



Date: March 10, 2011

TO: Board Members – Vancouver Park Board
FROM: General Manager – Parks and Recreation
SUBJECT: Financial Statements for the year ended December 31, 2010

RECOMMENDATION

THAT the Board receive this report for information

POLICY

There is no applicable policy

BACKGROUND

This report discusses the Board's 2010 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 2010 some time in late spring.

DISCUSSION

2010 Operating Budget

As of December 31, 2010, the Board had spent \$59.1 million or 98.5% of its budget, with a total revenue surplus of \$3.6 million and gross expenditures overspent by \$2.7 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, 2010, which provides a breakdown of Revenues and Expenditures by District
- Appendix II – 2010 Revenue & Expenses by Expense Category
- Appendix III – 2010 Revenues & Expenses by Program

Revenues

The Park Board total revenues for 2010 were \$3.6 million or 8.5% above budget. As noted in Appendix I, the additional revenues were generated in the Stanley District (\$1.7 million), Queen Elizabeth District (\$1.3 million) and Corporate Services (\$0.5 million), with the remaining districts and service areas coming in close to budget.

Appendix III provides a breakdown of gross revenue by program. Revenues from income oriented operations and parks & operations were close to budget, with fluctuations within various programs. These fluctuations ranged from a combined shortfall for golf and pitch and putts of \$1.0 million to surpluses of \$0.4 million each in reserve programs and marinas. Recreation services accounted for revenue surplus of almost \$3.7 million, most of which was generated in indoor pools, fitness centres and specialty recreation services (such as fields, film and special events).

Gross Expenditures

The Park Board gross expenses for 2010 were \$2.7 million or 2.6% above budgeted levels. As noted in Appendix I, the majority of the additional expenses were incurred in the Stanley (\$1.2 million) and Vancouver East (\$1.0 million) Districts and in Corporate Services (\$0.5 million), with the remaining areas coming in close to budget. The gross expenditure deficits in the Stanley District were mostly in areas which generated additional revenues: specialty recreation services (fields, film and special events), pools and marinas. The additional expenses for Vancouver East related mostly to golf operations (\$0.7 million) with the remainder at fitness centres and indoor pools. The deficit in Corporate Services results from unbudgeted payroll expenses for retirements, long-term disability and accommodations.

Appendix II provides a breakdown of expenditures into the major types of expenses. 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 \$0.9 million.

The required adjustment are for expenses outside the Board's control which are funded by the City, including utilities, city equipment, utility loan payments, insurance and fringe benefit variances. Together these surpluses total almost \$1.3 million. Savings in these expense lines cannot be spent for program costs and must be returned to the City at the end of the year, per the Global Budget arrangement. Once these adjustments are made to the year end financial position, the Board had a net deficit of just over \$0.3 million.

Appendix III provides a breakdown of gross expenses by program, with the above noted required adjustments removed for clarity. Gross expenses for income oriented operations were above budget by \$1.8 million, which is reduced to \$1.4 million once the Donation program and Stanley Park Restoration expenses are removed. Revenue operations with the largest over expenditures were golf (\$0.8 million), marinas (\$0.3 million) and parking (\$0.2 million). Golf expenses reflect increased costs for additional maintenance resulting

from events being held in September (\$0.44 million), increased golf pro commissions & bank charges (\$0.15 million), replacement costs for the equipment and furniture at Fraserview clubhouse and driving range (\$0.10 million), and unbudgeted costs for consultant and marketing contracts (\$0.11 million).

Gross expenses for park operations were above budget by \$0.4 million at year end, with the majority of that in neighbourhood park and street tree maintenance. Recreation expenses were above budget by more than \$1.7 million, with the largest overages in indoor pools (\$0.69 million), specialty recreation services (\$0.48 million), rinks (\$0.40 million), and fitness centres (\$0.35 million). The additional recreation costs were more than offset by the additional revenues generated, as noted above under revenues.

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 & related city loans, 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 II).

