
Lake Orion Community Schools

**Financial Report
with Supplemental Information
June 30, 2021**

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Independent Auditor's Report

To the Board of Education
Lake Orion Community Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Orion Community Schools (the "School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Lake Orion Community Schools' 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.

Auditor's 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, each major fund, and the aggregate remaining fund information of Lake Orion Community Schools as of June 30, 2021 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
Lake Orion Community Schools

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 Lake Orion Community Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021 on our consideration of Lake Orion Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of Lake Orion Community Schools' 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 Lake Orion Community Schools' internal control over financial reporting and compliance.



October 25, 2021

This section of Lake Orion Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Lake Orion Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2019 Series 1 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Information for Major Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplemental Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services provided to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent the School District's reserve for dental self-insurance claims due in future years.

Lake Orion Community Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Assets		
Current and other assets	\$ 58.0	\$ 90.0
Capital assets	179.6	147.0
Total assets	237.6	237.0
Deferred Outflows of Resources	50.6	60.2
Liabilities		
Current liabilities	23.0	17.5
Noncurrent liabilities	142.9	154.9
Net pension liability	173.4	167.0
Net OPEB liability	26.8	36.4
Total liabilities	366.1	375.8
Deferred Inflows of Resources	29.5	28.8
Net Position (Deficit)		
Net investment in capital assets	65.6	59.9
Restricted	2.7	3.9
Unrestricted	(175.7)	(171.2)
Total net position (deficit)	\$ (107.4)	\$ (107.4)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$(107.4) million at June 30, 2021. Net investment in capital assets, totaling \$65.6 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(175.7) million) was unrestricted.

The \$(175.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from the adoption of GASB Statement Nos. 68 and 75 (recording the School District's state-allocated share of the net pension and OPEB liabilities, respectively, from the state-managed retirement system). The School District's net position, excluding the state-allocated pension liabilities, is \$92.8 million. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Lake Orion Community Schools

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
(in millions)		
Revenue		
Program revenue:		
Charges for services	\$ 1.3	\$ 3.0
Operating grants	31.4	25.3
General revenue:		
Taxes	29.1	27.7
State aid not restricted to specific purposes	51.5	51.3
Other	1.1	4.3
Total revenue	114.4	111.6
Expenses		
Instruction	60.2	61.7
Support services	39.4	36.6
Athletics	1.3	1.3
Food services	1.6	2.5
Community services	1.6	2.1
Debt service	5.1	6.2
Depreciation expense (unallocated)	5.2	5.1
Total expenses	114.4	115.5
Change in Net Position	-	(3.9)
Net Position (Deficit) - Beginning of year	(107.4)	(103.5)
Net Position (Deficit) - End of year	<u>\$ (107.4)</u>	<u>\$ (107.4)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$114.4 million. Certain activities were partially funded from those who benefited from the programs (\$1.3 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$31.4 million). We paid for the remaining public benefit portion of our governmental activities with \$29.1 million in taxes, \$51.5 million in state foundation allowance, and \$1.1 million in other revenue (i.e., interest and general entitlements).

The School District experienced a decrease in net position of \$(44) thousand. The change is composed of the net position invested in capital assets (net of related debt) increasing \$5.7 million, the net position of restricted assets decreasing by \$1.2 million, and the unrestricted net position balance decreasing by \$4.5 million. Additionally, total assets increased \$0.6 million, deferred outflows of resources decreased by \$9.6 million, total liabilities decreased by \$9.7 million, and deferred inflows of resources increased by \$0.7 million.

As discussed above, the net cost shows the financial responsibility that was placed on the State School Aid Fund and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

Lake Orion Community Schools

Management's Discussion and Analysis (Continued)

The School District's Funds

As we noted earlier, the School District uses different funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$35.3 million, which is a decrease of \$37.7 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased from \$6.8 million to \$8.6 million. The increase was primarily the result of a planned operating surplus. The surplus was designed to replace fund balance used the prior year as a result of the impact of the COVID-19 pandemic.

The fund balance of our Food Service special revenue fund increased approximately \$324,000. The increase represents the recovery of the School District's food service operations relative to the prior year's pandemic impacted results.

The fund balance of our 2019 Series 1 Capital Projects Fund decreased \$39.6 million. This decrease is primarily due to the ongoing cost of the School District's multiyear construction and renovation plan. The School District collected \$4.2 million in voter-approved sinking fund millage. This millage is available to fund specific capital projects, as allowed by state law.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

A budget is a fluid document. Therefore, as expected, there were revisions made to the 2020-2021 General Fund budget. Revisions to the revenue and expenditures were due to budget adjustments made based on more accurate information on actual operating revenue and expenditures.

There were significant revisions made to the 2020-2021 General Fund original budget. Budgeted revenue was increased \$10.0 million, reflecting material increases in both the state and federal COVID-19 relief funds received by the School District during the course of the fiscal year.

Budgeted expenditures experienced multiple revisions during the fiscal year reflecting the material state and federal funding that came into the School District during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021, the School District had \$179.6 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$32.6 million from last year.

Lake Orion Community Schools

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	2021	2020
Land	\$ 13,728,441	\$ 13,728,441
Construction in progress	43,227,593	7,313,787
Buildings and improvements	118,324,284	120,933,267
Furniture and equipment	3,551,724	4,092,537
Buses and other vehicles	811,941	968,680
Total capital assets - Net of accumulated depreciation	\$ 179,643,983	\$ 147,036,712

This year's net additions of \$32.6 million included changes in the School District's construction in progress net of this year's recognized asset depreciation. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$124.1 million in bonds outstanding versus \$126.8 million in the previous year. Those bonds consisted of the following:

	2021	2020
General obligation bonds	\$ 124,080,000	\$ 126,840,000

The School District's general obligation bond rating is A+ from Standard & Poor's. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit.

Other obligations include accrued vacation pay, sick leave, and equipment financing obligation. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budget was adopted in June 2021 based on an estimate of students who will enroll in September 2021. Approximately 75.2 percent of total General Fund revenue is derived from the State's School Aid Fund. Under state law, the School District cannot access additional property tax revenue for general operations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a revenue-estimating conference to estimate revenue. Based on the results of the most recent conference, the State's estimated funds appear to be sufficient to fund the appropriation.

The School District's recent budgetary history reflects how it has made every effort over the past decade to prepare for and excel programmatically, while meeting the challenges of the State's funding mechanism. As a result of our past decisions, the School District can continue to afford itself the opportunity to make measured, intentional, and systemic changes to its operations and resulting budget. We recognize and appreciate that, to remain fiscally responsible, we must continue to make operational changes to realign our expenditures with our revenue. For 2021-2022, it is the intention of the School District to provide premium programming within a balanced operating budget.

Lake Orion Community Schools

Management's Discussion and Analysis (Continued)

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at Lake Orion Community Schools, Business Office, 315 N. Lapeer Street, Lake Orion, MI 48362.

Lake Orion Community Schools

Statement of Net Position

June 30, 2021

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 12,868,707
Receivables:	
Property taxes receivable	3,309
Accrued interest receivable	126,599
Other receivables	61,516
Due from other governments	13,507,312
Inventory	22,456
Prepaid expenses and other assets	553,291
Restricted assets (Note 6)	30,804,160
Capital assets - Net (Note 8)	179,643,983
Total assets	237,591,333

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 10)	1,902,083
Deferred pension costs (Note 12)	36,263,871
Deferred OPEB costs (Note 12)	12,416,256
Total deferred outflows of resources	50,582,210

Liabilities

Accounts payable	5,502,742
Due to other governmental units	1,791,745
Accrued liabilities and other	12,612,650
Unearned revenue (Note 7)	3,159,881
Noncurrent liabilities:	
Due within one year (Note 10)	19,613,816
Due in more than one year (Note 10)	123,306,608
Net pension liability (Note 12)	173,352,785
Net OPEB liability (Note 12)	26,785,360
Total liabilities	366,125,587

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	6,479,862
Deferred pension cost reductions (Note 12)	1,854,276
Deferred OPEB cost reductions (Note 12)	21,133,231
Total deferred inflows of resources	29,467,369

Net Position (Deficit)

Net investment in capital assets	65,629,973
Restricted - Capital projects	2,650,185
Unrestricted	(175,699,571)
Total net position (deficit)	\$ (107,419,413)

Lake Orion Community Schools

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 60,232,079	\$ 30,230	\$ 17,237,088	\$ (42,964,761)
Support services	39,447,379	5,474	11,898,453	(27,543,452)
Athletics	1,262,295	312,267	-	(950,028)
Food services	1,631,137	143,543	1,750,651	263,057
Community services	1,558,478	814,369	476,236	(267,873)
Interest	4,730,849	-	-	(4,730,849)
Other debt costs	345,977	-	-	(345,977)
Depreciation expense (unallocated)	5,191,735	-	-	(5,191,735)
Total primary government	\$ 114,399,929	\$ 1,305,883	\$ 31,362,428	(81,731,618)
General revenue:				
Taxes:				
Property taxes levied for general purposes				8,780,344
Property taxes levied for debt service				16,151,835
Property taxes levied for capital projects				4,141,329
State aid not restricted to specific purposes				51,486,786
Interest and investment earnings				91,539
Penalties, interest, and other taxes				58,255
Gain on sale of capital assets				56,648
Other:				
Other				241,043
Student activities				680,204
Total general revenue				<u>81,687,983</u>
Change in Net Position				(43,635)
Net Position (Deficit) - Beginning of year				<u>(107,375,778)</u>
Net Position (Deficit) - End of year				<u>\$(107,419,413)</u>

Lake Orion Community Schools

Governmental Funds Balance Sheet

June 30, 2021

	General Fund	2019 Series 1 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 11,692,118	\$ -	\$ 1,176,589	\$ 12,868,707
Receivables:				
Property taxes receivable	2,308	-	1,001	3,309
Accrued interest receivable	-	126,599	-	126,599
Other receivables	36,282	2,961	22,273	61,516
Due from other governments	13,374,890	-	132,422	13,507,312
Due from other funds (Note 9)	396,124	-	403,078	799,202
Inventory	-	-	22,456	22,456
Prepaid expenses	405,739	-	15,547	421,286
Restricted assets (Note 6)	-	27,982,918	2,821,242	30,804,160
	\$ 25,907,461	\$ 28,112,478	\$ 4,594,608	\$ 58,614,547
Total assets				
Liabilities				
Accounts payable	\$ 374,395	\$ 4,413,541	\$ 544,115	\$ 5,332,051
Due to other governmental units	1,749,832	-	41,913	1,791,745
Due to other funds (Note 9)	562,252	-	575,156	1,137,408
Accrued liabilities and other	11,544,729	-	349,214	11,893,943
Unearned revenue (Note 7)	3,051,756	-	108,125	3,159,881
	17,282,964	4,413,541	1,618,523	23,315,028
Total liabilities				
Fund Balances				
Nonspendable:				
Inventory	-	-	22,456	22,456
Prepays	405,739	-	15,547	421,286
Restricted:				
Debt service	-	-	386,235	386,235
Capital projects	-	23,698,937	1,227,509	24,926,446
Food service	-	-	570,635	570,635
Committed:				
Community service	-	-	54,697	54,697
Student activities	-	-	832,170	832,170
Assigned:				
Capital projects	-	-	85,236	85,236
Long-term obligations - Compensated absences and self-insurance	4,713,357	-	-	4,713,357
Unassigned	3,505,401	-	(218,400)	3,287,001
	8,624,497	23,698,937	2,976,085	35,299,519
Total fund balances				
Total liabilities and fund balances	\$ 25,907,461	\$ 28,112,478	\$ 4,594,608	\$ 58,614,547

Lake Orion Community Schools

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 35,299,519
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	287,508,289
Accumulated depreciation	<u>(107,864,306)</u>
Net capital assets used in governmental activities	179,643,983
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,902,083
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(138,207,067)
Accrued interest is not due and payable in the current period and is not reported in the funds	(718,707)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(4,565,557)
Provision for workers' compensation claims not accounted for within the Internal Service Fund	(7,800)
Net pension liability and related deferred inflows and outflows	(138,943,190)
Net OPEB liability and related deferred inflows and outflows	(35,502,335)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(6,479,862)
Internal service funds are included as part of governmental activities	<u>159,520</u>
Net Position of Governmental Activities	<u><u>\$ (107,419,413)</u></u>

