

## CHAPTER 4

# Budget and Finance

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### CONTENTS

Introduction.....	2
Budget .....	2
Revenue.....	4
Contribution Development Programs .....	5
Operating Revenue Trends.....	6
Operating Expense.....	8
Expense Trends.....	9
Cost Recovery .....	11
Service Portfolio Project .....	12
Measuring Participation in Parks and Recreation Services .....	14
Net Assets .....	15
References.....	16
Notes .....	16

### FIGURES

Figure A: Revenue Trends FY2007 – 2012 .....	6
Figure B: Combined Other Revenue from Budget Center Groups.....	7
Figure C: Relative Proportions of Total Combined Total Revenue in FY2012.....	7
Figure D: Operating Expense Trends – FY2007-2012 .....	9
Figure E: Proportion of Total Operating Expense – Park and Recreation Service Categories FY2012.....	10
Figure F: Service Portfolio Model .....	12
Figure G: Pyramid Model Developed by GreenPlay, LLC.....	13
Figure H: Net Assets FY 2006 - FY 2012 .....	15

### TABLES

Table 1: List of Budget Centers.....	3
Table 2: Revenue Trends FY2007-2012 .....	6
Table 3: Combined Other Revenue from Budget Center Groups.....	7
Table 4: Operating Expense Trends – FY2007-2012 .....	10
Table 5: Historical Revenue, Expense and Cost Recovery 2007 – 2012.....	11
Table 6: Net Assets FY 2006 - FY 2012 .....	15

## Introduction

The purpose of this chapter is to create a foundation for developing measurable objectives for the financial sustainability of OCPRC, by developing an understanding OCPRC's fiscal history. It also discusses financial conditions nationally and introduces management and benchmarking tools that are available to park and recreation agencies.

### Data Sources

Unless otherwise indicated, the data source for this report is Oakland County Fiscal Services. Data is reported for the years FY2007 through FY2012. All data through FY2011 has been audited.

### OCPRC Fiscal Trends and the Recession

OCPRC's revenues are affected by business cycles, most significantly by the recent recession, which lasted 18 months and is the longest recession since World War II. The National Bureau of Economic Research (NBER) defines a recession as a "period between a peak and a trough, and an expansion is a period between a trough and a peak". According to NBER, the current recession began in December 2007 and a trough occurred in June 2009, marking the beginning of an expansion (NBER, 2010).

## Budget

### Budget Process

The Parks and Recreation budget process encompasses a multi-faceted approach of reviewing park operations and financial activity to produce a triennial budget. The budget process involves not only the operating budget, but also a capital improvement program (CIP) to ensure the preservation of existing structures and to meet funding needs for new construction projects.

At the onset of the budget process staff reviews financial and activity reports, and makes assumptions based on trends. At times, the budget takes a 'zero-based' approach where staff is instructed to construct a complete budget from scratch. However, financial trends indicate the budget process can be simplified by the use of an "on-going" approach, where staff is asked to provide 'programmatic changes' to their budget needs, as well as reviewing current operations to ensure budget accuracy.

Typically the operating budget process formally begins in January with revenue estimating, which assists in setting expenditure levels. Staff reviews current operations, personnel needs and programmatic changes and submits their recommendations to management. The Parks Commission review the recommended budget in early spring, which is then submitted as part of the County Executive's proposed budget to the Oakland County Board of Commissioners on July 1. Further review of the budget occurs during the summer months, with adjustments made as necessary. Both the Parks and Recreation Commission and the Oakland County Board of Commissioners adopt the triennial budget in the month of September, and the new budget is put into action on October 1 (the beginning date of each fiscal year). The OCPRC budget for fiscal years 2013-2015 was adopted by the Parks Commission on September 5, 2012 with total available resources of \$22,958,010 (OCPRC, 2012). The summary budget is included as Appendix A: FY2013 Budget.

The Capital Improvement Plan is reviewed each fall, and where applicable, projects are closed to fixed assets as completed and start depreciating. A comprehensive CIP document encompassing design, construction and maintenance projects is formulated into a management plan and submitted to the Parks Commission for approval in the spring.

### Budget Centers

A budget center is defined as a segment of a business for which costs, revenues, and profits are separately calculated. Within OCPRC, each budget center is a distinctly identifiable division of the agency whose managers are responsible for all its associated costs and for ensuring adherence to its budgets.

