

# Strathcona County 2015 Third Quarter Management Report

Prepared by Financial Services

**Prepared for**  
Council  
November 24, 2015

**Year-to-Date Operating Variance and the Year-End Forecast of the Annual Operating Surplus for Tax Purposes for Municipal, Utility, Library Operations and Pioneer Housing Foundation (PHF)**

**1. Year-to-Date Operating Variance**

The operating variance at September 30, 2015 is **\$22.1 million** (Q3 2014 \$13.9 million). The operating variance is the difference between the year to date actual and budgeted results, and is comprised of timing differences, that are expected to reverse during the remainder of the year, and permanent differences that have occurred and will affect the year-end results.

<i>County Operating Segments</i>	<i>2015 Q3 YTD Timing Differences \$M</i>	<i>2015 Q3 YTD Permanent Differences \$M</i>	<i>2015 Q3 YTD Variance \$M</i>	<i>2014 Q3 YTD Variance \$M</i>
Municipal	8.8	9.5	18.3	11.3
Utility	0.1	3.5	3.6	2.5
Library	0.1	0.1	0.2	0.1
PHF	-	-	-	-
<b>TOTAL</b>	<b>9.0</b>	<b>13.1</b>	<b>22.1</b>	<b>13.9</b>

*The year-to-date operating variance includes reserve transactions and debt repayments that are excluded from Public Sector Accounting Standards (PSAS) financial reporting.*

**2. Year-End Forecast of the Annual Operating Surplus for Tax Purposes (Permanent Differences + Forecasted Items)**

<i>County Operating Segments</i>	<i>2015 Q3 Forecast \$M</i>	<i>2014 Q3 Forecast \$M</i>	<i>2014 Q4 Surplus \$M</i>
Municipal	11.7 (4.3%)	6.3 (2.4%)	9.7 (3.7%)
Utility	2.4 (4.2%)	1.9 (3.4%)	3.7 (6.8%)
Library	-	0.1 (0.7%)	0.1 (1.5%)
PHF	-	-	-
<b>TOTAL</b>	<b>14.1 (4.2%)</b>	<b>8.3 (2.5%)</b>	<b>13.5 (4.2%)</b>

*Please note that the percentages represent the proportion of surplus compared to the respective annual operating budgets. The annual operating surplus for tax purposes includes reserve transactions and debt repayments that are excluded from Public Sector Accounting Standards (PSAS) financial reporting.*

The year-end forecast is based on the information available as of September 30, 2015, and is subject to the uncertainty of unknown events or circumstances which may transpire during the remainder of the year.



### **3. Analysis of the 2015 Year-End Forecast**

#### **a. Municipal Operations – \$11.7 million – Contributing Factors (In Order of Significance)**

Favourable:

- i. Personnel cost savings due to staff turnover, vacancies, and deferred hiring
- ii. Municipal property tax revenues and supplemental taxes exceeding the budget
- iii. Unbudgeted gains realized from the disposal of investments
- iv. Savings from lower road oil and asphalt prices than anticipated
- v. Savings from lower fuel prices and volumes than anticipated
- vi. Unbudgeted emergency services 911 grant revenues
- vii. Savings from deferred borrowing
- viii. Savings on utility costs due to lower electricity prices and volumes

Unfavourable:

- i. Lower user fee revenues from Millennium pass and admissions
- ii. Higher than anticipated P1-P3 winter maintenance contract costs

#### **b. Utility Operations – \$2.4 million – Contributing Factors (In Order of Significance)**

Favourable:

- i. Higher water consumption than anticipated
- ii. Unbudgeted external contract revenues

Unfavourable:

- i. Forecast Q4 water line repairs

#### **c. Library Operations – No significant impacts to report.**

#### **d. Pioneer Housing Foundation Operations – No significant impacts to report.**

### **2015-2018 Corporate Business Plan Reporting**

An integral component of the Business Plan and Budget Implementation (BPBI) Project includes performance measurement and progress reporting. As such, going forward, Q2 and annual (Q4) quarterly management reports will include progress reporting on the goals within the 2015 – 2018 Corporate Business Plan, which demonstrate linkages to the Strategic Plan. Performance measures will also be reported on as part of the corporate business plan progress report, including ongoing refinement to the measures themselves as part of an evolving process.

