Audited Financial Statements
and Other Supplementary Information

Rochester Hills-Oakland-Rochester
Older Persons' Commission
(a component unit of City of Rochester Hills, MI)

Year Ended September 30, 2025
with Independent Auditor's Report

AHP
CPAs & ADVISORS
ANDREWS HOOPER PAVLIK PLC

Rochester Hills-Oakland-Rochester
Older Persons' Commission

Audited Financial Statements
and Other Supplementary Information

Year Ended September 30, 2025

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OPC SOCIAL & ACTIVITY CENTER
The Best Place To Be 50+

Date: March 2, 2026

To: The Older Persons' Commission Governing Board and Citizens of the City of Rochester Hills, the City of Rochester, and the Charter Township of Oakland

State law requires, within six months of the close of each fiscal year, a complete set of financial statements be prepared by the Older Persons' Commission in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to those requirements, we hereby issue the financial statements of the Older Persons' Commission of Rochester Hills – Oakland - Rochester (OPC Social and Activity Center or OPC, also referred to as "the Commission" in the financial statements) for the fiscal year ending September 30, 2025.

This report consists of management's representations concerning the finances of the OPC. Consequently, management assumes full responsibility for the completeness and reliability of the financial information presented in this report. To provide a reasonable basis for making these representations, the management of the OPC has established a comprehensive internal control framework designed to protect OPC assets from loss, theft, and misuse and to compile sufficient and reliable information for the preparation of OPC's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, OPC's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. As management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The OPC's financial statements have been audited by Andrews Hooper Pavlik, PLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the OPC for the fiscal year ending September 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall presentation of the financial statements. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the OPC's financial statements for the fiscal year ending September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented in this report.

Profile of the OPC

History / Mission

Originating as a service within the Rochester Avon Recreation Authority (RARA), the OPC was created as an independent commission in 1983, through the signing of an Interlocal Agreement between the City of Rochester and Avon Township, predecessor of the City of Rochester Hills, the Charter Township of Oakland, was included in subsequent years, as an organization that provided basic transportation services and a place for older individuals to gather; the OPC has now expanded into a full-service organization. Membership is open to any resident of Rochester, Rochester Hills and Oakland Township who is 50 years of age or older. Membership is free of charge to the residents of these communities due to the fact that all three communities levy a millage to support OPC operations. (Note: there is a $6.00 charge for a required membership identification card). Individuals who are 50 years of age or older, who are not residents of the three participating communities, may join the OPC for an annual fee.

In addition to being a governmental authority authorized by the three participating communities, the OPC formed an IRS code 501(c) (3) corporation in 2001. This has allowed the OPC to expand its use of donation revenue as well as its services. However, at the core the OPC remains a governmental authority, therefore it accounts and reports its financial activity as a government.

OPC Mission:
Providing innovative programs and high quality services that stimulate and advance healthy living for the 50+ community.

OPC Vision:
To continue to be the premier community resource for adults 50 and over.

Governance Structure

The OPC is guided by an eight-member Board appointed by the city councils of Rochester and Rochester Hills and the board of trustees for Oakland Township. Based upon the level of tax contribution and population, the City of Rochester Hills has four (4) representatives, two council members and two senior appointees; the City of Rochester has two (2) representatives, one council member and one senior appointee; and Oakland Township has two (2) representatives, one board member and one senior appointee. The Board annually elects a Chairperson, Vice-Chairperson, Secretary, and Treasurer from its members. These individuals comprise the Executive Committee (which also serves as Personnel Committee). In addition the Board is organized into two standing committees – the Finance Committee and the Facilities Committee. A majority vote of all members (at least 5 votes) is required for approval of any motion or resolution.

Per the Interlocal Agreement, the Governing Board has dominion over its name, property, land and buildings; has the authority to set policies and rules for the OPC; approves an annual budget which is submitted it to the participating communities; and hires an Executive Director. The Board meets the first Thursday of each month. The Executive Director is empowered to operate the facility and programs, within the policies developed by the Board, and to hire and supervise staff as required, within the budget parameters as adopted by the Board.

The OPC Administration presents a recommended annual budget to the Governing Board by approximately June

1 of the fiscal year prior to its implementation. The budget is presented on a line-item basis which records revenues by category (donations/sponsorships, fees, grants, miscellaneous revenues, Rochester tax contribution, Rochester Hills tax contribution, Oakland Township tax contribution, reimbursements, and sales); expenditures are recorded by program area (administration, facilities management, leisure travel, adult day services, performing arts, fitness & aquatics, enrichment & fine arts including the gift shop, nutrition, transportation, newsletter, senior support services, café). The Interlocal Agreement requires the Governing Board to submit their budget to the respective council/trustees of the participating communities by August 1. The communities usually conduct budget hearings in August and September. The Interlocal Agreement states "The governing bodies of each of the parties (*communities*) hereto shall review and either approve as presented or as modified, an identical budget, no later than October 1 of each year."

Services

The OPC provides a wide variety of services and activities to enhance the life of local older persons. The OPC core services provide aid to at-risk seniors, particularly in the form of nutrition, transportation, adult day services, and senior support services; assisting them to remain in their homes and communities. In addition, the OPC provides a full selection of fitness & aquatics activities, enrichment & fine arts activities, travel, social and intellectual programing and performances to help older adults to remain active. There's never a dull moment at the OPC.

During FY 2025 OPC programs, services, and participations increased beyond pervious years levels. Below please find a summary by program / service:

> <u>Nutrition Services</u> – This includes home delivered meals seven (7) days a week (hot meals five days a week, heatable meals two days a week), with the help of a professional kitchen staff and the assistance of volunteers who package and deliver the meals. The program is designed for seniors unable to shop and/or prepare meals. The service allows a senior to "age in place", encouraging independence for those who wish to remain in their home, for as long as possible. In FY 2025, the OPC delivered 84,430 meals to seniors living in Rochester, Rochester Hills, Oakland Township, Lake Orion, Oxford, Independence Township, Auburn Hills, Addison Township and Brandon Township. This was accomplished through the help of volunteers who contributed over 7,000 hours in packing and delivering the meals.
>
> In addition to the home delivered meals, the OPC provides full lunches at three (3) different sites across northeast Oakland County, included the OPC facility itself. Individuals 60 years of age or older are asked for a $4.00 suggested donation per meal; individuals under 60 years of age are charged $5.00 per meal. During FY 25 19,759 congregate meals were served.
>
> <u>Transportation</u> – The OPC provides door-to-door service for seniors 60 years old or older, and disabled adults under 60 years of age, residing in Rochester, Rochester Hills, and Oakland Township. Transportation is provided anywhere in the three communities for medical and personal appointments, shopping or activities at the OPC as well as Oakland University and the Beaumont health centers. During FY 2025 activities increased as more buses were added and times were expanded. As discussed further in this Transmittal Letter, the county funding supported additional staff, vehicles and routes. During FY 2025 the OPC provided 56,680 trips covering over 457,988 miles.
>
> <u>Adult Day Services</u> – The OPC provides socialization and peer support services for older persons who are experiencing physical, emotional, and/or cognitive functioning issues. The activities provided

maintain and enhance those functionalities, help renew old interest and learn new skills. These services also provide respite for the caregiver and an opportunity to prevent premature or inappropriate nursing home placement. During FY 2025 12,180 participant hours in the ADS room were recorded. In addition, the Memory Café which is a monthly social gathering for individuals affected by memory challenges and their care partners was well attended.

Senior Support Services - This unit provides a variety of direct assistance as well as referrals to appropriate social service agencies and individuals, covering areas of concern experienced by older individuals, caregivers and the general public. As one of the "essential services" senior resource staff continue to provide referrals, coordinated two commodity food programs; arranged for seniors to benefit from fall leaf raking and snow removal; facilitated the AOK minor home repair program; coordinated donations and delivered holiday baskets, and loaned medical equipment on a temporary basis to assist individuals recovering from injury, illness or in need of temporary assistance. During FY 2025 1,107 individual appointments and referrals were made. In addition, the Senior Support Services staff arranges for monthly Medicare / Medicaid Assistance sessions. where counselors provide guidance on Medicare enrollment, coverage, and costs. The Senior Support Services Department also coordinates monthly support groups for Caregivers, Grief, Visually Impaired, Parkinson's and Parkinson's Care Partner Group. Individual counseling and informational programs were also provided. 1,561 individuals participated in these support activities.