**Table 1: List of Budget Centers**

Budget Center	Abbrev.	Department	Program	Program Description
Budget Center Group: PARKS				
Addison Oaks	ADD	5060715	160070	General Services, Parks
Addison Oaks Conference Center	ACC	5060717	160070	General Services, Parks
Groveland Oaks	GRV	5060720	160070	General Services, Parks
Highland Oaks	HGH	5060765	160070	General Services, Parks
Independence Oaks	IND	5060725	160070	General Services, Parks
Independence Oaks Nature Center	INC	5060650	160050	General Services, Nature
Lyon Oaks Park	LYP	5060755	160070	General Services, Parks
Orion Oaks	ORN	5060724	160070	General Services, Parks
Red Oaks Dog Park	RDD	5060729	160070	General Services, Parks
Red Oaks Nature Center	RNC	5060651	160050	General Services, Nature
Rose Oaks	RSE	5060760	160070	General Services, Parks
Springfield Oaks Activity Center/Park	SAC	5060732	160070	General Services, Parks
Waterford Oaks Activity Center/Park <sup>a</sup>	WTR	5060735	160070	General Services, Parks
Budget Center Group: GOLF COURSES				
Glen Oaks Golf Course	GLG	5060327	160010	General Services, Golf
Lyon Oaks Golf Course	LYG	5060356	160010	General Services, Golf
Red Oaks Golf Course	RDG	5060328	160010	General Services, Golf
Springfield Oaks Golf Course	SPG	5060330	160010	General Services, Golf
White Lake Oaks Golf Course	WLG	5060326	160010	General Services, Golf
Budget Center Group: SPECIALTY RECREATION COMPLEXES				
Catalpa Oaks	CAT	5060870	160210	General Services, Rec.
Red Oaks Waterpark	RWP	5060831	160210	General Services, Rec.
Waterford Oaks BMX	WBX	5060845	160210	General Services, Rec.
Waterford Oaks County Market	WCM	5060540	160500	General Services, County Market
Waterford Oaks Waterpark	WWP	5060837	160210	General Services, Rec.
Budget Center Group: RECREATION PROGRAMS AND SERVICES				
Recreation Programs & Services	REC	5060805	160210	General Services, Rec.
Budget Center Group: FACILITIES AND MAINTENANCE				
Facilities & Maintenance	FM	5060910	160430	General Services, Fac. & Maint.
Budget Center Group: ADMINISTRATIVE SUPPORT				
Administrative Services	ADM	5060101	160000	General Services, Admin. Svcs.
Fiscal Services - Administration	FSA	1020601	182040	Financial Planning
Fiscal Services - Parks & Rec.	FSP	1020658	182080	Financial Reporting and Transaction Processing

<sup>a</sup> Waterford Oaks Toboggan Complex (WTB) budget center was merged with Waterford Oaks/Activity Center and therefore removed from the budget center list in FY2013.

## Revenue

Two major types of revenue are identified – Operating and Capital.

### Operating Revenue

- Tax Revenue – Tax revenue includes funds from the 0.245 mil levy on property taxes in Oakland County that is dedicated to OCPRC. The tax levy is renewable every 10 years; it was last renewed in 2010. It is accumulated by Fiscal Services under the Administrative Services budget center.
- Investment Income – Investment income is the proceeds from certain fund balances held by Oakland County and it is accumulated by Fiscal Services under the Administrative Services budget center.
- Charges and Fees, including:
  1. From food and beverage concessionaires and vending machines (630308)
  2. From entrance fees, such as waterparks (630644) and camping (630693)
  3. For annual and day use motor vehicle permits (630700)
  4. For greens fees, including league fees, golf outings and school golf teams (630847)
  5. For leased houses / apartments on park property (631911)
  6. For rental of equipment, i.e. waterpark lockers, ski equipment, bikes, helmets (631918)
  7. For rental of specific locations, i.e. activity center, picnic shelters, tents (631925)
  8. For rental of mobile units, such as bouncers, buses and stages (631946)
- Contributions, such as:
  1. Operating grants and contributions (650104)
- Other revenues, such as:
  1. Adjustment for prior year's revenue (670057)
  2. Cash overages (670114)
- Gain or loss on exchange of assets, including: Gain on sale of equipment (675354)
- Transfers in, including: Operating transfers in (695500 in part)

### Capital Revenue

Capital revenue refers to the proceeds from the sale of non-financial capital assets, including land, intangible assets, stocks, and fixed capital assets of buildings, construction, and equipment of more than a minimum value (US Dept of Treasury OTA, 2004). Two examples of revenue accounts are: Capital Asset Contributions (690189) and Capital Transfers In (695500 in part).

## Contribution Development Programs

### Operating Contributions

Contributions from private individuals, private foundations, business sponsorships, and other partnerships provide an opportunity to supplement tax revenue with alternate funding sources that will increase OCPRC's ability to provide basic services or to invest in innovation. Development of contributions by OCPRC is an ongoing effort and is becoming increasingly targeted to match specific recreational opportunities with the interests of potential partners.

### Capital Contributions

Oakland County Parks and Recreation Commission staff regularly prepare and submit grant applications to various funding organizations, including federal and state agencies and private foundations. These applications request funds for specific capital assets, especially park land and facilities. Appendix C describes the federal and state grant programs from which the majority of grant funds have been received and provides details on the specific grants received. Continuing this practice of grant seeking, in FY2013 staff intend to submit applications to:

- Michigan Natural Resources Trust Fund for a universally accessible small boat launch at Independence Oaks Park,
- Land and Water Conservation Fund for a boat house at Addison Oaks Park, and
- Recreation Passport Program for a fishing dock at Groveland Oaks Park.



Photo: Upper Bushman Lake and the new Independence Oaks North area of Independence Oaks County Park was acquired with assistance from a Michigan Natural Resources Trust Fund grant

### Oakland Parks Foundation

A potential future resource for the development of both capital and operating contributions is the Oakland Parks Foundation. In 1982, the Oakland Parks Foundation was created as a private, not-for-profit organization for the purpose of raising money to support the continued development and programming of the Oakland County Parks and Recreation Commission. The Foundation was successful in its first decade in funding a number of annual recreation programs, special events, and unique development projects. The fundraising activities of the Foundation declined after its initial success, becoming inactive in 1994.



In 2012, a transitional board was identified to assist with the reactivation of the Oakland Parks Foundation. After filling the appropriate paperwork to document organizational compliance, the Foundation is actively seeking new participation, clarification of its mission, and a rapid re-engagement with the philanthropic community in Oakland County.

## Operating Revenue Trends

Table 1 shows tax revenue with a predictable delayed response to the recession, with a decline of 4.11% in FY2010 and a further decline of 12.48% in FY2011 and 8.13% in 2012. The Oakland County Equalization office projects that OCPRC tax revenue will start to recover by 1% per year in FY2013 – 2015.