Council was previously provided with corporate business plan reporting as part of the Q2 Management Report (September 29, 2015).



**Capital Activity (Excluding PHF)**

**1. 2015 Capital Budget and Spending**

The 2015 Annual Capital Budget (cash flowed), as amended, totals \$221.6 million. The capital spending, as of September 30, 2015, totals \$60.7 million (2014 \$56.1 million), which represents 27% of the planned expenditures for the year.

**2. 2015 Capital Budget Amendments**

Fifteen project amendments have been approved as of Q3 2015 for a \$25.8 million total net increase of the capital budget as follows:

- i. 6 - 2015 projects were added in the amount of \$20.5 million
- ii. 4 - 2015 projects were amended to increase the budget by \$0.2 million
- iii. 5 - 2014 and prior projects were amended, 2 projects increasing the budget \$9.5 million and 3 projects decreasing the budget by (\$4.4) million, resulting in a net increase of \$5.1 million

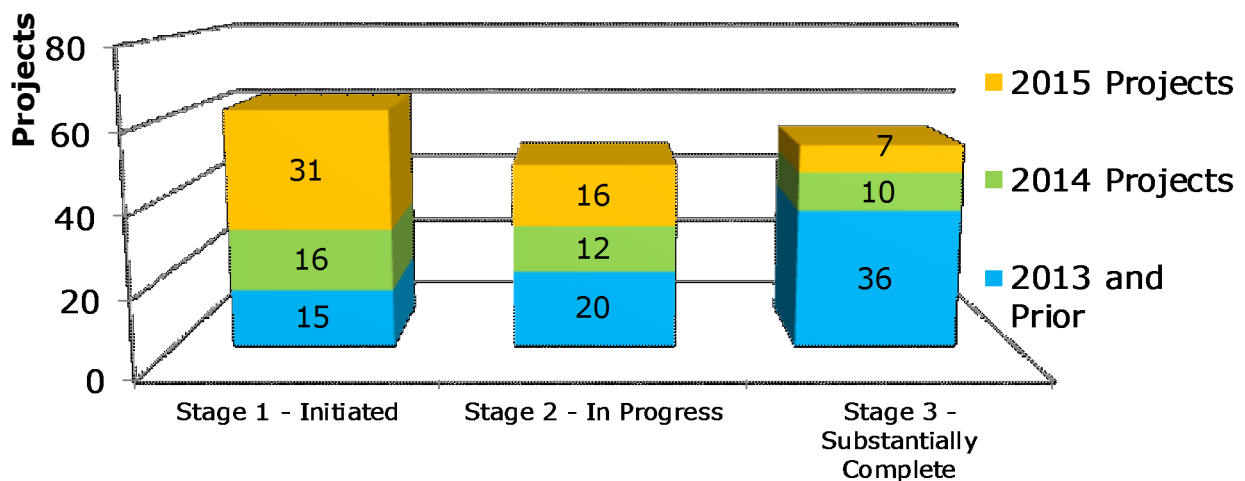
**3. Update on Completed Projects**

During the first three quarters of 2015, thirty nine projects were completed \$3.3 million under a total combined budget of \$35.8 million. Of the unused funding, \$1.4 million was budgeted to be funded from external grants, debentures and other sources, and \$1.9 million was budgeted from internal sources (reserves). All funds released are allocated back to their original funding sources, and are available for other emergent or future priorities.

