



March 17, 2003

TO: Board Members - Parks and Recreation
FROM: General Manager - Parks and Recreation
SUBJECT: Operating Statements for the Year Ended December 31, 2002

RECOMMENDATION

THAT the Board receives this report for information.

BACKGROUND

The finances of the Board of Parks and Recreation are approved by City Council on an annual basis. On March 24, 1992, Council adopted for the first time the principles of a 'global' budget for the Park Board. Under the 'global' budget methodology, Council approves the maximum funding level of the operating budget each year and the Board is to allocate to services and programs within the approved budget.

The Board produces a management financial statement on a regular 12 months per year basis. This statement is used by management to monitor operations on a timely basis to ensure the approved budget is not exceeded. A financial summary of the Board's financial position is reported to the Board on a periodic basis during the year. At an end of the year, staffs also prepare a financial summary outlining the year end financial position of the Board. In 2002, the Board received reports on the status of the operating budget on March 28, April 8, May 6, June 10 and October 21, 2002.

DISCUSSION

As a result of the positive steps put in place to manage the budget, the Park Board had a surplus for the year ending December 31, 2002 of \$923K. In July 2002, staff projected a significant deficit due to the icy and wet weather impact on golf revenues in the first part of 2002. The Board was concerned about the year end position and approved budget restraints to balance the budget. The budget restraint initiatives included deferring purchasing New and Non Recurring ("NNR") items, reducing park maintenance and reducing recreation services during low demand periods.

During the 2nd half of 2002 the weather conditions improved resulting in revenues exceeding expectations on some service areas. The extended dry weather in the fall helped the Board make up the revenue lost during the 1st half of the year. The surplus results from the savings of the budget initiatives such as the reduction in NNR expenditures and higher than budgeted revenues from parking and recreation services.

Appendix 1-4 outline the Board's financial position at an end of 2002:

1. Appendix 1 - Operating Statement for the year ended December 31, 2002
2. Appendix 2 – 2002 Actual Gross Expenditures
3. Appendix 3 – 2002 Actual Net Expenditures
4. Appendix 4 – 2002 Actual Gross Revenues

DISCUSSION

Stanley District

The Stanley District had a surplus for the year ending December 31, 2002 of \$606K. During the 2nd half of the year the weather conditions improved and lasted longer than expected. This improved weather increased revenues in recreation services by keeping the outdoor facilities open longer and by having an extended season more visitors to the park paid for parking. The surplus revenues combined with the earlier budget initiatives to reduce expenses resulted in a total surplus of \$606K.

Queen Elizabeth District

The Queen Elizabeth District had a surplus of \$197K for the year ending December 31, 2002. The surplus is mainly due to improved revenue from admissions at VanDusen Gardens, increased restaurant lease income and budget initiatives to curtail NNR spending of \$108K.

Vancouver East District

The Vancouver East District experienced a deficit of \$350K for the year ending December 31, 2002. Golf course revenues at the three main courses were down by \$800,000 at the end of June. This is due to the inclement weather in the winter, spring seasons and is comparable to the experience of other golf courses throughout the Lower Mainland. The extreme winter weather which resulted in a combined total of 58 days of full winter closures was followed by a cold wet spring. The Golf Course revenue shortfall was mitigated by the extended dry fall weather and also by reducing expenses in the NNR budget of \$100K.

Planning & Operations

Planning & Operations had a surplus of \$225K for the year ending December 31, 2002. This surplus is due to the budget initiatives taken during the year of delaying the filling of vacant positions of \$63K, savings in general expenses of \$188K and an equipment rental surplus of \$131K. These surpluses are offset with revenues less than budgeted of \$147K due to planting of fewer trees for capital projects.

Corporate Services

Corporate Services had a surplus of \$246K. This surplus is mainly attributable to the lower than budgeted fringe benefit costs for the last quarter of the year. Standard fringe benefit rates were used to budget fringe benefit costs throughout the year. Actual fringe benefit costs were lower than budgeted due to a higher number of staff reaching the maximum ceiling to Canada Pension Plan and Employment Insurance contribution.

SUMMARY

The surplus of \$923K is made up of \$790K higher than anticipated revenue and \$133K savings in expenditures. The total surplus represents 2% of the net operating expenditures. Considering the overall magnitude and diversity of the Board's programs as well as the impact of poor weather on revenue, the surplus of \$923K is a result of focused staff attention to a balanced year end position by closely monitoring the budget and implementing cost containment initiatives wherever possible. Considering the potential for overspending the 2002 budget based on reduced golf revenue, staff from all areas of the organization worked hard to successfully turned the deficit into a surplus position. The added bonus of a sunny and warm fall, which is difficult to predict, greatly enhanced our revenues, confirming our year end positive fiscal position. The year end Park Board position will be combined with other City departments. For the year of 2002, it will aid the City year end position into a positive manner.

Prepared by:

Corporate Services
Board of Parks & Recreation
Vancouver, BC
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