

Romeo Community Schools

Financial Statements

June 30, 2025



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Romeo Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Romeo Community Schools' basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Romeo Community Schools, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, Romeo Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Romeo Community Schools' 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 Romeo Community Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Romeo Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 on our consideration of Romeo Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Romeo Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Romeo Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Troy, Michigan
October 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Romeo Community Schools

Management's Discussion and Analysis

June 30, 2025

This section of Romeo Community Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2025. Please read this in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Romeo Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and 2022 Facility Bond Fund, with all other funds presented in one column as nonmajor funds. The format of the annual report is as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Basic Financial Statements
Government-wide Financial Statements
Fund Financial Statements

Notes to the Financial Statements

Budgetary Information for Major Funds
(Required Supplementary Information)

Other Supplementary Information

Reporting the School District as a Whole – Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Romeo Community Schools

Management's Discussion and Analysis

June 30, 2025

Reporting the Schools District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (food services is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

- Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2025 and 2024:

TABLE 1

	Governmental Activities	
	June 30, 2025	June 30, 2024
Assets		
Current assets	\$ 89,300,830	\$ 78,800,002
Capital assets	178,463,918	163,060,676
Net OPEB asset	14,307,785	1,902,825
Total assets	282,072,533	243,763,503
Deferred Outflows of Resources		
Deferred amount relating to net pension liability	25,268,863	34,659,823
Deferred amount relating to net OPEB liability or asset	4,083,412	7,678,447
Total deferred outflows of resources	29,352,275	42,338,270
Liabilities		
Current liabilities	16,929,067	17,954,976
Long-term liabilities	231,288,662	235,666,484
Total liabilities	248,217,729	253,621,460
Deferred Inflows of Resources		
Deferred amount relating to net pension liability	26,903,894	17,689,597
Deferred amount relating to net OPEB liability or asset	18,400,328	15,012,189
Total deferred inflows of resources	45,304,222	32,701,786
Net Position		
Net investment in capital assets	76,563,117	75,164,744
Restricted	21,587,673	6,964,567
Unrestricted	(80,247,933)	(82,350,784)
Total net position	\$ 17,902,857	\$ (221,473)

Romeo Community Schools
Management's Discussion and Analysis
June 30, 2025

Table 1 focuses on the net position. The change in net position (see Table 2) of the School District's governmental activities is discussed later in this section. The School District's net position was \$17,902,857 at June 30, 2025. Net investment in capital assets totaling \$76,563,117 compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position was unrestricted.

The (\$80,247,933) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. Also impacting the net position in fiscal year 2025 and 2024 were the net pension and net OPEB liabilities or assets activities. The net pension liability was \$82,502,085 and the net OPEB asset was \$14,307,785 at June 30, 2025, contributing to a deficit unrestricted net position of (\$80,247,933).

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal year 2025 and 2024.

TABLE 2

	Governmental Activities	
	June 30, 2025	June 30, 2024
Revenue		
Program revenue:		
Charges for services	\$ 4,420,558	\$ 1,630,050
Operating grants and contributions	23,233,802	26,531,050
General revenue:		
Property taxes	24,184,305	22,663,621
State aid - unrestricted	41,379,604	41,151,801
Special education millage	3,851,104	3,592,203
Interest and investment earnings	3,138,629	3,965,979
Other	564,399	348,446
Total revenue	<u>100,772,401</u>	<u>99,883,150</u>
Functions/Program Expenses		
Instruction	44,181,781	46,745,254
Supporting services	29,063,047	30,301,439
Food services	2,665,903	2,863,551
Community services	1,679,986	1,822,109
Interest on long-term debt	4,144,309	3,702,314
Total functions/program expenses	<u>81,735,026</u>	<u>85,434,667</u>
Change in net position	<u>19,037,375</u>	<u>14,448,483</u>
Net position - beginning	(221,473)	(14,669,956)
Change in accounting principle (GASB 101)	(913,045)	-
Net position - beginning, as restated	<u>(1,134,518)</u>	<u>(14,669,956)</u>
Net position - ending	<u>\$ 17,902,857</u>	<u>\$ (221,473)</u>

Romeo Community Schools

Management's Discussion and Analysis

June 30, 2025

As reported in the statement of activities, the cost of all of our governmental activities this year was \$81,735,026. Certain activities were partially funded from those who benefited from the programs of \$4,420,558 or by other governments and organizations that subsidized certain programs with grants and contributions of \$23,233,802. We paid for the remaining "public benefit" portion of our governmental activities with \$24,184,305 in taxes, \$41,379,604 in unrestricted State Aid, and \$7,554,132 with our other revenues, i.e., interest and general entitlements.

The School District experienced an increase in net position of \$221,473. The key reasons for the change in net position was due, in part, as in the previous FY, to the increase in revenues through our State Aid increase and additional grant funding, as well as, interest and investment earnings. Taxable values continue to show strong growth, generating increased property tax revenue.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$75,756,270, which is an increase of \$13,017,443 from last year. The primary reason for the increase in the combined fund balance is the sale of the Series 2 and Series 3 of the 2022 Facility Bond, offset by the use of the Series 1 proceeds for capital projects throughout the district. The Group 2 projects that were completed for the 2025 fiscal year were the Indian Hills Elementary addition, the Romeo Middle School Cafeteria and the Romeo Middle School Robotics addition. Ongoing projects to be completed in the 2026 fiscal year are the Administration Building Renovation, the Romeo Middle School Outdoor Athletics Facility, the High School softball and baseball fields, elementary parking and playgrounds. Other projects

underway are renovations to the 9th Grade Academy, the Middle School locker room and the courtyard at the High School

In the General Fund, our principal operating fund, the fund balance increased \$3,525,937 during 2025. The district has continued to utilize some additional State funding (31aa Mental Health) to provide added supports for students. The district has also applied State MPSERS cost offset funding resources to continue to preserve fund balance for future needs of students, as State resources are allocated to other State initiatives.

Our Special Revenue Funds had a net increase of \$388,205 in fund balance. The Food Services Fund increased its fund balance by \$333,025 primarily due to the State providing funding to complement the Federal free meals program. The Food Service Fund continued to provide free breakfast and lunch for all students for 2025. The program is supplemented by the State after the federal reimbursement claims are reported. This has allowed the program to continue to serve meals to all students and the increase in participation allows the program to invest in new equipment and increase the quality of the products served. At the end of the fiscal year, the continuation of the free breakfast and lunch programs were uncertain. The District adopted its Food Service budget anticipating the continuation of free meals, and planned to amend the budget, should the State budget differ from the District's projections. However, as of early October the State adopted a budget that continued the program. The Community Services Fund, which includes community facility use services and early childhood services, including after school care and preschool programs, as well as, infant and toddler care, had an increase in fund balance of \$121,439. The Community Service fund received support from the General Fund for the 2025 fiscal year of \$657,842. The fund provides essential service to the children and community. The Center has expanded, and with growth and programming adjustments, it will gradually return to a self-sustaining program.

