

IMPACT OF DISINCORPORATION

Village of Lake Orion, Michigan

FINAL REPORT

Financial, Service, Governmental and Community Analysis

August 2026

Primary source period: FY 2025 audited financial statements, FY 2026-27 budget, 2026 working tax model, current project-status information and supporting analyses.

Document Status and Scope

This document is the final consolidated Lake Orion Impact of Disincorporation study based on information available through August 2026. It brings together the financial, service, infrastructure, debt, utility, downtown, asset and community analyses developed for the project into one coordinated report package. The Executive Report states the principal findings. The supporting reports that follow provide the detail behind those findings.

The study is directed to the practical consequences of disincorporation: what government would change, what services would remain, what residents would pay, what obligations would continue, and what advantages and disadvantages would follow. Litigation, ballot-access disputes, court filings, case-law binders and other election-related legal materials are outside the scope of this report and are maintained separately.

The document distinguishes among established financial records, current service arrangements, working legal positions and financial models. The FY 2025 audited financial statements and FY 2026-27 budget provide the principal financial base. The tax analysis uses the current project millage figures adopted for the Tax Impact Report. If later certified tax data supersede those figures, the calculations should be updated accordingly.

This is a public-policy and financial analysis, not a bond counsel opinion. Where a conclusion depends on the treatment of debt, tax increment financing, restricted funds, employee obligations or the mechanics of transferring a particular service, that dependency is identified in the relevant supporting report rather than repeated throughout the document.

Source note: Report package framework; Village of Lake Orion FY 2025 Audited Financial Statements and Supplementary Information; FY 2026-27 Budget Report; Michigan General Law Village Act disincorporation provisions; project debt, DDA, tax and service analyses.

Contents

Part I	Executive Report
1	Purpose and Scope
2	Present Governmental Structure
3	What Disincorporation Changes
4	What Does Not Materially Change
5	Financial Impact
6	Service Impact
7	Benefits of Unified Township Government
8	Potential Disadvantages and Risks
9	Overall Findings
Part II	Supporting Reports
Report 1	Village Services
Report 2	Tax Impact
Report 3	Debt and Continuing Obligations
Report 4	Downtown Development Authority
Report 5	Water and Sewer
Report 6	Police Services
Report 7	Roads and Infrastructure
Report 8	Assets and Facilities
Report 9	Potential Disadvantages, Risks and Loss of Village-Specific Control
Report 10	Benefits of Unified Township Government - Merits and Overall Findings
	Resident Summary
	Source Register and Final-Report Notes

PART I

EXECUTIVE REPORT

The Village of Lake Orion is a municipal government located within Orion Township. Village residents are also Township residents and taxpayers. They currently support both layers of local government, although several major services - most notably fire protection, emergency medical response and ambulance service - are already furnished by Orion Township on a township-wide basis.

Disincorporation would eliminate the separate Village municipal corporation and transfer local governmental responsibility for the former Village territory to Orion Township. It would not eliminate the community of Lake Orion. The lake, downtown, neighborhoods, businesses, churches, schools, parks, public places, civic organizations and community traditions would remain. **The central issue is whether maintaining a second local governmental structure provides value sufficient to justify its cost.**

1. Purpose and Scope

This study addresses four questions. First, what services are now furnished directly by the Village and what services are already supplied by Orion Township or another public body? Second, what taxes and charges would disappear, continue or be added after disincorporation? Third, how would existing debt, utilities, the Downtown Development Authority, roads, assets and employee obligations be treated? Fourth, what would residents gain and what would they give up by replacing the present two-government structure with one Township government?

The study is not based on an assumption that public services disappear. They do not. Police protection, road maintenance, water and sewer operations, planning, code enforcement, parks, records, tax administration and other municipal functions continue to be necessary. The issue is who is responsible for them, how they are organized and how much they cost residents after the separate Village government is removed.

2. Present Governmental Structure

Village residents presently occupy two governmental relationships at the same time. They are residents of the Village of Lake Orion and residents of Orion Township. They pay Village millages and, with the principal exception of the Township police millage, **they also pay the Township millages applicable throughout the Township**. This point is essential to the financial analysis because disincorporation does not create an entirely new Township tax burden. Much of the Township tax burden is already being paid.

The Village operates a police department, municipal administration, public works functions, water distribution, sewer administration, local planning and zoning, parks and public property. It is responsible for Village streets and sidewalks under the present municipal structure. At the same time, Orion Township already provides fire protection, emergency medical response and ambulance service within the Village through the Township-wide fire millage. Building permit and inspection functions are already substantially integrated with the Township under existing arrangements. Village property assessment is also tied to Township assessment processes.

The FY 2026-27 budget illustrates the scale of the current Village organization. General Fund appropriations are approximately \$2.526 million. The Police Fund appropriates approximately \$1.303 million, the Department of Public Works Fund approximately \$630,617, and the Water and Sewer Fund approximately \$2.959 million. These figures are not all costs that disappear with disincorporation. Refuse collection, utilities, debt service, water purchases, sewage treatment and many operating functions remain. They do, however, show the size and complexity of the separate municipal structure that is now maintained for the Village.

Fund or Function	FY 2026-27 Appropriations	Post-Disincorporation Character
General Fund	\$2,526,450	Combination of eliminable administration and continuing services

Fund or Function	FY 2026-27 Appropriations	Post-Disincorporation Character
Police Fund	\$1,302,850	Separate Village department ends; Township police system applies
DPW Fund	\$630,617	Functions continue under Township, county, contract or successor arrangement
Water and Sewer Fund	\$2,958,759	Enterprise operations and debt continue through utility system

Source note: Village of Lake Orion FY 2026-27 Budget Report. Figures are appropriations and should not be added together as a measure of potential tax savings because the funds contain transfers and continuing service costs.

3. What Disincorporation Changes

The principal structural change is straightforward. The separate Village government would cease to exist. The Village Council, Village President and separate Village administrative organization would no longer exercise municipal authority. Orion Township would become the local municipal government responsible for the former Village territory, subject to the statutory treatment of particular assets, debts, authorities and service arrangements.

Former Village residents would continue to vote for Township officials as Township residents. Their local-government representation would shift from a seven-member Village governing structure to the Township Board and Township officers. Administrative functions now performed separately - budgeting, recordkeeping, finance, purchasing, personnel administration, licensing, planning support and general municipal management - would be absorbed, consolidated, contracted or otherwise handled through the successor Township structure.

Police funding would also change materially. The Village Police Department is now financed from several sources, including a supplemental Village police millage and a substantial General Fund transfer. Former Village property would instead become subject to the Orion Township police millage. The Village police millage and the General Fund support required to operate a separate Village Police Department would end with the separate municipal organization, although employee, pension, equipment and transition obligations would have to be resolved.

Road, utility and public-property responsibilities would require an orderly transition. Disincorporation does not repair a road, replace a water main or erase a sewer obligation. It changes the government responsible for making those decisions and arranging the work.

4. What Does Not Materially Change

Several important services are already Township services. **Orion Township presently provides fire protection, emergency medical response and ambulance service throughout the Township, including the Village,** through the Township-wide fire millage. Village residents already pay that millage. Disincorporation therefore would not impose a new fire, EMS or ambulance tax attributable to the governmental change, nor would it require construction of a new emergency-service system for the former Village area.

Village residents also already pay the Township operating millage. That millage continues after disincorporation but **is not a new cost**. County, school, library and other overlapping taxes likewise continue without becoming disincorporation costs merely because the Village government ends.

Water and sewer service continue because the infrastructure and customers remain. The former Village systems become the responsibility of Orion Township under the working position used in this study, and the Township then determines how the systems are operated and maintained. The current financial model treats utility debt and operating costs as continuing user-supported utility obligations rather than ordinary Township general operating expenses.

