bonds, Series A and Series B. The Series A bonds are \$3,500,000 of the total and are tax-exempt. The interest rate is 4.00%, paid semi-annually on October 1 and April 1. The bonds are set to mature in 2040. The Series B bonds are \$1,500,000 and is federally taxable with an interest rate between 4.98%-5.70%. Interest is payable semi-annually on October 1 and April 1, and mature in 2040. The bonds were issued in anticipation of and payable from payments required to be made by the DDA to the Village from tax increment revenues collected by the DDA, and are backed by the full faith and credit of the Village.

The annual debt service requirements to maturity for general obligation debt outstanding as of June 30, 2024 are as follows:

| Year Ended | Governmental Activities | | Business-type Activities | |
|------------|-------------------------|---------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 210,000 | \$ 209,708 | \$ 350,005 | \$ 119,574 |
| 2026 | 220,000 | 200,721 | 356,932 | 112,157 |
| 2027 | 230,000 | 191,333 | 363,531 | 104,514 |
| 2028 | 240,000 | 181,496 | 370,708 | 96,649 |
| 2029-2033 | 1,360,000 | 743,750 | 1,931,046 | 359,975 |
| 2034-2038 | 1,695,000 | 416,190 | 1,913,166 | 156,515 |
| 2039-2041 | 790,000 | 54,260 | 436,224 | 9,153 |
| | <u>\$4,745,000</u> | <u>\$ 1,997,458</u> | <u>\$ 5,721,612</u> | <u>\$ 958,537</u> |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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, 2024

6. Employees' Retirement System (continued)

As of the December 31, 2023 measurement date, the following employees were covered by the benefit terms:

| | |
|---|------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 19 |
| Inactive plan members entitled to, but not yet receiving benefits | 3 |
| Active plan members | <u>2</u> |
| Total employees covered by MERS plan | <u><u>24</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, 2024, 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 \$23,127.

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

6. Employees' Retirement System (continued)

Net Pension Liability

The net pension liability reported as of June 30, 2024 was determined using a measure of the total pension liability and the plan net position as of December 31, 2023. December 31, 2023 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:

| | Increase (Decrease) | | |
|---|------------------------------------|------------------------------|----------------------------------|
| | Total Pension Liability | Plan Net Position | Net Pension Liability |
| Balance as of December 31, 2022 | \$ 4,522,193 | \$ 2,757,463 | \$ 1,764,730 |
| Service cost | 18,182 | - | 18,182 |
| Interest | 311,144 | - | 311,144 |
| Contributions – employer | - | 282,096 | (282,096) |
| Contributions – employee | - | 10,281 | (10,281) |
| Net investment income | - | 302,995 | (302,995) |
| Differences between expected and actual experience | 70,311 | - | 70,311 |
| Change in assumptions | 25,624 | - | 25,624 |
| Benefit payments, including refunds | (395,606) | (395,606) | - |
| Administrative expenses | - | (6,438) | 6,438 |
| Other changes | 3,034 | - | 3,034 |
| Net changes | 32,689 | 193,328 | (160,639) |
| Balance as of December 31, 2023 | \$ 4,554,882 | \$ 2,950,791 | \$ 1,604,091 |

Village of Lake Orion
Notes to Financial Statements
June 30, 2024

6. Employees' Retirement System (continued)

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

For the year ending June 30, 2024, the Village recognized a pension expense of \$223,423. As of June 30, 2024, the Village reported deferred inflows and outflows of resources related to pensions from the following sources:

| Source | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments* | \$ 408,602 | - |
| Employer contributions to plan subsequent to the measurement date** | 142,334 | - |
| Total | \$ 550,936 | - |

* Amounts reported as deferred outflows of resources related to projected and actual investment earnings associated with pensions will be recognized in pension expense as follows:

| Years Ending June 30 | Amount |
|----------------------|-----------|
| 2024 | \$ 24,169 |
| 2025 | 49,836 |
| 2026 | 89,453 |
| 2027 | (21,789) |

** The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the fiscal year ending June 30, 2024.

Actuarial Assumptions

The total pension liability in the December 31, 2023 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 | 7.00% |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

6. Employees' Retirement System (continued)

Actuarial Assumptions (continued)

Mortality rates were based on 106% of the PubG-2010 Healthy Retiree Tables. For disabled retirees, 100% of the PubNS-2010 Disabled Retiree Tables were used.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of the most recent actuarial experience study in 2020.

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, 2023, the measurement date, for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------|------------------------------|---|
| Global equity | 60% | 2.70% |
| Global fixed income | 20% | 0.40% |
| Private investments | 20% | 1.40% |

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. 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, 2024

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 7.18%, 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 (6.18%) | Current Discount Rate (7.18%) | 1% Increase (8.18%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net pension liability | \$ 2,000,496 | \$ 1,604,091 | \$ 1,261,196 |

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, 2024, the OPEB plan membership data is as follows:

| | |
|--|-----------|
| Inactive plan members receiving benefits | 11 |
| Inactive plan members | 1 |
| Active plan members | <u>1</u> |
| Total participants | <u>13</u> |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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 through 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 2023 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, 2024, the Village contributed \$78,746 for insurance premiums and \$10,000 to the Retiree Healthcare Trust Fund, while OPEB plan participants contributed \$14,629 for insurance premiums during the year ended June 30, 2024.

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, 2024

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, 2024, were as follows:

| | |
|---|-------------------|
| Total OPEB Liability | \$ 1,225,055 |
| OPEB Plan Fiduciary Net Position | <u>(255,063)</u> |
| Net OPEB Liability | <u>\$ 969,992</u> |
| Plan Fiduciary Net Position as a percentage of the Total OPEB Liability | 20.8% |

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2024. 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 | 7.00% (for purpose of allocating liability) |
| Discount Rate | 7.45% for June 30, 2024 liability and 2025 contribution |
| Investment Rate of Return | 6.90% (including inflation) |
| Healthcare Cost Trend Rates – pre-Medicare | 7.25% per year graded down to an ultimate rate of 4.50% by 0.25% per year |
| Healthcare Cost Trend Rates – post-Medicare | 5.50% graded down to an ultimate rate of 4.50% by 0.25% per year |
| Mortality | Public General and Public Safety 2010 Employee and Healthy Retiree, Headcount weighted |
| Improvement Scale | IRS 2024 Adjusted Scale MP-2021 |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

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, 2024 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------------------|--|
| Global equity | 64.00% | 7.80% |
| Global fixed income | 26.00% | 4.80% |
| Real assets | 5.00% | 6.90% |
| Diversifying strategies | 5.00% | 6.30% |
| | 100.00% | |

Discount Rate – The discount rate used to measure the total OPEB liability was 6.90%. 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, 2023 was 7.45%.

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

7. Post-Employment Healthcare Benefits (continued)

| Changes in the Net OPEB Liability | | | |
|---|-----------------------------------|--|-------------------------------|
| | <u>Increase (Decrease)</u> | | |
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balances as of July 1, 2023 | \$ 1,218,223 | \$ 212,759 | \$ 1,005,464 |
| Changes for the Year: | | | |
| Service cost | 5,786 | - | 5,786 |
| Interest on the total OPEB liability | 88,256 | - | 88,256 |
| Difference between expected and actual experience | (56,384) | - | (56,384) |
| Changes in assumptions | 47,920 | - | 47,920 |
| Employer contributions to OPEB Trust | - | 10,000 | (10,000) |
| Contributions paid from general operating funds | - | 78,746 | (78,746) |
| Net investment income | - | 33,459 | (33,459) |
| Benefit payments, including employee refunds | (78,746) | (78,746) | - |
| Administrative expense | - | (1,155) | 1,155 |
| Net changes | 6,832 | 42,304 | (35,472) |
| Balances as of June 30, 2024 | \$ 1,225,055 | \$ 255,063 | \$ 969,992 |

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:

| | 1% Decrease (6.45%) | Current Discount Rate (7.45%) | 1% Increase (8.45%) |
|--------------------|--------------------------------|--|--------------------------------|
| Net OPEB Liability | \$ 1,082,407 | \$ 969,992 | \$ 874,009 |

Village of Lake Orion
Notes to Financial Statements
June 30, 2024

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:

| | 1% Decrease (3.50%) | Current Healthcare Cost Trend Rates (4.50%) | 1% Increase (5.50%) |
|--------------------|--------------------------------|--|--------------------------------|
| Net OPEB Liability | \$ 870,027 | \$ 969,992 | \$ 1,085,611 |

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

For the year ended June 30, 2024, the Village recognized OPEB expense as follows:

| | OPEB Expense |
|--|-------------------------|
| Service cost | \$ 5,786 |
| Interest on the total OPEB liability | 88,256 |
| Experience (gains) / losses | (56,384) |
| Changes in assumptions | 47,920 |
| Projected earnings on OPEB investments | (15,994) |
| Investment earnings (gains)/losses | (4,238) |
| Administrative expense | 1,155 |
| Total OPEB expense | <u>\$ (66,501)</u> |

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

7. Post-Employment Healthcare Benefits (continued)

As of June 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Experience losses | \$ - | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 14,629 |
| Total | <u>\$ -</u> | <u>\$ 14,629</u> |

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

| <u>Year ended June 30</u> | |
|----------------------------------|------------|
| 2025 | \$ (6,018) |
| 2026 | 907 |
| 2027 | (6,025) |
| 2028 | (3,493) |

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 29 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, 2024

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 2023 taxable valuation of the Village totaled \$175.9 million. The following is a summary of the tax rates levied on the 2023 tax roll:

| Purpose | Millage Rate | Revenue |
|-----------------------------|--------------|--------------|
| General operating | 9.7844 | \$ 1,325,688 |
| Police millage – operations | 2.8912 | 391,728 |

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, 2023 Township tax levy is paid by residents through February 2024. The Township remits its payment to the Village through June 2024, which will be used to replace the July 1, 2024 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, or 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, 2024

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 2024, several budget amendments were made.

Village of Lake Orion
Notes to Financial Statements
June 30, 2024

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, 2024, 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 | | | |
| Public works – Street Lighting | \$ 47,000 | \$ 47,367 | \$ 367 |

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.

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.

Village of Lake Orion
Notes to Financial Statements

June 30, 2024

12. Tax Abatements (continued)

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 was not material.

13. Prior period adjustment

During the current year, it was determined that certain prior year Water and Sewer Fund receivables related to the June 30, 2023 billing cycle were incorrectly calculated, resulting in an overstatement of Water and Sewer Fund accounts receivable of \$572,496. To correct this error, the beginning net position of the Water and Sewer Fund and Business-Type Activities of \$7,181,367, as originally reported, has been decreased to \$6,608,871.

| | Business-Type <u>Activities</u> | <u>Water and Sewer Fund</u> |
|--|------------------------------------|---------------------------------|
| Beginning net position, as previously reported | \$ 7,181,367 | \$ 7,181,367 |
| Correction of an error | <u>(572,496)</u> | <u>(572,496)</u> |
| Beginning net position, as restated | <u>\$ 6,608,871</u> | <u>\$ 6,608,871</u> |

