
Lake Orion Community Schools

**Financial Report
with Supplementary Information
June 30, 2024**

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Independent Auditor's Report

To the Board of Education
Lake Orion Community Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024 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.

In our opinion, the accompanying 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, 2024 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Orion Community Schools' basic financial statements. The other supplementary 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. Such information 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. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Lake Orion Community Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024 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.

Plante & Moreau, PLLC

October 23, 2024

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, 2024. 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 2 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 Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary 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 (Asset)

Schedule of OPEB Contributions

Supplementary 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, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 48.8	\$ 51.5
Capital assets	241.5	235.8
Total assets	290.3	287.3
Deferred Outflows of Resources	56.7	70.7
Liabilities		
Current liabilities	19.6	20.4
Noncurrent liabilities	152.8	168.7
Net pension liability	161.6	189.0
Net OPEB liability	-	10.5
Total liabilities	334.0	388.6
Deferred Inflows of Resources	53.9	36.7
Net Position (Deficit)		
Net investment in capital assets	101.3	89.9
Restricted	4.3	0.8
Unrestricted	(146.5)	(158.0)
Total net position (deficit)	\$ (40.9)	\$ (67.3)

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 \$(40.9) million at June 30, 2024. Net investment in capital assets, totaling \$101.3 million, compares the original cost, less depreciation and amortization 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 (\$(146.5) million) was unrestricted.

The \$(146.5) 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 \$41.5 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, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 4.1	\$ 4.6
Operating grants	46.3	36.1
General revenue:		
Taxes	34.6	32.0
State aid not restricted to specific purposes	57.5	54.6
Other	4.6	4.4
Total revenue	147.1	131.7
Expenses		
Instruction	60.2	60.2
Support services	39.6	38.1
Athletics	1.5	1.4
Food services	3.2	2.3
Community services	2.0	1.9
Debt service	5.0	5.3
Depreciation and amortization expense (unallocated)	9.3	7.3
Total expenses	120.8	116.5
Change in Net Position	26.3	15.2
Net Position (Deficit) - Beginning of year	(67.3)	(82.5)
Net Position (Deficit) - End of year	\$ (41.0)	\$ (67.3)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$120.8 million. Certain activities were partially funded from those who benefited from the programs (\$4.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$46.3 million). We paid for the remaining public benefit portion of our governmental activities with \$34.6 million in taxes, \$57.5 million in state foundation allowance, and \$4.6 million in other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$26.3 million. The change is composed of the net position invested in capital assets (net of related debt) increasing by \$11.4 million, the net position of restricted assets increasing by \$3.4 million, and the unrestricted net position balance decreasing by \$11.5 million. Additionally, total assets increased by \$1.1 million, deferred outflows of resources decreased by \$14 million, total liabilities decreased by \$54.6 million, and deferred inflows of resources increased by \$15.4 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 \$23.2 million, which is a decrease of \$8.5 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance increased from \$8.9 million to \$9.5 million. The increase was primarily the result of a planned operating surplus.

The 2019 Series 2 Capital Projects Fund decreased fund balance by \$9.6 million. This decrease is primarily due to the ongoing cost of the School District's multiyear construction and renovation plan.

The School District collected \$4.9 million in voter-approved Sinking Fund millage. This millage is available to fund specific capital projects, as allowed by state law. The fund balance decreased by \$0.1 million.

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 2024. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

A budget is a fluid document. Therefore, as expected, there were revisions made to the 2023-2024 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 2023-2024 General Fund original budget. Budgeted revenue was increased by \$5.6 million, reflecting material increases in state categorical funding received by the School District during the fiscal year.

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

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had \$241.5 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, equipment, and lease assets. This amount represents a net increase (including additions, disposals, depreciation, and amortization) of approximately \$5.7 million from last year.

	Governmental Activities	
	2024	2023
Land	\$ 14,475,760	\$ 14,475,760
Construction in progress	17,762,819	52,867,127
Buildings and improvements	194,381,144	155,963,302
Furniture and equipment	13,173,243	10,392,212
Buses and other vehicles	907,040	1,290,681
Leased assets - Buses	792,982	794,237
Total capital assets - Net of accumulated depreciation	\$ 241,492,988	\$ 235,783,319

This year's net additions of \$50.0 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 \$128.3 million in bonds outstanding versus \$142.9 million in the previous year. Those bonds consisted of the following:

	2024	2023
General obligation bonds	\$ 128,255,000	\$ 142,900,000

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 5 percent of the State equalized 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 board members and administration consider many factors when setting the School District's 2024-2025 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 2024-2025 budget was adopted in June 2024 based on an estimate of students who will enroll in September 2024. 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 and the most recent results are 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 2024-2025, it is the intention of the School District to provide premium programming within a balanced operating budget.

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, 2024

Governmental Activities

Assets

Cash and investments (Note 4)	\$ 13,223,313
Receivables:	
Property taxes receivable	3,746
Accrued interest receivable	5,100
Leases receivable (Note 11)	3,658,242
Other receivables	199,951
Due from other governments	16,541,507
Inventory	30,792
Prepaid expenses and other assets	753,198
Restricted assets (Note 6)	11,498,506
Net OPEB asset (Note 13)	2,842,656
Capital assets - Net (Note 8)	241,492,988
Total assets	290,249,999

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 10)	675,704
Deferred pension costs (Note 13)	45,870,488
Deferred OPEB costs (Note 13)	10,172,901
Total deferred outflows of resources	56,719,093