Lake Orion Community Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	2019 Series 1 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 9,350,944	\$ 100,326	\$ 21,999,162	\$ 31,450,432
State sources	66,866,421	-	951,529	67,817,950
Federal sources	6,654,648	-	1,709,696	8,364,344
Interdistrict sources	6,094,565	-	1,478,138	7,572,703
Total revenue	88,966,578	100,326	26,138,525	115,205,429
Expenditures				
Current:				
Instruction	54,850,405	-	1,405,269	56,255,674
Support services	30,072,250	-	1,725,233	31,797,483
Athletics	1,206,367	-	-	1,206,367
Food services	-	-	1,561,824	1,561,824
Community services	156,305	-	1,306,071	1,462,376
Debt service:				
Principal	-	-	17,720,970	17,720,970
Interest	-	-	5,787,316	5,787,316
Other debt costs	-	-	345,977	345,977
Capital outlay	302,179	39,749,146	3,746,275	43,797,600
Total expenditures	86,587,506	39,749,146	33,598,935	159,935,587
Excess of Revenue Over (Under) Expenditures	2,379,072	(39,648,820)	(7,460,410)	(44,730,158)
Other Financing Sources (Uses)				
Face value of debt issued (Note 10)	-	-	17,870,000	17,870,000
Proceeds from sale of capital assets	-	-	56,648	56,648
School Loan Revolving Fund proceeds	-	-	6,788,077	6,788,077
Transfers in (Note 9)	209,545	-	967,959	1,177,504
Payment to bond refunding escrow agent (Note 10)	-	-	(17,726,562)	(17,726,562)
Transfers out (Note 9)	(788,913)	-	(388,591)	(1,177,504)
Total other financing (uses) sources	(579,368)	-	7,567,531	6,988,163
Net Change in Fund Balances	1,799,704	(39,648,820)	107,121	(37,741,995)
Fund Balances - Beginning of year	6,824,793	63,347,757	2,868,964	73,041,514
Fund Balances - End of year	<u>\$ 8,624,497</u>	<u>\$ 23,698,937</u>	<u>\$ 2,976,085</u>	<u>\$ 35,299,519</u>

Lake Orion Community Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ (37,741,995)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	37,799,006
Depreciation expense	(5,191,735)
Revenue in support of pension contributions made subsequent to the measurement date	(905,783)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(24,658,077)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings is not an expense in the governmental funds	36,423,440
Interest expense is recognized in the government-wide statements as it accrues	108,034
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(5,911,360)
Internal service funds are included as part of governmental activities	34,835
Change in Net Position of Governmental Activities	<u>\$ (43,635)</u>

Lake Orion Community Schools

Proprietary Fund - Internal Service Fund Statement of Net Position

June 30, 2021

Governmental
Activities
Internal Service
Fund

Assets

Current assets:

Due from other funds (Note 9)

\$ 338,206

Prepaid expenses and other assets

132,005

Total assets

470,211

Liabilities

Current liabilities:

Accounts payable

170,691

Self-insurance claims - Dental incurred but not reported (Note 11)

140,000

Total liabilities

310,691

Net Position - Unrestricted

\$ 159,520

Lake Orion Community Schools

Proprietary Fund - Internal Service Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2021

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenue - Charges for services	\$ 921,781
Operating Expenses - Cost of claims	<u>886,946</u>
Change in Net Position - Operating income	34,835
Net Position - Beginning of year	<u>124,685</u>
Net Position - End of year	<u><u>\$ 159,520</u></u>

Lake Orion Community Schools

**Proprietary Fund - Internal Service Fund
Statement of Cash Flows**

Year Ended June 30, 2021

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Receipts from interfund services and reimbursements	\$ 844,069
Claims paid	<u>(844,069)</u>
Net Change in Cash and Cash Equivalents - Net cash and cash equivalents from operating activities	-
Cash and Cash Equivalents - Beginning of year	<u>-</u>
Cash and Cash Equivalents - End of year	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 34,835
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:	
Due from General Fund	(32,507)
Prepaid and other assets	(45,205)
Accounts payable	17,877
IBNR liability	<u>25,000</u>
Net cash and cash equivalents from operating activities	<u><u>\$ -</u></u>

June 30, 2021

Note 1 - Nature of Business

Lake Orion Community Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

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, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into two broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- *General Fund* - The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- *2019 Series 1 Capital Projects Fund* - The 2019 Series 1 Capital Projects Fund is used to record the bond proceeds and other revenue, along with capital projects activities funded with proceeds from the School District's 2019 Series 1 bond issuance.

Additionally, the School District reports the following nonmajor governmental fund types:

- *Special Revenue Funds* - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds include the Food Service, Community Services, Student Activities, and Pine Tree Center funds. The Food Service Fund is used by the School District to account for the proceeds of sales to customers and dedicated grants from state and federal sources. The Community Services Fund is used by the School District to account for the fees charged to participants. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned by student groups. The Pine Tree Center Fund is used by the School District to account for the restricted proceeds received for a special education center. Any operating deficit generated by these activities is the responsibility of the General Fund.
- *Capital Projects Funds* - Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- *Debt Service Funds* - Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.
- *Sinking Fund* - The Sinking Fund records capital projects activities funded with sinking fund millage.

Proprietary Fund

Internal Service Fund - The School District's Internal Service Fund is a proprietary fund that was established to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund is authorized to account for self-insurance claims, unemployment, terminal leave, compensated absences, and other similar obligations. It is currently being used to record the dental self-insurance activity.

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the School District 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.

Furthermore, 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.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments with an original maturity of greater than one year are stated at fair value, net acquisition value, or amortized cost depending on the nature of the investment. Pooled investment income from each of the School District's funds is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when purchased. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Service Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Service Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and loan proceeds held in the Sinking Fund required to be set aside for construction or allowable purchases
- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Buildings and building additions	20-40
Furniture and other equipment	5-20
Buses and other vehicles	5-10

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses during the current period. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred charges relating to bond refundings and pension and OPEB plan costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Note 2 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent or designee to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The fund balance policy prescribes the minimum fund balance as 10 percent of operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. If the School District falls below 10 percent, per policy, a plan will be developed to restore the established minimum surplus.