Investment income declined in FY2009-2012.

The Combined Other Revenue category in Figure A and Table 2 includes Charges and Fees, Contributions, Other Revenues, Gain or Loss on exchange of assets and Transfers in (see p.4 for a complete list of revenue types). Combined Other Revenue showed a decline of 13.83% in FY2009 and has experienced a steady recovery starting in 2010.

Figure A: Revenue Trends FY2007 – 2012

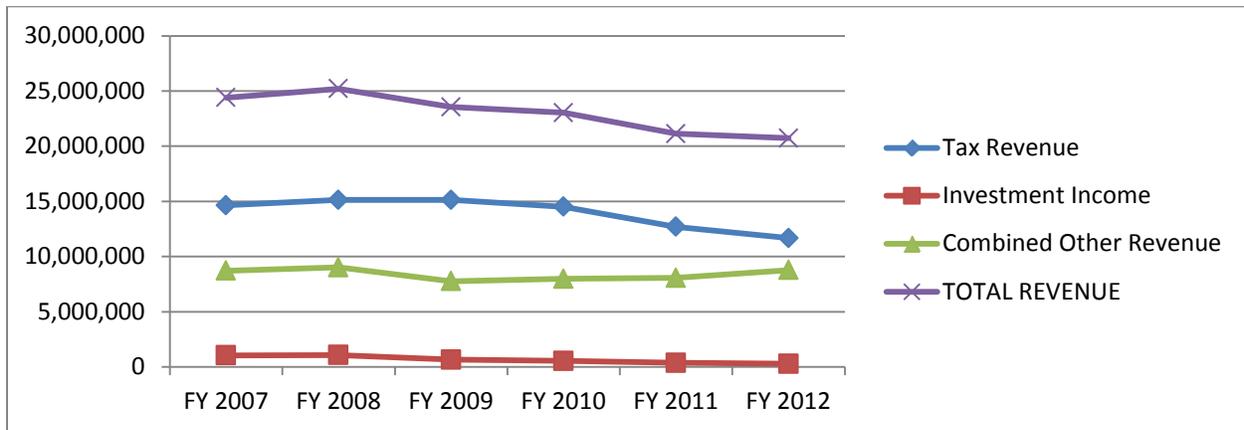


Table 2: Revenue Trends FY2007-2012

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Tax Revenue	14,636,020	15,124,023	15,128,620	14,506,404	12,696,435	11,664,549
Investment Income	1,044,333	1,072,069	648,214	544,047	361,967	281,326
Combined Other Revenue	8,713,834	9,010,846	7,764,843	7,974,593	8,061,091	8,776,450
TOTAL REVENUE	24,394,187	25,206,938	23,541,677	23,025,043	21,119,494	20,722,325

Figure B: Combined Other Revenue from Budget Center Groups

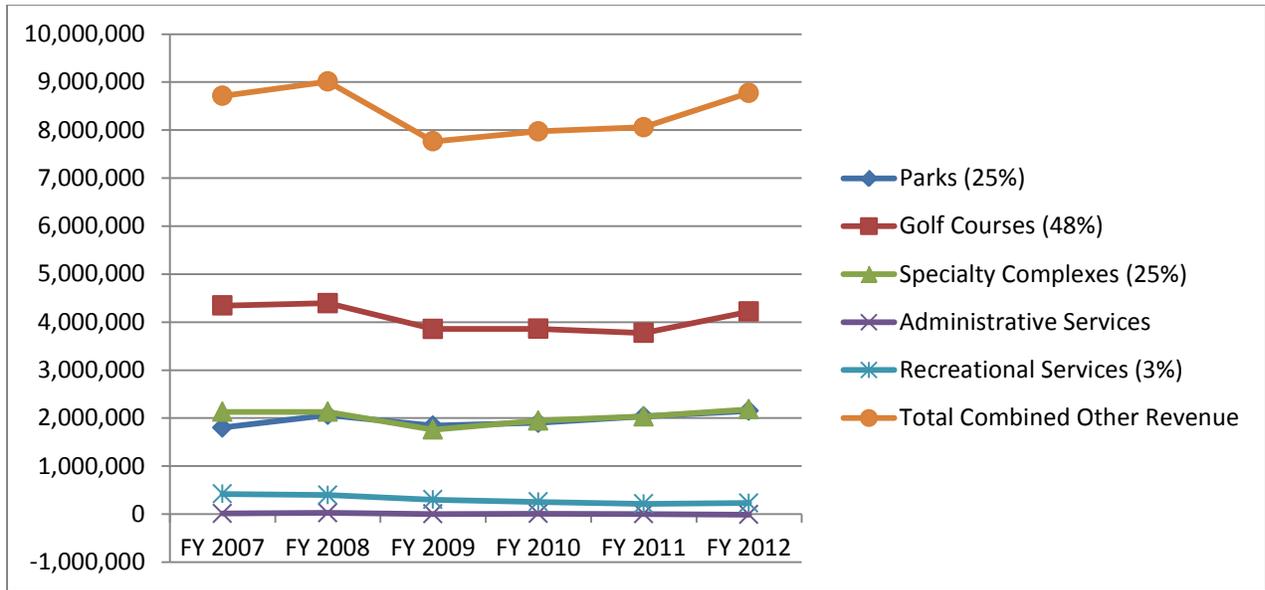
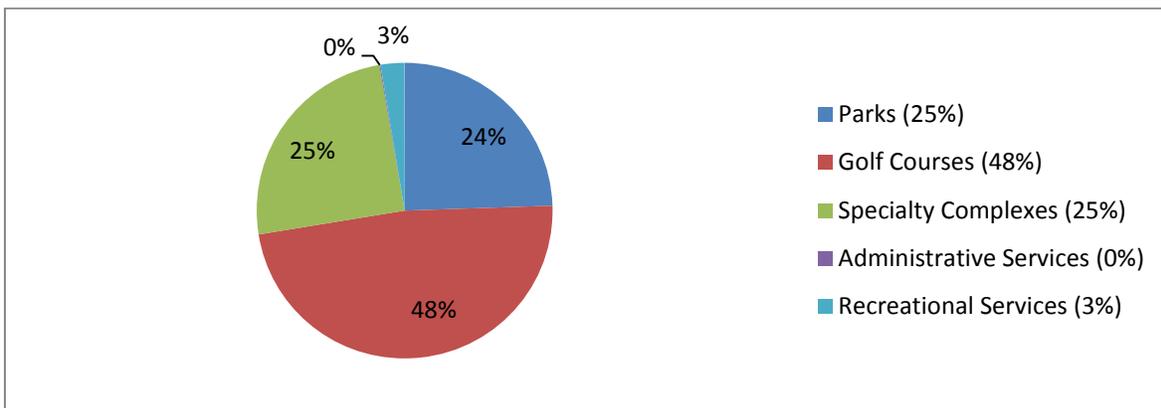


