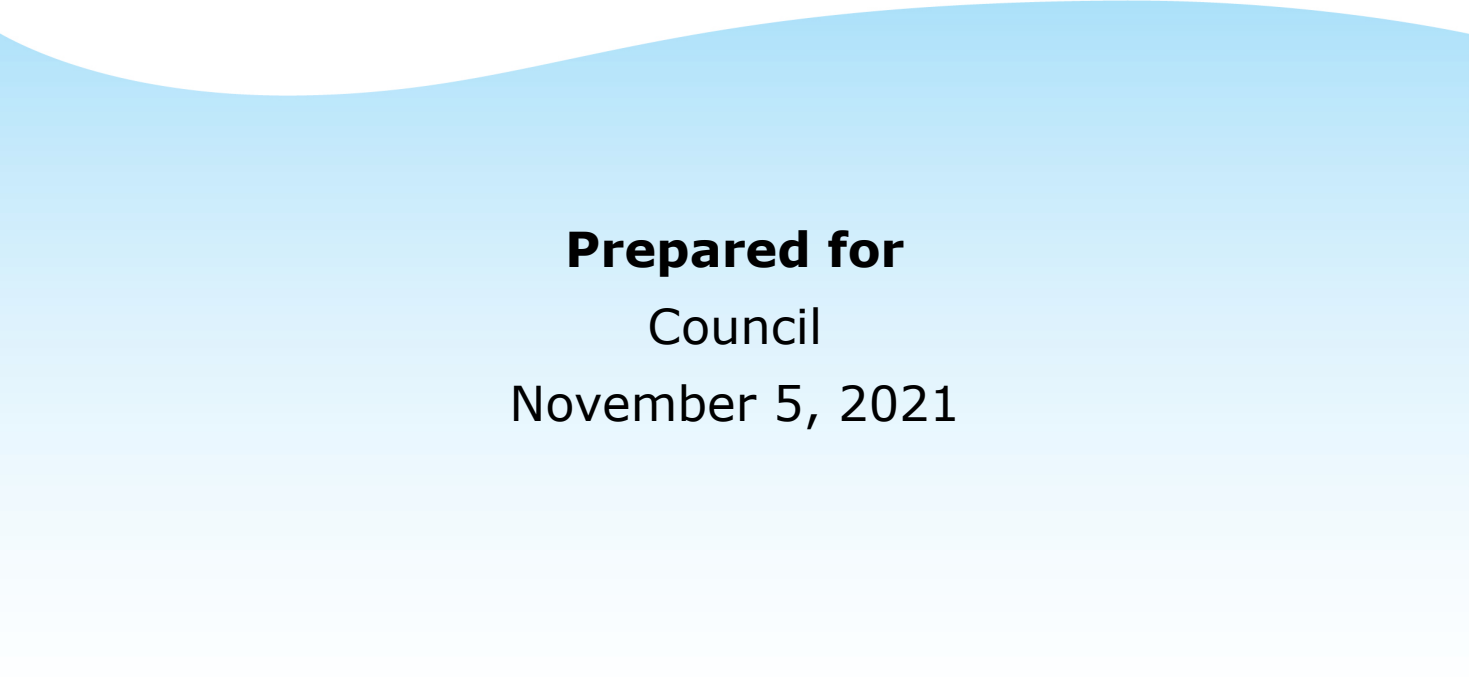
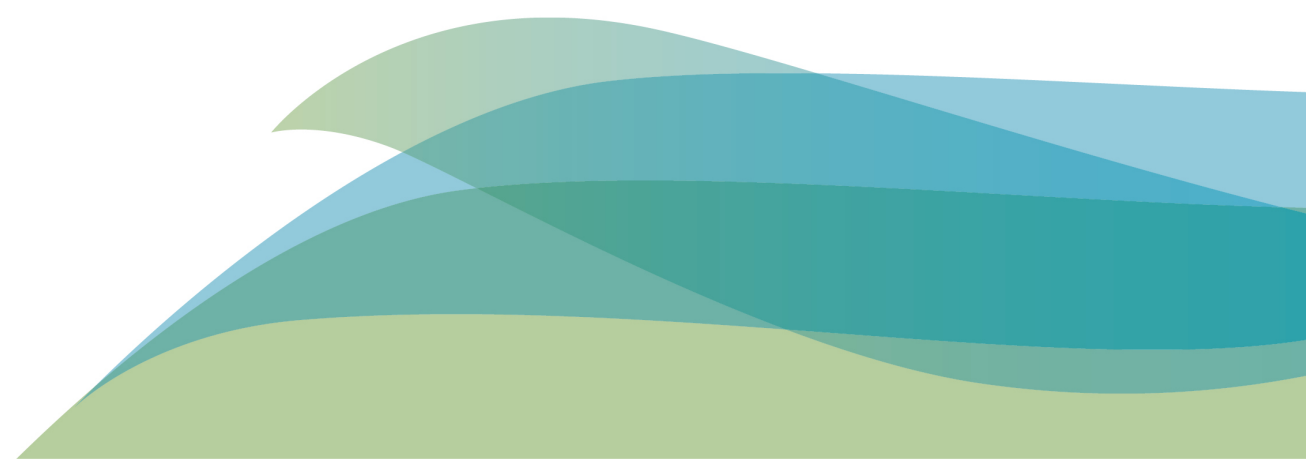