Property Tax Revenue

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds as it comes due for payment.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2022.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 25, 2021, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. There were no encumbrances outstanding at year end.

The required supplemental information budgetary schedules are presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balance, including capital outlay expenditures being reported in other expenditure categories.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

June 30, 2021

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Fund Deficits and Management's Plan

The Pine Tree Center Fund fund balance is a deficit for the year ended June 30, 2021. This was the third full year of the fund operations. Funding from the Intermediate School District has been secured to offset the costs of the fund's operations in future years.

Capital Projects Fund Compliance

The 2019 Series 1 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority

The School District has designated two banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits of \$16,716,850 (checking accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2021, the School District does not have investments with custodial credit risk.

June 30, 2021

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District’s investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District’s policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District’s cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Value	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management Class*	\$ 6,946,230	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class*	8,345,728	AAAm	S&P
Freddie Mac Global Notes	7,359,356	AA+	S&P

*Investment fair value reported at amortized costs

Concentration of Credit Risk

The School District's policy minimizes concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2021, more than 5 percent of the School District's investments are invested in the following and, therefore, subject to concentration of credit risk:

	Value	Percentage of Total Investments
Agency notes and bonds	\$ 7,359,356	62.08
U.S. Treasury notes	4,494,991	37.92

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District’s investment policy prohibit investments in foreign currency.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the School District’s assets measured at fair value on a recurring basis at June 30, 2021 and the valuation techniques used by the School District to determine those fair values.

June 30, 2021

Note 5 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the School District has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where 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 School District’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2021</u>				
	<u>Quoted Prices in</u>			
	<u>Active Markets</u>	<u>Significant Other</u>	<u>Significant</u>	
	<u>for Identical</u>	<u>Observable</u>	<u>Unobservable</u>	
	<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>	<u>Balance at</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>June 30, 2021</u>
Investments by fair value - Debt securities:				
U.S. Treasury securities	\$ -	\$ 4,494,991	\$ -	\$ 4,494,991
Mortgage-backed securities	-	7,359,356	-	7,359,356
Total assets	<u>\$ -</u>	<u>\$ 11,854,347</u>	<u>\$ -</u>	<u>\$ 11,854,347</u>

The fair value of mortgage-backed securities and U.S. Treasury securities at June 30, 2021 was determined primarily based on Level 2 inputs. The School District's estimates the fair value of these investments at market value using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 6 - Restricted Assets

At June 30, 2021, restricted assets are composed of the following:

<u>Description</u>	<u>Governmental Activities</u>
Unspent property taxes levied in the Sinking Fund	\$ 1,594,081
Unspent property taxes levied in the debt service funds	474,894
Capital projects funds	27,982,918
Student Activities Fund	<u>752,267</u>
Total	<u>\$ 30,804,160</u>

June 30, 2021

Note 7 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2021, the various components of unearned and unavailable revenue were as follows:

	Deferred Inflow - Unavailable	Liability - Unearned
Food service prepaid revenue	\$ -	\$ 108,125
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	3,051,756
Total	<u>\$ -</u>	<u>\$ 3,159,881</u>

Note 8 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 13,728,441	\$ -	\$ -	\$ -	\$ 13,728,441
Construction in progress	7,313,787	(233,414)	36,147,220	-	43,227,593
Subtotal	21,042,228	(233,414)	36,147,220	-	56,956,034
Capital assets being depreciated:					
Buildings and improvements	212,002,265	233,414	1,467,212	-	213,702,891
Furniture and equipment	14,920,280	-	138,454	-	15,058,734
Buses and other vehicles	2,090,713	-	46,120	(346,203)	1,790,630
Subtotal	229,013,258	233,414	1,651,786	(346,203)	230,552,255
Accumulated depreciation:					
Buildings and improvements	91,068,998	-	4,309,609	-	95,378,607
Furniture and equipment	10,827,743	-	679,267	-	11,507,010
Buses and other vehicles	1,122,033	-	202,859	(346,203)	978,689
Subtotal	103,018,774	-	5,191,735	(346,203)	107,864,306
Net capital assets being depreciated	125,994,484	233,414	(3,539,949)	-	122,687,949
Net governmental activities capital assets	<u>\$ 147,036,712</u>	<u>\$ -</u>	<u>\$ 32,607,271</u>	<u>\$ -</u>	<u>\$ 179,643,983</u>

Depreciation expense was not charged to activities, as the School District considers its assets to benefit multiple activities and allocation to be impractical.

June 30, 2021

Note 8 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. The outstanding commitments as of June 30, 2021 were \$29,332,068, and the amount spent to date is \$39,633,076.

Note 9 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 396,124	\$ 396,124
Nonmajor governmental funds	224,046	179,032	403,078
Internal Service Fund	338,206	-	338,206
Total	\$ 562,252	\$ 575,156	\$ 1,137,408

Interfund balances represent routine and temporary cash flow assistance from the General Fund until amounts are transferred from fund accounts. Interfund balances owed to other funds represent reimbursement for allocated expenditures.

Interfund Transfers

The Pine Tree Center Fund transferred \$209,545 to the General Fund to cover its portion of shared costs and to reimburse the General Fund for its portion of the building rent. The General Fund transferred \$590,000 to the Community Services Fund as a one-time COVID-19 relief funding to support the fund and cover costs. The General Fund transferred \$198,913 to the Operating Capital Projects Fund to provide resources for projects. The 2015 Debt Fund transferred \$179,046 to the 2019 Bond Refunding debt service fund for the final debt fund payment and close out of the fund.

