

Date: March 9, 2010



TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
**SUBJECT: Financial Statements for the Year Ended
December 31, 2009**

RECOMMENDATION

THAT the Board receive this report for information

POLICY

There is no applicable policy

BACKGROUND

This report discusses the Board's 2009 year end financial positions for the Operating Budget, the Donation Program and the Stanley Park Restoration Project. The attached figures reflect the current financial situation, pending minor adjustments by the City of Vancouver or its external auditors. The City of Vancouver will provide official city wide financial statements for 2009 some time in late spring.

DISCUSSION

2009 Operating Budget

As of December 31, 2009, the Board had spent \$60.3 million or 98.5% of its budget, with a total revenue surplus of \$3.1 million and gross expenditures overspent by \$2.2 million, for a net surplus of \$0.9 million.

Details of the Board's year end position are attached as follows:

- Appendix I – Operating Statement for the year ended December 31, 2009, which provides a breakdown of Revenues and Expenditures by District
- Appendix II – 2009 Revenues & Expenses by Program
- Appendix III – 2009 Revenue & Expenses by Expense Category

Revenues

The Park Board total revenues for 2009 were \$3.1 million or 8.0% above budget. As noted in Appendix I, the additional revenues were generated in the Stanley District

(\$2.5 million), and Corporate Services (\$0.8 million), with the remaining districts and service areas coming in close to budget.

Appendix II provides a breakdown of gross revenue by program. Revenues from income-oriented operations were above budget by \$2.3 million. Once the Donation Program and Stanley Park Restoration funds (which are reported later in this report) are deducted, that surplus drops to \$1.3 million. Revenue operations with the largest surpluses were parking (\$0.5 million), marinas (\$0.4 million) and concessions (\$0.3 million). Only golf and pitch & putts fell short of their targets and together accounted for a \$0.1 million shortfall. Revenues from Park operations were below budget by \$0.3 million at year end, which is comparable to the 2008 shortfall. Recreation revenues were \$1.1 million above budget, with the majority of the surplus in outdoor pools and specialty recreation services (such as fields, film and special events).

Gross Expenditures

The Park Board gross expenses for 2009 were \$2.2 million or 2.2% above budget. As noted in Appendix I, the majority of the additional expenses were incurred in the Stanley District (\$1.1 million) and for Planning & Operations (\$1.0 million), with the remaining areas coming in close to budget. The surplus expenses in the Stanley District were mostly in areas which generated additional revenues: concessions, pools and parking. The additional expenses for Planning & Operations included \$475,000 for a contingent liability with the remainder made up of unbudgeted payroll expenses for retirements, long-term disability and accommodations.

Appendix II provides a breakdown of gross expenses by program. Gross expenses for income-oriented operations were above budget by \$2.3 million, which is reduced to \$1.3 million once the Donation program and Stanley Park Restoration expenses are removed. Revenue operations with the largest over expenditures were golf (\$0.9 million), concessions (\$0.2 million), parking (\$0.2 million), and marinas (\$0.1 million). Golf expenses reflect increased costs for additional maintenance resulting from good weather, increased purchases of goods for sale at the clubhouses, increased golf pro commissions, and the unbudgeted costs for the completion of the golf course consultant contract (\$88,000) and the buyout of equipment from the outgoing Fraserview golf pro as part of the wind-up of this contract (\$175,000).

Gross expenses for park operations were above budget by \$0.5 million at year end, with the majority of that in building and facilities maintenance for unbudgeted payroll costs as noted above. Recreation expenses were below budget by almost \$0.6 million, which resulted from savings of over \$0.9 million in utilities, and over expenditures on other costs such as payroll, supplies and transfers.

Appendix III provides a breakdown of expenditures into the major types. As noted, both Park Board gross revenues and gross expenditures were above budget before adjustments required by the Global Budget arrangement. The initial net surplus before adjustments was \$1.3 million.

The first adjustment noted is the \$400,000 transfer to the Park Board's Revenue Stabilization Reserve (RSR). This reserve was created as part of the Global Budget arrangement and the reserve provides a mechanism to reduce the impacts of large variances in revenues due to short term conditions beyond the Park Board's control (e.g. weather, taxes imposed by outside agencies, etc.). Surplus net revenues can be transferred to the Revenue Stabilization Reserve when contribution conditions are met and these reserved revenues can then be used to offset operating budget net revenue shortfalls in other years if transfer conditions are met. After consultation with City budget and accounting staff, it was determined that contribution conditions were met during 2009 and \$400,000 was transferred to the Revenue Stabilization reserve. This transfer reduced the net surplus from \$1.3 million to \$0.9 million, as not in Appendices I & III.

Overall Year End Operating Budget Position

Overall the Board was under spent by \$0.9 million at year end. However, the Global Budget arrangement with the City recognizes that a number of costs are not under the direct control of the Board. Savings or deficits resulting from expenditures on utilities, city equipment, fringe benefits, and city-funded insurance must be returned to the City. Therefore to arrive at a true statement of year end expenses, the impact of savings or deficits from these areas must be excluded (see Appendix III).

