

Date: September 14, 2006



**TO: Board Members – Vancouver Park Board**  
**FROM: General Manager – Parks and Recreation**  
**SUBJECT: Operating Statement as at August 31, 2006**

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## 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 August 31, 2006, 66.6% of the year has passed and the Park Board has spent \$35,713,391 for a net position of 65.1%. For comparison purposes, for the same period in 2005 net expenses were 66.6% of budget and for 2004 they were 64.4% of budget. Revenues are at \$25,903,250 (or 74.2% of budget), while gross expenses are at \$61,616,641 (or 68.6% of budget). See Appendix 1 for details.

### Revenues

Revenues are expected to be at or above budget for all areas except golf, with the greatest increases over last year in concessions, parking and leases. While 2006 golf revenues have improved over the same period for 2005, they are still anticipated not to achieve budgeted levels. Unpredictable weather over the next four months has the potential to either increase or decrease the projected revenues. After eight months of operation, it is estimated that by year end the Board will meet its revenue budget.

### Gross Expenses

As of the end of August, gross expenditures are up in most areas, which is expected given the increase in revenues and the hot summer weather.

In comparing expenses to last year's levels, all types of expenditures are up. Utilities have shown the greatest increase and are up \$420,000; however, budgets were increased and total utility expenditures are expected to meet budget at year end. Other increases are relatively small: payroll is up by 0.1% or \$62,000 (reflecting the increased work load

associated with better weather), equipment is up \$43,000, and loan payments and supplies are up \$520,000 and \$153,000 respectively.

In looking at Board operations, park operations' expenses remain at the same level as last year, while expenses are up for income oriented operations and recreation (partly due to associated increased revenues). However, a number of areas have lowered costs compared to last year including golf, parking, leases, and fitness centres.

As noted above, weather could impact anticipated revenues, but could also increase expenses, especially utilities, which are already up significantly. Continued close monitoring of the Board's financial position will ensure that action is taken to mitigate any emerging issues that may adversely impact the Board's budget.

Below are details, by district, of the current financial position and expected expenditures at year-end.

The Stanley District is currently below budget. This is due to increased revenues for leases, parking and concessions. The Stanley District holds special events in the latter part of the year (Ghost Train, Christmas Train) which are dependant on the weather and public participation and which may impact its final financial position.

<b>Stanley District</b>	Position at August 31, 2006	Annual Budget	Projected Position at Year End	Savings / (Shortfall)
Issues:				
Parking, concession and lease net revenue increases				\$300,000
	\$5,423,792	\$9,294,700	\$8,994,700	\$300,000

The Queen Elizabeth District is currently above budget and above last years spending level by 1%. Spending is up slightly in all areas except wildlife services, Sunset Greenhouse, and fitness centres. However, revenues in all areas are also up over last year, with the exception of QE pitch & putt and the rinks. Overall, operations look to be on track and the district is expected to break even by year end.

<b>Queen Elizabeth District</b>	Position at August 31, 2006	Annual Budget	Projected Position at Year End	Savings / (Shortfall)
	\$8,150,390	\$12,011,600	\$12,011,600	\$0

The Vancouver East District's net position is at the same level as last year. All areas have shown small increases in expenses except golf and fitness centres. The revenue side has also experienced increases over last year's levels in all areas except community centres, fitness centres and indoor pools. If the remainder of the year follows a similar pattern to the final 4 months of 2005, the district can expect to experience a shortfall of up to \$350,000 in golf revenues, but this will depend on the fall weather.

<b>Vancouver East District</b>	Position at August 31, 2006	Annual Budget	Projected Position at Year End	Savings / (Shortfall)
Issues:				
Net Golf shortfall, including golf expense savings				(\$350,000)
	\$7,847,650	\$11,875,200	\$11,525,200	(\$350,000)

Planning and Operations is currently below budget. To the end of August, costs for arboriculture, equipment, site lighting, the seawall, mechanical maintenance and irrigation are up. However, these have been more than offset by lower spending on small equipment, irrigation, asphalt and drainage, structures and building maintenance. While efforts are made to plan maintenance activities, emerging situations at facilities dictate what work must be given priority and in any given year the mix of spending will vary. The projection for year end is to have a balanced budget.

<b>Planning &amp; Operations</b>	Position at August 31, 2006	Annual Budget	Projected Position at Year End	Savings / (Shortfall)
	\$11,562,205	\$17,574,855	\$17,574,855	\$0

Corporate Services is currently under budget. Once the year-end administrative costs are accounted for, it is expected to have a small surplus at year end.

<b>Corporate Services</b>	Position at August 31, 2006	Annual Budget	Projected Position at Year End	Savings / (Shortfall)
Issues:				
Savings after year-end Administrative expenses: (Fringe benefits, insurance, inventory write-offs, contingency, etc.)				\$ 50,000
	\$2,729,355	\$4,122,400	\$4,072,400	\$ 50,000

Staff will continue to closely monitor both revenues and expenditures. The current expectation, barring unforeseen events, is to balance the budget by year end.

## **SUMMARY**

Overall, net expenditures are slightly below budget to the end of August. At this point, the Board can expect to realize its budgeted revenues, with the expected shortfall in golf revenues offset by increased revenues for leases, parking and concessions. The Board is also anticipated to meet its expenditure budget, although a continued significant increase in utility costs could impact the budget, especially if poor weather is a factor. Close monitoring will continue and staff will report back to the Board with the result of the September operating statement. If necessary, cost containment initiatives not affecting service levels will be implemented to deal with any projected shortfall. 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, 2006. This information will be forwarded to Council and included as part of their August Operating review.

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ME: