Rochester Community Schools

Annual Comprehensive Financial Report

June 30, 2026



YEO & YEO

BUSINESS SUCCESS
PARTNERS

Table of Contents

Section		Page
1	**Introductory Section**	
	Letter of Transmittal	1 - 1
	Administration Organization Chart	1 - 11
	List of Principal Officials of the School District	1 - 12
	Certificate of Excellence Award Certificate for the Prior Year	1 - 13
2	**Independent Auditors' Report**	2 - 1
3	**Management's Discussion and Analysis**	3 - 1
4	**Basic Financial Statements**	
	District-wide Financial Statements	
	Statement of Net Position	4 - 1
	Statement of Activities	4 - 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 - 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 9
	Notes to the Financial Statements	4 - 10

Section		Page
5	**Required Supplementary Information**	
	Budgetary Comparison Schedule - General Fund	5 - 1
	Schedule of the School District's Proportionate Share of the Net Pension Liability	5 - 3
	Schedule of the School District's Pension Contributions	5 - 4
	Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)	5 - 5
	Schedule of the School District's OPEB Contributions	5 - 6
	Notes to the Required Supplementary Information	5 - 7
6	**Other Supplementary Information**	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 - 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2
	Schedule of Outstanding Bonded Indebtedness	6 - 3
7	**Statistical Section (Unaudited)**	
	Description of Statistical Section	7 - 1
	Net Position by Component – Governmental Activities	7 - 2
	Changes in Governmental Net Position	7 - 3
	Fund Balances - Governmental Funds	7 - 4
	Changes in Fund Balance - Governmental Funds	7 - 5
	Assessed Value and Actual Value of Taxable Property	7 - 6
	Direct and Overlapping Property Tax Rates	7 - 7
	Principal Property Taxpayers	7 - 8
	Property Tax Levies and Collections	7 - 9
	Direct and Overlapping Governmental Activities Debt	7 - 10
	Ratios of Outstanding Debt	7 - 11
	Legal Debt Margin	7 - 12
	Demographic and Economic Statistics	7 - 13
	Principal Employers	7 - 14
	Full-Time Equivalent Employees by Function	7 - 15
	Operating Indicators	7 - 16
	Capital Asset Information	7 - 17
	Student Enrollment Data	7 - 19

ROCHESTER COMMUNITY SCHOOLS
PRIDE IN EXCELLENCE

52585 Dequindre Road, Rochester, Michigan 48307 | Phone: 248-726-3000 | www.rochester.k12.mi.us

October 15, 2026

The Board of Education
Rochester Community Schools
52585 Dequindre Road
Rochester, Michigan, 48307

Dear Board Members and Citizens of Rochester Community Schools:

This letter of transmittal serves as an introduction to the Rochester Community School's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2026. The ACFR is organized into three sections: the introductory section, the financial section, and the statistical section. Included in the introductory section is the District's organizational chart, a roster of principal officials and the letter of transmittal. The financial section includes the independent auditors' opinion letter and the Management's Discussion and Analysis. Also included in the financial section are the District's government-wide financial statements, fund financial statements and supplemental information. The statistical section includes selected financial, demographic and general information about the District.

Formal Transmittal

Legal Requirements

The Michigan Budgeting and Accounting Act (Act 2 of 1968) established a uniform budgeting and accounting system for local units of government. In accordance with this Act, the Board of Education directly appoints one principal officer, the Superintendent (MCL 141.434). Other administrative employees are recommended by the Superintendent for approval by the Board.

The adopted budget of the Board of Education represents the legal authority for the school district to spend money. The budget is formally adopted at a public budget hearing by July 1 each year. The budget is based on the board's appropriation priorities and resources.

Management's Responsibility

The District's management has prepared this report and is responsible for the accuracy, fairness and completeness of the presentation, including all required disclosures. The information contained in this report is accurate in all material respects, is presented in a manner designed to fairly show the financial position and results of operations of the District, and includes all disclosures necessary to enable the reader to gain an understanding of the District's financial position.

Internal Control Structure

The District's management is responsible for establishing and maintaining an internal control structure. The internal control structure is designed to safeguard District assets from accidental loss or loss from misappropriation. The internal control structure also ensures the reliability and integrity of financial information. Internal controls also help to ensure compliance with federal, state, and local regulations and provide an environment in which managers and staff can maximize the efficiency and effectiveness of district operations.

Internal controls are subject to inherent limitations with regard to the cost/benefit of the control. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

Independent Audit

The District received an unmodified opinion by independent auditors on its basic financial statements for the fiscal year ended June 30, 2026. Additionally, the District received an unmodified opinion on a separate audit of the District's federal awards.

Management's Discussion & Analysis

The Management's Discussion and Analysis, located in the financial section of this report, provides a more detailed analysis of the District's financial position and results of operations, and should be read in conjunction with this letter.

District Profile

Population, Structure, and Services

The district, which covers an approximately 66-square-mile area in the southeastern portion of Michigan's Lower Peninsula, serves an estimated population of 98,000 and is located primarily in Oakland County with a small portion in western Macomb County. District residents have access to jobs in Oakland County, the corporate headquarters of Fanuc America as well as several General Motors facilities. Investment in automotive-related research and development of new technologies (such as autonomous driving) has led to new business in the area.

The district is governed by a Board of Education comprised of seven board members. Each board member is elected. Board members serve for a period of six years at which time they may choose to run for re-election. School Board members at June 30, 2026 are as follows:

Name	Position	Term
Barb Anness	President	2026
Jayson Blake	Vice President	2030
Julie Alspach	Treasurer	2030
Michelle Bueltel	Secretary	2026
Shelley Lauzon	Trustee	2030
Carol Beth Litkouhi	Trustee	2028
Sherry Wynn-Perdue	Trustee	2026

Component Unit

The district has determined that no entities should be consolidated into its basic financial statements as component units. There are no units that quality as having a significant operational or financial relationship with the District.

Budget Process

The district follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The district's Superintendent submits to the Board of Education a proposed budget before July 1 of each year. The budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments.

3. The Superintendent is authorized to transfer budgeted amounts between functions within any fund up to $100,000 for purposes of meeting emergency needs of the district. Transfers between functions are included in the following regularly scheduled budget amendment.

4. Budgets for the General, Debt Service, Capital Projects, and Special Revenue Funds are adopted on an annual basis consistent with generally accepted accounting principles.

Governmental Funds Appropriated Budget

Annual budgets are adopted and are under formal budgetary control for the general and major special revenue funds. The general and major special revenue funds are adopted on a functional level and consist of budgeted amounts as originally adopted or amended by the Board of Education.

Legal level of Budgetary Control

The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the Michigan Budgeting and Accounting Act (Act 2 of 1968). The Act requires expenditures to be budgeted on a functional basis. In all stages of the budget process, the Rochester Board of Education's policy states that it will adhere to all statutes and regulations imposed by the Act.

Scope of Instructional Activities

Rochester Community Schools provides public education to students in kindergarten through twelfth grades and special education until the age of 26. Additional services include programs for children ages 0-3 years, preschool programs, before and after school care for school age children, adult education, and community enrichment classes for all ages.

Student Population

Fall 2025 enrollment totaled 14,687 Full-Time Equivalent (FTE) students, which was a decrease compared to the district's high in Fall 2019 of 15,412 FTE. The district enrollment has decreased slightly each year since the Fall 2019 count. Enrollment is important to the financial health of the district because State funding is based on a per-pupil formula.

Programs Offered

Rochester Community Public Schools provides its students a comprehensive program of public education from Early Childhood students as young as age two through twelfth grade. The District has a broad-based curriculum designed to meet the individual needs of all students including regular daytime, advance placement, at-risk, special needs and alternative education. All students have access to current technology integrated across curriculum and to comprehensive media centers. Students have the opportunity to participate in global learning, a variety of language classes, orchestra, and numerous extracurricular activities including music, drama, fine arts, intramural and interscholastic sports, clubs and many other special interest activities.

Relationship to Other Governments

The district is fiscally independent. The laws of the State of Michigan give the district power to levy taxes, determine fees, approve and modify budgets, and issue debt without approval from any other government. The district is also subject to the general oversight of the Michigan State Board of Education.

Charter Schools

The following are the private, charter, or parochial schools located within the School District's boundaries:

Name of School	Grades Served	Approximate Enrollment
Brookfield Academy	Pre K-5	113
Eagle Creek Academy	Pre K-8	217
Holy Family Regional North Campus	K-3	446
Holy Family Regional South Campus	4-8	495
Lutheran High Northwest	9-12	242
Oak Arbor Montessori Church School	Pre K-8	22
Premier Academy of Oakland	Pre K-K	170
Premier Academy of Rochester Hills	Pre K-K	165
Rochester Hills Christian School	Pre K-12	229
St. John Lutheran School	Pre K-8	490
		2,589

Economic Environment

Local Economy and Outlook

In 2025, the median household income in Rochester Hills was $120,694 compared to $80,734 for all U.S. households. Current per capita income is $57,833 in the area, compared to U.S. per capita income of $44,673. Total taxable value increased to $7.58 billion in May 2025 up from $7.26 billion in May of 2025. This totaled a $220 million increase or 4.4%.

The district's per pupil funding through the State of Michigan increased to $10,000 per pupil. In total, the district received $179.8 million in state funding for the 2025-26 fiscal year. An increase of $5.1 million from the 2024-25 fiscal year's total of $174.7 million. The majority of the increase came from the per pupil foundation allowance, special education reimbursement, categorical funding, and retirement.

The district has experienced an increase in expatriates and English language learners. District residents have access to jobs in Oakland County, the corporate headquarters of Stellantis N.V. as well as several General Motors facilities. FANUC America completed their expansion by doubling their footprint in the area in July 2024. FANUC America also announced plans to build a new 840,000 square-foot facility in nearby Pontiac that is expected to add 225 new jobs. The anticipated completion date is late 2027. Investment in automotive-related research and development of new technologies (such as autonomous driving) has led to new business in the area.

Long-Term Financial Planning

The district uses a comprehensive budgeting model for all funds that includes eight years of data for long-term financial planning purposes. The data includes three prior years of actual data (comparative), the current year budget and estimated actual data, a proposed budget year and three years of forecast data. Revenue assumptions in the general operating fund are based on long-term projected enrollment and foundation allowance estimates. Expenditure assumptions in the general operating fund include staffing levels adjusted for enrollment, contractual obligations, pension and health insurance rate trends, and non-staff related general operating costs.

Revenue assumptions in the debt service fund are based on taxable real property value estimates and expenditure assumptions are based on actual debt service requirements. Capital project fund revenue and expenditure estimates are based on voter-approved debt issue proceeds (revenue) and planned facility and technology projects. School service fund revenue and expenditure estimates are based on sales or state and federal reimbursements (revenue) and the related costs of running the service provided (expenditures).

Financial Policies

Fund balance may be used to supplement possible shortfalls in revenues, as a reserve for contractual obligations, for emergency expenditures or for other expenditures designated by the Board. In 2015, the Rochester Board of Education established a fund balance target of 10% of the general fund operating budget. The district's fund balance as a percentage of its operating budget is illustrated in the following table:

Percentage of Fund Balance to Expenditures
General Fund

	Estimated*		Actual	
Fiscal Year	2026-2027	2025-2026	2024-2025	2023-2024
Fund Balance	43,854,994	49,482,678	48,306,737	48,008,667
Expenditures	240,540,246	234,338,633	231,174,230	227,354,502
% Fund Balance	18.23%	21.12%	20.90%	21.12%

*Estimated includes updated 2025-26 audited fund balance

Major Initiatives

Rochester Community Schools has a rich history of excellence that has been strengthened over time through the strategic planning process.

To ensure RCS continues to provide high-quality education and innovative learning opportunities for all students, the Board of Education contracted experts to serve as facilitators for the next iteration of the strategic plan. The team collaborated with students, staff, and the community to provide a roadmap for ongoing success.

Community engagement provides a voice for all stakeholders. Opportunities are leveraged through a community survey, focus groups, and a community forum.

Data synthesis ensures common outcomes, expectations, and actions during the development of the strategic plan to prioritize the work of the organization.

Vision development paints a picture of what the organization will look like in the near future and serves as an actionable document that articulates direction, mission, and guiding principles.

