

Capital Regional District

**Other Financial  
Statement  
Analysis**

### Appendix C: Other Financial Statement Analysis

The audit has now been completed. The 2021 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 the year but not consumed during the period. Table 8 summarizes the primary drivers of changes in net debt for 2021:

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

| Description  | 2021            | 2020            |
|--|-----------------|-----------------|
| Annual Surplus                                       | 172.7           | 250.3           |
| Acquisition of Tangible Capital Assets               | (240.3)         | (260.5)         |
| Contributed Tangible Capital Assets                  | (7.8)           | (7.9)           |
| Amortization of Tangible Capital Assets              | 58.5            | 33.8            |
| Loss/Proceeds on Disposal of Tangible Capital Assets | 0.6             | 3.7             |
| Inventory and Prepaid Expenses                       | (0.8)           | (0.8)           |
| Net Remeasurement Gain/(Loss)                        | (1.6)           | 1.5             |
| <b>Total Change in Net Debt</b>                      | <b>(18.7)</b>   | <b>20.1</b>     |
| Net Debt, Beginning of Year                          | (80.3)          | (100.4)         |
| <b>Net Debt, End of Year</b>                         | <b>(\$99.0)</b> | <b>(\$80.3)</b> |

Overall, the net debt position decreased by (\$18.7) million, primarily due to an annual surplus of \$172.7 million, the net impact of a \$240.3 million increase in tangible capital assets, \$7.8 million increase in contributed assets, less \$58.5 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                                   | 2021           | 2020         |
|---|----------------|--------------|
| Accumulated Remeasurement, Beginning of Year  | 0.6            | (0.9)        |
| Net Remeasurement Gains (Losses)              | (1.6)          | 1.5          |
| <b>Accumulated Remeasurement, End of Year</b> | <b>(\$1.0)</b> | <b>\$0.6</b> |

The \$1.6 million net unrealized remeasurement loss for the year was a result of a decrease in market value of investments held in the MFA Short Term Bond and Fossil Fuel Free funds. The accumulated remeasurement loss at the end of 2021 is \$1.0 million, down from the \$0.6 million remeasurement gain at the end of 2020.

## 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                                      | 2021           | 2020           |
|--|----------------|----------------|
| Operating Activities                             | 127.8          | 281.4          |
| Capital Activities                               | (176.7)        | (249.3)        |
| Investing Activities                             | (29.4)         | (70.0)         |
| Financing Activities                             | 45.5           | 30.3           |
| <b>Net Change in Cash &amp; Cash Equivalents</b> | <b>(32.8)</b>  | <b>(7.6)</b>   |
| Cash & Cash Equivalents, Beginning of Year       | 176.9          | 184.5          |
| <b>Cash &amp; Cash Equivalents, End of Year</b>  | <b>\$144.1</b> | <b>\$176.9</b> |

Overall, the CRD's cash position decreased by \$32.8 million in 2021.

Operating activities resulted in a net increase to cash but was lower than the prior year due to \$86.1 million reduction in accounts payable relating to the payout of Wastewater Treatment Project (WTP) holdbacks and construction invoices, a \$20.7 million increase accounts receivable due to WTP grants earned but not received by year end, and a \$45.5 million decline in government transfers revenue relating to less WTP grants received during the year.

Cash outflows due to capital activities resulted in a decrease of \$176.7 million due to significant capital additions in the year with \$103.3 million relating to WTP additions.

Investing activities resulted in cash outflows of \$29.4 million due to contributions to the investment portfolio.

Financing (debt) activities resulted in an increase of \$45.5 million to cash for the year as a result of substantial borrowing to fund capital additions.