Liabilities

Accounts payable	3,953,957
Due to other governmental units	1,823,774
Accrued liabilities and other	11,061,226
Unearned revenue (Note 7)	2,754,472
Noncurrent liabilities:	
Due within one year (Note 10)	22,443,351
Due in more than one year (Note 10)	130,341,129
Net pension liability (Note 13)	161,603,141
Total liabilities	333,981,050

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	9,900,645
Deferred pension cost reductions (Note 13)	17,410,964
Deferred OPEB cost reductions (Note 13)	22,908,827
Deferred leases (Note 11)	3,715,983
Total deferred inflows of resources	53,936,419

Net Position (Deficit)

Net investment in capital assets	101,338,481
Restricted - Capital projects:	
Capital projects	1,237,853
Debt service	197,351
Net OPEB asset	2,842,656
Unrestricted	(146,564,718)
Total net position (deficit)	\$ (40,948,377)

Lake Orion Community Schools

Statement of Activities

Year Ended June 30, 2024

	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 60,205,397	\$ 19,350	\$ 25,384,879	\$ (34,801,168)
Support services	39,594,033	85,799	18,176,183	(21,332,051)
Athletics	1,538,820	524,253	-	(1,014,567)
Food services	3,214,022	350,082	2,195,934	(668,006)
Community services	2,019,160	3,154,404	591,406	1,726,650
Interest	4,736,953	-	-	(4,736,953)
Other debt costs	269,676	-	-	(269,676)
Depreciation and amortization expense (unallocated)	9,253,133	-	-	(9,253,133)
Total primary government	\$ 120,831,194	\$ 4,133,888	\$ 46,348,402	(70,348,904)
General revenue:				
Taxes:				
Property taxes levied for general purposes				10,446,261
Property taxes levied for debt service				19,339,186
Property taxes levied for capital projects				4,849,122
State aid not restricted to specific purposes				57,526,011
Interest and investment income				1,859,951
Penalties, interest, and other taxes				73,875
Gain on disposal of capital assets				106,983
Other:				
Other				605,262
Student activities				1,929,048
Total general revenue				96,735,699
Change in Net Position				26,386,795
Net Position (Deficit) - Beginning of year				(67,335,172)
Net Position (Deficit) - End of year				\$ (40,948,377)

Lake Orion Community Schools

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	2019 Series 2 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 8,534,247	\$ -	\$ 4,689,066	\$ 13,223,313
Receivables:				
Property taxes receivable	2,344	-	1,402	3,746
Accrued interest receivable	-	5,100	-	5,100
Leases receivable (Note 11)	1,829,121	-	-	1,829,121
Other receivables	197,398	-	2,553	199,951
Due from other governments	16,496,334	-	45,173	16,541,507
Due from other funds (Note 9)	-	-	1,171,085	1,171,085
Inventory	-	-	30,792	30,792
Prepaid expenses	624,884	-	16,707	641,591
Restricted assets (Note 6)	-	10,648,602	849,904	11,498,506
Total assets	\$ 27,684,328	\$ 10,653,702	\$ 6,806,682	\$ 45,144,712
Liabilities				
Accounts payable	\$ 567,913	\$ 2,664,584	\$ 563,834	\$ 3,796,331
Due to other governmental units	1,793,601	-	30,173	1,823,774
Due to other funds (Note 9)	1,340,977	98,645	-	1,439,622
Accrued liabilities and other	9,977,105	-	291,671	10,268,776
Unearned revenue (Note 7)	2,656,979	-	97,493	2,754,472
Total liabilities	16,336,575	2,763,229	983,171	20,082,975
Deferred Inflows of Resources - Deferred leases (Note 11)	1,829,121	-	-	1,829,121
Total liabilities and deferred inflows of resources	18,165,696	2,763,229	983,171	21,912,096
Fund Balances				
Nonspendable:				
Inventory	-	-	30,792	30,792
Prepays	624,884	-	16,707	641,591
Restricted:				
Debt service	-	-	989,801	989,801
Capital projects	-	7,890,473	-	7,890,473
Food service	-	-	2,020,646	2,020,646
Committed:				
Community service	-	-	1,289,815	1,289,815
Student activities	-	-	1,199,373	1,199,373
Pine Tree Center	-	-	234,808	234,808
Assigned:				
Capital projects	-	-	56,281	56,281
Long-term obligations - Compensated absences	5,050,448	-	-	5,050,448
Unassigned	3,843,300	-	(14,712)	3,828,588
Total fund balances	9,518,632	7,890,473	5,823,511	23,232,616
Total liabilities, deferred inflows of resources, and fund balances	\$ 27,684,328	\$ 10,653,702	\$ 6,806,682	\$ 45,144,712

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 23,232,616
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	370,457,607
Accumulated depreciation and amortization	<u>(128,964,619)</u>
Net capital assets and lease assets used in governmental activities	241,492,988
Other noncurrent assets, such as lease receivables, do not represent current financial resources and are not reported in the funds	1,829,121
Deferred inflows and outflows related to bond refundings and leases are not reported in the funds	(1,211,158)
Bonds payable, direct borrowings, unamortized premium, and lease liabilities are not due and payable in the current period and are not reported in the funds	(147,381,089)
Accrued interest is not due and payable in the current period and is not reported in the funds	(792,450)
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	(5,050,448)
Net pension liability and related deferred inflows and outflows	(133,143,617)
Net OPEB liability and related deferred inflows and outflows	(9,893,270)
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	(9,900,645)
Other long-term liabilities, such as arbitrage liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(217,943)
Internal service funds are included as part of governmental activities	<u>87,518</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (40,948,377)</u></u>