Combined, the Debt Service Funds showed a fund balance increase of \$1,222,587. This increase is primarily due to increase taxable values within the district boundaries.

Romeo Community Schools

Management's Discussion and Analysis

June 30, 2025

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements.

There were revisions made to the 2024-2025 General Fund original budget. Revenues were adjusted to account for increases in State revenue that were in the State's budget that was adopted after June 30, 2024.

There were variances between the final budget and actual amounts. At the end of the 2024-2025 fiscal year, and after the final General Fund budget was adopted, the variance was due to continued cautious projected year end expenses and to some planned expenses were not able to be spent in the fiscal year prior to year-end.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the School District had \$178,463,918 invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of \$15,403,242.

	<u>2025</u>	<u>2024</u>
Land	\$ 462,702	\$ 461,702
Construction in progress	24,686,363	24,125,421
Buildings and building improvements	190,409,085	171,854,052
Land improvements	8,858,336	8,858,336
Buses and other vehicles	6,192,148	6,007,180
Furniture and equipment	34,616,987	32,590,546
Right to use asset - subscription arrangements	<u>476,423</u>	<u>387,989</u>
Total capital assets	265,702,044	244,285,226
Less accumulated depreciation	<u>(87,238,126)</u>	<u>(81,224,550)</u>
Net capital assets	<u>\$ 178,463,918</u>	<u>\$ 163,060,676</u>

This year's net addition is a result of the use of the 2022 Facilities Bond project additions and its Construction in Progress. Projects that were completed in FY 2025 were the addition to Indian Hills Elementary, the Romeo Middle School Robotic and STEM center and the Romeo Middle School Cafeteria renovation. Construction still in progress as of June 30, 2025 includes: the Washington Elementary addition, Amanda Moore classroom addition, athletic field improvements at the High School and Middle School, all have contributed to the continued volume of Construction in progress. The district has also invested significant dollars to update furniture and equipment at all of the buildings.

Romeo Community Schools
Management's Discussion and Analysis
June 30, 2025

Debt

At the end of this year, the School District had \$132,755,000 in bonds outstanding versus \$111,820,000 in the previous year. Those bonds consisted of the following:

	<u>2025</u>	<u>2024</u>
General obligation bonds	\$ 132,755,000	\$ 111,820,000

The School District's general obligation bond rating by Standard & Poor's is AA Stable. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt does not approach the state limit.

Other obligations include accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

Our Board of Education and administration consider many factors when setting the School District's 2025-2026 fiscal year budget. Pupil enrollment projections, District Priorities as developed by the District Leadership Team, and the economic outlook at the State and National level.

At the time the District's budget was approved by the Board of Education, the State budget had not been adopted. In October 2025, the Governor signed the FY 2025-26 School Aid Bill. The Governor's Budget initially proposed a \$392 per pupil increase in foundation allowance, taking the targeted foundation allowance from \$9,608 to \$10,000. The district built the budget for 2026 based on this proposal. However, it was early October, 2025 before the State adopted a budget.

The State Budget increased the per pupil foundation allowance to \$10,050 per pupil with the continuation of Michigan School Meals. The approved State budget also include 25% increases in At Risk funding and English Learners funding. It also includes 4.6% increase to CTE funding, and a 5.7% increase in Special Education funding. A significant change in the 2026 budget from the prior year's budget is the removal of the MPSERS cost offset due to the decrease in the MPSERS rates of 5.75%, however, Pension and OPEB Normal rates increased reducing the Retirement savings. The district will calculate the impact for Romeo Community Schools and amend the budget as appropriate.

The district continues to offer the Romeo Virtual Academy for students grades 6-12 for those families that seek an alternative to in-person learning. There has been significant growth in the program over the past two years and it serves as successful path and the right fit some for students to graduate.

In 2025, the district expended the remaining Federal Government funding under the CARES Act in the form of Elementary and Secondary School Emergency Relief Funds (ESSER), these funds were to provide districts with funding to pay for the added costs of educating students, addressing learning loss and assisting student with mental health concerns caused the pandemic. In total, the District received an allocation of \$8 million in ESSER II and ESSER III funds. ESSER II fund were completely expended in 2024. District Administration has transferred costs funded with the ESSER grants back into the General Fund or appropriate alternative grant funding.

Beginning in the 2023-2024 FY, the State has implemented universal free breakfast and lunch, and for the 2025-2026 FY the State has established funding to continue to the ability for students to be able to eat breakfast and lunch at no charge for 2025-2026 school year.

In addition, one of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per

**Romeo Community Schools
Management's Discussion and Analysis
June 30, 2025**

pupil. The blended count for the 2026 fiscal year will continue to be 90% of the Fall count and 10% of the previous Spring count. The 2025-2026 budget was adopted in June 2025, based on an estimate of students that will be enrolled in October 2025. Approximately 75 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations.

In November, 2021, Romeo Community Schools voters approved the issuance of School Building and Site Bonds for \$87.5 million. The bonds are to be sold in two series, the first being sold in February, 2022. The many of the planned projects include an addition to the Croswell Early Childhood Center, additions to several of the elementary schools, a Robotics/STEM Center at Romeo Middle School, as well as, many other improvements to buildings and learning spaces throughout the district. The second series of bonds was sold in November 2024, with a third series was sold in the Spring of 2025.

Contacting the District's Financial Management

The financial report is designed to provide our citizens and taxpayers with a general overview of the School District's finances and to show the School District's accountability for the funds it received. If you have questions about this report or need additional information, contact the Business Office.

BASIC FINANCIAL STATEMENTS

Romeo Community Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 42,448,724
Accounts receivable	12,309
Due from other governmental units	11,755,557
Inventory	146,282
Investments	34,454,685
Prepaid items	483,273
Capital assets not being depreciated	25,149,065
Capital assets - net of accumulated depreciation	153,314,853
Net OPEB asset	<u>14,307,785</u>
 Total assets	 <u>282,072,533</u>
 Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	25,268,863
Deferred amount relating to the net OPEB asset	<u>4,083,412</u>
 Total deferred outflows of resources	 <u>29,352,275</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	\$ 3,380,359
Due to other governmental units	809,382
Payroll deductions and withholdings	3,614
Accrued expenditures	3,618,800
Accrued salaries payable	6,775,563
Unearned revenue	2,341,349
Long-term liabilities	
Net pension liability	82,502,085
Due within one year	6,480,366
Due in more than one year	<u>142,306,211</u>
 Total liabilities	 <u>248,217,729</u>
 Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	26,903,894
Deferred amount relating to the net OPEB asset	<u>18,400,328</u>
 Total deferred inflows of resources	 <u>45,304,222</u>
 Net Position	
Net investment in capital assets	76,563,117
Restricted for:	
Food service	1,641,071
Debt service	2,221,605
Capital projects	3,417,212
Net OPEB asset	14,307,785
Unrestricted	<u>(80,247,933)</u>
 Total net position	 <u>\$ 17,902,857</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 44,181,781	\$ -	\$ 18,439,079	\$ -	\$ (25,742,702)
Supporting services	29,063,047	2,928,999	1,743,081	-	(24,390,967)
Food services	2,665,903	335,852	3,051,642	-	721,591
Community services	1,679,986	1,155,707	-	-	(524,279)
Interest	4,144,309	-	-	-	(4,144,309)
Total governmental activities	<u>\$ 81,735,026</u>	<u>\$ 4,420,558</u>	<u>\$ 23,233,802</u>	<u>\$ -</u>	<u>(54,080,666)</u>
General revenues					
Property taxes, levied for general purposes					13,994,953
Property taxes, levied for debt service					10,729,002
Property taxes, levied for sinking fund					3,311,454
State aid - unrestricted					41,379,604
Unrestricted investment earnings					3,138,629
Other					<u>564,399</u>
Total general revenues					<u>73,118,041</u>
Change in net position					<u>19,037,375</u>
Net position - beginning					(221,473)
Change in accounting principle (GASB 101)					<u>(913,045)</u>
Net position - beginning, as restated					<u>(1,134,518)</u>
Net position - ending					<u>\$ 17,902,857</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2022 Facility Bond Fund	2024 Facility Bond Fund	2025 Facility Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 18,248,554	\$ 14,115	\$ 89,433	\$ 12,421,659	\$ 11,674,963	\$ 42,448,724
Accounts receivable	12,309	-	-	-	-	12,309
Due from other funds	857,093	-	-	-	465,538	1,322,631
Due from other governmental units	11,755,557	-	-	-	-	11,755,557
Inventory	113,139	-	-	-	33,143	146,282
Investments	-	19,235,013	15,219,672	-	-	34,454,685
Prepaid items	483,273	-	-	-	-	483,273
Total assets	<u>\$ 31,469,925</u>	<u>\$ 19,249,128</u>	<u>\$ 15,309,105</u>	<u>\$ 12,421,659</u>	<u>\$ 12,173,644</u>	<u>\$ 90,623,461</u>
Liabilities						
Accounts payable	\$ 351,536	\$ 1,758,546	\$ -	\$ 21,105	\$ 1,249,172	\$ 3,380,359
Due to other funds	465,538	87,947	-	-	769,146	1,322,631
Due to other governmental units	809,382	-	-	-	-	809,382
Payroll deductions and withholdings	3,614	-	-	-	-	3,614
Accrued expenditures	25,472	-	-	-	2,239	27,711
Accrued salaries payable	6,775,563	-	-	-	-	6,775,563
Unearned revenue	2,275,372	-	-	-	65,977	2,341,349
Total liabilities	<u>10,706,477</u>	<u>1,846,493</u>	<u>-</u>	<u>21,105</u>	<u>2,086,534</u>	<u>14,660,609</u>
Deferred Inflows of Resources						
Property taxes	<u>206,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,582</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2022 Facility Bond Fund	2024 Facility Bond Fund	2025 Facility Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances						
Non-spendable						
Inventory	\$ 113,139	\$ -	\$ -	\$ -	\$ 33,143	\$ 146,282
Prepaid items	483,273	-	-	-	-	483,273
Restricted for						
Food service	-	-	-	-	1,613,355	1,613,355
Debt service	-	-	-	-	3,241,643	3,241,643
Capital projects	-	17,402,635	15,309,105	12,400,554	3,376,365	48,488,659
Committed						
Student activities	-	-	-	-	1,574,299	1,574,299
Assigned						
Community services	-	-	-	-	190,000	190,000
High school store	-	-	-	-	58,305	58,305
Budgeted excess expenditures over revenues	2,818,203	-	-	-	-	2,818,203
Unassigned	<u>17,142,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,142,251</u>
 Total fund balances	 <u>20,556,866</u>	 <u>17,402,635</u>	 <u>15,309,105</u>	 <u>12,400,554</u>	 <u>10,087,110</u>	 <u>75,756,270</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 31,469,925</u>	 <u>\$ 19,249,128</u>	 <u>\$ 15,309,105</u>	 <u>\$ 12,421,659</u>	 <u>\$ 12,173,644</u>	 <u>\$ 90,623,461</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 75,756,270
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Property taxes	206,582
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	25,149,065
Capital assets - net of accumulated depreciation	153,314,853
Net OPEB asset is not recorded as an asset in the governmental funds	14,307,785
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	25,268,863
Deferred outflows of resources resulting from the net OPEB asset	4,083,412
Deferred inflows of resources resulting from the net pension liability	(26,903,894)
Deferred inflows of resources resulting from the net OPEB asset	(18,400,328)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(1,020,038)
Arbitrage	(2,571,051)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(82,502,085)
Compensated absences	(3,031,938)
Bonds payable	(145,631,790)
SBITA liabilities	<u>(122,849)</u>
Net position of governmental activities	<u>\$ 17,902,857</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	2022 Facility Bond Fund	2024 Facility Bond Fund	2025 Facility Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	\$ 11,714,200	\$ 1,319,888	\$ 422,264	\$ 5,231	\$ 18,373,467	\$ 31,835,050
State sources	59,417,736	-	-	-	1,616,931	61,034,667
Federal sources	2,144,028	-	-	-	1,692,128	3,836,156
Interdistrict sources	3,859,946	-	-	-	-	3,859,946
Total revenues	<u>77,135,910</u>	<u>1,319,888</u>	<u>422,264</u>	<u>5,231</u>	<u>21,682,526</u>	<u>100,565,819</u>
Expenditures						
Current						
Education						
Instruction	45,431,502	-	-	-	-	45,431,502
Supporting services	27,143,811	-	-	-	2,710,055	29,853,866
Food services	-	-	-	-	2,742,093	2,742,093
Community services	37,159	-	-	-	1,693,620	1,730,779
Intergovernmental payments	7,000	-	-	-	-	7,000
Capital outlay	401,749	19,364,514	-	-	5,602,709	25,368,972
Debt service						
Principal	207,176	-	-	-	4,935,000	5,142,176
Interest and other expenditures	9,693	-	151,479	140,138	4,696,364	4,997,674
Total expenditures	<u>73,238,090</u>	<u>19,364,514</u>	<u>151,479</u>	<u>140,138</u>	<u>22,379,841</u>	<u>115,274,062</u>
Excess (deficiency) of revenues over expenditures	<u>3,897,820</u>	<u>(18,044,626)</u>	<u>270,785</u>	<u>(134,907)</u>	<u>(697,315)</u>	<u>(14,708,243)</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	2022 Facility Bond Fund	2024 Facility Bond Fund	2025 Facility Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Proceeds from issuance of bonds	\$ -	\$ -	\$ 13,810,000	\$ 12,060,000	\$ -	\$ 25,870,000
Premium on issuance of bonds	-	-	1,228,320	475,461	-	1,703,781
Proceeds from subscription arrangements	151,905	-	-	-	-	151,905
Transfers in	142,000	-	-	-	665,788	807,788
Transfers out	(665,788)	-	-	-	(142,000)	(807,788)
Total other financing sources (uses)	(371,883)	-	15,038,320	12,535,461	523,788	27,725,686
Net change in fund balances	3,525,937	(18,044,626)	15,309,105	12,400,554	(173,527)	13,017,443
Fund balances - beginning	17,030,929	35,447,261	-	-	10,260,637	62,738,827
Fund balances - ending	<u>\$ 20,556,866</u>	<u>\$ 17,402,635</u>	<u>\$ 15,309,105</u>	<u>\$ 12,400,554</u>	<u>\$ 10,087,110</u>	<u>\$ 75,756,270</u>

