



Date: November 9, 2004

TO: Board Members – Parks and Recreation

FROM: General Manager – Parks and Recreation

SUBJECT: Operating Statements as at October 31, 2004

RECOMMENDATION:

THAT the Board receive this report for information.

BACKGROUND

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

DISCUSSION

As of October 31, 2004, the Park Board has spent \$41,757,960 of a total budget of \$52,062,925. To date, 83.3% of the year has expired and 80.2% of the net budget has been spent. At the end of October 2003, net expenditures were 83.0% of budget. Staff have reviewed the budget and the result of the review is summarized as follows:

Gross revenues are currently \$27,989,069 or 86.8% 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 89.7% for the same period. The relatively good summer weather has led to higher than anticipated revenues at concessions and outdoor pools. Revenues from recreation are at 90.3%, which is up slightly from 89.9% in 2003. The overall increase is attributed to gains in pool and rink revenues, and partially offset by slight decreases in revenues from fitness and specialty programs. Golf revenues are 87.0%, down 1% from the 2003 at this time, reflecting the poor weather in late August and early September. Given the issues with golf revenues, the Vancouver East District is currently projecting a shortfall in golf revenue of approximately \$350,000 at year end. This projection is based on past experience on the average number of rounds that can be expected during the remaining months of the year. Unpredictable weather over the next two months can cause fluctuation in the number of rounds played which has the potential to either increase or decrease the projected shortfall. Green fees are adjusted and specials are offered during low demand times, in response to market conditions. Overall, it is anticipated that the Board will experience a shortfall in revenue as there are only two months remaining in the year.

Gross expenditures are currently \$69,747,029, which is under budget at 82.7%. This is 2.9% lower than the 2003 level of 85.6% for the same time period. Most programs are below last year's expenditure levels, with the exceptions being concessions and parking (whose increases are tied to increased revenues). The greatest savings have been in the recreation areas of rinks and pools (some of this is attributable to the closure of Renfrew Pool), and revenue generating operations, specifically in golf, pitch & putts and marinas. Golf expenses are at 88.5%, which is almost 5% below last year's level of 93.3% for the same time period. Spending reductions have been mostly in utilities, supplies, and wage costs. Wage savings have come from income generating areas (concessions, marinas and pitch & putts) and pools (again, the Renfrew pool closure accounts for some of this effect). Overall, expenses are expected to come in slightly below budget.

The Board is anticipating a shortfall in revenues and an offsetting savings in gross expenditures, which accounts for net expenditures appearing to be on track at 80.2% of budget. All staff are closely monitoring both revenues and expenditures and concerted efforts are being made on an organization wide basis to alleviate the projected revenue shortfall. The current expectation, barring unforeseen events, is to balance the budget by year end.

SUMMARY

Overall, net expenditures are 3.1% below budget and 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 not affecting service levels have been and will continue to be implemented to deal with the projected shortfall. Staff will report back to the Board with the result of the November operating statement, including recommendations on further measures if necessary. Currently, the Board is projecting to meet its budget at year end.

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:

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Board of Parks & Recreation
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AH