Lake Orion Community Schools

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	2019 Series 2 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 12,115,526	\$ 750,772	\$ 30,428,036	\$ 43,294,334
State sources	81,755,281	-	3,715,169	85,470,450
Federal sources	4,457,415	-	1,596,530	6,053,945
Interdistrict sources	7,186,521	-	1,684,473	8,870,994
Total revenue	105,514,743	750,772	37,424,208	143,689,723
Expenditures				
Current:				
Instruction	63,964,752	-	2,698,778	66,663,530
Support services	39,069,245	-	3,101,086	42,170,331
Athletics	1,636,466	-	-	1,636,466
Food services	-	-	3,414,050	3,414,050
Community services	194,012	-	2,006,905	2,200,917
Debt service:				
Principal	581,245	-	14,919,845	15,501,090
Interest	57,681	-	5,978,059	6,035,740
Other debt costs	-	-	51,733	51,733
Capital outlay	767,571	10,309,894	4,218,225	15,295,690
Total expenditures	106,270,972	10,309,894	36,388,681	152,969,547
Excess of Revenue (Under) Over Expenditures	(756,229)	(9,559,122)	1,035,527	(9,279,824)
Other Financing Sources (Uses)				
Leases entered into	593,795	-	-	593,795
Proceeds from sale of capital assets	104,430	-	2,553	106,983
School Loan Revolving Fund proceeds	-	-	116,201	116,201
Transfers in (Note 9)	775,586	-	144,885	920,471
Transfers out (Note 9)	(144,885)	-	(775,586)	(920,471)
Total other financing sources (uses)	1,328,926	-	(511,947)	816,979
Net Change in Fund Balances	572,697	(9,559,122)	523,580	(8,462,845)
Fund Balances - Beginning of year	8,945,935	17,449,595	5,299,931	31,695,461
Fund Balances - End of year	<u>\$ 9,518,632</u>	<u>\$ 7,890,473</u>	<u>\$ 5,823,511</u>	<u>\$ 23,232,616</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, 2024

Net Change in Fund Balances Reported in Governmental Funds \$ (8,462,845)

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 or amortization:

Capitalized capital outlay	14,962,802
Depreciation and amortization expense	(9,253,133)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(57,741)
--	----------

Revenue in support of pension contributions made subsequent to the measurement date	3,479,024
---	-----------

Issuing debt net of premiums and discounts and entering into new leases, provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(709,996)
--	-----------

Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	16,721,770
--	------------

Interest expense is recognized in the government-wide statements as it accrues	78,107
--	--------

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	9,885,816
--	-----------

Claims and similar costs, such as arbitrage liability, that do not use current financial resources are not reported as expenditures in the governmental funds	(217,943)
---	-----------

Internal service funds are included as part of governmental activities	(39,066)
--	----------

Change in Net Position of Governmental Activities \$ 26,386,795

Lake Orion Community Schools

Proprietary Fund - Internal Service Fund Statement of Net Position

June 30, 2024

Governmental
Activities
Internal Service
Fund

Assets

Current assets:

Due from other funds (Note 9)

\$ 268,537

Prepaid expenses and other assets

111,607

Total assets

380,144

Liabilities

Current liabilities:

Accounts payable

157,626

Self-insurance claims - Dental incurred but not reported (Note 12)

135,000

Total liabilities

292,626

Net Position - Unrestricted

\$ 87,518

Lake Orion Community Schools

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

Year Ended June 30, 2024

	Governmental Activities Internal Service Fund
Operating Revenue - Charges for services	\$ 852,250
Operating Expenses - Cost of claims	891,316
Change in Net Position - Operating loss	(39,066)
Net Position - Beginning of year	126,584
Net Position - End of year	\$ 87,518

Lake Orion Community Schools

Proprietary Fund - Internal Service Fund Statement of Cash Flows

Year Ended June 30, 2024

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Receipts from interfund services and reimbursements	\$ 896,965
Claims paid	(896,965)
Net Change in Cash and Cash Equivalents - Net cash and cash equivalents from operating activities	-
Cash and Cash Equivalents - Beginning of year	-
Cash and Cash Equivalents - End of year	\$ -
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (39,066)
Adjustments to reconcile operating loss to net cash from operating activities - Changes in assets and liabilities:	
Due from General Fund	37,233
Prepaid and other assets	7,482
Accounts payable	(5,649)
Net cash and cash equivalents from operating activities	\$ -

June 30, 2024

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.

June 30, 2024**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 projects 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 2 Capital Projects Fund* - The 2019 Series 2 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 2 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. Capital projects funds also include the Sinking Fund, which records capital projects activities funded with sinking fund millage.
- *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.

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 bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- 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 held in the Sinking Fund required to be set aside for construction or allowable 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 also include lease assets, the accounting for which is further defined in the *Leases* paragraph below. 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 or amortized using the straight-line method over the following useful lives:

	Depreciable/Amortizable Life - Years
Buildings and improvements	20-40
Furniture and other equipment	5-20
Buses and other vehicles	5-10
Lease assets - Buses	2

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 life of the bond 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.

Leases

The School District is a lessee for noncancelable leases of buses. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Note 2 - Significant Accounting Policies (Continued)

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The School District is a lessor for a noncancelable lease for a cell tower to a third party. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements and fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School District determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The School District uses the actual rate charged to lessees as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

June 30, 2024**Note 2 - Significant Accounting Policies (Continued)**

The School District reports deferred inflows related to leases, 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 amortization 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.

June 30, 2024**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. 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 liability and net OPEB asset, 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, 2024**Note 2 - Significant Accounting Policies (Continued)****Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to other governmental funds of the School District. Operating expenses for these funds include the cost of claims for self-insured benefits, sales. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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 Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 23, 2024, which is the date the financial statements were available to be issued.