Volunteer Services – Volunteers support OPC programs and services daily. While the majority of OPC volunteers are members, help is also provided through local businesses, places of worship and schools. In FY 2025 over 470 individuals volunteered over 10,600 times helping with everything from facility tours to delivering meals for the Meals on Wheels program. In total, over 30,459 hours of volunteer service was provided to the OPC representing $1,059,6669 in service based on the Independent Sector's estimate of $34.79 per hour of value for volunteer service.

Enrichment & Fine Arts – The Enrichment & Fine Arts Department offers a number of events, classes, lectures, and hands-on activities, that provide life enhancing opportunities, social interaction and just plain fun. A small example of our offerings includes, computer classes, a fully functioning woodshop where individuals can work on personal projects; fine arts & craft classes in drawing, painting, pottery, etc.; international language programs; and various clubs for card and games like euchre, bridge, pinochle, and Mah-Jong. We also offer dance and music classes; a lifelong learning classes and special events including a Senior Picnic. During FY 2025 6,488 individuals attended the Enrichment & Fine Arts programs over 47,180 times.

Fitness & Aquatics – Realizing one of the cornerstones of a happy and productive life is health maintenance; the OPC offers a complete health and wellness experience for individuals aged 50+. This includes a full gym which is used for team and individual sports such as basketball, Pickelball, badminton and volleyball, as well as, an elevated walking/running track; complete cardio/weight room which includes stationary bikes, rowing machines, spinning bikes, elliptical and treadmills, a small selection of free weights and HUR weight machines; group fitness classes and personal training; specialty classes such as ballet, boxing and kick boxing, plus two pools – a full lap pool and a therapy pool where an individual can simply swim or take a water aerobics, aqua Zumba or aqua circuit training that includes specialty in pool bikes. Total annual participation during FY 2025 was 5,127 attendees who utilized the fitness & aquatics facilities and programs for over 159,726 activities.

OPC's wellness partner, Henry Ford Hospital (HF), provides a Wellness Center at the OPC. The Wellness Center provides blood pressure checks; bone density, cholesterol, glucose testing; educational classes; health seminars; and "ask a nurse" opportunities. In addition, the OPC also houses the HF physical therapy clinic where members can receive therapy on site while in the facility for other activities and events. Frequently members who complete HF physical therapy will then participate in OPC fitness and aquatics personal training program to continue their health routine.

Leisure Travel – Open to all members of the public, aged 50 and older, the OPC curates a wide variety of group travel experiences. Our offerings range from day trips to local landmarks like the Detroit Symphony, Detroit Institute of Arts, and Eastern Market to extended domestic adventures to Mackinac Island, Alaska and Arizona. We also provide opportunities for international exploration.

Performing Arts – The OPC facility has a performance auditorium with a full stage, dressing rooms, and a complete sound and lighting system. The facility hosts all throughout the year regular music, dance, tribute band and comedy performances. The 650 Players, an OPC member performance group, produces a spring and fall musical as well as a variety of other one-night performances throughout the year.

Intergenerational / Community Partnership Programs – Understanding the importance of total community involvement, the OPC provides a number of intergenerational programs, including the 5K Run/Walk, Holiday Baskets to homebound seniors, Food Truck Rally, Grandparent Swim and participation in the Rochester Community Christmas Parade. Further, the OPC partners with the Oakland County Health Division by offering an annual flu shot clinic. In addition, the OPC houses a mini-branch of the Rochester Hills Public Library.

Funding

The OPC has multiple funding sources because it is a governmental authority with non-profit IRS status. As a governmental authority, the OPC receives taxpayer money to support its operations. As an IRS non-profit, the OPC also receives funding from its fundraising activities and through donations and sponsorships provided by individuals and organizations. Further, as both a governmental authority and an IRS non-profit, the OPC sells certain products and charges fees for certain classes and services. The OPC also receives public and private grants to enhance the operations of its core services and invests unused income in safe, productive instruments.

It is important to understand how the funding interacts with the services provided and the residents who receive those services. As previously stated, the core mission of the OPC is to provide services to the most at-risk residents of Rochester, Rochester Hills and Oakland Township; through specific services that will assist them to stay in their homes and to live a quality life. Since this is essentially a governmental function, those funds raised through the taxes levied by the participating communities are first used for those services that effect the most at-risk – transportation, nutrition, senior support services and adult day services. In addition, taxpayer funds are used to support the operations of the OPC facility itself; utilities, maintenance, etc.

Generally, taxpayer money alone is not sufficient to support services to the at-risk residents, let alone other programs offered by the OPC. This is where fundraising, donations and sponsorship efforts are used to supplement taxpayer funds so there are no waiting lists for services and to support the development of additional programs to meet residents' needs. The OPC also seeks grants to support services to at-risk residents. Finally those residents who can pay for specific services they wish to enjoy, which is beyond services to the at-risk residents, are asked to do so.

As stated in the *Management's Discussion and Analysis* (MD&A) section of this report, the primary source of funding for the OPC are the millages levied by Rochester, Rochester Hills, Oakland Township, and Oakland County (for transportation – more information below). In 2020 the voters of the three communities approved a .32 mill levy, for a ten-year period, on real and personal property in the communities, to support OPC operations. This levy represents a slight increase from the .25 mills approved in 2010. These levies have experienced rollbacks in accordance with the Headlee Amendment to the Michigan Constitution, and stand in 2025 at .3150 mills in Rochester and Oakland Township and .3146 mills in Rochester Hills.

On November 8, 2022 the residents of Oakland County approved a .9 mill county-wide levy to support public transportation programs. This tax was levied on all County residents, including residents of Rochester Hills, Rochester, and Oakland Township, in December 2022. All revenue generated by the levy were gathered by the County for distribution to local transportation providers. The OPC, along with Southeast Michigan Area Regional Transit (SMART), the North Oakland Transit Authority (NOTA) and the West Oakland Transit Authority (WOTA) were specifically listed in the ballot language to receive a portion of the county-wide millage funds to provide transportation services via a contract with Oakland County. The OPC receives these funds in reimbursements for expenses incurred, quarterly, for calendar year 2025. The use by the OPC of these funds is discussed later in this Transmittal Letter

The OPC conducts a number of fundraising and development activities throughout the year. These efforts support specific and general operations and supplement the taxpayer funding. Many of these fundraising activities support the OPC nutrition home delivered meals program. During FY 2025 the following fund-raising activities were provided:

> <u>Charity Event</u> – Based in the gym, this summer evening celebration also flows outdoors as a strolling party through the OPC stone cottage gardens on the south side of the facility. Guests enjoyed a catered dinner and live music, raising $75,000 for Meals on Wheels.
>
> <u>5K Run/Walk for Meals</u> – This in-person event took place along the Clinton River Trail south of the OPC facility. With a portion of the trail closed, the race was able to adjust and continuing traveling West on the trail instead of the traditional Eastern route. A pancake breakfast was also added to encourage more runners and welcome supporters who wanted to contribute without racing. In total, the event raised over $29,000 for Meals on Wheels.

Other fundraising activities conducted to support OPC general operations includes an annual giving campaign conducted each December, through mailings to all households 50+ of the three participating communities as well as OPC members who live outside the three communities. Sponsorship opportunities are also available where local organizations and businesses can support a specific program or event as well as place information brochures and board advertising in the OPC for a fee.

The OPC also frequently receives donations from individuals and organization to support the building program, general operations, and specific programs or events. Donations have ranged from $2 to $50,000. Specifically, this includes a $4.00 suggested donation requested from individuals receiving lunch at a congregate meal site, and $3.50 suggested donation is requested from individuals who receive home delivered meals. Because many of the individuals that benefit from these services may not have the means to support those operations, it is important to note that these are true donations. Per home delivered meal grant requirements no records are kept as to who donates and who does not.

In addition the OPC also charges clients who participate in various activities and programs. Fees are charged for all fitness & aquatics activities as well as all enrichment & art classes, performances and travel opportunities. The fee structures are designed so that the fees charged for participation, along with donations received by these operations (especially travel, fitness & aquatics, and performing arts), will be sufficient to cover the cost of these operations. The goal is <u>not</u> to have taxpayer money support the activities. Further, the OPC charges $2.00 per ride fee for the transportation service as well as charging any individual under 60 years of age a $5.00 fee to eat at one of the three congregate sites.

The OPC operates a Café which serves breakfast and lunch four days a week. Proceeds from the café sales go towards covering the cost of café operations; any additional proceeds support the home delivered meal program. The OPC also operates a small gift shop, staffed by volunteers. Proceeds from gift shop sales covers gift shop operations and supports enrichment & arts activities.

It is important to emphasize that when the OPC charges a fee or sells items in the café and gift shop, the proceeds first go to cover the cost of those operations. As with all non-profits, should the proceeds exceed the cost; the excess proceeds are used to support those OPC activities that cannot cover their cost, usually those servicing the most at-risk residents. Since many of the services to the at-risk population are supported by taxpayer money, the presence of fee/sale proceeds above cost means a reduced burden on taxpayers supporting the core services.

In addition, the OPC receives various grants to support its operations. Specifically, the nutrition program is supported by a $519,000 federal grant through Ageways formerly the Area Agency on Aging 1-B (AAA 1-B). This grant pays the OPC, on a per meal basis, for both home delivered meals ($5.10 per meal) and congregates site meals ($4.50 per meal). In addition, the OPC receives $.44 per meal for all meals served through the federal supplemental incentive program (NSIP).

Further, the OPC receives federal and state funding to support the transportation program. These federal and state funds are supplied through the Southeast Michigan Area Regional Transit (SMART). One source of SMART funding is a program entitled "municipal credits" where each community in the three county SMART service areas receive funding to support local transportation needs. By agreement, Rochester, Rochester Hills and Oakland Township pass along their municipal credits to the OPC to operate the transportation program. In addition, the OPC receives the SMART Specialized Services Operating Assistance Program funding to support transportation for individuals 60 years of age or older and/or who are disabled (over 18 years old). The OPC has also received, from time to time, specific grants from SMART for new buses, owned by SMART and operated and maintained by the OPC.

The OPC invests funds it receives and have not yet appropriated, in order to earn interest income which can be used to enhance services and programs for members and residents. All investments follow Michigan Public Act 20, and related statutes, to maintain the appropriate security, liquidity and yield from these efforts. OPC also diversifies its investment portfolio so as to not engage in a concentration risk. The portfolio includes an interest-bearing checking account at the Huntington National Bank, mutual fund investments with the Oakland County Treasurer's Local Government Investment Pool, mutual fund investments with the MiClass municipal investment pool, mutual fund investments with the Chief Financial Credit Union and treasury notes purchased through the Dearborn Federal Credit Union.

Finally the OPC retains a fund balance for emergency operations and required capital investments. The Interlocal Agreement which authorized the OPC's creation forbids the organization from issuing debt, therefore any major capital investment (and emergency needs) must be supported via reductions in operating expenditures, additional fundraising or use of fund balance. The OPC Board's Fund Balance policy requires that an amount equal to 25% of annual expenditures must remain in fund balance. Any funds in addition to the minimum are set aside for budget stabilization, in the event of an emergency, and for capital investments.

Fiscal Operations

The daily OPC fiscal operations are the responsibility of the financial office, directed by a full-time Financial Manager, a part-time Account Clerk and five (5) part-time cashiers. The Financial Manager is responsible for verifying daily cash receipt batches and deposits; processing payroll, invoices and p-card receipts; completing journal entries; entering financial data into the OPC BS&A accounting and financial reporting system; and completing the nutrition and transportation grant reports. The Account Clerk supports the Financial Manager in accounting, bookkeeping and record keeping functions. Cashiers are responsible for selling tickets to classes, activities, and programs; cash receipting; and producing reports for programs and grants.

The Financial Office falls under the direction of the Deputy Director who is responsible for the overall administrative operations of the OPC (financial, human resources, information technology, facilities, volunteers); as well as the primary fiscal responsibilities of producing and monitoring the OPC budget; financial forecasting; investing; retirement; security of the financial system; and functioning as the staff liaison to the Governing Board's Finance Committee, the Governing Board for financial matters and the independent auditors.

The release of OPC funds for the payment of goods and services procured by the OPC staff requires a detailed invoice or receipt (for p-card purchases), approved by the purchaser and authorized by the purchaser's department manager. Request for payment is submitted to the financial office where the Financial Manager (with the assistance of the account clerk) reviews the invoice/receipt for accuracy, the absence of sales tax, and the appropriate account numbers. Once verified, the Financial Manager begins the payment processing by entering the pertinent information into the OPC's BS&A accounts payable (A/P) component. Using the A/P function allows the financial office to verify all accounting and vendor information. The A/P process includes the production of a check which is provided to the Deputy Director who reviews all applicable paperwork and approvals, and signs the payment checks. The signed checks are then submitted back to the Financial Manager who completes the payment process by posting the appropriate payments and distributing those payments to the appropriate vendors. The OPC also provides direct electronic payments to vendors. As with the production of vendor checks, vendor electronic payments will include dual verification and appropriate segregation of duties between the Deputy Director and the Financial Manager.

Payroll is processed electronically through ADP with timekeeping also operating through ADP. Hourly employees enter time daily on an electronic format provided through ADP by "punching-in" on their phones or work computers at the beginning of their work shift and "punching-out" at the end of their work shift. The timekeeping system automatically records the hours worked. Salaried employees are not required to punch in or out, the timekeeping system automatically records these individuals as present, unless they record a vacation day, personal time office, or an approved holiday. At the end of the biweekly pay period, supervisors electronically approve their employees' hours worked. Once all time is approved, ADP completes the payroll processing including employee payments, tax payments, and journal entries for pay, benefits, and taxes. The Finance Manager then imports that information into BS&A General Ledger to be recorded.

The OPC financial office receipts for all payments made to the OPC. Each payment is individually entered into the My Senior Center (MSC) OPC database by payer, amount, and revenue account to be credited. At the end of each business day actual cash, checks, and credit card slips are counted and balanced against the daily activity report generated by the OPC's data base system. These balances are verified by the Financial Manager, who then completes a bank deposit slip. Receipts are deposited periodically (depending on volume) by the financial office staff. The OPC's on-line banking system is then checked every day to verify that the previous day's deposits were received, credited to the OPC account and matched to the MSC daily report. On a weekly basis, the Financial Manager enters the receipts into the BS&A system via a journal entry.

The only exception to the above involves the on-line payment system for classes and events. This system operates through the My Active Center (MAC), a component of MSC and is tied into the OPC's PayPal account. When a client registers for a class or event on-line, their credit card is charged directly through PayPal; PayPal subsequently sends the payment to the OPC's bank account at Huntington National Bank. Periodically (depending on volume) the Financial Manager and/or account clerk reconcile the on-line bank deposits with the PayPal report.

The OPC financial office also provides the treasury function for the organization. This includes nightly bank deposits, verifying bank deposits on a daily basis, recording when checks clear, authorizes automated clearing house (ACH) releases for the p-card and vendor payments, payroll, nutrition food and supply purchases and defined contribution pension payments. These functions are segregated between the Deputy Director, the Financial Manager, and the Account Clerk. In addition, the Deputy Director manages and monitors the limited OPC investment portfolio. Finally, bank reconciliations are performed by the Account Clerk.

The OPC's fiscal year is October 1 through September 30.

Fiscal Year (FY) 2025 Review

Note: The MD&A provides a detailed discussion of the OPC's FY 2025 fiscal operations; please refer to that section of the report.

FY 2025 was a continued growth year for the OPC in which the organization is as strong as it ever has been while building for a bright future. During FY 2025 participation in the OPC programs and services returned, and exceeded previous years. Memberships increased daily as did the attendance of the programs offered.

Over the 22 years the facility has modernized and otherwise changed to meet the changing needs of the client population as well as maintaining the facility for the most efficient operations. During FY 2025 ARP funds from the Area Agency on Aging 1-B were also used to upgrade the seating in the dining room used to serve congregate and meals. Other improvements were upgrade to the intercom system, lighting throughout the building, and phase 1 of the HVAC replacement project.

FY had the continued expansion of the OPC transportation services which initiated by the adoption of a county-wide transportation millage on November 8, 2022. With the adoption of this millage, Oakland County contracted with the OPC, in the amount of $ 2.3 million for 2025, to provide transportation services to residents of Rochester Hills, Rochester, and Oakland Township. In addition to 2 new buses purchased for OPC transportation a Full-time Mobility Manager was added to oversee the now 7 dispatchers needed to run 24 routes on the road a day. A new dispatch software called QRyde was also implemented to help streamline rides and provide a better experience for riders and staff.

