

Date: March 19, 1996

SUBJECT: FINANCIAL STATEMENT

Attached are the financial statements for both operating and capital accounts. These reflect the financial position of the Park Board as at the end of the 1995 fiscal year, December 31, 1995.

I. Operating

In regard to the 1995 final operating statement, on a net basic budget (excluding N.N.R.'s) of \$34,761,000 the actual net expenditures amounted to \$35,702,538. This amounts to an overexpenditure of \$941,538 which is 2.7% of the net budget. This is comparable to the year end deficit projection of \$934,600 that was reported to the Board on October 23, 1995. A summary of the final year end actual expenditures, by division, is as follows:

Division	1995 Final Budget \$	1995 Final Actual \$	Actual Under \$
Administration	2,529,800	2,384,355	144,445
Environment & Operations	20,504,000	20,736,566	<232,566>
Income Operations	<4,726,800>	<4,070,568>	<656,232>
Recreation	16,454,000	16,652,185	<198,185>
Total	34,761,000	35,702,538	<941,538>

An analysis of the deficit is outlined in the following divisional summary:

- A. Administration - is underexpended by \$144,445 due to:
- underexpenditure by the Board on conferences (\$15,100) and meeting and special occasion budget (\$6,900) \$22,000
 - adjustments from prior years - this represents unbudgeted expenditure recoveries and revenues from prior years \$28,750
 - recoveries of staff time and other costs from Capital Projects were higher than budgeted \$48,800
 - Financial Services expended \$13,000 less than budget on temporary staff as fewer vacation and sick replacements were required. In addition fringe

benefit charges from the City were \$19,600 under budget. \$22,600

B. Environment and Operations - This division had a net over-expenditure of \$232,566 as detailed below:

- Miniature Train/Farmyard - Net Deficit \$85,400
The removal of the animal displays from the railway compound has caused a significant drop in demand for the railway ride. Also there has been a significant decline in the volume of pedestrian traffic in the area. This is partially attributable to the phasing out of displays in the lower zoo area.

- Horticulture - Net Over-Expenditure \$173,500
Several program areas contributed to this over expenditure as follows:

General Parks was over-spent due to additional playfield maintenance in response to field users need. Grass growing late in October required additional maintenance.

Downtown Parks was over-spent because overnight and weekend contract security guards were hired in order to protect Andy Livingstone Park from vandalism and drug users. This Expenditure was not budgeted. Major Parks was overspent due to unexpected clean up and repair costs from storm damage. In addition, the longer grass growing season into late October required additional labour and equipment costs for maintenance for Stanley Park and Queen Elizabeth Park.

Bloedel Conservatory had a good year with a net surplus of \$88,200 resulting from the improvement in the gift shop sales.

D. Income Operations - This division incurred a net deficit of \$656,232 for the year made up of the following:

(a) Golf Courses - Net deficit \$433,200
A significant reduction in the expected number of rounds played occurred due to the following factors:

i) Increased competition from new courses continued to impact golf revenues. From 1992 to 1995, fourteen new courses have opened within one hour drive of the Vancouver courses.

ii) There was a very wet spring which resulted in a prolonged switch over to temporary greens at

Fraserview golf Course. This reduced revenue as a reduced rate is charge for play on temporary greens.

iii) In the case of Langara, the use of hand carts was not allowed during the wet spring as the new grass was still at risk to serious damage. This resulted in a significant loss of revenue from persons who were unable to carry their clubs.

iv) The budget included a significant increase in senior's green fees as annual passes were discontinued in 1994. However, this did not occur as there was still a large number of rounds played on seniors passes sold in previous years. The Pre 1994 passes did not have an expiry date.

Concessions - Net Deficit 184,100

As previously reported, the concessions with significant shortfalls are all within a radius of 500 metres from the Zoo/Miniature railway area. The removal of the animal displays in this area has severely reduced the overall pedestrian traffic resulting in reduced concession revenues.

One other concession with a large reduction in income is Lost Lagoon. This is entirely due to the new bus stop inside the park that has resulted in a large decrease in customers at the Lost Lagoon bus terminus.

Details of those concessions with significant net revenue shortfalls are as follows:

Duck Pond	\$70,850	Lumberman's Arch	42,340
Children's Zoo	24,400		
Lost Lagoon	23,190		
Sub Total	160,780		
All Other Concessions	23,320		
Net Deficit - All Concessions	184,100		

Pay Parking - Revenue Shortfall \$81,000

The Hastings Park parking lot has experienced a major reduction in revenue due to the opening of G.M. Place and the relocation of the Canucks and other special events. As a result, the revenue shortfall for 1995 amounted to \$26,100. In addition, the Stanley Park Pay parking revenue was reduced by \$55,000 mainly due to vandalism.

E. Recreation - the Recreation Division ended the fiscal year with a net deficit of \$198,185, attributable to the following:

Indoor Pools - Net Deficit \$165,100

Vancouver Aquatic Centre - net deficit \$ 53,600

Most of the deficit is the result of a revenue shortfall of \$51,164. The largest contributors to this deficit were declines in facility rentals and general admissions. It appears that the Leisure Access Program is having a significant effect on the budget of this facility.

Templeton Pool - net deficit \$ 54,500

The deficit is made up of an over-expenditure of \$26,000 coupled with the shortfall in revenue of \$28,600. The over-expenditure results in part from replacement of a salaried staff while on light duties due to injury and staff secondment to beaches.

Percy Norman Pool - net deficit 40,700

The major part of the deficit is made up of a \$68,400 shortfall in revenue offset somewhat by significant under-expenditures in staffing. There appears to be a general decline in business at the facility as the program areas experience a loss in revenue include admissions, programs and rentals. The Leisure Access Program has also had an impact on this facility.

Outdoor Pool and Beaches - net deficit \$55,400

The deficit is made up of over-expenditures of \$20,300 in staffing a shortfall in admission revenue of \$35,100. The over-expenditure is a small variation in a budget of more than \$1 million. This budget is established on a three year average, so fluctuations are not uncommon. The revenue shortfall appears to be related to lower than anticipated revenues at Kitsilano Pool. It is likely that the new 2nd Beach Pool attracted patrons who previously had used Kitsilano.

II CAPITAL

The Statement of Capital Expenditures reflects the approved appropriations and expenditures for all active capital projects. When projects are completed and their final cost reported, the appropriate accounts are formally closed and they are deleted from this statement. On the other hand, when each year's capital budget is adopted, the approved appropriations are added.

Prepared by:
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WL/lw
Attachments.

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