Strathcona County 2021 Second Term Management Report

Prepared by Corporate Finance



Prepared for
Council
November 5, 2021



1. Year-End Forecast

1.1 Year-End Forecast of the Annual Operating (Deficit) Surplus for Tax Purposes¹ (Permanent Differences and Forecasted Items)

The year-end forecast is based on the information available as of August 31, 2021 and is subject to the uncertainty of unknown events or circumstances which may take place during the remainder of the year.

County Operating Segments	2021 Year-End Forecast ²		2020 Year-End Actual Surplus ²		2019 Year-End Actual Surplus ²	
Municipal	(\$0.6M)	(0.2%)	(\$12.3M)	(4.0%)	\$0.5M	0.2%
Municipal MOST Funding ³			\$11.1M			
Utility ⁴	\$1.1M	1.9%	\$3.8M	6.3%	\$1.5M	2.5%
Library ⁴	\$0.3M	3.0%	\$0.4M	3.5%	\$0.1M	1.2%
TOTAL DOLLARS AND WEIGHTED PERCENTAGES	\$0.8M	0.2%	\$3.0M	0.8%	\$2.1M	0.6%

¹The Year-End Forecast, Year-to-Date Operating Variance and the Annual Operating Surplus for Tax Purposes evaluate the results using the same methodology used to prepare the Operating Budget. The Public Sector Accounting Standards (PSAS) used to prepare the financial statements applies a different methodology.

²The percentages represent the proportion of (deficit) surplus compared to the respective annual operating budgets.

³The provincial and federal governments announced Municipal Operating Support Transfer (MOST) funding in 2020. Strathcona County used its total allocation of \$11.1 million to offset lost revenues in 2020.

⁴Utility and Library are self-sustaining operations and retain any annual surpluses (deficits) they incur.

1.2 Analysis of the 2021 Year-End Forecast

a. Municipal Operations – (\$0.6 million) forecasted deficit⁵

Significant items to note are:

- \$3.2 million favourable variance in salaries and wages mainly due to reduced staffing and hours, including layoffs and vacancies, resulting from a decrease in operations.
- \$2.7 million favourable variance in contracted services primarily due to reduced winter maintenance spending, facility closures, and reduced capacity and demand.
- \$1.1 million favourable variance in supplies and materials, the majority of which resulted from reduced services and usage due to facility closures, ongoing remote working of staff, and other capacity restrictions related to Provincial health orders.
- \$0.8 million favourable variance in user fees and charges due to several large, unanticipated building and development permits.
- \$0.7 million favourable variance in utilities due to facility closures and a reduction in services provided.

⁵This listing is only a summary of significant amounts and is not a complete reconciliation of all variances which comprise the August 31 forecast.



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2021 Second Term Management Report**

- (\$5.1 million) unfavourable variance in user fees and charges due to facility closures, capacity restrictions, decreased demand for programs, and a reduction in transit ridership.
- (\$1.7 million) unfavourable variance in property taxes due to decreased property assessment values and non-residential growth not materializing due to COVID19 and economic conditions.
- (\$1.5 million) unfavourable variance in contracted services due to RCMP contract settlement costs higher than budgeted.