As noted in Appendix II, analysis of these expenditures indicated that surpluses of \$1.0 million for utilities, \$238,000 for City equipment, \$66,000 for insurance and \$168,000 for fringe benefits were offset by over expenditure on utility loan payments of \$247,000. The total impact of these variances is a net exclusion of \$1.2 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 \$338,000 or 0.6% of the Board's net operating budget. Given that the Board overall had unbudgeted expenses of almost \$760,000 in 2010 for retired staff still on the payroll but not longer at work, the City has agreed to fund the Board's deficit and will not reduce the 2011 budget to make up for the shortfall.

2010 Donation Program

In 2010 a total of \$1,177,789 was raised through the Donation Program. A detailed breakdown of donations and expenses is attached in Appendix IV. Highlights of 2010 activities related to the various program funds are detailed below.

Park Amenities: This program funds park amenities such as park benches, picnic tables, drinking fountains and bike racks for a specified term or in perpetuity. In 2010 \$520,950 was designated to 176 park amenities, with 128 new donors making contributions and 47 existing donors renewing their support. Related expenses totaled \$289,386, providing a net contribution of \$231,564 and bringing the Park Amenity balance to \$1,904,558 at the end of 2010.

Park Monuments: \$27,522 was designated for new park monuments or their restoration in 2010 and expenses of \$33,459 were incurred, leaving a net expense of \$5,937 and bringing the Park Monument balance to \$52,487. Of the \$27,522 raised, \$25,000 was designated to the Komagata Maru Incident Monument and the remaining funds designated to the Harry Jerome Monument.

Park Conservation: This program provides for park conservation and enhancements. \$254,157 was designated to the Park Conservation Fund through a variety of appeals including in-memory gifts, adopt-a-tree gifts and the Stanley Park Conservation Fund. \$200,000 was designated by the David Lam Foundation for the David Lam Park Cherry Tree Project. Program expenses totaled \$74,814 leaving a net contribution of \$179,343 and bringing the fund balance to \$341,043.

Recreation Programming: \$11,270 was designated through a variety of appeals during such as Activity Communities and membership campaigns at Granville Lawn Bowling Club and Fraserview Golf Club; related expenses totaled \$15,666 for a net reduction of \$4,396 and bringing the fund balance to \$14,920.

Special Projects: This program enables donors to provide gifts for one-time or short-term projects and a total of \$305,200 was received for a variety of Special Projects including donations of \$285,000 for the Accessible Playground Project at Kits Beach and \$20,000 for a community sport court project at Ray-Cam. Program expenses totaled \$127,595 leaving a net contribution of \$177,605 and bringing the fund balance to \$303,465 at the end of 2010

Endowment Program: The endowment program provides a means for residents to establish a legacy gift for their favourite park or recreation facility. The original gift is preserved and the interest earned on that gift is used for the purpose designated in the endowment. \$58,609 was received for the establishment of two new endowments to support park conservation. Related expenses totaled \$52,062 leaving a net contribution of \$6,628 and bringing the fund balance to \$666,121

Overall, the Donation Program raised \$1,177,789 in 2010. After all program expenses were deducted, a net increase of \$584,808 brings the total donation balance as of December 31, 2010 to \$3,282,594.

Stanley Park Restoration Project

As detailed in Appendix V, the Stanley Park Restoration Reserve received interest payments totaling \$18,651 between January 1 and December 31, 2010. No donations or log sale funds were generated in 2010, reflecting that the project is now in its final sustainment phase.

In terms of expenditures, for the period between January 1 and December 31, 2010, \$197,845 was spent on the Restoration Project, with the majority of that for the administration and work on the Forestry Management Program (\$144,823). The

remaining expenditures in 2010 were \$32,764 for the legacy program, \$17,415 for work at Prospect Point and \$2,843 for seawall repairs, and escarpment stabilization, park pathways and roads.

A balance of \$734,036 remains in the fund at the end of December 31, 2010 and the remaining funds will be spent on the implementation of the Forest Management Program. Since the project has moved to the final sustainment phase and the remaining work being done is all related to the Forestry Management Program approved by the Board in March 2009, it is proposed to report on the Restoration fund details annually at year end for 2011 and beyond.

