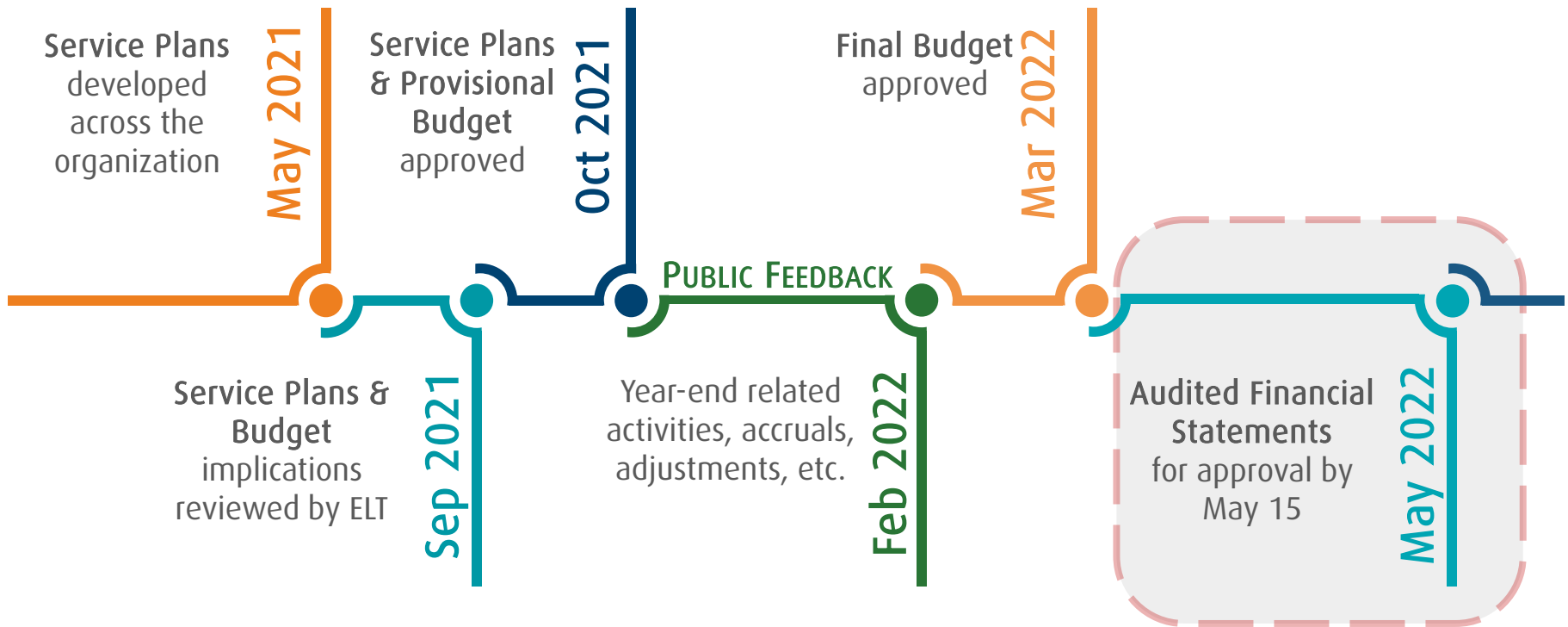


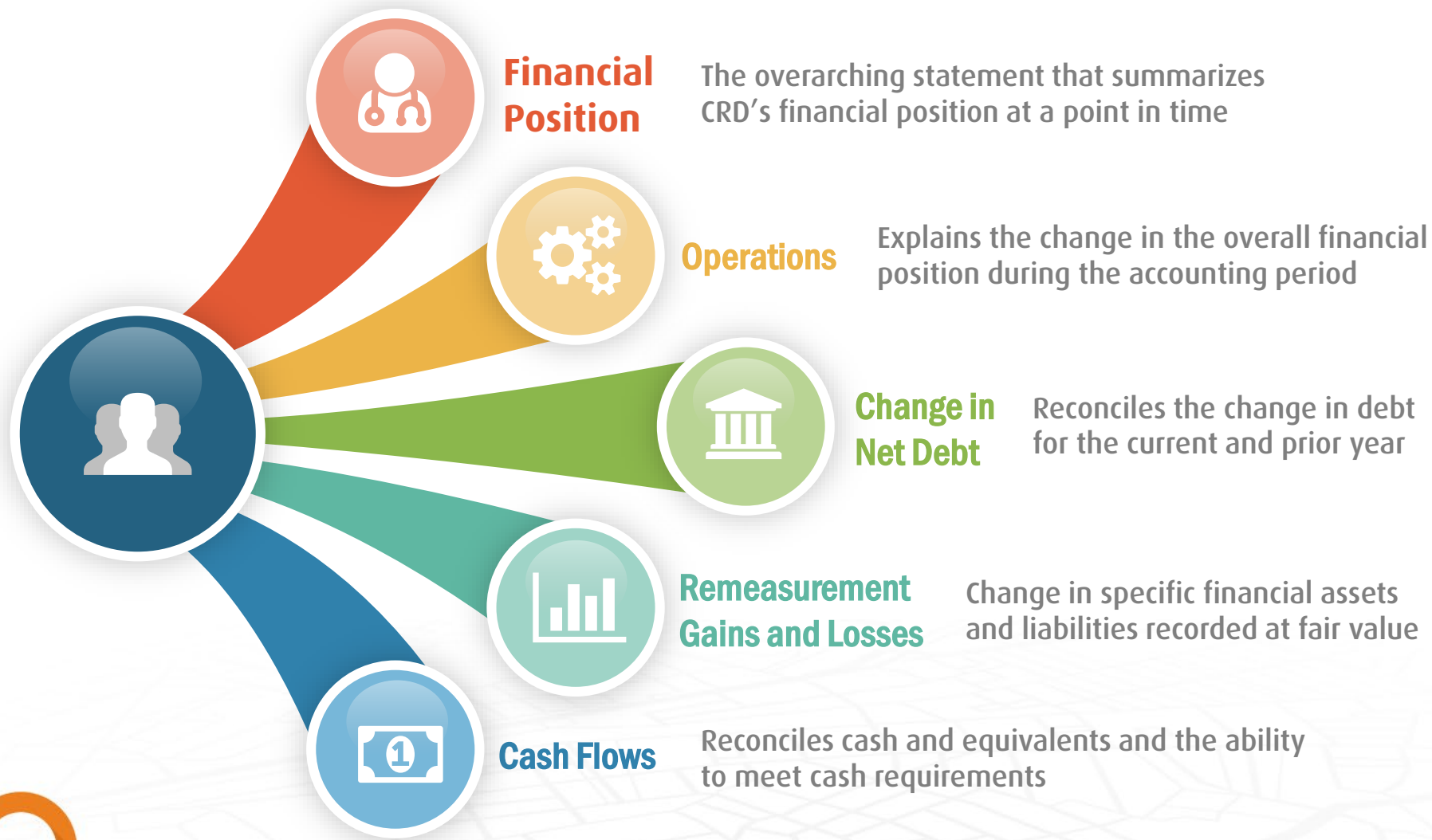


Capital Regional District > 2021 Statement of Financial Information  
**Presentation to the Finance Committee**  
**Wednesday May 4, 2022**



## CRD Audited Financial Statements

- Legislation requires statements be approved and submitted to the Ministry of Municipal Affairs and Housing by May 15
- Financial Statements are prepared on an accrual basis (as required by PSAB)
- Consolidated statements include all CRD services and CRHC



Statement of Financial Position	2021	2020
<b>Financial Assets</b>		
Cash & Cash Equivalents	XXX	XXX
Other Assets	XXX	XXX
	XXX	XXX
<b>Financial Liabilities</b>		
Accounts Payable	XXX	XXX
Other Liabilities	XXX	XXX
	XXX	XXX
<b>Net Financial Assets (Debt)</b>	XXX	XXX
<b>Non-Financial Assets</b>		
Tangible Capital Assets	XXX	XXX
Other Non-Financial Assets	XXX	XXX
	XXX	XXX
<b>Accumulated Surplus is comprised of;</b>		
Accumulated Operating Surplus	XXX	XXX
Accumulated Remeasurement Gains/Losses	XXX	XXX

## Explaining Changes in Financial Position

Statement of Cash Flow	2021	2020
Operating Transactions	X	X
Capital Transactions	X	X
Investing Transactions	X	X
Financing Transactions	X	X
	X	X
Cash & Equivalents at Beginning of Year	X	X
<b>Cash &amp; Equivalents at End of Year</b>	X	X

Statement of Net Debt	2021	2020
Annual Surplus	X	X
Acquisition of Tangible Capital Assets	X	X
	X	X
Net Debt at Beginning of Year	X	X
<b>Net Debt at End of Year</b>	X	X