**4. Capital Status**

The 163 active capital projects, as of September 30, 2015, have been grouped based on work completed according to assessments provided by the responsible departments, consisting of the following project stage groupings; Stage 1 (0 - 10%) Initiated, Stage 2 (11 - 85%) In Progress, and Stage 3 (86 - 99%) Substantially Complete, as illustrated below:

**Active Capital Projects at September 30, 2015**



STAGE TOTALS = Stage 1 - 62 (38%), Stage 2 - 48 (29%), Stage 3 - 53 (33%)

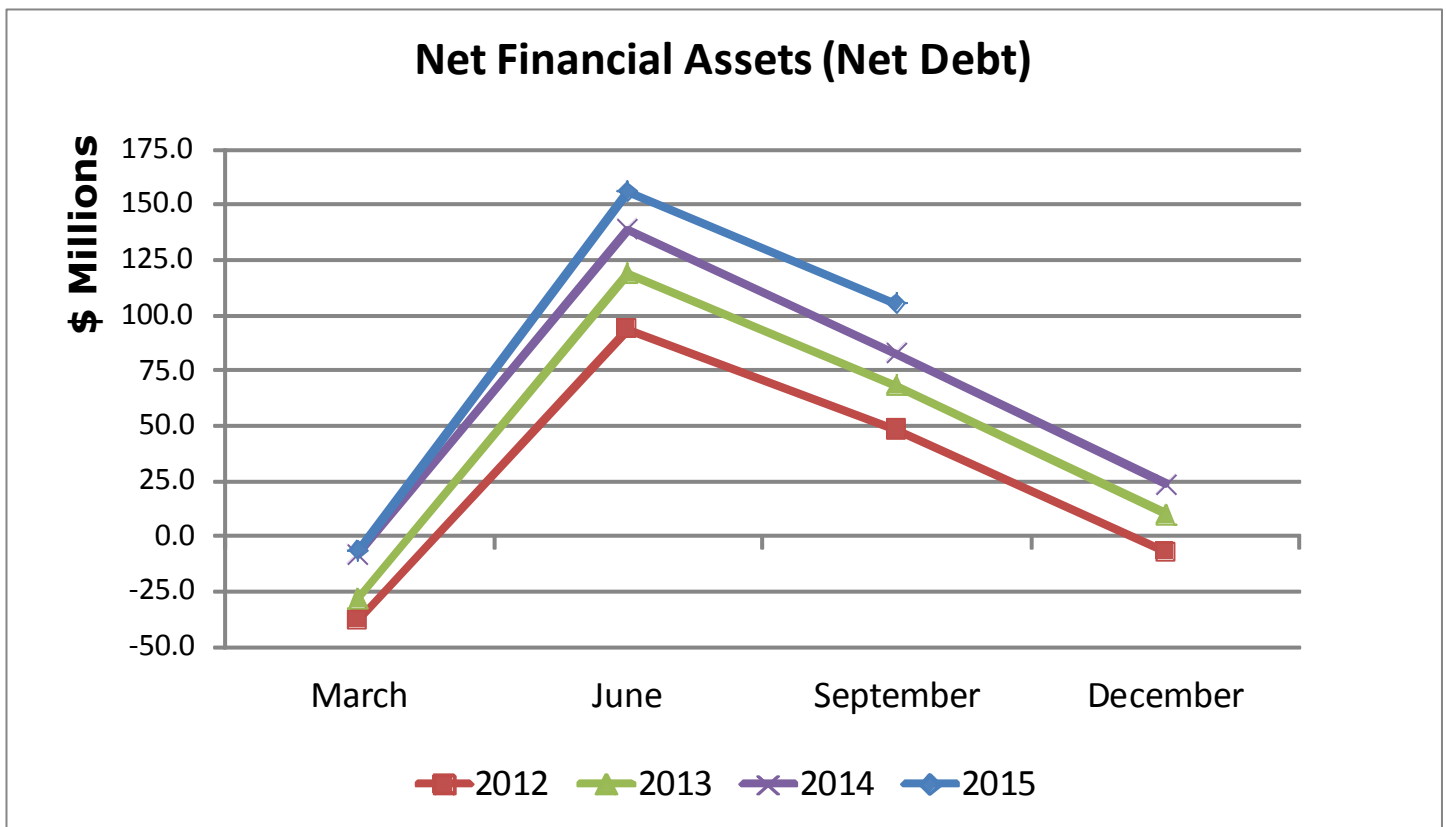
### **Assessment of the County's Financial Condition — Key Financial Indicators**

The following section is prepared based on the Q3 2015 Strathcona County Consolidated Financial Statements (unaudited) provided in Appendix 1. The Consolidated Financial Statements are prepared in accordance with Public Sector Accounting Standards (PSAS).