Table 3: Combined Other Revenue from Budget Center Groups

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Parks	1,803,250	2,063,604	1,843,128	1,901,744	2,033,781	2,151,613
Golf Courses	4,344,075	4,394,057	3,858,114	3,861,255	3,775,616	4,218,504
Specialty Complexes	2,130,713	2,129,633	1,760,389	1,947,746	2,033,587	2,184,706
Administrative Services	14,404	26,116	2,454	8,107	1,505	-9,636
Recreational Services	421,392	397,436	300,757	255,741	216,602	231,263
Total Combined Other Revenue	8,713,834	9,010,846	7,764,843	7,974,593	8,061,091	8,776,450

Figure C: Relative Proportions of Total Combined Total Revenue in FY2012



## Operating Expense

### Expense Categories

Six expense categories are identified by Fiscal Services:

- Salaries – This category accumulates the cost of services rendered by employees, including full-time, part-time, and overtime wages.
- Fringe Benefits – This category of accounts accumulate the cost of the employer’s share of fringe benefits, including workers compensation, life insurance, retirement, unemployment insurance and other benefits.
- Contractual Services – Accounts in this category accumulate the cost of services provided under a contract. Examples include trash disposal, licenses and permits, mail handling, personal mileage, printing, training, conferences and utilities.
- Commodities – Commodities are defined as a reasonable homogenous good or material, bought and sold freely as an article of commerce. Examples of items accumulated under these accounts include custodial supplies, small tools, uniforms and office supplies.
- Depreciation – In accounting, depreciation is defined as the gradual conversion of the cost of a tangible capital asset or fixed asset into an operational expense (called depreciation expense) over the asset's estimated useful life. By expensing depreciation over the useful life of an asset, OCPRC is ensuring the sustainability of existing park features by setting aside funds that can be made available for the maintenance of park facilities. Calculation of depreciation as an operating expense began in 2002. Depreciation is accumulated for park improvements, buildings, equipment and vehicles
- Internal Services – This category of accounts accumulates the costs of receiving services internally from other county departments, such as information technology, investment into the county insurance fund, motor pool and telephone communication.

### Direct and Indirect Cost

Cost recovery parameters are the industry standard for developing models for pricing and evaluating the cost-effectiveness of park facilities and recreation services. Cost recovery is the percentage of expense that is funded by revenue sources other than public funds and is calculated as expense divided by revenue. Expense includes all of direct cost.

- Direct cost includes all the specific, identifiable expenses (fixed and variable) associated with providing a service, or operating and maintaining a facility, space, or program. These expenses would not exist without the program or service.
- Indirect cost encompass remaining overhead (fixed and variable), including administrative costs, not identified as direct costs. These indirect costs would exist without any one specific service. If desired, all or a portion of indirect costs can be allocated, in which case they become a direct cost allocation.

