



## STAFF REPORT ACTION REQUIRED

### 2016 Capital Budget Adjustments for Carry Forward Funding

<b>Date:</b>	March 8, 2016
<b>To:</b>	Budget Committee
<b>From:</b>	Deputy City Manager & Chief Financial Officer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2016\Internal Services\Fp\Bc16005Fp

#### SUMMARY

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The purpose of this report is to seek Council's approval for carry-forward funding adjustments to the 2016 Approved Capital Budget of \$296.838 million. The recommended carry forward funding adjustments are in compliance with the City's Carryforward Policy and have no impact on the City's debt levels.

#### RECOMMENDATIONS

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**The Deputy City Manager and Chief Financial Officer recommends that:**

1. Council approve additional carry forward funding of \$296.838 million from unspent capital projects funding as detailed in Appendix 1, in order to continue work on previously approved capital projects, and that the 2016 Approved Capital Budget for respective City Programs and Agencies be adjusted accordingly with no incremental net impact on debt.

#### Financial Impact

Approval of the additional carry forward funding of \$296.838 million recommended in this report will increase the total 2015 carry forward funding from \$840.815 million to \$1.138 billion with no incremental net impact on approved debt funding requirement. Recommended carry forward funding adjustments total \$271.755 million for 2015 approved capital projects and \$25.083 million for 2014 and prior year capital projects. The total 2015 carry forward funding of \$1.138 billion represents 27% of the 2015 Approved Capital Budget. Recommended incremental carry forward funding will increase the 2016 Approved Capital Budget from \$4.092 billion to \$4.388 billion.

## **ISSUE BACKGROUND**

This report is provided pursuant to good business practices and budgetary control. As part of the City's accountability framework, 2015 carry forward funding requests is submitted to Committee and Council to ensure appropriate cash flow spending authorities are in place, specifically to provide ongoing transparency and accountability on all capital project activities.

## **COMMENTS**

With the approval of the 2016 Capital Budget by Council in February it is critical to ensure appropriate cash flow authorities are in place to enable City Programs and Agencies to continue capital works on previously approved projects. With the 2015 fiscal year near closure, City Programs and Agencies can now finalize carry forward funding to 2016 Approved Capital budget and closure of projects.

### **Additional Carry Forward Capital Funding**

The City's Carry Forward Policy permits City Programs and Agencies to adjust their prior year carry forward requirements based on updated year-end information.

Due to the timing of the budget process, some Programs and Agencies were not able to submit or precisely calculate the carry-forward funding needed for the completion of 2015 and prior years capital projects before approval of the 2016 Capital Budget. With the 2015 year-end closing process almost complete, Programs and Agencies are now able to finalize the carry forward funding required to complete prior year projects. It is necessary that these adjustments now be made to provide necessary cash flow spending authorities to continue capital project delivery in 2016.

In accordance with the City's Carry Forward Policy, approval is being sought to carry forward funding for uncompleted 2015 projects with no incremental impact on debt. However, carry forward funding requests that are funded by debt for cash flow approved in 2014 and prior years must be offset by 2016 approved cash flow deferrals that have an equivalent debt value in order to not impact approved debt funding levels.

Table 3 below shows City Programs and Agencies total requested carry forward funding.

**Table 3  
Total Carry Forward Funding**

	<b>Tax Supported</b>	<b>Rate Supported</b>	<b>Total Recommended Carry Forward Funding</b>
<b>(Millions)</b>			
2016 Council Approved Carry Forward Funding	768	73	<b>841</b>
Adittional Carry Forward Funding	278	19	<b>297</b>
<b>Total Carry Forward Request</b>	<b>1,046</b>	<b>92</b>	<b>1,138</b>

Approval of these incremental carry forward funding adjustments will increase the 2016 Tax and Rate Approved Capital Budget from \$4.092 billion to \$4.388 billion. Total carry forward funding of \$1.138 billion represents 27% in unspent funding of the 2015 Approved Capital Budget.

It is noted that reductions included in Appendix 1 are to adjust for overestimated carry forward funding included in the 2016 Council Approved Capital Budget.

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**SIGNATURE**

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Roberto Rossini  
Deputy City Manager & Chief Financial Officer

**ATTACHMENTS**

Appendix 1 – 2015 Carry Forward Funding