Statement of Operations	2021	2020
Revenue	X	X
Expenses	X	X
	X	X
Accumulated Surplus Beginning of Year	X	X
<b>Accumulated Surplus End of Year</b>	X	X

Statement of Remeasurement Gains	2021	2020
Accumulated Remeasurement Opening	X	X
Net Remeasurement Gains (Losses)	X	X
<b>Accumulated Remeasurement Close</b>	X	X





## 1 Delivering Services

In 2021, the Capital Regional District continued focus on supporting Regional Priorities identified in the Corporate and Strategic Plan



## 2 Investments for the Future

Capital investments were 4x the rate of depreciation  
The CRD manages nearly \$2B in assets in support of service delivery



## 3 Managing Cost of Debt

10% of total revenue was used to service long-term debt  
The generally accepted upper benchmark from lending authorities is 25%



## 4 Diversified Revenue

33% of total revenue was acquired through sale of services, where 30% was through government grants, and less than 20% through requisition





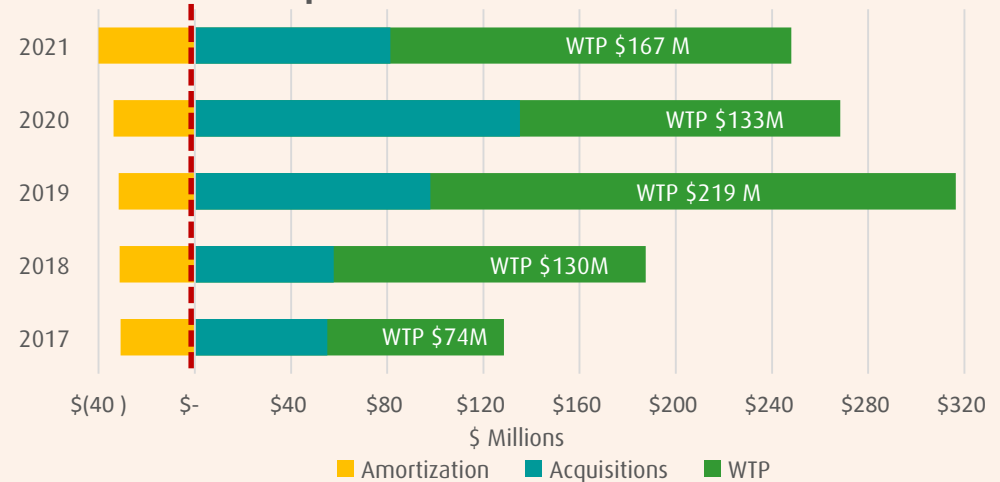
## Investments made for the Future

2021 capital investment was 4.2x the rate of depreciation

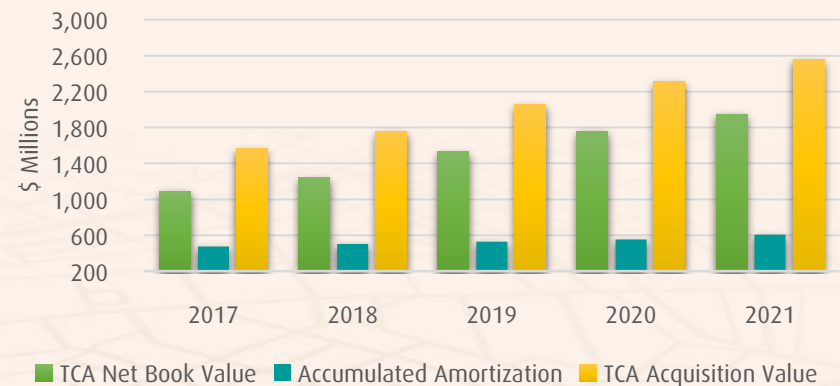
2021 net book value of tangible capital assets is \$2.0 billion