#### **Statement of Financial Position — Highlights**

##### **a. Net Financial Assets (Net Debt) Position**

As of September 30, 2015, the County's net financial asset (net debt), position totaled \$105.4 million compared to a \$23.6 million net financial asset position at December 31, 2014, which is an increase of \$81.8 million.



Net financial assets (net debt) is trending normally. The net financial assets will be drawn down to finance operations during the final quarter of 2015.

##### **b. Investments**

The County held \$346.5 million in investments at September 30, 2015 (Q3 2014 \$330.6 million). The 2.38% year-to-date weighted average return on investments was slightly lower than the 2.40% budgeted return. Additionally, the gains realized from the disposal of investments total \$1.8 million.



**e. Reserve Reporting**

The following table provides a summary of the County's reserve balances as at September 30, 2015:

<b>Reserves</b>	<b>Committed \$M</b>	<b>Designated \$M</b>	<b>Total \$M</b>
<b>Municipal</b>			
Stabilization and Contingency	0.3	9.2	9.5
Projects	32.3	24.3	56.6
Infrastructure, Lifecycle, Maintenance and Replacement	37.3	22.2	59.5
Special Purpose	15.5	10.1	25.6
<b>Total Municipal</b>	<b>85.4</b>	<b>65.8</b>	<b>151.2</b>
<b>Utilities</b>			
Stabilization and Contingency	-	0.9	0.9
Projects	-	-	-
Infrastructure, Lifecycle, Maintenance and Replacement	4.2	35.8	40.0
Special Purpose	5.5	-	5.5
<b>Total Utilities</b>	<b>9.7</b>	<b>36.7</b>	<b>46.4</b>
<b>Total Library</b>	<b>-</b>	<b>4.0</b>	<b>4.0</b>
<b>Total Reserves</b>	<b>95.1</b>	<b>106.5</b>	<b>201.6</b>
<b>Percentage</b>	<b>47.2%</b>	<b>52.8%</b>	<b>100%</b>

The presentation of reserve groupings is in accordance with the Policy: FIN-001-024 Municipal Reserves.

Definitions:

**Committed** – Funding approved as per FIN-001-024: Municipal Reserves policy to be applied towards specific expenditures.

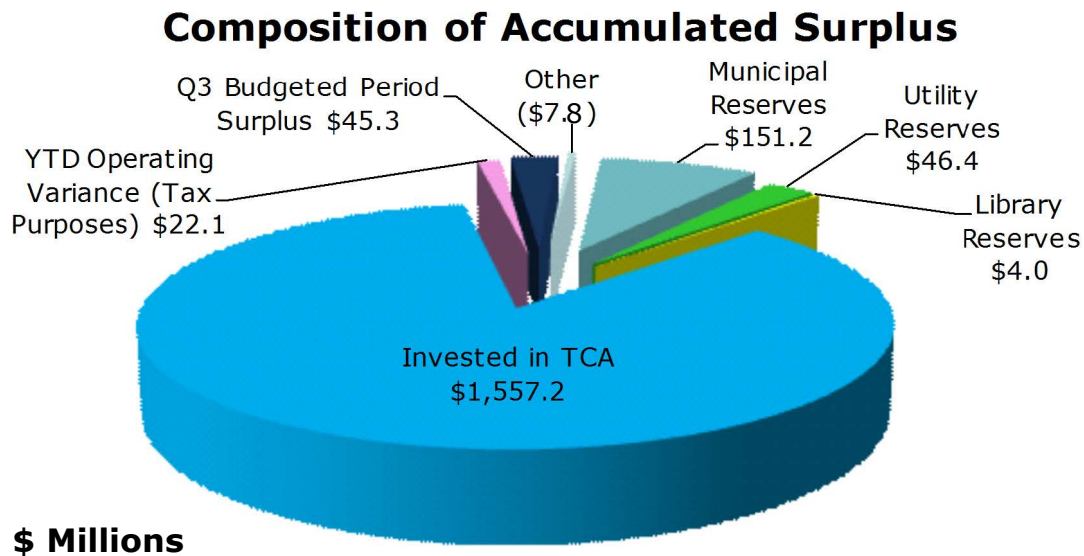
**Designated** – Funding designated to reserves for a specific purpose, which has not yet been approved by Council to be applied towards specific expenditures.