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 788,913
Nonmajor governmental funds	General Fund	209,545
	Other nonmajor governmental funds	179,046
	Total nonmajor governmental funds	388,591
	Total	\$ 1,177,504

June 30, 2021

Note 10 - Long-term Debt

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings and direct placements:					
Installment purchase agreements	\$ 664,724	\$ -	\$ (184,431)	\$ 480,293	\$ 188,772
Equipment financing obligation	735,580	-	(176,539)	559,041	176,539
School Loan Revolving Fund	7,366,249	6,788,077	(14,150,000)	4,326	-
Total direct borrowings and direct placements principal outstanding	8,766,553	6,788,077	(14,510,970)	1,043,660	365,311
General obligation bonds payable	126,840,000	17,870,000	(20,630,000)	124,080,000	13,105,000
Unamortized bond premiums	14,521,355	-	(1,437,948)	13,083,407	1,437,948
Total bonds and notes payable	150,127,908	24,658,077	(36,578,918)	138,207,067	14,908,259
Capital leases	27,361	-	(27,361)	-	-
Compensated absences	4,579,638	368,398	(382,479)	4,565,557	4,565,557
Self-insurance	130,000	815,044	(797,244)	147,800	140,000
Total governmental activities long-term debt	<u>\$ 154,864,907</u>	<u>\$ 25,841,519</u>	<u>\$ (37,786,002)</u>	<u>\$ 142,920,424</u>	<u>\$ 19,613,816</u>

The School District had deferred outflows of \$1,902,083 related to deferred charges on bond refundings at June 30, 2021.

June 30, 2021

Note 10 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2021 are as follows:

Bonds	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$5,280,000 - Qualified 2013 energy conservation improvement bonds	\$250,000 - \$260,000	2.5% to 4.25%	2023	\$ 510,000
\$26,165,000 - Qualified 2015 refunding bonds	\$1,120,000 - \$1,160,000	5%	2023	2,280,000
\$38,505,000 - Qualified 2016 refunding bonds	\$830,000 - \$5,915,000	5%	2027	24,695,000
\$62,670,000 - Qualified 2019 Series 1 bond	\$2,470,000 - \$5,225,000	4.00% to 5.00%	2038	62,670,000
\$16,055,000 - Qualified 2019 refunding bonds	\$5,000,000 - \$5,855,000	2.43% to 2.55%	2028	16,055,000
\$14,305,000 - Qualified 2021 SBLF refunding bonds	\$3,550,000 - \$3,590,000	0.20% to 0.85%	2025	14,305,000
\$3,565,000 - Qualified 2021 Energy Bond refunding bonds	\$150,000 - \$930,000	0.32% to 1.08%	2026	<u>3,565,000</u>
Total bonded debt				<u>\$ 124,080,000</u>

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The claims and judgments liability will generally be liquidated through the School District's Internal Service Fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund.

An installment purchase agreements (IPA) was used to fund security, technology, and facility improvements. The debt agreement has a fixed interest rate of 2.34 percent. The installment purchase agreements will be repaid in equal semiannual installment payments of principal and interest over a 10-year period by the General Fund. The IPA is set to mature in December 2023.

The School District entered into a loan agreement to fund an LED lighting overhaul project at the School District, the proceeds of which were deposited into the Sinking Fund. The loan agreement bears no interest and is payable in equal monthly installments of principal through August 2024 and will be repaid by the Sinking Fund.

Note 10 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2022	\$ 365,311	\$ 10,141	\$ 13,105,000	\$ 4,936,819	\$ 18,417,271
2023	369,754	5,698	13,930,000	4,494,326	18,799,778
2024	274,846	1,149	13,015,000	4,026,343	17,317,338
2025	29,423	-	13,230,000	3,577,403	16,836,826
2026	-	-	9,710,000	3,102,349	12,812,349
2027-2031	-	-	29,015,000	11,142,451	40,157,451
2032-2036	-	-	21,825,000	5,942,500	27,767,500
2037-2038	-	-	10,250,000	773,750	11,023,750
Total	\$ 1,039,334	\$ 16,988	\$ 124,080,000	\$ 37,995,941	\$ 163,132,263

School Loan Revolving Fund

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2015. Interest during the year ended June 30, 2021 was 3.0 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2033. If the School District fails to levy the appropriate debt mills in accordance with the agreement or defaults in loan repayment, the School District shall increase its debt levy in the next succeeding year, and a default late charge of 3 percent will apply. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above debt maturity schedule. If the School District is in default of the loan agreement, the State of Michigan may withhold state aid funding until repayment terms satisfactory with the State of Michigan have been made. As a result of the issuance of the 2021 Qualified Refunding Bonds, the School District repaid \$14,150,000 toward the outstanding School Loan Revolving Fund balance. The remaining outstanding principal and interest balance at June 30, 2021 is \$4,326.

Current Bond Refundings

During the year, the School District issued \$14,305,000 in general obligation (2021 Qualified Refunding Bonds) bonds with interest rates ranging from 0.20 to 0.85 percent. The net proceeds of these bonds (after payment of \$101,356 in underwriting fees, insurance, and other issuance costs) were used to pay down \$14,150,000 of Michigan School Loan Revolving Fund debt with an interest rate of 3.00 percent. As a result, the portion of the liability for the Michigan School Loan Revolving Fund has been removed from long-term debt. The refunding reduced total debt service payments over the next 17 years by approximately \$629,664, which represents an economic gain of approximately \$611,214.

June 30, 2021

Note 10 - Long-term Debt (Continued)

During the year, the School District issued \$3,565,000 in general obligation (2021 Qualified Refunding Bonds) bonds with interest rates ranging from 0.32 to 1.08 percent. The net proceeds of these bonds (after payment of \$52,323 in underwriting fees, insurance, and other issuance costs) were used to pay down \$3,510,000 of the Qualified 2013 Energy Conservation Improvement Bonds with interest rates ranging from 3.00 to 4.25 percent. As a result, the portion of the liability for the energy bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next 17 years by approximately \$461,280, which represents an economic gain of approximately \$461,115.

Unused Line of Credit

The School District had a line of credit in the amount of \$2,000,000 that matured on June 30, 2021. The School District did not have an outstanding balance as of June 30, 2021. The line of credit bore interest at a floating rate equal to 80 percent of the bank's daily LIBOR plus an interest rate spread of 157 basis points.

Significant Terms

Direct Borrowings and Direct Placements

The outstanding debt related to the installment purchase agreements in the amount of \$480,293 at June 30, 2021 contains the following term in relation to default: the School District will be in default of the agreement if the School District does not make payment within 15 days of the due date. If an event of the default occurs, the outstanding amount may be due and payable immediately, and if the School District is not able to make payment, the bank may exercise all remedies for default.