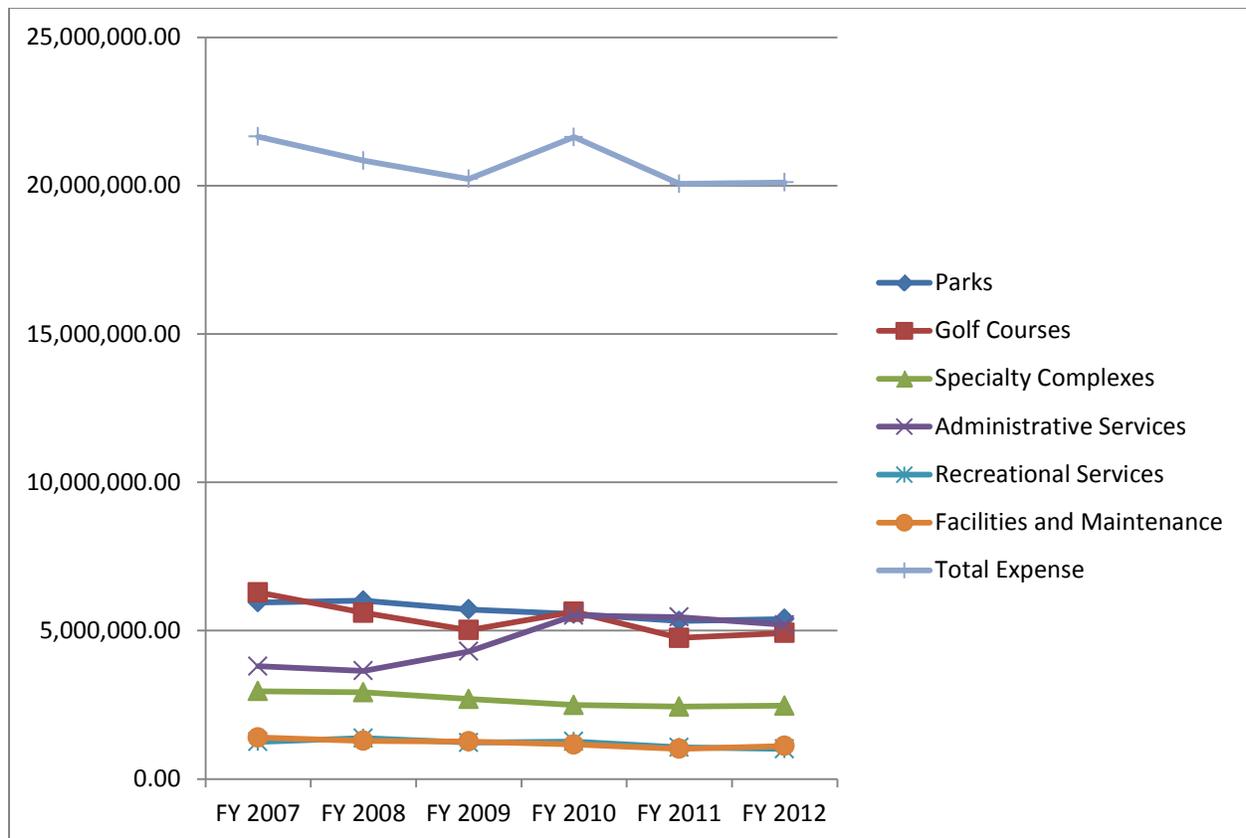
## Expense Trends

Expense in all Budget Center Groups, with the exception of Administration, declined overall from FY2007 through FY2012. This is seen in Figure D and Table 5. The decline is mostly due to cost-cutting in response to lower revenues (resulting from the recession) and to strategic actions to increase financial sustainability.

The increase in Administration expense seen in FY2009-2010 is mostly attributable to planned investment in information technology as implementation of the *2008 Strategic Plan* and an accounting change that caused all of Security Expense (731689) to be allocated to Administration. In FY2010, following the planned investments described above, Administration expense has stabilized and has declined somewhat in FY2011-2012.

A fuller understanding of all expense categories will be gained through the Service Portfolio project (see pp. 12-13), which will explore the indirect cost of delivering park and recreation services that are currently accumulated in Administration, Recreational Services, and Facilities Maintenance.

Figure D: Operating Expense Trends – FY2007-2012

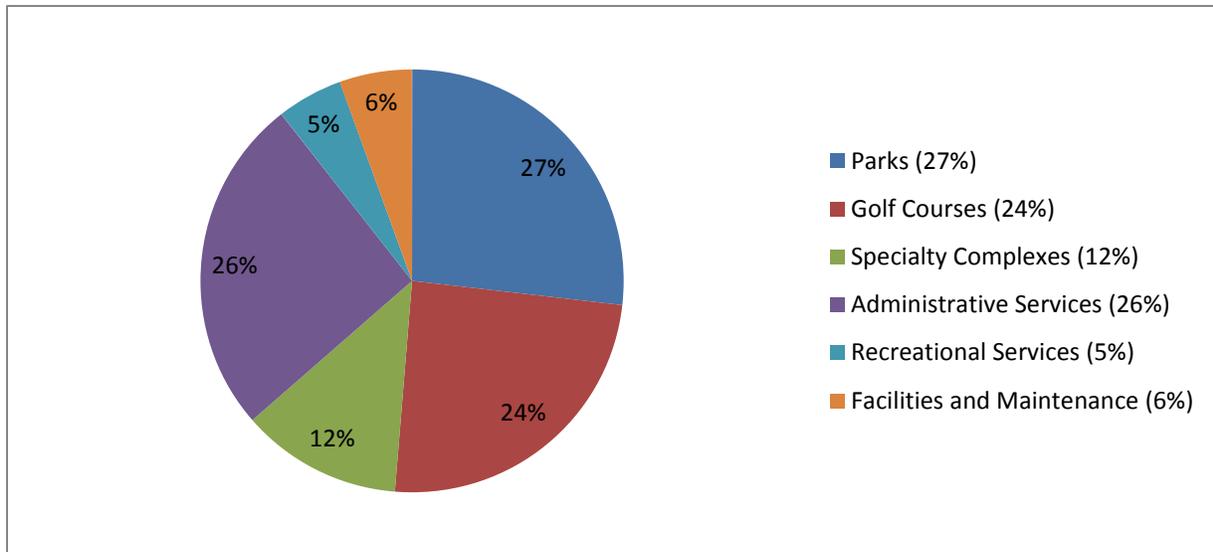


**Table 4: Operating Expense Trends – FY2007-2012**

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Parks	5,950,672	6,008,863	5,714,970	5,565,101	5,323,730	5,394,768
Golf Courses	6,287,053	5,603,023	5,020,012	5,634,465	4,755,844	4,919,820
Specialty Complexes	2,958,351	2,920,034	2,697,021	2,492,943	2,438,954	2,470,326
Administrative Services	3,802,430	3,644,446	4,301,009	5,514,102	5,456,088	5,197,244
Recreational Services	1,252,320	1,378,726	1,228,201	1,264,201	1,069,420	1,012,228
Facilities and Maintenance	1,399,900	1,286,868	1,264,974	1,164,802	1,017,279	1,114,224
Total Expense	21,650,726	20,841,960	20,226,187	21,635,614	20,061,315	20,108,610