Risks

The most significant risks to the Municipal forecasted result are as follows:

- The COVID-19 pandemic is ever evolving and has had a dramatic effect on the financial results to date. Due to the uncertainty surrounding this ongoing event, there could be other significant impacts on the County’s financial results during the remainder of the year.
- Increased inflationary pressure could have a significant impact on the pricing of goods and services, which may lead to higher costs by the end of the year.

b. Utility Operations – \$1.1 million forecasted surplus

Significant items to note are:

- \$3.9 million favourable variance in utility user fees largely due to increased water and wastewater consumption with higher water treatment volumes, as a result of a hot, dry summer
- (\$2.9 million) unfavourable variance in supplies and materials due to increased water purchases and wastewater treatment charges, resulting from increased consumption.

c. Library Operations – \$0.3 million forecasted surplus

No significant items to note.

County Operating Segments	2021 Second Term YTD Permanent Differences	2021 Second Term YTD Timing Differences	2021 Second Term YTD Variance	2020 Second Term YTD Variance
Municipal	\$1.1M	\$6.9M	\$8.0M	(\$4.3M)
Utility	\$0.1M	(\$0.3M)	(\$0.2M)	\$0.7M
Library	\$0.3M	\$0.1M	\$0.4M	\$0.2M
Year-to-Date Surplus (Deficit)	\$1.5M	\$6.7M	\$8.2M	(\$3.4M)

2. Year-to-Date Operating Variance

The operating variance is determined through a comparison of the year-to-date budget and actual results, and is composed 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.



3. Capital Activity Update

3.1 Annual Planned Capital Spending Update as at August 31

The annual planned capital spend has been updated to include approved capital budget amendments to August 31, 2021:

The 2021 Capital Budget (approved by Council on November 30, 2020)	\$160.1M
Unspent prior years' budgeted capital expenditures	\$58.9M
Approved spending changes resulting from capital budget amendments	\$66.6M
Budgeted capital expenditures planned to be incurred after 2021, including approved capital budget amendments	(\$103.8M)
Updated Annual Planned Capital Spend (as at August 31)	\$181.8M

Planned spending is determined by the responsible department on project-by-project basis, and estimates are updated annually as part of the business plan and budget process.

3.2 Capital Spending to Date and Year-End Forecast

The capital spending as of August 31, 2021, totaled \$40.0 million (August 31, 2020 \$30.9 million) which is 22.0% of the planned annual spending (August 31, 2020 21.3%). An additional \$60.0 million of capital spending is forecast for the remainder of 2021, bringing the total forecast capital spend for 2021 to \$100.0 million (2020 \$77.2 million), or 55% of the planned capital spend.

3.3 Average Three-Year January to August Capital Spending Comparison

The spending to August 31, 2021 is above the average in comparison to recent prior periods. This is largely due to increased roadway infrastructure and land spending.

Asset Category	2018–2020 Average Spending	2021 Spending	Difference
Buildings	\$7.0M	\$6.7M	(\$0.3M)
Electronic Hardware and Software	\$1.1M	\$1.1M	-
Machinery and Equipment	\$1.5M	\$2.0M	\$0.5M
Parks and Open Space Development	\$1.6M	\$2.0M	\$0.4M
Roadway Infrastructure	\$9.6M	\$19.8M	\$10.2M
Utilities Infrastructure	\$1.2M	\$1.6M	\$0.4M
Vehicles	\$3.2M	\$0.7M	(\$2.5M)
Land	\$0.6M	\$6.1M	\$5.5M
Total	\$25.8M	\$40.0M	\$14.2M



4. Assessment of the County’s Financial Condition - Key Financial Indicators

The following section is prepared based on the Strathcona County Consolidated Financial Statements for the period ended August 31, 2021 (unaudited) provided in Appendix 1. The Consolidated Financial Statements are prepared in accordance with Public Sector Accounting Standards (PSAS).

4.1 Net Financial Assets (Net Debt) Position

Net financial assets (net debt) is the difference between financial assets and liabilities. It is a key indicator of the County’s sustainability, which is the ability to maintain services and meet financial commitments. Being in a net financial assets position indicates that financial assets are on hand to provide funding for future planned or emergent needs. A (net debt) position reflects the need to have future revenue pay for past transactions and events.

As of August 31, 2021, the County’s net financial asset position is \$190.9 million (August 31, 2020 \$186.6 million), which is consistent with annual trending in prior years. Net financial assets increased significantly mid-year, resulting from the collection of property tax revenue. The County draws down the net financial asset position to finance operations for the remainder of the year.