As noted in Appendix III, analysis of these expenditures indicated that surpluses of \$1.2 million for utilities, \$80,000 for insurance and \$359,000 for fringe benefits were offset by unbudgeted utility loan payments of \$362,000 and over expenditure on city equipment of \$140,000. The total impact of these variances is a net exclusion of \$1.1 million in surpluses from the Board's year end position. Once the net savings are excluded from the Board's accounts, the Park Board financial statements savings of \$0.9 million is reduced to an over expenditure of \$189,000 or 0.3% of the Board's net operating budget.

2009 Donation Program

In 2009 a total of \$787,597 was raised through the Donation Program. A detailed breakdown of donations and expenses is attached in Appendix IV. In addition to the donations noted below, during 2009 the Park Board received notice of four bequests ranging from \$10,000 to \$100,000. These gifts have been specified and will be received in 2010.

The Donation Program also undertakes activities to provide accountability to and recognition of our donors. Examples from 2009 include conducting thirty park tours, arranging two presentations to the Board, and sending Stewardship reports to all Park Board donors. Highlights of 2009 activities related to the various program funds are detailed below.

Park Amenities: This program funds park amenities such as benches, tables, and fountains for a specified term or in perpetuity. In 2009 \$462,998 was designated to 115

park amenities (114 benches and 1 bike rack), with 53 new donors making contributions and 62 existing donors renewing their support. Related expenses totaled \$256,616, providing a net contribution of \$206,384 and bringing the Park Amenity balance to \$1,676,088 at the end of 2009.

Park Monuments: \$15,043 was designated to the restoration of park monuments in 2009 and expenses of \$4,357 were incurred, leaving a net contribution of \$10,686 and bringing the Park Monument balance to \$58,424.

Park Conservation: This program provides for activities related to parks such as tree donations and donations for specific parks or park programs. \$41,320 was designated to the Park Conservation Fund through a variety of appeals including in-memory gifts, adopt-a-tree gifts and the new Stanley Park Conservation Fund. Program expenses totaled \$26,331 leaving a net contribution of \$14,990 and bringing the fund balance to \$154,700.

Recreation Programming: \$17,510 was designated to this program during 2009 through Activity Communities and membership campaign appeals at Granville Lawn Bowling Club and Frasersview Golf Club; expenses totaled \$5,754 leaving a net contribution of \$11,756 and bringing the fund balance to \$19,316.

Special Projects: This program enables donors to provide gifts for one-time or short-term projects and a total of \$125,454 was received for a variety of Special Projects including donations of:

- \$85,000 of a \$400,000 commitment for the new Accessible Playground Project at Kits Beach
- \$10,000 for facility upgrades at the Park Board Skate Plaza
- \$25,000 in Tribute Gifts

Program expenses totaled \$58,450 leaving a net contribution of \$67,004 and bringing the fund balance to \$131,491 at the end of 2009

Endowment Program: The endowment program provides donors with opportunities to provide a legacy for the community by providing funds for park or recreation programs. The original gift is preserved and the interest earned on that gift is used for the purpose designated in the endowment. \$125,271 was received for the establishment of 4 new endowments to support park conservation and one new endowment to support recreation programming. Expenses totaled \$45,105 leaving a net contribution of \$80,166 and bringing the fund balance to \$657,768

Overall, the Donation Program raised \$787,597 in 2009. After all program expenses were deducted, a net increase of \$390,986 brings the total donation balance as of December 31, 2009 to \$2,697,787.

Stanley Park Restoration Project

As detailed in Appendix V, the Stanley Park Restoration received funds totaling \$68,338 between January 1 and December 31, 2009. This included \$4,870 from individuals and corporations, \$6,720 from log sales and \$56,748 of interest earned on the Stanley Park Restoration Reserve.

In terms of expenditures, for the period between January 1 and December 31, 2009, \$1,093,660 was spent on the Restoration Project, with the majority of that for the Prospect Point road realignment (\$770,560). The remaining expenditures in 2009 were \$246,643 for public consultation and plan development, \$11,585 for forestry work, \$39,753 for seawall repairs, and escarpment stabilization, park pathways and roads, and \$25,119 on the Legacy program.

A balance of \$913,230 remains in the fund at the end of December 31, 2009 and the remaining funds will be spent on the implementation of the Forest Management Program.

SUMMARY

Overall the Board was under spent by \$0.9 million at year end. However, the Global Budget arrangement with the City recognizes that a number of costs are not under the direct control of the Board. Once the \$1.1 million net savings of these costs is excluded from the Board's accounts, the Park Board financial statements savings show an over expenditure of \$189,000 or 0.3% of the net operating budget.

The Donation program collected an additional \$787,597 in funds in 2009, including \$691,436 in donations and \$96,161 in interest. After all program expenses were deducted, a net contribution of \$390,986 was made in 2009, which brings the total donation balance as of December 31, 2009 to \$2,697,787.

During 2009, the Stanley Park Restoration Project collected \$4,870 in donations, earned \$56,748 in interest and generated \$6,720 in revenue from log sales for a total increase in funds of \$68,338. Once expenses of \$1,093,660 are accounted for, the Project spent a total of \$1,025,322 in 2009, leaving a balance of \$913,230 remaining in the reserve to carryout the sustainment work outlined in the Stanley Park Forest Management Plan.

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ME