
2005 BUDGET BRIEFING NOTE: Carry-Forward Policy

Issue/Background:

The purpose of this briefing note is to summarize the guiding principles related to the Capital Carry-Forward Policy for previously approved projects for application in the 2005 Capital Budget process.

Key Point(s):

- Definition – A capital carry-forward project is a previously approved project where the planned capital work was not completed and its associated cash flow budget was not fully spent and / or committed in the year of approval. The total unspent amount or a portion thereof, is required in order to complete the project and, therefore, is carried forward into the following fiscal year and budgeted in the capital budget to obtain spending authority.
- Cash flow budget funding approval will continue to exist for one fiscal year in addition to the year in which the project / sub-project cash flow was approved. Only spending authority is required for these projects since they are previously approved.
- Carry-forward funding requests for projects approved in the previous fiscal year will not form part of the current year capital debt affordability targets. However, Council approval to carry-forward (and spend) the unspent amount must be obtained.
- If the project is not completed and approved funds are still not fully spent by the end of the second fiscal year, any subsequent carry-forward funding request will be treated as new funding and any further spending / funding request will form part of that year's debt affordability targets.
- Change in cash flows / project costs related to Change in Scope projects cannot be treated as carry-forward funding requests. Change in Scope projects are to be identified as new capital projects with incremental funding requirements.
- The capital budget review process will include a review and closure of completed capital projects. Upon completion of a project, any unspent funds will be returned to the original financing source (i.e. unspent reserve financing goes back to that reserve, etc).
- During the capital budget process, Programs and ABCs will conduct a complete review of all previously approved projects to determine their completion status. Projects that

will not be completed by the end of the current fiscal year should be identified for carry-forward spending approval in the next fiscal year.

- On a project/sub-project basis, the carry-forward amount will not exceed the difference between the actual expenditures and the approved cash flow.
- Carry-forward funding requests included in the capital budget submissions are normally based on projected actual expenditures.
- A final opportunity to adjust the carry-forward is provided after the year-end closing in February. This adjustment should be made prior to the conclusion of the Council Review of the Capital Budget.

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