4.2 Long-Term Debt

The County has not issued any new debt as of August 31, 2021 (August 31, 2020 \$nil). Debt repayment of \$6.0 million (August 31, 2020 \$5.9 million) has reduced the 2021 long-term debt balance.

December 31, 2020 long-term debt balance	\$150.6M
New debt issued to August 31, 2021	-
Debt repayment to August 31, 2021	(\$6.0M)
August 31, 2021 Long-Term Debt Balance	\$144.6M

4.3 Tangible Capital Assets

Tangible capital assets are the most significant element of the County’s financial position. As of August 31, 2021, the tangible capital asset net book value¹ is \$1,960.6 million (August 31, 2020 \$1,936.7 million). This increase in net book value is expected and consistent with prior years as the County continues to manage, invest and plan for sustainable municipal infrastructure.

December 31, 2020 tangible capital assets net book value	\$1,962.6M
Purchased and contributed additions to August 31, 2021	\$40.2M
Disposals to August 31, 2021	(\$7.1M)
Subtotal	\$1,995.7M
Amortization (net of disposals) to August 31, 2021	(\$35.1M)
August 31, 2021 Tangible Capital Assets Net Book Value	\$1,960.6M

¹Net book value represents the total original cost of tangible capital assets, net of asset disposals and accumulated amortization.



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4.4 Reserve Reporting

The following table provides a summary of the County's reserve balances as of August 31, 2021:

Reserves	Committed	Designated	Total¹	Optimal Variance²
Municipal				
Stabilization and Contingency	\$21.3M	\$16.6M	\$37.9M	\$0.7M
Projects	\$48.0M	\$13.0M	\$61.0M	(\$18.0M)
Infrastructure, Lifecycle, Maintenance and Replacement	\$25.2M	\$55.3M	\$80.5M	(\$7.7M)
Special Purpose	\$18.6M	\$17.1M	\$35.7M	\$5.7M
Total Municipal	\$113.1M	\$102.0M	\$215.1M	(\$19.3M)
Utilities				
Stabilization and Contingency	(\$0.1M)	\$2.3M	\$2.2M	(\$0.6M)
Projects	\$0.1M	-	\$0.1M	-
Infrastructure, Lifecycle, Maintenance and Replacement	\$30.6M	\$27.1M	\$57.7M	(\$52.4M)
Levy Debt Repayment	\$1.1M	-	\$1.1M	-
Total Utilities	\$31.7M	\$29.4M	\$61.1M	(\$53.0M)
Total Library	-	\$5.4M	\$5.4M	\$0.1M
Total Reserves	\$144.8M	\$136.8M	\$281.6M	(\$72.2M)
Percentage of Total Reserves	51.4%	48.6%	100.0%	

¹The figures presented in the table above do not reflect future years' budgets. The committed balances include only amounts approved in 2021 and prior, and are not reflective of any proposed future amounts.

²The optimal reserve balances as at August 31, 2021 represent a point in time and should be considered in relation to resulting trends and circumstances. The optimal variance column is determined through a comparison of the reserve's optimal balance with the designated funds available within the respective reserve. A positive figure indicates a balance above the optimal amount and a negative figure indicates a balance below the optimal amount.

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

5. 2021 - 2024 Corporate Business Plan Reporting (Enclosure 2)

An integral component of monitoring the progress of the 2021 - 2024 Corporate Business Plan includes initiative progress reporting. As such, the 2021 second term management report includes progress reporting on the initiatives within the Corporate Business Plan which demonstrate our progress on achieving the County's strategic goals.

Appendices

1. Consolidated Financial Statements and Supporting Schedules for the Period Ended August 31, 2021 (unaudited)
2. Glossary of Terms



STRATHCONA COUNTY

Consolidated Financial Statements

Period Ended August 31, 2021 (in thousands of dollars)

STRATHCONA COUNTY
Consolidated Financial Statements
Period Ended August 31, 2021

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STRATHCONA COUNTY
Consolidated Statement of Financial Position
Period Ended August 31, 2021 (in thousands of dollars)