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, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 18,182 | \$ 25,527 | \$ 22,795 | \$ 21,712 | \$ 18,056 | \$ 24,122 | \$ 28,897 | \$ 28,587 | \$ 27,164 | \$ 33,257 |
| Interest | 311,144 | 316,030 | 306,483 | 304,357 | 288,677 | 299,399 | 300,398 | 326,778 | 329,227 | 308,260 |
| Difference between expected and actual experience | 70,311 | 17,137 | 24,535 | 81,869 | 100,782 | 36,345 | (45,443) | (393,125) | (5,100) | - |
| Changes in assumptions | 25,624 | - | 126,086 | 178,827 | 116,591 | - | - | - | 184,225 | - |
| Benefit payments including refunds | (395,606) | (365,550) | (363,200) | (366,092) | (303,553) | (298,323) | (289,575) | (294,716) | (336,654) | (318,528) |
| Other changes | 3,034 | (1) | 14,796 | - | 15,194 | - | - | - | - | - |
| Net change in total pension liability | 32,689 | (6,857) | 131,495 | 220,673 | 235,747 | 61,543 | (5,723) | (332,476) | 198,862 | 22,989 |
| Total pension liability at beginning of year | 4,522,193 | 4,529,050 | 4,397,555 | 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 | \$ 4,554,882 | \$ 4,522,193 | \$ 4,529,050 | \$ 4,397,555 | \$ 4,176,882 | \$ 3,941,135 | \$ 3,879,592 | \$ 3,885,315 | \$ 4,217,791 | \$ 4,018,929 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions – employer | \$ 282,096 | \$ 264,522 | \$ 208,920 | \$ 158,088 | \$ 133,392 | \$ 187,278 | \$ 181,860 | \$ 114,072 | \$ 107,640 | \$ 107,334 |
| Contributions – employee | 10,281 | 9,995 | 9,642 | 9,392 | 12,552 | 13,571 | 14,011 | 13,867 | 14,348 | 16,627 |
| Net investment income | 302,995 | (329,022) | 404,929 | 333,267 | 348,189 | (108,893) | 336,390 | 275,341 | (38,613) | 171,339 |
| Benefit payments including refunds | (395,606) | (365,550) | (363,200) | (366,092) | (303,553) | (298,323) | (289,575) | (294,716) | (336,654) | (318,528) |
| Administrative expense | (6,438) | (5,822) | (4,643) | (5,474) | (5,995) | (5,458) | (5,331) | (5,442) | (5,808) | (6,252) |
| Net change in plan fiduciary net position | 193,328 | (425,877) | 255,648 | 129,181 | 184,585 | (211,825) | 237,355 | 103,122 | (259,087) | (29,480) |
| Plan fiduciary net position at beginning of year | 2,757,463 | 3,183,340 | 2,927,692 | 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 | \$ 2,950,791 | \$ 2,757,463 | \$ 3,183,340 | \$ 2,927,692 | \$ 2,798,511 | \$ 2,613,926 | \$ 2,825,751 | \$ 2,588,396 | \$ 2,485,274 | \$ 2,744,361 |
| Village's net pension liability at end of year | \$ 1,604,091 | \$ 1,764,730 | \$ 1,345,710 | \$ 1,469,863 | \$ 1,378,371 | \$ 1,327,209 | \$ 1,053,841 | \$ 1,296,919 | \$ 1,732,517 | \$ 1,274,568 |
| Plan fiduciary net position as a percentage of the total pension liability | 64.8% | 61.0% | 70.3% | 66.6% | 67.0% | 66.3% | 72.8% | 66.6% | 58.9% | 68.3% |
| Covered employee payroll | \$ 142,600 | \$ 199,895 | \$ 192,851 | \$ 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 | 1124.9% | 882.8% | 697.8% | 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, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------|------------|------------|------------|------------|-------------|------------|------------|------------|------------|
| Actuarial determined contributions | \$ 173,928 | \$ 182,028 | \$ 180,996 | \$ 181,596 | \$ 174,528 | \$ 175,560 | \$ 175,164 | \$ 115,236 | \$ 112,908 | \$ 102,012 |
| Contributions in relation to the actuarially determined contribution | 173,928 | 182,028 | 180,996 | 158,088 | 133,392 | 187,278 | 181,860 | 115,236 | 112,908 | 102,012 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ 23,508 | \$ 41,136 | \$ (11,718) | \$ (6,696) | \$ - | \$ - | \$ - |
| Covered employee payroll | \$ 142,600 | \$ 199,895 | \$ 192,851 | \$ 187,983 | \$ 182,199 | \$ 244,394 | \$ 280,322 | \$ 277,342 | \$ 268,611 | \$ 324,635 |
| Contributions as a percentage of covered employee payroll | 122.0% | 91.1% | 93.9% | 96.6% | 95.8% | 71.8% | 62.5% | 41.6% | 42.0% | 31.4% |

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
7.00%
Experience-based tables of rates that are specific to the type of eligibility condition
106% of the PubG-2010 Healthy Retiree Tables. For disabled retirees, 100% of the PubNS-2010 Disabled Retiree Tables were used.