June 30, 2024**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 and 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 supplementary 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. In addition, the School District budgets and reports principal and interest on leased assets within the related function in the budgetary comparison schedule. Principal and interest are presented separately on the statement of revenue, expenditures, and changes in fund balances.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District did not have significant expenditure budget variances in the General Fund.

Capital Projects Fund Compliance

The 2019 Series 2 Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the School District has complied with the applicable provisions of §1351a of the State of Michigan's Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

The School District's Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, 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 no 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.

Note 4 - Deposits and Investments (Continued)

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 \$5,400,185 (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.

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, 2024, the School District does not have investments with custodial credit risk.

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.

Investment	Value	Average Maturity (Years)
U.S. Treasury notes	\$ 6,700,251	0.08 - 0.59

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 are as follows:

Investment	Value	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management Class*	\$ 222,748	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class*	12,382,975	AAAm	S&P
U.S. Treasury notes	6,700,251	AA+	S&P

*Investment value reported at amortized costs

Note 4 - Deposits and Investments (Continued)

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, 2024, 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
U.S. Treasury notes	\$ 6,700,251	100%

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.

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.

The fair value of U.S. Treasury securities at June 30, 2024 was determined primarily based on Level 2 inputs. The School District 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.

June 30, 2024

Note 6 - Restricted Assets

At June 30, 2024, restricted assets are composed of the following:

Description	Governmental Activities
Unspent property taxes levied in the Sinking Fund	\$ 24,490
Unspent property taxes levied in the debt service funds	825,414
Capital projects funds	10,648,602
Total	<u>\$ 11,498,506</u>

Note 7 - Unearned Revenue

Governmental funds report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2024, the various components of unearned revenue were as follows:

	Liability - Unearned
Food service prepaid revenue	\$ 97,493
Grant and categorical aid payment received prior to meeting all eligibility requirements	2,656,979
Total	<u>\$ 2,754,472</u>

June 30, 2024

Note 8 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated or amortized:					
Land	\$ 14,475,760	\$ -	\$ -	\$ -	\$ 14,475,760
Construction in progress	52,867,127	(41,257,568)	6,153,260	-	17,762,819
Subtotal	67,342,887	(41,257,568)	6,153,260	-	32,238,579
Capital assets being depreciated or amortized:					
Buildings and improvements	260,797,528	41,257,568	3,796,595	-	305,851,691
Furniture and equipment	23,431,833	-	4,419,152	-	27,850,985
Buses and other vehicles	2,906,072	-	-	(337,630)	2,568,442
Lease assets - Buses	1,354,115	-	593,795	-	1,947,910
Subtotal	288,489,548	41,257,568	8,809,542	(337,630)	338,219,028
Accumulated depreciation and amortization:					
Buildings and improvements	104,834,226	-	6,636,321	-	111,470,547
Furniture and equipment	13,039,621	-	1,638,121	-	14,677,742
Buses and other vehicles	1,615,391	-	383,641	(337,630)	1,661,402
Accumulated amortization - Lease assets - Buses	559,878	-	595,050	-	1,154,928
Subtotal	120,049,116	-	9,253,133	(337,630)	128,964,619
Net capital assets being depreciated or amortized	168,440,432	41,257,568	(443,591)	-	209,254,409
Net governmental activities capital assets	\$ 235,783,319	\$ -	\$ 5,709,669	\$ -	\$ 241,492,988

Depreciation and amortization expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is not practical.

Construction Commitments

The School District has active construction projects at year end. The outstanding commitments as of June 30, 2024 were \$9,134,813, and the amount spent to date is \$46,713,540 for the 2019 Series 2 Capital Projects Fund. The outstanding commitments as of June 30, 2024 were \$900,616, and the amount spent to date is \$76,402,844 for the 2019 Series 1 Capital Projects Fund.

June 30, 2024

Note 9 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	General Fund	2019 Series 2 Capital Projects Fund	Total
Nonmajor governmental funds	\$ 1,072,440	\$ 98,645	\$ 1,171,085
Internal Service Fund	268,537	-	268,537
Total	<u>\$ 1,340,977</u>	<u>\$ 98,645</u>	<u>\$ 1,439,622</u>

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 \$200,586 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 \$144,885 to the Operating Capital Projects Fund to provide resources for projects. The Food Service Fund transferred \$200,000 and the Community Services Fund transferred \$375,000 to the General Fund for indirect cost recovery.

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 144,885
Nonmajor governmental funds	General Fund	<u>775,586</u>
	Total	<u>\$ 920,471</u>

June 30, 2024

Note 10 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 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	\$ 98,306	\$ -	\$ (98,306)	\$ -	\$ -
Equipment financing obligation	205,963	-	(176,539)	29,424	29,424
School Loan Revolving Fund	2,625,962	116,201	-	2,742,163	-
Total direct borrowings and direct placements principal outstanding	2,930,231	116,201	(274,845)	2,771,587	29,424
Other debt - General obligation bonds payable	142,900,000	-	(14,645,000)	128,255,000	15,130,000
Unamortized bond premiums	17,023,713	-	(1,489,793)	15,533,920	1,489,793
Total bonds and notes payable	162,853,944	116,201	(16,409,638)	146,560,507	16,649,217
Leases (Note 11)	808,032	593,795	(581,245)	820,582	608,686
Compensated absences	4,950,483	947,683	(847,718)	5,050,448	5,050,448
Self-insurance	135,000	-	-	135,000	135,000
Arbitrage liability	-	217,943	-	217,943	-
Total governmental activities long-term debt	<u>\$ 168,747,459</u>	<u>\$ 1,875,622</u>	<u>\$ (17,838,601)</u>	<u>\$ 152,784,480</u>	<u>\$ 22,443,351</u>

The School District had deferred outflows of \$675,704 related to deferred charges on bond refundings at June 30, 2024.

