

2013 Year-End Capital Budget Adjustments

Date:	March 24, 2014
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to seek Toronto Public Library Board approval for adjustments to the 2013 and 2014 capital cash flow to match the timing of expenditure requirements for each project. Projects that require cash flow advances from 2014 to 2013 are matched with an equivalent cash flow deferral from 2013 to 2014 from projects with unspent cash flow at the end of the year. Approval for a permanent budget transfer from the Mount Dennis renovation project to the Fairview renovation project is also requested. These adjustments do not change the 2013 or 2014 levels of approved funding.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves year-end capital budget adjustments, which have no net impact on gross, debt or development charges funding for the 2013 and 2014 capital budgets, as follows:
 - A. Cash Flow Reallocations:
 - 1.1 advance \$628,180 development charges funded cash flow from 2014 to 2013, consisting of \$621,900 for the Fort York Library project and \$6,280 for the Scarborough Civic Centre Library project;
 - 1.2 defer \$628,180 development charges funded unspent cash flow from 2013 to 2014, consisting of \$136,307 for the Albion Library project, \$182,379 for the Bridlewood Library project, \$210,798 for the Brentwood Library project, and \$98,696 for the Multi-branch renovation project; and
 - 1.3 advance \$764,709 debt funded cash flow from 2014 to 2013 for the Multibranch renovation project, offset by a \$764,709 unspent cash

flow deferral from 2013 to 2014 for the Toronto Reference Library project; and

B. Budget Transfers:

- 2.1 increase the 2013 Fairview Library project gross and debt funding by \$147,261, increasing the total project cost from \$4,641,000 to \$4,788,261, required to complete this project; and
- 2.2 decrease the 2013 Mount Dennis Library project gross and debt funding by \$147,261, decreasing the total project cost from \$4,073,000 to \$3,925,739, reflecting project cost savings; and

- 2. authorizes staff to forward this report to the City's for consideration.

FINANCIAL IMPACT

At the end of 2013 cash flow spending for three projects was ahead of schedule, requiring a total of \$628,180 in development charges funding and \$764,709 in debt funding to be advanced from 2014 to 2013. To offset the advances, unspent cash flow from five projects is available to defer to 2014.

The Fairview Library renovation project was completed in 2013 with a funding shortfall of \$147,261; however, the Mount Dennis renovation project is expected to be completed with a budget surplus, which can be used to fund the Fairview requirements.

Tables provided in the Comments section show the required adjustments that do not impact the total approved funding levels for 2013 and 2014.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

ISSUE BACKGROUND

Financial control policies for the City and the Library allow for cash flows to be advanced and spent on accelerated project cash flows to offset cash flow deferrals resulting from projects that are experiencing delays, as long as the overall approved debt level is not exceeded in any year. Effectively, to overcome timing issues, debt room freed up from delayed projects is replaced by additional debt spending on other approved accelerated project cash flows in a single year, resulting in a better match of funding and expenditures and an efficient capital program delivery.

COMMENTS

A separate report, “*Capital Budget Monitoring Report – December 31, 2013*” provides a brief description of 2013 capital projects, including accomplishments, completion status and significant expenditure variances, including cash flow over or under spending.

As part of the close-out of the year-end capital spending, the City requires that cash flows over-spent be offset by under-spent balances between projects on a gross basis as well as by individual funding sources. To meet this requirement, the adjustments described below are needed.

Cash Flow Reallocations

At the end of 2013, cash flow spending for several projects was ahead of schedule and required acceleration of cash flow from 2014. In order to maintain unchanged the overall approved funding levels, unspent balances from equivalent funding sources in other projects have to be deferred from 2013 to 2014. The two tables below detail the cash flow adjustments required.

1. Development charges (DC) funded cash flow re-allocation

Description	2013		2014	
	Gross	DC	Gross	DC
1.1 Advance cash flow				
Advance Fort York cash flow	621,900	621,900	(621,900)	(621,900)
Advance Scarborough cash flow	6,280	6,280	(6,280)	(6,280)
Subtotal	628,180	628,180	(628,180)	(628,180)
1.2 Defer cash flow				
Defer Albion cash flow	(136,307)	(136,307)	136,307	136,307
Defer Bridlewood cash flow	(182,379)	(182,379)	182,379	182,379
Defer Brentwood cash flow	(210,798)	(210,798)	210,798	210,798
Defer MB cash flow	(98,696)	(98,696)	98,696	98,696
Subtotal	(628,180)	(628,180)	628,180	628,180
Total cash flow adjustment	0	0	0	0

1.3 Debt funded cash flow re-allocation

Description	2013		2014	
	Gross	Debt	Gross	Debt
Advance Multi-branch cash flow	764,709	764,709	(764,709)	(764,709)
Defer TRL cash flow	(764,709)	(764,709)	764,709	764,709
Total cash flow adjustment	0	0	0	0

Budget Transfers

The Fairview Library renovation project was completed in 2013 with a funding shortfall of \$147,261; however, the Mount Dennis renovation project is expected to be completed with a budget surplus, which can be used to fund the Fairview requirements. A budget transfer between these two projects maintains the overall approved funding for the year, as shown below:

2. Debt funded budget transfer

Description	2013		Total Project Cost	
	Gross	Debt	Approved	Adjusted
Fairview	147,261	147,261	4,641,000	4,788,261
Mount Dennis	(147,261)	(147,261)	4,073,000	3,925,739
Total budget	0	0	8,714,000	8,714,000

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SIGNATURE

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