## **f. Accumulated Surplus**

Accumulated surplus totals \$1,818.4 million at September 30, 2015 (Q3 2014 \$1,708.7 million). The composition of the Q3 2015 accumulated surplus is as follows:

- i. Reserves of \$201.6 million (Q3 2014 - \$192.4 million);
- ii. Investments in tangible capital assets of \$1,557.2 million (Q3 2014 - \$1,459.3 million);
- iii. The September 30, 2015 budgeted period surplus of \$45.3 million (Q3 2014 - \$45.0);
- iv. The September 30, 2015 year to date favourable operating variance of \$22.1 million (Q3 2014 - \$13.9); and
- v. The unrestricted surplus (deficit) of (\$7.8) million (Q4 2014 - (\$1.9) million).



## **Appendix**

1. Consolidated Financial Statements and Supporting Schedules for the Period Ended September 30, 2015 (unaudited)
2. Glossary of Terms



# **STRATHCONA COUNTY**

## **Consolidated Financial Statements**

For the Period Ended September 30, 2015 (in thousands of dollars)

*(unaudited)*



**STRATHCONA COUNTY**  
**Consolidated Statement of Financial Position**  
As at September 30, 2015 (in thousands of dollars)

	<b>September 30 2015 (unaudited)</b>	December 31 2014
<b>FINANCIAL ASSETS</b>		
Cash and Cash Equivalents	\$ 2,809	\$ -
Accounts Receivable		
Property Taxes	20,162	3,299
Government Transfers	1,012	2,409
Trade and Other	17,431	15,501
Development Levies and Charges	3,348	6,790
Land Held for Resale	2,632	2,625
Investments	346,473	286,988
Investment Interest Receivable	7,518	6,293
	<b>401,385</b>	<b>323,905</b>
<b>LIABILITIES</b>		
Cheques Issued in Excess of Cash	-	3,464
Accounts Payable and Accrued Liabilities	53,016	37,194
Deposit Liabilities	17,716	16,576
Deferred Revenue	70,527	79,058
Capital Leases	143	246
Long-Term Debt	154,813	163,724
	<b>296,215</b>	<b>300,262</b>
<b>NET FINANCIAL ASSETS</b>	<b>105,170</b>	<b>23,643</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets	1,711,558	1,670,280
Inventories of Materials and Supplies	766	850
Prepaid Expenses	872	2,328
	<b>1,713,196</b>	<b>1,673,458</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 1,818,366</b>	<b>\$ 1,697,101</b>

**STRATHCONA COUNTY**  
**Consolidated Statement of Operations and Accumulated Surplus**  
For the period ended September 30, 2015 (in thousands of dollars)