Finally, the additional drivers and vehicles allowed the OPC to, again, expand transportation hours from 7 am – 8 pm from Monday – Friday and 9 am – 4 pm on Saturday to now including Sundays from 8 am – 1:30 pm. The expanded hours accommodate a number of transportations challenged individuals to get to appointments and work.

Fiscal Year (FY) 2026 Initiatives

During FY 2026 the OPC anticipates continuing to provides quality services and programs to its members and the community and to continue building these programs and services to meet future needs. First, regarding maintenance and improvement of the OPC facility phase II of the HVAC replacement and upgrade of the facility's HVAC system will begin, as the remaining roof top units will be replaced, in conjunction an added group fitness studio that will come from merging four under-utilized rooms on the lower level.

OPC transportation is also looking to expand and improve its operations and services provided to residents. As part of the overall transportation program the implementation of a county-wide dispatch system is being implemented. The regional public transportation agency, SMART, is taking the lead on the dispatch system which is planned to connect SMART with the other county transportation agencies including the OPC. The dispatch system should be able to connect riders with a number of transportation providers, and connect the providers with each other, to schedule seamless routes. The software will also be able to track the vehicles in order to shift routes, if need be, to make the system more efficient. Further, one of the consistent requests received by the OPC transportation program, is for more on-demand service. Currently the OPC transportation program is an advanced scheduled operation; riders call to request rides several days in advance. With the expansion of services a desire has been expressed for an "Uber-like" service, where riders can call to request a ride on demand. The OPC is working with SMART to explore the possibility of providing such a service. Funding will come from the Oakland Couty Milage when this program is ready to be implemented.

With the continuation of the outstanding programs and services currently being provided the OPC Board and Administration is looking forward to keeping the 50+ residents of Rochester Hills, Rochester, and Oakland Township active, healthy and engaged now and into the future.

Respectively submitted:

Renee Cortright
Executive Director

Mandy Mullins
Deputy Director

Laura Roch-Schoefter
Financial Manager

Independent Auditor's Report

To the Governing Board
Rochester Hills-Oakland-Rochester
Older Persons' Commission

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Rochester Hills-Oakland-Rochester Older Persons' Commission, a component unit of the City of Rochester Hills, Michigan, as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise Rochester Hills-Oakland-Rochester Older Persons' Commission's basic financial statements, as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Rochester Hills-Oakland-Rochester Older Persons' Commission as of September 30, 2025 and the changes in its 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rochester Hills-Oakland-Rochester Older Persons' Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rochester Hills-Oakland-Rochester Older Persons' Commission'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.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Hills-Oakland-Rochester Older Persons’ Commission’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 Hills-Oakland-Rochester Older Persons’ Commission’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal but does not include the basic financial statements and our auditor's 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.

Andrews Hooper Pavlik PLC

Bloomfield Hills, Michigan
March 2, 2026

Rochester Hills-Oakland-Rochester Older Persons' Commission

Management's Discussion and Analysis

September 30, 2025

Our discussion and analysis of Rochester Hills-Oakland-Rochester Older Persons' Commission (Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ending September 30, 2025. Please read it in conjunction with the Commission's financial statements.

Financial Highlights

- On an entity-wide, full accrual accounting basis, the Commission's financial position improved during fiscal year 2025, increasing by $2,040,647 to $22,974,826

- The Commission's General Fund reported an ending fund balance of $6,392,459, of which $6,276,256 is unassigned. This amount is a decrease of $34,965 from the previous fiscal year.

- The Commission's Transportation Fund, newly implemented this year to capture activity related to the transportation revenue that the Commission receives from Oakland County, reflected an increase in fund balance of $766,278 related to initial funding provided by the County and the Commission.

- Net capital assets increased by $1,136,362 to $16,904,470, reflecting new asset additions this year, including building improvements and vehicles used in the transportation program.

- The long-term debt includes a liability account for employee compensated absences, which has a balance of $74,120, a decrease of $18,416. Included in long-term debt is a right-to-use lease liability that was recognized this year related to the Transportation Center totaling $1,106,767.

Using This Annual Report

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include information that presents two different views of the Commission:

- The first three columns of the financial statements includes information on the Commission's General Fund and Transportation Fund under the modified accrual method. This fund financial statement focuses on current financial resources and provides a more detailed view about the accountability of the Commission's sources and uses of funds.

- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method of accounting.

- The third column presents the Commission's operations on a full accrual basis, which provides both long-term and short-term information about the Commission's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

The impact of transitioning from modified accrual to full accrual accounting can be summarized as follows:

- Capital outlay spending results in capital assets on the full accrual statements but is reported as expenditures on the Commission's General Fund financial statements.

- Capital assets used in governmental activities (depreciation) are reported on the full accrual statements but are not reported on the Commission's fund statements since there is no claim on current financial resources.

- Revenue is recorded when earned on the full accrual statements but is reported in the fund statements only when received or received in time to pay the expenses of the current period (within 60 days of the end of the fiscal year).

- Employee compensated absences are reported as a liability on the full accrual statements but are not recorded on the Commission's General Fund statements since there is no claim on current financial resources.

The Commission as a Whole

The following table shows the net position of the governmental activities in a condensed format as of September 30, 2025, in comparison to the prior two years.

The Commission's Net Position

	Governmental Activities				
	2023	**2024**	**2025**	**Change**	**Percent Change**
Assets					
Current and other assets:					
Cash and investments	$ 6,779,303	$ 5,755,935	**$ 6,797,765**	$ 1,041,830	18%
Receivables	386,873	1,029,058	**820,051**	(209,007)	(20)%
Other assets	155,242	125,450	**106,281**	(19,169)	(15)%
Capital assets	13,482,703	15,768,108	**16,904,470**	1,136,362	7%
Total assets	20,804,121	22,678,551	**24,628,567**	1,950,016	9%
Liabilities					
Current liabilities:					
Accounts payable	226,636	204,897	**151,922**	(52,975)	(26)%
Accrued liabilities and other	59,726	77,229	**90,630**	13,401	17%
Unearned revenue	1,009,294	174,241	**230,302**	56,061	32%
Noncurrent liabilities	76,485	1,288,005	**1,180,887**	(107,118)	(8)%
Total liabilities	1,372,141	1,744,372	**1,653,741**	(90,631)	(5)%
Net Position					
Net investment in capital assets	13,482,703	14,572,639	**15,797,703**	1,225,064	8%
Restricted	7,698	9,183	**9,957**	774	8%
Unrestricted	5,941,579	6,352,357	**7,167,166**	814,809	13%
Total net position	$19,431,980	$ 20,934,179	**$ 22,974,826**	$ 2,040,647	10%

The Commission's combined net position experienced a 10% increase from the previous fiscal year, adding $2,040,647 in value from $20,934,179 to $22,974,826. Of this amount, total assets increased $1,950,016 (9%), total liabilities decreased $90,631 (5%), net investment in capital assets rose $1,225,064 (8%), and unrestricted net position increased $814,809 (13%).

The increase in total assets is composed of a $1,041,830 (18%) increase in cash and investments. Capital assets also increased by $1,136,362 (7%) reflecting major capital improvements to facility and improvements at the new Transportation Center.

Liabilities decreased by $90,631 (5%) which was mostly caused by a $107,118 (8%) decrease in noncurrent liabilities associated with the Commission's right-to-use lease liability and employee usage of compensated absences (reducing the balance).

Regarding net position, net investment in capital assets is $15,797,703; restricted net position is $9,957 (an increase of 8%), and $7,167,166 (an increase of 13%) in unrestricted net position (the portion of net position that can be used to finance day to day operations).

The Commission's Changes in Net Position

The following table shows the comparison of changes in net position of the governmental activities during the year ended September 30, 2025, to the prior two years.

