

Audited Financial Statements
and Other Supplementary Information

Village of Lake Orion

Year Ended June 30, 2020
with Report of Independent Auditors

Village of Lake Orion
Audited Financial Statements
and Other Supplementary Information

Year Ended June 30, 2020

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Report of Independent Auditors To the Members of the Village Council
Village of Lake Orion, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lake Orion, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards

applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lake Orion, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021, on our consideration of the Village of Lake Orion's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lake Orion's internal control over financial reporting and compliance.

Andrews Hooper Paulik PLC

Auburn Hills, Michigan
January 29, 2021

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2020

The following is a discussion and analysis of the Village of Lake Orion's (Village) financial activities for the year ended June 30, 2020. This analysis should be read in conjunction with the Report of Independent Auditors and with the Village's financial statements. All amounts, unless otherwise indicated, are presented in whole dollars.

Financial Highlights

The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$8,637,662 (net position). Included in this amount is unrestricted net position of \$15,398.

At the close of the most recent fiscal year, the Village's governmental funds reported combined ending fund balances of \$1,751,004. Approximately 41% of this total amount, \$719,673, is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$719,673, or 42% of total general fund expenditures including operating transfers.

The Village's total debt increased by \$2,607,444 (80%) during the current fiscal year, due to new debt primarily related to water system improvements, less annual debt service payments made.

Overview of the Financial Statements

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

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

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

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2020

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2020

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

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

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

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

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

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

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

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

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2020

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

Government-wide Financial Analysis

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,637,662 at the close of the most recent fiscal year. Of the Village's net position, 89% 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	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 1,933,386	\$ 1,771,092	\$ 3,514,515	\$ 3,349,675	\$ 5,447,901	\$ 5,120,767
Capital assets, net	3,219,199	3,181,820	10,325,369	7,406,713	13,544,568	10,588,533
Total assets	5,152,585	4,952,912	13,839,884	10,756,388	18,992,469	15,709,300
Deferred outflows	266,677	271,082	-	-	266,677	271,082
Liabilities:						
Long-term liabilities outstanding	3,311,695	3,272,331	5,534,216	2,953,384	8,845,911	6,225,715
Other liabilities	146,870	181,093	1,304,975	716,095	1,451,845	897,188
Total liabilities	3,458,565	3,453,424	6,839,191	3,669,479	10,297,756	7,122,903
Deferred inflows of resources	323,728	278,567	-	-	323,728	278,567
Net position:						
Net investment in capital assets	3,219,199	3,181,820	4,466,343	4,155,131	7,685,542	7,336,951
Restricted	936,722	842,405	-	-	936,722	842,405
Unrestricted (deficit)	(2,518,952)	(2,532,222)	2,534,350	2,931,778	15,398	399,556
Total net position	\$ 1,636,969	\$ 1,492,003	\$ 7,000,693	\$ 7,086,909	\$ 8,637,662	\$ 8,578,912

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2020

Village of Lake Orion – Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charge for services	\$ 507,821	\$ 584,336	\$ 1,818,764	\$ 1,687,483	\$ 2,326,585	\$ 2,271,819
Operating grants and contributions	289,994	321,534	-	-	289,994	321,534
Capital grants and contributions	-	-	9,932	133,364	9,932	133,364
General revenues:						
Property taxes	1,446,513	1,379,726	-	-	1,446,513	1,379,726
State shared revenues	279,062	283,898	-	-	279,062	283,898
Unrestricted investment earnings	21,701	20,962	27,674	23,498	49,375	44,460
Transfers	203,738	199,863	(108,000)	(106,000)	95,738	93,863
Total revenues	<u>2,748,829</u>	<u>2,790,319</u>	<u>1,748,370</u>	<u>1,738,345</u>	<u>4,497,199</u>	<u>4,528,664</u>
Expenses:						
General government	589,862	687,564	-	-	589,862	687,564
Public safety	828,666	859,250	-	-	828,666	859,250
Public works	1,095,586	981,443	-	-	1,095,586	981,443
Community development	57,501	41,678	-	-	57,501	41,678
Recreation and culture	32,248	46,342	-	-	32,248	46,342
Interest on long-term debt	-	506	-	-	-	506
Water and sewer	-	-	1,834,586	1,687,238	1,834,586	1,687,238
Total expenses	<u>2,603,863</u>	<u>2,616,783</u>	<u>1,834,586</u>	<u>1,687,238</u>	<u>4,438,449</u>	<u>4,304,021</u>
Change in net position	\$ 144,966	\$ 173,536	\$ (86,216)	\$ 51,107	\$ 58,750	\$ 224,643

Governmental Activities. Governmental activities increased net position by \$144,966 as compared to an increase of \$173,536 in the prior year.

Business-type Activities. Business-type activities decreased net position by \$86,216, which reflects the activity in the Village's Water and Sewer Fund. In fiscal year 2019, the Water and Sewer Fund reflected an operating income of \$51,107.

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2020

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 \$1,751,004. Approximately 41% of this total amount, \$719,673, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable (prepaid expenditures) or restricted to indicate that it is not available for new spending because it has already been committed for police, streets, debt service, capital projects, or to generate income to pay for the perpetual care of the municipal cemetery.

Total governmental fund balances increased by \$160,861 in 2020 as compared to an increase of \$248,568 for the 2019 fiscal year.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance of the general fund was \$719,673, while the total fund balance was \$722,281. Unassigned fund balance represents 42% of total general fund expenditures including operating transfers, while the total fund balance represents 42% of that same amount. The fund balance of the Village's general fund increased \$99,310 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 \$2,534,350. The Water and Sewer Fund had operating income of \$81,999 at year end, and a total net loss of \$86,216, as compared to operating income of \$40,860 and total net gain of \$51,107 in the prior fiscal year.

General Fund Budgetary Highlights

There was a \$18,251 decrease in budgeted revenues between the original budget and the final amended budget.

Village of Lake Orion

Management's Discussion and Analysis

June 30, 2020

Capital Asset and Debt Administration

Capital Assets. The Village's investment in capital assets for its governmental and business-type activities is \$13,544,568 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, park facilities, roads, and bridges. The change in the Village's investment in capital assets for the current fiscal year was a 1% increase for governmental activities, and a 39% increase in business-type activities. Governmental capital asset additions include street improvements, a dump truck, a seawall, and a police vehicle purchased during fiscal year 2020. Business-type capital asset additions include water line construction and costs for a Clinton River Water Resource Recovery Facility.

Long-term Debt. At the end of the current fiscal year, the Village had total bond debt outstanding of \$5,859,026, which is entirely business-type activities.

At the end of the current fiscal year, the Village's Component Unit (DDA) had an advance from the Water & Sewer Fund outstanding of \$620,000 to assist the DDA in financing the streetscape project.

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

Economic Factors and Future Budgets and Rates

For the 2020/2021 budget year, the Village expects to see changes in revenues and expenditures as a result of the COVID-19 pandemic. The Village anticipates a slight increase in property tax revenue and a decrease in state shared revenue received from the State of Michigan. The Village will also continue work on the water main project throughout the Village, which will be funded through a Drinking Water Revolving Fund loan.

