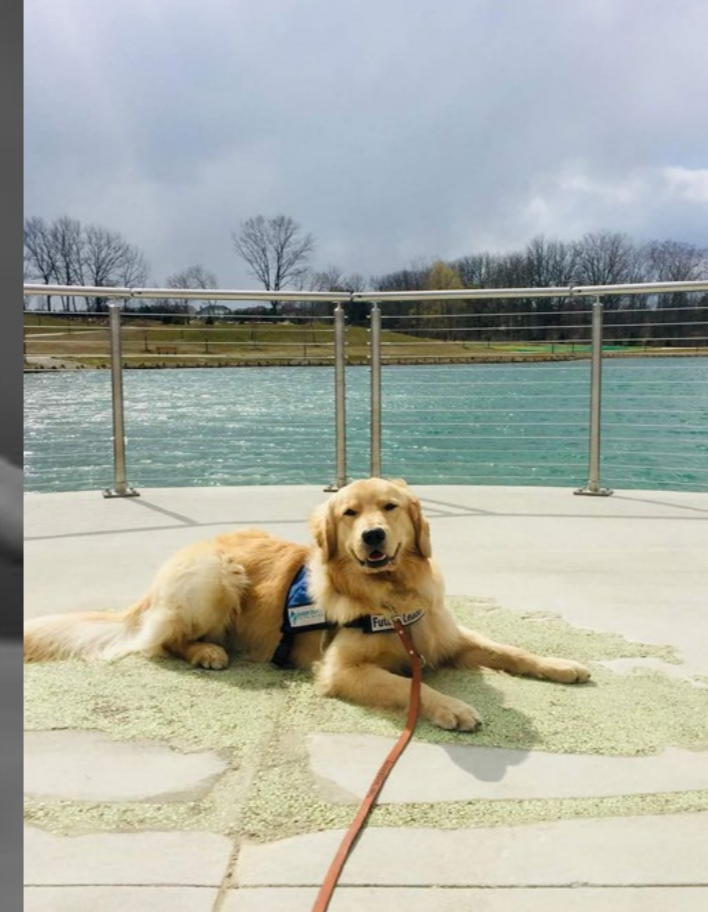


CITY OF ROCHESTER HILLS

December 31, 2025



Meet the People on Your Team



Dan Merritt, CPA, MBA, CGFM
Signing Principal



Tracey Kendall, CPA
Senior Manager



Kevyn Kozumplik, CPA, CGFM
Manager

Audit Opinions and Key Financial Highlights

1

An unmodified opinion was given on the 12/31/2025 financial statements

2

The City did not require an audit of its Schedule of Expenditures of Federal Awards (SEFA) as it expended less than \$1,000,000 in federal awards for FY25.

3

Key financial highlights:

- Total growth in assets of \$35.2m. Total increase of liabilities of \$17.7m.**
- Property tax revenue increased by \$2.9m. Investment income was \$10.2m**
- General Fund: fund balance held steady at \$18.7 million in accordance with the City's fund balance policy and planned transfers to capital projects funds.**
- The City has continued its significant investments into the Water & Sewer system.**
- No pension liability. OPEB liability is funded and presents as a net asset.**