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, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Total OPEB liability | | | | | | |
| Service cost | \$ 5,786 | \$ 9,611 | \$ 15,152 | \$ 15,453 | \$ 13,960 | \$ 27,523 |
| Interest | 88,256 | 77,435 | 86,069 | 88,773 | 136,147 | 120,056 |
| Difference between expected and actual experience | (56,384) | 1,905 | (389,595) | 1,670 | (492,465) | 833 |
| Changes in assumptions | 47,920 | (224,846) | (167,297) | (90,146) | 489,911 | (307,414) |
| Benefit payments including refunds | (78,746) | (68,029) | (73,639) | (78,550) | (79,196) | (87,636) |
| Net change in total pension liability | 6,832 | (203,924) | (529,310) | (62,800) | 68,357 | (246,638) |
| Total OPEB liability at beginning of year | 1,218,223 | 1,422,147 | 1,951,457 | 2,014,257 | (246,638) | - |
| Total OPEB liability at end of year | \$ 1,225,055 | \$ 1,218,223 | \$ 1,422,147 | \$ 1,951,457 | \$ (178,281) | \$ (246,638) |
| Plan fiduciary net position | | | | | | |
| Contributions to OPEB trust | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Contributions/benefit payments made from general operating funds | 78,746 | 68,029 | 73,639 | 78,550 | 79,196 | 87,636 |
| Net investment income | 33,459 | 22,803 | (25,765) | 41,387 | 962 | 5,726 |
| Benefit payments including refunds | (78,746) | (68,029) | (73,639) | (78,550) | (79,196) | (87,636) |
| Administrative expense | (1,155) | (950) | (969) | (895) | (694) | (606) |
| Net change in plan fiduciary net position | 42,304 | 31,853 | (16,734) | 50,492 | 10,268 | 15,120 |
| Plan fiduciary net position at beginning of year | 212,759 | 180,906 | 197,640 | 147,148 | 15,120 | - |
| Plan fiduciary net position at end of year | \$ 255,063 | \$ 212,759 | \$ 180,906 | \$ 197,640 | \$ 25,388 | \$ 15,120 |
| Village's net OPEB liability at end of year | \$ 969,992 | \$ 1,005,464 | \$ 1,241,241 | \$ 1,753,817 | \$ (203,669) | \$ (261,758) |
| Plan fiduciary net position as a percentage of the total OPEB liability | 20.8% | 17.5% | 12.7% | 10.1% | -14.2% | -6.1% |
| Covered employee payroll | Not Avail. | Not Avail. | Not Avail. | Not Avail. | Not Avail. | Not Avail. |
| Employer's net OPEB liability as a percentage of covered employee payroll | Not Avail. | Not Avail. | 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, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------------|------------|------------|------------|------------|------------|------------|
| Service cost | \$ 5,786 | \$ 9,611 | \$ 15,152 | \$ 15,453 | \$ 13,960 | \$ 27,523 | \$ 27,523 |
| Interest cost | 17,639 | 13,591 | 13,365 | 12,755 | 19,545 | 16,284 | - |
| Amortization of unfunded liability | 230,977 | 235,726 | 284,501 | 270,543 | 261,710 | 261,707 | 226,285 |
| Actuarially determined employer contribution | 254,402 | 258,928 | 313,018 | 298,751 | 295,215 | 305,514 | 253,808 |
| Contributions in relation to the actuarially determined contribution | 88,746 | 78,029 | 83,639 | 88,550 | 89,196 | 97,636 | 97,425 |
| Contribution deficiency (excess) | \$ 165,656 | \$ 180,899 | \$ 229,379 | \$ 210,201 | \$ 206,019 | \$ 207,878 | \$ 156,383 |
| Covered employee payroll | \$ 168,829 | \$ 224,730 | \$ 194,150 | \$ 187,983 | \$ 178,243 | Not Avail. | Not Avail. |
| Contributions as a percentage of covered employee payroll | 150.7% | 115.2% | 161.2% | 158.9% | 165.6% | Not Avail. | Not Avail. |

Notes to schedule

Actuarial valuation information relative to the determination of contributions:

| | | | | | | |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Valuation date | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|

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 | 5 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 | 7.45% (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-2021 improvement scale |

Village of Lake Orion

General Fund

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

Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property taxes | \$ 1,312,734 | \$ 1,312,734 | \$ 1,318,861 | \$ 6,127 |
| Penalties and interest | 4,000 | 4,000 | 3,581 | (419) |
| In lieu of taxes | 37,000 | 37,000 | 51,621 | 14,621 |
| Other taxes | 1,000 | 1,000 | - | (1,000) |
| Intergovernmental – Federal/CDBG | - | - | 88,392 | 88,392 |
| Intergovernmental – State and local | 427,800 | 427,800 | 473,925 | 46,125 |
| Business licenses and permits | 10,000 | 10,000 | 10,000 | - |
| Charges for services | 263,200 | 303,712 | 431,163 | 127,451 |
| Interest earnings | 4,000 | 4,000 | 16,271 | 12,271 |
| Other revenues | 2,600 | 2,600 | 32,761 | 30,161 |
| Total revenues | 2,062,334 | 2,102,846 | 2,426,575 | 323,729 |
| Expenditures | | | | |
| General government: | | | | |
| Village council | 4,612 | 4,612 | 2,458 | 2,154 |
| Village manager | 128,259 | 136,088 | 126,533 | 9,555 |
| Clerk | 110,529 | 128,369 | 114,924 | 13,445 |
| Treasurer | 169,817 | 186,332 | 169,251 | 17,081 |
| Municipal building | 309,760 | 307,367 | 281,335 | 26,032 |
| Data processing and information technology | 32,000 | 37,148 | 35,620 | 1,528 |
| Professional services | 63,600 | 63,600 | 46,988 | 16,612 |
| | 818,577 | 863,516 | 777,109 | 86,407 |
| Public works: | | | | |
| Sanitation | 213,200 | 253,712 | 232,203 | 21,509 |
| Street lighting | 42,000 | 47,000 | 47,367 | (367) |
| | 255,200 | 300,712 | 279,570 | 21,142 |
| Community and economic development: | | | | |
| Planning and zoning | 71,250 | 75,250 | 71,251 | 3,999 |
| Recreation and cultural: | | | | |
| Parks and recreation | 43,800 | 46,487 | 42,734 | 3,753 |
| Other functions: | | | | |
| Insurance | 74,000 | 74,000 | 70,143 | 3,857 |
| Total expenditures | 1,262,827 | 1,359,965 | 1,240,807 | 119,158 |
| Excess of revenues over expenditures | 799,507 | 742,881 | 1,185,768 | 442,887 |
| Other financing sources (uses): | | | | |
| Transfers in | 121,400 | 121,400 | 121,368 | (32) |
| Transfers out | (850,000) | (856,819) | (851,903) | 4,916 |
| Total other financing sources (uses) | (728,600) | (735,419) | (730,535) | 4,884 |
| Net change in fund balance | 70,907 | 7,462 | 455,233 | 447,771 |
| Fund balance at beginning of year | 823,790 | 823,790 | 823,790 | - |
| Fund balance at end of year | \$ 894,697 | \$ 831,252 | \$ 1,279,023 | \$ 447,771 |

Village of Lake Orion

Public Works Fund

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

Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Charges for services | \$ 57,200 | \$ 57,200 | \$ 54,186 | \$ (3,014) |
| Equipment rental | 78,750 | 78,750 | 78,438 | (312) |
| Cemetery | 36,300 | 36,300 | 22,817 | (13,483) |
| Interest income | 315 | 315 | 624 | 309 |
| Other | 9,000 | 9,000 | 3,650 | (5,350) |
| Total revenues | 181,565 | 181,565 | 159,715 | (21,850) |
| Expenditures | | | | |
| Public works: | | | | |
| Wages and benefits | 350,501 | 385,228 | 342,174 | 43,054 |
| Repairs and maintenance | 38,166 | 28,166 | 21,075 | 7,091 |
| Other | 103,205 | 83,705 | 69,076 | 14,629 |
| Interest expense | 4,095 | 4,095 | 3,254 | 841 |
| Cemetery | 81,449 | 82,865 | 74,095 | 8,770 |
| Phase II Stormwater | 34,015 | 38,191 | 35,107 | 3,084 |
| Total expenditures | 611,431 | 622,250 | 544,781 | 77,469 |
| Excess (deficiency) of revenues over expenditures | (429,866) | (440,685) | (385,066) | 55,619 |
| Other financing sources (uses): | | | | |
| Transfers in | 455,000 | 461,819 | 455,250 | (6,569) |
| Transfers out | (18,281) | (14,281) | - | 14,281 |
| Total other financing sources (uses) | 436,719 | 447,538 | 455,250 | 7,712 |
| Net change in fund balance | 6,853 | 6,853 | 70,184 | 63,331 |
| Fund balance at beginning of year | 52,252 | 52,252 | 52,252 | - |
| Fund balance at end of year | \$ 59,105 | \$ 59,105 | \$ 122,436 | \$ 63,331 |

Village of Lake Orion

Police Fund

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

Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Property taxes | \$ 382,636 | \$ 382,636 | \$ 393,036 | \$ 10,400 |
| Intergovernmental – State | 1,000 | 1,000 | 1,614 | 614 |
| Intergovernmental – Local | 22,000 | 22,000 | 15,677 | (6,323) |
| Charges for services | 113,040 | 113,040 | 100,358 | (12,682) |
| Fines and forfeitures | 75,000 | 75,000 | 33,331 | (41,669) |
| Interest | 1,650 | 1,650 | 5,598 | 3,948 |
| Other | 6,000 | 6,000 | 3,672 | (2,328) |
| Total revenues | 601,326 | 601,326 | 553,286 | (48,040) |
| Expenditures | | | | |
| Wages and benefits | 783,817 | 619,286 | 592,500 | 26,786 |
| Other | 198,540 | 480,112 | 438,149 | 41,963 |
| Capital outlay | 12,000 | 10,000 | 3,922 | 6,078 |
| Total expenditures | 994,357 | 1,109,398 | 1,034,571 | 74,827 |
| Excess of revenues over (under) expenditures | (393,031) | (508,072) | (481,285) | 26,787 |
| Other financing sources (uses): | | | | |
| Transfers in | 400,000 | 400,000 | 400,000 | - |
| Transfers out | (5,000) | (5,000) | (5,000) | - |
| Total other financing sources (uses) | 395,000 | 395,000 | 395,000 | - |
| Net change in fund balance | 1,969 | (113,072) | (86,285) | 26,787 |
| Fund balance at beginning of year | 317,519 | 317,519 | 317,519 | - |
| Fund balance at end of year | \$ 319,488 | \$ 204,447 | \$ 231,234 | \$ 26,787 |

Other Supplementary Information

Village of Lake Orion

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2024

| | Special Revenue | | | Capital Project | Permanent Fund | |
|-------------------------------------|-------------------|-------------------|-----------------|---------------------|-------------------------|---------------------|
| | Major Street | Local Street | Parking | Capital Improvement | Cemetery Perpetual Care | Total |
| Assets | | | | | | |
| Cash | \$ 508,021 | \$ 119,078 | \$ 3,570 | \$ 2,482 | \$ 227,247 | \$ 860,398 |
| Advance to other funds | - | - | - | - | 94,292 | 94,292 |
| Due from State | 38,147 | 16,607 | - | - | - | 54,754 |
| Prepaid expenses | 443 | 443 | 36 | - | - | 922 |
| Total assets | <u>\$ 546,611</u> | <u>\$ 136,128</u> | <u>\$ 3,606</u> | <u>\$ 2,482</u> | <u>\$ 321,539</u> | <u>\$ 1,010,366</u> |
| Liabilities and fund balance | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 2,739 | \$ 4,175 | \$ - | \$ - | \$ - | \$ 6,914 |
| Fund balance: | | | | | | |
| Nonspendable – prepaid | 443 | 443 | 36 | - | - | 922 |
| Restricted for streets | 543,429 | 131,510 | - | - | - | 674,939 |
| Restricted for parking | - | - | 3,570 | - | - | 3,570 |
| Restricted for capital projects | - | - | - | 2,482 | - | 2,482 |
| Restricted for perpetual care | - | - | - | - | 321,539 | 321,539 |
| Total fund balance | <u>543,872</u> | <u>131,953</u> | <u>3,606</u> | <u>2,482</u> | <u>321,539</u> | <u>1,003,452</u> |
| Total liabilities and fund balance | <u>\$ 546,611</u> | <u>\$ 136,128</u> | <u>\$ 3,606</u> | <u>\$ 2,482</u> | <u>\$ 321,539</u> | <u>\$ 1,010,366</u> |