The 2022-2026 5 year financial plan includes TCA additions of \$700 million

### Capital Investment vs. Amortization



### Tangible Capital Asset

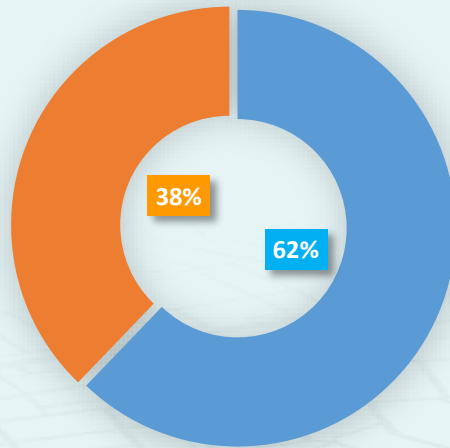




## Managing the Cost of Debt

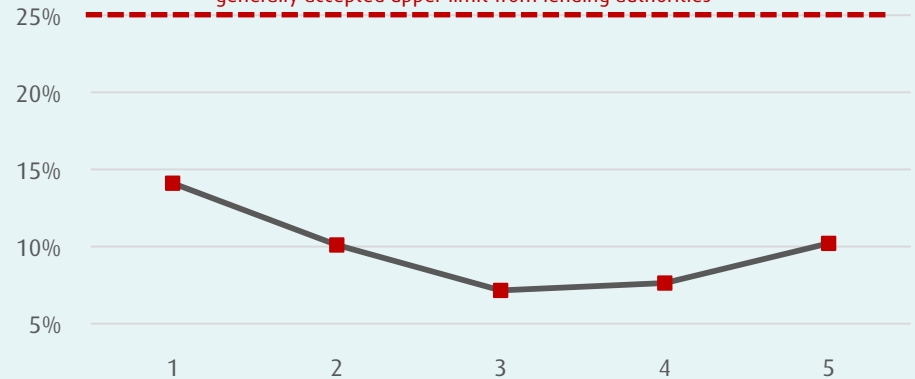
10.2% of total revenue was spent on long-term debt payments

In 2021, CRD debt on average has matured to where principal payments are 62% of debt servicing costs, while interest payments are 38%



## Debt Service Costs to Total Revenue

generally accepted upper limit from lending authorities



## Debt Servicing Costs

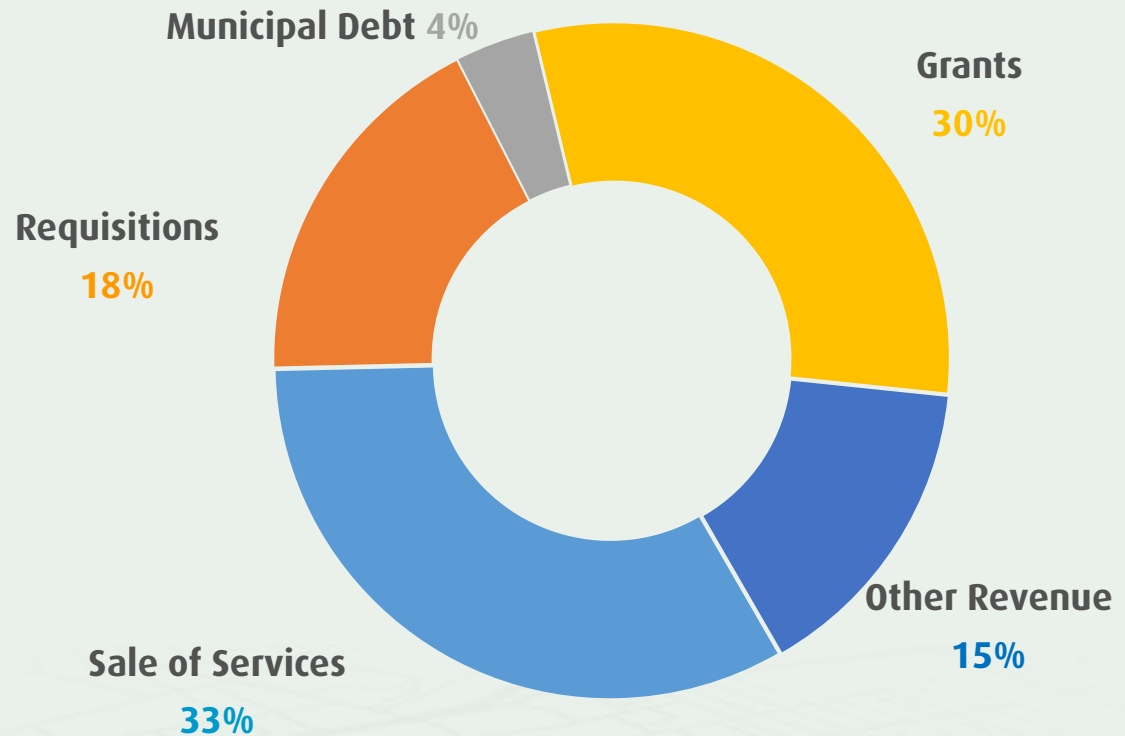
Principal Portion of Payment  
Interest Portion of Payment