The outstanding debt related to the LED lighting agreement in the amount of \$559,041 at June 30, 2021 contains the following term in relation to default: the School District will be in default of the agreement if the School District does not make scheduled contract payments. If an event of the default occurs, the School District must redeliver all of the equipment and any additional collateral at the School District's expense.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical benefit claims. The School District participates in the SET-SEG risk pool for claims relating to property loss, torts, and errors and omissions. The School District is partially insured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 11 - Risk Management (Continued)

The School District estimates the liability for workers' compensation and dental claims that have been incurred through the end of each fiscal year, including claims that have been reported and those that have not yet been reported. The School District accounts for workers' compensation in the General Fund, and the estimated liability for claims incurred but not reported is reported in the government-wide statements only. Dental estimates are recorded in the Internal Service Fund.

Changes in the estimated liability for the past two fiscal years were as follows:

	Dental		Workers' Compensation	
	2021	2020	2021	2020
Estimated liability - Beginning of year	\$ 115,000	\$ 110,000	\$ 15,000	\$ 20,000
Estimated claims incurred, including changes in estimates	822,244	688,504	-	4,541
Claim payments	(797,244)	(683,504)	(7,200)	(9,541)
Estimated liability - End of year	<u>\$ 140,000</u>	<u>\$ 115,000</u>	<u>\$ 7,800</u>	<u>\$ 15,000</u>

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$15,410,318, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$6,479,862 in revenue received from the State of Michigan and remitted to the System to fund the MPSEERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$3,883,820, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2021, the School District reported a liability of \$173,352,785 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.5046 percent and 0.5042 percent, respectively, representing a change of 0.08 percent.

Net OPEB Liability

At June 30, 2021, the School District reported a liability of \$26,785,360 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.50 and 0.51 percent, respectively, representing a change of (1.45) percent.

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

For 2021, the School District recognized pension expense of \$24,942,970, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,648,688	\$ (369,996)
Changes in assumptions	19,209,160	-
Net difference between projected and actual earnings on pension plan investments	728,351	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	642,280	(1,484,280)
The School District's contributions to the plan subsequent to the measurement date	13,035,392	-
Total	\$ 36,263,871	\$ (1,854,276)

The \$6,479,862 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 9,485,789
2023	6,972,819
2024	3,773,223
2025	1,142,372
Total	\$ 21,374,203

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$920,962.

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2021, the School District 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
Difference between expected and actual experience	\$ -	\$ (19,957,597)
Changes in assumptions	8,831,665	-
Net difference between projected and actual earnings on OPEB plan investments	223,554	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	548,441	(1,175,634)
Employer contributions to the plan subsequent to the measurement date	2,812,596	-
Total	<u>\$ 12,416,256</u>	<u>\$ (21,133,231)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2022	\$ (3,140,985)
2023	(2,830,902)
2024	(2,276,248)
2025	(1,765,629)
2026	(1,515,807)
Total	<u>\$ (11,529,571)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.00%	Year 1, graded to 3.5% year 15, 3.0% year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points, and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were 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 and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

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

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 224,375,773	\$ 173,352,785	\$ 131,066,100

June 30, 2021

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 34,408,839	\$ 26,785,360	\$ 20,367,029

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 20,121,283	\$ 26,785,360	\$ 34,364,925

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2021, the School District reported a payable of \$3,051,867 and \$550,959 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), property tax exemption (PA 328 of 1998), payments in lieu of taxes (PILOT), and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities, property tax exemptions are intended to promote the purchase of assets, PILOTs are intended to reduce costs for tax-exempt entities, and brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2021, the School District's property tax revenue was reduced by approximately \$431,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately \$292,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

Required Supplemental Information

Lake Orion Community Schools

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 9,150,500	\$ 9,420,715	\$ 9,350,944	\$ (69,771)
State sources	61,121,636	66,455,802	66,866,421	410,619
Federal sources	2,647,387	6,746,614	6,654,648	(91,966)
Interdistrict sources	5,876,143	6,149,043	6,094,565	(54,478)
Total revenue	78,795,666	88,772,174	88,966,578	194,404
Expenditures				
Current:				
Instruction:				
Basic programs	39,376,926	43,358,676	43,218,348	(140,328)
Added needs	11,580,534	11,759,831	11,645,609	(114,222)
Total instruction	50,957,460	55,118,507	54,863,957	(254,550)
Support services:				
Pupil	6,614,054	6,843,752	6,803,384	(40,368)
Instructional staff	3,030,627	4,045,853	4,091,963	46,110
General administration	1,090,817	1,349,118	1,337,510	(11,608)
School administration	4,224,267	4,824,279	4,844,036	19,757
Business	875,755	936,636	960,524	23,888
Operations and maintenance	4,543,099	5,668,411	5,841,797	173,386
Pupil transportation services	3,853,829	3,781,749	3,772,643	(9,106)
Central	2,572,002	2,736,079	2,705,731	(30,348)
Total support services	26,804,450	30,185,877	30,357,588	171,711
Athletics	1,155,268	1,275,234	1,209,656	(65,578)
Community services	105,506	146,267	156,305	10,038
Total expenditures	79,022,684	86,725,885	86,587,506	(138,379)
Excess of Revenue (Under) Over Expenditures	(227,018)	2,046,289	2,379,072	332,783
Other Financing Sources (Uses)				
Transfers in	474,090	224,090	209,545	(14,545)
Transfers out	(198,913)	(788,913)	(788,913)	-
Total other financing sources (uses)	275,177	(564,823)	(579,368)	(14,545)
Net Change in Fund Balance	48,159	1,481,466	1,799,704	318,238
Fund Balance - Beginning of year	6,824,793	6,824,793	6,824,793	-
Fund Balance - End of year	\$ 6,872,952	\$ 8,306,259	\$ 8,624,497	\$ 318,238

Lake Orion Community Schools

Required Supplemental Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Seven Plan Years						
	Plan Years Ended September 30						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.50465 %	0.50424 %	0.50029 %	0.50685 %	0.51800 %	0.49925 %	0.49210 %
School District's proportionate share of the net pension liability	\$ 173,352,785	\$ 166,987,123	\$ 150,395,171	\$ 131,345,117	\$ 129,236,467	\$ 121,942,098	\$ 108,391,563
School District's covered payroll	\$ 44,168,567	\$ 44,231,684	\$ 42,321,611	\$ 41,585,316	\$ 44,339,139	\$ 41,499,311	\$ 42,135,063
School District's proportionate share of the net pension liability as a percentage of its covered payroll	392.48 %	377.53 %	355.36 %	315.84 %	291.47 %	293.84 %	257.25 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Lake Orion Community Schools