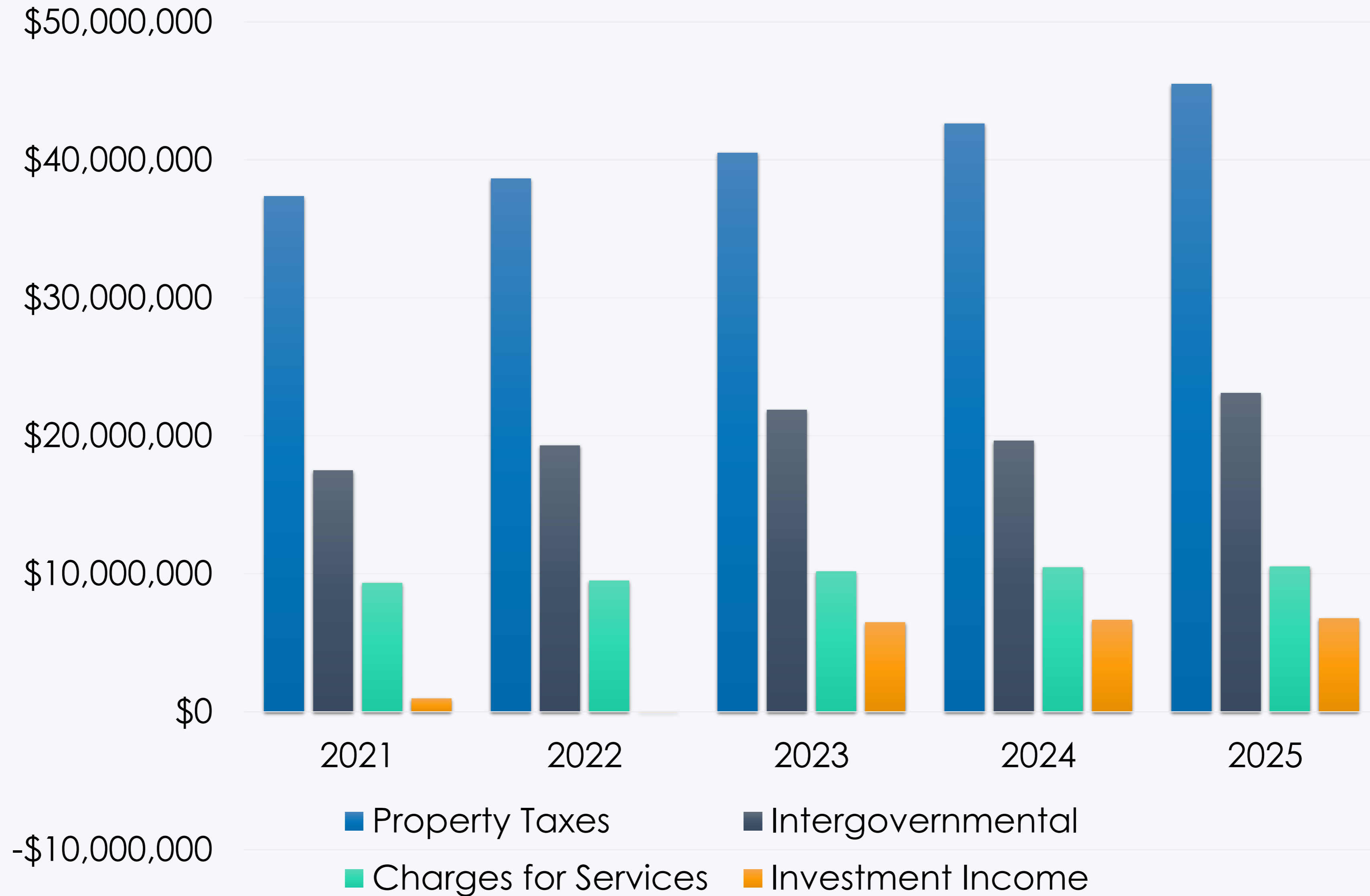
Assets and Deferred Outflows

	12/31/2024	12/31/2025	Variance
Cash and investments	\$206,567,000	\$211,231,000	\$4,664,000
Receivables	\$39,836,000	\$52,362,000	\$12,526,000
Other assets	\$3,737,000	\$3,497,000	(\$240,000)
Net capital asset	\$400,108,000	\$418,342,000	\$18,234,000
Deferred outflows - OPEB	\$10,000	\$-	(\$10,000)
Total	\$650,258,000	\$685,432,000	\$35,174,000