## Diversifying Revenue Streams

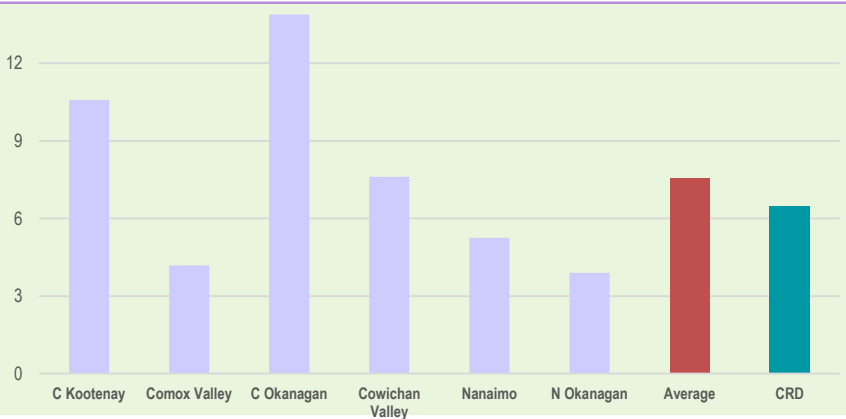
Less than 20% of revenue raised was funded from requisition

One third of revenue was raised through the sale of services, while 30% came through various external granting programs

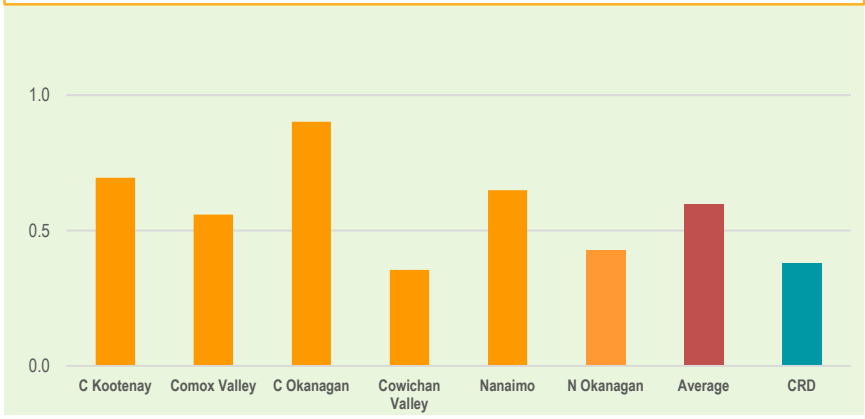




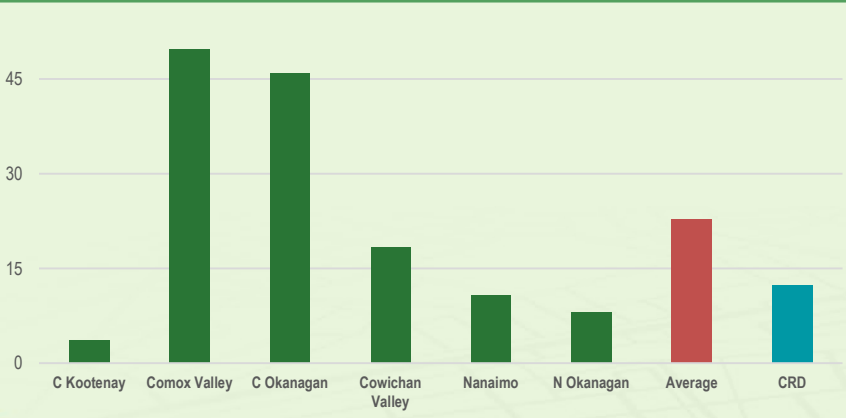
**Quick Ratio:** Measure of short-term liquidity or the ability to pay immediate financial obligations (greater than 1 is ideal)



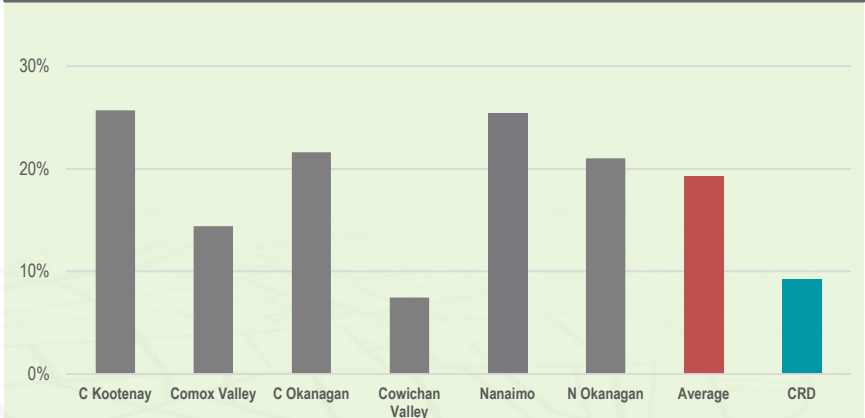
**Debt-to-Equity Ratio:** Measure of financial leverage, or using debt to increase value (essential public service utilities average 1.2)