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

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, 2020

	Primary Government			Component Unit – DDA
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,673,207	\$ 1,074,175	\$ 2,747,382	\$ 600,222
Receivables (net of allowance for uncollectibles)	164,095	539,700	703,795	-
Due from other governmental units	82,443	1,280,055	1,362,498	-
Prepaid expenditures	13,641	585	14,226	3,251
Total current assets	<u>1,933,386</u>	<u>2,894,515</u>	<u>4,827,901</u>	<u>603,473</u>
Advance to component unit	-	620,000	620,000	-
Capital assets – non-depreciating	498,484	5,334,418	5,832,902	393,274
Capital assets, net of accumulated depreciation	<u>2,720,715</u>	<u>4,990,951</u>	<u>7,711,666</u>	<u>2,916,075</u>
Net capital assets	<u>3,219,199</u>	<u>10,325,369</u>	<u>13,544,568</u>	<u>3,309,349</u>
Total assets	<u>5,152,585</u>	<u>13,839,884</u>	<u>18,992,469</u>	<u>3,912,822</u>
Deferred outflow of resources				
Deferred outflow related to pensions	74,266	-	74,266	-
Deferred outflow related to OPEB	<u>192,411</u>	<u>-</u>	<u>192,411</u>	<u>-</u>
Total outflow of resources	266,677	-	266,677	-
Liabilities				
Current liabilities:				
Accounts payable	41,123	669,285	710,408	15,811
Contract retainage	-	273,913	273,913	-
Accrued liabilities/interest	35,823	30,416	66,239	-
Current portion of compensated absences	69,924	500	70,424	-
Current portion of long-term debt	-	330,861	330,861	120,000
Total current liabilities	<u>146,870</u>	<u>1,304,975</u>	<u>1,451,845</u>	<u>135,811</u>
Noncurrent liabilities:				
Net other post employment benefits liability	1,867,109	-	1,867,109	-
Net pension liability	1,378,371	-	1,378,371	-
Compensated absences, net of current portion	66,215	6,051	72,266	-
Long-term debt, net of current portion	-	5,528,165	5,528,165	500,000
Total noncurrent liabilities	<u>3,311,695</u>	<u>5,534,216</u>	<u>8,845,911</u>	<u>500,000</u>
Total liabilities	<u>3,458,565</u>	<u>6,839,191</u>	<u>10,297,756</u>	<u>635,811</u>
Deferred inflow of resources				
Deferred inflow related to OPEB	218,292	-	218,292	-
Taxes levied for the following year	<u>105,436</u>	<u>-</u>	<u>105,436</u>	<u>-</u>
Total deferred inflow of resources	323,728	-	323,728	-
Net position				
Net investment in capital assets	3,219,199	4,466,343	7,685,542	2,689,349
Restricted for:				
Police	186,433	-	186,433	-
Streets	449,156	-	449,156	-
Perpetual care	301,133	-	301,133	-
Unrestricted	<u>(2,518,952)</u>	<u>2,534,350</u>	<u>15,398</u>	<u>587,662</u>
Total net position	<u>\$ 1,636,969</u>	<u>\$ 7,000,693</u>	<u>\$ 8,637,662</u>	<u>\$ 3,277,011</u>

See accompanying notes.

Village of Lake Orion

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit - DDA
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities:								
General government	\$ 589,862	\$ 19,293	\$ 1	\$ -	\$ (570,568)	\$ -	\$ (570,568)	\$ -
Public safety	828,666	133,145	7,127	-	(688,394)	-	(688,394)	-
Public works	1,095,586	343,197	282,866	-	(469,523)	-	(469,523)	-
Community development	57,501	6,775	-	-	(50,726)	-	(50,726)	-
Recreation and culture	32,248	5,411	-	-	(26,837)	-	(26,837)	-
Total governmental activities	2,603,863	507,821	289,994	-	(1,806,048)	-	(1,806,048)	-
Business-type activities:								
Water and sewer	1,834,586	1,818,764	-	9,932	-	(5,890)	(5,890)	-
Total primary government	\$ 4,438,449	\$ 2,326,585	\$ 289,994	\$ 9,932	\$ (1,806,048)	\$ (5,890)	\$ (1,811,938)	\$ -
Component unit:								
Downtown development authority	\$ 593,770	\$ 16,391	\$ -	\$ -	-	-	-	(577,379)
General revenues and transfers:								
Property taxes					1,446,513	-	1,446,513	652,602
Other taxes					-	-	-	18,059
Operating grants and contributions					-	-	-	81,030
State grants					-	-	-	5,000
State shared revenue					279,062	-	279,062	-
Unrestricted investment earnings					21,701	27,674	49,375	7,206
Proceeds from long term debt					-	-	-	-
Transfers					203,738	(108,000)	95,738	(95,738)
Total general revenues and transfers					1,951,014	(80,326)	1,870,688	668,159
Change in net position					144,966	(86,216)	58,750	90,780
Net position at beginning of year					1,492,003	7,086,909	8,578,912	3,186,231
Net position at end of year					\$ 1,636,969	\$ 7,000,693	\$ 8,637,662	\$ 3,277,011

See accompanying notes.

Village of Lake Orion

Governmental Funds Balance Sheet

June 30, 2020

	<u>Special Revenue</u>			Other Governmental Funds	Total Governmental Funds
	General Fund	Public Works Fund	Police Fund		
Assets					
Cash and cash equivalents	\$ 660,652	\$ 168,994	\$ 203,331	\$ 640,230	\$ 1,673,207
Receivables (net of allowance for uncollectibles)	57,975	-	106,120	-	164,095
Advance to other funds	-	-	-	148,472	148,472
Due from State	37,575	-	-	43,716	81,291
Due from County	-	-	1,152	-	1,152
Prepaid expenditures	2,608	5,999	3,980	1,054	13,641
Total assets	<u>\$ 758,810</u>	<u>\$ 174,993</u>	<u>\$ 314,583</u>	<u>\$ 833,472</u>	<u>\$ 2,081,858</u>
Liabilities, deferred inflows of resources, and fund balance					
Liabilities:					
Accounts payable	\$ 23,477	\$ 2,932	\$ 2,997	\$ 11,717	\$ 41,123
Accrued and other liabilities	13,052	7,034	15,737	-	35,823
Advance from other funds	-	148,472	-	-	148,472
Total liabilities	<u>36,529</u>	<u>158,438</u>	<u>18,734</u>	<u>11,717</u>	<u>225,418</u>
Deferred inflows of resources:					
Taxes levied for the following year	-	-	105,436	-	105,436
Fund balance:					
Nonspendable – prepaid expenditures	2,608	5,999	3,980	1,054	13,641
Restricted for:					
Police	-	-	186,433	-	186,433
Streets	-	-	-	449,156	449,156
Capital projects	-	-	-	70,412	70,412
Perpetual care	-	-	-	301,133	301,133
Committed for public works	-	10,556	-	-	10,556
Unassigned	719,673	-	-	-	719,673
Total fund balance	<u>722,281</u>	<u>16,555</u>	<u>190,413</u>	<u>821,755</u>	<u>1,751,004</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 758,810</u>	<u>\$ 174,993</u>	<u>\$ 314,583</u>	<u>\$ 833,472</u>	<u>\$ 2,081,858</u>

See accompanying notes.

Village of Lake Orion

Governmental Funds

Reconciliation of Balance Sheet to Statement of Net Position

June 30, 2020

Total fund balance – governmental funds \$ 1,751,004

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

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

Net cost of capital assets 3,219,199

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 74,266
Deferred outflows of resources related to other post employment benefits 192,411
Deferred inflows of resources related to other post employment benefits (218,292)

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

Net other post employment benefit liability (1,867,109)
Net pension liability (1,378,371)
Compensated absences (136,139)
Net position – governmental activities \$ 1,636,969