	Governmental Activities				
	2023	**2024**	**2025**	**Change**	**Percent Change**
Revenue					
Member government contributions	$ 2,638,939	$ 2,245,357	**$ 2,443,489**	$ 198,132	9%
Nonresident member fees	95,916	143,469	**111,990**	(31,479)	(22)%
Intergovernmental	2,248,905	3,667,557	**3,924,951**	257,394	7%
Program fees and sales	1,774,655	1,774,342	**1,933,146**	158,804	9%
Private donations	338,128	441,974	**481,038**	39,064	9%
Other revenue	200,238	319,050	**253,255**	(65,795)	(21)%
Total revenue	7,296,781	8,591,749	**9,147,869**	556,120	6%
Expenditures					
Salaries and wages	2,174,426	2,594,683	**2,970,025**	375,342	14%
Fringe benefits	446,852	508,578	**550,968**	42,390	8%
Professional services	1,096,374	1,184,167	**1,165,294**	(18,873)	(2)%
Operating supplies	582,808	715,884	**610,860**	(105,024)	(15)%
Equipment maintenance and replacement	526,908	850,649	**334,804**	(515,845)	(61)%
Insurance and utilities	267,873	280,963	**310,903**	29,940	11%
Lease and occupancy	-	51,211	**62,849**	11,638	23%
Other expenses	238,127	257,232	**361,655**	104,423	41%
Depreciation and amortization	430,382	646,183	**739,864**	93,681	14%
Total expenditures	5,763,750	7,089,550	**7,107,222**	17,672	-
Net Change in Net Position	1,533,031	1,502,199	**2,040,647**	538,448	36%
Net Position at beginning of year	17,898,949	19,431,980	**20,934,179**	1,502,199	8%
Net Position at end of year	$19,431,980	$20,934,179	**$22,974,826**	$ 2,040,647	10%

Governmental Activities – Revenue

The Commission's total governmental revenue in fiscal year 2025 was $9,147,869. The three largest revenue items represent approximately 90% of all governmental activities revenue as follows:

- Member government contributions totaled $2,443,489, or 27% of revenue.

- Intergovernmental revenue, which reflects federal and state grants as well as the County public transit millage, totaled $3,924,951, or 43% of revenue.

- Program fees, including activity fees and store, performing arts, cafeteria, and leisure travel trip sales totaled $1,933,146 or 21% of revenue.

- In addition, private donations totaled $481,038 (5%); the remaining $365,245 (4%) reflects nonresident members, investment income, and other sources.

In fiscal year 2025, total revenue increased by $556,120 to $9,147,869, or 6%, compared to the prior fiscal year. This increase resulted from a $257,394 (7%) increase in Intergovernmental Revenue reflecting receipt of County public transit funds as well as additional revenue amounts in donations and other revenue.

Other revenues, which includes investment income and various refunds and rebates, decreased by $65,795 (21%) from the previous fiscal year to $253,255. The decrease is primarily associated with receiving fewer refunds and rebates in the current fiscal year.

Member government contributions were $2,443,489, which is a $198,132 (9%) increase during the 12-month period. Member contributions are payments from the City of Rochester Hills, the Charter Township of Oakland, and the City of Rochester, generated by a .32 property tax levy (reduced by the Headlee amendment to the Michigan constitution) for OPC operations on property in Rochester, Rochester Hills, and Oakland Township.

In addition, non-resident member fees decreased by $31,479 (22%) to $111,990 as fewer individuals who reside outside Rochester Hills, Oakland Township, and Rochester became members.

Finally, private donations during fiscal year 2025 were $39,064 (9%) more than the amount donated during fiscal year 2024, at a current year total of $481,038. This change reflects an increase in donations to the Annual Giving Campaign.

Governmental Activities – Expenses

The Commission's total governmental expenses were $7,107,222 during fiscal year 2025, a nominal increase of $17,672 from fiscal year 2024.

- Salaries, wages, and fringe benefits are the largest expense of the Commission, totaling $3,520,993, representing 50% of the Commission's total expenses. Of the approximately 117 commission employees, 24 are considered full time and receive benefits such as health insurance, health savings accounts, life and accident insurance, and disability insurance, as well as the standard FICA, workers' compensation, and unemployment insurance. The remaining 93 employees are all part time (maximum 29 hours per week) and are covered by FICA, workers' compensation, and unemployment insurance plus they receive the benefit of earned paid time off.

- Professional services, which include all outside contractors such as fitness and aquatics instructors, enrichment and art instructors, information technology support services, health services, social services support, audit services, and legal support, were the second largest expense category at $1,165,294, representing 16% of the Commission's total expenses.

- Depreciation and amortization expense was $739,864 during fiscal year 2025, which represents 10% of Commission expenses. The 14% increase in depreciation compared to fiscal year 2024 reflects depreciation and amortization associated with recent capital projects, including amortization associated with the Commission's right-to-use lease asset for the Transportation Center.

- Operating supplies includes everything from food purchased by the nutrition and café program areas to custodial supplies, art supplies for the enrichment and arts program area, and general office supplies. A total of $610,860 was spent under this category during fiscal year 2025, which represents 9% of total expenses.

- Insurance, utilities, and other expenses compose $672,558 of the Commission's fiscal year 2025 expenses (9%). This account also includes fuel for the Commission's buses.

- Equipment maintenance and replacement generated $334,804 in expenses during fiscal year 2025, 5% of the Commission's total expenses.

- Lease and occupancy costs represent lease-related expenses, including imputed interest on the amortization of the right-to-use asset associated with the Commission's new transportation facility.

Overall, expenses for fiscal year 2025 increased by a small $17,672 from fiscal year 2024 amounts.

The General Fund

The Commission's General Fund (the Commission's only operating fund) is included in the first column of the respective statements. The fund column provides detailed information about the General Fund using a modified accrual method. The most significant differences result from the reporting of capital assets. On the modified accrual basis, the cost of capital assets is reported at the time they are purchased rather than over time as they are used up (as depreciation expense).

The Commission's General Fund balance for the fiscal year ended September 30, 2025 was $6,392,494, a decrease of $34,965 over the fund balance reported for the year ended September 30, 2024. The fund balance as of September 30, 2025 represents 106% of final budgeted fiscal year 2026 General Fund expenditures.

General Fund revenue received for fiscal year 2025 was $5,839,376. The largest revenue source is the $2,471,833 received from member government contributions.

The General Fund expended $5,874,341 in fiscal year 2025. Salaries, wages, and benefits remained the largest expenditure category for the Commission, equaling $2,042,871 in fiscal year 2025.

During fiscal year 2025, the general fund expended $1,585,306 in capital outlay. As detailed below, capital outlay expenditures include building improvements and other additions in fiscal year 2025.

The Transportation Fund

The Commission's Transportation Fund is included in the second column of the respective statements. This fund is a special revenue fund that accounts for the activities of the transportation millage received by the Commission and the operation of the transportation program. Like the General Fund, the Transportation Fund also reports using a modified accrual method. Fiscal year 2025 is the first year that the Commission separately reported the Transportation Fund, as the fund was newly established during the year.

The most significant revenue within the Transportation Fund is intergovernmental revenues associated with the transportation contract through Oakland County, totaling $3,030,039 in fiscal year 2025. Total revenues within the Transportation Fund were $3,242,639 during the current year.

Total expenditures within the Transportation Fund were $2,476,361, the most significant of which was salaries, wages, and benefits, equaling $1,496,538 in fiscal year 2025. Capital outlay was the next largest expenditure, totaling $290,920 in 2025. Capital outlay consisted of the purchasing of buses during the year for the transportation program.

General Fund Budgetary Highlights

General Fund revenue was budgeted at $4,682,400. Actual revenue received by the General Fund during fiscal year 2025 was $5,839,376 which is $1,156,976 (25%) above the approved budget.

Contributions from the three Commission communities, based upon millage's levied to support the general operation and the transportation program of the Commission equaled $2,417,833, $66,733 above the adopted budget.

Fee revenue was budgeted at $949,500 for fiscal year 2025. Actual fee revenue for fiscal year 2025 was $1,392,586, $443,086 (47%) more than the approved budget. Additional fees were generated compared to expected budget related to adult day services and other areas.

The fiscal year 2025 budget for grant revenue was $530,000. Actual fiscal year grant revenue was $737,220, $207,220 (39%) greater than the amended budget. The additional grant revenue reflects the receipt of unanticipated funds from the Area Agency 1-B nutrition program.

The amount of revenue received from trips, performances, café and gift shop was $558,966 for fiscal year 2025, $171,466 (44%) higher than the adopted budget of $387,500. This increase reflects the increase in trips conducted by leisure travel during the fiscal year and increases in attendance at performances and enrichment events.

