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Executive Summary and Rationale for Adoption of 2025 Q4 Budget Amendment

DATE: November 10, 2025

TO: RARA Commission

FROM: Strategic Planning Committee / Executive Recreation Director, David Word

SUBJECT: Executive Summary of the Final 2025 Q4 Budget Amendment

The 2025 Q4 Budget Amendment represents the final comprehensive financial revision for the fiscal year. The primary objective of maintaining a **perfectly balanced consolidated budget at Net \$0** has been achieved despite absorbing \$13,503 in necessary operational expenditures. This amendment is critical as it formally confirms the structural changes and policies necessary to secure the Authority's long-term financial health.

The adoption of this Resolution requires an affirmative vote by a majority of the full Commission (four affirmative votes).

I. Financial Stability & Policy Achievements

Section	Key Financial Metric	Rationale and Impact
Consolidated Budget Status	Net Consolidated Position: \$0	Confirms diligent management of revenues and expenses to maintain equilibrium, with a total budget footprint of \$3,423,230
Fund Balance Security	Projected Ending Fund Balance: \$941,468	The Fund Balance represents 29.14% of Operating Expenditures, well above the 20% minimum target established by policy.
Policy Adoption	Excess Fund Transfer Mechanism (Section 6.07)	Formally designates the \$295,322 surplus (amount above the 20% minimum) for automatic transfer into the dedicated Capital Projects Fund at year-end, securing future infrastructure stability.

II. Key Structural Shifts and Risk Mitigation

Section	Structural Change / Action Taken	Rationale and Impact: Mitigating Risk & Centralizing Costs
II. External Cost Mitigation	New 3-Year Contract for Credit Card Fees	Successfully stabilized processing fees at approximately a 4% rate, mitigating the surge in costs that were trending toward 9% of transactions. A 3.5% customer fee is currently offsetting this cost.
II. Capital Reallocation	\$35,000 Reduction in Building Improvements	This saving (from the E-Sports/Computer Lab) was reallocated to fund an increase of +\$27,500 in Land Improvements, prioritizing visible facility upgrades such as the covered front porch project.
III. Cost Centralization	Higher Rec Center Rental Transfer Fees	Centralized Rec Center overhead costs (+\$24,987 in Transfers In) confirms program Business Units (BUs) are now charged a more accurate fee for facility usage, mandating program managers recognize the true overhead cost of delivery.

III. Business Unit Performance & Variance Summary (Data available for Sheets Export below)

Table 1: 2025 Q4 Net Position Variance Summary

Bus. Unit	Description	Q2 Net Position	Q4 Net Position	Variance (\$)	Significance
808	Admin	-\$275,299	-\$295,146	+\$13,503	Deficit improved due to effective cost management offsetting increased footprint.
960	Sports	\$176,098	\$178,793	+\$2,695	Positive overall improvement despite program volatility (offsetting $\$62,000$ drop in Youth Soccer).
961	Camps	\$93,210	\$178,829	+\$85,619	Best operational performance; driven by robust revenue and expense control.
963	PDF	\$2,022	\$26,897	+\$24,875	Strong positive turnaround fueled by high-volume Youth Dance programming.

962	Events	-\$25,255	-\$39,812	-\$14,557	Worsening deficit; recognized as strategic investment in staff for millage.
964	Activities	-\$22,925	-\$35,176	-\$12,251	Worsening deficit; recognized as strategic investment in new programs.
966	Rec Center	\$20,715	\$15,755	-\$4,960	Decreased profitability due to increased operating expenses partially offsetting transfers.
Total	RARA Consolidated	\$0	\$0	\$0	Overall budget maintained at equilibrium.

IV. Recommended Commission Actions

The Q4 Amendment reflects successful management in a dynamic fiscal environment. Management recommends the following actions for Commission endorsement:

1. **Formal Policy Confirmation:** Formally confirm the implementation of the General Fund Operating Reserve Policy and the Excess Fund Transfer Mechanism, legally designating the \$295,322 surplus for transfer to the Capital Projects Fund.
2. **Program Investment Update:** Management will provide a comprehensive business plan update for 2026 Q2 to confirm the return on the strategic staff investments made in the Events and Activities BUs.
3. **Internal Cost Allocation Reporting:** Management will provide the Commission with a summary report on the impact of the Rec Center Rental Transfer mechanism during the Q1 2026 reporting cycle, confirming the mechanism's effectiveness in accurately allocating facility overhead.

Conclusion: The Authority is in its strongest fiscal position to date due to stabilizing external risk and locking in a policy structure that prioritizes future infrastructure.

Certification of Document

The final 4th Quarter Amendment attached to the accompanying Resolution is confirmed to be accurate and consistent with the discussions and direction provided by the RARA Commission and the Budget Committee.

Committee Review:	Date:	Recommendation:
Budget Committee	November 14, 2025	It is recommended that the 2025 Q4 Budget Amendment be approved as presented.