Rochester Community Schools will continue to support, develop, enhance, and drive forward educational excellence through five key areas: learning, teaching, leadership, professional development, and community engagement.

Learning-Rochester Community Schools believes that well-rounded students who posse core academic knowledge, high levels of self-awareness an the ability to apply their learning have the skills that will enable them to thrive in a continually evolving global society. The district will ensure all students have independence in foundational literacy, mathematics, science and humanities skills. These skills, along with embedded coaching on character, citizenship, creativity, critical thinking, collaboration, cultural proficiency and communication, will continue to prepare students for success beyond school.

Teaching-Rochester Community Schools is committed to cultivating the art of teaching through a culture of innovative excellence. The district believes that teaching is both an art and a science where approaches are flexible and adaptive to meet the needs of each learner. To sustain this culture, the district honors and respects innovative and effective educators and will facilitate the sharing and adoption of their practices.
Leadership-Leadership is demonstrated by a set of behaviors and actions that inspire and bring people together to achieve their best. To this end, our leaders will foster a culture of transparency and empathy-building across the district that creates a sense of belonging, engagement and professional growth.

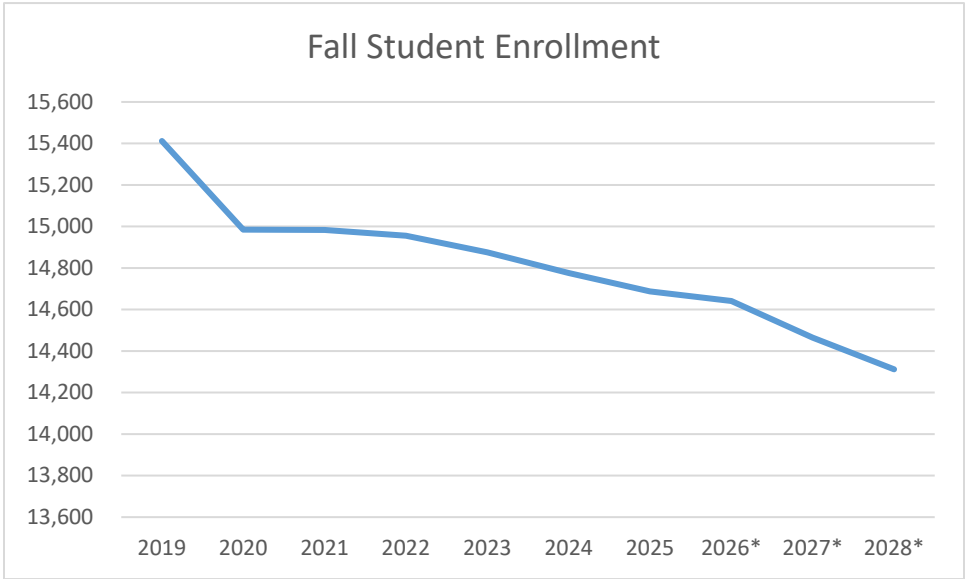
Professional Development-A focused and sustained investment in people provides the foundation for continued excellence, growth and innovation in Rochester Community Schools. The district believes this investment is most impactful and inspiring when it includes all employee groups.

Community Engagement-Positive relationships between our public school district and the wider community are essential to the continued success of each. Rochester Community Schools is committed to fostering strong partnerships with all stakeholders to enhance student success.

The Board of Education approved 23 deliverables for completion during the 2024-25 school year and 19 deliverables for the 2025-26 school year. More information can be found on the district's website: https://www.rochester.k12.mi.us/about-us/strategic-plan.

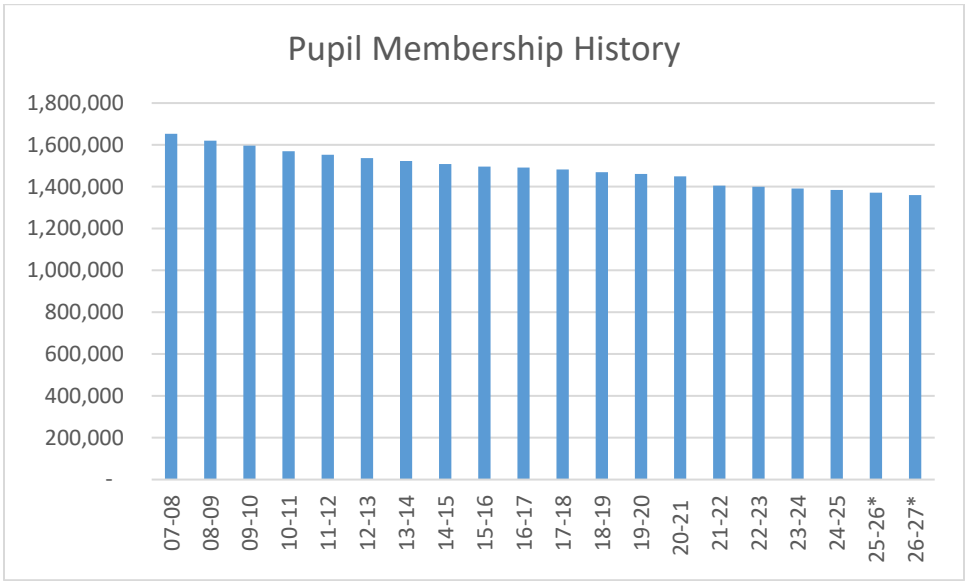
Projected Enrollment

Enrollment continues to be the most significant trend that impacts the district. Overall, statewide enrollment has decreased, however, the district's most recent projection indicates slightly decreasing enrollment over the next five years. In recent years, actual fall student enrollment has topped conservative projections completed by Powerschool Predictive Enrollment Analytics. Projected fall student enrollment holds special education students flat while projecting changes to general education students. Actual and projected fall student enrollment is illustrated as follows:



*Projected

State-wide student enrollment decreased between 2007-08 and 2026-27* by approximately 292,555 students. State student enrollment is illustrated as follows:



* Estimated
Source: Senate Fiscal Agency and MI School Data

The state aid per-pupil formula changed for fall 2020 membership count in order to help minimize the impact of the global pandemic on public school funding.

Facilities

The district operates three high schools, four middle schools, thirteen elementary schools, an early childhood education center, and a multi-use education center. In addition to school buildings, the district operates an administration center, the facility and operations center, a transportation center, and is maintaining the former administration center. Buildings encompass more than 2.6 million square feet on over 540 acres. The buildings range from 26 to 100 years old.

Awards and Acknowledgements

This is the eighth year the district has issued an Annual Comprehensive Financial Report. This document is also the District's eighth submission for the ASBO Certificate of Excellence in Financial Reporting.

We would like to express appreciation to the District's highly dedicated Board of Education for their continued guidance and support. Copies of this document are available through the transparency link on the District's website at www.rochester.k12.mi.us.

Respectfully Submitted,

Nicholas Russo

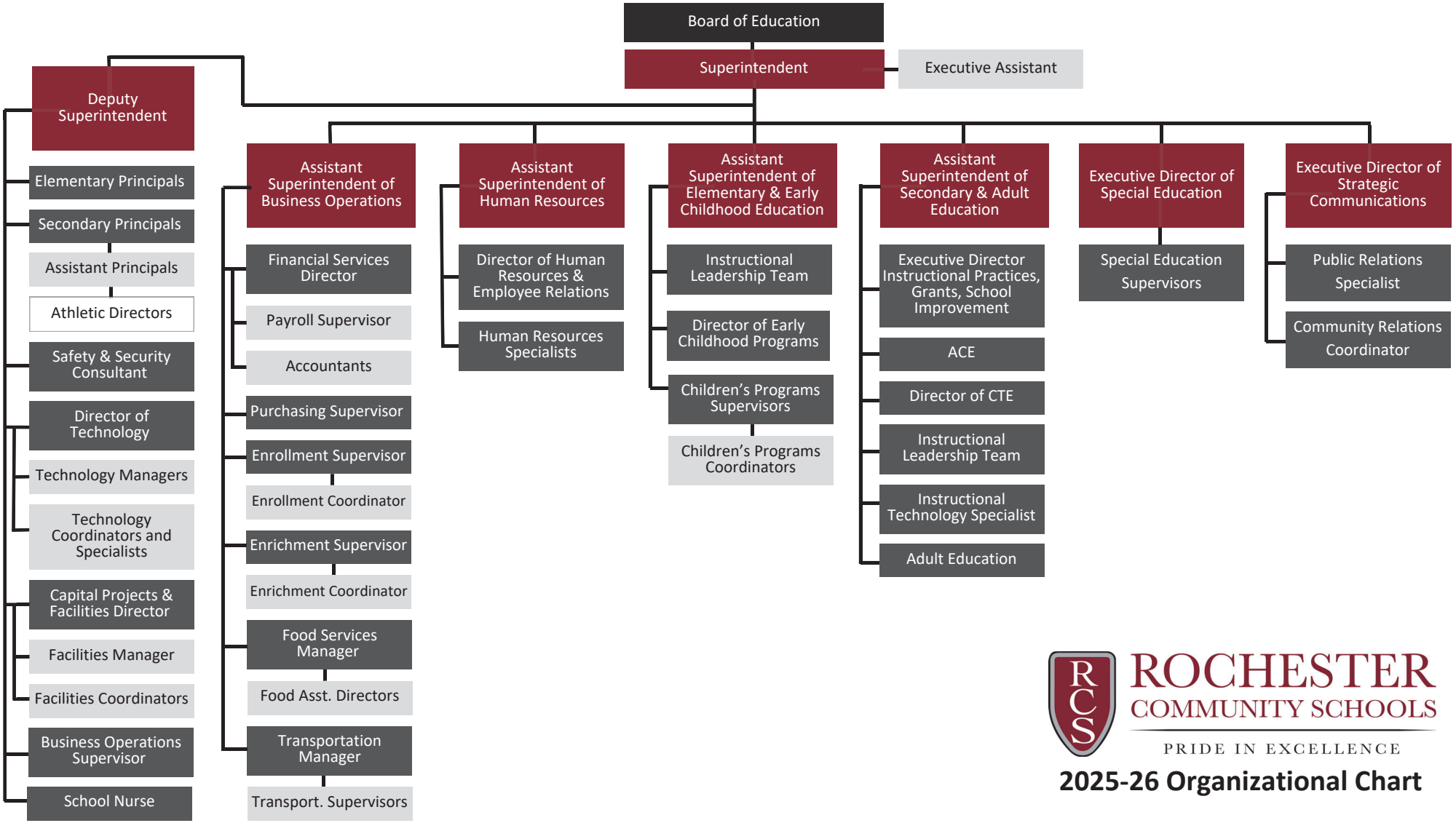
Nicholas Russo, Ed.S
Superintendent of Schools

Matthew McDaniel

Matthew McDaniel, CPA
Assistant Superintendent of Business Operations

Sara Weaver

Sara Weaver
Interim Director of Financial Services



ROCHESTER COMMUNITY SCHOOLS

PRIDE IN EXCELLENCE

2025-26 Organizational Chart

Rochester Community Schools
List of Principal Officials of the School District
June 30, 2026

Members of the Board of Education

Barb Anness – President

Jayson Blake – Vice President

Dr. Julie Alspach – Treasurer

Michelle Bueltel – Secretary

Shelley Lauzon – Trustee

Dr. Sherry Wynn Perdue – Trustee

Carol Beth Litkouhi – Trustee

Administration

Nicholas Russo – Superintendent

Matthew McDaniel – Assistant Superintendent of Business Operations

Sara Weaver – Interim Director of Financial Services

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Rochester Community Schools

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2025

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

James M. Rowan, CAE, SFO
CEO/Executive Director

Independent Auditors' Report

Management and the Board of Education
Rochester Community Schools
Rochester, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rochester Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Rochester Community Schools's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rochester Community Schools, as of June 30, 2026, and the respective changes in financial position, 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rochester Community Schools, 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2026, Rochester Community Schools adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

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 Rochester Community Schools's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Rochester Community Schools'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 Rochester Community Schools'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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), schedule of the school district's OPEB contributions, and notes to the required supplementary information 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rochester Community Schools's 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 other supplementary information, as identified in the table of contents 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, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026, on our consideration of Rochester Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Rochester 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 Rochester Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Troy, Michigan
October 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Rochester Community Schools
Management Discussion and Analysis
June 30, 2026

The Management Discussion and Analysis provides an overview of the Rochester Community Schools' financial activities for the fiscal year ended June 30, 2026.

