



September 22, 2004

**TO: Board Members - Parks and Recreation**

**FROM: General Manager - Parks and Recreation**

**SUBJECT: Operating Statements as at August 31, 2004**

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## **RECOMMENDATION**

THAT the Board receive this report for information.

## **BACKGROUND**

Periodical financial statements are submitted to ensure the Board is kept fully informed of the current expenditures and revenues in relation to the approved budget appropriation.

## **DISCUSSION**

As of August 31, 2004, the Park Board has spent \$33,542,791 of a total budget of \$52,062,925. To date, 66.7% of the year has expired and 64.4% of the net budget has been spent. At the end of August 2003, net expenditures were 66.7% of budget. Staff have reviewed the budget and the result of the review are summarized as follows:

Gross revenues are currently \$23,017,749 or 70.4% of budget. Given that the majority of revenues are collected in the summer period, it is expected that revenues will be above budgeted levels for this time of year. However, this is below the 2003 level of 72.3% for the same period. The relatively good summer weather has led to higher than anticipated revenues at concessions and our outdoor pools. Revenues from recreation are at 70.5%, down from 71.7% in 2003, with the drop attributed to decreases in indoor pool and fitness centre revenues. Golf revenues are at exactly the same level as this time last year (69.8%).

Gross expenditures are currently \$56,560,539, which is exactly on budget at 66.7%. This is 2.2% lower than the 2003 level of 68.9%. Currently, all programs are below last year's expenditure levels. The largest variances have been in the recreation areas of rinks and pools (some of this is attributable to the closure of Renfrew Pool). Operations specialty areas, such as Arboriculture and Asphalt &

Drainage, account for the majority of the remaining variances. Golf expenses are at 70.7%, which is 1.7% below last years level for the same time period. Overall, spending reductions have been mostly in utilities, supplies and wage costs, with the wage savings coming from Income Operations areas (concession, marinas and pitch& putts) and pools (again, the Renfrew pool closure accounts for some of this effect).

Overall, net expenditures currently appear to be on track, as they are at 64.4% of budget. Currently Planning and Operations and the Queen Elizabeth District expect to be on budget at year end, while the Stanley District is forecasting a surplus from concessions and lease income as well as Corporate Services is projecting a small surplus. However, given the issues with Golf revenue, and the generally rainy weather since the middle of August, the Vancouver East District is currently projecting to be over budget by approximately \$350,000 at year end. This projection is based on our experience of the average number of rounds that can be expected during the last four months of the year. Unpredictable weather over the fall season can cause fluctuation in the number of rounds played which has the potential to either increase or decrease the number of rounds and associated revenue. Green fees are adjusted and specials are offered during low demand times, in response to market conditions. All staff are closely monitoring both revenues and expenditures and concerted efforts are being made on an organization wide basis to alleviate the projected shortfall.

The Finance Committee has reviewed August financial statements and supports the staff action plan in monitoring the revenues and expenditures in order to balance the budget at the end of the year.

## **SUMMARY**

Overall, net expenditures are 2.3% below budget and are projected to breakeven by year end, unless the fall and winter weather continues to be very wet. Staff are committed to balancing the budget by the end of the fiscal year. Extensive reviews have taken place and close monitoring is ongoing. Cost containment initiatives will be implemented to deal with the projected shortfall and staff will report back to the Board with the results of the September operating statement, including recommendations on further measures if necessary.

This projection is based on the most current information available and represents a best estimate of the Park Board's financial position to December 31, 2004.

Prepared by:

Corporate Services

Board of Parks & Recreation

Vancouver, BC

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