SUMMARY

Overall the Board under spent its operating budget 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 \$1.2 million net savings of these costs is excluded from the Board's accounts, the Park Board financial statements savings show an over expenditure of \$338,000 or 0.6% of the net operating budget. The City has agreed to fund the Board's deficit and will not reduce the 2011 budget to make up for the shortfall.

The Donation program collected an additional \$1,177,789 in funds in 2010, including donations and interest. After all program expenses were deducted, a net contribution of \$584,808 was made in 2010, which brings the total donation balance as of December 31, 2010 to \$3,282,594.

During 2010, the Stanley Park Restoration Project earned \$18,651 in interest and collected no revenue from donations or log sales, reflecting the fact that this project is now entering its final sustainment phase. Once expenses of \$197,845 are accounted for, the project spent a total of \$179,194 in 2010, leaving a balance of \$734,036 remaining in the reserve to carryout the sustainment work outlined in the Stanley Park Forest Management Plan. Since the project has moved to the final sustainment phase and the remaining work being done is all related to the Forestry Management Program approved by the Board in March 2009, it is proposed to report on the Restoration fund details annually at year end for 2011 and beyond.

Prepared by:
Corporate Services
Vancouver Board of Parks and Recreation
Vancouver, BC

ME/

Vancouver Board of Parks and Recreation

Operating Statement for the period ending December 31, 2010 (unaudited)

Revenues and Expenses by District

As at February 11, 2011 (City accounting entries not finalized)

	2010 Budget	2010 Actual	Surplus / (Deficit)	Percent of Budget	2009 Budget	2009 Actual	Surplus / (Deficit)	Percent of Budget
Stanley District								
Revenues	(17,277,500)	(18,954,072)	1,676,572	109.7%	(16,193,900)	(18,652,504)	2,458,604	115.2%
Expenditures	25,617,200	26,846,613	(1,229,413)	104.8%	24,617,900	25,588,824	(970,924)	103.9%
	8,339,700	7,892,540	447,160	94.6%	8,424,000	6,936,320	1,487,680	82.3%
Queen Elizabeth District								
Revenues	(9,527,800)	(10,846,717)	1,318,917	113.8%	(8,843,200)	(8,773,597)	(69,603)	99.2%
Expenditures	26,524,200	26,558,990	(34,790)	100.1%	25,641,000	25,624,054	16,946	99.9%
	16,996,400	15,712,272	1,284,128	92.4%	16,797,800	16,850,457	(52,657)	100.3%
Vancouver East District								
Revenues	(14,483,600)	(14,466,116)	(17,484)	99.9%	(13,967,800)	(13,851,925)	(115,875)	99.2%
Expenditures	28,116,600	29,111,872	(995,272)	103.5%	30,117,800	30,298,444	(180,644)	100.6%
	13,633,000	14,645,756	(1,012,756)	107.4%	16,150,000	16,446,519	(296,519)	101.8%
Planning & Operations								
Revenues	(124,600)	(277,415)	152,815	222.6%	(119,800)	(169,767)	49,967	141.7%
Expenditures	14,501,230	14,372,221	129,009	99.1%	14,788,764	15,823,952	(1,035,188)	107.0%
	14,376,630	14,094,806	281,823	98.0%	14,668,964	15,654,185	(985,221)	106.7%
Corporate Services & Special Projects								
Revenues	(737,200)	(1,209,616)	472,416	164.1%	(7,800)	(821,589)	813,789	10533.2%
Expenditures	7,394,700	7,943,684	(548,984)	107.4%	5,160,650	5,194,757	(34,107)	100.7%
	6,657,500	6,734,068	(76,568)	101.2%	5,152,850	4,373,168	779,682	84.9%
Park Board Totals								
Revenues	(42,150,700)	(45,753,937)	3,603,237	108.5%	(39,132,500)	(42,269,382)	3,136,882	108.0%
Expenditures	102,153,930	104,833,380	(2,679,450)	102.6%	100,326,114	102,530,031	(2,203,917)	102.2%
Net	60,003,230	59,079,443	923,787	98.5%	61,193,614	60,260,649	932,965	98.5%