Financial Highlights

- The assets and deferred outflows exceeded the liabilities and deferred inflows of the District at June 30, 2026, by $63,283,414 (net position). The District's total net position increased by $62,123,663.

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $60,022,014 a decrease of $244,059 in comparison with the prior year. The decrease was primarily due to the change in fund balance for the sinking fund, debt retirement fund, and student activities fund.

- At the end of the current fiscal year, total fund balance for the general fund was $49,482,678.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the district include instruction, support services, community services, food services, bookstore, and athletics. The District has no business-type activities as of and for the year ended June 30, 2026.

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

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

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

The District maintains seven individual governmental funds. Information is presented separately on the governmental funds balance sheet and on the governmental funds statement of revenues, expenditures, and changes in fund balances for major funds which include the general, capital projects, and debt service funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general, capital project, debt service, and special revenue funds. Budgetary comparison statements or schedules have been provided for the general fund herein to demonstrate compliance with that budget.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information.* This is limited to this management's discussion and analysis, budgetary comparison schedule, and the schedules for the MPSERS pension plan immediately following the notes to the financial statements. The combining fund statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $63,283,414 at the close of the most recent fiscal year.

The largest portion of the District's total assets reflects its investment in capital assets (e.g., land, buildings, vehicles, and equipment). Net position invested in capital assets, net of related debt used to acquire those assets that are still outstanding, totaled $213,526,128 at June 30, 2026. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position
Governmental Activities

	2026	2025
Assets		
Current assets	$ 96,932,717	$ 97,048,121
Net OPEB asset	64,702,011	42,071,691
Capital assets net of depreciation	319,447,838	320,175,858
Total assets	481,082,566	459,295,670
Deferred outflows of resources	66,560,859	83,772,752
Liabilities		
Current liabilities	50,849,473	50,341,768
Long-term liabilities	285,430,062	350,712,387
Total liabilities	336,279,535	401,054,155
Deferred inflows of resources	148,080,476	140,854,516
Net position (deficit)		
Net investment in capital assets	213,526,128	205,842,338
Restricted	72,319,430	51,484,878
Unrestricted	(222,562,144)	(256,167,465)
Total net position (deficit)	$ 63,283,414	$ 1,159,751

An amount of $72,319,430 included in net position of the District represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position.

The surplus of $63,283,414 in net position of governmental activities represents the accumulated results of all past years' operations including the impact of implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* More detailed information on this can be seen at Note 10 and Note 11 in the Notes to Financial Statements.

Changes in Net Position
Governmental Activities

	2026	2025
General Revenues		
Property taxes	$ 46,829,212	$ 44,458,157
State of Michigan aid, unrestricted	123,188,346	119,007,068
Other	2,415,235	2,316,256
Program Revenues		
Charges for services	12,460,492	13,166,531
Operating grants	84,724,404	86,171,387
Total revenues	269,617,689	265,119,399
Expenses		
Instruction	113,419,259	117,934,896
Support services	80,954,821	85,197,078
Community services	3,129,769	3,884,523
Food services	6,635,404	7,096,664
Interest on long-term debt	3,354,773	3,229,098
Total expenses	207,494,026	217,342,259
Change in net position	62,123,663	47,777,140
Net position - beginning, as previously reported	1,159,751	(43,029,819)
Change in accounting principle	-	(3,587,570)
Net position - beginning, as restated	1,159,751	(46,617,389)
Total net position (deficit)	$ 63,283,414	$ 1,159,751

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $60,022,014 a decrease of $244,059 in comparison with the prior year. Unassigned fund balance totaled $42,616,532 at June 30, 2026. A portion of the fund balance is non-spendable, restricted, or committed to indicate that it is not available for new spending because the underlying assets are included in inventory and prepaid expenses, are restricted for externally imposed constraints, or committed by board action, and are not available for current expenditure.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned portion of fund balance was $42,616,532, while total fund balance was $49,482,678.

General Fund Budgetary Highlights

Differences between the original and final amended budgets were significant. School districts are required to adopt a budget by the start of each fiscal year (July 1). The state had not finalized funding for school districts by this date. In addition, student attendance begins in late August. The district determines staffing levels based on student count.

The district received increased local, state, federal, and interdistric funding, which increased revenue from $226,540,980 to $234,974,708. This resulted in a change of $8,433,728. These increases were based on state funding increases to the per pupil foundation allowance and categorical funding. Local revenue saw an increase due to the increase in local property values that support the per pupil foundation allowance increases. The district also saw a modest increase in federal funding and interdistrict special education millage funding. The expenditure budget increased significantly based on a collective bargaining agreement that was finalized in the fall of 2024. Expenditures increased from $233,135,505 to $237,072,338. In additional the collective bargaining agreement, staffing and other discretionary expenditures were adjusted to reflect anticipated needs.

Budget to actual comparisons were favorable with a net increase to fund balance of $1,236,289 compared to a budget decrease of $2,097,630. Conservative spending of allocated budgets resulted in the majority of the difference as well as additional state revenue received after the budget was adopted in late June. Actual revenue and expenditures also decreased as the District did not fully utilize state and federal grants. These grants will carryover into the next fiscal year.

Capital Asset and Debt Administration

Capital Assets. The District's investment in assets for its governmental activities as of June 30, 2026, amounted to $319,447,838 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, site improvements, vehicles and equipment.

Depreciation expense totaled $15,219,992 for the year ended June 30, 2026.

The major capital asset purchases during the current fiscal year were the following:

- Building Improvements
- Construction in progress

A summary of the District's capital assets (net of accumulated depreciation) as of June 30, 2026, follows:

CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)

	2026	2025
Land and improvements	$ 9,851,083	$ 9,851,083
Construction in progress	5,573,118	3,499,468
Buildings and additions	266,616,661	271,376,361
Site improvements	23,907,171	24,892,470
Furniture and equipment	12,004,751	8,193,050
Vehicles and buses	1,495,054	2,363,426
Total	$ 319,447,838	$ 320,175,858

Additional information on the District's capital assets can be found in Note 4 in the notes to the financial statement sections of this report.

Long-term Debt. The District issues bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

At the end of the current fiscal year, the District had total bonded debt outstanding of $96,077,554. The District's total debt principal payments were $61,455,000 during the current fiscal year.

Additional information on the District's long-term debt can be found in Note 7 in the notes to the financial statement sections of this report.

Factors Affecting the District's Future

The following factors were considered in preparing the District's budget for the 2025-26 fiscal year:

- The District continues to realign its general fund expenditure budget to approximate expected revenues.
- The District's foundation allowance is set by the State of Michigan and is dependent on the state's economic condition. The cost of the State pension system continues to absorb more State resources in the form of categorical MPSERS rate reimbursements. The District's share of the unfunded pension liability is reported in the government-wide statements as of June 30, 2026.
- The District has continued to address operational pressures such as labor shortages, limited product availability, supply chain disruptions, tariffs, and inflation.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant Superintendent of Business Operations or the Director of Financial Services, 52585 Dequindre Road, Rochester, Michigan 48307.

BASIC FINANCIAL STATEMENTS

Rochester Community Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 61,138,296
Accounts receivable	385,261
Due from other governmental units	33,560,968
Interest receivable	34,517
Inventory	206,961
Prepaid items	1,606,714
Capital assets not being depreciated	15,424,201
Capital assets - net of accumulated depreciation	304,023,637
Net OPEB asset	64,702,011
Total assets	481,082,566
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	54,291,550
Deferred amount relating to the net OPEB asset	12,269,309
Total deferred outflows of resources	66,560,859

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Liabilities	
Accounts payable	4,765,497
Due to other governmental units	2,849,861
Payroll deductions and withholdings	832,720
Accrued expenditures	6,907,845
Accrued salaries payable	15,259,053
Unearned revenue	8,130,311
Long-term liabilities	
Net pension liability	194,678,402
Due within one year	12,104,186
Due in more than one year	90,751,660
Total liabilities	336,279,535
Deferred Inflows of Resources	
Deferred amount on debt refunding	9,844,156
Deferred amount relating to the net pension liability	82,519,151
Deferred amount relating to the net OPEB asset	55,717,169
Total deferred inflows of resources	148,080,476
Net Position	
Net investment in capital assets	213,526,128
Restricted for:	
Food service	3,639,407
Debt service	1,099,598
Capital projects	2,878,414
Net OPEB asset	64,702,011
Unrestricted	(222,562,144)
Total net position	$ 63,283,414

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Statement of Activities
For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 113,419,259	$ -	$ 45,888,531	$ (67,530,728)
Supporting services	80,954,821	6,744,455	31,250,787	(42,959,579)
Food services	6,635,404	617,992	7,307,379	1,289,967
Community services	3,129,769	5,098,045	277,707	2,245,983
Interest and fiscal charges on long-term debt	3,354,773	-	-	(3,354,773)
Total governmental activities	$ 207,494,026	$ 12,460,492	$ 84,724,404	(110,309,130)
General revenues				
Property taxes, levied for general purposes				25,291,333
Property taxes, levied for debt service				11,052,442
Property taxes, levied for sinking fund				10,485,437
State aid - unrestricted				123,188,346
Interest and investment earnings				1,624,192
Gain on sale of capital assets				27,238
Other				763,805
Total general revenues				172,432,793
Change in net position				62,123,663
Net position - beginning				1,159,751
Net position - ending				$ 63,283,414

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Debt Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 49,705,879	$ 1,843,671	$ 9,588,746	$ 61,138,296
Accounts receivable	384,750	511	-	385,261
Due from other governmental units	32,681,963	-	879,005	33,560,968
Interest receivable	34,517	-	-	34,517
Inventory	69,677	-	137,284	206,961
Prepaid items	1,168,785	-	437,929	1,606,714
Total assets	$ 84,045,571	$ 1,844,182	$ 11,042,964	$ 96,932,717
Liabilities				
Accounts payable	$ 2,764,396	$ -	$ 2,001,101	$ 4,765,497
Due to other governmental units	2,849,100	-	761	2,849,861
Payroll deductions and withholdings	832,720	-	-	832,720
Accrued expenditures	5,073,261	-	-	5,073,261
Accrued salaries payable	15,255,218	-	3,835	15,259,053
Unearned revenue	7,788,198	-	342,113	8,130,311
Total liabilities	34,562,893	-	2,347,810	36,910,703

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Debt Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Non-spendable				
Inventory	69,677	-	137,284	206,961
Prepaid items	1,168,785	-	437,929	1,606,714
Restricted for				
Food service	-	-	3,206,764	3,206,764
Debt service	-	1,844,182	-	1,844,182
Capital projects	-	-	2,820,101	2,820,101
Committed for				
Bookstore	-	-	160,185	160,185
Student activities	-	-	1,932,891	1,932,891
Assigned for				
Budgeted 26-27 excess expenditures over revenues	5,627,684	-	-	5,627,684
Unassigned	42,616,532	-	-	42,616,532
Total fund balances	49,482,678	1,844,182	8,695,154	60,022,014
Total liabilities and fund balances	$ 84,045,571	$ 1,844,182	$ 11,042,964	$ 96,932,717

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds	$ 60,022,014
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	15,424,201
Capital assets - net of accumulated depreciation	304,023,637
Net OPEB asset is not recorded as an asset in the governmental funds	64,702,011
Deferred outflows (inflows) of resources	
Deferred inflows of resources resulting from debt refunding	(9,844,156)
Deferred outflows of resources resulting from the net pension liability	54,291,550
Deferred outflows of resources resulting from the net OPEB liability asset	12,269,309
Deferred inflows of resources resulting from the net pension liability	(82,519,151)
Deferred inflows of resources resulting from the net OPEB liability asset	(55,717,169)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(744,584)
Incurred but not reported benefit claims	(1,090,000)
Special termination benefits	(1,472,001)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(194,678,402)
Compensated absences	(5,306,291)
Bonds payable	(96,077,554)
Net position of governmental activities	$ 63,283,414