**Relative Proportions of Operating Expense**

**Figure E: Proportion of Total Operating Expense – Park and Recreation Service Categories FY2012**



## Cost Recovery

Cost recovery represents the percentage of operating expense that is funded by agency revenue and is calculated as the ratio of agency revenue divided by operating expense. Table 2 describes actual OPPRC fiscal data from FY2007 through FY2012 and calculates cost recovery. Cost recovery for OCPRC has generally run in the 40% range. A drop in FY2009-2010 coincided with the recent recession, but recovered in FY2011-2012 to over 40%.

### OCPRC Cost Recovery– Nationwide Comparison

Cost recovery for OCPRC has historically run in the 40% range, which reflects a public investment (subsidy) of approximately 60%. According to the 2012 NRPA report using the [PRORAGIS](#)<sup>1</sup> benchmarking function, OCPRC's cost recovery rate was well above the average (31.7%) and median (25.0%) cost recovery rates for county park and recreation agencies nationwide in 2011 (NRPA, 2012).

**Table 5: Historical Revenue, Expense and Cost Recovery 2007 – 2012**

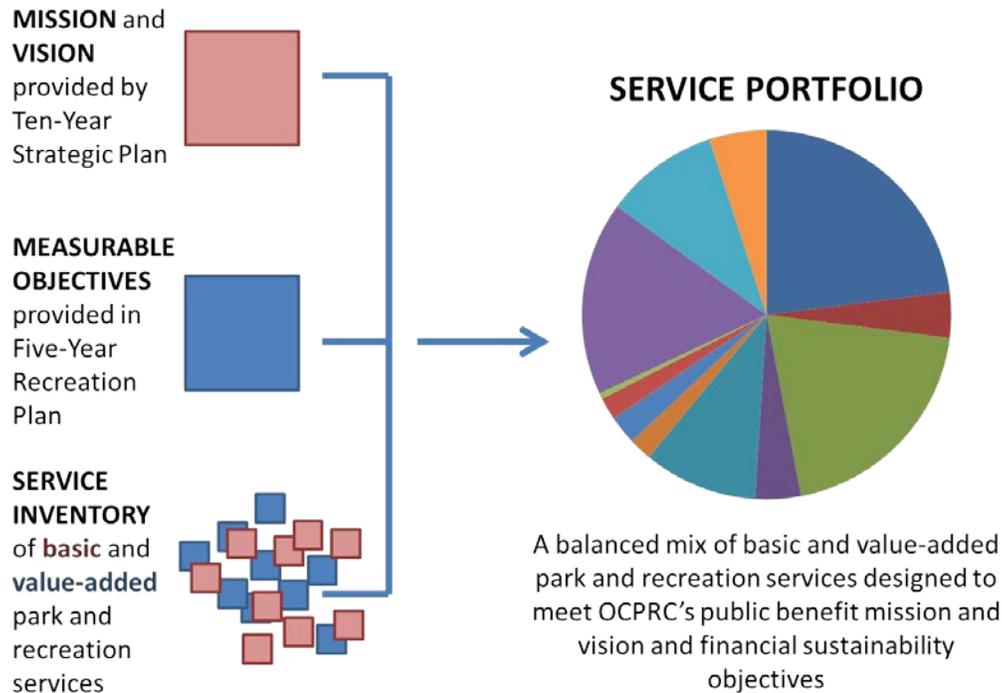
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Tax Revenue	14,636,020	15,124,023	15,128,620	14,506,404	12,696,435	11,664,549
% Change	+ 4.01%	+ 3.33%	+ 0.03%	- 4.11%	- 12.48%	-8.13%
Investment Income	1,044,333	1,072,069	648,214	544,047	361,967	281,326
% Change	+ 19.83%	+ 2.66%	-39.54%	-16.07%	-33.47%	-22.28%
Combined Other Revenue	8,713,834	9,010,846	7,764,843	7,974,593	8,061,091	8,776,450
% Change	-1.24%	+ 3.41%	-13.83%	+ 2.70%	+ 1.08%	+8.87%
Total Revenue	24,394,187	25,206,938	23,541,677	23,025,043	21,119,494	20,722,325
Operating Expense	21,650,726	20,841,960	20,226,197	21,635,614	20,061,315	20,108,610
% Change	+ 5.50%	- 3.74%	- 2.95%	+ 6.97%	- 7.28%	+0.24%
Cost Recovery	40.25%	43.23%	38.39%	36.86%	40.18%	43.65%
Change	-2.74%	+ 2.99%	- 4.84%	-1.53%	+3.32%	+3.46%
Net Income	2,743,461	4,364,978	3,315,480	1,389,429	1,058,179	613,715
% Change	-15.41%	+59.10%	-24.04%	-58.09%	-23.84%	-42.00%

## Service Portfolio Project

The Service Portfolio Project is a comprehensive planning product that provides a market analysis and cost recovery analysis of OCPRC’s park and recreation services. An important product of the Service Portfolio Project is a model for determining cost recovery goals and a philosophy for how it allocates the resources from tax revenue (subsidy). OCPRC’s first Service Portfolio is being developed, with consultant assistance, in 2013. The goal of the Service Portfolio is to design an optimal mix of basic and value-added park and recreation services that meet the recreational needs of county residents and help sustain the park system financially.