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Seven Fiscal Years						
	Years Ended June 30						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 15,180,531	\$ 14,001,470	\$ 13,415,890	\$ 12,676,174	\$ 11,828,203	\$ 11,824,219	\$ 9,500,078
Contributions in relation to the statutorily required contribution	<u>15,180,531</u>	<u>14,001,470</u>	<u>13,415,890</u>	<u>12,676,174</u>	<u>11,828,203</u>	<u>11,824,219</u>	<u>9,500,078</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 44,622,073	\$ 44,476,177	\$ 43,978,196	\$ 41,901,405	\$ 41,686,256	\$ 42,824,405	\$ 41,850,563
Contributions as a Percentage of Covered Payroll	34.02 %	31.48 %	30.51 %	30.25 %	28.37 %	27.61 %	22.70 %

Lake Orion Community Schools

Required Supplemental Information Schedule of Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Four Plan Years Plan Years Ended September 30			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.49998 %	0.50734 %	0.49793 %	0.50750 %
School District's proportionate share of the net OPEB liability	\$ 26,785,360	\$ 36,415,862	\$ 39,580,344	\$ 44,941,076
School District's covered payroll	\$ 44,168,567	\$ 44,231,684	\$ 42,321,611	\$ 41,585,316
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.64 %	82.33 %	93.52 %	108.07 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

Lake Orion Community Schools

**Required Supplemental Information
Schedule of OPEB Contributions
Michigan Public School Employees Retirement System**

	Last Four Fiscal Years Years Ended June 30			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 3,713,337	\$ 3,573,928	\$ 3,454,498	\$ 3,026,423
Contributions in relation to the statutorily required contribution	<u>3,713,337</u>	<u>3,573,928</u>	<u>3,454,498</u>	<u>3,026,423</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 44,622,073	\$ 44,476,177	\$ 43,978,196	\$ 41,901,405
Contributions as a Percentage of Covered Payroll	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2021

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

Lake Orion Community Schools

	Special Revenue Funds				Debt Service Funds		
	Food Service	Community Services	Pine Tree Center	Student Activities	2021 SBLF Refunding	2019 Debt	2019 Bond Refunding
Assets							
Cash and investments	\$ 524,243	\$ 513,840	\$ -	\$ 138,506	\$ -	\$ -	\$ -
Receivables:							
Property taxes receivable	-	-	-	-	-	110	14
Other receivables	22,103	170	-	-	-	-	-
Due from other governments	132,422	-	-	-	-	-	-
Due from other funds	49,972	-	62,201	2,300	-	6	201,047
Inventory	22,456	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	450	385	-	-	-
Restricted assets	-	-	-	752,267	94,556	56,231	-
Total assets	\$ 751,196	\$ 514,010	\$ 62,651	\$ 893,458	\$ 94,556	\$ 56,347	\$ 201,061
Liabilities							
Accounts payable	\$ 1,102	\$ 42,705	\$ 2,270	\$ 60,613	\$ 69,705	\$ -	\$ -
Due to other governmental units	1,347	1,929	17,487	-	-	730	14,606
Due to other funds	-	339,878	34,246	6	22,000	-	-
Accrued liabilities and other	47,531	74,801	226,598	284	-	-	-
Unearned revenue	108,125	-	-	-	-	-	-
Total liabilities	158,105	459,313	280,601	60,903	91,705	730	14,606
Fund Balances (Deficit)							
Nonspendable:							
Inventory	22,456	-	-	-	-	-	-
Prepays	-	-	450	385	-	-	-
Restricted:							
Debt service	-	-	-	-	2,851	55,617	186,455
Capital projects	-	-	-	-	-	-	-
Food service	570,635	-	-	-	-	-	-
Committed:							
Community service	-	54,697	-	-	-	-	-
Student activities	-	-	-	832,170	-	-	-
Assigned - Capital projects	-	-	-	-	-	-	-
Unassigned	-	-	(218,400)	-	-	-	-
Total fund balances (deficit)	593,091	54,697	(217,950)	832,555	2,851	55,617	186,455
Total liabilities and fund balances (deficit)	\$ 751,196	\$ 514,010	\$ 62,651	\$ 893,458	\$ 94,556	\$ 56,347	\$ 201,061

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

Debt Service Funds			Capital Project Funds		
2015 Debt	2015B Debt	2016 Debt	Operating Capital Projects	Sinking	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,176,589
55	367	250	-	205	1,001
-	-	-	-	-	22,273
-	-	-	-	-	132,422
3	-	13	87,536	-	403,078
-	-	-	-	-	22,456
-	-	-	-	14,712	15,547
19,758	181,089	123,260	-	1,594,081	2,821,242
\$ 19,816	\$ 181,456	\$ 123,523	\$ 87,536	\$ 1,608,998	\$ 4,594,608
\$ -	\$ -	\$ -	\$ 2,300	\$ 365,420	\$ 544,115
367	2,430	1,660	-	1,357	41,913
-	179,026	-	-	-	575,156
-	-	-	-	-	349,214
-	-	-	-	-	108,125
367	181,456	1,660	2,300	366,777	1,618,523
-	-	-	-	-	22,456
-	-	-	-	14,712	15,547
19,449	-	121,863	-	-	386,235
-	-	-	-	1,227,509	1,227,509
-	-	-	-	-	570,635
-	-	-	-	-	54,697
-	-	-	-	-	832,170
-	-	-	85,236	-	85,236
-	-	-	-	-	(218,400)
19,449	-	121,863	85,236	1,242,221	2,976,085
\$ 19,816	\$ 181,456	\$ 123,523	\$ 87,536	\$ 1,608,998	\$ 4,594,608