Vancouver Board of Parks and Recreation
Operating Statement for the period ending December 31, 2010 (unaudited)
Expense Breakdown by Type

As at February 11, 2011 (City Accounting entries not finalized)

	Budget	Actual	Surplus / (Deficit)	% spent
Revenue	(42,150,700)	(45,753,937)	3,603,237	108.5%
Expenses:				
Payroll	68,730,300	70,419,132	(1,688,832)	102.5%
Supplies, Services, Transfers & Other Expenses	21,443,330	23,708,838	(2,265,509)	110.6%
Utilities	5,881,800	4,844,965	1,036,835	82.4%
City Equipment	6,098,500	5,860,445	238,055	96.1%
Total Expenses	102,153,930	104,833,380	(2,679,450)	102.6%
Net Park Board Budget before adjustments	60,003,230	59,079,443	923,787	98.5%
Less adjustments per Global Budget arrangement:				
Utilities	5,881,800	4,844,965	1,036,835	
Loan Payments	1,492,400	1,739,295	(246,895)	
City Equipment	6,098,500	5,860,445	238,055	
Insurance	445,300	379,109	66,192	
Fringe Benefit Clearing	(33,000)	(200,811)	167,811	
Net adjustments per Global Budget arrangement	13,885,000	12,623,002	1,261,998	2.1%
Net Park Board Surplus / (Deficit) after adjustments	46,118,230	46,456,441	(338,212)	-0.6%

Vancouver Board of Parks and Recreation

Operating Statement for the period ending December 31, 2010 (unaudited)

Revenues and Expenses by Program (Not including utilities, city equipment, loans, insurance or FB clearing accounts)

As at February 11, 2011 (City accounting entries not finalized)