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

Year Ended June 30, 2020

	<u>Special Revenue</u>			Other Governmental Funds	Total Governmental Funds
	General Fund	Public Works Fund	Police Fund		
Revenues					
Property taxes	\$ 1,116,599	\$ -	\$ 329,914	\$ -	\$ 1,446,513
Intergovernmental:					
Federal, state, and local	279,062	-	7,127	282,866	569,055
Charges for services	200,954	121,341	97,806	15,300	435,401
Fines and forfeitures	-	-	33,431	2,714	36,145
Interest	6,535	1,847	2,615	10,704	21,701
Other revenues	16,580	1,048	1,908	16,740	36,276
Total revenues	1,619,730	124,236	472,801	328,324	2,545,091
Expenditures					
Current:					
General government	507,904	-	-	-	507,904
Public safety	-	-	738,717	-	738,717
Public works	210,285	450,045	-	265,916	926,246
Parking	-	-	-	5,042	5,042
Community and economic development	57,501	-	-	-	57,501
Recreation and culture	27,041	-	-	-	27,041
Other	67,100	-	-	-	67,100
Capital outlay	-	150,822	48,275	59,320	258,417
Total expenditures	869,831	600,867	786,992	330,278	2,587,968
Excess of revenues over (under) expenditures	749,899	(476,631)	(314,191)	(1,954)	(42,877)
Other financing sources (uses)					
Transfers in	203,738	387,000	377,000	147,327	1,115,065
Transfers out	(854,327)	-	-	(57,000)	(911,327)
Total other financing sources and uses	(650,589)	387,000	377,000	90,327	203,738
Net change in fund balance	99,310	(89,631)	62,809	88,373	160,861
Fund balance at beginning of year	622,971	106,186	127,604	733,382	1,590,143
Fund balance at end of year	\$ 722,281	\$ 16,555	\$ 190,413	\$ 821,755	\$ 1,751,004

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, 2020

Net change in fund balance – governmental funds \$ 160,861

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	243,786
Depreciation expense	(206,407)

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

Change in net other post employment benefit liability	(58,089)
Change in deferred outflows related to pensions and OPEB	(4,405)
Change in deferred inflows related to pensions and OPEB	(48,013)
Change in net pension liability	(51,162)
Change in compensated absences	108,395
Change in net position – governmental activities	<u>\$ 144,966</u>

Village of Lake Orion
 Proprietary Fund
 Statement of Net Position

June 30, 2020

	Enterprise Fund
	Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,074,175
Accounts receivable	539,700
Due from State	1,280,055
Prepaid expenses	585
Total current assets	2,894,515
Advance to component unit	620,000
Property, plant, and equipment	18,200,223
Less: Accumulated depreciation	(7,874,854)
Net property, plant, and equipment	10,325,369
Total assets	13,839,884
Liabilities	
Current liabilities:	
Accounts payable	669,285
Contract retainage	273,913
Accrued interest	30,416
Current portion of compensated absences	500
Current portion of bonds payable	330,861
Total current liabilities	1,304,975
Long-term liabilities:	
Compensated absences, less current portion	6,051
Bonds payable, less current portion	5,528,165
Total long-term liabilities	5,534,216
Total liabilities	6,839,191
Net position	
Net investment in capital assets	4,466,343
Unrestricted	2,534,350
Total net position	\$ 7,000,693

Village of Lake Orion

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

Year Ended June 30, 2020

	<u>Enterprise Fund</u> <u>Water and Sewer</u>
Operating revenues	
Charges for services	\$ 1,792,056
Penalty charges	26,258
Miscellaneous	450
Total operating revenues	<u>1,818,764</u>
Operating expenses	
Salaries and fringe benefits	96,376
Water purchases	440,292
Sewage treatment	761,370
General and administrative	17,341
Supplies	10,776
Contract services	111,523
Equipment repairs and rentals	35,278
Depreciation	263,809
Total operating expenses	<u>1,736,765</u>
Operating income	81,999
Nonoperating revenues (expenses)	
Interest earned	27,674
Interest expense and related fees	(97,821)
Total nonoperating revenues (expenses)	<u>(70,147)</u>
Income before contributions and transfers	11,852
Capital contributions	
Capital and lateral charges	9,932
Transfers	
Transfers out	<u>(108,000)</u>
Change in net position	(86,216)
Net position at beginning of period	<u>7,086,909</u>
Net position at end of period	<u><u>\$ 7,000,693</u></u>

Village of Lake Orion

Proprietary Fund
Statement of Cash Flows

Year Ended June 30, 2020

	Enterprise Fund
	Water and Sewer
Cash flows from operating activities	
Receipts from customers and users	\$ 1,765,035
Payments to suppliers	(836,339)
Payments to employees	(96,376)
Net cash from operating activities	<u>832,320</u>
Cash flows from capital and related financing activities	
Collection of capital and lateral charges	9,932
Amounts due from State, net	(781,556)
Payment for capital acquisitions	(3,182,465)
Proceeds from issuance of capital debt	2,931,555
Principal paid on capital debt	(321,744)
Interest paid on capital debt	(77,396)
Transfer to other funds	(108,000)
Net cash from capital and related financing activities	<u>(1,529,674)</u>
Cash flows from investing activities	
Advance to component unit, net	(380,000)
Maturity of certificates of deposit, net	100,000
Interest earned	27,674
Net cash from investing activities	<u>(252,326)</u>
Net change in cash and cash equivalents	(949,680)
Cash and cash equivalents at beginning of period	2,023,855
Cash and cash equivalents at end of period	<u>\$ 1,074,175</u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 81,999
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	263,809
Change in accounts receivable	(53,729)
Change in prepaids	765
Change in accounts payable and contract retainage	539,476
Net cash from operating activities	<u>\$ 832,320</u>

See accompanying notes.

Village of Lake Orion
 Fiduciary Funds
 Statement of Fiduciary Net Position

June 30, 2020

	Retiree Healthcare Trust Fund	Agency Fund
Assets		
Cash and cash equivalents	\$ -	\$ 64,051
Investments, at fair value:		
Mutual funds	147,148	-
Total assets	147,148	64,051
Liabilities		
Due to other funds	-	-
Due to other	-	64,051
	-	64,051
Net Position		
Held in trust for retirement benefits	\$ 147,148	\$ -

Village of Lake Orion
 Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Year Ended June 30, 2020

	<u>Retiree Healthcare Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 10,000
Investment earnings:	
Net increase in fair value of investments	990
Total additions	<u>10,990</u>
Deductions	
Fees	<u>722</u>
Change in net position	10,268
Net position at beginning of year	<u>136,880</u>
Net position at end of year	<u><u>\$ 147,148</u></u>

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 April 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 April 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, 2020

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents

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

Investments for the Village, as well as for its component units, are recorded at fair value or estimated fair value. Current investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. 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, 2020.

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

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, 2020

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, 2020

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

Under State law, the Village is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information, as required by the Governmental Accounting Standards Board Statement number 40 is presented, regarding the Village's deposits and investments:

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. As of June 30, 2020, the Village's cash and investments totaled \$2,811,433 and consisted of deposits and investments of \$2,809,872 and \$1,561 in cash on hand. The bank balance was \$2,846,195 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by FDIC	\$ 545,456
Uninsured and uncollateralized	<u>2,300,739</u>
Total	<u><u>\$ 2,846,195</u></u>

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

2. Deposits and Investments (continued)

A reconciliation of cash for the primary government follows:

Cash and cash equivalents per:	
Statement of net position	\$ 2,747,382
Statement of fiduciary net position	<u>64,051</u>
Total	<u><u>\$ 2,811,433</u></u>

As of June 30, 2020, the carrying amount and bank balances of the component units of the Village are as follows:

	Carrying Amount	Bank Balance	FDIC Insured
Downtown Development Authority	\$ 600,222	\$ 600,222	\$ 115,628

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

2. Deposits and Investments (continued)

Investment and Deposit Risk

Interest Rate Risk. 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 deposits and investments consisted of the following:

Deposits and Investments	Fair Value	Weighted Average Maturity
Primary Government:		
Savings and checking accounts	\$ 690,673	Demand
Pooled investments (share price \$1)	2,119,199	Demand
	<u>\$ 2,809,872</u>	
Trust Funds:		
Mutual Funds – Bonds	\$ 44,022	N/A
Mutual Funds – Equity	103,126	N/A
	<u>\$ 147,148</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.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. The Village does not have a policy that would limit exposure to custodial credit risk for deposits.

Custodial Credit Risk – Investments. 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. State law does not require and the Village does not have a policy for investment custodial credit risk. Therefore, there is no custodial credit risk for investments to be disclosed.