The Downtown Development Authority is also treated as continuing. Under the working legal position used in the DDA report, the DDA remains a separate public body corporate and becomes an authority under Orion Township as successor municipality. Its district, tax increment financing plan, assets, agreements, obligations and bonds continue unless later legal review or governmental action establishes a different result.

5. Financial Impact

Property Taxes

The current Tax Impact Report uses a total Village millage burden of **13.3627 mills** and a post-disincorporation Orion Township police millage of **3.3761 mills**. On that working model, the recurring net reduction is **9.9866 mills**. That is **approximately \$999 per year for each \$100,000 of taxable value** and approximately \$1,997 per year for property with a taxable value of \$200,000.

Taxable Value	Annual Savings at 9.9866 Mills
\$75,000	\$749
\$100,000	\$999
\$125,000	\$1,248
\$150,000	\$1,498
\$200,000	\$1,997
\$250,000	\$2,497

The savings is not calculated by subtracting all Township taxes from Village taxes. Village residents already pay the Township operating and fire millages. The relevant new Township tax is the police millage. The relevant eliminated taxes are the Village millages supporting the separate municipal government, subject to any legally required levy for continuing Village indebtedness.

Source note: Current Tax Impact Report model: 13.3627 Village mills less 3.3761 Township police mills = 9.9866 mills. If later certified or rolled-back 2026 rates supersede these figures, the calculations should be updated consistently throughout the report.

Police Funding

The supplemental Village police millage **does not pay the full cost of the Village Police Department**. The FY 2026-27 Police Fund appropriates \$1,302,850. Of that amount, \$586,850 is budgeted from the Village police millage and \$503,000 is transferred from the General Fund. The DDA is budgeted to pay \$106,090 for police services, with smaller revenues supplying the balance. The supplemental police millage therefore represents only **about 45 percent** of the department budget; the General Fund transfer represents **about 39 percent**.

Police Funding Source	FY 2026-27 Amount	Approx. Share of Police Budget
Village police millage	\$586,850	45.0%
General Fund transfer	\$503,000	38.6%
DDA service payment	\$106,090	8.1%
Other police revenues	\$106,910	8.2%

That funding structure is important because comparing the Village police millage alone with the Township police millage understates the present cost of Village policing. The appropriate service analysis compares the complete Village police cost and service level with the Township police system that would apply after disincorporation.

Debt and Continuing Obligations

Disincorporation does not cancel Village debt. MCL 74.20 provides that the indebtedness of a vacated village, bonded or otherwise, is to be assessed, levied and collected upon the territory within the former Village boundaries, with the collected taxes placed in a separate fund for payment of that indebtedness. The statute provides the ultimate collection mechanism for Village indebtedness that remains unpaid after disincorporation, but it does not necessarily convert every existing obligation into a new general property-tax levy. Where bonds are presently being repaid from a dedicated charge - for example, a sewer charge included on a customer's utility bill - **the bond obligation must continue to be satisfied in accordance with the terms of the bond covenant.** If the covenant pledges sewer-system revenues, rates, fees or charges to repayment of the bonds, **those pledged revenues remain the primary source of payment** unless the governing bond documents provide otherwise. The statutory levy mechanism becomes relevant if legally pledged or otherwise available revenues are insufficient to satisfy the continuing obligation.

The separate Debt Report identifies approximately \$32.576 million in existing and modeled future obligations before offsets. Approximately \$23.583 million is water and sewer debt and modeled future utility financing, approximately \$6.323 million is DDA-related bond principal and interest, and approximately \$2.670 million consists of pension, retiree-health and compensated-absence liabilities. The debt model treats these categories according to their practical revenue sources rather than as one undifferentiated general tax obligation.

Debt Category	Total Obligation in Model	Modeled Repayment Source
Water and sewer	\$23,582,760	Continued water/sewer billing
DDA Lumber Yard bonds	\$6,322,750	DDA tax increment revenue
Residual governmental obligations	\$2,670,217	Available resources, then selected asset value
Total before offsets	\$32,575,727	Mixed sources

The \$23.583 million utility figure includes an \$8 million future pump-station borrowing assumption. It is not all existing audited debt. Existing scheduled water and sewer principal and interest total approximately \$11.810 million; the additional approximately \$11.773 million represents the modeled repayment of the future pump-station financing.

After applying approximately \$1.750 million of fund balance identified as available under the debt model, residual governmental obligations fall to approximately \$920,510. The model then identifies selected governmental capital assets with FY 2025 audit book value of approximately \$1.466 million as a possible additional offset. On those assumptions the model projects **no residual general taxpayer charge**. That result is an analytical model, not a legal guarantee, because fund restrictions, actual asset value and the statutory levy requirement must be reconciled in the final debt treatment.

Downtown Development Authority

The current DDA analysis does not project collapse of downtown financing after disincorporation. Using a captured taxable value of approximately \$46.6 million and including the Township police millage that would apply to former Village property, the DDA report projects immediate post-disincorporation tax increment revenue of approximately \$725,182 per year. Annual DDA bond debt service is generally estimated at approximately \$419,000 to \$424,000. That leaves approximately \$301,000 before DDA operating, maintenance, administrative and development-program costs.

The DDA analysis also models approximately \$50 million in potential additional taxable value from anticipated development over the following two to five years. If fully realized and captured at the modeled post-disincorporation rate, that growth could add approximately \$778,000 per year and bring total annual DDA revenue toward \$1.50 million. That future-growth figure is a planning estimate, not guaranteed revenue.

6. Service Impact

The service impact is mixed. Some services would change very little because they are already Township services. Others would change provider, administration or service standard. The Village Services Report therefore separates the disappearance of the municipal corporation from the continuation of the underlying public function.

Service	Present Arrangement	Post-Disincorporation Treatment
Fire / EMS / ambulance	Orion Township	Continues through Township; no new fire-service structure
Police	Village department	Township becomes responsible; Township police millage applies
Water	Village distribution; water purchased from Township	Former Village system becomes Township responsibility
Sanitary sewer	Village system; Oakland County currently performs O&M	Former Village system becomes Township responsibility; Township selects O&M method
Roads / sidewalks	Village jurisdiction and maintenance	Responsibility transitions; physical repair needs remain
Planning / zoning	Village	Township administration after transition
Building inspection	Township under current arrangement	Little operational change expected
Parks / public property	Village ownership and maintenance	Transferred/assigned and maintained through successor arrangements
DDA	Separate DDA under Village oversight	Working model: continues under Orion Township

The roads are the clearest example of a problem that exists regardless of governmental form. The project PASER analysis identifies approximately 11.546 centerline miles of Village streets and reports a very high percentage of pavement in poor condition. Disincorporation does not eliminate that capital need. It changes who plans, finances and administers the repairs. Any special assessments required for local improvements likewise remain a financing issue rather than disappearing with the municipal corporation.

The Village's Capital Improvement Plan identifies additional needs involving roads, drainage, municipal buildings and other public infrastructure, but inclusion in that plan does not mean that a project is funded or scheduled for construction. **Much of the identified work remains unfunded**, and the Village **does not presently have a firm, comprehensive timetable** for completing many of those repairs. Residents therefore are not comparing an existing fully funded Village capital program with an uncertain successor program; the present Village structure already carries a substantial backlog of capital needs whose timing depends on future appropriations, grants, borrowing, special assessments or other financing.

Water and sewer are similar. The completed water-main project and the sanitary lift-station project now underway represent real infrastructure investments and obligations. The systems remain in service after disincorporation. What changes is the administrative structure and, potentially, the cost of maintaining a separate Village layer for purchasing water, billing, managing contractors and overseeing the systems.

7. Benefits of Unified Township Government

The financial benefit is measurable. Under the current Tax Impact Report working model, residents save **approximately 9.9866 mills annually** after accounting for the Township police millage. The separate Debt Report does not project that the savings is consumed by a continuing general taxpayer charge, although its conclusion depends on the stated debt-treatment assumptions.