Donations were originally budgeted at $410,300 for fiscal year 2025. Actual fiscal year donations were $479,516, $69,216 (17%) more than the adopted budget. The increase for anticipated donations was a result of the Commission reinstating the annual giving campaign, along with general increases in other contributions.

Finally, other revenue was budgeted at $54,000 for fiscal year 2025, however, $253,255 was received in the fiscal year 2025; $199,255 more than budgeted. This excess in anticipated revenue resulted from an increase in investment income compared to expectation.

The adopted General Fund expenditure budget was $6,090,400 for fiscal year 2025.

Of the 13 cost centers reported by the General Fund, seven (7) ended fiscal year 2025 spending less than their authorized budget. There was no one reason why these areas were under budget, but some common items noted were six (6) cost centers spent more than their authorized budget; generally, the over expenditures were due to activity increases above what was planned and budgeted. In almost all the cases the over expenditures were covered by additional revenues.

Capital outlay was the largest budgetary expenditure category that was underspent, coming it at $438,780 (22%) under budget. The primary cause of this is delays in several of the projects on the Commission's capital improvement plan compared to budget. Other underspent categories included Adult day service underspent their budget by $33,705 (26%); health and wellness was underspent by $37,161 (7%); enrichment and arts was underspent by $28,826 (7%), newsletter underspent by $7,390 (38%) due to lower reductions in costs compared to that which was forecast in the budget.

Regarding the cost centers who overspent the amended budget; the administration division overspent the approved budget by $87,521 (8%) due to increases in salary and benefit costs compared to budget; facilities management was overspent by $84,255 (14%) due to higher than expected maintenance and equipment costs; leisure travel was over their budget by $149,505 (59%) due to additional travel and associated costs compared to budget (which was offset by higher trip-related revenue); performing arts, nutrition, and senior resources also had modest over-expenditures compared to their respective budgets.

Transportation Fund Budgetary Highlights

Transportation Fund revenue was budgeted at $3,308,200. Actual revenue received by the Transportation Fund during fiscal year 2025 was $3,242,639 which is $65,561 (2%) below the approved budget, mainly due to the Commission receiving less public transit revenue from Oakland County compared to what was anticipated in the budget.

Transportation fund total expenditures were budgeted at $3,308,200. Actual expenditures were $2,476,361 which is $831,839 (25%) below budget. Both total personnel and total operating expenditures were 17% and 25% under budget, respectively.

Capital Asset and Debt Administration

As of September 30, 2025, the Commission reports $16,904,470 invested in a broad range of capital assets, including buildings, furniture, vehicles, and right-to-use lease assets. This reflects an increase of $1,136,362 in net capital assets (7%) from those assets reported as of September 30, 2024. Of this total:

- $3,090,244 reflects capital assets not being depreciated (land)

- $22,200,564 reflects capital assets being depreciated, of which buildings and improvements represent $18,131,873 or 82% of this category

- $8,386,338 in accumulated depreciation and amortization of right-to-use lease assets

In fiscal year 2025, the Commission acquired $1,876,226 in new capital assets. Of these new assets, $1,495,928 were in buildings and improvements. Specifically, $1,291,459 for phase 2 of the planned HVAC replacement to the Commission's facility. Other significant capital improvements included new chairs for the dining room totaling $64,130 (funded through an Ageways grant) and two new transportation vehicles and graphics packages totaling $290,920. The purchase of these vehicles was supported by the County public transit millage funds.

In addition, $48,247 in fully-depreciated assets were disposed of during fiscal year 2025.

Depreciation and amortization expense totaled $739,864. This includes increased depreciation for the new equipment purchases during the fiscal year as well as on-going depreciation expense for existing capital assets. This also includes amortization of the right-to-use lease asset of $127,367. These increases were offset by the disposal of assets.

Economic Factors

As the enclosed financial statements show, the Commission is on solid financial grounds, for the near and midterm future at least. Through prudent planning and active management, expenses have been kept within budget, while revenue has exceeded budget. Property values within the three communities that make up the Commission's footprint also continue to rise with new construction, solidifying the Commission's financial position. Finally, the Commission's staff continue to aggressively pursue additional revenues through grants, fundraising, and donations.

Of course, there are always challenges to be encountered. The Southeast Michigan Council of Governments (SEMCOG) estimated in 2010 that the population of individuals age 60 and older will increase by 35% in the Commission's footprint by 2040. Such an increase will add to the demands for Commission services. Further, the Commission's facility, although being adequately maintained and improved, is aging, being in service for 22 years.

The Commission's capital improvement plan includes provisions for replacements of major systems over the next ten years. Unfortunately, under the Interlocal Agreement which created the Commission, the Commission is prohibited from issuing debt; therefore, the cost of system replacement must be borne from the Commission's operating budget and fund balance. Future financial planning includes provisions to make the necessary replacements and repairs to keep the Commission's facility in operating order.

Requests for Further Information

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Commission's administration, specifically the financial office.

Rochester Hills-Oakland-Rochester Older Person's Commission

Statement of Net Position/Governmental Fund Balance Sheet

September 30, 2025

	General Fund - Modified Accrual Basis	Transportation Fund - Modified Accrual Basis	Total Governmental Funds	Adjustments (Note 2)	Statement of Net Position
Assets					
Current assets:					
Cash and cash equivalents	$ 2,335,829	$ 1,203,355	$ 3,539,184	$ -	$ 3,539,184
Investments	3,258,581	-	3,258,581	-	3,258,581
Receivables:			-		
Accounts receivable	132,619	640	133,259	-	133,259
Due from other governmental units	208,173	478,619	686,792	-	686,792
Due from other funds	761,666	-	761,666	(761,666)	-
Prepaid expenses and other assets	106,281	-	106,281	-	106,281
Capital assets:					
Assets not subject to depreciation	-	-	-	3,090,244	3,090,244
Assets subject to depreciation - net	-	-	-	13,814,226	13,814,226
Total assets	$ 6,803,149	$ 1,682,614	$ 8,485,763	16,142,804	24,628,567
Liabilities					
Current liabilities:					
Accounts payable	$ 85,963	$ 65,959	$ 151,922	-	151,922
Accrued liabilities and other	49,047	41,583	90,630	-	90,630
Due to other funds	-	761,666	761,666	(761,666)	-
Unearned revenue	230,302	-	230,302	-	230,302
Compensated absenses					
Due within one year	-	-	-	60,037	60,037
Due in more than one year	-	-	-	14,083	14,083
Lease liability - current	-	-	-	97,810	97,810
Lease liability - noncurrent	-	-	-	1,008,957	1,008,957
Total liabilities	365,312	869,208	1,234,520	419,221	1,653,741
Deferred Inflows of Resources – Unavailable revenue	45,343	47,128	92,471	(92,471)	-
Equity					
Fund balance:					
Nonspendable – prepaids	106,281	-	106,281	(106,281)	-
Restricted – permanent endowment – expendable	9,957	-	9,957	(9,957)	-
Unassigned	6,276,256	766,278	7,042,534	(7,042,534)	-
Total fund balance	6,392,494	766,278	7,158,772	(7,158,772)	-
Total liabilities, deferred inflows of resources, and fund balance	$ 6,803,149	$ 1,682,614	$ 8,485,763		
Net position:					
Net investment in capital assets				15,797,703	15,797,703
Restricted – permanent endowment – expendable				9,957	9,957
Unrestricted				7,167,166	7,167,166
Total net position				$ 22,974,826	$ 22,974,826

See notes to financial statements.

