## Appendix 1: Annual Surplus Reconciliation

### (in thousands)

<table>
<thead>
<tr>
<th>Based on budget approach</th>
<th>Budget</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water &amp; Wastewater (deficit) surplus</td>
<td>$ -</td>
<td>$(1,684)</td>
<td>$ 2,079</td>
</tr>
<tr>
<td>Waste Management (deficit) surplus</td>
<td>-</td>
<td>$(1,156)</td>
<td>$ 1,551</td>
</tr>
<tr>
<td>Levy surplus surplus</td>
<td>-</td>
<td>3,453</td>
<td>1,828</td>
</tr>
<tr>
<td>Operating Surplus based on CSD 15-2020</td>
<td>-</td>
<td>613</td>
<td>5,458</td>
</tr>
</tbody>
</table>

### 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: - $(765)$ $(4,232)$
- 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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual surplus</td>
<td>$37,011</td>
<td>$57,397</td>
</tr>
</tbody>
</table>

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.