See Accompanying Notes to the Financial Statements

Romeo Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds	\$ 13,017,443
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	206,582
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(6,324,282)
Capital outlay	21,770,213
Sale of capital assets (net book value)	(42,689)
Expenses are recorded when incurred in the statement of activities.	
Interest	(254,580)
Arbitrage	(1,442,708)
Compensated absences	(372,141)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	27,138,573
Net change in deferrals of resources related to the net pension liability	(18,605,257)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	12,404,960
Net change in deferrals of resources related to the net OPEB asset	(6,983,174)
Bond and note proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities.	
Debt issued	(27,725,686)
Repayments of long-term debt	5,142,176
Amortization of premiums	1,107,945
Change in net position of governmental activities	\$ 19,037,375

See Accompanying Notes to the Financial Statements

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by

general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

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

Fund Financial Statements

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

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

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

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

2022 Facility Bond Fund – The 2022 Facilities Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for new and updated facilities.

2024 Facility Bond Fund – The 2024 Facilities Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for new and updated facilities.

2025 Facility Bond Fund – The 2025 Facilities Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for new and updated facilities.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Services, High School Store, Student Activity, and Community Services Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

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

Bus Bond Fund – The Bus Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring school buses.

2020 Facility Bond Fund – The 2020 Facilities Bond Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for new and updated facilities.

Assets, Liabilities and Net Position or Equity

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

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

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

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

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	3.85000
Sinking Fund	1.20600

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 61% of the School District's tax roll lies within Washington Township.

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

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

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

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

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

Buildings and additions	20 - 50 years
Land improvements	20 years
Equipment and furniture	5 - 15 years
Computer software	5 years
Buses and other vehicles	5 - 10 years

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

Compensated Absences - The liability for compensated absences reported in the district-wide financial statements, consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for

Romeo Community Schools
Notes to the Financial Statements
June 30, 2025

payment. The calculation varies based on each employee's contract or collective bargaining agreement.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

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

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

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities or assets are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

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

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

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

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education or Superintendent. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

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

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Business	\$ 1,210,995	\$ 1,211,603	\$ 608
Capital outlay	329,823	401,749	71,926
Debt service	114,405	216,869	102,464
Transfers out	662,402	665,788	3,386

Compliance - Bond Proceeds

The Capital Projects Funds include capital project activities funded with bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The 2022 Facilities Bond, 2024 Facilities Bond, and 2025 Facilities Bond below are not yet considered substantially complete and a subsequent year audit is expected.

The following is a summary of the revenue and expenditures in the 2022 Facilities Bond, 2024 Facilities Bond, and 2025 Facilities Bond Fund from the inception of the funds through the current fiscal year:

	2022 Facilities Bond	2024 Facilities Bond	2025 Facilities Bond
Revenues	\$ 65,897,378	\$ 15,460,584	\$ 12,540,692
Expenditures	<u>48,494,743</u>	<u>151,479</u>	<u>140,138</u>
	<u>\$ 17,402,635</u>	<u>\$ 15,309,105</u>	<u>\$ 12,400,554</u>

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

Compliance - Sinking Funds

The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

Note 3 - Deposits and Investments

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

	<u>Governmental Activities</u>
Cash	\$ 42,448,724
Investments	<u>34,454,685</u>
	<u>\$ 76,903,409</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 24,272,091
Investments in securities, mutual funds, and similar vehicles	52,630,269
Petty cash and cash on hand	<u>1,049</u>
Total	<u>\$ 76,903,409</u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 690,064	N/A	AAAm	S&P
MAX Class	17,485,520	N/A	AAAm	S&P
Money market	14,935,122	N/A	N/A	N/A
Commercial paper - corporate	4,863,239	12/4/2025	A1	Moody
Commercial paper - governmental	2,592,675	8/19/2025	Aa3	Moody
Government bonds	7,089,949	8/31/2025	Aa1	Moody
Treasury bills	<u>4,973,700</u>	8/14/2025	N/A	N/A
	<u>\$52,630,269</u>			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was \$18,175,584. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

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Interest rate risk - In accordance with its investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than 9 months.

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

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$29,738,700 of the School District's bank balance of \$29,988,700 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2025:

- Amounts invested in government bonds, money markets, and treasury bills of \$45,174,340 are valued at fair market value using quoted market prices (Level 1 inputs).
- Amounts invested in commercial paper of \$7,455,914 are derived principally from observable market inputs, including yield curves and credit spreads, which are corroborated by market data for substantially the full term of the asset (Level 2 inputs).