Rochester Hills-Oakland-Rochester Older Persons' Commission

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

September 30, 2025

	General Fund - Modified Accrual Basis	Transportation Fund - Modified Accrual Basis	Total Governmental Funds	Adjustments (Note 2)	Statement of Activities
Revenue					
Member government contributions	$ 2,417,833	$ -	$ 2,417,833	$ 25,656	$ 2,443,489
Nonresident member fees	111,990	-	111,990	-	111,990
Intergovernmental:					
SMART	-	118,008	118,008	39,684	157,692
Transportation services contract	-	3,030,039	3,030,039	-	3,030,039
Other federal, state, and local sources	737,220	-	737,220	-	737,220
Program fees and sales	1,839,562	90,121	1,929,683	3,463	1,933,146
Private donations	479,516	4,471	483,987	(2,949)	481,038
Other revenue:					
Investment earnings	191,998	-	191,998	-	191,998
Reimbursements and other miscellaneous revenue	61,257	-	61,257	-	61,257
Total revenue	5,839,376	3,242,639	9,082,015	65,854	9,147,869
Expenditures and Expenses					
Salaries and wages	1,673,848	1,296,177	2,970,025	-	2,970,025
Fringe benefits	369,023	200,361	569,384	(18,416)	550,968
Professional services	1,098,585	66,709	1,165,294	-	1,165,294
Operating supplies	594,594	16,266	610,860	-	610,860
Equipment maintenance and replacement	203,755	131,049	334,804	-	334,804
Capital outlay	1,585,306	290,920	1,876,226	(1,876,226)	-
Insurance and utilities	222,621	88,282	310,903	-	310,903
Debt service - lease expenditure	-	151,551	151,551	(88,702)	62,849
Other expenses	126,609	235,046	361,655		361,655
Depreciation and amortization	-	-	-	739,864	739,864
Total expenditures and expenses	5,874,341	2,476,361	8,350,702	(1,243,480)	7,107,222
Net Change in Fund Balance/Net Position	(34,965)	766,278	731,313	1,309,334	2,040,647
Fund Balance/Net Position at beginning of year	6,427,459	-	6,427,459	14,506,720	20,934,179
Fund Balance/Net Position at end of year	$ 6,392,494	$ 766,278	$ 7,158,772	$ 15,816,054	$ 22,974,826

1. Significant Accounting Policies

Reporting Entity

Rochester Hills-Oakland-Rochester Older Persons' Commission (Commission) was organized in 1983 for the purpose of providing activities and services for older persons (those 50 years of age or older) residing within the jurisdiction of the participating governmental organizations. The activities and services provided include the joint operations of the older persons' activity center, transportation, and initiatives directed toward improvement of the social, legal, health, housing, educational, emotional, nutritional, recreational, and mobility status of older persons. The City of Rochester Hills, Michigan (64%); Oakland Township (24%); and the City of Rochester, Michigan (12%) are member units of the Commission.

Rochester Hills-Oakland-Rochester Older Persons' Commission is governed by an appointed eight-member board, composed of two City of Rochester Hills, Michigan City Council members; two council-appointed older persons (50 plus) from the City of Rochester Hills, Michigan; one City of Rochester, Michigan City Council member; one council-appointed older person (50 plus) from the City of Rochester Hills, Michigan; one board member; and one board-appointed older person (50 plus) from Oakland Township. The Commission is reported as a discretely presented component unit in the basic financial statements of the City of Rochester Hills, Michigan (City) because of its financial relationship with the City. There are no additional component units to be included in these financial statements.

Tax Status

The Commission is a governmental entity under Internal Revenue Code Section 115(1) and is not subject to income tax. In addition, the Commission is qualified as a 501(c)(3) organization, although it is not subject to annual Form 990 filings.

Basis of Accounting

The General Fund and the Transportation Fund use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Commission has spent its resources.

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

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Commission considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: federal, state, local, and SMART grant awards. Recreation and trip program revenue received prior to year end for programs in the next year are reported as unearned revenue.

1. Significant Accounting Policies (continued)

Report Presentation

The Commission utilizes two funds: the General Fund to account for day-to-day operations and programming; and the Transportation Fund, which is a special revenue fund that accounts for the Commission's transportation activities, including the transportation contract with Oakland County. Both funds are considered major funds.

Governmental accounting principles require that financial reports include two different perspectives – the government-wide perspective and the fund-based perspective. The individual fund columns present their activities on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide columns are presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full accrual basis of accounting, revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Specific Balances and Transactions

Bank Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

All receivables are reported net of any appropriate allowance for uncollectible amounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the government-wide perspective column. Capital assets are defined by the Commission as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Capital Assets

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

	Depreciable Life – Years
Buildings	50
Building improvements	30
Land improvements	30
Vehicles	5 – 15
Machinery and equipment	3 – 20

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category, which is unavailable revenue in the General Fund.

Net Position Flow Assumption

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

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Commission itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The non-spendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

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

Amounts in the assigned fund balance classification are intended to be used by the Commission's board of directors for specific purposes but do not meet the criteria to be classified as committed.

Unassigned fund balance includes amounts that do not fall into any other category. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been committed, restricted, or assigned to specific purposes in the General Fund.

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Member Government Contributions

The interlocal agreement that created the Commission includes a provision for the three parties (City of Rochester Hills, Michigan; Oakland Township, Michigan; and City of Rochester, Michigan) to fund the Commission and its programs and activities on a pro rata basis determined on the taxable values of each community. This is an imposed nonexchange revenue; the assets and revenue are both recognized when there is an enforceable legal claim or when the resources are received, whichever is earlier.

Compensated Absences (Vacation and Sick Leave)

It is the Commission's policy to permit employees to accumulate earned but unused vacation-pay benefits. The Commission does not have a policy to pay any sick amounts when employees separate from service with the Commission. All vacation pay is accrued when incurred in the government-wide perspective column. A liability for these amounts is reported in both the General Fund and Transportation Fund only for employee terminations as of year-end, not yet paid out as of the last day of the year.

Use of Estimates

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

Leases

The Commission is a lessee of noncancelable lease of a building to house its transportation facility. The Commission recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the Commission initially measures to lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

1. Significant Accounting Policies (continued)

Specific Balances and Transactions (continued)

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments. The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate is not provided, the Commission generally uses its estimated incremental borrowing rate. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments. The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported separately on the statement of net position.

Adoption of New Accounting Policy

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which replaces GASB 16, *Accounting for Compensated Absences* to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Adoption of this standard did not have a material effect on the Commission.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of government financial statements with essential information about risks related to vulnerabilities due to certain concentrations or constraints. As a result, an assessment will be required to determine whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the vulnerability to the risk of a substantial impact. The adoption of this guidance by the Commission did not have a material impact on the financial statements.

2. Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Fund Balance Reported in Government Funds	$ 7,158,772
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	16,904,470
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	92,471
Employee compensated absences and lease liabilities are not due and payable in the current period and are not reported in the governmental funds	(1,180,887)
Net Position of Governmental Activities	$ 22,974,826

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the individual fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Net Change in Fund Balance Reported in Governmental Funds	$ 731,313
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,876,226
Depreciation and amortization expense	(739,864)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	65,854
Lease expense is an expenditure in the governmental fund but not in the statement of activities where it reduces lease liability	88,702
Changes in accumulated employee sick and vacation pay do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	18,416
Change in Net Position of Governmental Activities	$ 2,040,647

3. Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; banker's acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and external investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in the state statutory authority, as listed above.

The Commission has designated five financial institutions in which it makes deposits or invests funds. The Commission's deposits and investments are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial risk is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. At year end, the Commission had $3,089,598 of bank deposits (money market, checking, and savings accounts) that were uninsured and uncollateralized. The Commission believes that, due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all deposits. As a result, the Commission evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

3. Deposits and Investments (continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policies that would further limit its investment choices. As of September 30, 2025, the credit quality ratings of debt securities (other than the U.S. Government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Michigan CLASS Investment Pool	$ 1,626,342	AAAm	S&P
Oakland County Local Government Investment Pool	1,100,720	Unrated	N/A
Total debt securities excluding U.S. Government	2,727,062		
Mutual funds and securities	531,519	N/A	N/A
Total investments	$ 3,258,581		

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Commission's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

3. Deposits and Investments (continued)

The Commission has the following recurring fair value measurements as of September 30, 2025:

	Balance as of September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Mutual funds and securities	$ 531,519	$ 531,519	$ -	$ -
Total investments by fair value level	$ 531,519	$ 531,519	$ -	$ -
Investments measured at the net asset value (NAV)				
Michigan CLASS Investment Pool	$ 1,626,342			
Oakland County Local Government Investment Pool	1,100,720			
Total investments measured at NAV	2,727,062			
Total investments measured at fair value	$ 3,258,581			

Equity securities and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

3. Deposits and Investments (continued)

Investments in Entities that Calculate Net Asset Value per Share

The Commission holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share.

As of September 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Period Notice
Michigan CLASS investment pool	$ 1,626,342	-	No limitations	None
Oakland County Local Government Investment Pool	1,100,720	-	No limitations	None
Total investments measured at NAV	$ 2,727,062	-		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The Oakland County Local Government Investment Pool (LGIP) is not registered with the Securities and Exchange Commission and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at $1 per share, regardless of current fair value.