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Formerly Nonmajor Fund: Debt Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 34,831,161	$ 11,410,357	$ 15,336,018	$ 61,577,536
State sources	176,450,534	22,497	5,138,317	181,611,348
Federal sources	5,564,239	-	2,189,537	7,753,776
Interdistrict sources	18,647,791	-	-	18,647,791
Total revenues	235,493,725	11,432,854	22,663,872	269,590,451
Expenditures				
Current				
Education				
Instruction	135,521,055	-	-	135,521,055
Supporting services	92,803,772	-	3,938,043	96,741,815
Food services	-	-	7,819,428	7,819,428
Community services	3,443,295	-	81,149	3,524,444
Intergovernmental payments	4,000	-	-	4,000
Facilities acquisition	-	-	12,683,144	12,683,144
Capital outlay	1,864,577	-	-	1,864,577
Debt service				
Principal	613,300	6,655,000	-	7,268,300
Interest and other expenditures	7,437	3,453,400	-	3,460,837
Payment to bond refunding escrow agent	-	55,753,246	-	55,753,246
Total expenditures	234,257,436	65,861,646	24,521,764	324,640,846
Excess (deficiency) of revenues over expenditures	1,236,289	(54,428,792)	(1,857,892)	(55,050,395)

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Formerly Nonmajor Fund: Debt Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from refinancing debt	-	54,781,839	-	54,781,839
Proceeds from sale of capital assets	20,849	-	3,648	24,497
Transfers in	-	-	81,197	81,197
Transfers out	(81,197)	-	-	(81,197)
Total other financing sources (uses)	(60,348)	54,781,839	84,845	54,806,336
Net change in fund balances	1,175,941	353,047	(1,773,047)	(244,059)
Fund balances - beginning, as previously presented	48,306,737	-	11,959,336	60,266,073
Change within financial reporting entity (nonmajor to major fund)	-	1,491,135	(1,491,135)	-
Fund balances - beginning, as adjusted	48,306,737	1,491,135	10,468,201	60,266,073
Fund balances - ending	$ 49,482,678	$ 1,844,182	$ 8,695,154	$ 60,022,014

See Accompanying Notes to the Financial Statements

Rochester Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Net change in fund balances - Total governmental funds	$ (244,059)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(15,219,992)
Capital outlay	14,489,231
Sale of capital assets (net book value)	2,741
Expenses are recorded when incurred in the statement of activities.	
Interest	(66,039)
Benefit claims	130,000
Special termination benefits	(59,639)
Compensated absences	303,116
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	46,366,744
Net change in deferrals of resources related to the net pension liability	(14,697,491)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB expense changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	22,630,320
Net change in deferrals of resources related to the net OPEB asset	76,921
Bond and note proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(54,781,839)
Repayments of long-term debt	7,268,300
Payment to bond refunding escrow agent	55,753,246
Amortization of premiums	145,230
Amortization of deferred amount on debt refunding	26,873
Change in net position of governmental activities	$ 62,123,663

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Rochester Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Debt Retirement Fund – The Debt Retirement Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Caring Steps Fund, Bookstore Fund, Food Service Fund, and Student Activities Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Sinking Fund - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Assets, Liabilities and Net Position or Fund Balance

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2026, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Funds	1.5200
Sinking Fund	1.4425

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Majority of the School District's tax roll lies within Oakland County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Oakland County and remitted to the School District by May 15.

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	25 - 45 years
Site improvements	25 - 45 years
Equipment and furniture	5 - 50 years
Buses and other vehicles	6 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Compensated Absences - The District records a liability at fiscal year-end for vacation pay earned but not taken as of that date. Employees are also compensated for unused sick days; accordingly, a liability is recorded at fiscal year-end for such unused time. A liability for these amounts is reported in governmental funds.

Long-term Obligations - In the district-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 bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes

unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the board of education. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a minimum fund balance policy, as follows:

In the General Fund, the goal of the School District shall be to maintain a minimum unassigned fund balance of no less than 10% of the preceding year's expenditures.

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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications
In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards
Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

Upcoming Accounting and Reporting Changes
Statement No. 105, *Subsequent Events*, establishes accounting and financial reporting standards for events or transactions that occur after the measurement date of the financial statements but before the date the financial statements are available to be issued. This Statement distinguishes between events that provide additional evidence about conditions that existed at the date of the financial statements and events that provide evidence about conditions that did not exist at that date. Events that provide additional evidence about conditions existing at the financial statement date are recognized in the financial statements, whereas events that provide evidence about conditions arising after the financial statement date are not recognized but should be disclosed if they are essential for users' understanding of the financial statements. This Statement also clarifies the definition of the date the financial statements are available to be issued for disclosure purposes. This Statement is effective for the year ending June 30, 2027.

The School District is evaluating the impact that the above pronouncement will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Compliance - Sinking Funds
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 Section 1212 of the Revised School Code.

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	$ 61,138,296

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	$61,137,596
Petty cash and cash on hand	700
Total	$61,138,296

Interest rate risk - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk - State 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 an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this 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. As of year end, $50,360,269 of the School District's bank balance of $50,860,269 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 9,851,083	$ -	$ -	$ 9,851,083
Construction-in-progress	3,499,468	5,338,007	3,264,357	5,573,118
Total capital assets not being depreciated	13,350,551	5,338,007	3,264,357	15,424,201
Capital assets being depreciated				
Buildings and additions	454,205,047	6,408,937	6,396	460,607,588
Site improvements	44,635,040	541,503	-	45,176,543
Equipment and furniture	19,182,253	5,465,141	98,693	24,548,701
Buses and other vehicles	13,183,974	-	207,619	12,976,355
Total capital assets being depreciated	531,206,314	12,415,581	312,708	543,309,187
Less accumulated depreciation for				
Buildings and additions	182,828,686	11,162,544	303	193,990,927
Site improvements	19,742,570	1,526,802	-	21,269,372
Equipment and furniture	10,989,203	1,605,275	50,528	12,543,950
Buses and other vehicles	10,820,548	925,371	264,618	11,481,301
Total accumulated depreciation	224,381,007	15,219,992	315,449	239,285,550
Net capital assets being depreciated	306,825,307	(2,804,411)	(2,741)	304,023,637
Net capital assets	$ 320,175,858	$ 2,533,596	$3,261,616	$ 319,447,838

Depreciation expense of capital assets were charged to activities of the School District as follows:

Governmental activities	
Instruction	$ 8,523,195
Supporting services	6,087,997
Food services	456,600
Community services	152,200
Total governmental activities	$ 15,219,992

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately $3.8 million.

Capital Assets Held for Sale

As of June 30, 2026, the School District has a building that is a capital asset held for sale reported in governmental activities. They have a historical cost of $618,000 and accumulated depreciation of $618,000 that is being held for sale. The School District intends to sell these capital assets within the next year.

Note 5 - Transfers

Interfund transfers consist of the following:

	Transfers Out
	General Fund
Transfers in	
Nonmajor governmental funds	$ 81,197

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 7,318,057
Student meals	180,762
Other	631,492
Total	$ 8,130,311

Note 7 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, early retirement incentives, and termination benefits.

Long-term obligation activity is summarized as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	$ 101,840,000	$ 48,770,000	$ 61,455,000	$ 89,155,000	$ 7,760,000
Premium on bonds	11,853,347	6,011,839	10,942,632	6,922,554	-
Total bonds payable	113,693,347	54,781,839	72,397,632	96,077,554	7,760,000
Notes from direct borrowings and direct placements					
Installment purchase agreement	613,300	-	613,300	-	-
Other liabilities					
Compensated absences	5,609,407	-	303,116	5,306,291	4,196,986
Termination benefits	564,080	-	11,410	552,670	55,300
Early retirement incentives	848,282	71,049	-	919,331	91,900
Total other liabilities	7,021,769	71,049	314,526	6,778,292	4,344,186
Total	$ 121,328,416	$ 54,852,888	$ 73,325,458	$ 102,855,846	$ 12,104,186

For governmental activities, early retirement incentives and termination benefits are primarily liquidated by the General Fund.

Interest expenditures for the fiscal year in the General Fund and Debt Retirement Fund were $7,437 and $2,828,518 respectively.

General obligation bonds payable at year end, consist of the following:

$48,770,000 refunding bond due in annual installments of $3,840,000 to $6,325,000 through May 1, 2036, interest at 5.00%	$ 48,770,000
$56,025,000 serial bond due in annual installments of $2,585,000 to $3,680,000 through May 1, 2039 , interest at 3.00% to 3.13%	40,385,000
Total general obligation bonded debt	$ 89,155,000

Future principal and interest requirements for bonded debt are as follows:

	Bonds	
Year Ending June 30,	Principal	Interest
2027	$ 7,760,000	$ 4,112,950
2028	8,690,000	3,322,818
2029	9,070,000	2,941,718
2030	6,670,000	2,543,118
2031	6,945,000	2,266,218
2032-2036	39,295,000	6,733,690
2037-2039	10,725,000	672,536
Total	$ 89,155,000	$ 22,593,048

The general obligation bonds are payable from the Debt Retirement Fund. As of year end, the fund had a balance of $1,844,182 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences
Accrued compensated absences at year end was $5,306,291. This balance consisted of sick and vacation time expected to be used or paid upon retirement or termination from the School District. Compensated absences additions and deductions are reported net.

Early Retirement Incentives and Termination Benefits
The School District offered a voluntary severance incentive plan to employees. The balance as of year end for early retirement incentives and termination benefits were $919,331 and $552,670, respectively.

Current Refunding
During the year ended June 30, 2026, the School District issued refunding bonds of $48,770,000 (par value) with an interest rate of 5% to refinance the 2016 Building & Site Bonds The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments.

Deferred Amount on Refunding
The 2026 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $9,844,156. This amount is reported in the accompanying statement of net position as a deferred inflow of resources and is being charged to activities through fiscal year 2036.

Note 8 - Net Investment in Capital Assets

The composition of net investment in capital assets was as follows:

Capital assets	
Capital assets not being depreciated	$ 15,424,201
Capital assets, net of accumulated depreciation	304,023,637
Total capital assets	319,447,838
Related debt	
General obligation bonds	(89,155,000)
Unamortized bond premiums	(6,922,554)
Unamortized debt refunding	(9,844,156)
Total related debt	(105,921,710)
Net investment in capital assets	$ 213,526,128

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

For risk retention situations, the District estimates the liability for medical claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in long-term debt until considered due, whereas the obligations then become governmental fund liabilities.

Change in estimated liabilities for claims for health benefits for the year is as follows:

	2026	2025
Estimated liability at the beginning of the year	$ 1,220,000	$ 995,000
Estimated claims incurred including changes in estimates	16,882,739	17,129,174
Claim payments	(17,012,739)	(16,904,174)
Estimated liability end of year	$ 1,090,000	$ 1,220,000

Note 10 - Pension Plan

Plan Description
The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The pension unfunded (overfunded) actuarial accrued liability as of the September 30, 2024, valuation will be amortized over a 14-year period beginning October 1, 2024, and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2025.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	30.11%
Member Investment Plan	3.0 - 7.0%	30.11%
Pension Plus	3.0 - 6.4%	26.27%
Pension Plus 2	6.2%	27.16%
Defined Contribution	0.0%	20.96%

Required contributions to the pension plan from the School District were $40,475,288 for the year ending September 30, 2025.

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

At June 30, 2026, the School District reported a liability of $194,678,402 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was .9718 percent, which was a decrease of .0128 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized pension expense of $8,015,379 for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total pension contribution expense of $42,386,076.

