

Report FR-TAPS-02-15

To: Chair Barfoot and Members of the Transportation and Public Safety Committee
From: Doug Johnstone, Financial Analyst
Meeting Date: January 8, 2015
Subject: Transportation Services Year End Financial Projection and Treatment of Year End Budget Surplus/Deficit – 2014
Status: Recommendation adopted by Committee as presented per Resolution TAPS14-15; Endorsed by County Council February 3, 2015 per Resolution CC35-15;

Recommendation(s)

THAT Report FR-TAPS-02-15 regarding the treatment of surplus and/or deficit positions at year end for the Transportation Services Department be received;

AND THAT up to \$733,090 for the following projects included in the 2014 budget, but not scheduled for completion until 2015 be transferred to reserve for use in 2015:

- **Grey Road 15 Reconstruction - \$525,090**
- **Grey Road 119 Reconstruction Design - up to \$50,000**
- **Durham Property Environmental Assessment - up to \$50,000**
- **Chatsworth Salt Shed Replacement - \$30,000**
- **Subsurface Geotechnical Investigation - \$50,000**
- **Toughbook Laptops - \$12,000**
- **Quarry Evaluation and Business Plan - \$16,000**

AND FURTHER THAT the remaining surplus/deficit funds from the Transportation Services Department at year end be transferred to/from the Transportation Services General Reserve.

Background

Report TR-TAPS-79-14 provided a financial update based upon September 30, 2014 financial statements and it was projected that a \$100,000 surplus could result at year

end. This report FR-TAPS-02-15 takes into account updated information, and there are four areas where changes have been made to the projection.

After the September 30, 2014 report, surplus equipment was sold for an amount of approximately \$300,000. The Equipment Operations budget is now projected to have a surplus of \$300,000 for the year.

At September 30, 2014 the Housing and Depots budget was projected to have a surplus of \$110,000. Based on the latest information, it is now anticipated that this surplus will be approximately \$175,000. There was a savings of approximately \$38,000 in capital structural repairs, and there is a surplus of at least \$35,000 in the miscellaneous capital depot repairs budget line. The remainder of the surplus is the result of a reduction in depot operating expenses.

In the September 30, 2014 projection it was anticipated that winter maintenance would have a deficit of \$724,225. However the winter maintenance expenditures for November and December have been less than anticipated and as a result it is now expected the deficit will be no greater than \$500,000.

The Summer Maintenance budget expected surplus has been changed from \$499,225 to \$500,000 for the sake of rounding.

As a result, the end of the year surplus for the Transportation Services Department will be approximately \$690,000 and is summarized as follows:

Departmental Budget	Projected Year-End Surplus/(Deficit)
Summer Maintenance	\$500,000
Winter Maintenance	(\$500,000)
Equipment Operations	\$300,000
Quarry	\$20,000
Construction/Resurfacing/Minor Capital	\$95,000
Asset Management/Studies	\$50,000
Housing and Depots	\$175,000
Supervision and Overhead	\$50,000
TOTAL	\$690,000

Projects to Carry Forward to 2015

The following is a summary of the projects that were budgeted for 2014 that have not been completed and will be presented in the 2015 budget as being carried forward; staff requests that funds for these projects be transferred to reserve for use in 2015:

- Grey Road 15 Road Reconstruction \$525,090. This amount represents the budgeted net cost of this project to Grey County based on information available at the time of preparation of the 2014 budget.

- Grey Road 119 Reconstruction Design, up to \$50,000. This project was budgeted to have a net cost of \$70,000 to the County. The cost to the end of 2014 has not yet been determined, but in early November the net cost was at least \$20,000. The remainder of the \$70,000 will be used to fund the reconstruction project planned for 2015.
- Durham Property Environmental Assessment, up to \$50,000. There was \$50,000 budgeted for this environmental assessment. The County is working with the North Wellington Co-operative Services to complete testing. Several tests were completed in 2014 and more will be undertaken in 2015. These tests will determine how much, if any, cleanup will be required. The cost for 2014 is expected to be less than \$10,000. The remainder of the \$50,000 will be used to fund the continuation of the work in 2015.
- Chatsworth Salt Shed Replacement \$30,000. This work was not undertaken in 2014 because of structural issues, however it is planned to replace the shed in 2015.
- Subsurface Geotechnical Investigations \$50,000. This work will not be completed in 2014, and it is planned that the work will be performed in 2015.
- Toughbook Laptops \$12,000. Due to supply issues, these were not able to be purchased in 2014, and will be purchased in 2015.
- Quarry Evaluation and Business Plan \$16,000. This project was not completed in 2014, and it is planned that it will be completed in 2015.

Financial / Staffing / Legal / Information Technology

Considerations

It is projected that the Transportation Services budget will end the year with an overall surplus of approximately \$690,000. Staff recommends that the surplus be transferred to the Transportation Services General Reserve. If there are unexpected costs that would cause the Department to end the year in a deficit position, staff recommends that funds be transferred from the Transportation Services General Reserve to cover the deficit.

Link to Strategic Goals / Priorities

The analysis of current financial statements compared to the approved budget is a key mechanism to ensure Council's goals of ensuring financial sustainability and ongoing public accountability are maintained.

Respectfully submitted by,

Doug Johnstone
Financial Analyst

Director Sign Off: *M.J. Kelly, Director of Transportation Service*