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

2. Deposits and Investments (continued)

Investment and Deposit Risk (continued)

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

Fair Value Measurements

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

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

The Village has the following recurring fair value measurements as of June 30, 2020:

	Balance at June 30, 2020	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	\$ 44,022	\$ 44,022	\$ -	\$ -
Equity securities				
OPEB mutual funds – equity	103,126	103,126	-	-
Total investments by fair value level	<u>\$ 147,148</u>	<u>\$ 147,148</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Oakland County Investment Pool	\$ 2,041,112			
Michigan CLASS	78,087			
Total investments measured at NAV	<u>2,119,199</u>			
Total investments measured at fair value	<u>\$ 2,266,347</u>			

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

2. Deposits and Investments (continued)

Fair Value Measurements (continued)

Debt and equity securities (mutual funds) classified in Level 1 are valued using prices quoted in active markets for those securities. The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

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, 2020, 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	\$ 2,041,112	\$ -	No limitations	None
Michigan CLASS	78,087	-	No limitations	None
Total	\$ 2,119,199	\$ -		

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 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, 2020

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	\$ 380,000
Police Fund	General Fund	377,000
General Fund	Water Sewer Fund	108,000
General Fund	DDA	95,738
Public Works Fund	Cemetery Trust	7,000
Local Street Fund	Major Street Fund	50,000
Parking Fund	General Fund	2,327
Capital Improvement Fund	General Fund	95,000
DDA Property Acquisition Fund	DDA	35,000
		<u>\$ 1,150,065</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, 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.

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

4. Capital Assets

Capital assets activity for primary government for the year ended June 30, 2020 was as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Ending Balance
General				
Capital assets not being depreciated:				
Land	\$ 498,484	\$ -	\$ -	\$ 498,484
Capital assets being depreciated:				
Land improvements	444,465	32,500	-	476,965
Street and road improvements	2,477,976	26,820	-	2,504,796
Building and improvements	1,468,029	-	-	1,468,029
Machinery and equipment	663,326	-	-	663,326
Vehicles	675,884	184,466	-	860,350
Total capital assets being depreciated	5,729,680	243,786	-	5,973,466
Accumulated depreciation:				
Land improvements	(415,155)	(4,932)	-	(420,087)
Street and road improvements	(882,434)	(50,094)	-	(932,528)
Building and improvements	(564,633)	(74,983)	-	(639,616)
Machinery and equipment	(637,880)	(8,685)	-	(646,565)
Vehicles	(546,242)	(67,713)	-	(613,955)
Total accumulated depreciation	(3,046,344)	(206,407)	-	(3,252,751)
Total general capital assets being depreciated, net	2,683,336	37,379	-	2,720,715
Total governmental activities capital assets, net	\$ 3,181,820	\$ 37,379	\$ -	\$ 3,219,199

The depreciation expense was \$206,407 during the year.

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

Governmental Activities	
General government	\$ 62,541
Public safety	34,182
Public works	104,477
Recreation and culture	5,207
Total depreciation expense – governmental activities	<u>\$ 206,407</u>

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

4. Capital Assets (continued)

Business-Type Activities	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 2,224,249	\$ 3,110,169	\$ -	\$ 5,334,418
Capital assets being depreciated:				
Water and sewer mains	11,550,397	72,296	-	11,622,693
Equipment	342,399	-	-	342,399
Intangible assets – water lines	900,713	-	-	900,713
Total capital assets being depreciated	12,793,509	72,296	-	12,865,805
Accumulated depreciation:				
Water and sewer mains	(6,833,286)	(230,345)	-	(7,063,631)
Equipment	(214,812)	(10,947)	-	(225,759)
Intangible assets – water lines	(562,947)	(22,517)	-	(585,464)
Total accumulated depreciation	(7,611,045)	(263,809)	-	(7,874,854)
Business-type capital assets being depreciated, net	5,182,464	(191,513)	-	4,990,951
Business-type activities capital assets, net	\$ 7,406,713	\$ 2,918,656	\$ -	\$ 10,325,369

Depreciation expense was \$263,809 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	\$ 113,479	\$ 279,795	\$ -	\$ 393,274
Capital assets being depreciated:				
Land improvements	807,621	82,069	-	889,690
Street and road improvements	3,474,196	154,305	-	3,628,501
Equipment	12,774	9,408	-	22,182
Total capital assets being depreciated	4,294,591	245,782	-	4,540,373
Accumulated depreciation:				
Land improvements	(613,110)	(20,035)	-	(633,145)
Street and road improvements	(876,849)	(100,765)	-	(977,614)
Equipment	(11,412)	(2,127)	-	(13,539)
Total accumulated depreciation	(1,501,371)	(122,927)	-	(1,624,298)
Component unit capital assets being depreciated, net	2,793,220	122,855	-	2,916,075
Component unit capital assets, net	\$ 2,906,699	\$ 402,650	\$ -	\$ 3,309,349

Depreciation expense was \$122,927 during the year.

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

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:

	Spent to Date	Remaining Commitment
Water main project	\$ 5,060,505	\$ 969,495

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

5. Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2020:

	Balance July 1, 2019	Add: Additional Debt Incurred	Less: Retirements and Payments on Debt	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 244,534	\$ -	\$ 108,395	\$ 136,139	\$ 69,924
Total governmental activities	244,534	-	108,395	136,139	69,924
Business-type Activities:					
County Interceptor Bonds	849,967	70,820	76,744	844,043	66,778
Resource Recovery Facility Bonds	177,366	22,113	-	199,479	9,083
Drinking Water Revolving Fund Bonds	2,224,249	2,836,255	245,000	4,815,504	255,000
Compensated absences	4,184	2,367	-	6,551	500
Total business-type activities	3,255,766	2,931,555	321,744	5,865,577	331,361
Total	\$ 3,500,300	\$ 2,931,555	\$ 430,139	\$ 6,001,716	\$ 401,285
Component Unit – DDA:					
Long-term advance	\$ 240,000	\$ 500,000	\$ 120,000	\$ 620,000	\$ 120,000

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

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, 2020:

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Business-type Activities:				
County Interceptor Bonds	8	1.55-5.90%	2035	\$ 844,043
Resource Recovery Facility Bonds	1	2.50%	2038	199,479
Drinking Water Revolving Fund Bonds	1	2.00%	2037	4,815,504
				<u>\$ 5,859,026</u>
Component Unit – DDA				
Long term advance	2	2.00-2.50%	2026	<u>\$ 620,000</u>

In July 2010, the Oakland-Macomb Interceptor Drain Drainage Board assessed the Village of Lake Orion, along with other communities within the drainage district, for the maintenance and rehabilitation of the Oakland-Macomb Interceptor Drain, under the provisions of the Michigan Drain Code, Public Act 40 of 1956, Section 526. Bonds were issued in the amount of \$26,076,000, Series 2010A, maturing in 2031 with an interest rate of 2.50%, \$6,731,484, Series 2010B, maturing in 2030 with interest rates of 1.45-5.90%, Series 2011, maturing in 2033 with an interest rate of 2.50%, \$65,140,000, Series 2013A, maturing in 2034 with an interest rate of 2.00%, Series 2014A maturing in 2034 with interest rates of 2.00-3.50%, Series 2015 maturing in 2035 with interest rates of 2.00-3.50%, \$5,205,000, Series 2019A maturing in 2030 with an interest rate of 1.85%, and \$4,510,000 (a refunding of the 2010B bonds), Series 2019B maturing in 2025 with an interest rate of 1.55%. The Village's portion of .6612% of the total debt as of June 30, 2020 is \$844,043.

