

Appendix 1: Annual Surplus Reconciliation

CSD 33-2020

(in thousands)	<u>Approved</u> <u>Budget</u>	<u>2019</u>	<u>2018</u>
Based on budget approach			
Water & Wastewater (deficit) surplus	\$ -	\$ (1,684)	\$ 2,079
Waste Management (deficit) surplus	-	(1,156)	1,551
Levy surplus surplus	-	3,453	1,828
Operating Surplus based on CSD 15-2020	-	613	5,458
PSAS Presentation Adjustments:			
Capital			
Recognize amortization	(87,189)	(87,189)	(82,301)
Recognize in year capital program revenues	44,517	45,376	44,969
Recognize capital fund expenditures resulting in operating expenses	(10,261)	(10,681)	(9,154)
Recognize operating fund expenditures resulting in capital assets	2,040	2,040	1,794
Recognize proceeds & loss on disposal of assets	(765)	(765)	(4,232)
Recognize operating funding transferred to capital program	-	6,190	-
Capital Subtotal	(51,658)	(45,029)	(48,924)
Funded			
Remove principal debt repayments	46,651	33,936	26,759
Remove net transfers to reserves (including interest allocation)	46,939	72,026	72,976
Remove sinking fund activity	-	345	263
Funded Subtotal	93,590	106,307	99,998
Unfunded			
Recognize change in landfill liability	120	120	17,794
Recognize power dams liability	-	422	422
Recognize change in unfunded employee future benefits liability	(5,041)	(5,036)	(2,920)
Unfunded Subtotal	(4,921)	(4,494)	15,296
Annual surplus per PSAS consolidated financial statements	\$ 37,011	\$ 57,397	\$ 71,828

A balanced operating budget, developed for the purposes of setting tax rates and user fees, was approved by Council on February 28, 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.