	<u>August 31, 2021</u>	<u>December 31, 2020</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 451	\$ 4,006
Accounts Receivable		
Property Taxes	38,495	6,262
Government Transfers	199	23,586
Trade and Other	16,294	14,919
Development Levies and Charges	2,546	73
Investments	464,391	368,552
Investment Interest Receivable	23,420	21,772
	<u>545,796</u>	<u>439,170</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	98,179	63,909
Deposit Liabilities	13,051	13,733
Deferred Revenue	99,052	108,876
Long-Term Debt	144,618	150,569
	<u>354,900</u>	<u>337,087</u>
NET FINANCIAL ASSETS	<u>190,896</u>	<u>102,083</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets	1,960,568	1,962,638
Inventories of Materials and Supplies	1,155	1,241
Prepaid Expenses	4,742	7,067
	<u>1,966,465</u>	<u>1,970,946</u>
ACCUMULATED SURPLUS	<u>\$ 2,157,361</u>	<u>\$ 2,073,029</u>

STRATHCONA COUNTY
Consolidated Statement of Operations and Accumulated Surplus
Period Ended August 31, 2021 (in thousands of dollars)

	<u>2021 Period Budget</u>	<u>August 31, 2021</u>	<u>August 31, 2020</u>
OPERATING REVENUE			
Property Taxes	\$ 233,194	\$ 231,519	\$ 229,567
Utility User Rates	38,627	41,284	37,885
User Fees and Charges	20,131	15,530	16,372
Investment Income	3,986	4,970	4,450
Government Transfers – Operating	4,214	4,884	5,080
Penalties and Fines	4,627	3,949	4,131
Other Operating Revenue (excluding Parkade Event Insurance Proceeds)	4,539	5,065	6,184
Parkade Event Insurance Proceeds	-	-	773
Other Operating Revenue	4,539	5,065	6,957
TOTAL OPERATING REVENUE	309,318	307,201	304,442
EXPENSES			
Infrastructure and Planning Services (excluding Utility Operations)	35,637	29,606	33,448
Utility Operations	36,972	41,250	36,126
Infrastructure and Planning Services	72,609	70,856	69,574
Community Services	94,222	85,458	85,075
Corporate Services	31,407	28,038	27,331
Elected Officials	1,057	868	876
Financial and Strategic Management	6,960	6,366	6,079
Senior Administration	4,405	3,959	3,694
Fiscal Services (excluding Parkade Event) Parkade Event	41,751	46,298	40,938
	-	-	163
Fiscal Services	41,751	46,298	41,101
Strathcona County Library	6,934	7,037	7,207
TOTAL EXPENSES	259,345	248,880	240,937
SURPLUS BEFORE CAPITAL REVENUE	49,973	58,321	63,505
CAPITAL REVENUE			
Government Transfers – Capital	25,212	22,629	30,816
Other Capital Revenue	2,435	3,211	1,926
Contributed Tangible Capital Assets	-	171	261
TOTAL CAPITAL REVENUE	27,647	26,011	33,003
PERIOD SURPLUS	77,620	84,332	96,508
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	2,073,029	2,073,029	2,030,770
ACCUMULATED SURPLUS, END OF PERIOD	\$ 2,150,649	\$ 2,157,361	\$ 2,127,278

STRATHCONA COUNTY
Consolidated Statement of Change in Net Financial Assets
Period Ended August 31, 2021 (in thousands of dollars)

	2021 Period Budget	August 31, 2021	December 31, 2020
PERIOD SURPLUS	\$ 77,620	\$ 84,332	\$ 42,259
Acquisition of Tangible Capital Assets	(58,166)	(40,012)	(77,301)
Contributed Tangible Capital Assets	-	(171)	(3,648)
Amortization of Tangible Capital Assets	40,686	41,101	62,140
Loss on Disposals or Write-Downs of Tangible Capital Assets	-	730	2,146
Proceeds from Disposals of Tangible Capital Assets	-	422	266
	<u>60,140</u>	<u>86,402</u>	<u>25,862</u>
Acquisition of Inventories of Materials and Supplies	-	(874)	(1,819)
Acquisition of Prepaid Expenses	-	(1,337)	(8,553)
Use of Inventories of Materials and Supplies	-	960	1,617
Use of Prepaid Expenses	-	3,662	5,432
	<u>-</u>	<u>2,411</u>	<u>(3,323)</u>
INCREASE IN NET FINANCIAL ASSETS	60,140	88,813	22,539
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	<u>102,083</u>	<u>102,083</u>	<u>79,544</u>
NET FINANCIAL ASSETS, END OF PERIOD	<u>\$ 162,223</u>	<u>\$ 190,896</u>	<u>\$ 102,083</u>