During fiscal year 2011, the Downtown Development Authority commenced construction on a Streetscape and Children's Park improvement project. The Village has authorized an amount of up to \$1,200,000 be loaned to the DDA from the Water and Sewer Fund. The loan was made by transfers in incremental amounts as necessary for payment by the DDA of its financial obligations for the improvements. All loan amounts transferred will bear interest at the simple annual interest rate of 2.00% from the date of transfer until full repayment. Repayment will be made in 10 annual installments commencing October 1, 2011 through 2021.

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

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

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, 2020, the Village's share of the total debt incurred to date is \$199,479.

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 begins April 1, 2020 and continues with annual payments due through 2039. Interest on the bonds is payable semi-annually on October 1 and April 1 at 2.00% per annum. The total amount incurred to date is \$5,060,504. Payments on this bond commenced in the year ended June 30, 2020.

The annual debt service requirements to maturity for general obligation debt outstanding as of June 30, 2020 are as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ -	\$ 330,861	\$ 120,864
2022	-	-	327,938	114,848
2023	-	-	330,045	109,022
2024	-	-	336,677	103,101
2025	-	-	343,222	97,062
2026-2030	-	-	1,804,826	390,426
2031-2035	-	-	1,918,782	222,449
2036-2038	-	-	466,675	42,551
	\$ -	\$ -	\$ 5,859,026	\$ 1,200,323

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

5. Long-Term Debt (continued)

Component Unit – DDA		
Year Ended	Principal	Interest
2021	\$ 120,000	\$ 14,300
2022	100,000	12,500
2023	100,000	10,000
2024	100,000	7,500
2025	100,000	5,000
2026	100,000	2,500
	\$ 620,000	\$ 51,800

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, 2020

6. Employees' Retirement System (continued)

As of the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to, but not yet receiving benefits	4
Active plan members	<u>3</u>
Total employees covered by MERS plan	<u>22</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, 2020, 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 \$11,726.

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

6. Employees' Retirement System (continued)

Net Pension Liability

The net pension liability reported as of June 30, 2020 was determined using a measure of the total pension liability and the plan net position as of December 31, 2019. The December 31, 2019 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, 2018	\$ 3,941,135	\$ 2,613,926	\$ 1,327,209
Service cost	18,056	-	18,056
Interest	288,677	-	288,677
Contributions – employer	-	133,392	(133,392)
Contributions – employee	-	12,552	(12,552)
Net investment income	-	348,189	(348,189)
Differences between expected and actual experience	100,782	-	100,782
Change in assumptions	116,591	-	116,591
Benefit payments, including refunds	(303,553)	(303,553)	-
Administrative expenses	-	(5,995)	5,995
Other changes	15,194	-	15,194
Net changes	235,747	184,585	51,162
Balance as of December 31, 2019	\$ 4,176,882	\$ 2,798,511	\$ 1,378,371

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

6. Employees' Retirement System (continued)

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

For the year ending June 30, 2020, the Village recognized a pension expense of \$373,038. At June 30, 2020, the Village reported deferred inflows and outflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments*	\$ 3,910	\$ -
Employer contributions to plan subsequent to the measurement date**	70,356	-
Total	<u>\$ 74,266</u>	<u>\$ -</u>

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

<u>Years Ending June 30</u>	<u>Amount</u>
2021	\$ (8,320)
2022	8,362
2023	35,018
2024	(31,150)

** The amount reported as deferred outflow of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the fiscal year ending June 30, 2021.

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

6. Employees' Retirement System (continued)

Actuarial Assumptions (continued)

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent actuarial experience study in 2013.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2019, 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%	5.19%
Global fixed income	20%	0.75%
Private investments	20%	1.41%

Discount Rate

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

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

6. Employees' Retirement System (continued)

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

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

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net pension liability	\$ 1,733,553	\$ 1,378,371	\$ 1,069,326

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, 2020, the OPEB plan membership data is as follows:

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

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

7. Post-Employment Healthcare Benefits (continued)

Benefits Provided

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

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

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

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

Contributions

The OPEB plan was established and is being funded under the authority of the Village. The OPEB plan's funding policy is that the Village will contribute up to \$10,000 to the OPEB trust fund in 2020 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, 2020 the Village contributed \$79,196 for insurance premiums and \$10,000 to the Retiree Healthcare Trust Fund, while OPEB plan participants contributed \$17,788 for insurance premiums during the year ended June 30, 2020.

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, 2020

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, 2020, were as follows:

Total OPEB Liability	\$ 2,014,257
OPEB Plan Fiduciary Net Position	<u>(147,148)</u>
Net OPEB Liability	<u>\$ 1,867,109</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	7.3%

Actuarial Assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2020. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal (level percentage of compensation)
Salary Increases	3.00%
Discount Rate	4.46% for June 30, 2020 liability and 2021 contribution
Investment Rate of Return	4.46%
Healthcare Cost Trend Rates – pre-Medicare	8.25% per year graded down to an ultimate rate of 4.50% by 0.25% per year
Healthcare Cost Trend Rates – post-Medicare	6.50% graded down to an ultimate rate of 4.50% by 0.25% per year
Mortality	2010 Public General and Public Safety Employees, and Healthy Retirees, Headcount weighted, with MP-2018 Improvement Scale

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

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, 2020 are summarized in the following table:

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

Discount Rate – The discount rate used to measure the total OPEB liability was 4.46%. Because the covered group is closed to new entrants and the Village continues to make benefit payments on a pay-as-you-go basis, assets will theoretically not 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, 2019 was 7.09%.

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

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, 2019	\$ 1,945,900	\$ 136,880	\$ 1,809,020
Changes for the Year:			
Service cost	13,960	-	13,960
Interest on the total OPEB liability	136,147	-	136,147
Changes in benefits	-	-	-
Difference between expected and actual experience	(492,465)	-	(492,465)
Changes in assumptions	489,911	-	489,911
Employer contributions to OPEB Trust	-	10,000	(10,000)
Contributions paid from general operating funds	-	79,196	(79,196)
Net investment income	-	962	(962)
Benefit payments, including employee refunds	(79,196)	(79,196)	-
Administrative expense	-	(694)	694
Other changes	-	-	-
Net changes	68,357	10,268	58,089
Balances as of June 30, 2020	\$ 2,014,257	\$ 147,148	\$ 1,867,109

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 (3.46%)	Current Discount Rate (4.46%)	1% Increase (5.46%)
Net OPEB Liability	\$ 2,145,219	\$ 1,867,109	\$ 1,639,208

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

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	\$ 1,628,988	\$ 1,867,109	\$ 2,155,711

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

For the year ended June 30, 2020, the Village recognized OPEB expense as follows:

	OPEB
	Expense
Service cost	\$ 13,960
Interest on the total OPEB liability	136,147
Experience (gains) / losses	(305,505)
Changes in assumptions	166,439
Employee contributions	-
Projected earnings on OPEB investments	(9,857)
Investment earnings (gains)/losses	1,465
Administrative expense	694
Other changes	-
Total OPEB expense	\$ 3,343

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

7. Post-Employment Healthcare Benefits (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85	\$ 186,586
Changes in assumptions	185,618	31,706
Net difference between projected and actual earnings on OPEB plan investments	6,708	-
Total	\$ 192,411	\$ 218,292

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

Year ended June 30	
2021	\$ (31,124)
2022	1,464
2023	2,003
2024	1,779

8. Property Taxes

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

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

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 2019 taxable valuation of the Village totaled \$135.9 million. The following is a summary of the tax rates levied on the 2019 tax roll:

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General operating	10.1136	\$1,085,055
Police millage – operations	2.9885	320,626

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, 2019 Township tax levy is paid by residents through February 2020. The Township remits its payment to the Village through June 2020, which will be used to replace the July 1, 2020 tax levy.

9. Risk Management

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

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

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

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

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 2020, several budget amendments were made.