	2015 Period Budget <i>(unaudited)</i>	September 30 2015 <i>(unaudited)</i>	September 30 2014 <i>(unaudited)</i>
<b>REVENUE</b>			
Property Taxes	\$ 207,911	\$ 208,997	\$ 198,000
Government Transfers	40,924	32,050	23,245
Utility User Rates	39,965	42,331	39,200
User Fees and Charges	29,739	30,970	33,246
Penalties and Fines	4,368	4,965	4,459
Investment Income	4,522	6,277	4,925
Other Capital Revenues	31,608	2,483	6,294
Contributed Tangible Capital Assets	-	18,067	1,087
Other	5,307	7,279	8,090
<b>TOTAL REVENUES</b>	<b>364,344</b>	<b>353,419</b>	<b>318,546</b>
<b>EXPENSES</b>			
<b>Infrastructure and Planning Services</b>			
Capital Planning and Construction	3,068	2,158	2,843
Economic Development and Tourism	1,258	902	986
Planning and Development Services	8,419	6,852	6,721
Transportation and Agriculture Services	23,496	21,029	21,411
Utilities	40,416	40,591	38,911
	<b>76,657</b>	<b>71,532</b>	<b>70,872</b>
<b>Community Services</b>			
Emergency Services	24,773	22,274	22,541
Family and Community Services	5,366	5,492	5,336
Strathcona Transit	13,964	13,029	12,918
RCMP and Enforcement Services	16,666	15,889	14,989
Recreation, Parks and Culture	30,446	28,538	29,400
	<b>91,215</b>	<b>85,222</b>	<b>85,184</b>
<b>Corporate Services</b>	24,101	21,226	18,887
<b>Chief Financial Officer</b>	4,358	4,024	3,572
<b>Senior Administration</b>	4,742	4,504	4,426
<b>Elected Officials</b>	911	824	852
<b>Fiscal Services</b>	36,019	37,200	32,169
<b>Strathcona County Library</b>	7,292	7,137	6,999
<b>Pioneer Housing Foundation</b>	485	485	725
	<b>77,908</b>	<b>75,400</b>	<b>67,630</b>
<b>TOTAL EXPENSES</b>	<b>245,780</b>	<b>232,154</b>	<b>223,686</b>
<b>PERIOD SURPLUS</b>	118,564	121,265	94,860
<b>ACCUMULATED SURPLUS, BEGINNING OF PERIOD</b>	1,697,101	1,697,101	1,613,840
<b>ACCUMULATED SURPLUS, END OF PERIOD</b>	<b>\$ 1,815,665</b>	<b>\$ 1,818,366</b>	<b>\$ 1,708,700</b>

**STRATHCONA COUNTY**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
For the period ended September 30, 2015 (in thousands of dollars)

	2015 Period Budget <i>(unaudited)</i>	<b>September 30 2015</b> <i>(unaudited)</i>	December 31 2014
<b>PERIOD SURPLUS</b>	\$ 118,564	\$ 121,265	\$ 83,261
Acquisition of Tangible Capital Assets	(166,277)	(60,675)	(89,769)
Contributed Tangible Capital Assets	-	(18,067)	(28,695)
Amortization of Tangible Capital Assets	37,764	37,129	46,674
Loss on Tangible Capital Assets Transfers and Disposals	-	123	1,948
Proceeds from Transfers and Disposals of Tangible Capital Assets	-	212	678
	<u>(9,949)</u>	<u>79,987</u>	<u>14,097</u>
Acquisition of Inventories of Materials and Supplies	-	(555)	(557)
Acquisition of Prepaid Expenses	-	(403)	(2,733)
Use of Inventories of Materials and Supplies	-	639	359
Use of Prepaid Expenses	-	1,859	2,054
	<u>-</u>	<u>1,540</u>	<u>(877)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(9,949)	81,527	13,220
<b>NET FINANCIAL ASSETS, BEGINNING OF PERIOD</b>	<u>23,642</u>	<u>23,643</u>	<u>10,423</u>
<b>NET FINANCIAL ASSETS, END OF PERIOD</b>	<u>\$ 13,693</u>	<u>\$ 105,170</u>	<u>\$ 23,643</u>

**STRATHCONA COUNTY**  
**Consolidated Statement of Cash Flows**  
For the period ended September 30, 2015 (in thousands of dollars)