STRATHCONA COUNTY
Consolidated Statement of Cash Flows
Period Ended August 31, 2021 (in thousands of dollars)

	August 31, 2021	December 31, 2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
PERIOD SURPLUS	\$ 84,332	\$ 42,259
Items Not Involving Cash		
Contributed Tangible Capital Assets	(171)	(3,648)
Amortization of Tangible Capital Assets	41,101	62,140
Amortization of Premium on Investments	3	4
Loss on Disposals or Write-Downs of Tangible Capital Assets	730	2,146
Gain on Disposals of Investments	-	(16)
Changes to Non-Cash Financial Assets and Liabilities		
Property Taxes Receivable	(32,233)	(879)
Government Transfers Receivable	23,387	(23,150)
Trade and Other Receivables	(1,375)	997
Development Levies and Charges Receivable	(2,473)	3,286
Investment Interest Receivable	(1,648)	(3,850)
Accounts Payable and Accrued Liabilities	34,270	13,124
Deposit Liabilities	(682)	(4,932)
Deferred Revenue	(9,824)	(6,324)
Inventories of Materials and Supplies	86	(202)
Prepaid Expenses	2,325	(3,121)
Cash Provided by Operating Activities	<u>137,828</u>	<u>77,834</u>
CAPITAL		
Proceeds from Disposals of Tangible Capital Assets	422	266
Acquisition of Tangible Capital Assets	(40,012)	(76,901)
Cash (Applied to) Capital Activities	<u>(39,590)</u>	<u>(76,635)</u>
INVESTING		
Purchase of Investments	(225,918)	(213,446)
Proceeds from Sale/Maturity of Investments	130,076	221,466
Cash (Applied to) Provided by Investing Activities	<u>(95,842)</u>	<u>8,020</u>
FINANCING		
Long-Term Debt Issued	-	-
Long-Term Debt Repaid	(5,951)	(11,613)
Cash (Applied to) Financing Activities	<u>(5,951)</u>	<u>(11,613)</u>
(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,555)	(2,394)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,006	6,400
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 451	\$ 4,006

STRATHCONA COUNTY
Consolidated Schedule of Tangible Capital Assets

As at August 31, 2021 (in thousands of dollars)

Cost	Balance at January 1, 2021	Purchased Additions	Contributed Additions	Disposals or Write-Downs	Balance at August 31, 2020
Land	\$ 517,237	\$ -	\$ -	\$ -	\$ 517,237
Land Improvements	132,919	293	41	(465)	132,788
Buildings	520,055	9,972	-	(129)	529,898
Engineered Structures	1,301,608	391	130	(1,322)	1,300,807
Machinery and Equipment	79,867	1,843	-	(1,050)	80,660
Library Materials	5,994	268	-	-	6,262
Vehicles	80,390	4,209	-	(4,125)	80,474
Assets Under Construction	41,368	23,036	-	-	64,404
	\$ 2,679,438	\$ 40,012	\$ 171	\$ (7,091)	\$ 2,712,530
Accumulated Amortization	Balance at January 1, 2021	Disposals or Write-Downs			Balance at August 31, 2020
Land Improvements	\$ 54,103	\$ (377)		\$ 3,825	\$ 57,551
Buildings	147,651	-		8,803	156,454
Engineered Structures	413,722	(580)		20,782	433,924
Machinery and Equipment	50,103	(1,036)		3,842	52,909
Library Materials	3,062	-		394	3,456
Vehicles	48,159	(3,946)		3,455	47,668
	\$ 716,800	\$ (5,939)		\$ 41,101	\$ 751,962
Net Book Value					Balance at August 31, 2020
Land					\$ 517,237
Land Improvements					75,237
Buildings					373,444
Engineered Structures					866,883
Machinery and Equipment					27,751
Library Materials					2,806
Vehicles					32,806
Assets Under Construction					64,404
					\$ 1,960,568

STRATHCONA COUNTY
Consolidated Schedule of Segmented Information
Period Ended August 31, 2021 (in thousands of dollars)