Village of Lake Orion
Notes to Financial Statements

June 30, 2020

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, 2020, 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>
Public Works Fund			
Wages and benefits	\$ 293,196	\$ 295,933	\$ 2,737
Capital outlay	15,512	150,822	135,310
Police Fund			
Capital outlay	47,135	48,275	1,140

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 received approximately \$12,800 in lieu of taxes.

Village of Lake Orion

Notes to Financial Statements

June 30, 2020

12. Tax Abatements (continued)

The Village granted reduced property tax revenue as a result of issuing a Commercial Facilities Tax exemption (PA 255 of 1978). Commercial Facilities Exemptions are intended to promote commercial redevelopment and restoration of commercial facilities. Under the Commercial Facilities Exemption Certificate, the restored commercial facility is exempt from ad valorem taxation on the facility and personal property within the facility. The taxable value of the facility is also frozen. The Village's property tax revenue was reduced by approximately \$1,300 under this program.

13. Subsequent Events

Subsequent to June 30, 2020, the Oakland-Macomb Interceptor Drainage District issued Series 2020 bonds. The Village's portion is approximately \$286,000 and is due in annual installments through 2041.

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

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, 2020

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarial determined contributions	\$ 174,528	\$ 175,560	\$ 175,164	\$ 115,236	\$ 112,908	\$ 102,012	\$ 113,016	\$ 102,960	\$ 89,448	\$ 67,977
Contributions in relation to the actuarially determined contribution	133,392	187,278	181,860	115,236	112,908	102,012	113,016	102,960	89,448	67,977
Contribution deficiency (excess)	\$ 41,136	\$ (11,718)	\$ (6,696)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 182,199	\$ 244,394	\$ 280,322	\$ 277,342	\$ 268,611	\$ 324,635	\$ 378,751	\$ 489,211	\$ 666,239	\$ 667,434
Contributions as a percentage of covered employee payroll	95.8%	71.8%	62.5%	41.6%	42.0%	31.4%	29.8%	21.0%	13.4%	10.2%

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
 50% male / 50% female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables.

Village of Lake Orion

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

Year Ended June 30, 2020

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

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

Notes to schedule

Actuarial valuation information relative to the determination of contributions:

Valuation date	6/30/2020	6/30/2019	6/30/2018
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of compensation
Remaining amortization period	10 years
Asset valuation method	Equal to market value of assets
Inflation	3.00%
Salary increases	3.00% including inflation
Investment rate of return	4.46%
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-2018 improvement scale

Village of Lake Orion

General Fund

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

Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Revenues				
Property taxes	\$1,130,000	\$ 1,110,000	\$ 1,085,074	\$ (24,926)
Penalties and interest	2,000	3,000	3,822	822
In lieu of taxes	38,297	37,000	27,703	(9,297)
Other taxes	-	681	-	(681)
Intergovernmental – Federal/CDBG	9,500	33,483	-	(33,483)
Intergovernmental – State	289,500	283,821	279,062	(4,759)
Charges for services	210,500	198,561	200,954	2,393
Interest earnings	1,000	4,000	6,535	2,535
Other revenues	21,100	13,100	16,580	3,480
Total revenues	1,701,897	1,683,646	1,619,730	(63,916)
Expenditures				
General government:				
Village council	3,021	3,021	2,400	621
Village manager	118,147	108,632	104,596	4,036
Clerk	94,833	93,708	89,760	3,948
Treasurer	161,736	82,751	54,905	27,846
Municipal building	250,603	242,128	205,002	37,126
Data processing and information technology	25,022	26,000	21,496	4,504
Professional services	46,400	38,250	29,745	8,505
	699,762	594,490	507,904	86,586
Public works:				
Sanitation	188,292	182,561	182,053	508
Street lighting	32,000	30,000	28,232	1,768
	220,292	212,561	210,285	2,276
Community and economic development:				
Community development and block grant	2,144	2,513	2,123	390
Planning and zoning	50,650	64,500	55,378	9,122
	52,794	67,013	57,501	9,512
Recreation and cultural:				
Parks and Recreation	34,304	86,765	27,041	59,724
Other functions:				
Insurance	74,000	70,000	67,100	2,900
Total expenditures	1,081,152	1,030,829	869,831	160,998
Excess of revenues over expenditures	620,745	652,817	749,899	97,082
Other financing sources (uses):				
Transfers in	190,000	205,700	203,738	1,962
Transfers out	(810,745)	(874,000)	(854,327)	(19,673)
Total other financing sources (uses)	(620,745)	(668,300)	(650,589)	(17,711)
Net change in fund balance	-	(15,483)	99,310	114,793
Fund balance at beginning of period	622,971	622,971	622,971	-
Fund balance at end of period	\$ 622,971	\$ 607,488	\$ 722,281	\$ 114,793

Village of Lake Orion

Public Works Fund

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

Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for services	\$ 34,000	\$ 33,200	\$ 31,200	\$ (2,000)
Equipment rental	83,000	80,000	62,395	(17,605)
Cemetery	28,000	26,000	27,746	1,746
Interest income	200	200	1,847	1,647
Other	47	2,000	1,048	(952)
Total revenues	145,247	141,400	124,236	(17,164)
Expenditures				
Public works:				
Wages and benefits	337,050	293,196	295,933	(2,737)
Repairs and maintenance	40,000	55,000	37,566	17,434
Capital outlay	-	15,512	150,822	(135,310)
Other	44,700	47,900	39,188	8,712
Cemetery	89,160	79,164	60,217	18,947
Phase II Stormwater	23,337	37,628	17,141	20,487
Total expenditures	534,247	528,400	600,867	(72,467)
Excess (deficiency) of revenues over expenditures	(389,000)	(387,000)	(476,631)	(89,631)
Other financing sources (uses):				
Transfers in	389,000	387,000	387,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	389,000	387,000	387,000	-
Net change in fund balance	-	-	(89,631)	(89,631)
Fund balance at beginning of year	106,186	106,186	106,186	-
Fund balance at end of year	\$ 106,186	\$ 106,186	\$ 16,555	\$ (89,631)

Village of Lake Orion

Police Fund

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

Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 325,000	\$ 328,000	\$ 329,914	\$ 1,914
Intergovernmental – State	2,000	1,000	968	(32)
Intergovernmental – Local	13,824	30,000	6,159	(23,841)
Charges for services	100,039	102,500	97,806	(4,694)
Fines and forfeitures	61,000	80,000	33,431	(46,569)
Interest	100	1,000	2,615	1,615
Other	6,000	6,000	1,908	(4,092)
Total revenues	<u>507,963</u>	<u>548,500</u>	<u>472,801</u>	<u>(75,699)</u>
Expenditures				
Wages and benefits	734,605	719,180	641,914	77,266
Other	144,358	164,185	96,803	67,382
Debt service	19,000	19,000	-	19,000
Capital outlay	15,000	47,135	48,275	(1,140)
Total expenditures	<u>912,963</u>	<u>949,500</u>	<u>786,992</u>	<u>162,508</u>
Excess of revenues over (under) expenditures	<u>(405,000)</u>	<u>(401,000)</u>	<u>(314,191)</u>	<u>86,809</u>
Other financing sources (uses):				
Transfers in	405,000	377,000	377,000	-
Transfers out	-	15,000	-	(15,000)
Total other financing sources (uses)	<u>405,000</u>	<u>392,000</u>	<u>377,000</u>	<u>(15,000)</u>
Net change in fund balance	-	(9,000)	62,809	71,809
Fund balance at beginning of year	127,604	127,604	127,604	-
Fund balance at end of year	<u>\$ 127,604</u>	<u>\$ 118,604</u>	<u>\$ 190,413</u>	<u>\$ 71,809</u>