Village of Lake Orion

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

Year Ended June 30, 2024

| | Special Revenue | | | Capital Project | Permanent Fund | |
|---|-----------------|--------------|----------|------------------------|-------------------------------|--------------|
| | Major Street | Local Street | Parking | Capital Improvement | Cemetery Perpetual Care | Total |
| Revenues | | | | | | |
| State-shared revenue | \$ 237,935 | \$ 103,578 | \$ - | \$ - | \$ - | \$ 341,513 |
| Charges for services | - | - | - | - | 14,300 | 14,300 |
| Fines and forfeitures | - | - | 28 | - | - | 28 |
| Interest earned | 6,684 | 969 | 20 | 2 | 5,291 | 12,966 |
| Other revenues | - | 11,157 | - | - | - | 11,157 |
| Total revenues | 244,619 | 115,704 | 48 | 2 | 19,591 | 379,964 |
| Expenditures | | | | | | |
| Highways, streets, sidewalks and other maintenance | 88,025 | 130,257 | - | - | - | 218,282 |
| Parking | - | - | 5,363 | - | - | 5,363 |
| Capital outlay | 29,352 | 5,000 | - | 890 | 60,000 | 95,242 |
| Total expenditures | 117,377 | 135,257 | 5,363 | 890 | 60,000 | 318,887 |
| Excess (deficiency) of revenues over expenditures | 127,242 | (19,553) | (5,315) | (888) | (40,409) | 61,077 |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | - | 68,000 | 5,000 | - | - | 73,000 |
| Operating transfers out | (68,000) | - | - | - | (5,250) | (73,250) |
| Total other financing sources (uses): | (68,000) | 68,000 | 5,000 | - | (5,250) | (250) |
| Change in fund balance | 59,242 | 48,447 | (315) | (888) | (45,659) | 60,827 |
| Fund balance at beginning of year | 484,630 | 83,506 | 3,921 | 3,370 | 367,198 | 942,625 |
| Fund balance at end of year | \$ 543,872 | \$ 131,953 | \$ 3,606 | \$ 2,482 | \$ 321,539 | \$ 1,003,452 |

Village of Lake Orion

Combining Balance Sheet
Component Unit – DDA

June 30, 2024

| | Downtown Development Authority | DDA Property Acquisition Fund | Total |
|--|---|--|-------------------|
| Assets | | | |
| Cash | \$ 374,281 | \$ 169,465 | \$ 543,746 |
| Prepaid expenditures | - | - | - |
| Total assets | <u>\$ 374,281</u> | <u>\$ 169,465</u> | <u>\$ 543,746</u> |
| Liabilities and fund balance | | | |
| Accounts payable and accrued liabilities | \$ 17,470 | \$ - | \$ 17,470 |
| Fund balance | 356,811 | 169,465 | 526,276 |
| Total liabilities and fund balance | <u>\$ 374,281</u> | <u>\$ 169,465</u> | <u>\$ 543,746</u> |

Reconciliation to statement of net position:

| | |
|----------------------------------|------------|
| Fund balance as of June 30, 2024 | \$ 526,276 |
|----------------------------------|------------|

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

| | |
|--|---------------------|
| | 3,075,914 |
| Net position of governmental activities – component unit | <u>\$ 3,602,190</u> |

Village of Lake Orion

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

Year Ended June 30, 2024

| | Downtown Development Authority | DDA Property Acquisition Fund | Total |
|--|---|--|--------------|
| Revenues | | | |
| Property taxes | \$ 805,579 | \$ - | \$ 805,579 |
| Other taxes | 15,971 | - | 15,971 |
| Operating grants and contributions | 201,996 | - | 201,996 |
| State grants | 3,500 | - | 3,500 |
| Interest | 7,629 | 124 | 7,753 |
| Other revenues | 35,802 | - | 35,802 |
| Total revenues | 1,070,477 | 124 | 1,070,601 |
| Expenditures | | | |
| Community development | 1,048,183 | - | 1,048,183 |
| Debt service: | | | |
| Principal | - | 300,000 | 300,000 |
| Interest and other charges | - | 15,000 | 15,000 |
| Capital outlay | 8,742 | - | 8,742 |
| Total expenditures | 1,056,925 | 315,000 | 1,371,925 |
| Excess (deficiency) of revenues over expenditures | 13,552 | (314,876) | (301,324) |
| Other financing sources (uses) | | | |
| Transfers in | - | 157,500 | 157,500 |
| Transfers out | (157,500) | - | (157,500) |
| Total other financing sources (uses) | (157,500) | 157,500 | - |
| Net change in fund balance | (143,948) | (157,376) | (301,324) |
| Fund balance at beginning of year | 500,759 | 326,841 | 827,600 |
| Fund balance at end of year | \$ 356,811 | \$ 169,465 | \$ 526,276 |

Reconciliation to statement of activities:

Net change in fund balance as of June 30, 2023 \$ (301,324)

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 | 3,534 |
| Depreciation expense | (114,325) |

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 | 300,000 |
| Change in net position – component unit | \$ (112,115) |

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2024

Oakland-Macomb Interceptor Drain Bond
Summary By Issue

| Issue | Total Principal Amount | Total Interest Payable | Total Obligation |
|----------|------------------------------|------------------------------|---------------------|
| 2010A | \$ 70,352 | \$ 7,209 | \$ 77,561 |
| 2011 | 116,330 | 15,130 | 131,460 |
| 2013A | 270,698 | 30,847 | 301,545 |
| 2014A | 40,853 | 7,174 | 48,027 |
| 2015 | 40,895 | 8,708 | 49,603 |
| 2015-SAW | 40,366 | 6,302 | 46,668 |
| 2019A | 18,084 | 1,208 | 19,292 |
| 2019B | 7,877 | 123 | 8,000 |
| 2020A | 235,909 | 60,068 | 295,977 |
| 2017SRF | 180,475 | 35,935 | 216,410 |
| 2017DWRF | 4,699,773 | 785,840 | 5,485,613 |
| | <u>\$ 5,721,612</u> | <u>\$ 958,544</u> | <u>\$ 6,680,156</u> |