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, 2024 are as follows:

Bonds	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$38,505,000 - Qualified 2016 refunding bonds	\$830,000 - \$5,915,000	5.00%	2027	\$ 7,580,000
\$62,670,000 - Qualified 2019 Series 1 bonds	\$2,800,000 - \$5,225,000	5.00%	2038	54,950,000
\$16,055,000 - Qualified 2019 refunding bonds	\$5,000,000 - \$5,855,000	2.43% to 2.56%	2028	16,055,000
\$14,305,000 - Qualified 2021 SBLF refunding bonds	\$3,590,000	0.85%	2025	3,590,000
\$3,565,000 - Qualified 2021 Energy Bond refunding bonds	\$925,000 - \$930,000	0.60% - 1.08%	2026	1,855,000
\$45,855,000 - Qualified 2019 Series 2 bonds	\$1,900,000 - \$3,100,000	4.00%	2040	44,225,000
Total bonded debt				<u>\$ 128,255,000</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 agreement (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 agreement will be repaid in equal semiannual installment payments of principal and interest over a 10-year period by the Operating Capital Projects Fund and the IPA matured 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.

June 30, 2024

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	
2025	\$ 29,424	\$ 1,150	\$ 15,130,000	\$ 4,967,403	\$ 20,127,977
2026	-	-	12,235,000	4,795,349	17,030,349
2027	-	-	11,660,000	4,373,605	16,033,605
2028	-	-	11,680,000	3,945,595	15,625,595
2029	-	-	6,050,000	3,530,500	9,580,500
2030-2034	-	-	33,675,000	13,297,500	46,972,500
2035-2039	-	-	34,725,000	4,957,500	39,682,500
2040	-	-	3,100,000	124,000	3,224,000
Total	\$ 29,424	\$ 1,150	\$ 128,255,000	\$ 39,991,452	\$ 168,277,026

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, 2024 was within 4.11 to 4.56 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. The outstanding principal and interest balance at June 30, 2024 is \$2,742,163.

Significant Terms

Direct Borrowings and Direct Placements

The outstanding debt related to the LED lighting agreement in the amount of \$29,424 at June 30, 2024 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 - Leases

The School District leases buses from a third party. Payments on the leases are fixed annually.

Lease asset activity of the School District is included in Note 8.

June 30, 2024

Note 11 - Leases (Continued)

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2024 are as follows:

Years Ending	Principal	Interest	Total
2025	\$ 608,686	\$ 30,240	\$ 638,926
2026	211,896	8,120	220,016
Total	<u>\$ 820,582</u>	<u>\$ 38,360</u>	<u>\$ 858,942</u>

The School District leases a cell tower to a third party. Payments on the lease are fixed monthly.

Future principal and interest payment requirements related to the School District's lease receivable at June 30, 2024 are as follows:

Years Ending	Principal	Interest	Total
2025	\$ -	\$ 64,356	\$ 64,356
2026	-	65,092	65,092
2027	-	65,808	65,808
2028	-	66,502	66,502
2029	-	67,172	67,172
2030-2034	-	344,866	344,866
2035-2039	-	356,385	356,385
2040-2044	-	361,451	361,451
2045-2049	-	357,445	357,445
2050-2054	-	341,049	341,049
2055-2059	204,498	308,052	512,550
2060-2064	389,733	253,140	642,873
2065-2069	575,584	169,638	745,222
2070-2074	659,306	51,228	710,534
Total	<u>\$ 1,829,121</u>	<u>\$ 2,872,184</u>	<u>\$ 4,701,305</u>

Note 12 - 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.

The School District estimates the liability for 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 dental estimates in the Internal Service Fund.

June 30, 2024

Note 12 - Risk Management (Continued)

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

	Dental	
	2024	2023
Estimated liability - Beginning of year	\$ 135,000	\$ 130,000
Estimated claims incurred, including changes in estimates	812,791	769,157
Claim payments	(812,791)	(764,157)
Estimated liability - End of year	<u>\$ 135,000</u>	<u>\$ 135,000</u>

Note 13 - 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 supplementary 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 by 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.

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.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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 supplementary payment in those years when investment earnings exceed actuarial assumptions.

MPERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPERS, 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 MPERS 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 participants 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, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

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, 2024 were \$22,072,987, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the School District's required and actual pension contributions include an allocation of \$9,900,645 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate.

June 30, 2024

Note 13 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$4,650,024, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2024, the School District reported a liability of \$161,603,141 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. 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, 2023 and 2022, the School District's proportion was 0.49 percent and 0.50 percent, respectively, representing a change of (0.63) percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of \$(2,842,656) for its proportionate share of the net OPEB liability (asset). The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The School District's proportion of the net OPEB asset 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, 2023 and 2022, the School District's proportion was 0.50 and 0.49 percent, respectively, representing a change of 1.62 percent.

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

For 2024, the School District recognized pension expense of \$19,813,358, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, 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	\$ 5,101,318	\$ (247,550)
Changes in assumptions	21,897,961	(12,625,867)
Net difference between projected and actual earnings on pension plan investments	-	(3,306,923)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	20,444	(1,230,624)
The School District's contributions to the plan subsequent to the measurement date	18,850,765	-
Total	<u>\$ 45,870,488</u>	<u>\$ (17,410,964)</u>

June 30, 2024

Note 13 - Michigan Public School Employees' Retirement System (Continued)

The \$9,900,645 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, 2025. 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
2025	\$ 3,126,398
2026	2,149,415
2027	6,787,662
2028	(2,454,716)
Total	<u>\$ 9,608,759</u>

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, 2024, the School District recognized OPEB recovery of \$5,042,724.

At June 30, 2024, 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	\$ -	\$ (21,480,568)
Changes in assumptions	6,328,248	(762,041)
Net difference between projected and actual earnings on OPEB plan investments	8,667	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	582,359	(666,218)
Employer contributions to the plan subsequent to the measurement date	3,253,627	-
Total	<u>\$ 10,172,901</u>	<u>\$ (22,908,827)</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 asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2025	\$ (5,214,031)
2026	(4,962,544)
2027	(1,887,329)
2028	(1,854,637)
2029	(1,378,043)
Thereafter	(692,969)
Total	<u>\$ (15,989,553)</u>

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 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%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	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	6.25% - 7.50%	Year 1, graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		PubT-2010 Male and Female Employee Mortality tables, scaled 100% (retirees: 116% for males and 116% for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
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 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Significant assumption changes since the prior measurement date, September 30, 2022, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 1.0 percentage point for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Discount Rate

The discount rate used to measure the total pension and OPEB liabilities was 6.00 percent as of September 30, 2023. 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.

June 30, 2024

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Real return/opportunistic pools	10.00	7.30
Short-term investment pools	2.00	0.30
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.7 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%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 218,325,370	\$ 161,603,141	\$ 114,379,834

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

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability (asset) 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%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset) of the School District	\$ 2,946,981	\$ (2,842,656)	\$ (7,818,280)

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB (asset) 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	Current Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the School District	\$ (7,830,686)	\$ (2,842,656)	\$ 2,556,028

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, 2024, the School District reported a payable of \$3,673,881 and \$680,784 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 14 - 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, 2024, the School District's property tax revenue was reduced by approximately \$633,000 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 \$421,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

Note 15 - Subsequent Events

On October 22, 2024, the School District completed the sale of \$3,500,000 of limited tax bond financing, the proceeds of which will be used for the purchase of the Orion Center Building and space renovations. The purchase of the building is expected to close in November, 2024.

Required Supplementary Information

Lake Orion Community Schools

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 11,701,703	\$ 12,049,184	\$ 12,115,526	\$ 66,342
State sources	77,107,768	81,793,959	81,755,281	(38,678)
Federal sources	4,897,111	5,063,712	4,457,415	(606,297)
Interdistrict sources	7,344,942	7,755,992	7,186,521	(569,471)
Total revenue	101,051,524	106,662,847	105,514,743	(1,148,104)
Expenditures				
Current:				
Instruction:				
Basic programs	48,288,562	49,482,903	48,838,224	(644,679)
Added needs	14,998,016	15,362,220	15,198,103	(164,117)
Support services:				
Pupil	9,004,056	9,340,979	9,176,529	(164,450)
Instructional staff	4,128,211	4,545,036	4,478,600	(66,436)
General administration	1,614,321	1,788,831	1,841,729	52,898
School administration	5,141,040	5,157,810	5,134,633	(23,177)
Business	1,425,123	1,433,240	1,439,858	6,618
Operations and maintenance	6,374,665	7,359,302	7,626,982	267,680
Pupil transportation services	4,907,009	6,464,642	6,429,672	(34,970)
Central	3,650,437	4,254,262	4,276,164	21,902
Athletics	1,431,318	1,633,423	1,636,466	3,043
Community services	194,345	190,736	194,012	3,276
Total expenditures	101,157,103	107,013,384	106,270,972	(742,412)
Excess of Expenditures Over Revenue	(105,579)	(350,537)	(756,229)	(405,692)
Other Financing Sources (Uses)				
Leases entered into	-	-	593,795	593,795
Proceeds from sale of capital assets	-	-	104,430	104,430
Transfers in	706,516	813,560	775,586	(37,974)
Transfers out	(99,456)	(144,885)	(144,885)	-
Total other financing sources	607,060	668,675	1,328,926	660,251
Net Change in Fund Balance	501,481	318,138	572,697	254,559
Fund Balance - Beginning of year	8,945,935	8,945,935	8,945,935	-
Fund Balance - End of year	<u>\$ 9,447,416</u>	<u>\$ 9,264,073</u>	<u>\$ 9,518,632</u>	<u>\$ 254,559</u>

Lake Orion Community Schools

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

	Last Ten Plan Years Plan Years Ended September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.49930 %	0.50245 %	0.50356 %	0.50465 %	0.50424 %	0.50029 %	0.50685 %	0.51800 %	0.49925 %	0.49210 %
School District's proportionate share of the net pension liability	\$ 161,603,141	\$ 188,963,393	\$ 119,220,236	\$ 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	\$ 50,069,075	\$ 47,803,222	\$ 45,284,087	\$ 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	322.76 %	395.29 %	263.27 %	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	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Lake Orion Community Schools

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

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 21,468,572	\$ 23,625,351	\$ 17,254,457	\$ 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	21,468,572	23,625,351	17,254,457	15,180,531	14,001,470	13,415,890	12,676,174	11,828,203	11,824,219	9,500,078
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 52,440,850	\$ 51,324,134	\$ 47,100,387	\$ 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	40.94 %	46.03 %	36.63 %	34.02 %	31.48 %	30.51 %	30.25 %	28.37 %	27.61 %	22.70 %