Other Supplementary Information

Village of Lake Orion

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2020

	Special Revenue			Capital Project	Permanent Fund	Total
	Major Street	Local Street	Parking	Capital Improvement	Cemetery Perpetual Care	
Assets						
Cash	\$ 309,406	\$ 107,751	\$ -	\$ 70,412	\$ 152,661	\$ 640,230
Advance to other funds	-	-	-	-	148,472	148,472
Due from State	27,559	16,157	-	-	-	43,716
Prepaid expenses	449	605	-	-	-	1,054
Total assets	<u>\$ 337,414</u>	<u>\$ 124,513</u>	<u>\$ -</u>	<u>\$ 70,412</u>	<u>\$ 301,133</u>	<u>\$ 833,472</u>
Liabilities and fund balance						
Liabilities:						
Accounts payable	\$ 10,906	\$ 811	\$ -	\$ -	\$ -	\$ 11,717
Fund balance:						
Nonspendable – prepaid	449	605	-	-	-	1,054
Restricted for streets	326,059	123,097	-	-	-	449,156
Restricted for capital projects	-	-	-	70,412	-	70,412
Restricted for perpetual care	-	-	-	-	301,133	301,133
Total fund balance	<u>326,508</u>	<u>123,702</u>	<u>-</u>	<u>70,412</u>	<u>301,133</u>	<u>821,755</u>
Total liabilities and fund balance	<u>\$ 337,414</u>	<u>\$ 124,513</u>	<u>\$ -</u>	<u>\$ 70,412</u>	<u>\$ 301,133</u>	<u>\$ 833,472</u>

Village of Lake Orion

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

Year Ended June 30, 2020

	Special Revenue			Capital Project	Permanent Fund	Total
	Major Street	Local Street	Parking	Capital Improvement	Cemetery Perpetual Care	
Revenues						
State-shared revenue	\$ 197,460	\$ 85,406	\$ -	\$ -	\$ -	\$ 282,866
Charges for services	-	-	-	-	15,300	15,300
Fines and forfeitures	-	-	2,714	-	-	2,714
Interest earned	5,755	1,017	1	4	3,927	10,704
Other revenues	750	13,490	-	-	2,500	16,740
Total revenues	203,965	99,913	2,715	4	21,727	328,324
Expenditures						
Highways, streets, sidewalks and other maintenance	189,708	76,208	-	-	-	265,916
Parking	-	-	5,042	-	-	5,042
Capital outlay	-	26,820	-	32,500	-	59,320
Total expenditures	189,708	103,028	5,042	32,500	-	330,278
Excess (deficiency) of revenues over expenditures	14,257	(3,115)	(2,327)	(32,496)	21,727	(1,954)
Other financing sources (uses):						
Operating transfers in	-	50,000	2,327	95,000	-	147,327
Operating transfers out	(50,000)	-	-	-	(7,000)	(57,000)
Total other financing sources (uses):	(50,000)	50,000	2,327	95,000	(7,000)	90,327
Change in fund balance	(35,743)	46,885	-	62,504	14,727	88,373
Fund balance at beginning of year	362,251	76,817	-	7,908	286,406	733,382
Fund balance at end of year	\$ 326,508	\$ 123,702	\$ -	\$ 70,412	\$ 301,133	\$ 821,755

Village of Lake Orion

Combining Balance Sheet
Component Unit – DDA

June 30, 2020

	Downtown Development Authority	DDA Property Acquisition Fund	Total
Assets			
Cash	\$ 399,798	\$ 200,424	\$ 600,222
Prepaid expenditures	3,251	-	3,251
Total assets	<u>\$ 403,049</u>	<u>\$ 200,424</u>	<u>\$ 603,473</u>
Liabilities and fund balance			
Accounts payable and accrued liabilities	\$ 15,811	\$ -	\$ 15,811
Fund balance	387,238	200,424	587,662
Total liabilities and fund balance	<u>\$ 403,049</u>	<u>\$ 200,424</u>	<u>\$ 603,473</u>

Reconciliation to statement of net position:

Fund balance as of June 30, 2020	\$ 587,662
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,309,349
Long-term liabilities, including long term advance, are not due and payable in the current period and, therefore, are not reported in the funds.	(620,000)
Net position of governmental activities – component unit	<u>\$ 3,277,011</u>

Village of Lake Orion

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

Year Ended June 30, 2020

	Downtown Development Authority	DDA Property Acquisition Fund	Total
Revenues			
Property taxes	\$ 652,602	\$ -	\$ 652,602
Other taxes	18,059	-	18,059
Operating grants and contributions	81,030	-	81,030
State grants	5,000	-	5,000
Interest	7,068	138	7,206
Other revenues	16,391	-	16,391
Total revenues	<u>780,150</u>	<u>138</u>	<u>780,288</u>
Expenditures			
Community development	435,498	-	435,498
Debt service:			
Principal	120,000	-	120,000
Interest and other charges	4,800	-	4,800
Capital outlay	556,122	-	556,122
Total expenditures	<u>1,116,420</u>	<u>-</u>	<u>1,116,420</u>
Excess (deficiency) of revenues over expenditures	(336,270)	138	(336,132)
Other financing sources (uses)			
Proceeds from issuance of long-term debt	500,000	-	500,000
Transfers in	-	35,000	35,000
Transfers out	(130,738)	-	(130,738)
Total other financing sources (uses)	<u>369,262</u>	<u>35,000</u>	<u>404,262</u>
Net change in fund balance	32,992	35,138	68,130
Fund balance at beginning of year	354,246	165,286	519,532
Fund balance at end of year	<u>\$ 387,238</u>	<u>\$ 200,424</u>	<u>\$ 587,662</u>

Reconciliation to statement of activities:

Net change in fund balance as of June 30, 2020 \$ 68,130

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	525,576
Depreciation expense	(122,926)

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.

Proceeds from issuance of long-term debt	(500,000)
Principal repayments	120,000
Change in net position-component unit	<u>\$ 90,780</u>

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2020

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%	4/1/2021	\$ 8,430	\$ 2,634	\$ 11,064
2.50%	4/1/2022	8,629	2,424	11,053
2.50%	4/1/2023	8,860	2,208	11,068
2.50%	4/1/2024	9,092	1,986	11,078
2.50%	4/1/2025	9,323	1,759	11,082
2.50%	4/1/2026	9,554	1,526	11,080
2.50%	4/1/2027	9,786	1,286	11,072
2.50%	4/1/2028	10,050	1,042	11,092
2.50%	4/1/2029	10,282	790	11,072
2.50%	4/1/2030	10,545	534	11,079
2.50%	4/1/2031	10,811	270	11,081
		<u>\$ 105,362</u>	<u>\$ 16,459</u>	<u>\$ 121,821</u>

2011 Oakland-Macomb Interceptor Drain Bond

Date of Issue: November 2011

Village of Lake Orion Portion \$207,251 (.6612%)

Interest Due April 1 and October 1

Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.50%	10/1/2020	\$ 9,417	\$ 3,768	\$ 13,185
2.50%	10/1/2021	9,660	3,529	13,189
2.50%	10/1/2022	9,863	3,285	13,148
2.50%	10/1/2023	10,148	3,035	13,183
2.50%	10/1/2024	10,391	2,778	13,169
2.50%	10/1/2025	10,635	2,515	13,150
2.50%	10/1/2026	10,919	2,246	13,165
2.50%	10/1/2027	11,203	1,970	13,173
2.50%	10/1/2028	11,446	1,687	13,133
2.50%	10/1/2029	11,730	1,397	13,127
2.50%	10/1/2030	12,055	1,099	13,154
2.50%	10/1/2031	12,339	794	13,133
2.50%	10/1/2032	12,664	482	13,146
2.50%	10/1/2033	12,948	162	13,110
		<u>\$ 155,418</u>	<u>\$ 28,747</u>	<u>\$ 184,165</u>

