

Capital Regional District Other Financial Statement Analysis

British Columbia, Canada

Fiscal year ended December 31, 2020



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Appendix C: Other Financial Statement Analysis

The audit has now been completed. The 2020 Audited Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Board (PSAB) Standards. Under PSAB regulations, 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.

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 year but not consumed during the period. Table 8 summarizes the primary drivers of changes in net debt for 2020:

Table 8 – Change in Net Debt Year over Year (\$ millions)

Description	2020	2019
Annual Surplus	250.3	254.2
Acquisition of Tangible Capital Assets	(260.5)	(313.1)
Amortization	33.8	31.6
Contributed Tangible Capital Assets	(7.9)	(3.3)
Loss/Proceeds on assets	3.7	1.6
Inventory and Prepaid	(0.8)	(0.4)
Net Remeasurement Gain/(Loss)	1.5	0.8
Total change in net debt	20.1	(28.6)
Net debt, beginning of year	(100.4)	(71.9)
Net debt, end of year	(\$80.3)	(\$100.5)

Overall, the net debt position decreased by \$20.0 million, primarily due to an annual surplus of \$250.3 million, the net impact of a \$260.5 million increase in tangible capital assets, \$7.9 million increase in contributed assets, less \$33.8 million in amortization, and other minor expenses or gains incurred during the period not yet realized.

4. Consolidated Statement of Remeasurement Gains and Losses

As required by PSAB standards, investments are carried at fair value and result in remeasurement gains or losses annually. Gains or losses remain unrealized until they are disposed, at which point they are recognized through the Statement of Operations.

Table 9 – Change in Remeasurement Gains and Losses Year over Year (\$ millions)

Description	2020	2019
Accumulated Remeasurement Opening	(0.9)	(1.7)
Net Remeasurement Gains (Losses)	1.5	0.8
Accumulated Remeasurements End of Year	\$0.6	\$(0.9)

The \$1.5 million net unrealized remeasurement gain for the year was a result of an increase in market value of investments held in the MFA bond fund and various term deposits. Although the gains are unrealized, they illustrate that the CRD's investment portfolio has performed positively over the year. The accumulated remeasurement gain at the end of 2020 is \$0.6 million, up from the (\$0.9) million remeasurement loss at the end of 2019.

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 capital, investing, and financing activities.

Table 10 – Change in Cash and Cash Equivalents Year over Year (\$ millions)

Description	2020	2019
Operating activities	281.4	296.4
Capital activities	(249.3)	(301.5)
Investing activities	(70.0)	54.9
Financing activities	30.3	64.6
Net change in cash & cash equivalents	(7.6)	114.4
Cash & cash equivalents, beginning of year	184.5	70.1
Cash and cash equivalents, end of year	\$176.9	\$184.5

Overall, the CRD's cash position decreased in 2020 by \$7.6 million, driven by investing activities of \$70.0 million and capital activities of \$249.3 million. This was offset by the annual surplus of \$250.3 million, which contributed to a \$281.4 million change in cash from operating activities. In addition, financing activities (debt) increased cash by \$30.4 million.