The governmental benefit is consolidation. Village residents already belong to Orion Township, already elect Township officials and already support Township government through Township taxes. Disincorporation removes one local municipal corporation from that existing relationship rather than transferring residents to a distant or unrelated government. **One governing body would ultimately be accountable for general local services** instead of two overlapping governmental organizations.

The larger Township structure also provides a broader organizational base. Functions that are expensive for a small municipality to maintain separately - management, finance, information technology, planning support, purchasing, public works administration and specialized personnel - can be integrated into a larger government. The precise amount of administrative savings cannot be obtained by simply adding current Village department budgets because many service costs continue, but the separate Village executive, council, clerk/treasurer support, administrative, legal, planning and related overhead is no longer maintained as an independent government.

There is also a jurisdictional benefit. Municipal responsibility for the Lake Orion community would be less divided. Police, planning, public works, parks, utilities and lake-related local regulation could be coordinated through one Township government, while the DDA would remain focused on the downtown under the working continuation model.

Village Government Is Not the Same as the Lake Orion Community

Disincorporation would end the Village government. It would not end the Lake Orion community. The community is the people, the lake, downtown, neighborhoods, businesses, schools, churches, parks, historic places and traditions that residents recognize as Lake Orion. Those do not disappear when the form of local government changes.

The events and traditions most residents associate with Lake Orion **are not created or operated by the Village government.** Events such as **Dragon on the Lake, the Christmas Parade, the Flower Fair** and other community activities are organized by private organizations, civic groups, businesses, volunteers and the Downtown Development Authority. The Village government generally provides governmental support functions such as permits, coordination for the use of public property, and limited police or event support. Where those Village services are required for an event, **the sponsoring organizations pay the applicable charges for that support.**

Under the working position used in this study, the Downtown Development Authority would also continue under Orion Township. The DDA is the public body most directly involved in downtown promotion, public-space improvements and support for many downtown activities. The practical distinction is therefore straightforward: **disincorporation changes who provides local government; it does not eliminate the people, organizations, events, traditions or places that make Lake Orion a community.**

8. Potential Disadvantages and Risks

Disincorporation has material disadvantages that are not financial abstractions. The most direct is the **loss of a governing body elected only by Village residents.** A Village Council can focus exclusively on a compact geographic area and can adopt service priorities, ordinances and spending decisions tailored to that area. Under Township government, former Village residents would share decision-making with the larger Township electorate.

Service priorities may change. Some changes may improve efficiency; others may be experienced by residents as reductions in responsiveness or local attention.

The transition itself has cost and complexity. Employee contracts, accrued leave, pension and retiree-health obligations, records, ordinances, pending permits, litigation, insurance, public property, utility accounts, special assessments, equipment and contracts require orderly disposition. Michigan law expressly identifies many of these subjects in its disincorporation-plan provisions, even though the specific legal procedure governing a particular disincorporation must be separately applied.

Debt treatment is another risk. The Debt Report models dedicated revenues and assets as sufficient to cover the identified categories without a residual general taxpayer charge. MCL 74.20 nevertheless places ultimate responsibility for Village indebtedness on the former Village territory

Finally, certain Village-specific ordinances, zoning choices and development standards will need transition treatment. A unified government can simplify jurisdiction, but it also means future land-use and policy decisions are made through Township institutions rather than a Village body focused solely on the former Village area.

9. Overall Findings

Finding. The project identifies a recurring property-tax reduction of approximately 9.9866 mills under the current Tax Impact working model, equal to **about \$999 annually for each \$100,000 of taxable value.**

Finding. The Township operating and fire millages are not new disincorporation costs. Village residents already pay them. Fire protection, EMS and ambulance service are already Township services.

Finding. The Village Police Department costs substantially more than the revenue produced by the supplemental Village police millage alone. The FY 2026-27 department budget is \$1.303 million, supported by a \$503,000 General Fund transfer in addition to \$586,850 of police-millage revenue.

Finding. Existing debt survives disincorporation. The current debt model separates utility debt, DDA debt and residual governmental liabilities and projects no residual general taxpayer charge after modeled offsets, but that result depends on legal availability of revenues, fund balances and assets and must be read with MCL 74.20.

Finding. The DDA is modeled to continue under Orion Township. Immediate post-disincorporation DDA revenue is projected at approximately \$725,000 annually, compared with annual DDA bond debt service of approximately \$419,000 to \$424,000, before other DDA expenses.

Finding. Water, sewer, roads, parks and other physical services do not disappear. The capital and operating needs remain. The principal change is the governmental organization responsible for meeting them.

Finding. The Village's Capital Improvement Plan identifies needed work on roads, drainage, buildings and other infrastructure, but much of that work remains unfunded and without a firm completion schedule. Disincorporation would transfer responsibility for this existing capital backlog; it would not create the backlog or eliminate the cost of addressing it.

Finding. Disincorporation removes Village-specific governmental control. It does not remove Lake Orion as a place or community. The traditions, people, downtown, lake, neighborhoods and civic institutions that define the community are not dependent on the continued legal existence of a separate Village municipal corporation.

PART II**SUPPORTING REPORTS**

The following reports provide the detailed basis for the Executive Report. They are presented as coordinated parts of one study. Each report uses the same distinction among present conditions, financial records, post-disincorporation effects, benefits, risks and matters requiring final confirmation.

REPORT 1

VILLAGE SERVICES

Current services, current providers and the effect of transferring municipal responsibility

Purpose and Present Service Structure

The Village of Lake Orion provides a combination of direct municipal services and administrative oversight of services furnished by other public bodies. A clear disincorporation analysis therefore begins by identifying the actual provider rather than attributing every service received within the Village to the Village government.

The largest direct Village functions are police, municipal administration, public works, water distribution, sewer administration, planning and zoning, parks and public property, and responsibility for Village streets and sidewalks. Fire protection, emergency medical response and ambulance service are already provided by Orion Township. Building permit and inspection functions are already furnished through the Township under the existing arrangement. Sanitary sewer operation and maintenance is presently performed through Oakland County arrangements, although the Village remains the governmental entity responsible for the local system.

Function	Present Provider / Responsibility	Effect of Disincorporation
General government	Village	Separate Village government ends; Township becomes local government
Police	Village Police Department	Township becomes responsible; Township police millage applies
Fire / EMS / ambulance	Orion Township	Continues without a new Village replacement system
Water distribution	Village system; water purchased from Township	Former Village distribution system becomes Township responsibility
Sanitary sewer	Village system; Oakland County currently provides O&M	Township becomes responsible and chooses O&M arrangement
Roads / snow / sidewalks	Village	Responsibility transitions; capital needs remain
Building inspections	Orion Township under contract/arrangement	Little operational change expected
Planning / zoning	Village	Transitions to Township government
Parks / grounds	Village	Property and maintenance responsibility transition to Township/successor arrangements
DDA	Separate public authority	Working model: continues under Orion Township

Administrative Services

The Village maintains a separate manager/executive function, clerk/treasurer function, deputy clerk/treasurer support, information-technology contracts, general administration, legal services, audit, engineering and planning support. The FY 2026-27 budget places \$162,437 in the manager/executive activity, \$200,204 in clerk/treasurer, \$106,296 in deputy clerk/treasurer, \$85,279 in information-technology/contract support, \$104,539 in planning and \$74,604 in the legal, engineering and audit activity. The general-administration activity is budgeted at \$682,040, but that number includes major continuing services such as refuse collection and street lighting and is therefore not an eliminable administrative-cost figure.

After disincorporation, the separate Village administrative organization ends. Township government would absorb, consolidate or contract the functions necessary for the former Village territory. Some current expenses disappear because there is no longer a separate municipal corporation; other expenses continue because the underlying service remains.