**Interest Coverage Ratio:** Measures how easily a company can pay interest on outstanding debt (greater than 2 is ideal)



**Capital Reserve Health:** Measure of ability to finance long-term investment projects, also acts as buffer during financial hardship

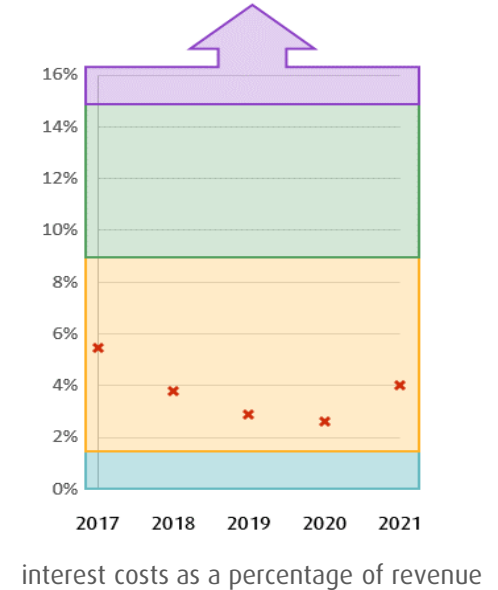
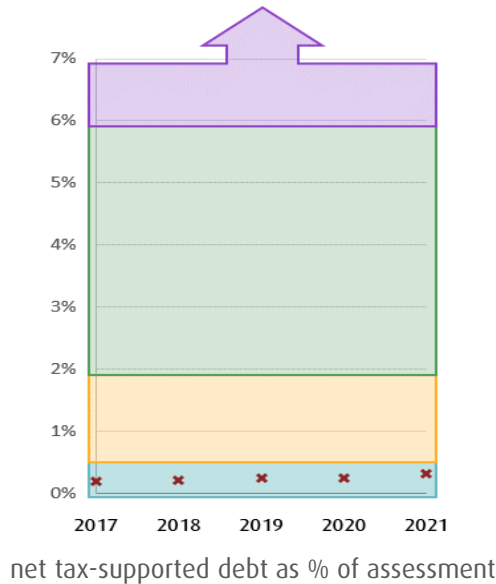
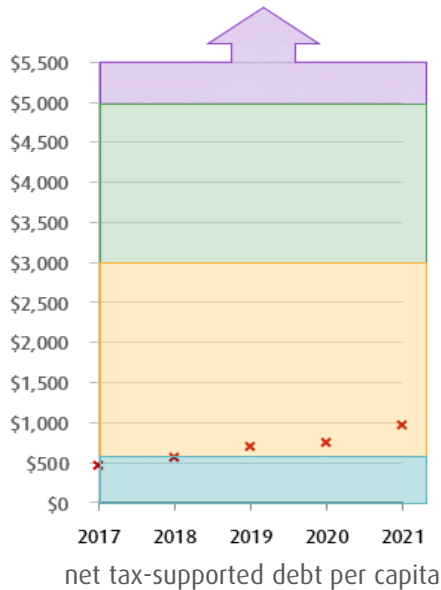


CRD from 2021 Audited Financial Statement, Source for Rest: Local Government Statistics 2020, by Ministry of Municipal Affairs and Housing, <https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/statistics/regional-district-general-financial-statistics>, May 2022. Excluded from comparison due to size of region (less than \$10M or greater than \$300M in costs); Central Coast, Metro Vancouver, Mount Waddington, North Coast, Peace River.





DBRS is the largest rating agency in Canada and fourth largest in the world. Using the rating methodology for municipal government, CRD results are shown below.



AAA	AA	A	BBB
The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.	The capacity for the payment of financial obligations is considered high. Differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.	The capacity for the payment of financial obligations is substantial. May be vulnerable to future events, but considered manageable.	Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

Rating Canadian Municipal Governments: Canadian Municipal Government Financial Risk Metrics, by DBRS (Dominion Bond Rating Service), May 2021