Municipal Operations

	Infrastructure and Planning Services (Excluding Utility Operations)	Community Services	Corporate Services	Elected Officials	Financial and Strategic Management	Senior Administration	Fiscal Service	Total Municipal Operations	Utility Operations	Strathcona County Library	August 31, 2021	2021 Budget
OPERATING REVENUE												
Property Taxes	\$ 33,330	\$ 70,693	\$ 30,967	\$ 1,057	\$ 6,511	\$ 4,343	\$ 74,733	\$ 221,634	\$ 5	\$ 9,880	\$ 231,519	\$ 233,194
Utility User Rates	-	-	-	-	-	-	-	-	41,284	-	41,284	38,627
User Fees and Charges	2,702	7,306	194	-	325	63	3,260	13,850	1,676	4	15,530	20,131
Investment Income	9	3,357	-	-	-	-	1,600	4,966	-	4	4,970	3,986
Government Transfers – Operating	-	-	-	-	-	-	3,941	3,941	856	87	4,884	4,214
Penalties and Fines	160	3,024	100	-	-	-	-	3,284	84	581	3,949	4,627
Other Operating Revenue	139	3,831	56	-	188	2	244	4,460	6	599	5,065	4,539
TOTAL OPERATING REVENUE	36,340	88,211	31,317	1,057	7,024	4,408	83,778	252,135	43,911	11,155	307,201	309,318
EXPENSES												
Salaries, Wages and Benefits	18,961	59,028	19,057	753	5,979	3,482	2,665	109,925	7,541	4,391	121,857	123,891
Contracted and General Services	4,931	14,460	6,285	83	526	218	5,602	32,105	8,401	113	40,619	49,626
Supplies, Materials and Utilities	5,600	9,899	2,486	30	(168)	70	(276)	17,641	18,232	937	36,810	37,833
Interest on Long-Term Debt	-	-	-	-	-	-	1,465	1,465	1,063	395	2,923	2,954
Grants and Requisitions	49	1,820	82	-	-	189	882	3,022	-	-	3,022	3,101
Amortization	-	-	-	-	-	-	34,866	34,866	5,428	808	41,102	40,686
Loss on Asset Disposals or Write-Downs	-	-	-	-	-	-	194	194	537	-	731	-
Other Expenses	65	251	128	2	29	-	900	1,375	48	393	1,816	1,254
TOTAL EXPENSES	29,606	85,458	28,038	868	6,366	3,959	46,298	200,593	41,250	7,037	248,880	259,345
SURPLUS BEFORE CAPITAL REVENUE	6,734	2,753	3,279	189	658	449	37,480	51,542	2,661	4,118	58,321	49,973
CAPITAL REVENUE												
Government Transfers – Capital	-	-	-	-	-	-	22,320	22,320	309	-	22,629	25,212
Contributed Tangible Capital Assets	-	-	-	-	-	-	2,511	2,511	700	-	3,211	2,435
Other Capital Revenue	-	-	-	-	-	-	171	171	-	-	171	-
TOTAL CAPITAL REVENUE	-	-	-	-	-	-	25,002	25,002	1,009	-	26,011	27,647
PERIOD SURPLUS	\$ 6,734	\$ 2,753	\$ 3,279	\$ 189	\$ 658	\$ 449	\$ 62,482	\$ 76,544	\$ 3,670	\$ 4,118	\$ 84,332	\$ 77,620

GLOSSARY OF TERMS

- **Annual Operating Surplus (Deficit) for Tax Purposes** – The annual surplus (deficit) is the difference between the approved operating budget and the actual revenue and expenditures that occur during the year. The surplus (deficit) is based on 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 (deficit).
- **Committed** – Funding approved 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.
- **Forecasted Variances** – Future variances to budget that have yet to occur but are expected to be realized before the end of the year based on current information and are projected to affect the year-end surplus (deficit).
- **Permanent Differences** – Variances to budget that have occurred and will affect the year-end surplus (deficit).
- **Public Sector Accounting Standards (PSAS) Surplus (Deficit)** – The surplus (deficit) resulting from financial statements prepared in accordance with PSAS, which is done on an accrual basis, including both operating and capital transactions.
- **Timing Differences** – Variances to budget that are expected to reverse during the remainder of the year and will not affect the year-end surplus (deficit).
- **Year-End Forecast** – Variances to budget that are expected at year-end due to permanent differences and forecasted variances. These variances will affect the year-end forecasted surplus (deficit).
- **Year-To-Date Operating Variance** – The favourable or (unfavourable) difference between budget and actuals at a point in time including any timing differences.