Public Works and Community Services

The FY 2026-27 DPW Fund appropriates approximately \$630,617. The General Fund transfers \$425,000 into that fund. DPW revenue also includes approximately \$28,026 from services provided to the DDA, equipment rental revenue, cemetery charges and other receipts. The DPW budget covers cemetery and public-works labor, equipment, buildings, supplies and maintenance. It also carries wages assigned to parks.

Disincorporation would not eliminate the physical work. Streets must still be maintained, snow removed, public grounds maintained, utilities supported and cemetery responsibilities handled. The cost question is whether those tasks can be delivered through Township staff, county arrangements, contracts or other consolidated operations without the same Village overhead.

The Village does not operate a broad recreational-programming system. For purposes of this study, the parks discussion is limited to ownership, maintenance, facilities and grounds. The Township maintains a larger parks system supported by a dedicated parks millage already applicable under the Township tax structure. The policy question after disincorporation would concern maintenance standards and integration of Village parks into that larger system, not replacement of a Village recreation program that does not presently exist.

Leaf Collection, Refuse and Other Service-Level Differences

Some visible services may change even where the tax savings is substantial. The current loose-leaf vacuum service is expected under the project model to give way to bagged leaf and yard-waste collection through the refuse system. That is a genuine service-level difference and belongs in the public comparison.

Refuse collection itself is a continuing service cost, not an administrative saving. The FY 2026-27 General Fund budgets approximately \$281,240 for solid-waste collection. That cost must be carried into the successor service structure even though the Village government ends.

Lake, Parking and Street Lighting

Municipal responsibility around Lake Orion is now divided between the Village and Township portions of the community. After disincorporation, Orion Township would be the single local municipality responsible for the former Village area as well, reducing that jurisdictional division. This does not remove county, state or riparian legal interests, but it simplifies the local governmental layer.

Public parking is a mixed-ownership function. The Village owns some public parking assets, while most downtown public parking lots are owned by the DDA. The report therefore does not treat all downtown parking as a Village asset or as a service that automatically transfers with Village property.

Outside the DDA area, street lighting is principally furnished through DTE arrangements. Within the downtown, the DDA maintains significant lighting responsibilities. Traffic signals are located along M-24 and involve state/county-road arrangements; the downtown signal cost is associated with the DDA. These are continuing service arrangements rather than large independent Village departments.

Finding. The service analysis does not show that disincorporation eliminates municipal services. It shows a transfer from a small separate municipal organization to a larger Township structure, with some services already integrated today. The principal resident tradeoff is lower governmental cost versus the possibility of different service standards and less Village-specific control.

Source note: FY 2026-27 Budget Report; project Village Services working facts; current fire/EMS/ambulance, building-inspection, water/sewer, parks, parking, lighting and service-arrangement information developed in the study.

REPORT 2

TAX IMPACT

What Village residents pay now and the recurring property-tax effect after disincorporation

Current Tax Relationship

Village residents receive two local tax bills because they are taxpayers of both the Village and Orion Township. The **Township operating millage and the Township-wide fire millage are already paid on Village property**. Fire protection, emergency medical response and ambulance service are already financed through the Township system. Those taxes therefore cannot properly be counted as new costs created by disincorporation.

The principal Township millage currently excluded from Village property is the Township police millage. That exclusion corresponds to the Village maintaining its own Police Department. After disincorporation, former Village property would become subject to the Township police millage.

Working Millage Comparison

The current Tax Impact Report working model uses 13.3627 mills as the Village millage burden that would end with the separate Village government and 3.3761 mills as the Township police millage that would be added. **The net recurring reduction is 9.9866 mills.**

Component	Working Mills
Village millages eliminated	13.3627
Township police millage added	(3.3761)
Net recurring reduction	9.9866

A mill is one dollar of tax for each \$1,000 of taxable value. At the modeled 9.9866-mill reduction, a property with **\$100,000 of taxable value saves approximately \$999 per year; \$150,000 of taxable value saves approximately \$1,498; and \$250,000 saves approximately \$2,497.**

Taxable Value	Approximate Annual Reduction
\$75,000	\$749
\$100,000	\$999
\$125,000	\$1,248
\$150,000	\$1,498
\$200,000	\$1,997
\$250,000	\$2,497

What the Tax Comparison Includes and Excludes

The comparison isolates the taxes that change because of disincorporation. It does not count Township taxes already paid by Village residents as new costs. It also does not count county, school, library or other overlapping taxes because those obligations do not materially change merely because the Village municipal corporation ends.

Water and sewer charges are treated separately from property taxes. Utility customers continue paying the operating and debt cost of those systems. Existing special assessments likewise continue according to their terms. Any tax required under MCL 74.20 for remaining Village indebtedness is a separate continuing obligation and is addressed in the Debt Report.

Relationship to Police Funding

The Township police millage is a replacement funding mechanism for law enforcement, not simply an added tax with no corresponding change. The Village Police Department currently requires a \$503,000 General Fund transfer in addition to \$586,850 of supplemental police-millage revenue under the FY 2026-27 budget. The tax analysis therefore does not assume that the present supplemental Village police millage represents the full present cost of policing.

Note on Millage Rates

The Village budget, audit and prior tax worksheets contain different millage figures for different levy years and stages of rollback. This final report uses the 13.3627 / 3.3761 / 9.9866 figures adopted in the current Tax Impact Report rather than mixing them with earlier figures. If certified rates for the applicable levy year later supersede these figures, the tax tables should be updated consistently throughout the report.

Finding. Under the current working tax model, disincorporation produces a recurring property-tax reduction of approximately 9.9866 mills after the Township police millage is added. The Township operating and fire millages are already paid and do not reduce that savings a second time.

Source note: Current Tax Impact Report working model; FY 2026-27 Village Budget; FY 2025 audit tax notes. Any later certified millage schedule should supersede the current figures if materially different.

REPORT 3

DEBT AND CONTINUING OBLIGATIONS

Existing debt, utility obligations, DDA bonds, employee liabilities and modeled offsets

Legal Starting Point

Disincorporation does not eliminate Village debt. MCL 74.20 states that the indebtedness of a vacated village, whether bonded or otherwise, is to be assessed, levied and collected upon the territory within the former Village boundaries. The Township board is directed to make the levy, and the collected taxes are placed in a separate fund and applied to the indebtedness. The manner of payment is fixed by Township resolution.

The financial model used in this study addresses the practical source of money available to satisfy the obligations. It does not treat the existence of utility revenue, DDA revenue, fund balances or assets as a repeal of MCL 74.20.

Existing bond covenants and pledged revenue sources continue to govern the payment of bonded obligations. For example, where sewer bonds are currently supported by charges on customer utility bills and the bond covenant pledges those revenues to repayment, **the pledged sewer revenues remain the primary payment source** unless the governing bond documents provide otherwise. The model therefore asks whether dedicated revenues, fund balances and other legally available resources can satisfy the obligations before a residual statutory levy would be required.

Three Categories of Obligation

Category	Amount in Model	Treatment
Existing water/sewer debt	\$11,809,680	Continued utility billing
Future pump-station financing	\$11,773,080	Planning assumption; continued utility billing
DDA Lumber Yard bonds	\$6,322,750	DDA tax increment revenue
Residual governmental obligations	\$2,670,217	Available resources, then selected asset value
Total identified before offsets	\$32,575,727	Mixed repayment sources

Water and Sewer Obligations

The FY 2025 debt schedules identify approximately \$9.022 million in existing water- and sewer-related principal and approximately \$2.788 million in remaining scheduled interest, for total existing scheduled repayment of approximately \$11.810 million. The debt report adds a planning assumption for \$8 million of future pump-station borrowing at 4 percent over 20 years, producing estimated total repayment of approximately \$11.773 million. The combined \$23.583 million utility figure is therefore not all current audited debt.

