

Capital Regional District Other Financial Statement Analysis

The 2024 Audited Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). Under PSAS, governments are required to present five statements with explanatory notes. The first two statements are summarized in the staff report. This appendix provides a summary of the remaining statements.

1. Consolidated Statement of Financial Position

The accumulated surplus or net book value of equity for the Capital Regional District (CRD) is \$2.0 billion. The organization has assets (financial and non-financial) of greater value than what it owes (liabilities).

Table 7 – Accumulated Surplus Categories

Surplus (\$M)	2024	2023
Equity Invested in Tangible Capital Assets (TCA)	1,666.8	1,604.1
Net Remeasurement Gain/(Loss)	0.0	(4.0)
Operating Funds and Reserves	71.4	86.0
Capital Funds and Reserves	302.0	301.8
2024 Accumulated Surplus	\$ 2,040.2	\$ 1,987.9

Operating funds and reserves enable each service area to set aside money to mitigate fluctuations in revenue driven by cyclical expenditures, unforeseen expenses and special one-time projects.

2024 operating funds and reserves of \$71.4 million represent 3.5% of accumulated surplus. The decrease in operating and reserve funds is the result of a major draw down of the reserves to fund significant projects on the Hartland site.

Capital funds and reserves accumulate resources for future capital expenditures. Periodically, services transfer either budgeted or operating surplus funds to their respective capital reserve.

The remaining 96.5% of accumulated surplus is equity invested in TCA of \$1,666.8 million and capital fund and reserve balances of \$302.0 million. The increase in these balances reflects the continued investment in TCA and growth in capital and reserve fund balances to be used for future projects.

3. Consolidated Statement of Change in Net Debt

The Statement of Change in net debt reconciles current to prior year and informs the reader of change drivers. Included in this statement are expenditures that could be incurred in the year but not consumed during the period. Table 8 summarizes the primary drivers of changes in net debt for 2024:

Table 8 – Change in Net Debt Year-Over-Year

Net Debt (\$M)	2024	2023
Annual Surplus	48.3	77.9
Contributed and Acquisition of TCA	(169.2)	(148.8)
Revaluation of Asset Retirement Obligation	0.1	(1.1)
Amortization of TCA	69.1	64.6
Proceeds on Disposal of TCA	2.3	0.3
Inventory and Prepaid Expenses	0.6	(2.3)
Net Remeasurement Gain	4.0	2.6
Total Change in Net Debt	\$ (44.8)	\$ (6.8)
Net Debt, Beginning of Year	(94.5)	(87.7)
Net Debt, End of Year	\$ (139.3)	\$ (94.5)

Net debt represents the CRD's financial assets less its liabilities. The CRD is expending much of its financial assets and increasing its liabilities to build or acquire TCA which in turn increases the net debt position. Net debt increased by \$44.8 million in 2024. The CRD's asset base (or net book value) is growing at a rate greater than assets are being used or depleted. The investment in infrastructure is required to maintain levels of service for the community and keep pace with growth.

4. Consolidated Statement of Remeasurement Gains and Losses

As required by PSAS, investments traded on an active market are carried at fair value and result in remeasurement gains or losses annually. Gains or losses remain unrealized until the investment is disposed, at which point they are recognized through the Consolidated Statement of Operations.

Table 9 – Change in Remeasurement Gains and Losses Year-Over-Year

Remeasurement (\$M)	2024	2023
Accumulated Remeasurement, Beginning of Year	(4.0)	(6.6)
Net Remeasurement Gains (Losses)	4.0	2.6
Accumulated Remeasurement, End of Year	0.0	(4.0)

The \$4.0 million net unrealized remeasurement gain is due to an increase in fair value of Municipal Financing Authority pooled bond funds. In 2024, the market value of the bond fund units increased to be on par with the average cost of the units.

5. Consolidated Statement of Cash Flows

The Statement of Cash Flows reports the sources and uses of cash during the period, and provides information about operating, capital, investing and financing activities.

Table 10 – Change in Cash and Cash Equivalents Year-Over-Year

Cash and Cash Equivalents (\$M)	2024	2023
Operating Activities	130.7	110.9
Capital Activities	(167.3)	(146.4)
Investing Activities	54.2	(22.4)
Financing Activities	36.3	44.9
Net Change in Cash and Cash Equivalents	\$ 53.9	\$ (13.0)
Cash and Cash Equivalents, Beginning of Year	43.6	56.6
Cash and Cash Equivalents, End of Year	\$ 97.5	\$ 43.6

The CRD's cash position increased by \$53.9 million in 2024. High Interest Savings Accounts (HISA), reported as cash and cash equivalents, offered favorable interest rates and more liquidity over Guaranteed Investment Certificates that are reported as investments on the Consolidated Statement of Financial Position. The CRD kept a greater portion of its working capital in the HISA accounts as a result.