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Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 461,702	\$ 1,000	\$ -	\$ 462,702
Construction-in-progress	<u>24,125,421</u>	<u>19,150,641</u>	<u>18,589,699</u>	<u>24,686,363</u>
Total capital assets not being depreciated	<u>24,587,123</u>	<u>19,151,641</u>	<u>18,589,699</u>	<u>25,149,065</u>
Capital assets being depreciated				
Buildings and additions	171,854,052	18,572,518	17,485	190,409,085
Land improvements	8,858,336	-	-	8,858,336
Equipment and furniture	32,590,546	2,171,120	144,679	34,616,987
Buses and other vehicles	6,007,180	312,728	127,760	6,192,148
Right to use asset - subscription arrangements	<u>387,989</u>	<u>151,905</u>	<u>63,471</u>	<u>476,423</u>
Total capital assets being depreciated	<u>219,698,103</u>	<u>21,208,271</u>	<u>353,395</u>	<u>240,552,979</u>
Less accumulated depreciation for				
Buildings and additions	48,828,704	4,153,793	6,434	52,976,063
Land improvements	5,392,488	372,534	-	5,765,022
Equipment and furniture	22,920,034	1,275,689	135,628	24,060,095
Buses and other vehicles	3,910,399	361,929	105,173	4,167,155
Right to use asset - subscription arrangements	<u>172,925</u>	<u>160,337</u>	<u>63,471</u>	<u>269,791</u>
Total accumulated depreciation	<u>81,224,550</u>	<u>6,324,282</u>	<u>310,706</u>	<u>87,238,126</u>
Net capital assets being depreciated	<u>138,473,553</u>	<u>14,883,989</u>	<u>42,689</u>	<u>153,314,853</u>
Net capital assets	<u>\$ 163,060,676</u>	<u>\$ 34,035,630</u>	<u>\$ 18,632,388</u>	<u>\$ 178,463,918</u>

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the School District as follows:

Governmental activities

Instruction	\$ 3,668,084
Supporting services	2,339,984
Food services	189,728
Community services	<u>126,486</u>

Total governmental activities \$ 6,324,282

Construction Contracts

As of year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$11,613,530.

Note 6 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
2022 Facility Bond Fund	General Fund	\$ 87,947
General Fund	Nonmajor Governmental Funds	465,495
Nonmajor Governmental Funds	General Fund	<u>769,189</u>
		<u><u>\$ 1,322,631</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

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Interfund transfers consist of the following:

	Transfers Out		
		Nonmajor Governmental	
	General Fund	Funds	Total
Transfers in			
General Fund	\$ -	\$ 142,000	\$ 142,000
Nonmajor Governmental Funds	<u>665,788</u>	<u>-</u>	<u>665,788</u>
	<u>\$ 665,788</u>	<u>\$ 142,000</u>	<u>\$ 807,788</u>

Transfers from the General Fund consist of \$657,842 to the Community Service Fund to cover a deficit in program operations. The General Fund also transferred \$7,946 to the Food Service Fund for revenue collected by the General Fund for the Food Service Fund. Transfers in the General Fund were from the Food Service Fund to cover indirect costs.

Note 7 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 2,275,372
Student meals	42,892
Childcare	<u>23,085</u>
Total	<u>\$ 2,341,349</u>

Note 8 - Subscription Based Information Technology

Subscription Arrangements

The School District has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions
- Information technology security software.
- Document management software

The future subscription payments under SBITA agreements are as follows:

Year ending June 30,	Principal	Interest
2026	\$ 112,572	\$ 3,143
2027	8,782	172
2028	<u>1,495</u>	<u>41</u>
Total	<u>\$ 122,849</u>	<u>\$ 3,356</u>

Note 9 - Long-Term Debt

The School District issues bonds, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences which additions and reductions are reported net.

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Long-term obligation activity is summarized as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 111,820,000	\$ 25,870,000	\$ 4,935,000	\$ 132,755,000	\$ 5,005,000
Premium on bonds	<u>12,280,954</u>	<u>1,703,781</u>	<u>1,107,945</u>	<u>12,876,790</u>	<u>-</u>
Total bonds payable	<u>124,100,954</u>	<u>27,573,781</u>	<u>6,042,945</u>	<u>145,631,790</u>	<u>5,005,000</u>
Other liabilities					
Subscriptions	178,120	151,905	207,176	122,849	112,572
Compensated absences	<u>2,659,797</u>	<u>372,141</u>	<u>-</u>	<u>3,031,938</u>	<u>1,362,794</u>
Total other liabilities	<u>2,837,917</u>	<u>524,046</u>	<u>207,176</u>	<u>3,154,787</u>	<u>1,475,366</u>
Total	<u>\$ 126,938,871</u>	<u>\$ 28,097,827</u>	<u>\$ 6,250,121</u>	<u>\$ 148,786,577</u>	<u>\$ 6,480,366</u>

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

2016 Facilities Bond - \$56,390,000 due in annual installments of \$1,925,000 to \$3,800,000 through May 1, 2041, interest at 5.00%	\$ 45,525,000
2020 Facilities Bond - \$19,000,000 due in annual installments of \$675,000 to \$875,000 through May 1, 2044, interest at 2.00% to 2.25%	14,275,000
2022 Facilities Bond - \$52,515,000 due in annual installments of \$1,555,000 to \$3,290,000 through May 1, 2045, interest at 4.00%	47,085,000
2024 Facilities Bond - \$13,810,000 due in annual installments of \$100,000 to \$1,425,000 through May 1, 2048, interest at 5.00%	13,810,000
2025 Facilities Bond - \$12,060,000 due in annual installments of \$100,000 to \$1,240,000 through May 1, 2049, interest at 5.00%	<u>12,060,000</u>
Total general obligation bonded debt	<u>\$ 132,755,000</u>

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

	Bonds	
Year Ending June 30,	Principal	Interest
2026	\$ 5,005,000	\$ 6,029,454
2027	4,320,000	5,571,712
2028	4,485,000	5,392,162
2029	4,780,000	5,205,012
2030	5,190,000	4,987,012
2031 - 2035	30,420,000	21,258,810
2036 - 2040	38,200,000	13,995,162
2041 - 2045	31,925,000	5,886,852
2046 - 2049	<u>8,430,000</u>	<u>978,750</u>
Total	<u>\$ 132,755,000</u>	<u>\$ 69,304,926</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$3,241,643 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

Accrued compensated absences at year end, consist of \$3,031,938 of vacation and sick hours earned and vested. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Arbitrage

As of June 30, 2025, the School District has determined that it has earned arbitrage in excess of the bond yield on certain tax-exempt bond proceeds. In accordance with Section 148(f) of the Internal Revenue Code, the District is required to rebate excess investment earnings (arbitrage) to the U.S. Treasury unless specific spending exceptions are met.