Existing Utility Obligation	Principal	Remaining Interest	Total
Oakland-Macomb Interceptor Drain	\$776,405	\$115,577	\$891,982
Clinton River WRRF	\$170,429	\$31,549	\$201,978
Drinking Water Revolving Fund	\$4,424,773	\$691,844	\$5,116,617

Existing Utility Obligation	Principal	Remaining Interest	Total
2025 Water/Sewer Revenue Bonds	\$3,650,000	\$1,949,103	\$5,599,103
Total existing	\$9,021,607	\$2,788,073	\$11,809,680

DDA Bonds

The 2023 Downtown Development Bonds associated with the Lumber Yard project have approximately \$4.535 million in remaining principal and approximately \$1.788 million in remaining scheduled interest, for total remaining payments of approximately \$6.323 million. The current DDA model projects sufficient tax increment revenue to make annual bond payments, subject to the legal continuation assumptions stated in the DDA Report.

Residual Governmental Liabilities

Liability	FY 2025 Amount
Net pension liability	\$1,494,835
Net OPEB / retiree-health liability	\$994,671
Governmental compensated absences	\$180,711
Total	\$2,670,217

The debt model applies approximately \$1.750 million of available fund balance to these liabilities, leaving approximately \$920,510. It then identifies approximately \$1.466 million in selected governmental capital-asset book value as a possible additional offset. On those assumptions, **no residual general taxpayer charge is projected.**

The asset step is deliberately treated as a model rather than cash in hand. Book value is not market value. A public building or vehicle may be more useful to Orion Township as a transferred service asset than as a sale item. Police Fund money and committed Public Works fund balance may also be subject to legal or accounting limitations on use.

Current Cash Context

A separate cash-on-hand report for June 30, 2026 shows approximately \$9.691 million of cash across all Village funds. That includes approximately \$3.675 million in the Water and Sewer Fund, approximately \$2.157 million in the DDA bond-project fund, approximately \$346,000 in the DDA operating fund, and cash in street, cemetery, police, public-works and other funds. Cash on hand is not the same as unrestricted fund balance and is not treated as a free offset in this report. The current cash report is useful primarily as a liquidity check and will be reconciled with fund restrictions and current liabilities in the final debt schedule.

Selected Cash Balance - 6/30/2026	Amount
General Fund	\$1,665,173
Police Fund	\$226,249
DPW Fund	\$270,484
Water and Sewer Fund	\$3,675,441

Selected Cash Balance - 6/30/2026	Amount
DDA Fund	\$345,919
DDA Bond Project 2023	\$2,157,315
All funds combined	\$9,691,099

Finding. The debt is real and survives disincorporation. The current financial model, however, does not treat the entire \$32.576 million as a new general property-tax burden. Most of the amount is assigned to utility or DDA revenue streams, and residual governmental liabilities are modeled against existing resources and assets. The model projects no residual general taxpayer charge, but MCL 74.20 remains the statutory backstop if those resources are insufficient or unavailable.

Source note: An Analysis of the Village of Lake Orion Debt Upon Disincorporation; FY 2025 audit and debt schedules; Village Cash on Hand by GL Number as of June 30, 2026; MCL 74.20.

REPORT 4

DOWNTOWN DEVELOPMENT AUTHORITY

Continuation, tax increment financing, debt and future downtown capacity

Working Legal Position

The study treats the Lake Orion Downtown Development Authority as continuing after disincorporation and becoming an authority under Orion Township as successor municipality. The DDA is a separate public body corporate under Michigan's Recodified Tax Increment Financing Act. The current report relies on MCL 125.4202 and the transfer/continuation provisions of MCL 125.4203a, while recognizing that a separate statutory procedure exists for dissolution of a DDA under MCL 125.4230.

Under this working position, the existing DDA district, tax increment financing plan, assets, agreements, obligations and bonds continue. The Orion Township Supervisor already sits on the Lake Orion DDA Board, providing practical evidence of an existing Township role in downtown governance, although that fact is policy context rather than the legal basis for continuation.

Current and Post-Disincorporation Revenue

The DDA financial model uses approximately \$46,622,520 of captured taxable value. At that value, one mill produces approximately \$46,623 of annual tax increment. The current DDA draft estimates approximately \$1.157 million in current annual capture from eligible Village, Township, County and regional millages.

Disincorporation removes the Village General and Village Police millages from the DDA tax-capture structure. It also causes former Village property to become subject to the Orion Township police millage. Including eligible capture of that police millage, the current post-disincorporation model estimates **approximately \$725,182 of immediate annual DDA revenue**.

Financial Measure	Current DDA Model
Captured taxable value	\$46,622,520
Immediate post-DI TIF revenue	\$725,182 / year
Annual DDA bond debt service	\$419,000 - \$424,000 / year
Revenue after \$424,000 debt service	\$301,182 before other DDA costs

Future Growth Model

Projects currently underway or anticipated in the district are modeled as potentially adding approximately \$50 million of taxable value over the following two to five years. At the modeled post-disincorporation capture rate, the additional value could generate approximately \$777,715 of additional annual tax increment. If fully realized, total annual DDA revenue could approach approximately \$1.503 million.

The future-growth figure is not current revenue and would not arrive all at once. It depends on completion, assessment and taxable-value growth of individual developments. It is significant because the existing DDA bond schedule is relatively fixed while the tax increment base has the potential to grow.

DDA Operations

The DDA would still have operating costs. Village administrative, DPW and police services now supplied to the DDA would need successor arrangements with Orion Township or direct contracts. The projected approximately

\$301,000 remaining after immediate bond debt service is therefore not unrestricted surplus. It is revenue available before ordinary DDA operating, maintenance and development-program costs.

The DDA also matters to the community-identity analysis. Downtown development, public-space improvements, marketing and events associated with the downtown do not necessarily end with Village government under the continuation model. The DDA remains the specialized downtown public body, but with Orion Township as the successor municipality.

Finding. The current model does not show the DDA becoming financially unable to meet its bond debt after disincorporation. Immediate modeled revenue exceeds annual bond debt service, and potential taxable-value growth could materially strengthen the DDA's future position. The result depends on the working legal position that the DDA and eligible tax capture continue under Orion Township.

Source note: Lake Orion DDA Impact of Disincorporation Draft; FY 2025 financial information; current captured taxable value; Recodified Tax Increment Financing Act, including MCL 125.4202, 125.4203a and 125.4230; \$50 million future-growth planning estimate.

REPORT 5

WATER AND SEWER

Current utility operations, debt, capital work and Township responsibility after disincorporation

Present Water System

The Village operates the local water distribution system but purchases water from Orion Township. The FY 2026-27 Water and Sewer Fund budgets approximately \$566,695 for water purchased from the Township. Village customers then pay rates that support the local distribution system, administration, maintenance, debt service and other utility costs.

The water-main capital project previously underway has been completed. The infrastructure remains a physical system serving the same customers after disincorporation. Under the working position of this study, the former Village distribution system becomes the responsibility of Orion Township. The Township would then determine how it is administered, staffed and maintained within the broader Township utility structure.

Present Sewer System

The Village is responsible for the local sanitary sewer system and currently pays Oakland County for significant operation and maintenance services. Sewage treatment, interceptor and regional-system costs are incorporated into customer charges. **The sanitary lift-station project has begun** and remains a continuing capital responsibility regardless of the governmental structure.

After disincorporation, the former Village sewer system becomes Orion Township's responsibility. Oakland County is not treated in this study as the automatic successor owner or permanent operator. The Township could continue the County arrangement, use Township staff, contract with another provider or adopt another lawful operating arrangement.

FY 2026-27 Utility Budget

Water/Sewer Budget Measure	FY 2026-27
Estimated revenues	\$3,044,260
Appropriations	\$2,958,759
Financial administration	\$137,822
Sewer activity	\$1,552,583
Water activity	\$1,259,084
Water purchase from Orion Township	\$566,695
Sewage disposal costs	\$631,497

The budget also includes substantial debt service: Drinking Water Revolving Fund principal of \$285,000 and interest of \$82,900, drain-bond principal of approximately \$78,531 and interest of \$21,649, and 2025 bond principal of \$130,000 and interest of \$163,900. Those costs do not disappear with disincorporation.