	<b>September 30 2015 (unaudited)</b>	<b>December 31 2014</b>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Period Surplus	\$ 121,265	\$ 83,261
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(18,067)	(28,695)
Amortization of Tangible Capital Assets	37,129	46,674
Amortization of Premium (Discount) on Investments	35	(15)
Loss on Tangible Capital Assets Transfers and Disposals	123	1,948
Gain on Disposal of Investments	(1,835)	(540)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(16,863)	566
Government Transfers Receivable	1,397	2,491
Trade and Other Receivables	(1,930)	(3,363)
Development Levies and Charges	3,442	(5,599)
Land held for resale	(7)	-
Accounts Payable and Accrued Liabilities	15,822	(8,331)
Deposit Liabilities	1,140	1,636
Deferred Revenue	(8,531)	16,196
Inventories of Materials and Supplies	84	(198)
Prepaid Expenses	1,456	(679)
Cash Provided by Operating Activities	<u>134,659</u>	<u>105,352</u>
<b>CAPITAL</b>		
Proceeds from Transfers and Disposals of Tangible Capital Assets	212	678
Acquisition of Tangible Capital Assets	(60,675)	(89,769)
Cash Applied to Capital Activities	<u>(60,463)</u>	<u>(89,091)</u>
<b>INVESTING</b>		
Purchase of Investments	(281,713)	(287,498)
Proceeds from Sale/Maturity of Investments	224,028	268,744
Change to Investment Interest Receivable	(1,225)	(1,258)
Cash Applied to Investing Activities	<u>(58,910)</u>	<u>(20,012)</u>
Long-Term Debt Issued	-	4,410
Capital Leases Repaid	(103)	(594)
Long-Term Debt Repaid	(8,911)	(12,352)
Cash Applied to Financing Activities	<u>(9,014)</u>	<u>(8,536)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,272</b>	<b>(12,287)</b>
<b>CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), BEGINNING OF PERIOD</b>	<b>(3,464)</b>	<b>8,823</b>
<b>CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), END OF PERIOD</b>	<b>\$ 2,808</b>	<b>\$ (3,464)</b>

**STRATHCONA COUNTY**  
**Consolidated Schedule of Segmented Information**  
For the period ended September 30, 2015 (in thousands of dollars)

	<b>Municipal Operations</b>	<b>Utility Operations</b>	<b>Library Operations</b>	<b>Pioneer Housing Foundation</b>	<b>Eliminations</b>	<b>September 30 2015 (unaudited)</b>	<b>September 30 2014 (unaudited)</b>	<b>September 30 2015 Budget (unaudited)</b>
<b>REVENUE</b>								
Property Taxes	\$ 200,231	\$ 6	\$ 8,760	\$ -	\$ -	\$ 208,997	\$ 198,000	\$ 207,911
Government Transfers - Operating	5,340	39	533	-	-	5,912	6,582	4,548
Government Transfers - Capital	25,025	1,113	-	-	-	26,138	16,663	36,376
Utility User Rates	-	42,331	-	-	-	42,331	39,200	39,965
User Fees and Charges	28,514	2,322	134	-	-	30,970	33,246	29,739
Penalties and Fines	4,842	-	123	-	-	4,965	4,459	4,368
Investment Income	5,461	733	83	-	-	6,277	4,925	4,522
Other Capital Revenues	1,981	502	0	-	-	2,483	6,294	31,608
Contributed Tangible Capital Assets	9,997	8,067	3	-	-	18,067	1,087	-
Other	6,503	8	29	1,223	(484)	7,279	8,090	5,307
<b>TOTAL REVENUE</b>	<b>287,894</b>	<b>55,121</b>	<b>9,665</b>	<b>1,223</b>	<b>(484)</b>	<b>353,418</b>	<b>318,546</b>	<b>364,345</b>
<b>EXPENSES</b>								
Salaries, Wages and Benefits	99,244	7,756	4,248	-	-	111,248	104,915	115,101
Contracted and General Services	30,593	9,143	265	-	-	40,002	40,372	44,292
Supplies, Materials and Utilities	17,216	16,939	829	-	-	34,984	35,936	40,421
Interest on Long-Term Debt	2,645	2,027	768	484	(484)	5,440	5,830	5,470
Grants and Requisitions	1,717	-	-	-	-	1,717	1,692	1,634
Amortization	31,059	4,570	1,015	485	-	37,129	33,614	37,764
Loss (Gain) on Tangible Capital Assets								
Transfers and Disposals	28	88	8	-	-	123	(101)	-
Other Expenses	1,440	67	3	-	-	1,510	1,428	1,098
<b>TOTAL EXPENSES</b>	<b>183,942</b>	<b>40,590</b>	<b>7,136</b>	<b>969</b>	<b>(484)</b>	<b>232,153</b>	<b>223,686</b>	<b>245,780</b>
<b>PERIOD SURPLUS</b>	<b>103,952</b>	<b>14,531</b>	<b>2,529</b>	<b>254</b>	<b>-</b>	<b>121,265</b>	<b>94,860</b>	<b>118,565</b>
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF PERIOD</b>	<b>1,389,560</b>	<b>289,613</b>	<b>9,317</b>	<b>16,035</b>	<b>(7,424)</b>	<b>1,697,101</b>	<b>1,613,840</b>	<b>1,697,101</b>
<b>ACCUMULATED SURPLUS (DEFICIT), END OF PERIOD</b>	<b>\$ 1,493,512</b>	<b>\$ 304,144</b>	<b>\$ 11,846</b>	<b>\$ 16,289</b>	<b>\$ (7,424)</b>	<b>\$ 1,818,366</b>	<b>\$ 1,708,700</b>	<b>\$ 1,815,666</b>