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The District engaged an independent arbitrage compliance consultant to perform the required calculations. Based on the consultant's analysis, the District has recorded an arbitrage rebate liability of \$2,571,051 in the governmental activities as of year-end. This liability represents the estimated amount due to the federal government and will be paid in accordance with applicable IRS deadlines.

The District continues to monitor its bond proceeds and investment earnings to ensure ongoing compliance with federal arbitrage regulations. Management believes that all required filings and payments will be made timely.

Note 10 - Risk Management

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

Note 11 - Pension Plan

Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

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Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$14,089,079 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$82,502,085 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.3370 percent, which was a decrease of 0.0018 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$8,124,421 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$13,681,224.

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At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 2,238,340	\$ (896,396)	\$ 1,341,944
Changes of assumptions	8,601,331	(6,044,794)	2,556,537
Net difference between projected and actual earnings on pension plan investments	-	(15,744,895)	(15,744,895)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>1,739,408</u>	<u>(592,302)</u>	<u>1,147,106</u>
Total to be recognized in future	12,579,079	(23,278,387)	(10,699,308)
School District contributions subsequent to the measurement date	<u>12,689,784</u>	<u>(3,625,507)</u>	<u>-</u>
Total	<u>\$ 25,268,863</u>	<u>\$ (26,903,894)</u>	<u>\$ (10,699,308)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2026 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2025	\$ (1,694,317)
2026	955,075
2027	(5,804,769)
2028	<u>(4,155,297)</u>
	<u>\$ (10,699,308)</u>

Actuarial Assumptions

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

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Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

Recognition period for assets in years is 5.000.

Full actuarial assumptions are available in the 2024 MPERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Alternative Investment Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.3% inflation.*

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Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Current Single Discount Rate Assumption	
1% Decrease		1% Increase
5.00%	6.00%	7.00%
<u>\$</u>	<u>\$</u>	<u>\$</u>
120,948,944	82,502,085	50,487,679

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

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

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

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

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's

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authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the

maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

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

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Notes to the Financial Statements
June 30, 2025

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$2,762,923 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported an asset of \$14,307,785 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and the total OPEB liability or asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024 the

School District's proportion was 0.3324 percent, which was a decrease of 0.0040 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$(4,771,255) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$653,182.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(15,161,883)	\$(15,161,883)
Changes of assumptions	3,125,026	(359,196)	2,765,830
Net difference between projected and actual earnings on OPEB plan investments	-	(2,708,628)	(2,708,628)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	678,545	(170,621)	507,924
Total to be recognized in future	3,803,571	(18,400,328)	(14,596,757)
School District contributions subsequent to the measurement date	279,841	-	-
Total	<u>\$ 4,083,412</u>	<u>\$(18,400,328)</u>	<u>\$(14,596,757)</u>

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$ (4,641,288)
2026	(2,860,488)
2027	(2,780,950)
2028	(2,603,744)
2029	(1,437,899)
Thereafter	(272,388)
	<u>\$ (14,596,757)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%

- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.2834.

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Alternative Investment Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.0%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

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

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ (11,057,174)	\$ (14,307,785)	\$ (17,118,282)

Romeo Community Schools

Notes to the Financial Statements

June 30, 2025

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (17,118,312)	\$ (14,307,785)	\$ (11,293,510)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

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

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2025.

The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's attorneys, the resolution of these matters will not

have a material adverse effect on the financial condition of the School District.

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the cities, villages, and townships in Macomb County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2025, the School District's property tax revenues were reduced by \$132,507 under these programs.

There are no significant abatements made by the School District.

Note 15 - Change in Accounting Principle

During the year ended June 30, 2025, the School District restated net position as the result of adopting GASB Statement No. 101, *Compensated Absences*. As a result, the following change was necessary to be made in the financial statements:

	Governmental Activities
Net position at June 30, 2024	\$ (221,473)
Adjustments:	
Change in accounting principle (GASB 101)	<u>(913,045)</u>
Restated net position at June 30, 2024	<u>\$ (1,134,518)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Romeo Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 10,430,799	\$ 11,517,155	\$ 11,714,200	\$ 197,045
State sources	59,427,556	59,828,492	59,417,736	(410,756)
Federal sources	2,534,014	2,281,332	2,144,028	(137,304)
Interdistrict sources	3,815,743	3,785,435	3,859,946	74,511
Total revenues	76,208,112	77,412,414	77,135,910	(276,504)
Expenditures				
Instruction				
Basic programs	35,742,897	35,234,372	34,159,679	(1,074,693)
Added needs	11,911,075	11,587,116	11,271,823	(315,293)
Supporting services				
Pupil	5,034,934	4,956,592	4,832,558	(124,034)
Instructional staff	4,370,956	4,317,982	4,033,582	(284,400)
General administration	893,723	819,443	760,766	(58,677)
School administration	4,344,112	4,399,338	4,264,057	(135,281)
Business	1,150,759	1,210,995	1,211,603	608
Operations and maintenance	7,246,144	6,842,550	6,427,166	(415,384)
Pupil transportation services	3,783,744	3,435,214	3,263,150	(172,064)
Central	1,484,809	1,478,597	1,330,890	(147,707)
Athletic activities	980,395	1,028,417	1,020,039	(8,378)
Community services	24,963	49,943	37,159	(12,784)
Intergovernmental payments	14,045	38,137	7,000	(31,137)
Capital outlay	565,652	329,823	401,749	71,926
Debt service				
Principal	-	110,000	207,176	97,176
Interest and fiscal charges	-	4,405	9,693	5,288
Total expenditures	77,548,208	75,842,924	73,238,090	(2,604,834)
Excess (deficiency) of revenues over expenditures	(1,340,096)	1,569,490	3,897,820	2,328,330

Romeo Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources (Uses)				
Proceeds from subscription arrangements	\$ -	\$ -	\$ 151,905	\$ 151,905
Transfers in	121,092	142,000	142,000	-
Transfers out	(172)	(662,402)	(665,788)	3,386
Total other financing sources (uses)	120,920	(520,402)	(371,883)	155,291
Net change in fund balances	(1,219,176)	1,049,088	3,525,937	2,483,621
Fund balance - beginning	17,030,929	17,030,929	17,030,929	-
Fund balance - ending	<u>\$ 15,811,753</u>	<u>\$ 18,080,017</u>	<u>\$ 20,556,866</u>	<u>\$ 2,483,621</u>