Financial Effect of Consolidation

The primary financial opportunity is not elimination of the utility bills. Customers will still pay for water, sewage treatment, debt and infrastructure. The potential efficiency is elimination of a separate Village administrative layer and integration of the distribution and sewer systems into the government that already supplies the Village's wholesale water and maintains broader Township utility capability.

The debt model treats all existing and modeled future water and sewer obligations as user-supported utility costs. MCL 74.20 requires careful legal treatment of Village indebtedness after disincorporation, so the final transition documents must reconcile the statutory levy mechanism with the revenue-bond and utility-rate structure. The financial study nevertheless keeps the utility debt separate from ordinary property-tax savings because utility customers already bear those costs through rates.

Finding. Water and sewer service continue after disincorporation. The systems, debt and capital needs remain; the change is that Orion Township becomes responsible for the former Village systems and decides how to operate and maintain them. The principal potential savings is administrative integration, not elimination of utility costs.

Source note: FY 2026-27 Water and Sewer Fund budget; FY 2025 debt schedules; project capital-status information; Debt Upon Disincorporation analysis; current Village/Township water and Oakland County sewer operating arrangements.

REPORT 6

POLICE SERVICES

Current Village Police Department cost and funding compared with post-disincorporation Township policing

Current Department Funding

The Village Police Department is not funded solely by the supplemental police millage. The FY 2026-27 Police Fund appropriates \$1,302,850. Property-tax revenue from the Village police millage is budgeted at \$586,850. A \$503,000 transfer from the General Fund supplies a second major source of support. The DDA is budgeted to pay \$106,090 for police services, with court fines, liquor-license revenue, training revenue, interest and other smaller items providing the remainder.

Funding Source	Amount	Share
Village police millage	\$586,850	45.0%
General Fund transfer	\$503,000	38.6%
DDA services	\$106,090	8.1%
Other revenues	\$106,910	8.2%
Total	\$1,302,850	100%

The department budget includes the chief, full- and part-time officers, ordinance enforcement, clerical support, pension and health costs, county dispatch, prosecution, vehicles, training and equipment. The funding structure demonstrates why a tax comparison based only on the supplemental Village police millage would understate the present cost of a separate Village police operation.

Post-Disincorporation Structure

After disincorporation, Orion Township becomes responsible for police protection within the former Village. Former Village property becomes subject to the Township police millage. The Village Police Department as a separate municipal department ends, although records, evidence, vehicles, equipment, employees, collective-bargaining obligations, accrued benefits and other transition matters must be resolved.

The exact patrol model is a service-level issue rather than a tax-law issue. Township responsibility does not by itself establish how many officers would be physically assigned to the former Village area, whether a downtown patrol would be dedicated, or how special events, marine activity and ordinance enforcement would be organized. Those are legitimate comparisons for the downside and transition analysis.

Financial Comparison

The Tax Impact Report already includes the Township police millage as the principal new Township tax after disincorporation. The net tax reduction of approximately 9.9866 mills is therefore stated after the replacement police tax is included. This is important: the projected tax savings is not based on an assumption that police protection becomes free.

There is also a financial benefit to the Township police system because former Village taxable value would enter the Township police tax base. The DDA model separately estimates approximately \$157,402 of Township police

millage capture within the DDA district. The broader Tax Impact Report addresses the total former Village police-tax base and the benefit to the Township police budget.

Finding. The present police millage funds only about 45 percent of the FY 2026-27 Village Police Department budget. The General Fund supplies another approximately 39 percent. Post-disincorporation analysis must therefore compare the full present police cost and service level with the Township police system, not merely compare two millage labels.

Source note: FY 2026-27 Police Fund budget; current Tax Impact Report; current DDA revenue model. Exact Township patrol and staffing model remains a service-design matter for the successor government.

REPORT 7

ROADS AND INFRASTRUCTURE

Pavement condition, maintenance responsibilities and capital needs

Existing Road Condition

The condition of the Village road network is a major issue independent of disincorporation. The project's 2026-2029 Pavement Asset Management Plan identifies approximately 11.546 centerline miles of Village streets. The PASER data used in the study show a road system dominated by poor pavement condition, with local roads especially distressed.

Road Classification	Miles / Condition in Project PASER Analysis
Total Village network	Approximately 11.546 centerline miles
Local roads	Approximately 5.284 miles; 100% Poor
Major roads	Approximately 6.262 miles; 91.2% Poor, 8.8% Good
Overall condition	Approximately 95.2% Poor, 4.8% Good

The non-federal-aid road group also deteriorated sharply in the project data, moving from approximately 55.7 percent Poor in 2021 to approximately 91.1 percent Poor by 2025. The central finding is chronic capital need, not a minor maintenance backlog.

Capital Improvement Plan and Unfunded Needs

The Village also maintains a Capital Improvement Plan that identifies anticipated work involving streets, drainage, municipal buildings, utilities, parks, equipment and other public assets. The plan is useful as an inventory of needs, but placement of a project in the plan does not mean that money has been appropriated or that construction has been scheduled.

A substantial portion of the identified capital work remains unfunded. The Village **does not presently have a concrete, comprehensive schedule** establishing when many deteriorated roads, drainage deficiencies, building repairs and other infrastructure needs will actually be completed. Individual projects may advance when grants, special assessments, borrowing or other funding becomes available, but the plan as a whole does not provide a funded timetable for eliminating the existing backlog.

This is important to the disincorporation comparison. **The choice is not between a Village government with a fully funded capital program and a Township government whose future priorities are unknown.** The Village itself presently faces major deferred capital needs without a committed funding schedule. Disincorporation would transfer responsibility for those existing needs to Orion Township or the appropriate successor agency and place them within a larger governmental and tax base.

What Disincorporation Does - and Does Not - Do

Disincorporation does not repave the roads and does not erase the cost of reconstruction. The former Village road network must be assigned to the appropriate successor jurisdiction and maintained. Snow removal, drainage, signs, sidewalk responsibilities, traffic control and pavement management must also continue under the applicable Township, county, state or contractual arrangements.

Special assessments remain a likely financing tool for local improvements where the governing body determines that benefited property should bear all or part of the cost. The need for an assessment follows the project and financing policy, not the continued existence of the Village government.

Sidewalks, Lighting and Signals

The study treats sidewalks separately from safety paths. Village sidewalks are a municipal infrastructure responsibility. The report does not imply that the Village operates a Township-style safety-path system. Street lighting outside the downtown is largely supplied through utility arrangements, while downtown lighting includes DDA responsibilities. Traffic signals along M-24 are maintained through the road-agency structure, with a downtown signal cost associated with the DDA.

Financial and Governance Effect

The practical benefit of disincorporation is access to a larger government and broader infrastructure-management organization, not disappearance of road or capital costs. The possible disadvantage is that former Village streets and facilities would compete for priority within a larger Township or county system rather than being the sole concern of a Village Council. That tradeoff must be considered against the present condition: most Village pavement is poor, and the Village's own Capital Improvement Plan does not provide a funded schedule for correcting the broader road, drainage and building backlog.

Finding. Road deterioration and the broader unfunded capital backlog are inherited physical conditions. They are neither caused nor cured by disincorporation. The Village presently identifies many needs in its Capital Improvement Plan without a firm funded completion schedule. The governmental question is whether the successor structure can plan, finance and execute those required improvements more effectively within a larger organizational and tax base.

Source note: Village of Lake Orion 2026-2029 Pavement Asset Management Plan, June 1, 2026, Nowak & Fraus / project PASER source material. The source PASER plan should accompany any public source appendix.