- Basic recreational services are funded through the dedicated property tax millage and provide basic recreational experiences to the public without additional cost to those who choose to ride, bike, walk, or take public transportation to the parks. Examples of basic recreational experiences include trails, playgrounds, sledding hills, picnic areas, and access to natural areas. In some parks, capital improvement and major maintenance of roadways and parking lots requires additional support and a day-use or annual motor vehicle pass is required to enter the park by motor vehicle and access basic recreational services.
- Value-added recreational services provide experiences that go beyond basic recreational experiences and allow OCPRC to address the needs of specific user groups and individuals. These experiences are intended to enhance the basic park experience and are provided at an additional cost. Examples of value-added experiences include rental of picnic pavilions, use of waterparks, dog parks, special events, and sale of refreshments and merchandise. Providing a mix of basic and value-added experiences is an important factor in the long-term sustainability of OCPRC.

Figure F: Service Portfolio Model



The Service Portfolio project has three components:

### Service Inventory & Assessment

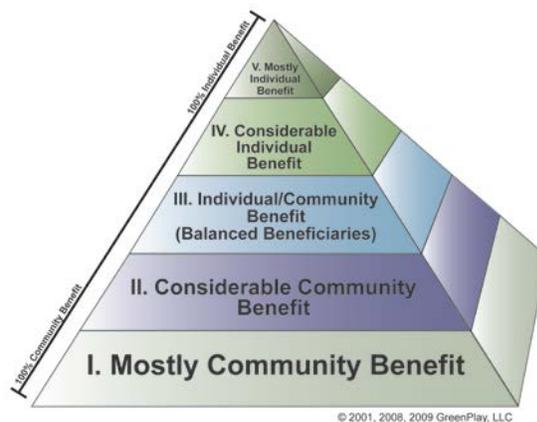
This intensive review of OCPRC services and facilities utilizes the [Public Sectors Services Assessment](#)<sup>2</sup> process to determine market position and provide recommended provisions strategies such as enhancement or reduction of service, collaboration and advancing or affirming market position. It includes a market analysis and evaluation of industry trends and best practices and the identification of alternative provision strategies.

### Cost Recovery Targets

This component utilizes the Pyramid Methodology to evaluate current and expected cost recovery philosophies and expectations and develops consensus on intended goals. The deliverable will be the development of cost recovery targets for each service provided by OCPR as determined through a facilitated, stakeholder-focused process involving staff, the Commission and the public.

The Pyramid Methodology was developed by GreenPlay LLC. It uses beneficiary of service as a foundation for making decisions regarding allocation of taxpayer funds, setting fees, and pursuing alternative funding. The foundation of the pyramid is generally the basic recreational services that the community pays for with tax support and are offered to residents at no fee or a minimal charge. Tax support decreases and cost recovery increases as you move to the upper levels of the pyramid, with the top level having a cost recovery rate of 100% or more (GreenPlay LLC, 2009).

Figure G: Pyramid Model Developed by GreenPlay, LLC



### Implementation Recommendations

Working with staff and the Commission, the project consultant will provide a draft cost recovery policy and resource allocation philosophy to guide future decisions in conjunction with the service assessment and newly defined cost recovery goals. Consultant will also review and make recommendations to update the Commission's existing Pricing Policy to reflect the new cost recovery goals.

The project will help OCPRC create a foundation for development of strong, sustainable financial management strategies. It is anticipated that the Service Portfolio will be reviewed annually and updated on the same five-year schedule as the Recreation Plan.

## Measuring Participation in Parks and Recreation Services

### Current Measures of Participation

Participation has historically been reported to the Parks Commission on a monthly basis via the Activity Report. Archived Activity Reports date back to 2004. The Activity Reports have historically measured participation with head counts for the golf courses, waterparks, BMX course, recreation programs that require a fee for admission or participation. Participation at day use parks has been measured using vehicle counts. Other activities, such as participation in mobile recreation (climbing tower, inflatables, etc.) have been tracked using a clicker.

### Changing Methodology for Measuring Participation

Vehicle count methodology is continually improving. Vehicle counters are currently installed at the entrances to all day-use park parking lots and data collected continually.

Trail counters are currently installed at trails in two specific park locations (Lyon Oaks trails and Red Oaks Nature Center trails), to track trail use for planning purposes or project evaluation. A coordinated protocol for the use of counters to collect trail user data throughout the park system is under development.



RecTrac is a parks and recreation management software solution that has been in use at OCPRC since 2009. The system is used to manage data from all point-of-sale contact with park patrons, including ticket sales, reservations and collection of revenue. Use of RecTrac will be expanded to include coordinated management of all participation data and generation of reports that combine participation and fiscal data.

### Dashboard Reporting on Performance Metrics

The collection and reporting on participation data is currently being re-designed through the development of Dashboard reporting mechanism that will be used to report to the Parks Commission and the public on a quarterly and annual basis. The Dashboard will report in terms of performance metrics that measure the impact of OCPRC actions on larger organizational outcomes and set targets for changes in those outcomes. Examples include participation, cost recovery, area of land under active management, and geographic distribution of services. The performance metrics are currently under development..

### Combining Cost Recovery with Participation Data: Cost Per Recreational Experience

OCPRC is developing metrics that track not only the cost recovery rate and the relevant inputs of revenue and expenditure, but also incorporate the number of participants for each recreational experience. The philosophy behind this metric is that once a recreational opportunity is provided – there is a diminishing cost for additional participants and, therefore, the best use of tax dollars is to provide the opportunity to as many residents as possible. Development of this metric is concurrent with improvements in how participation levels are measured and data managed.