At June 30, 2026, 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	Total
Difference between expected and actual experience	$ 7,540,453	$ (1,733,984)	$ 5,806,469
Changes of assumptions	6,987,566	(10,289,222)	(3,301,656)
Net difference between projected and actual earnings on pension plan investments	-	(46,523,969)	(46,523,969)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	737,152	(8,321,638)	(7,584,486)
Total to be recognized in future	15,265,171	(66,868,813)	(51,603,642)
School District contributions subsequent to the measurement date	39,026,379	(15,650,338)	23,376,041
Total	$ 54,291,550	$ (82,519,151)	$ (28,227,601)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. The District will offset the contribution expense in the year ended June 30, 2027, with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2026	$ (5,275,895)
2027	(23,735,187)
2028	(17,491,729)
2029	(5,100,831)
	$ (51,603,642)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses

  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023, valuation. The total pension liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4524 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	5.8%
Private Equity Pools	16.0	9.3
International Equity Pools	14.0	5.6
Fixed Income Pools	15.0	2.5
Real Estate and Infrastructure Pools	8.0	7.0
Absolute Return Pools	13.0	4.4
Real Return/Opportunistic Pools	9.0	7.0
Short Term Investment Pools	4.0	1.3
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.4% inflation.*

Rate of Return
For the plan year ended September 30, 2025, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 9.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for

the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$ 307,213,255	$ 194,678,402	$ 100,951,274

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who

first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The OPEB unfunded (overfunded) actuarial accrued liability as of the September 30, 2024, valuation will be amortized over a 15-year period beginning October 1, 2024, and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2025.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	1.25%
Personal Healthcare Fund (PHF)	0.0%	0.00%

Required contributions to the OPEB plan from the School District were $1,000,980 for the year ended September 30, 2025.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026, the School District reported an asset of $64,702,011 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all

applicable employers during the measurement period. At September 30, 2025, the School District's proportion was 1.0643 percent, which was an increase of .0869 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized OPEB expense of $(20,077,714) for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total OPEB contribution expense of $2,529,001.

At June 30, 2026, 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	Total
Difference between expected and actual experience	$ -	$ (44,298,063)	$ (44,298,063)
Changes of assumptions	8,635,177	(686,222)	7,948,955
Net difference between projected and actual earnings on OPEB plan investments	-	(9,092,044)	(9,092,044)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,161,242	(1,640,840)	(479,598)
Total to be recognized in future	9,796,419	(55,717,169)	(45,920,750)
School District contributions subsequent to the measurement date	2,472,890	-	2,472,890
Total	$ 12,269,309	$ (55,717,169)	$ (43,447,860)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2026	$ (12,119,482)
2027	(11,911,727)
2028	(11,272,903)
2029	(7,351,788)
2030	(2,503,831)
Thereafter	(761,019)
	$ (45,920,750)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15;
- Mortality:
  - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023, valuation. The total OPEB liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.4654.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	16.0 %	5.8%
Private Equity Pools	16.0	9.3
International Equity Pools	11.0	5.6
Fixed Income Pools	26.0	2.5
Real Estate and Infrastructure Pools	5.0	7.0
Absolute Return Pools	15.0	4.4
Real Return/Opportunistic Pools	7.0	7.0
Short Term Investment Pools	4.0	1.3
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.4% inflation.*

Rate of Return
For the plan year ended September 30, 2025, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 9.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate
A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate
The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.95%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ (55,744,876)	$ (64,702,011)	$ (72,541,444)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ (72,469,909)	$ (64,702,011)	$ (56,545,973)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2025 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2026.

Note 13 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the Oakland County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

There are no significant abatements made by the School District.

Note 14 - Changes Within the Financial Reporting Entity

During the year ended June 30, 2026, a fund that was previously reported as nonmajor in the prior year was required to be presented as major in the current year. As a result, the following presentation change was necessary to be made in the financial statements:

	Reporting Units Affected by Adjustments to Beginning Fund Balances	
	Debt Retirement Fund	Nonmajor Governmental Funds
Net position - June 30, 2025, as previously reported	$ -	$ 11,959,336
Adjustments:		
Change from nonmajor to major fund	1,491,135	(1,491,135)
Net position - July 1, 2025, as adjusted	$ 1,491,135	$ 10,468,201

REQUIRED SUPPLEMENTARY INFORMATION

Rochester Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance - Final Budget Over (Under)		Variance - Actual Over (Under)
	Original	Final	Original Budget	Actual	Final Budget
Revenues					
Local sources	$ 34,176,663	$ 34,641,786	$ 465,123	$ 34,831,161	189,375
State sources	169,705,925	175,734,808	6,028,883	176,450,534	715,726
Federal sources	5,636,077	5,996,789	360,712	5,564,239	(432,550)
Interdistrict sources	17,022,315	18,601,325	1,579,010	18,647,791	46,466
Total revenues	226,540,980	234,974,708	8,433,728	235,493,725	519,017
Expenditures					
Instruction					
Basic programs	100,308,106	104,422,809	4,114,703	103,589,110	(833,699)
Added needs	33,420,526	31,766,512	(1,654,014)	31,632,831	(133,681)
Adult and continuing education	314,370	358,291	43,921	299,114	(59,177)
Supporting services					
Pupil	25,869,816	25,864,589	(5,227)	25,739,872	(124,717)
Instructional staff	12,086,240	12,503,572	417,332	12,004,113	(499,459)
General administration	1,334,259	1,353,364	19,105	1,367,919	14,555
School administration	9,570,496	10,196,786	626,290	10,224,735	27,949
Business	2,534,771	2,459,231	(75,540)	2,358,871	(100,360)
Operations and maintenance	19,422,233	19,807,458	385,225	18,786,636	(1,020,822)
Pupil transportation services	9,486,397	9,766,724	280,327	10,249,112	482,388
Central	8,966,032	8,789,766	(176,266)	8,664,450	(125,316)
Athletic activities	3,074,934	3,342,402	267,468	3,265,627	(76,775)
Other	147,286	146,184	(1,102)	142,437	(3,747)
Community services	3,540,868	3,517,332	(23,536)	3,443,295	(74,037)
Intergovernmental payments	4,000	4,000	-	4,000	-
Capital outlay	2,428,973	2,152,581	(276,392)	1,864,577	(288,004)
Debt service					
Principal	618,574	613,300	(5,274)	613,300	-
Interest and fiscal charges	7,624	7,437	(187)	7,437	-
Total expenditures	233,135,505	237,072,338	3,936,833	234,257,436	(2,814,902)
Excess (deficiency) of revenues over expenditures	(6,594,525)	(2,097,630)	4,496,895	1,236,289	3,333,919

See Accompanying Notes to the Required Supplementary Information

Rochester Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance - Final Budget Over (Under)		Variance - Actual Over (Under)
	Original	Final	Original Budget	Actual	Final Budget
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	15,000	20,000	5,000	20,849	849
Transfers out	-	(81,197)	81,197	(81,197)	-
Total other financing sources (uses)	15,000	(61,197)	76,197	(60,348)	849
Net change in fund balances	(6,579,525)	(2,158,827)	4,420,698	1,175,941	3,334,768
Fund balance - beginning	48,306,737	48,306,737	-	48,306,737	-
Fund balance - ending	$ 41,727,212	$ 46,147,910	$ 4,420,698	$ 49,482,678	$ 3,334,768

See Accompanying Notes to the Required Supplementary Information

Rochester Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net pension liability (%)	0.9718%	0.9846%	1.0090%	1.0180%	0.9936%	0.9775%	0.9601%	0.9770%	0.9759%	0.9710%
B. School District's proportionate share of the net pension liability	$ 194,678,402	$ 241,045,146	$ 326,578,794	$ 382,983,135	$ 235,228,964	$ 335,769,510	$ 317,964,166	$ 293,689,377	$ 252,905,785	$ 242,248,042
C. School District's covered payroll	$ 105,935,136	$ 102,306,083	$ 97,967,776	$ 99,610,338	$ 89,294,863	$ 88,204,232	$ 83,016,339	$ 82,938,835	$ 82,218,893	$ 81,004,312
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	183.77%	235.61%	333.35%	384.48%	263.43%	380.67%	383.01%	354.10%	307.60%	299.06%
E. Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

See Accompanying Notes to the Required Supplementary Information

Rochester Community Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 42,386,076	$ 39,740,197	$ 36,366,060	$ 34,659,948	$ 29,832,792	$ 26,861,982	$ 25,506,338	$ 26,602,609	$ 22,890,815	$ 22,745,187
B. Contributions in relation to statutorily required contributions	42,386,076	39,740,197	36,366,060	34,659,948	29,832,792	26,861,982	25,506,338	26,602,609	22,890,815	22,745,187
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School District's covered payroll	$ 110,180,883	$ 105,399,293	$ 101,412,877	$ 96,535,743	$ 94,801,164	$ 89,161,299	$ 87,267,447	$ 82,987,084	$ 82,570,054	$ 84,817,697
E. Contributions as a percentage of covered payroll	38.47%	37.70%	35.86%	35.90%	31.47%	30.13%	29.23%	32.06%	27.72%	26.82%

See Accompanying Notes to the Required Supplementary Information

Rochester Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net OPEB liability (asset) (%)	1.0643%	0.9774%	0.9861%	1.0298%	0.9925%	0.9961%	0.9507%	0.9748%	0.9741%	
B. School District's proportionate share of the net OPEB liability (asset)	$ (64,702,011)	$ (42,071,691)	$ (5,578,288)	$ 21,811,373	$ 15,149,104	$ 53,391,288	$ 68,239,653	$ 77,487,530	$ 86,262,131	
C. School District's covered payroll	$ 105,935,136	$ 102,306,083	$ 97,967,776	$ 99,610,338	$ 89,294,863	$ 88,204,232	$ 83,016,339	$ 82,938,835	$ 82,218,893	
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-61.08%	-41.12%	-5.69%	21.90%	16.97%	60.53%	82.20%	93.43%	104.92%	
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%	

See Accompanying Notes to the Required Supplementary Information

Rochester Community Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 2,529,001	$ 1,808,444	$ 7,681,586	$ 7,844,174	$ 7,367,675	$ 7,041,327	$ 6,527,656	$ 6,327,485	$ 7,583,864	
B. Contributions in relation to statutorily required contributions	2,529,001	1,808,444	7,681,586	7,844,174	7,367,675	7,041,327	6,527,656	6,327,485	7,583,864	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School District's covered payroll	$ 110,180,883	$ 105,399,293	$ 101,412,877	$ 96,535,743	$ 94,801,164	$ 89,161,299	$ 87,267,447	$ 82,987,084	$ 82,570,054	
E. Contributions as a percentage of covered payroll	2.30%	1.72%	7.57%	8.13%	7.77%	7.90%	7.48%	7.62%	9.18%	

See Accompanying Notes to the Required Supplementary Information

Note 1 - Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
General administration	$ 1,353,364	$ 1,367,919	$ 14,555
School administration	10,196,786	10,224,735	27,949
Pupil transportation services	9,766,724	10,249,112	482,388

Budgetary Highlights

The following provides an explanation of significant variances for the General Fund and major special revenue funds when comparing the original budget to final budget and final budget to actual results:

	Budgeted Amounts		Variance - Final Budget Over (Under) Original Budget	
	Original	Final		
Revenues				
State sources	$ 169,705,925	$ 175,734,808	$ 6,028,883	**(a)**

(a) The General Fund originally budgeted $169,705,925 for state funding. This was later increased to $175,734,808 for the final budget because when the School District was creating the original budget, the state budget had not yet been finalized. The adjustment was necessary to show the increased allocation the School District received once the state budget was finalized in November of 2025.

Note 2 - Pension Information

Notes to the Schedule of the School District's Proportionate Share of the Net Pension Liability

Changes of benefit terms:

- There were no changes of benefit terms in the plan fiscal year 2025.

Changes of benefit assumptions:

- There were no changes of benefit assumptions in plan fiscal year 2025.

Note 3 - OPEB Information

Notes to the Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)

Changes of benefit terms:

- There were no changes of benefit terms in the plan fiscal year 2025.

Changes of benefit assumptions:

- There were no changes of benefit assumptions in plan fiscal year 2025.