Lake Orion Community Schools

	Special Revenue Funds				Debt Service Funds	
	Food Service	Community Services	Pine Tree Center	Student Activities	2021 SBLF Refunding	2019 Debt
Revenue						
Local sources	\$ 143,604	\$ 814,397	\$ -	\$ 680,203	\$ -	\$ 2,239,067
State sources	156,655	114,691	679,229	954	-	-
Federal sources	1,593,996	115,700	-	-	-	-
Interdistrict sources	-	-	1,478,138	-	-	-
Total revenue	1,894,255	1,044,788	2,157,367	681,157	-	2,239,067
Expenditures						
Current:						
Instruction	-	413,253	988,719	3,297	-	-
Support services	-	-	915,510	747,954	-	17,527
Food services	1,561,824	-	-	-	-	-
Community services	-	1,306,071	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	3,116,657
Other debt costs	-	-	-	-	152,149	500
Capital outlay	8,317	-	-	-	-	-
Total expenditures	1,570,141	1,719,324	1,904,229	751,251	152,149	3,134,684
Excess of Revenue Over (Under) Expenditures	324,114	(674,536)	253,138	(70,094)	(152,149)	(895,617)
Other Financing Sources (Uses)						
Face value of debt issued	-	-	-	-	14,305,000	-
Proceeds from sale of capital assets	-	-	-	-	-	-
School Loan Revolving Fund proceeds	-	-	-	-	-	889,383
Transfers in	-	590,000	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	14,150,000	-
Transfers out	-	-	(209,545)	-	-	-
Total other financing sources (uses)	-	590,000	(209,545)	-	155,000	889,383
Net Change in Fund Balances	324,114	(84,536)	43,593	(70,094)	2,851	(6,234)
Fund Balances (Deficit) - Beginning of year	268,977	139,233	(261,543)	902,649	-	61,851
Fund Balances (Deficit) - End of year	\$ 593,091	\$ 54,697	\$ (217,950)	\$ 832,555	\$ 2,851	\$ 55,617

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2021

Debt Service Funds				Capital Project Funds		
2019 Bond Refunding	2015 Debt	2015B Debt	2016 Debt	Operating Capital Projects	Sinking	Total
\$ 282,758	\$ 1,128,530	\$ 7,445,570	\$ 5,089,333	\$ -	\$ 4,175,700	\$21,999,162
-	-	-	-	-	-	951,529
-	-	-	-	-	-	1,709,696
-	-	-	-	-	-	1,478,138
<u>282,758</u>	<u>1,128,530</u>	<u>7,445,570</u>	<u>5,089,333</u>	<u>-</u>	<u>4,175,700</u>	<u>26,138,525</u>
-	-	-	-	-	-	1,405,269
-	-	-	-	3,578	40,664	1,725,233
-	-	-	-	-	-	1,561,824
-	-	-	-	-	-	1,306,071
-	1,510,000	10,070,000	5,540,000	184,431	416,539	17,720,970
406,577	210,523	364,198	1,590,610	14,482	84,269	5,787,316
1,689	26,316	64,412	48,338	-	52,573	345,977
-	-	-	-	59,102	3,678,856	3,746,275
<u>408,266</u>	<u>1,746,839</u>	<u>10,498,610</u>	<u>7,178,948</u>	<u>261,593</u>	<u>4,272,901</u>	<u>33,598,935</u>
(125,508)	(618,309)	(3,053,040)	(2,089,615)	(261,593)	(97,201)	(7,460,410)
-	-	-	-	-	3,565,000	17,870,000
-	-	-	-	56,648	-	56,648
132,916	556,368	3,122,432	2,086,978	-	-	6,788,077
179,046	-	-	-	198,913	-	967,959
-	-	-	-	-	(3,576,562)	17,726,562
-	-	(179,046)	-	-	-	(388,591)
<u>311,962</u>	<u>556,368</u>	<u>2,943,386</u>	<u>2,086,978</u>	<u>255,561</u>	<u>(11,562)</u>	<u>7,567,531</u>
186,454	(61,941)	(109,654)	(2,637)	(6,032)	(108,763)	107,121
<u>1</u>	<u>81,390</u>	<u>109,654</u>	<u>124,500</u>	<u>91,268</u>	<u>1,350,984</u>	<u>2,868,964</u>
\$ 186,455	\$ 19,449	\$ -	\$ 121,863	\$ 85,236	\$ 1,242,221	\$ 2,976,085

Lake Orion Community Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

Years Ending June 30	Energy Bond 2013	2015 Refunding Bonds	2016 Refunding Bonds	2019 Series 1 Bonds	2019 Refunding Bonds	2021 SBLF Refunding Bonds	2021 Energy Bond Refunding Bonds	Total
	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
2022	\$ 250,000	\$ 1,160,000	\$ 5,525,000	\$ 2,470,000	\$ -	\$ 3,550,000	\$ 150,000	\$ 13,105,000
2023	260,000	1,120,000	5,755,000	2,575,000	-	3,575,000	645,000	13,930,000
2024	-	-	5,835,000	2,675,000	-	3,590,000	915,000	13,015,000
2025	-	-	5,915,000	2,800,000	-	3,590,000	925,000	13,230,000
2026	-	-	830,000	2,950,000	5,000,000	-	930,000	9,710,000
2027	-	-	835,000	3,100,000	5,200,000	-	-	9,135,000
2028	-	-	-	3,250,000	5,855,000	-	-	9,105,000
2029	-	-	-	3,425,000	-	-	-	3,425,000
2030	-	-	-	3,575,000	-	-	-	3,575,000
2031	-	-	-	3,775,000	-	-	-	3,775,000
2032	-	-	-	3,950,000	-	-	-	3,950,000
2033	-	-	-	4,150,000	-	-	-	4,150,000
2034	-	-	-	4,350,000	-	-	-	4,350,000
2035	-	-	-	4,575,000	-	-	-	4,575,000
2036	-	-	-	4,800,000	-	-	-	4,800,000
2037	-	-	-	5,025,000	-	-	-	5,025,000
2038	-	-	-	5,225,000	-	-	-	5,225,000
Total remaining payments	\$ 510,000	\$ 2,280,000	\$ 24,695,000	\$ 62,670,000	\$ 16,055,000	\$ 14,305,000	\$ 3,565,000	\$124,080,000
Interest rate	2.50% to 4.25%	5.00%	5.00%	4.00% to 5.00%	2.43% to 2.55%	0.20% to 0.85%	0.32% to 1.08%	
Original issue	\$ 5,280,000	\$ 26,165,000	\$ 38,505,000	\$ 62,670,000	\$ 16,055,000	\$ 14,305,000	\$ 3,565,000	

Principal payments for the bond issues are due on May 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.