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:

| Interest Rate | Date of Maturity | Principal Amount | Annual Interest Payable | Total Obligation |
|------------------|---------------------|---------------------|-------------------------------|---------------------|
| 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 | 1,287 | 11,073 |
| 2.50% | 4/1/2028 | 10,050 | 1,042 | 11,092 |
| 2.50% | 4/1/2029 | 10,282 | 791 | 11,073 |
| 2.50% | 4/1/2030 | 10,546 | 534 | 11,080 |
| 2.50% | 4/1/2031 | 10,811 | 270 | 11,081 |
| | | <u>\$ 70,352</u> | <u>\$ 7,209</u> | <u>\$ 77,561</u> |

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2024

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:

| Interest Rate | Date of Maturity | Principal Amount | Annual Interest Payable | Total Obligation |
|--------------------------|-----------------------------|-----------------------------|--|-----------------------------|
| 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>\$ 116,330</u> | <u>\$ 15,130</u> | <u>\$ 131,460</u> |

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% | 10/1/2024 | \$ 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>\$ 270,698</u> | <u>\$ 30,847</u> | <u>\$ 301,545</u> |

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2024

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% | 10/1/2024 | \$ 3,153 | \$ 1,168 | \$ 4,321 |
| 3.00% | 10/1/2025 | 3,245 | 1,088 | 4,333 |
| 3.00% | 10/1/2026 | 3,382 | 989 | 4,371 |
| 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>\$ 40,853</u> | <u>\$ 7,174</u> | <u>\$ 48,027</u> |

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 |
|----------------------|-------------------------|-------------------------|--------------------------------|-------------------------|
| 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 | 1,043 | 4,514 |
| 3.25% | 4/1/2029 | 3,570 | 939 | 4,509 |
| 3.25% | 4/1/2030 | 3,670 | 823 | 4,493 |
| 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 | 153 | 4,517 |
| | | <u>\$ 40,895</u> | <u>\$ 8,708</u> | <u>\$ 49,603</u> |

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2024

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% | 4/1/2025 | \$ 3,240 | \$ 1,010 | \$ 4,250 |
| 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 | 4,033 | 204 | 4,237 |
| 2.50% | 4/1/2035 | 4,133 | 104 | 4,237 |
| | | <u>\$ 40,366</u> | <u>\$ 6,302</u> | <u>\$ 46,668</u> |

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% | 4/1/2025 | \$ 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>\$ 18,084</u> | <u>\$ 1,208</u> | <u>\$ 19,292</u> |

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2024

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% | 4/1/2025 | \$ 3,899 | \$ 92 | \$ 3,991 |
| 1.55% | 4/1/2026 | 3,978 | 31 | 4,009 |
| | | <u>\$ 7,877</u> | <u>\$ 123</u> | <u>\$ 8,000</u> |

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:**

| Interest Rate | Date of Maturity | Principal Amount | Annual Interest Payable | Total Obligation |
|----------------------|-------------------------|-------------------------|--------------------------------|-------------------------|
| 5.00% | 7/1/2024 | \$ 6,783 | \$ 7,521 | \$ 14,304 |
| 5.00% | 7/1/2025 | 7,115 | 7,174 | 14,289 |
| 5.00% | 7/1/2026 | 11,025 | 6,720 | 17,745 |
| 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 | 4,284 | 17,696 |
| 4.00% | 7/1/2031 | 14,097 | 3,667 | 17,764 |
| 4.00% | 7/1/2032 | 14,649 | 3,092 | 17,741 |
| 3.00% | 7/1/2033 | 15,268 | 2,570 | 17,838 |
| 2.00% | 7/1/2034 | 15,710 | 2,184 | 17,894 |
| 2.00% | 7/1/2035 | 16,041 | 1,867 | 17,908 |
| 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 | 17,742 | 177 | 17,919 |
| | | <u>\$ 235,909</u> | <u>\$ 60,068</u> | <u>\$ 295,977</u> |

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2024

2017 Clinton River Water Resource Recovery Facility Drainage District Drain Bond (SRF)**Date of Issue: July 2017****Village of Lake Orion Portion \$227,045 (.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% | 10/1/2024 | \$ 10,046 | \$ 4,386 | \$ 14,432 |
| 2.50% | 10/1/2025 | 10,315 | 4,132 | 14,447 |
| 2.50% | 10/1/2026 | 10,546 | 3,871 | 14,417 |
| 2.50% | 10/1/2027 | 10,815 | 3,604 | 14,419 |
| 2.50% | 10/1/2028 | 11,085 | 3,330 | 14,415 |
| 2.50% | 10/1/2029 | 11,393 | 3,049 | 14,442 |
| 2.50% | 10/1/2030 | 11,662 | 2,761 | 14,423 |
| 2.50% | 10/1/2031 | 11,970 | 2,466 | 14,436 |
| 2.50% | 10/1/2032 | 12,278 | 2,163 | 14,441 |
| 2.50% | 10/1/2033 | 12,586 | 1,852 | 14,438 |
| 2.50% | 10/1/2034 | 12,894 | 1,533 | 14,427 |
| 2.50% | 10/1/2035 | 13,202 | 1,207 | 14,409 |
| 2.50% | 10/1/2036 | 13,548 | 873 | 14,421 |
| 2.50% | 10/1/2037 | 13,894 | 530 | 14,424 |
| 2.50% | 10/1/2038 | 14,241 | 178 | 14,419 |
| | | <u>\$ 180,475</u> | <u>\$ 35,935</u> | <u>\$ 216,410</u> |