OTHER SUPPLEMENTARY INFORMATION

Rochester Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2026

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Caring Steps Fund	Bookstore Fund	Food Service Fund	Student Activities Fund	Sinking Fund	
Assets						
Cash	$ -	$ 160,233	$ 2,753,974	$ 2,126,319	$ 4,548,220	$ 9,588,746
Due from other governmental units	-	-	879,005	-	-	879,005
Inventory	-	20,265	117,019	-	-	137,284
Prepaid items	-	-	315,624	63,992	58,313	437,929
Total assets	$ -	$ 180,498	$ 4,065,622	$ 2,190,311	$ 4,606,533	$ 11,042,964
Liabilities						
Accounts payable	$ -	$ -	$ 245,441	$ 27,541	$ 1,728,119	$ 2,001,101
Due to other governmental units	-	48	12	701	-	761
Accrued salaries payable	-	-	-	3,835	-	3,835
Unearned revenue	-	-	180,762	161,351	-	342,113
Total liabilities	-	48	426,215	193,428	1,728,119	2,347,810
Fund Balances						
Non-spendable						
Inventory	-	20,265	117,019	-	-	137,284
Prepaid items	-	-	315,624	63,992	58,313	437,929
Restricted for						
Food service	-	-	3,206,764	-	-	3,206,764
Capital projects	-	-	-	-	2,820,101	2,820,101
Committed for						
Bookstore	-	160,185	-	-	-	160,185
Student activities	-	-	-	1,932,891	-	1,932,891
Total fund balances	-	180,450	3,639,407	1,996,883	2,878,414	8,695,154
Total liabilities and fund balances	$ -	$ 180,498	$ 4,065,622	$ 2,190,311	$ 4,606,533	$ 11,042,964

Rochester Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	Special Revenue Funds						
	Caring Steps Fund	Bookstore Fund	Food Service Fund	Student Activities Fund	Formerly Nonmajor Fund Debt Retirement Fund	Sinking Fund	Total Nonmajor Governmental Funds
Revenues							
Local sources	$ 53,651	$ 211,411	$ 621,141	$ 3,982,662		$ 10,467,153	$ 15,336,018
State sources	-	-	5,117,842	-		20,475	5,138,317
Federal sources	-	-	2,189,537	-		-	2,189,537
Total revenues	53,651	211,411	7,928,520	3,982,662		10,487,628	22,663,872
Expenditures							
Current							
Education							
Supporting services	-	201,096	-	3,736,947		-	3,938,043
Food services	-	-	7,819,428	-		-	7,819,428
Community services	81,149	-	-	-		-	81,149
Facilities acquisition	-	-	-	-		12,683,144	12,683,144
Total expenditures	81,149	201,096	7,819,428	3,736,947		12,683,144	24,521,764
Excess (deficiency) of revenues over expenditures	(27,498)	10,315	109,092	245,715		(2,195,516)	(1,857,892)
Other Financing Sources							
Proceeds from sale of capital assets	-	-	3,648	-		-	3,648
Transfers in	27,498	-	-	53,699		-	81,197
Total other financing sources (uses)	27,498	-	3,648	53,699		-	84,845
Net change in fund balances	-	10,315	112,740	299,414		(2,195,516)	(1,773,047)
Fund balances - beginning, as previously presented	-	170,135	3,526,667	1,697,469	1,491,135	5,073,930	11,959,336
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-	(1,491,135)	-	(1,491,135)
Fund balances - beginning, as adjusted	-	170,135	3,526,667	1,697,469		5,073,930	10,468,201
Fund balances - ending	$ -	$ 180,450	$ 3,639,407	$ 1,996,883		$ 2,878,414	$ 8,695,154

Rochester Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2026

Year Ending June 30,	2026 Refunding	2016 Series II	Total
2027	$ 5,175,000	$ 2,585,000	$ 7,760,000
2028	6,020,000	2,670,000	8,690,000
2029	6,325,000	2,745,000	9,070,000
2030	3,840,000	2,830,000	6,670,000
2031	4,030,000	2,915,000	6,945,000
2032	4,235,000	3,000,000	7,235,000
2033	4,445,000	3,090,000	7,535,000
2034	4,670,000	3,180,000	7,850,000
2035	4,895,000	3,275,000	8,170,000
2036	5,135,000	3,370,000	8,505,000
2037	-	3,470,000	3,470,000
2038	-	3,575,000	3,575,000
2039	-	3,680,000	3,680,000
Total	$ 48,770,000	$ 40,385,000	$ 89,155,000
Principal payments due the first day of	May	May	
Interest payments due the first day of	May and November	May and November	
Interest rate	5.00%	3.00% - 3.13%	
Original issue	$ 48,770,000	$ 56,025,000	

STATISTICAL SECTION (UNAUDITED)

Rochester Community Schools
Description of Statistical Section
June 30, 2026

Statistical Section
The information contained in the Statistical Section presents detailed information as a context for understanding the information contained in the financial statements, note disclosures, and required supplemental information.

Financial Trends
The financial trend schedules contain information to help the reader understand how the district's financial performance and position has changed over time.

Revenue Capacity
The revenue capacity schedules contain information to help the reader assess the district's significant local revenue source – property tax.

Debt Capacity
The debt capacity schedules present information to help the reader assess the affordability of the district's current level of outstanding debt, and the district's ability to issue additional debt in the future.

Demographic Information
The demographic information schedules present demographic and economic indicators to help the reader understand the environment in which the district's financial activities take place.

Operating Information
The operating information schedules present operating data to help the reader understand how the information in the district's financial report relates to the services is provides and the activity it performs.

Rochester Community Schools
Net Position by Component - Governmental Activities
Last 10 Fiscal Years (Unaudited)

	For the Years Ended June 30,									
	2026	2025	2024***	2023	2022	2021	2020	2019**	2018	2017 *
Net investment in capital assets	$ 213,526,128	$ 205,842,338	$ 201,954,886	$ 202,490,801	$ 200,720,880	$ 203,104,659	$ 196,771,287	$ 190,107,486	$ 178,109,280	$ 162,779,420
Restricted	72,319,430	51,484,878	15,536,406	6,864,563	5,008,424	3,730,486	3,323,677	4,457,799	3,147,098	2,911,490
Unrestricted	(222,562,144)	(256,167,465)	(264,108,681)	(281,562,836)	(285,534,165)	(305,921,665)	(292,972,802)	(281,444,120)	(279,562,097)	(187,861,839)
Total primary governmental net position	$ 63,283,414	$ 1,159,751	$ (46,617,389)	$ (72,207,472)	$ (79,804,861)	$ (99,086,520)	$ (92,877,838)	$ (86,878,835)	$ (98,305,719)	$ (22,170,929)

* Note : Net Position restated for fiscal year 2018 as of July 1, 20217 with implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

** Note : Net Position restated for fiscal year 2019 as of July 1, 2019 with implementation of GASB 84, *Fiduciary Activities*.

*** Note : Net Position restated for fiscal year 2024 as of July 1, 2024 with implementation of GASB 101, Compensated Absences.

Source: Rochester Community Schools audited financial statements

Rochester Community Schools
Changes in Governmental Net Position
Last 10 Fiscal Years (Unaudited)

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Expenses - governmental activities										
Instruction	$ 113,419,259	$ 117,934,896	$ 119,476,503	$ 135,428,942	$ 105,115,224	$ 117,170,175	$ 115,107,381	$ 107,749,115	$ 104,705,428	$ 90,623,730
Support services	80,954,821	85,197,078	85,267,397	86,745,091	73,333,476	81,817,880	79,262,777	68,044,380	68,135,223	57,236,829
Food services	6,635,404	7,096,664	7,282,911	4,276,906	3,859,156	2,790,976	3,401,610	3,498,453	3,116,701	2,744,727
Community services	3,129,769	3,884,523	5,252,396	6,871,918	3,754,523	3,165,522	4,582,110	4,269,174	3,143,048	3,206,787
Interest on long-term debt and other expenses	3,354,773	3,229,098	4,634,971	4,890,756	5,147,536	5,745,113	6,767,739	7,217,989	7,389,547	8,884,483
Transfers and other uses	-	-	32,800	53,793	39,753	4,000	4,000	3,821	3,821	81,501
Depreciation (unallocated)	-	-	14,171,560	12,347,592	13,238,200	11,663,131	11,360,926	10,464,073	8,606,198	8,379,040
Total expenses - governmental activities	207,494,026	217,342,259	236,118,538	250,614,998	204,487,868	222,356,797	220,486,543	201,247,005	195,099,966	171,157,097
Program revenue										
Charges for services:										
Instruction	-	-	-	-	3,148,634	1,147,699	3,297,564	4,831,328	4,526,499	4,325,120
Supporting services	6,744,455	6,136,643	4,261,053	4,406,990	3,870,940	1,544,135	3,135,737	946,328	910,520	818,035
Food services	617,992	694,386	753,898	2,339,987	142,273	46	1,552,001	2,258,520	2,260,894	2,255,273
Community services	5,098,045	6,335,502	5,577,899	4,920,052	724,113	632,550	681,401	433,688	-	-
Operating grants and contributions	84,724,404	86,171,387	87,535,299	87,789,753	68,227,607	54,873,860	48,244,173	44,351,538	42,811,242	41,735,788
Total program revenue	97,184,896	99,337,918	98,128,149	99,456,782	76,113,567	58,198,290	56,910,876	52,821,402	50,509,155	49,134,216
Net expenses	(110,309,130)	(118,004,341)	(137,990,389)	(151,158,216)	(128,374,301)	(164,158,507)	(163,575,667)	(148,425,603)	(144,590,811)	(122,022,881)
General revenue										
Property taxes	46,829,212	44,458,157	43,322,431	40,345,071	38,165,816	47,393,494	47,339,846	47,598,033	45,412,084	43,833,696
Unrestricted state aid	123,188,346	119,007,068	121,079,946	115,725,246	107,178,863	108,675,552	106,134,663	108,323,299	106,216,519	103,458,205
Investment earnings	1,624,192	1,438,111	716,438	648,160	47,929	53,934	1,066,291	817,669	1,005,467	910,200
Gain on the sale of capital assets	27,238	21,044	-	-	-	-	-	-	-	16,950
Other	763,805	857,101	2,049,227	2,037,128	2,263,352	1,826,845	1,932,219	3,113,486	2,817,204	3,214,713
Total general revenue	172,432,793	165,781,481	167,168,042	158,755,605	147,655,960	157,949,825	156,473,019	159,852,487	155,451,274	151,433,764
Change in net position	$ 62,123,663	$ 47,777,140	$ 29,177,653	$ 7,597,389	$ 19,281,659	$ (6,208,682)	$ (7,102,648)	$ 11,426,884	$ 10,860,463	$ 29,410,883

Source: Rochester Community Schools audited financial statements

Rochester Community Schools
Fund Balances - Governmental Funds
Last 10 Fiscal Years (Unaudited)

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
General Fund										
Nonspendable	$ 1,238,462	$ 718,559	$ 821,688	$ 592,539	$ 494,204	$ 215,735	$ 612,395	$ 707,957	$ 602,383	$ 521,547
Assigned	5,627,684	6,579,526	-	232,468	1,087,664	1,840,229	1,675,967	-	-	-
Unassigned	42,616,532	41,008,652	47,186,979	42,770,849	37,253,610	36,554,334	36,240,432	35,626,307	30,647,711	28,380,867
Total General Fund	$ 49,482,678	$ 48,306,737	$ 48,008,667	$ 43,595,856	$ 38,835,478	$ 38,610,298	$ 38,528,794	$ 36,334,264	$ 31,250,094	$ 28,902,414
All other governmental funds										
Nonspendable	$ 575,213	$ 443,483	$ 395,020	$ 364,549	$ 358,392	$ 294,533	$ 148,786	$ 106,537	$ 115,148	$ 111,106
Restricted										
Debt retirement	1,844,182	1,491,135	1,748,270	1,104,357	1,209,327	2,554,477	2,742,109	3,736,324	2,250,558	2,485,279
Food service	3,206,764	3,182,961	2,956,993	3,098,000	2,866,303	1,000,042	1,440,664	1,786,722	1,856,899	1,547,915
Capital projects	2,820,101	5,054,129	5,678,195	8,495,039	12,437,695	19,015,789	35,582,905	66,674,154	66,120,410	91,261,161
Committed										
Specified purposes	2,093,076	1,787,628	1,924,007	1,759,099	1,677,844	1,360,786	1,298,696	50,525	39,673	36,824
Total all other governmental funds	$ 10,539,336	$ 11,959,336	$ 12,702,485	$ 14,821,044	$ 18,549,561	$ 24,225,627	$ 41,213,160	$ 72,354,262	$ 70,382,688	$ 95,442,285

Source: Rochester Community Schools audited financial statements

Rochester Community Schools
Changes in Fund Balances - Governmental Funds
Last 10 Fiscal Years (Unaudited)

