



**Bryan K. Barnett**  
Mayor

To whom it may concern,

City Council

**Stephanie Morita**  
District 1

**James Kubicina**  
District 2

**Susan M. Bowyer, Ph.D.**  
District 3

**Ryan J. Deel**  
District 4

**Dale Hetrick**  
At-Large

**Jenny L. McCardell**  
At-Large

**Mark A. Tisdell**  
At-Large

The City of Rochester Hills on behalf of the Rochester-Avon Recreation Authority (RARA) respectfully submits the following Deficit Elimination Plan to the State of Michigan Department of Treasury in compliance with 1971 Public Act 140, Section 21(2). As of December 31, 2017, the Rochester-Avon Recreation Authority (RARA) Fund had an Unrestricted Net Position of (\$24,246).

The primary cause of the deficit was due to the build-out of a new recreation complex which occurred in FY 2016-2017. The cost of the build-out, combined with unanticipated delays in completing the build-out process delayed revenue collections anticipated for the new complex causing a year-end fund deficit.

RARA Administration and Legislative Body have responded quickly to identify and address the deficit situation, and have taken actions to ensure that this situation does not occur again in the future:

- February 14, 2018: RARA Board unanimously approved a conservative and realistic FY 2018 budget with over \$150,000 in revenues over expenditures.
  - As part of the upcoming budget proposal and moving forward, RARA Administration will present a 3-Year RARA Budget for approval.
- March 11, 2018: RARA Board unanimously approved a Fund Balance Policy stating that the RARA Board intends to maintain a minimum fund balance reserve of 20% of annual operating expenditures. The Fund Balance Policy further states, that if the RARA Fund is below that amount, it is to be restored back to the minimum level within 3-Years.
- RARA Administration has prepared a Capital Improvement Plan (CIP) identifying capital project needs over the upcoming 7-Year Period. The timing of upcoming capital projects will be incorporated into the on-going 3-Year RARA budget cycle.

RARA Administration and Legislative Body anticipate conservatively with the steps mentioned that the RARA December 31, 2018 Unrestricted Fund Balance will be a positive \$126,025, and will further increase in the future to a minimum of 20% of annual operating expenditures.

Sincerely,

Joseph Snyder

Chief Financial Officer / City of Rochester Hills  
Treasurer / Rochester-Avon Recreation Authority