4. Capital Assets

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

Governmental Activities

	Balance October 1, 2024	Additions	Disposals	Balance September 30, 2025
Capital assets not being depreciated – Land	$ 3,090,244	$ -	$ -	$ 3,090,244
Capital assets being depreciated:				
Buildings and improvements	16,635,946	1,495,928	-	18,131,874
Machinery and equipment	696,808	89,378	(48,247)	737,939
Vehicles	708,909	290,920	-	999,829
Right-to-use lease asset	1,273,674	-	-	1,273,674
Land improvements	1,057,248	-	-	1,057,248
Subtotal	20,372,585	1,876,226	(48,247)	22,200,564
Accumulated depreciation:				
Buildings and improvements	6,418,210	380,787	-	6,798,997
Machinery and equipment	334,733	34,479	(48,247)	320,965
Vehicles	200,242	161,989	-	362,231
Right-to-use lease asset	106,140	127,367	-	233,507
Land improvements	635,396	35,242	-	670,638
Subtotal	7,694,721	739,864	(48,247)	8,386,338
Net capital assets being depreciated	**12,677,864**	**1,136,362**	**-**	**13,814,226**
Net governmental activities capital assets	**$ 15,768,108**	**$ 1,136,362**	**$ -**	**$ 16,904,470**

5. Compensated Absences

The noncurrent liabilities include employee compensated absences. Compensated absences are paid by the General Fund. The changes during the year (which are presented net) can be summarized as follows, presented net:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	$ 92,536	$ -	$ 18,416	$ 74,120	$ 60,037

6. Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to full-time employees (40 hours or more). The Commission has purchased commercial insurance for workers' compensation and medical benefits claims and participates in the Michigan Municipal Risk Management Authority (Authority) risk pool for claims relating to general liability, motor vehicles, and comprehensive property damage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Lease risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, which the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Commission.

7. Defined Contribution Pension Plan

The Commission provides pension benefits to all of its full-time employees through a defined contribution plan administered by TransAmerica. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate from the date of employment. As established by the pension contract, the Commission contributes 6% of employees' gross earnings, and employee contributions for each employee plus interest allocated to the employees' accounts are fully vested after five years of service. Full-time employees contribute 3% of their wages, and the Commission contributes the 6% match.

7. Defined Contribution Pension Plan (continued)

The Commission's total payroll during the current period was $2,970,025. The current period contribution was calculated based on covered payroll for approximately 11 full-time employees, resulting in an employer contribution of $139,848 and employee contributions of $69,924.

8. Leases

The Commission leases a building that houses its Transportation Center from a third party. Payments are generally fixed monthly rates with escalation in payments over the term of the lease. Lease asset activity of the Commission is included in Note 4.

Lease liability activity for the year ended September 30, 2025, is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Lease liability	$ 1,195,469	$ -	$ 88,702	$ 1,106,767	$ 97,810

Future principal and interest requirements related to the Commission's lease liability at September 30, 2025, are as follows:

	Governmental Activities		
Year Ended	Principal	Interest	Total
2026	$ 97,810	$ 42,499	$ 140,309
2027	107,464	38,411	145,875
2028	117,716	33,926	151,642
2029	128,672	29,018	157,690
2030	140,367	23,659	164,026
2031-2035	514,738	33,874	548,612
	$1,106,767	$ 201,387	$ 1,308,154

Required Supplementary Information

Rochester Hills-Oakland-Rochester Older Persons' Commission

Budgetary Comparison Schedule - General Fund - Budgetary Basis

September 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Donations	$ 410,300	$ 410,300	$ 479,516	$ 69,216
Fees	949,500	949,500	1,392,586	443,086
Grants	530,000	530,000	737,220	207,220
Trips, performance, café, and gift shop	387,500	387,500	558,966	171,466
City of Rochester Hills, Michigan – Millage	1,485,300	1,485,300	1,482,393	(2,907)
City of Rochester, Michigan – Millage	277,800	277,800	271,009	(6,791)
Oakland Township, Michigan – Millage	588,000	588,000	664,431	76,431
Other revenue	54,000	54,000	253,255	199,255
Total revenue	4,682,400	4,682,400	5,839,376	1,156,976
Expenditures				
Administration	1,160,000	1,160,000	1,247,521	87,521
Facilities management	621,100	621,100	705,355	84,255
Leisure travel	252,000	252,000	401,505	149,505
Adult day services	131,500	131,500	97,795	(33,705)
Performing arts	8,700	8,700	10,397	1,697
Health and wellness	570,800	570,800	533,639	(37,161)
Enrichment and arts	384,700	384,700	355,874	(28,826)
Nutrition	697,200	697,200	724,097	26,897
Newsletter – Vintage View	19,700	19,700	12,310	(7,390)
Senior resources	63,500	63,500	69,737	6,237
Corner Café	100,800	100,800	90,976	(9,824)
Volunteers	42,900	42,900	26,415	(16,485)
Capital outlay	2,037,500	2,037,500	1,598,720	(438,780)
Total expenditures	6,090,400	6,090,400	5,874,341	(216,059)
Net Change in Fund Balance	(1,408,000)	(1,408,000)	(34,965)	1,373,035
Fund Balance at beginning of year	6,427,459	6,427,459	6,427,459	-
Fund Balance at end of year	$ 5,019,459	$ 5,019,459	$ 6,392,494	$ 1,373,035

Rochester Hills-Oakland-Rochester Older Persons' Commission

Budgetary Comparison Schedule - Transportation Fund - Budgetary Basis

September 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Donations	$ 15,000	$ 15,000	$ 14,471	$ (529)
Fees	78,000	78,000	80,121	2,121
Grants	124,600	124,600	118,008	(6,592)
County public transit contribution	3,090,600	3,090,600	3,030,039	(60,561)
Total Revenue	3,308,200	3,308,200	3,242,639	(65,561)
Expenditures				
Salaries and wages	1,527,200	1,527,200	1,296,177	(231,023)
Fringe benefits	267,600	$267,600	200,361	(67,239)
Personnel total	1,794,800	1,794,800	1,496,538	(298,262)
Contract services	493,800	493,800	317,456	(176,344)
Operating supplies	194,000	194,000	149,922	(44,078)
Memberships and seminars	2,100	2,100	2,194	94
Maintenance and utilities	151,000	151,000	160,288	9,288
Non-capital equipment purchases and rentals	500	500	-	(500)
Insurance	72,000	72,000	59,043	(12,957)
Operating total	913,400	913,400	688,903	(224,497)
Capital outlay	600,000	600,000	290,920	(309,080)
Total expenditures	3,308,200	3,308,200	2,476,361	(831,839)
Net Change in Fund Balance	-	-	766,278	766,278
Fund Balance at beginning of year	-	-	-	-
Fund Balance at end of year	$ -	$ -	$ 766,278	$ 766,278

Rochester Hills-Oakland-Rochester Older Persons' Commission

Note to Required Supplementary Information

September 30, 2025

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Transportation Fund except for the recognition of other financing sources and uses. All annual appropriations lapse at fiscal year-end. The annual budget is prepared by the Commission and approved by the governing board. Subsequent amendments are approved by the governing board.

The budget document presents information by activity, which is the accounting structure used in adoption of the budget. The legal level of budgetary control adopted by the governing body is the activity level (i.e., the level at which expenditures may not legally exceed appropriation).

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, Rochester Hills-Oakland-Rochester Older Persons' Commission incurred expenditures in the General Fund that were in excess of the amounts budgeted due to unforeseen events and applying recent accounting standards as follows:

	Budget	Actual	Variance
Administration	$ 1,160,000	$ 1,247,521	$ 87,521
Facilities management	621,100	705,355	84,255
Leisure travel	252,000	401,505	149,505
Performing Arts	8,700	10,397	1,697
Nutrition	697,200	724,097	26,897
Senior resources	63,500	69,737	6,237

During the year, Rochester Hills-Oakland-Rochester Older Persons' Commission incurred expenditures in the Transportation Fund that were in excess of the amounts budgeted due to unforeseen events and applying recent accounting standards as follows:

	Budget	Actual	Variance
Memberships and seminars	$ 2,100	2,194	$ 94
Maintenance and utilities	151,000	160,288	9,288