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue										
Local revenue	$ 61,577,536	$ 59,850,905	$ 58,642,843	$ 56,366,206	$ 49,478,321	$ 53,719,535	$ 60,278,369	$ 61,185,211	$ 57,921,010	$ 56,415,778
State revenue	181,611,348	180,345,602	175,429,496	165,321,196	146,711,683	139,166,327	135,319,509	134,872,394	131,221,883	127,387,852
Federal revenue	7,753,776	7,912,565	15,643,155	22,712,840	15,155,799	10,193,373	5,749,804	5,222,437	5,133,487	5,577,471
Interdistrict revenue	18,647,791	16,989,283	15,507,368	13,791,837	12,420,191	13,005,395	11,983,365	11,352,304	11,677,700	11,179,573
Total revenue	269,590,451	265,098,355	265,222,862	258,192,079	223,765,994	216,084,630	213,331,047	212,632,346	205,954,080	200,560,674
Expenditures										
Instruction	135,521,055	133,600,305	134,135,207	134,772,233	117,669,808	108,285,937	104,713,970	102,844,510	100,191,725	100,436,799
Supporting services	96,741,815	96,590,100	91,872,670	86,587,715	77,045,712	72,704,853	67,446,022	65,337,073	64,992,958	59,261,501
Food services	7,819,428	7,951,140	7,282,911	4,276,906	3,859,156	2,790,976	3,401,610	3,498,453	3,116,701	2,744,727
Community services	3,524,444	4,454,174	5,685,628	6,855,164	4,153,812	3,005,133	4,193,943	4,034,597	2,920,806	3,149,409
Debt service										
Principal	7,268,300	6,956,700	6,675,100	6,393,500	6,161,400	13,365,000	21,820,000	21,970,000	21,160,000	18,065,000
Interest and other	59,214,083	4,444,075	4,706,094	4,959,824	5,208,514	5,876,479	6,781,374	6,147,598	7,174,691	9,003,378
Capital Outlay	14,547,721	11,515,984	12,611,529	13,281,391	15,082,258	30,021,766	35,103,108	40,498,365	47,155,949	33,612,062
Other	4,000	52,000	32,800	53,793	39,753	4,000	40,140	40,341	40,341	81,501
Total expenditures	324,640,846	265,564,478	263,001,939	257,180,526	229,220,413	236,054,144	243,500,167	244,370,937	246,753,171	226,354,377
Excess of expenditures over revenue	(55,050,395)	(466,123)	2,220,923	1,011,553	(5,454,419)	(19,969,514)	(30,169,120)	(31,738,591)	(40,799,091)	(25,793,703)
Other financing sources (uses)										
Proceeds from bond issuance	54,781,839	-	-	-	-	-	-	56,025,000	-	-
Proceeds from other debt issuance	-	-	-	-	-	3,000,000	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	1,401,098	-	-
Bond issuance costs	-	-	-	-	-	-	-	(592,481)	-	-
Transfers in	81,197	159,713	67,571	98,201	98,257	2,259,649	397,705	307,220	2,912	4,344
Transfers out	(81,197)	(159,713)	(67,571)	(98,201)	(98,257)	(2,259,649)	(397,705)	(307,220)	(2,912)	(4,344)
Other	24,497	21,044	73,329	20,308	3,533	63,485	52,848	41,543	6,349	7,306
Total other financing sources (uses)	54,806,336	21,044	73,329	20,308	3,533	3,063,485	52,848	56,875,160	6,349	7,306
Net change in fund balances	(244,059)	(445,079)	2,294,252	1,031,861	(5,450,886)	(16,906,029)	(30,116,272)	25,136,569	(40,792,742)	(25,786,397)
Restatement	-	-	-	-	-	-	1,169,700	-	-	-
Fund balances - beginning of the year	60,266,073	60,711,152	58,416,900	57,385,039	62,835,925	79,741,954	108,688,526	83,551,957	124,344,699	150,131,096
Fund balances - end of year	$ 60,022,014	$ 60,266,073	$ 60,711,152	$ 58,416,900	$ 57,385,039	$ 62,835,925	$ 79,741,954	$ 108,688,526	$ 83,551,957	$ 124,344,699
Debt service as a percentage of noncapital expenditures	27.3%	4.7%	4.8%	4.9%	5.6%	10.3%	15.9%	16.0%	16.5%	16.3%

Source: Rochester Community Schools audited financial statements

Rochester Community Schools
Assessed Value and Actual Value of Taxable Property
Last 10 Fiscal Years (Unaudited)

		Taxable Value by Property Type								
		Real Property		Personal Property						
Tax Year	Fiscal Year	Homestead and Other	Non-Homestead	Industrial	Commercial	Total Value	Tax Rate (Mills) Homestead	Tax Rate (Mills) Non-Homestead	Estimated Actual Value	Taxable Value as a Percentage of Actual
2016	2017	$ 3,553,538,232	$ 913,004,279	$ 12,151,980	$ 71,940,070	$ 4,550,634,561	6.0000	24.0000	$ 9,101,269,122	50
2017	2018	3,710,924,789	927,745,230	10,105,010	70,229,660	4,719,004,689	5.9000	24.0000	9,438,009,378	50
2018	2019	3,918,885,673	964,635,482	8,463,720	71,030,470	4,963,015,345	6.0000	24.0000	9,926,030,690	50
2019	2020	4,142,389,196	1,034,506,188	4,933,940	72,795,760	5,254,625,084	6.0100	24.0000	10,509,250,168	50
2020	2021	4,335,814,339	1,082,506,930	3,875,890	80,148,556	5,502,345,715	5.3000	24.0000	11,004,691,430	50
2021	2022	4,519,574,065	1,098,973,082	40,607,570	79,095,680	5,738,250,397	4.9674	24.0000	11,476,500,794	50
2022	2023	5,123,989,560	1,276,588,714	2,432,100	78,243,160	6,481,253,534	3.1132	24.0000	12,962,507,068	50
2023	2024	5,508,833,926	1,351,463,178	2,052,510	77,525,830	6,939,875,444	3.2230	24.0000	13,879,750,888	50
2024	2025	5,518,838,202	1,312,033,730	2,127,570	78,099,940	6,911,099,442	2.9761	24.0000	13,822,198,884	50
2025	2026	5,776,117,118	1,372,244,400	2,298,680	77,885,134	7,228,545,332	2.9625	24.0000	14,457,090,664	50

Note: Tax revenue is based on taxable value which represents assessed value (50% of true cash value). Growth in taxable value is limited to the lesser of 5% or the rate of inflation.

Taxes levied in a particular year become revenue of the subsequent fiscal year.

Source: Michigan Department of Education Taxable Value Report and Michigan Department of Treasury form L-4029

Rochester Community Schools
Direct and Overlapping Property Tax Rates
Last 10 Fiscal Years (Unaudited)

	Millage Rates - Direct School Direct Taxes						Overlapping Taxes							
	Operating				Total Direct Taxes						Community College			
Fiscal Year Ended June 30	Homestead	Non-homestead*	Debt**	Sinking Fund	Homestead	Non-homestead	Macomb County	Macomb Intermediate School District	Oakland County	Oakland County ISD	Macomb	Oakland	Romeo District Library	State Education Tax
2017	-	18.0000	6.0000	-	6.0000	24.0000	4.5566	2.9355	4.0400	3.3398	1.4174	6.1683	-	6.0000
2018	-	18.0000	6.0100	-	5.9000	23.9000	4.5974	2.9166	4.0900	3.3079	1.4212	6.1417	1.1271	6.0000
2019	-	18.0000	5.3000	-	6.0000	24.0000	4.5974	2.8945	4.2468	3.3079	1.4072	6.1140	1.1086	6.0000
2020	-	18.0000	4.9674	-	6.0100	24.0100	4.5651	2.8744	4.2749	3.2813	1.4640	6.5838	1.0967	6.0000
2021	-	18.0000	3.4800	1.4874	5.3000	23.3000	4.5807	4.7296	4.3700	3.2280	1.4387	6.5666	1.0849	6.0000
2022	-	18.0000	1.6400	1.4732	4.9740	22.9674	4.4381	4.6845	4.3602	3.2012	1.4247	6.5229	1.0731	6.0000
2023	-	18.0000	1.7600	1.4630	3.1132	21.1132	4.3852	4.6845	5.2617	3.1658	1.4077	6.4229	1.0607	6.0000
2024	-	18.0000	1.7600	1.4630	3.2230	21.2230	4.3890	4.7100	5.2617	3.1658	1.4077	6.3029	1.0607	6.0000
2025	-	18.0000	1.5200	1.4561	2.9761	20.9761	4.3595	4.7697	5.5503	3.1541	1.3982	6.2901	1.0530	6.0000
2026	-	18.0000	1.5200	1.4425	2.9625	20.9625	4.3336	4.7427	5.5169	3.1349	1.3899	6.2666	1.0481	6.0000

* Non-homestead operating levy limited to 18.0000 mills.

** Debt & sinking fund millages apply to Homestead and Non-Homestead property.

Source: Michigan Department of Treasury

Rochester Community Schools
Principal Property Taxpayers
Year Ended June 30, 2026 (Unaudited)

Taxpayer	2025 Value	Percentage of Total	2016 Value	Percentage of Total
Detroit Edison	$ 40,206,190	18%	$ 26,119,290	16%
Singh Properties	32,817,380	14%	24,721,800	15%
Vorh Assoc. LLC (The Village RH)	31,166,300	14%	21,225,210	13%
New Plan (Hampton Village Center)	23,755,570	10%	18,639,980	11%
Consumers Power	22,966,440	10%	13,290,830	8%
Ramco / Winchester Center LLC	16,555,010	7%	13,217,040	8%
Stuart Frankel	16,100,160	7%	12,063,880	7%
Good Will Co Inc. (Meijer)	15,263,090	7%		
Associate Estates Realty: Apartments	14,207,870	6%	11,411,010	7%
1185 River Oaks North, LLC (Solomon Properties)	13,698,020	6%		
Webasto Sunroof			11,837,640	7%
FANUC Robotics			10,119,270	6%
Total	$ 226,736,030	100%	$ 162,645,950	100%

Source: Oakland and Macomb Counties Equalization Departments and the City of Rochester Hills

Notes: Obtained schedules from City of Rochester Hills ACFR (most recent report available)

Rochester Community Schools
Property Tax Levies and Collections
Last 10 Fiscal Years (Unaudited)

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections (Refunds)	Total Tax Collections	Percent of Initial Levy Collected
2016	2017	$ 16,904,921	$ 16,462,429	97%	$ 442,492	$ 16,904,921	100%
2017	2018	17,104,796	16,749,733	98%	355,063	$ 17,104,796	100%
2018	2019	17,778,694	17,412,108	98%	351,938	$ 17,764,046	100%
2019	2020	19,389,011	18,677,868	96%	736,560	$ 19,414,428	100%
2020	2021	20,221,886	19,523,837	97%	698,048	$ 20,221,885	100%
2021	2022	20,256,089	19,819,148	98%	439,580	$ 20,258,728	100%
2022	2023	20,842,588	20,760,164	100%	82,424	$ 20,842,588	100%
2023	2024	22,423,008	21,971,920	98%	475,327	$ 22,447,247	100%
2024	2025	23,778,148	23,181,371	97%	596,777	$ 23,778,148	100%
2025	2026	25,167,710	24,645,555	98%	522,155	$ 25,167,710	100%

Source: District records

N/A: Data not available

Rochester Community Schools
Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2026 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
City of Auburn Hills	$ 18,223,562	1.35%	$ 246,018
City of Rochester	32,733,828	100.00%	32,733,828
City of Rochester hill	12,403,104	83.08%	10,304,499
Charter Township of Oakland	22,279,766	90.20%	20,096,349
Charter Township of Orion	15,895,933	4.71%	748,698
Charter Township of Shelby	19,879,350	0.00%	-
Charter Township of Washington**	54,336,887	4.36%	2,369,088
Macomb County*	181,876,462	0.23%	418,316
Oakland County	86,801,797	8.49%	7,369,473
Oakland ISD	33,270,000	8.64%	2,874,528
Romeo District Library	2,035,000	3.23%	65,731
Total overlapping debt			77,226,527
Direct School District Debt			89,155,000
Total direct and overlapping debt			$ 166,381,527

*Overlapping debt for the School District is calculated as the School District's taxable valuation as a percentage of the total taxable valuation within the municipalities and then applied to the total debt of the municipality.