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of net pension liability (%)	0.33700%	0.33880%	0.33360%	0.32530%	0.32240%	0.30960%	0.30574%	0.31008%	0.31800%	0.33240%
B. School District's proportionate share of net pension liability	\$ 82,502,085	\$ 109,640,658	\$ 125,472,925	\$ 77,019,263	\$ 110,742,603	\$ 102,513,490	\$ 91,906,174	\$ 80,355,630	\$ 79,349,119	\$ 81,198,019
C. School District's covered payroll	\$ 34,814,916	\$ 33,430,419	\$ 32,492,579	\$ 29,042,827	\$ 28,780,962	\$ 27,299,533	\$ 25,624,554	\$ 25,842,557	\$ 26,288,571	\$ 27,651,260
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	236.97%	327.97%	386.16%	265.19%	384.78%	375.51%	358.66%	310.94%	301.84%	293.65%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 13,681,224	\$ 14,023,015	\$ 12,151,749	\$ 11,063,344	\$ 9,685,486	\$ 8,817,711	\$ 8,127,143	\$ 8,484,009	\$ 4,877,622	\$ 5,188,389
B. Contributions in relation to statutorily required contributions	<u>13,681,224</u>	<u>14,023,015</u>	<u>12,151,749</u>	<u>11,063,344</u>	<u>9,685,486</u>	<u>8,817,711</u>	<u>8,127,143</u>	<u>8,484,009</u>	<u>4,877,622</u>	<u>5,188,389</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 36,385,299	\$ 34,693,658	\$ 32,913,594	\$ 30,887,847	\$ 28,487,302	\$ 28,851,583	\$ 26,936,718	\$ 25,684,574	\$ 25,892,315	\$ 26,844,402
E. Contributions as a percentage of covered payroll	37.60%	40.42%	36.92%	35.82%	34.00%	30.56%	30.17%	33.03%	18.84%	19.33%

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.33240%	0.33640%	0.33640%	0.32300%	0.32570%	0.31330%	0.30130%	0.30970%		
B. School District's proportionate share of the net OPEB liability (asset)	\$ (14,307,785)	\$ (1,902,825)	\$ 7,124,967	\$ 4,930,857	\$ 17,448,836	\$ 22,489,072	\$ 23,950,367	\$ 27,421,914		
C. School District's covered payroll	\$ 34,814,916	\$ 33,430,419	\$ 32,492,579	\$ 29,042,827	\$ 28,780,962	\$ 27,299,533	\$ 25,624,554	\$ 25,842,557		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-41.10%	-5.69%	21.93%	16.98%	60.63%	82.38%	93.47%	106.11%		
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 653,182	\$ 2,768,615	\$ 2,597,941	\$ 2,457,970	\$ 2,358,935	\$ 2,372,375	\$ 2,169,972	\$ 1,949,180		
B. Contributions in relation to statutorily required contributions	<u>653,182</u>	<u>2,768,615</u>	<u>2,597,941</u>	<u>2,457,970</u>	<u>2,358,935</u>	<u>2,372,375</u>	<u>2,169,972</u>	<u>1,949,180</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School District's covered payroll	\$ 36,385,299	\$ 34,693,658	\$ 32,913,594	\$ 30,887,847	\$ 28,487,302	\$ 28,851,583	\$ 26,936,718	\$ 25,684,574		
E. Contributions as a percentage of covered payroll	1.80%	7.98%	7.89%	7.96%	8.28%	8.22%	8.06%	7.59%		

OTHER SUPPLEMENTARY INFORMATION

Romeo Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds				Debt Service Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	Community Services Fund	High School Store Fund	Food Services Fund	Student Activity Fund	2016 Facility Bond Debt Fund	2020 Facility Bond Debt Fund	2022 Facility Bond Debt Fund	Sinking Fund	Bus Bond Fund	2020 Facility Bond Fund	
Assets											
Cash	\$ 794	\$ 58,305	\$ 1,444,483	\$ 1,591,439	\$ 1,006,111	\$ 507,460	\$ 1,691,615	\$ 4,683,946	\$ -	\$ 690,810	\$ 11,674,963
Due from other funds	215,841	-	212,642	-	16,169	3,754	17,132	-	-	-	465,538
Inventory	-	5,427	27,716	-	-	-	-	-	-	-	33,143
Total assets	\$ 216,635	\$ 63,732	\$ 1,684,841	\$ 1,591,439	\$ 1,022,280	\$ 511,214	\$ 1,708,747	\$ 4,683,946	\$ -	\$ 690,810	\$ 12,173,644
Liabilities											
Accounts payable	\$ 1,311	\$ -	\$ 878	\$ 9,581	\$ 261	\$ 61	\$ 276	\$ 1,235,020	\$ -	\$ 1,784	\$ 1,249,172
Due to other funds	-	-	-	7,559	-	-	-	167,592	-	593,995	769,146
Accrued expenditures	2,239	-	-	-	-	-	-	-	-	-	2,239
Unearned revenue	23,085	-	42,892	-	-	-	-	-	-	-	65,977
Total liabilities	26,635	-	43,770	17,140	261	61	276	1,402,612	-	595,779	2,086,534
Fund Balances											
Non-spendable											
Inventory	-	5,427	27,716	-	-	-	-	-	-	-	33,143
Restricted for											
Food service	-	-	1,613,355	-	-	-	-	-	-	-	1,613,355
Debt service	-	-	-	-	1,022,019	511,153	1,708,471	-	-	-	3,241,643
Capital projects	-	-	-	-	-	-	-	3,281,334	-	95,031	3,376,365
Committed	-	-	-	1,574,299	-	-	-	-	-	-	1,574,299
Assigned	190,000	58,305	-	-	-	-	-	-	-	-	248,305
Total fund balances	190,000	63,732	1,641,071	1,574,299	1,022,019	511,153	1,708,471	3,281,334	-	95,031	10,087,110
Total liabilities and fund balances	\$ 216,635	\$ 63,732	\$ 1,684,841	\$ 1,591,439	\$ 1,022,280	\$ 511,214	\$ 1,708,747	\$ 4,683,946	\$ -	\$ 690,810	\$ 12,173,644