Program	2010 Revenue				2010 Gross Expenses less Utilities, City Equip, Insurance, FB				2010 Net Expenses / (Net Revenues) under PB control			
	Budget	Actual	Surplus / (Deficit)	% spent	Annual Budget	Actual	Surplus / (Deficit)	% spent	Annual Budget	Actual	Surplus / (Deficit)	% spent
Reserve Funds: Donations, Sponsorship & SPRF	(965,800)	(1,380,764)	414,964	143.0%	965,800	1,374,089	(408,289)	142.3%	0	(6,674)	6,674	
Parking	(4,437,200)	(4,575,656)	138,456	103.1%	468,100	652,250	(184,150)	139.3%	(3,969,100)	(3,923,406)	(45,694)	98.8%
Marinas	(2,434,800)	(2,800,306)	365,506	115.0%	1,271,600	1,575,509	(303,908)	123.9%	(1,163,200)	(1,224,798)	61,598	105.3%
Golf	(9,802,300)	(9,070,212)	(732,088)	92.5%	5,428,900	6,210,820	(781,920)	114.4%	(4,373,400)	(2,859,392)	(1,514,008)	65.4%
Pitch & Putts	(1,430,900)	(1,139,149)	(291,751)	79.6%	788,200	867,267	(79,067)	110.0%	(642,700)	(271,881)	(370,819)	42.3%
Concessions	(3,351,300)	(3,098,913)	(252,387)	92.5%	2,361,600	2,377,884	(16,284)	100.7%	(989,700)	(721,029)	(268,671)	72.9%
Restaurants & Leases	(2,080,700)	(2,156,396)	75,696	103.6%	99,100	97,457	1,643	98.3%	(1,981,600)	(2,058,939)	77,339	103.9%
Board, Support Services & Admin	(8,100)	(278,614)	270,514	3439.7%	10,779,400	10,788,549	(9,149)	100.1%	10,771,300	10,509,935	261,365	97.6%
Total Income Operations & Admin	(24,511,100)	(24,500,010)	(11,090)	100.0%	22,162,700	23,943,825	(1,781,125)	108.0%	(2,348,400)	(556,186)	(1,792,214)	23.7%
Destination Parks: Stanley Park, QE Park, VanDusen Gardens	(3,907,600)	(3,833,415)	(74,185)	98.1%	8,862,700	8,836,632	26,068	99.7%	4,955,100	5,003,218	(48,118)	101.0%
Neighbourhood Park and Beach Maintenance	(123,900)	(24,837)	(99,063)	20.0%	7,847,600	8,152,281	(304,681)	103.9%	7,723,700	8,127,444	(403,744)	105.2%
Street Trees, Nursery & Wildlife Services	(132,600)	(113,072)	(19,528)	85.3%	4,831,300	4,996,644	(165,344)	103.4%	4,698,700	4,883,572	(184,872)	103.9%
Sanitation & Janitorial	(56,200)	(30,473)	(25,727)	54.2%	2,097,300	2,028,085	69,215	96.7%	2,041,100	1,997,613	43,487	97.9%
Building & Facility Maintenance	(124,600)	(277,415)	152,815	222.6%	9,427,930	9,475,180	(47,251)	100.5%	9,303,330	9,197,766	105,564	98.9%
Total Parks & Operations	(4,344,900)	(4,279,211)	(65,689)	98.5%	33,066,830	33,488,823	(421,994)	101.3%	28,721,930	29,209,612	(487,683)	101.7%
Community Centres	(2,705,900)	(3,196,324)	490,424	118.1%	16,624,100	16,358,078	266,022	98.4%	13,918,200	13,161,754	756,446	94.6%
Fitness Centres	(2,041,500)	(2,700,682)	659,182	132.3%	1,691,100	2,042,408	(351,308)	120.8%	(350,400)	(658,275)	307,875	187.9%
Rinks & Central Ice Services	(2,054,200)	(2,559,268)	505,068	124.6%	3,207,300	3,604,874	(397,574)	112.4%	1,153,100	1,045,606	107,494	90.7%
Indoor Pools	(4,896,400)	(6,441,497)	1,545,097	131.6%	8,137,700	8,827,443	(689,743)	108.5%	3,241,300	2,385,946	855,354	73.6%
Outdoor Pools	(915,300)	(859,789)	(55,511)	93.9%	1,553,600	1,636,265	(82,665)	105.3%	638,300	776,476	(138,176)	121.6%
Centralized Recreation Services: Arts & Multicultural, Access Services, Special Events & Film, Rangers, Playgrounds, Fields, Sports	(681,400)	(1,217,155)	535,755	178.6%	1,825,600	2,308,663	(483,063)	126.5%	1,144,200	1,091,508	52,692	95.4%
Total Recreation	(13,294,700)	(16,974,715)	3,680,015	127.7%	33,039,400	34,777,730	(1,738,330)	105.3%	19,744,700	17,803,014	1,941,686	90.2%
Park Board Total	(42,150,700)	(45,753,937)	3,603,237	108.5%	88,268,930	92,210,378	(3,941,448)	104.5%	46,118,230	46,456,441	(338,212)	100.7%

Vancouver Board of Parks and Recreation

Operating Statement for the Donation Program

Statement as at Dec 31, 2010 (unaudited)

