

Appendix 3: Annual Surplus Reconciliation

AC-C 3-2021
May 10, 2021

<i>(in thousands)</i>	<u>Approved Budget</u>	<u>2020</u>	<u>2019</u>
Based on budget approach			
Water & Wastewater surplus (deficit)	\$ -	\$ 2,729	\$ (1,684)
Waste Management surplus (deficit)	-	1,493	(1,156)
Levy surplus surplus	-	37,306	3,453
Operating Surplus based on CSD 17-2021	-	41,528	613
PSAS Presentation Adjustments:			
Capital			
Recognize amortization	(92,331)	(92,331)	(87,189)
Recognize in-year capital program revenues	58,182	58,025	45,375
Recognize capital fund expenditures resulting in operating expenses	(20,125)	(20,066)	(10,681)
Recognize operating fund expenditures resulting in capital assets	2,757	2,757	2,040
Recognize proceeds & loss on disposal of assets	(2,183)	(2,231)	(765)
Recognize operating funding transferred to capital program	-	-	6,190
Capital Subtotal	(53,700)	(53,846)	(45,030)
Funded			
Remove principal debt repayments	47,298	31,573	33,936
Remove net transfers to reserves (including interest allocation)	52,777	89,528	72,026
Remove sinking fund activity	-	385	345
Funded Subtotal	100,075	121,486	106,307
Unfunded			
Recognize change in landfill liability	(6,595)	(6,595)	120
Recognize power dams liability	-	422	422
Recognize change in unfunded employee future benefits liability	(6,192)	(6,191)	(5,036)
Recognize change in contaminated sites liability	(576)	(576)	-
Unfunded Subtotal	(13,363)	(12,940)	(4,494)
Annual surplus per PSAS consolidated financial statements	\$ 33,012	\$ 96,228	\$ 57,396

A balanced operating budget, developed for the purposes of setting tax rates and user fees, was approved by Council on December 12, 2019. The operating surplus presented at the top of the chart represents the actual financial results of the Region compared to the operating budget. Since the Region is required to report its annual surplus using Public Sector Accounting standards (PSAS), a number of adjustments are required in order for the financial results to conform with PSAS. For example, in the operating budget, capital projects are recognized when funding is allocated; however, in order to conform with PSAS, an adjustment is required as capital projects should be expensed over time through amortization rather than immediately.