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2020

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%	10/1/2020	\$ 20,551	\$ 6,902	\$ 27,453
2.00%	10/1/2021	20,967	6,487	27,454
2.00%	10/1/2022	21,384	6,064	27,448
2.00%	10/1/2023	21,800	5,632	27,432
2.00%	10/1/2024	22,252	5,191	27,443
2.00%	10/1/2025	22,668	4,742	27,410
2.00%	10/1/2026	23,154	4,284	27,438
2.00%	10/1/2027	23,605	3,816	27,421
2.00%	10/1/2028	24,091	3,339	27,430
2.00%	10/1/2029	24,543	2,853	27,396
2.00%	10/1/2030	25,063	2,357	27,420
2.00%	10/1/2031	25,549	1,851	27,400
2.00%	10/1/2032	26,070	1,335	27,405
2.00%	10/1/2033	26,591	808	27,399
2.00%	10/1/2034	27,621	271	27,892
		<u>\$ 355,909</u>	<u>\$ 55,932</u>	<u>\$ 411,841</u>

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

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.00%	10/1/2020	\$ 2,879	\$ 1,409	\$ 4,288
2.00%	10/1/2021	2,925	1,351	4,276
2.00%	10/1/2022	3,016	1,292	4,308
2.00%	10/1/2023	3,107	1,231	4,338
2.00%	10/1/2024	3,153	1,168	4,321
3.00%	10/1/2025	3,245	1,087	4,332
3.00%	10/1/2026	3,382	988	4,370
3.00%	10/1/2027	3,473	886	4,359
3.00%	10/1/2028	3,564	780	4,344
3.00%	10/1/2029	3,701	671	4,372
3.00%	10/1/2030	3,793	559	4,352
3.00%	10/1/2031	3,930	443	4,373
3.00%	10/1/2032	4,067	323	4,390
2.50%	10/1/2033	4,204	199	4,403
3.125%	10/1/2034	4,341	68	4,409
		<u>\$ 52,780</u>	<u>\$ 12,455</u>	<u>\$ 65,235</u>

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2020

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

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.50%	4/1/2021	\$ 2,843	\$ 1,650	\$ 4,493
2.50%	4/1/2022	2,909	1,578	4,487
2.75%	4/1/2023	3,008	1,506	4,514
2.75%	4/1/2024	3,108	1,422	4,530
3.00%	4/1/2025	3,174	1,338	4,512
3.00%	4/1/2026	3,273	1,242	4,515
3.00%	4/1/2027	3,372	1,144	4,516
3.00%	4/1/2028	3,471	1,042	4,513
3.25%	4/1/2029	3,570	938	4,508
3.25%	4/1/2030	3,670	822	4,492
3.25%	4/1/2031	3,802	704	4,506
3.50%	4/1/2032	3,934	580	4,514
3.50%	4/1/2033	4,066	442	4,508
3.50%	4/1/2034	4,199	300	4,499
3.50%	4/1/2035	4,364	152	4,516
		<u>\$ 52,763</u>	<u>\$ 14,860</u>	<u>\$ 67,623</u>

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

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.50%	4/1/2021	\$ 2,942	\$ 1,314	\$ 4,256
2.50%	4/1/2022	3,008	1,240	4,248
2.50%	4/1/2023	3,075	1,164	4,239
2.50%	4/1/2024	3,141	1,088	4,229
2.50%	4/1/2025	3,240	1,009	4,249
2.50%	4/1/2026	3,306	928	4,234
2.50%	4/1/2027	3,405	846	4,251
2.50%	4/1/2028	3,471	760	4,231
2.50%	4/1/2029	3,570	674	4,244
2.50%	4/1/2030	3,670	584	4,254
2.50%	4/1/2031	3,769	492	4,261
2.50%	4/1/2032	3,835	398	4,233
2.50%	4/1/2033	3,934	302	4,236
2.50%	4/1/2034	4,034	204	4,238
2.50%	4/1/2035	4,409	104	4,513
		<u>\$ 52,809</u>	<u>\$ 11,107</u>	<u>\$ 63,916</u>

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2020

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

Date of Issue: July 2017

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

Interest Due April 1 and October 1

Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.50%	10/1/2020	\$ 9,083	\$ 4,890	\$ 13,973
2.50%	10/1/2021	9,314	4,643	13,957
2.50%	10/1/2022	9,545	4,408	13,953
2.50%	10/1/2023	9,776	4,166	13,942
2.50%	10/1/2024	10,046	3,918	13,964
2.50%	10/1/2025	10,315	3,664	13,979
2.50%	10/1/2026	10,546	3,403	13,949
2.50%	10/1/2027	10,815	3,136	13,951
2.50%	10/1/2028	11,085	2,862	13,947
2.50%	10/1/2029	11,393	2,581	13,974
2.50%	10/1/2030	11,662	2,293	13,955
2.50%	10/1/2031	11,970	1,998	13,968
2.50%	10/1/2032	12,278	1,695	13,973
2.50%	10/1/2033	12,586	1,384	13,970
2.50%	10/1/2034	12,894	1,065	13,959
2.50%	10/1/2035	13,202	739	13,941
2.50%	10/1/2036	13,548	405	13,953
2.50%	10/1/2037	9,421	118	9,539
		<u>\$ 199,479</u>	<u>\$ 47,368</u>	<u>\$ 246,847</u>

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

Total Outstanding: \$4,356,617 (72.25% of \$6,030,000)

Interest Due April 1 and October 1

Loan Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
2.00%	4/1/2021	\$ 255,000	\$ 97,098	\$ 352,098
2.00%	4/1/2022	260,000	92,818	352,818
2.00%	4/1/2023	265,000	88,454	353,454
2.00%	4/1/2024	270,000	84,006	354,006
2.00%	4/1/2025	275,000	79,474	354,474
2.00%	4/1/2026	280,000	74,859	354,859
2.00%	4/1/2027	285,000	70,159	355,159
2.00%	4/1/2028	290,000	65,375	355,375
2.00%	4/1/2029	295,000	60,508	355,508
2.00%	4/1/2030	305,000	55,556	360,556
2.00%	4/1/2031	310,000	50,437	360,437
2.00%	4/1/2032	315,000	45,234	360,234
2.00%	4/1/2033	320,000	39,947	359,947
2.00%	4/1/2034	325,000	34,576	359,576
2.00%	4/1/2035	335,000	29,121	364,121
2.00%	4/1/2036	340,000	23,498	363,498
2.00%	4/1/2037	90,504	17,791	108,295
		<u>\$ 4,815,504</u>	<u>\$1,008,911</u>	<u>\$5,824,415</u>

Village of Lake Orion

Schedule of Indebtedness
Proprietary Funds

June 30, 2020

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%	4/1/2021	\$ 2,347	\$ 518	\$ 2,865
1.85%	4/1/2022	2,413	475	2,888
1.85%	4/1/2023	2,513	430	2,943
1.85%	4/1/2024	2,645	383	3,028
1.85%	4/1/2025	2,744	335	3,079
1.85%	4/1/2026	2,843	284	3,127
1.85%	4/1/2027	2,942	231	3,173
1.85%	4/1/2028	3,042	177	3,219
1.85%	4/1/2029	3,207	120	3,327
1.85%	4/1/2030	3,306	61	3,367
		<u>\$ 28,002</u>	<u>\$ 3,014</u>	<u>\$ 31,016</u>

2019B Oakland-Macomb Interceptor Drain Bond

Date of Issue: December 19, 2019

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

Interest Due April 1 and October 1

Bonds Due As Follows:

Interest Rate	Date of Maturity	Principal Amount	Annual Interest Payable	Total Obligation
1.55%	4/1/2021	\$ 17,369	\$ 681	\$ 18,050
1.55%	4/1/2022	8,113	303	8,416
1.55%	4/1/2023	3,781	211	3,992
1.55%	4/1/2024	3,860	152	4,012
1.55%	4/1/2025	3,899	92	3,991
1.55%	4/1/2026	3,978	31	4,009
		<u>\$ 41,000</u>	<u>\$ 1,470</u>	<u>\$ 42,470</u>