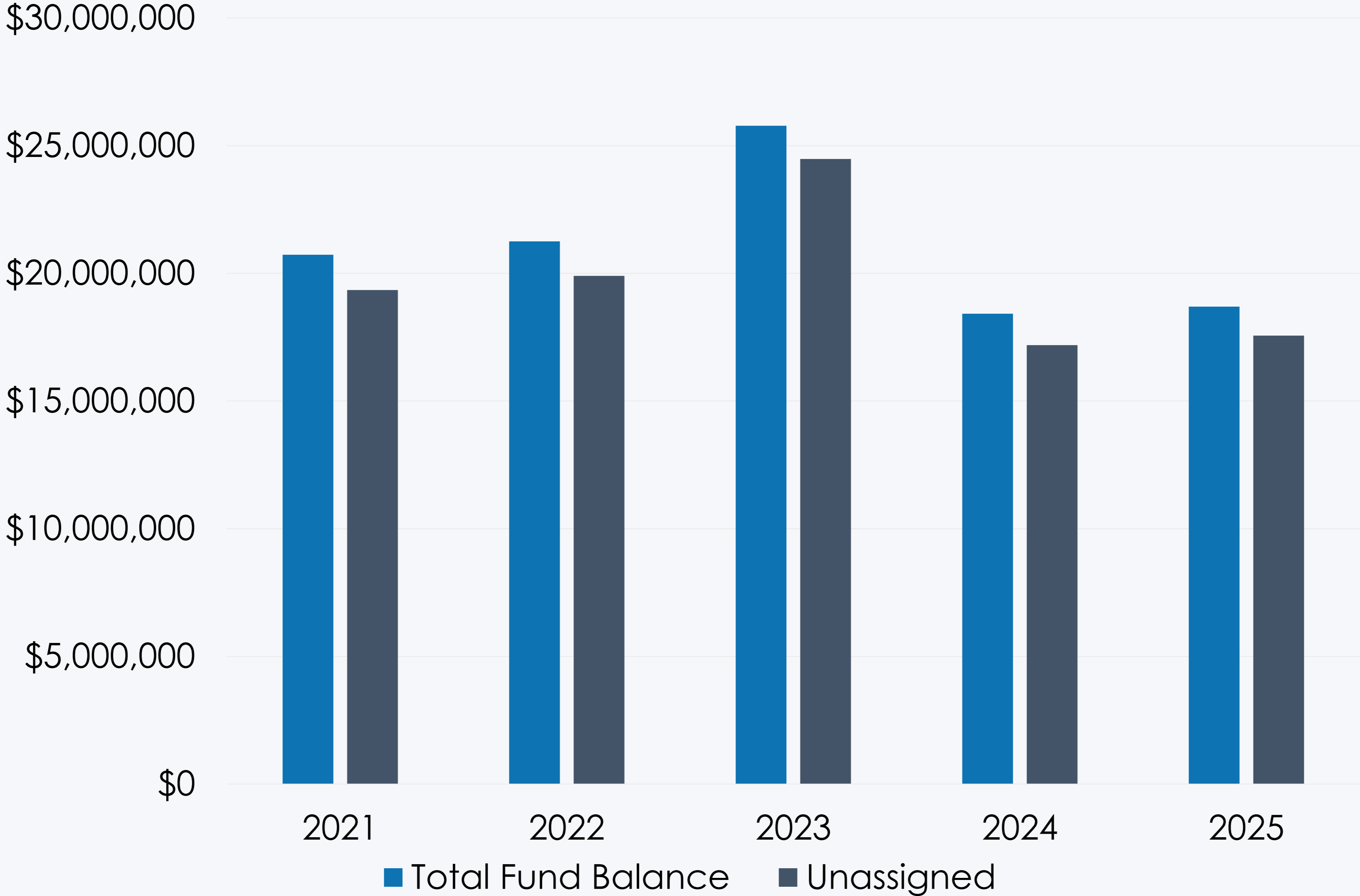
Liabilities and Deferred Inflows

	12/31/2024	12/31/2025	Variance
AP and accrued liabilities	\$14,439,000	\$14,264,000	(\$175,000)
Long-term debt (including SBITA)	\$19,254,000	\$22,088,000	\$2,834,000
Deferred inflows - taxes	\$45,246,000	\$49,637,000	\$4,391,000
Deferred inflows - leases/PPP	\$1,239,000	\$11,769,000	\$10,530,000
Deferred inflows - OPEB	\$-	\$165,000	\$165,000
Total	\$80,178,000	\$97,923,000	\$17,745,000