**STRATHCONA COUNTY**  
**Consolidated Schedule of Tangible Capital Assets**  
As at September 30, 2015 (in thousands of dollars)

Cost	Balance at December 31 2014 (unaudited)	Additions (unaudited)	Contributed Additions (unaudited)	Disposals (unaudited)	Balance at September 30 2015 (unaudited)
Land	\$ 446,022	\$ -	\$ -	\$ -	\$ 446,022
Land Improvements	79,068	4,438	1,296	(504)	84,298
Buildings	369,042	429	-	(48)	369,423
Engineered Structures	1,074,869	15,567	16,768	(11,557)	1,095,647
Machinery and Equipment	64,124	4,494	-	(1,483)	67,135
Books and Periodicals	5,267	438	3	(293)	5,415
Vehicles	69,538	825	-	(1,525)	68,838
Assets under Construction	45,794	34,484	-	-	80,278
	\$ 2,153,724	\$ 60,675	\$ 18,067	\$ (15,410)	\$ 2,217,056

Accumulated Amortization	Balance at December 31 2014 (unaudited)	Disposals (unaudited)	Amortization Expense (unaudited)	Balance at September 30 2015 (unaudited)
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	26,318	(504)	2,695	28,509
Buildings	82,039	(19)	6,837	88,857
Engineered Structures	315,355	(11,305)	19,096	323,146
Machinery and Equipment	30,180	(1,467)	4,263	32,976
Books and Periodicals	2,276	(293)	399	2,382
Vehicles	27,276	(1,487)	3,839	29,628
Assets under Construction	-	-	-	-
	\$ 483,444	\$ (15,075)	\$ 37,129	\$ 505,498

Net Book Value	Balance at December 31 2014 (unaudited)	Balance at September 30 2015 (unaudited)
Land	\$ 446,022	\$ 446,022
Land Improvements	52,750	55,789
Buildings	287,003	280,566
Engineered Structures	759,514	772,501
Machinery and Equipment	33,944	34,159
Books and Periodicals	2,991	3,033
Vehicles	42,262	39,210
Assets under Construction	45,794	80,278
	\$ 1,670,280	\$ 1,711,558

**GLOSSARY OF TERMS:**

- **Annual Operating Surplus for Tax Purposes** – The annual surplus or (deficit) resulting from the modified cash flow basis, which includes debt repayment expenditures and reserve transactions, and excludes amortization expense, gains/losses on asset disposals and capital revenues, unlike the Public Sector Accounting Standards (PSAS) Surplus.
- **Committed** – Funding approved as per FIN-001-024: Municipal Reserves policy to be applied towards specific expenditures.
- **Designated** – Funding designated to reserves for a specific purpose, which has not yet been approved by Council to be applied towards specific expenditures.
- **Forecast Variances** – Future variances to budget that have yet to occur, but are expected to be realized based on current information, and are projected to affect the year-end surplus or (deficit).
- **Permanent Differences** – Variances to budget that have occurred and will affect the year-end surplus or (deficit).
- **PSAS Surplus** – The surplus or (deficit) resulting from financial statements prepared in accordance with PSAS.
- **Timing Differences** – Variances to budget that are expected to reverse during the remainder of the year and not affect the year-end surplus or (deficit).
- **Year-End Forecast** – Permanent Differences plus the Forecast Variances make up the Year-End Forecast surplus or (deficit).
- **Year-To-Date Operating Variance** – The favourable or (unfavourable) difference between budget and actuals at a point in time including any Timing Differences.