Lake Orion Community Schools

Required Supplementary Information Schedule of Proportionate Share of the Net OPEB Liability (Asset) Michigan Public School Employees' Retirement System

	Last Seven Plan Years						
	Plan Years Ended September 30						
	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.50250 %	0.49451 %	0.50414 %	0.49998 %	0.50734 %	0.49793 %	0.50750 %
School District's proportionate share of the net OPEB (asset) liability	\$ (2,842,656) \$	10,474,015 \$	7,695,045 \$	26,785,360 \$	36,415,862 \$	39,580,344 \$	44,941,076
School District's covered payroll	\$ 50,069,075 \$	47,803,222 \$	45,284,087 \$	44,168,567 \$	44,231,684 \$	42,321,611 \$	41,585,316
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.68)%	21.91 %	16.99 %	60.64 %	82.33 %	93.52 %	108.07 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Lake Orion Community Schools

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

Last Seven Fiscal Years Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 4,308,239	\$ 4,131,182	\$ 3,838,305	\$ 3,713,337	\$ 3,573,928	\$ 3,454,498	\$ 3,026,423
Contributions in relation to the statutorily required contribution	4,308,239	4,131,182	3,838,305	3,713,337	3,573,928	3,454,498	3,026,423
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 52,440,850	\$ 51,324,134	\$ 47,100,387	\$ 44,622,073	\$ 44,476,177	\$ 43,978,196	\$ 41,901,405
Contributions as a Percentage of Covered Payroll	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2024

Pension Information

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:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 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:

- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 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.

Lake Orion Community Schools

Notes to Required Supplementary Information (Continued)

June 30, 2024

- 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.

Supplementary Information

Lake Orion Community Schools

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds				Debt Service Funds					Capital Projects Funds		
	Food Service	Community Services	Pine Tree Center	Student Activities	2021 SBLF Refunding	2019 Debt	2019 Bond Refunding	2016 Debt	2022 Debt	Operating Capital Projects	Sinking	Total
Assets												
Cash and investments	\$ 1,998,516	\$ 1,277,583	\$ -	\$ 1,270,529	\$ -	\$ -	\$ -	\$ -	\$ 142,438	\$ -	\$ -	\$ 4,689,066
Receivables:												
Property taxes receivable	-	-	-	-	212	328	24	357	205	-	276	1,402
Other receivables	2,553	-	-	-	-	-	-	-	-	-	-	2,553
Due from other governments	44,928	-	-	245	-	-	-	-	-	-	-	45,173
Due from other funds	309,268	116,849	434,072	9,978	2,014	6,460	445	7,881	4,023	56,281	223,814	1,171,085
Inventory	30,792	-	-	-	-	-	-	-	-	-	-	30,792
Prepaid expenses and other assets	-	-	-	1,995	-	-	-	-	-	-	14,712	16,707
Restricted assets	-	-	-	-	234,468	404,007	29,100	82,712	75,127	-	24,490	849,904
Total assets	\$ 2,386,057	\$ 1,394,432	\$ 434,072	\$ 1,282,747	\$ 236,694	\$ 410,795	\$ 29,569	\$ 90,950	\$ 221,793	\$ 56,281	\$ 263,292	\$ 6,806,682
Liabilities												
Accounts payable	\$ 177,136	\$ 40,886	\$ 1,141	\$ 81,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,292	\$ 563,834
Due to other governmental units	5,788	5,132	19,253	-	-	-	-	-	-	-	-	30,173
Accrued liabilities and other	54,202	58,599	178,870	-	-	-	-	-	-	-	-	291,671
Unearned revenue	97,493	-	-	-	-	-	-	-	-	-	-	97,493
Total liabilities	334,619	104,617	199,264	81,379	-	-	-	-	-	-	263,292	983,171
Fund Balances (Deficit)												
Nonspendable:												
Inventory	30,792	-	-	-	-	-	-	-	-	-	-	30,792
Prepays	-	-	-	1,995	-	-	-	-	-	-	14,712	16,707
Restricted:												
Debt service	-	-	-	-	236,694	410,795	29,569	90,950	221,793	-	-	989,801
Food service	2,020,646	-	-	-	-	-	-	-	-	-	-	2,020,646
Committed:												
Community service	-	1,289,815	-	-	-	-	-	-	-	-	-	1,289,815
Student activities	-	-	-	1,199,373	-	-	-	-	-	-	-	1,199,373
Pine Tree Center	-	-	234,808	-	-	-	-	-	-	-	-	234,808
Assigned - Capital projects	-	-	-	-	-	-	-	-	-	56,281	-	56,281
Unassigned	-	-	-	-	-	-	-	-	-	-	(14,712)	(14,712)
Total fund balances	2,051,438	1,289,815	234,808	1,201,368	236,694	410,795	29,569	90,950	221,793	56,281	-	5,823,511
Total liabilities and fund balances	\$ 2,386,057	\$ 1,394,432	\$ 434,072	\$ 1,282,747	\$ 236,694	\$ 410,795	\$ 29,569	\$ 90,950	\$ 221,793	\$ 56,281	\$ 263,292	\$ 6,806,682