2017 State of Michigan Department of Environmental Quality, Drinking Water Revolving Fund Loan**Total Draws: \$5,989,773****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% | 4/1/2025 | \$ 275,000 | \$ 93,996 | \$ 368,996 |
| 2.00% | 4/1/2026 | 280,000 | 88,496 | 368,496 |
| 2.00% | 4/1/2027 | 285,000 | 82,896 | 367,896 |
| 2.00% | 4/1/2028 | 290,000 | 77,196 | 367,196 |
| 2.00% | 4/1/2029 | 295,000 | 71,396 | 366,396 |
| 2.00% | 4/1/2030 | 300,000 | 65,496 | 365,496 |
| 2.00% | 4/1/2031 | 305,000 | 59,496 | 364,496 |
| 2.00% | 4/1/2032 | 310,000 | 53,396 | 363,396 |
| 2.00% | 4/1/2033 | 315,000 | 47,196 | 362,196 |
| 2.00% | 4/1/2034 | 320,000 | 40,896 | 360,896 |
| 2.00% | 4/1/2035 | 330,000 | 34,496 | 364,496 |
| 2.00% | 4/1/2036 | 335,000 | 27,896 | 362,896 |
| 2.00% | 4/1/2037 | 340,000 | 21,196 | 361,196 |
| 2.00% | 4/1/2038 | 350,000 | 14,396 | 364,396 |
| 2.00% | 4/1/2039 | 369,773 | 7,396 | 377,169 |
| | | <u>\$ 4,699,773</u> | <u>\$ 785,840</u> | <u>\$5,485,613</u> |

Village of Lake Orion

Schedule of Indebtedness
Governmental Activities

June 30, 2024

2023 Downtown Development Bonds Tax Exempt Series A**Date of Issue: June 2023****Total Bond Purchase Price \$3,542,104 (4% Average Coupon)****Interest Due April 1 and October 1****Bonds Due As Follows:**

| Interest Rate | Date of Maturity | Principal Amount | Annual Interest Payable | Total Obligation |
|----------------------|-------------------------|-------------------------|--------------------------------|-------------------------|
| 4.00% | 4/1/2025 | \$ 150,000 | \$ 132,800 | \$ 282,800 |
| 4.00% | 4/1/2026 | 160,000 | 126,800 | 286,800 |
| 4.00% | 4/1/2027 | 165,000 | 120,400 | 285,400 |
| 4.00% | 4/1/2028 | 170,000 | 113,800 | 283,800 |
| 4.00% | 4/1/2029 | 180,000 | 107,000 | 287,000 |
| 4.00% | 4/1/2030 | 185,000 | 99,800 | 284,800 |
| 4.00% | 4/1/2031 | 190,000 | 92,400 | 282,400 |
| 4.00% | 4/1/2032 | 200,000 | 84,800 | 284,800 |
| 4.00% | 4/1/2033 | 205,000 | 76,800 | 281,800 |
| 4.00% | 4/1/2034 | 220,000 | 68,600 | 288,600 |
| 4.00% | 4/1/2035 | 225,000 | 59,800 | 284,800 |
| 4.00% | 4/1/2036 | 230,000 | 50,800 | 280,800 |
| 4.00% | 4/1/2037 | 245,000 | 41,600 | 286,600 |
| 4.00% | 4/1/2038 | 255,000 | 31,800 | 286,800 |
| 4.00% | 4/1/2039 | 265,000 | 21,600 | 286,600 |
| 4.00% | 4/1/2040 | 275,000 | 11,000 | 286,000 |
| | | <u>\$ 3,320,000</u> | <u>\$1,239,800</u> | <u>\$4,559,800</u> |

2023 Downtown Development Bonds Taxable Series B**Date of Issue: June 2023****Total Bond Purchase Price \$2,318,590 (5.5242% Average Coupon)****Interest Due April 1 and October 1****Bonds Due As Follows:**

| Interest Rate | Date of Maturity | Principal Amount | Annual Interest Payable | Total Obligation |
|----------------------|-------------------------|-------------------------|--------------------------------|-------------------------|
| 4.98% | 4/1/2025 | \$ 60,000 | \$ 76,909 | \$ 136,909 |
| 4.98% | 4/1/2026 | 60,000 | 73,921 | 133,921 |
| 4.98% | 4/1/2027 | 65,000 | 70,933 | 135,933 |
| 4.98% | 4/1/2028 | 70,000 | 67,696 | 137,696 |
| 5.08% | 4/1/2029 | 70,000 | 64,210 | 134,210 |
| 5.08% | 4/1/2030 | 75,000 | 60,654 | 135,654 |
| 5.08% | 4/1/2031 | 80,000 | 56,844 | 136,844 |
| 5.08% | 4/1/2032 | 85,000 | 52,780 | 137,780 |
| 5.08% | 4/1/2033 | 90,000 | 48,462 | 138,462 |
| 5.77% | 4/1/2034 | 90,000 | 43,890 | 133,890 |
| 5.77% | 4/1/2035 | 100,000 | 38,760 | 138,760 |
| 5.77% | 4/1/2036 | 105,000 | 33,060 | 138,060 |
| 5.77% | 4/1/2037 | 110,000 | 27,075 | 137,075 |
| 5.77% | 4/1/2038 | 115,000 | 20,805 | 135,805 |
| 5.77% | 4/1/2039 | 120,000 | 14,250 | 134,250 |
| 5.77% | 4/1/2040 | 130,000 | 7,410 | 137,410 |
| | | <u>\$ 1,425,000</u> | <u>\$ 757,659</u> | <u>\$2,182,659</u> |