



Date: May 5, 2011

TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Financial Statements to March 31, 2011

RECOMMENDATION

THAT the Board receive this report for information

POLICY

There is no applicable policy.

BACKGROUND

This report discusses the Board's March 2011 financial positions for the Operating Budget and the Donation Program.

DISCUSSION

2011 Operating Budget

As part of the ongoing restructuring of management responsibilities within the Park Board, adjustments have been made to the programs in the various districts and program categories in the financial statements for 2011. These changes better reflect the responsibilities for programs & services. In order for comparatives to the previous year to be consistent, the same adjustments have been made between districts and program categories for the 2010 financial statements.

As of March 31, 2011, the Board had spent \$16.4 million or 29.5% of its net operating budget, with total revenues of \$7.4 million and gross expenditures of \$23.8 million.

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

- Appendix I – Operating Statement to the end of March 31, 2011, which provides a breakdown of Revenues and Expenditures by District
- Appendix II – 2010 & 2011 March Revenues & Expenses by Program

Revenues

The Park Board total revenues to the end of March 2011 are \$7.4 million or 16.5% of budget, which is the same percentage as for the previous year.

As noted in Appendix I, revenues are up in the across the Park Board districts and services areas, with the exception of the Stanley District, which is now responsible for most revenue programs.

Appendix II provides a breakdown of gross revenue by program, with comparisons to 2010. Revenue from income operations is down overall from 11.2% of budget in March 2010 to 10.0% of budget for 2011. The only areas not affected by the generally cooler weather are Marinas and the donation program, both of which experienced increases over 2010 revenue levels.

Revenues from Park Operations are up down from 10.9% of budget in 2010 to 8.4 % in 2011. Again, weather plays a significant role with revenue down in the three destination parks of Stanley Park, Queen Elizabeth Park and VanDusen. Total recreation revenues are up from 28.3% to 31.4% of budgeted revenues, reflecting that facilities which were closed in 2010 for either the Olympics or for renovation are now open..

In looking at the overall year to date revenue change between 2010 and 2011, it is important to note that while revenues in early 2011 have been impacted by poor weather they are at the same level as 2010 overall (16.5% of budget, which also compares favourably to historic levels (15.1% for March 2009, 16.1% to March 2008 and 16.5% to March 2007).

Gross Expenditures

To the end of March 2011 gross expenditures total 23.7% of budget (or \$23.8 million) while for the same period in 2010 expenditures were at 21.6.0% of budget (or \$21.6 million). In looking at the types of expenditures over the first three months, payroll costs are up by \$1.6 million, utility costs are unchanged, city equipment costs are down by \$0.3 million, and expenses and transfers have increased by \$0.7 million.

As noted in Appendix I, Gross expenses have remained the same or are up in all areas except Planning & Operations, which has seen a decline in spending of 1%. There has been a significant increase in Corporate Services expenses to the end of March compared to the previous year, reflecting the more timely payment of loans and transfers; this is not expected to impact year end expenses.

Appendix II provides a breakdown of expenditures by the major programs. Comparing March 2011 gross expenses for the same period in 2010, expenses have increased by 2.1%. Spending is up 6.2% in income operations (due to loan payments and transfers being done earlier in the year as noted above) and 2.4% in recreation (due to more facilities being open in 2011 as noted above under revenue). For park operations, spending is down overall by 0.3% (while it appears that costs have increased across all park & operations areas, the increases reflects the more timely internal allocation of

equipment costs from “other operations”; actual expenditure are down, reflecting the reduced expenses due to cooler weather.

Net Expenditures

To the end of March the Board has incurred net costs of \$16.4 million, compared to \$14.6 million for the same period in 2010, an increase of \$1.8 million or 4.3%. Since revenues are at the same level as last year (16.5% of budget) the increase is attributable to increased expenses year to date. Most of this increase can be attributed to timing issues for loan payments and transfers. The other factor impacting the timing of expenses is the cost savings expected from the Vancouver Services Review projects will come later in 2011 as the projects are implemented, while the budgeted savings have reduced the annual budget. Therefore we should see an ongoing shift in expenditure pattern for the remainder of 2011, with higher expenses early and greater savings later in the year..

It would appear that the Board is on track to meet its 2011 budget, but it is too early to accurately predict the year end position as 55-60% of the \$45 million revenue budget is generated between April and September. To provide context for the first quarter results, net expenses to the end of March 2011 were 29.5% of the annual budget, up from 25.2% for the same period in 2010, but reflecting more timely accounting processes which are not expected to impact the Board’s ability to meet its budget at year end.

2011 Donation Program

As of March 31, 2011, \$293,000 in donation revenue has been received. A detailed breakdown of donations received as of March 31, 2011 is attached in Appendix III. Activities during this period were as follows:

Park Amenities - \$70,000 has been raised and \$41,00 spent on bench installation and maintenance.

Park Conservation – Just over \$20,000 has been raised, with the majority of that for the Komagata Maru Monument, and \$22,000 was spent for work on that monument.

Special Projects - \$200,000 was raised for after school programs and a sport court project but as yet no expenses have been incurred for these two special projects.

No funds have been raised or expenses spent for either endowments or recreation programs in the first three months of 2011

Overall the Donation Program raised \$293,000 and had expenses totaling \$115,000 in the first three months of 2011. After all program expenses were deducted, the net increase of just over \$178,000 brings the total donation balance as of March 31, 2011 to \$3,460,566.

SUMMARY

Overall the Board has spent \$16.4 million or 29.5% of its budget to the end of March 31, 2011. This is approximately \$1.8 million more than the net expenditures during the first

quarter of 2010. While it would appear that the Board is on track to meet its 2011 budget, it is too early to accurately predict the year end position as 55-60% of the \$45 million revenue budget is generated between April and September.

The Donation program received over \$293,000 to the end of March 31, 2011. After all program expenses were deducted, the net increase of \$178,000 brings the total donation balance as of March 31, 2011 to \$3,460,566.

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