Romeo Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds				Debt Service Funds			Capital Project Funds			Total Nonmajor Governmental Funds
	Community Services Fund	High School Store Fund	Food Services Fund	Student Activity Fund	2016 Facility Bond Debt Fund	2020 Facility Bond Debt Fund	2022 Facility Bond Debt Fund	Sinking Fund	Bus Bond Fund	2020 Facility Bond Fund	
Revenues											
Local sources	\$ 1,150,332	\$ 71,455	\$ 384,962	\$ 2,569,111	\$ 4,511,620	\$ 1,095,297	\$ 4,999,047	\$ 3,550,591	\$ 945	\$ 40,107	\$ 18,373,467
State sources	6,885	-	1,359,514	-	25,379	109,323	115,830	-	-	-	1,616,931
Federal sources	-	-	1,692,128	-	-	-	-	-	-	-	1,692,128
Total revenues	<u>1,157,217</u>	<u>71,455</u>	<u>3,436,604</u>	<u>2,569,111</u>	<u>4,536,999</u>	<u>1,204,620</u>	<u>5,114,877</u>	<u>3,550,591</u>	<u>945</u>	<u>40,107</u>	<u>21,682,526</u>
Expenditures											
Current											
Education											
Supporting services	-	72,982	-	2,633,843	2,545	-	-	685	-	-	2,710,055
Food services	-	-	2,742,093	-	-	-	-	-	-	-	2,742,093
Community services	1,693,620	-	-	-	-	-	-	-	-	-	1,693,620
Capital outlay	-	-	227,432	-	-	-	-	4,671,495	64,541	639,241	5,602,709
Debt service											
Principal	-	-	-	-	1,825,000	675,000	2,435,000	-	-	-	4,935,000
Interest and other expenditures	-	-	-	-	2,369,051	310,563	2,016,750	-	-	-	4,696,364
Total expenditures	<u>1,693,620</u>	<u>72,982</u>	<u>2,969,525</u>	<u>2,633,843</u>	<u>4,196,596</u>	<u>985,563</u>	<u>4,451,750</u>	<u>4,672,180</u>	<u>64,541</u>	<u>639,241</u>	<u>22,379,841</u>
Excess (deficiency) of revenues over expenditures	<u>(536,403)</u>	<u>(1,527)</u>	<u>467,079</u>	<u>(64,732)</u>	<u>340,403</u>	<u>219,057</u>	<u>663,127</u>	<u>(1,121,589)</u>	<u>(63,596)</u>	<u>(599,134)</u>	<u>(697,315)</u>
Other Financing Sources											
Transfers in	657,842	-	7,946	-	-	-	-	-	-	-	665,788
Transfers out	-	-	(142,000)	-	-	-	-	-	-	-	(142,000)
Total other financing sources	<u>657,842</u>	<u>-</u>	<u>(134,054)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523,788</u>
Net change in fund balances	<u>121,439</u>	<u>(1,527)</u>	<u>333,025</u>	<u>(64,732)</u>	<u>340,403</u>	<u>219,057</u>	<u>663,127</u>	<u>(1,121,589)</u>	<u>(63,596)</u>	<u>(599,134)</u>	<u>(173,527)</u>
Fund balances - beginning	<u>68,561</u>	<u>65,259</u>	<u>1,308,046</u>	<u>1,639,031</u>	<u>681,616</u>	<u>292,096</u>	<u>1,045,344</u>	<u>4,402,923</u>	<u>63,596</u>	<u>694,165</u>	<u>10,260,637</u>
Fund balances - ending	<u>\$ 190,000</u>	<u>\$ 63,732</u>	<u>\$ 1,641,071</u>	<u>\$ 1,574,299</u>	<u>\$ 1,022,019</u>	<u>\$ 511,153</u>	<u>\$ 1,708,471</u>	<u>\$ 3,281,334</u>	<u>\$ -</u>	<u>\$ 95,031</u>	<u>\$ 10,087,110</u>

Romeo Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2016 Facilities Bonds	2020 Facilities Bonds	2022 Facilities Bonds	2024 Facilities Bonds	2025 Facilities Bonds	Total
2026	\$ 1,925,000	\$ 675,000	\$ 1,555,000	\$ 850,000	\$ -	\$ 5,005,000
2027	2,025,000	675,000	1,620,000	-	-	4,320,000
2028	2,125,000	675,000	1,685,000	-	-	4,485,000
2029	2,225,000	700,000	1,755,000	-	100,000	4,780,000
2030	2,350,000	700,000	1,840,000	100,000	200,000	5,190,000
2031	2,475,000	700,000	1,935,000	150,000	250,000	5,510,000
2032	2,600,000	700,000	2,010,000	200,000	275,000	5,785,000
2033	2,725,000	700,000	2,090,000	250,000	300,000	6,065,000
2034	2,875,000	700,000	2,175,000	300,000	325,000	6,375,000
2035	3,025,000	700,000	2,260,000	350,000	350,000	6,685,000
2036	3,175,000	725,000	2,350,000	370,000	365,000	6,985,000
2037	3,325,000	750,000	2,445,000	420,000	370,000	7,310,000
2038	3,475,000	775,000	2,540,000	445,000	395,000	7,630,000
2039	3,625,000	800,000	2,645,000	485,000	410,000	7,965,000
2040	3,775,000	825,000	2,750,000	535,000	425,000	8,310,000
2041	3,800,000	850,000	2,860,000	635,000	475,000	8,620,000
2042	-	875,000	2,975,000	1,075,000	810,000	5,735,000
2043	-	875,000	3,090,000	1,130,000	850,000	5,945,000
2044	-	875,000	3,215,000	1,185,000	890,000	6,165,000
2045	-	-	3,290,000	1,240,000	930,000	5,460,000
2046	-	-	-	1,300,000	980,000	2,280,000
2047	-	-	-	1,365,000	1,030,000	2,395,000
2048	-	-	-	1,425,000	1,090,000	2,515,000
2049	-	-	-	-	1,240,000	1,240,000
Total	<u>\$ 45,525,000</u>	<u>\$ 14,275,000</u>	<u>\$ 47,085,000</u>	<u>\$ 13,810,000</u>	<u>\$ 12,060,000</u>	<u>\$ 132,755,000</u>

Principal payments due the first day of

May

May

May

May

May

Interest payments due the first day of

May and November

May and November

May and November

May and November

May and November

Interest rate

5.00%

2.00% - 2.25%

4.00%

5.00%

5.00%

Original issue

\$ 56,390,000

\$ 19,000,000

\$ 52,515,000

\$ 13,810,000

\$ 12,060,000