	Jan 1, 2010 Opening Balance	Revenue 2010	Expenses 2010	Net 2010	Dec 31, 2010 Closing Balance
Park Amenities					
Amenities In Perpetuity	(778,325)	(166,922)	62,041	(104,882)	(883,206)
Bench & Table Donations	(865,952)	(327,158)	221,704	(105,454)	(971,407)
Fountain Donations	(19,518)	(4,557)	1,548	(3,009)	(22,527)
VanDusen Bench Donations	(9,200)	(22,312)	4,093	(18,219)	(27,419)
Total Park Amenities	(1,672,995)	(520,950)	289,386	(231,564)	(1,904,558)
Park Monuments					
David Oppenheimer Statue Maintenance	(4,788)	0	0	0	(4,788)
Inukshuk Lighting Upgrade	(24,485)	(698)	1,942	1,243	(23,242)
Khenko Public Art Work - Maintenance	(9,576)	0	7,335	7,335	(2,241)
Komagata Maru Incident Monument	0	(25,000)	22,630	(2,370)	(2,370)
Vancouver Foundation - Park Fdn / Harry W Jerome Fund	(19,575)	(1,824)	1,552	(272)	(19,846)
Total Park Monuments	(58,424)	(27,522)	33,459	5,937	(52,487)
Park Conservation					
David Lam Park Cherry Tree Project	0	(200,000)	35,495	(164,505)	(164,505)
In Memory Funds	(22,955)	(15,327)	1,820	(13,506)	(36,461)
Oppenheimer Park Fund	(1,594)	0	0	0	(1,594)
Stanley Park Conservation Fund	(16,849)	(31,431)	1,336	(30,094)	(46,943)
Stanley Park Environmental Art Project	(1,000)	(3,000)	1,738	(1,262)	(2,262)
Stanley Park Hollow Tree Fund	(100)	0	0	0	(100)
Tree Donations	(67,937)	(2,938)	5,613	2,675	(65,262)
VanDusen Donations	(51,264)	(1,462)	28,810	27,348	(23,916)
Total Park Conservation	(161,700)	(254,157)	74,814	(179,343)	(341,043)
Recreation Programming					
Active Communities Project	(16,896)	(6,125)	10,801	4,676	(12,220)
Fraserview Junior Golf Program	(2,420)	(920)	2,890	1,970	(450)
Granville Lawn Bowling	0	(4,225)	1,975	(2,250)	(2,250)
Total Recreation Programming	(19,316)	(11,270)	15,666	4,396	(14,920)
Special Projects					
Accessible Playground Project Kitsilano Beach	(85,000)	(285,000)	125,095	(159,905)	(244,905)
Miscellaneous Fundraising	(27,128)	(200)	2,500	2,300	(24,828)
Park Board Skate Plaza	(9,636)	0	0	0	(9,636)
Sport Court Project	0	(20,000)	0	(20,000)	(20,000)
Windswimmer Project At Kitsilano Pool	(4,095)	0	0	0	(4,095)
Total Special Projects	(125,860)	(305,200)	127,595	(177,605)	(303,465)
Total Endowments	(659,492)	(58,690)	52,062	(6,628)	(666,121)
Total Donation Program	(2,697,786)	(1,177,789)	592,982	(584,808)	(3,282,594)

Vancouver Board of Parks and Recreation
Operating Statement for the Stanley Park Restoration Program
Statement as at Dec 31, 2010 (unaudited)

	December 31, 2010		
<u>Revenues</u>	January 1, 2010 Opening Balance	Revenue and Expenditures	December 31, 2010 Closing Balance
Donations: Private and Corporate	\$ (3,449,987)	\$ -	\$ (3,449,987)
City of Vancouver	(2,000,000)	0	(2,000,000)
BC Government	(2,000,000)	0	(2,000,000)
Government of Canada	(2,000,000)	0	(2,000,000)
Log Sales	(652,710)	0	(652,710)
Interest Income	(512,013)	(18,651)	(530,664)
Revenues Total	(10,614,710)	(18,651)	(10,633,361)
 <u>Expenditures</u>			
Forestry - Site Clearing/Preparation Contractors	2,179,770	0	2,179,770
Forestry - Site Clearing/Preparation Consultants	461,550	0	461,550
Forestry - Emergency Response	746,512	0	746,512
Legacy	226,952	32,764	259,716
Public Consultation/Plan Development/Administration	1,383,290	144,823	1,486,913
Prospect Point Road Realignment	2,623,816	17,415	2,641,231
Seawall/Escarpment/Circulation	2,120,790	2,843	2,123,633
Expenditures Total	9,742,680	197,845	9,899,325
Net Project Total	\$ (872,030)	\$ 179,194	\$ (734,036)