REPORT 8

ASSETS AND FACILITIES

Village property, equipment, public facilities and treatment after disincorporation

Asset Categories

The Village owns financial and physical assets that must be distinguished by purpose and restriction. Cash in a utility fund is not equivalent to unassigned General Fund cash. A public park is not interchangeable with a DPW vehicle. A DDA parking lot belongs to a separate public body rather than automatically becoming a Village asset available for general disposition.

The FY 2025 audit identifies selected governmental capital assets with net book value of approximately \$1.466 million in land, buildings and improvements, machinery and equipment, and vehicles. The debt model focuses on these categories because they are the assets most plausibly capable of sale, transfer or assigned value. Streets, sidewalks and other public infrastructure are not treated as practical liquidation assets.

Selected Governmental Asset Category	FY 2025 Audit Book Value
Land	\$498,484
Buildings and improvements, net	\$473,713
Machinery and equipment, net	\$177,914
Vehicles, net	\$316,356
Total selected categories	\$1,466,467

Significant Village Property

For purposes of the working property inventory, the principal Village governmental real-property facilities are Village Hall and the DPW yard/building, together with parks, cemetery interests, utility property, road rights-of-way and other public parcels. Public parking requires separate identification because the Village owns some lots while most downtown public parking lots are owned by the DDA.

Water and sewer infrastructure should remain with the utility service structure rather than be treated as a pool of general assets available to pay unrelated obligations. DDA property and cash likewise remain subject to the separate DDA legal and financial structure under the continuation model.

Cash and Fund Restrictions

The June 30, 2026 cash-on-hand report shows approximately \$9.691 million across all Village funds. The figure is useful but cannot be described as \$9.691 million available to spend. More than \$3.675 million is in Water and Sewer, more than \$2.157 million is in the DDA bond-project fund, and additional balances are held in street, cemetery, capital, sidewalk, escrow and other purpose-specific funds.

The FY 2025 audit reported \$1.344 million of unassigned General Fund balance. The debt model also identifies Public Works committed fund balance and Police Fund spendable balance as possible residual-obligation resources, but those uses require confirmation of legal and accounting availability.

Treatment After Disincorporation

Asset disposition can take several forms. Some property may be transferred to Orion Township because it is needed to continue a public service. Some equipment may be sold or reassigned. Restricted utility or DDA property would remain tied to those purposes. Public records and governmental files require custody and retention arrangements. The financial value of an asset transfer may be relevant even if no cash sale occurs.

The Debt Report uses audit book value as a modeling tool for selected assets. That does not mean those assets will generate their book value in cash. Actual market value, transfer value, public-service need, restrictions and transaction costs determine the real financial result.

Finding. The Village has substantial financial and physical assets, but only a portion can be treated as generally available. The final disincorporation accounting must separate unrestricted resources from utility, DDA, street, cemetery, capital and other restricted or committed property.

Source note: FY 2025 audited financial statements; June 30, 2026 cash-on-hand by GL report; Debt Upon Disincorporation analysis; project Village property and parking inventory.

REPORT 9

POTENTIAL DISADVANTAGES, RISKS AND LOSS OF VILLAGE-SPECIFIC CONTROL

The case against disincorporation and the practical costs of transition

Loss of a Government Focused Only on the Village

The most significant nonfinancial disadvantage is loss of a municipal governing body elected only by Village residents. The Village Council can focus exclusively on Village streets, downtown concerns, police policy, parks, zoning and neighborhood issues. After disincorporation, those issues are considered by Orion Township as part of a larger community with a larger electorate and broader geographic priorities.

Former Village residents retain the right to vote for Township officials, but the nature of representation changes. A resident who values a government whose entire jurisdiction is the present Village may regard that change as a substantial loss even if taxes are lower.

Possible Service-Level Changes

A lower-cost governmental structure can also mean a different service standard. Township police may not be organized around the same downtown presence or patrol pattern as a small Village department. Snow removal routes and priorities may change. Code-enforcement staffing may be integrated with Township-wide caseloads. Parks and public grounds may be maintained to Township standards rather than present Village practices. Loose-leaf vacuum collection may be replaced by bagged yard-waste collection.

These are not necessarily service failures. They are examples of the central tradeoff: consolidation can reduce cost by standardizing services, but standardization may reduce the amount of specialized attention directed to the former Village area.

Transition Cost and Administrative Risk

Disincorporation requires an orderly closeout of an operating municipality. Employees, accrued leave, pension and retiree-health obligations, collective bargaining, insurance, contracts, records, bank accounts, property, utility systems, permits, ordinances, special assessments and pending projects cannot simply be ignored. Michigan's statutory disincorporation-plan provisions identify these same categories as matters requiring orderly treatment.

Transition work may require legal, accounting, engineering, human-resources and administrative expense. Some contracts may contain termination or assignment provisions. Some equipment and buildings may require appraisal. Existing litigation and claims may survive. These one-time costs reduce, but do not necessarily negate, recurring long-term savings.

Debt Risk

The debt model is favorable, but it is not a guarantee. MCL 74.20 makes the former Village territory responsible for the Village indebtedness.

The future pump-station financing is itself an estimate. Interest rates, principal amount and project scope could change. DDA revenue depends on continued legal capture and taxable value. Pension and OPEB liabilities can change with actuarial assumptions and investment results. This report therefore presents the current favorable model while keeping the statutory downside visible.

Zoning, Ordinances and Development Policy

Village-specific zoning and ordinances would require transition treatment. Township government may preserve many existing policies, but future amendments are made through Township institutions. Residents who value the Village's independent ability to adopt development standards or respond quickly to local land-use issues may regard that loss of separate authority as a disadvantage.

Community Perception

Even if the legal change does not erase Lake Orion as a place, some residents may experience disincorporation as a symbolic loss. The title "Village of Lake Orion," the elected Village Council and the historical continuity of the municipal corporation have value to some residents independent of measurable service output. That civic attachment cannot be reduced to a budget line and is properly recognized as part of the decision.

Finding. The strongest case against disincorporation is not that public services disappear. It is that a separate, Village-focused government disappears, service standards may become more uniform and less locally tailored, and a complex transition carries financial and administrative risk. Those costs must be weighed against the recurring tax savings and consolidation benefits.

Source note: Project service, debt, tax and transition analyses; MCL 74.20 and the transition subjects identified in MCL 74.23e; FY 2025 audit employee and liability information.

REPORT 10

BENEFITS OF UNIFIED TOWNSHIP GOVERNMENT

The affirmative case for disincorporation, financial savings and preservation of community identity

The Financial Benefit Is Specific

The principal case for disincorporation is financial, and the current study quantifies it. The Tax Impact Report models a reduction of **approximately 9.9866 mills** after the Township police millage is added. That is **approximately \$999 each year for every \$100,000 of taxable value**. A property with \$200,000 of taxable value saves approximately \$1,997 annually under the working model.

The Debt Report addresses the immediate objection that debt could consume the tax savings. It does not assume that debt disappears. It assigns utility obligations to continued utility revenue, DDA bonds to DDA tax increment revenue and residual governmental liabilities first to available resources and then to selected asset value. Under those stated assumptions, the model projects no residual general taxpayer charge. MCL 74.20 remains the statutory backstop if the assumptions do not hold, but the current record does not support treating all Village debt as an additional operating tax that automatically eliminates the recurring savings.

Eliminating a Layer of Government, Not Eliminating Government

Village residents already belong to Orion Township. They already pay the Township operating millage and the fire millage and already elect Township officials. Fire, EMS and ambulance service are already Township services. Disincorporation therefore does not replace local government with no government. It removes one municipal corporation from an existing two-government structure.

The practical benefit is consolidation of management, finance, purchasing, records, planning support, public works administration and other functions into a larger organization. The former Village no longer needs a separate executive, clerk/treasurer structure, municipal council apparatus and standalone administrative systems solely because it remains incorporated.