## Net Assets

Table 9 and Figure I show the changes in OCPRC’s net assets in FY2006 – 2012. This is a balance sheet account that includes capital assets and unrestricted net assets. Capital assets include real estate, [physical plant](#)<sup>3</sup> and equipment.

### Unrestricted Net Assets

The unrestricted net assets line item is often referred to as OCPRC’s “Reserve Fund”. There are three earmarks totaling approximately \$24 million within unrestricted net assets:

- Operating Reserve – amount in reserve to meet varying, unexpected or emergency operating requirements (generally 15% of Operating Budget – approximately \$5 million)
- Capital Reserve – amount in reserve available to meet varying, unexpected or emergency capital acquisitions (historically has been set at \$7 million)
- Amount Available for Capital Improvement – perpetual amount to fund capital projects (historically has been set at \$7 million)

Table 9 shows that the unrestricted net assets line item has increased over 60% between FY2006 and FY2012. The FY2012 amount of \$30,655,671 includes potentially nearly \$6 million that is not earmarked. The balance in the unrestricted net assets line item is affected by many factors, including capital spending, depreciation, and tax revenue in excess of subsidy.

Figure H: Net Assets FY 2006 - FY 2012

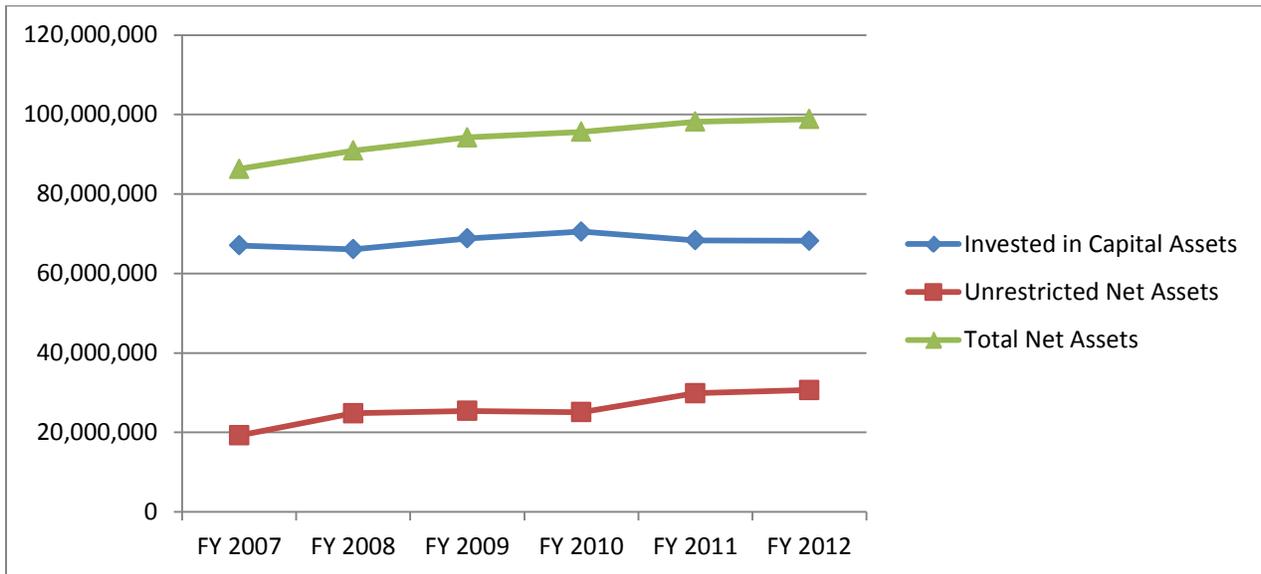


Table 6: Net Assets FY 2006 - FY 2012

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Invested in Capital Assets	67,046,850	66,111,320	68,801,787	70,521,926	68,340,309	68,203,803
Unrestricted Net Assets	19,267,303	24,808,545	25,433,568	25,102,858	29,848,654	30,655,671
Total Net Assets	86,314,153	90,919,865	94,235,355	95,624,784	98,188,963	98,859,474

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## Notes

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<sup>1</sup> PRORAGIS: The PRORAGIS (Park and Recreation Operating Ratio and Geographic Information System) database is an online management tool development by the National Recreation and Parks Association (NRPA) to enable park and recreation agencies to evaluate agency performance and needs against that of other agencies. It is intended to replace traditional NRPA standards with standards based on accurate and current data.

<sup>2</sup> Public Sector Services Assessment: Adapted by GreenPlay LLC from the MacMillan Matrix for Nonprofit agencies (from the Alliance For Nonprofit Management)the assessment is designed to help public agencies assess their services in relation to their strength or weakness in the target market’s service area, as well as identify whom else may be providing like or similar services. The assessment is based on the assumption that duplication of existing comparable services (unnecessary competition) among public and nonprofit organizations, as well as sometimes private businesses can fragment the limited resources available, leaving all providers too weak to increase the quality and cost-effectiveness of client services. The analysis also assumes that trying to be all things to all people can result in mediocre or low-quality service; instead, the public sector should focus on delivering higher-quality service in a more focused (and perhaps limited) way.

<sup>3</sup> Physical plant refers to the necessary infrastructure used in support and maintenance of a given facility. It includes air conditioning (both heating and cooling systems and ventilation) and other mechanical systems. It often also includes the maintenance of other systems, such as plumbing and lighting.