**Municipality did not have updated audited financial statements available for the most recent fiscal year end.

Source: Municipalities Audited Financial Statements

Rochester Community Schools
Ratios of Outstanding Debt
Last 10 Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt	Taxable Value **	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Population *	Net General Bonded Debt per Capita	Total Debt per Capita	Per Capita Personal Income
2017	147,930,000	2,485,279	145,444,721	-	145,444,721	4,550,634,561	3.20%	3.20%	93,631	1,553	1,553	51,204
2018	126,770,000	2,250,558	124,519,442	-	124,519,442	4,719,004,689	2.64%	2.64%	92,789	1,342	1,342	53,767
2019	160,825,000	3,736,324	157,088,676	-	157,088,676	4,963,015,345	3.17%	3.17%	98,659	1,592	1,592	20,056
2020	156,492,409	2,742,109	153,750,300	-	153,750,300	5,254,544,858	2.93%	2.93%	95,079	1,617	1,617	53,864
2021	142,000,597	2,554,477	139,446,120	-	139,446,120	5,502,345,715	2.53%	2.53%	98,867	1,410	1,410	55,488
2022	135,298,785	1,209,327	134,089,458	-	134,089,458	5,738,250,397	2.34%	2.34%	97,068	1,381	1,381	58,679
2023	128,371,973	1,104,357	127,267,616	-	127,267,616	6,481,253,534	1.96%	1.96%	97,623	1,304	1,304	60,958
2024	121,170,161	1,748,270	119,421,891	-	119,421,891	6,939,875,444	1.72%	1.72%	100,226	1,192	1,192	60,958
2025	101,840,000	1,491,135	100,348,865	-	100,348,865	6,911,099,442	1.45%	1.45%	N/A	N/A	N/A	N/A
2026	89,155,000	1,844,182	87,310,818	-	87,310,818	7,228,545,332	1.21%	1.21%	N/A	N/A	N/A	N/A

Sources: *US Census Bureau and ** Michigan Department of Education Taxable Value Report and Michigan Department of Treasury form L-4029

N/A: Data not available

Rochester Community Schools
Legal Debt Margin
Last 10 Fiscal Years (Unaudited)

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Calculation of Debt Limit:										
State equalized valuation (SEV)	$ 10,177,916,350	$ 9,565,730,444	$ 8,922,474,520	$ 8,057,150,070	$ 7,295,112,150	$ 7,025,273,210	$ 6,726,324,453	$ 6,078,649,100	$ 6,002,231,890	$ 5,776,460,080
15% of SEV	1,526,687,453	1,434,859,567	1,338,371,178	1,208,572,511	1,094,266,823	1,053,790,982	1,008,948,668	911,797,365	900,334,784	866,469,012
Calculation of Debt Subject to Limit:										
Total debt	87,310,818	100,348,865	119,421,890	127,267,616	134,089,458	125,640,000	139,005,000	160,825,000	126,770,000	147,930,000
Less debt not subject to limit -										
State qualified debt issuance	-	-	-	-	-	-	-	(5,225,000)	(22,995,000)	(40,355,000)
Net debt subject to limit	87,310,818	100,348,865	119,421,890	127,267,616	134,089,458	125,640,000	139,005,000	155,600,000	103,775,000	107,575,000
Legal debt margin	$ 1,439,376,635	$ 1,334,510,702	$ 1,218,949,288	$ 1,081,304,895	$ 960,177,365	$ 928,150,982	$ 869,943,668	$ 756,197,365	$ 796,559,784	$ 758,894,012
Net debt subject to limit as % of debt limit	6%	7%	9%	11%	12%	12%	14%	17%	12%	12%

Note: Only bonds qualified under Article IX, Section 16 of the Michigan Constitution of 1963 are exempt from the computation of legal debt margin.

Source: PFM Financial Advisors and Oakland County Equalization

Rochester Community Schools
Demographics and Economic Statistics
Last 10 Fiscal Years (Unaudited)

Fiscal Year	Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate
2017	93,631	4,794,281,724	51,204	3.1%
2018	92,789	4,988,986,163	53,767	3.7%
2019	98,659	5,135,792,904	52,056	4.4%
2020	95,079	5,121,335,256	53,864	3.9%
2021	98,867	5,485,932,096	55,488	5.3% *
2022	97,068	5,695,853,172	58,679	3.2%
2023	97,623	5,950,902,834	60,958	2.1%
2024	100,226	6,691,087,760	66,760	2.7%
2025	N/A	N/A	N/A	N/A
2026	N/A	N/A	N/A	N/A

Note: The statistics shown above are for the County of Macomb, which encompasses the entire School District and surrounding communities.

Sources: U.S. Census Bureau, American Community Survey, St Louis Fed

* - COVID 19 Pandemic

Rochester Community Schools
Principal Employers
Year Ended June 30, 2026 (Unaudited)

Taxpayer	Estimated 2025 Employees	Rank	Percentage of Total Employment	Estimated 2016 Employees	Rank	Percentage of Total Employment
Oakland University	2,349	1	6.22%	2,330	1	6.08%
Rochester Community Schools	1,900	2	5.03%	1,341	2	3.50%
Henry Ford Rochester Hospital	1,900	3	5.03%	1,115	3	2.91%
FANUC America Corporation	878	4	2.32%	900	4	2.35%
A. Raymond Group	462	5	1.22%	425	6	1.11%
Molex	396	6	1.05%			
City of Rochester Hills	286	7	0.76%			
Kostal Kontak	181	8	0.48%			
3 Dimensional Services	175	9	0.46%	252	9	0.66%
Prefix Corporation	138	10	0.37%			
AIR-Rochester	121					
Webasto Roof Systems	-			538	5	1.40%
Wright & Filippis	-			321	7	0.84%
Lear Corporation	-			280	8	0.73%
Henry Ford Health System	-			280	8	0.73%
Accurate Gauge	-			222	10	0.58%
Total principal employers	8,786			8,004		
Total employment	37,775					

Source: City of Rochester Hills ACFR (most recent report available)

Rochester Community Schools
Full-Time Equivalent Employees by Function
Last 10 Fiscal Years (Unaudited)

	General Government Function/Program					
Fiscal Year Ended June 30	Teachers	Administrators	Secretaries	Maintenance/ Grounds/Technicians	Paraprofessionals	Executive Staff/Directors
2017	871	60	82	42	245	12
2018	891	70	90	42	245	12
2019	904	73	89	37	252	13
2020	944	84	82	32	239	14
2021	950	83	91	29	238	14
2022	968	76	91	28	245	14
2023	922	67	89	39	246	16
2024	990	65	96	39	280	18
2025	923	63	84	35	268	15
2026	959	73	78	33	255	15

Source: Rochester Community Schools Registry of Educational Personnel (REP) & District Records REP Data includes contracted staff, which have been removed using district records.

Rochester Community Schools
Operating Indicators
Last 10 Fiscal Years (Unaudited)

Year	Foundation Allowance	Student Membership FTE	General Fund Operating Revenue	Revenue Per Pupil	General Fund Current Operating Expenditures	Cost Per Pupil	Average Teacher Salary
2017	8,076	15,103	169,367,244	11,214	162,925,876	10,788	71,327
2018	8,164	15,301	173,327,312	11,328	170,979,632	11,174	69,617
2019	8,251	15,375	178,256,563	11,594	173,172,235	11,263	70,303
2020	8,529	15,413	178,516,564	11,582	175,976,982	11,417	70,954
2021	8,529	14,985	184,269,559	12,297	181,991,891	12,145	71,802
2022	8,700	14,983	195,854,488	13,072	195,534,584	13,050	69,028
2023	9,150	14,955	228,671,630	15,291	223,911,253	14,972	68,603
2024	9,608	14,875	231,767,314	15,581	227,354,502	15,284	73,280
2025	9,608	14,776	231,472,133	15,666	231,174,063	15,646	78,279
2026	10,000	14,687	235,760,249	16,052	234,584,305	15,972	80,327

Sources: Rochester Community Schools audited financial statements and district records.

Rochester Community Schools
Capital Asset Information
Last 10 Fiscal Years (Unaudited)

Buildings	Pupil Capacity	Number of Teaching Stations	Building Square Footage	Site Acreage	Pupil Year Built/ Renovated
Elementary:					
Baldwin	625	28	68,276	13	1926/1993
Brewster	475	24	69,566	13	1980/2020
Brooklands	625	27	71,877	20	1993
Delta Kelly	625	29	83,564	21	2002
Hamlin	625	27	72,408	13	1933/2018
Hampton	625	33	84,227	12	1993/2018
Hugger	475	22	69,621	21	1988/2017
Long Meadow	625	29	80,600	11	1967/2002
McGregor	475	24	76,335	10	1961/2002
Meadow Brook	475	24	73,406	10	1957/2004
Musson	475	22	69,621	19	1989/2017
North Hill	625	33	80,802	12	1955/2019
University Hills	475	24	68,421	10	1971/2020
Total Elementary	7,225	346	968,724	185	
Middle School:					
Hart	950	53	160,000	53	1990
Reuther	650	45	124,145	45	1971/2007
Van Hoosen	650	30	124,145	71	1971/2007
West	950	48	153,127	21	1961/2002
Total Middle School	3,200	176	561,417	190	

Rochester Community Schools
Capital Asset Information
Last 10 Fiscal Years (Unaudited)

Buildings	Pupil Capacity	Number of Teaching Stations	Building Square Footage	Site Acreage	Pupil Year Built/ Renovated
High School:					
Adams	1,500	77	316,502	*	1970/2000
Rochester	1,500	78	317,700	46	1955/2002
Stoney Creek	1,500	77	321,411	72	2000
Total High School	4,500	232	955,613	118	
Other:					
Shultz Educational Campus	120	19	45,178	9	1928/2018
Caring Steps Children's Center	170	13	40,000	24	1997/2018
Total Other	290	32	85,178	33	
Total Instructional Buildings	15,215	786	2,570,932	526	
Non-Instructional:					
Admin 501 University Dr. Rochester	-	-	84,790	4	1882/1990
Admin 52585 Dequindre Rd. Rochester	-	-	96,460	18	1995/2022
Bus Garage / Transportation	-	-	20,538	3	1957/2019
Facility Operations Center	-	-	12,948	12	2006/2019
Total Non-Instructional Buildings	-	-	214,736	37	
Grand Total	15,215	786	2,785,668	563	

*Shared site: Adams & Van Hoosen

Rochester Community Schools
Student Enrollment Data
Last 10 Fiscal Years (Unaudited)

Grade	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
K	1,024	1,004	1,023	1,132	1,010	1,189	1,124	1,110	1,121	1,061
1	1,010	1,093	1,044	1,074	1,039	959	1,049	953	925	947
2	1,040	1,039	1,123	1,072	1,032	1,051	992	1,084	950	957
3	1,030	1,082	1,060	1,159	1,068	1,015	1,078	1,009	1,095	968
4	1,109	1,079	1,106	1,085	1,136	1,066	1,021	1,102	1,008	1,113
5	1,111	1,136	1,096	1,106	1,069	1,141	1,060	1,021	1,109	1,026
6	1,127	1,137	1,158	1,110	1,103	1,065	1,138	1,074	1,024	1,126
7	1,167	1,177	1,156	1,170	1,109	1,109	1,088	1,159	1,102	1,070
8	1,168	1,183	1,202	1,174	1,165	1,121	1,112	1,095	1,168	1,114
9	1,218	1,217	1,218	1,230	1,205	1,205	1,188	1,156	1,136	1,220
10	1,244	1,221	1,219	1,219	1,213	1,183	1,215	1,197	1,174	1,152
11	1,184	1,270	1,232	1,208	1,217	1,211	1,201	1,231	1,214	1,202
12	1,257	1,226	1,302	1,237	1,208	1,248	1,249	1,206	1,233	1,247
Special Education	414	437	436	437	411	420	440	478	516	483
Total	15,103	15,301	15,375	15,413	14,985	14,983	14,955	14,875	14,776	14,687

Source: MDE Form DS-4120

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Management and the Board of Education
Rochester Community Schools
Rochester, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rochester Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Rochester Community Schools' basic financial statements, and have issued our report thereon dated October 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rochester Community Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rochester Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Rochester Community Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rochester Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Troy, Michigan
October 15, 2026