A Broader Service and Tax Base

A small municipality must support specialized services and capital needs from a relatively narrow tax base. Orion Township operates across a larger population, property base and organizational structure. Consolidation can spread administrative capacity, improve purchasing leverage and provide greater staff depth for functions that a small Village must either staff separately or obtain through contracts.

The roads and utility systems illustrate the potential advantage. Their needs remain, but they would be managed within a larger governmental organization rather than a small municipal structure whose general revenues also support a separate police department and administrative government.

One Local Governmental Line of Accountability

The present structure can divide responsibility among Village, Township, County, DDA and road or utility agencies. Not every division disappears with disincorporation, but the primary local municipal layer becomes simpler. Orion Township would be responsible for the former Village territory, and residents could direct questions about general local government to the same Township they already support and elect.

Lake governance also becomes less divided at the municipal level. The local jurisdictional distinction between Village and Township portions is removed, allowing one local municipal government to address the entire area while recognizing that state, county and private riparian rights continue.

Lake Orion Remains Lake Orion

The community-identity issue is often raised in the disincorporation discussion. **The relevant distinction is between the Village government and the broader Lake Orion community.** Lake Orion is the people who live here, the lake, downtown, neighborhoods, businesses, schools, churches, parks, historic places, traditions and community relationships. Those remain after a governmental reorganization.

The present Village government **does not create or operate the broad set of events and traditions residents commonly associate with Lake Orion. Dragon on the Lake, the Christmas Parade, the Flower Fair** and other community activities are organized by private organizations, civic groups, businesses, volunteers and the DDA. The Village generally provides permits, coordination for the use of public property, and limited police or event support, with sponsoring organizations paying the applicable charges when those services are required.

Under the working DDA model, **the DDA continues under Orion Township** and remains directly involved in downtown promotion, public-space improvements and support for many downtown activities. Disincorporation therefore does not require residents to choose between lower taxes and the continued existence of Lake Orion as a community. It asks whether the community needs to **maintain a separate Village government**, at the present tax cost, in order to remain Lake Orion.

Overall Merits Finding

The current study finds a substantial recurring tax savings, continuation of essential services, continued utility and DDA structures, and the opportunity to integrate governmental administration into Orion Township. The principal costs are loss of Village-specific governing authority, possible changes in service levels and transition risk. On the financial record developed to date, the benefit side is not speculative: the current tax model identifies the amount residents save, and the debt model identifies why existing obligations do not automatically consume that savings.

Finding. The affirmative case can be stated simply: Lake Orion can remain a place, community and identity while residents stop paying approximately 10 mills each year to maintain a separate Village governmental structure, provided the debt and transition assumptions in the supporting reports are implemented as modeled.

Source note: Tax Impact Report model; Debt Upon Disincorporation analysis; Village Services Report; DDA continuation and revenue model; FY 2026-27 budget; project information concerning community events, Village support functions and sponsoring organizations.

RESIDENT SUMMARY

WHAT DISINCORPORATION WOULD MEAN FOR A LAKE ORION RESIDENT

Disincorporation would end the Village of Lake Orion as a separate municipal government. It would not end Lake Orion as a community. Residents would remain residents of Orion Township, continue voting for Township officials, and continue living in the same homes, neighborhoods and community.

Taxes

Under the current Tax Impact working model, Village residents would stop paying approximately 13.3627 mills of Village taxes and would begin paying approximately 3.3761 mills for Orion Township police service. The net recurring reduction is **approximately 9.9866 mills - about \$999 per year for a property with \$100,000 of taxable value and about \$1,997 for \$200,000 of taxable value.**

The Township operating and fire millages are **already paid by Village residents and are not new disincorporation costs.**

Fire, EMS and Ambulance

No major change. Orion Township already provides these services throughout the Village, and Village residents already pay the Township fire millage that supports them.

Police

The separate Village Police Department would end. Orion Township would become responsible for police protection, and former Village property would pay the Township police millage. The current Village police millage pays only about 45 percent of the FY 2026-27 Police Department budget; the Village General Fund supplies another approximately \$503,000.

Water and Sewer

The systems and bills do not disappear. Orion Township would become responsible for the former Village systems and would decide how to operate and maintain them. Existing utility debt and capital needs continue and are modeled as being paid through utility charges.

Roads

The roads remain and require substantial investment. Project PASER data show **most Village pavement in poor condition.** The Village's Capital Improvement Plan also identifies road, drainage, building and other infrastructure needs, but **much of the work is unfunded and lacks a firm completion schedule.** Disincorporation changes the government responsible for that backlog; it does not eliminate the repair cost.

Debt

Village debt survives disincorporation. The current model assigns most obligations to utility revenue or DDA revenue and uses available resources and selected asset value for residual liabilities. On the model assumptions, **no residual general taxpayer charge is projected.** State law nevertheless makes the former Village territory the ultimate source of a levy if Village indebtedness remains unpaid.

Downtown and DDA

The study's working legal position is that the DDA continues under Orion Township. The current model projects about \$725,000 per year of immediate post-disincorporation DDA tax increment revenue, compared with annual DDA bond payments of approximately \$419,000 to \$424,000 before other DDA operating costs.

What Residents Give Up

Residents give up a separate Village Council and a municipal government focused only on the Village. Township service standards and priorities may differ, and the transition will require careful treatment of employees, contracts, property, ordinances, records and debt.

What Does Not Go Away

The lake, downtown, neighborhoods, parks, businesses, churches, schools, community groups, traditions and the name Lake Orion **do not depend on the continued existence of the Village government. Dragon on the Lake, the Christmas Parade, the Flower Fair** and other community activities are organized by private organizations, civic groups, businesses, volunteers and the DDA. The Village generally provides permits and limited governmental or police support, with sponsoring organizations paying the applicable charges when those services are required. The central question is whether maintaining a separate Village government is worth the **approximately 10 mills of recurring tax cost** identified by the current model.

SOURCE REGISTER

PRIMARY SOURCES AND FINAL-REPORT NOTES

Primary Financial and Governmental Sources

Source	Use in Study
Village of Lake Orion FY 2025 Audited Financial Statements and Supplementary Information	Audited fund, liability, capital asset, pension/OPEB and debt information
Village of Lake Orion FY 2026-27 Budget Report	Current operating budgets for General, Police, DPW, Water/Sewer and other funds
Village Cash on Hand by GL Number - June 30, 2026	Current cash balances by fund; not equivalent to unrestricted fund balance
Michigan General Law Village Act, Act 3 of 1895	Disincorporation statutes, including MCL 74.18a, 74.20 and transition-plan subjects in 74.23e
An Analysis of the Village of Lake Orion Debt Upon Disincorporation	Project debt classification and repayment model
Lake Orion DDA Impact of Disincorporation Draft	DDA continuation position, captured value, revenue and debt model
Lake Orion DDA Tax Increment Financing and Development Plan	DDA district, development functions and downtown program context
Village of Lake Orion 2026-2029 Pavement Asset Management Plan	PASER condition and road-network information; source plan should accompany any public source appendix
Tax Impact Report working model	13.3627 Village mills, 3.3761 Township police mills, 9.9866 net reduction; later certified rates should supersede if materially different

Limitations and Items Requiring Later Verification

This final report is based on information available through August 2026 and retains several matters that should be updated or verified if later information becomes available. The tax tables use the current project millage schedule; later certified rates should supersede those figures if materially different. The June 30, 2026 cash balances should be reconciled to fund restrictions and current liabilities before they are treated as debt offsets. The source PASER plan should accompany any public source appendix. Employee counts and transition costs should be tied to a current payroll or position schedule if they are stated numerically. Legal conclusions regarding DDA continuation, utility debt treatment and the interaction between dedicated revenues and MCL 74.20 should be checked against the governing bond and plan documents as part of any formal implementation process.

These limitations do not change the report's principal findings based on the information presently available. They identify the limited areas where later certified figures, governing bond documents or implementation decisions may require a numerical update or additional qualification.