Lake Orion Community Schools

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

Year Ended June 30, 2024

	Special Revenue Funds				Debt Service Funds					Capital Projects Funds		
	Food Service	Community Services	Pine Tree Center	Student Activities	2021 SBLF Refunding	2019 Debt	2019 Bond Refunding	2016 Debt	2022 Debt	Operating Capital Projects	Sinking	Total
Revenue												
Local sources	\$ 416,957	\$ 3,220,648	\$ -	\$ 1,920,791	\$ 3,755,654	\$ 5,811,834	\$ 418,967	\$ 6,312,815	\$ 3,619,538	\$ 51,700	\$ 4,899,132	\$ 30,428,036
State sources	2,268,692	276,848	1,165,326	4,303	-	-	-	-	-	-	-	3,715,169
Federal sources	1,596,530	-	-	-	-	-	-	-	-	-	-	1,596,530
Interdistrict sources	4,477	-	1,679,996	-	-	-	-	-	-	-	-	1,684,473
Total revenue	4,286,656	3,497,496	2,845,322	1,925,094	3,755,654	5,811,834	418,967	6,312,815	3,619,538	51,700	4,899,132	37,424,208
Expenditures												
Current:												
Instruction	-	1,477,302	1,210,561	10,915	-	-	-	-	-	-	-	2,698,778
Support services	-	19,565	1,183,294	1,839,096	185	-	-	-	8,016	50,930	-	3,101,086
Food services	3,414,050	-	-	-	-	-	-	-	-	-	-	3,414,050
Community services	-	2,006,905	-	-	-	-	-	-	-	-	-	2,006,905
Debt service:												
Principal	-	-	-	-	3,590,000	2,675,000	-	5,835,000	1,630,000	98,306	1,091,539	14,919,845
Interest	-	-	-	-	70,391	2,915,123	403,984	707,597	1,855,326	1,150	24,488	5,978,059
Other debt costs	-	-	-	-	8,774	13,638	1,735	15,132	499	-	11,955	51,733
Capital outlay	296,598	5,413	-	-	-	-	-	-	-	-	3,916,214	4,218,225
Total expenditures	3,710,648	3,509,185	2,393,855	1,850,011	3,669,350	5,603,761	405,719	6,557,729	3,493,841	150,386	5,044,196	36,388,681
Excess of Revenue Over (Under) Expenditures	576,008	(11,689)	451,467	75,083	86,304	208,073	13,248	(244,914)	125,697	(98,686)	(145,064)	1,035,527
Other Financing Sources (Uses)												
Proceeds from sale of capital assets	2,553	-	-	-	-	-	-	-	-	-	-	2,553
School Loan Revolving Fund proceeds	-	-	-	-	21,926	33,873	2,429	36,847	21,126	-	-	116,201
Transfers in	-	-	-	-	-	-	-	-	-	144,885	-	144,885
Transfers out	(200,000)	(375,000)	(200,586)	-	-	-	-	-	-	-	-	(775,586)
Total other financing (uses) sources	(197,447)	(375,000)	(200,586)	-	21,926	33,873	2,429	36,847	21,126	144,885	-	(511,947)
Net Change in Fund Balances	378,561	(386,689)	250,881	75,083	108,230	241,946	15,677	(208,067)	146,823	46,199	(145,064)	523,580
Fund Balances (Deficit) - Beginning of year	1,672,877	1,676,504	(16,073)	1,126,285	128,464	168,849	13,892	299,017	74,970	10,082	145,064	5,299,931
Fund Balances - End of year	\$ 2,051,438	\$ 1,289,815	\$ 234,808	\$ 1,201,368	\$ 236,694	\$ 410,795	\$ 29,569	\$ 90,950	\$ 221,793	\$ 56,281	\$ -	\$ 5,823,511

Lake Orion Community Schools

Supplementary Information Schedule of Bonded Indebtedness

June 30, 2024

Years Ending June 30	2016 Refunding Bonds Principal	2019 Series 1 Bonds Principal	2019 Refunding Bonds Principal	2021 SBLF Refunding Bonds Principal	2021 Energy Bond Refunding Bonds Principal	2019 Series 2 Bonds Principal	Total
2025	\$ 5,915,000	\$ 2,800,000	\$ -	\$ 3,590,000	\$ 925,000	\$ 1,900,000	\$ 15,130,000
2026	830,000	2,950,000	5,000,000	-	930,000	2,525,000	12,235,000
2027	835,000	3,100,000	5,200,000	-	-	2,525,000	11,660,000
2028	-	3,250,000	5,855,000	-	-	2,575,000	11,680,000
2029	-	3,425,000	-	-	-	2,625,000	6,050,000
2030	-	3,575,000	-	-	-	2,675,000	6,250,000
2031	-	3,775,000	-	-	-	2,725,000	6,500,000
2032	-	3,950,000	-	-	-	2,775,000	6,725,000
2033	-	4,150,000	-	-	-	2,825,000	6,975,000
2034	-	4,350,000	-	-	-	2,875,000	7,225,000
2035	-	4,575,000	-	-	-	2,925,000	7,500,000
2036	-	4,800,000	-	-	-	2,975,000	7,775,000
2037	-	5,025,000	-	-	-	3,025,000	8,050,000
2038	-	5,225,000	-	-	-	3,075,000	8,300,000
2039	-	-	-	-	-	3,100,000	3,100,000
2040	-	-	-	-	-	3,100,000	3,100,000
Total remaining payments	<u>\$ 7,580,000</u>	<u>\$ 54,950,000</u>	<u>\$ 16,055,000</u>	<u>\$ 3,590,000</u>	<u>\$ 1,855,000</u>	<u>\$ 44,225,000</u>	<u>\$ 128,255,000</u>
Interest rate	5.00%	5.00%	2.43% to 2.56%	0.85%	0.60% to 1.08%	4.00%	
Original issue	<u>\$ 38,505,000</u>	<u>\$ 62,670,000</u>	<u>\$ 16,055,000</u>	<u>\$ 14,305,000</u>	<u>\$ 3,565,000</u>	<u>\$ 45,855,000</u>	

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.