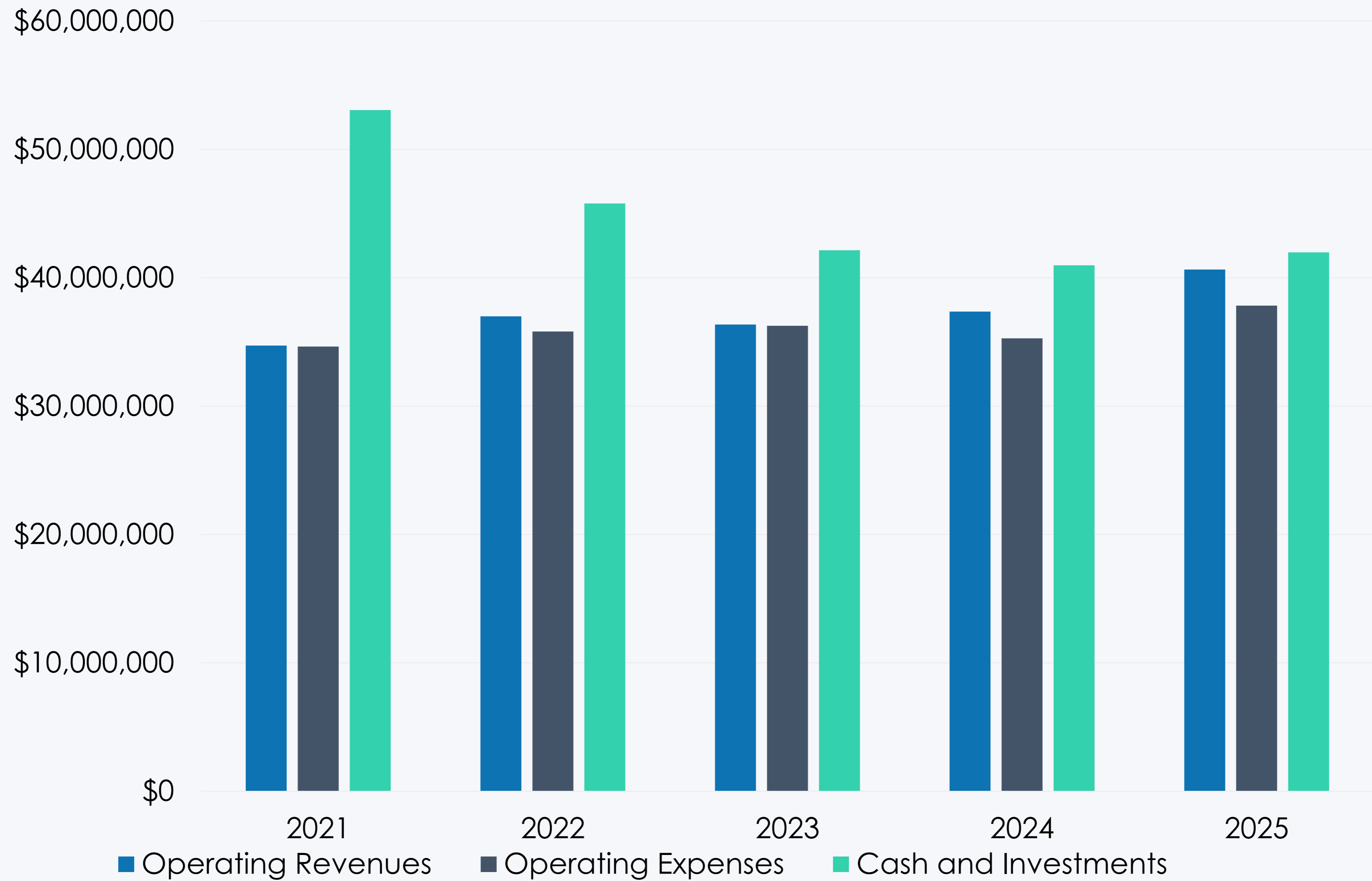
Major Revenue Line Items (Governmental Funds)



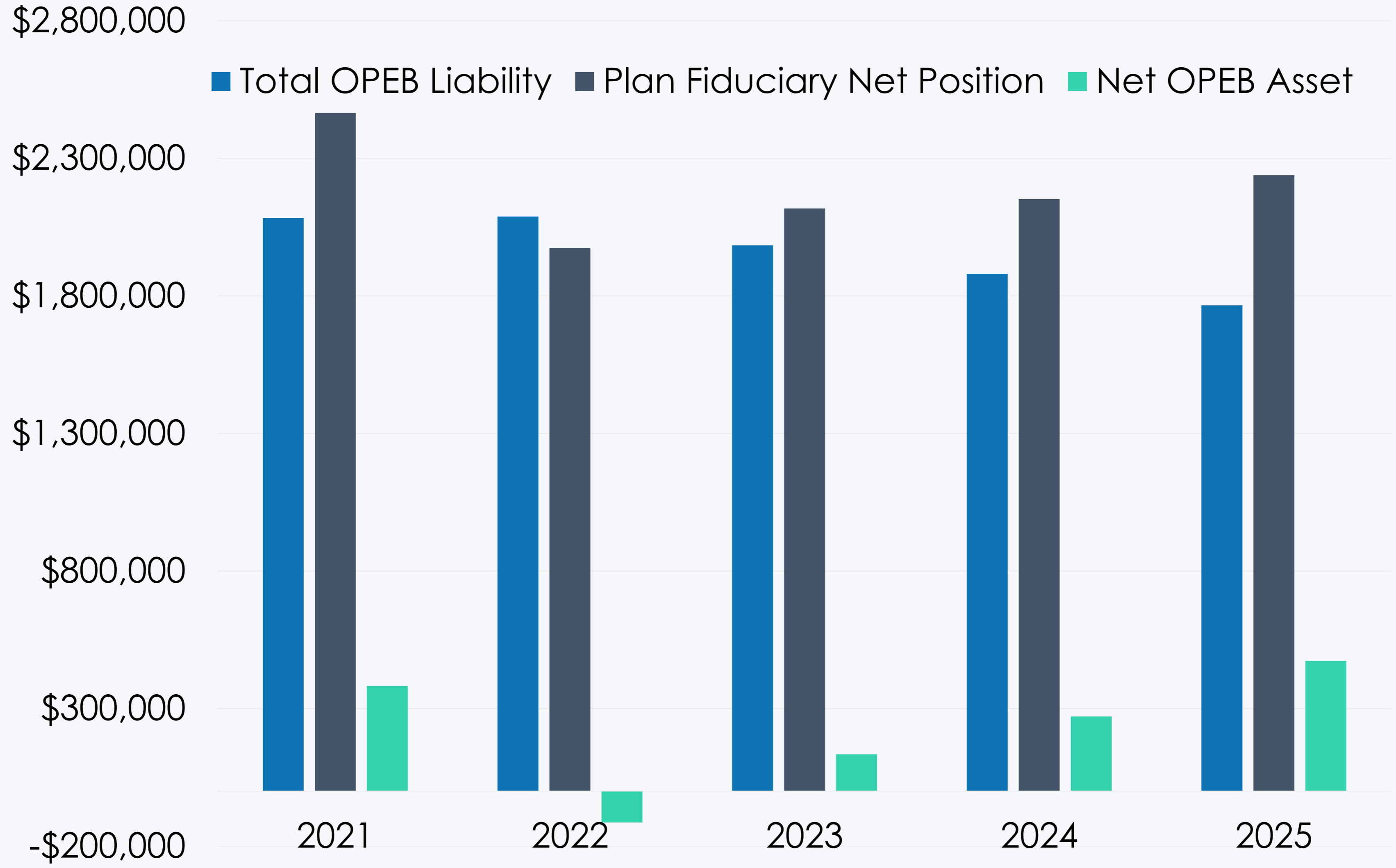
Fund Balance (General Fund)



Water and Sewer Fund



Net OPEB Asset (Liability)



Board Communications

1

Accounting estimates by management were assessed and deemed reasonable

2

No difficulties were encountered during the audit in working with management.

3

No material audit adjustments or misstatements were noted during the audit.

4

Our report issued on internal controls over financial reporting noted no material audit adjustments and no significant deficiencies in internal control over financial reporting.

5

We noted one other matter which was communicated to management in writing as part of our letter on opportunities for improving internal controls.

Audit Key Insights



The City benefits from having a team of highly experienced team of finance and accounting professionals that deliver timely reports with minimal budgetary variances.



The City continues to invest in personnel and capital – adding parkland and recreation improvements, strengthening water & sewer infrastructure, and maintaining/improving major + local streets.



The City continues to have a strong financial position thanks to careful budgeting and a structural surplus in many of its funds. This provides flexibility and stability for operations and future capital investments.



QUESTIONS