



School District No. 84 (Vancouver Island West)

Financial Statement Management Discussion and Analysis

Year Ended June 30, 2025

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Introduction

This is a discussion and analysis of the financial performance of School District 84 (Vancouver Island West) (“the District”) for the fiscal year ended June 30, 2025. It is based on currently known facts, decisions, and conditions. This report should be read in conjunction with the District’s financial statements for the same period.

The preparation of this financial statement discussion and analysis is management’s responsibility. All dollar amounts are reported to the nearest thousand.

Located on the traditional territory of the Nuuchahnulth peoples, specifically the Ehattesaht/Chinehkint, Ka:yu:k’t’h/ Che:k’tles7et’h’, Mowachaht/Muchalaht, and Nuchatlaht, the District serves the communities of Gold River, Zeballos, Tahsis, and Kyuquot. The District provides educational services to approximately 330 students. These services include a robust international program, outdoor education, and continuing education programming.

The statements illustrate in financial terms how resources have been allocated and consumed during the fiscal year.

Composition of the Financial Statements

The two key audited statements are:

- The **Statement of Financial Position**, which summarizes the District’s assets and liabilities at June 30, 2025. This provides an indication of the financial health of the District.
- The **Statement of Operations**, which summarizes the revenues received and expenses incurred between July 1, 2024 and June 30, 2025. This statement provides a breakdown of the funding received by the District and how that funding was expended.

The **Statement of Changes in Net Financial Assets** (Debt), the **Statement of Cash Flows** and the **Notes to the Financial Statements** are also audited and provide further analysis of the District’s finances.

The District manages its financial activities in three distinct areas:

- The Operating Fund – not restricted by the Ministry of Education (Schedule 2);
- Special Purpose Funds- certain parameters placed on spending (Schedule 3); and the
- Capital Fund (Schedule 4).

These schedules are included at the end of the financial statements and are in a format prescribed by the Ministry of Education and Child Care. These schedules provide additional details specific to each of these areas. The balances reported in the schedules are combined with the operating information to provide a complete financial statement picture.

Schedule 1 illustrates the sum of the funds in all three of these areas.

Schedule 2 provides detail on the **Operating Fund**.

The Operating Fund accounts for the District's operating grants and other operating revenues. Legislation requires that the District present a balanced budget for the Operating Fund, whereby budgeted expenditures do not exceed the total of budgeted revenue and any surplus in the Operating Fund is carried forward from previous years. Legislation does not permit school districts to budget for a deficit.

Schedule 3 provides detail on the **Special Purpose Funds**.

The Special Purpose Funds account for grants and contributions that are directed towards specific activities. As these are targeted grants, any unspent funding is accounted for as deferred revenue, not as accumulated surplus.

Schedule 4 provides detail on the **Capital Fund**.

The Capital Fund accounts for the capital assets of the District including land, buildings, furniture, computers, and equipment.

Statement of Financial Position

Financial Assets

Financial assets are assets available to discharge existing liabilities or finance future operations. Overall, there was a small increase in financial assets, mainly due to an operating surplus offset by expenditures from capital grants.

In Thousands	2025	2024	Change
Cash	\$5,316	\$5,504	(\$188)
Due from Others	558	226	332
Total	\$5,874	\$5,730	\$144

Included in Cash is a Certificate of Deposit (COD) held by the Ministry of Finance which has similar rates of return to the bank. The Ministry rate in June was 2.95% (4.95% last year) and the COD balance was approximately \$874k. The bank rate in June was 3.2% (5.2% last year) and total cash held by the bank was approximately \$4.3M.

Accounts receivable increased due to the timing of payments received for invoices after the year end.

Liabilities

Liabilities represent obligations that have been incurred by the District. Total liabilities decreased from the prior year by \$224k.

In Thousands	2025	2024	Change
AP and Accrued Liabilities	\$1,091	\$1,367	(\$276)
Employee Future Benefits	58	53	5
Unearned Tuition Revenue	109	50	59
Deferred Revenue	571	374	197
Deferred Capital Revenue	17,762	17,971	(209)
Asset Retirement Obligation	773	773	0
Total	\$20,364	\$20,588	(\$224)

Accounts Payable and Accrued Liabilities is comprised of trade payables, payroll deductions outstanding, accumulated employee vacation and accrued wages payable. The change to this figure is due to timing differences in settling payroll liabilities offset by an increase in trade payables outstanding in June paid in July.

Employee future benefits is a provision made for liabilities that continue to accrue for employee retirement benefits including accumulating non-vested sick leave, early retirement, severance, vacation, overtime and death benefits.

Unearned tuition fee revenue are payments received from international students in advance of attendance in the following year. This figure is dependent on the timing of when students are registered and payments are received. The increase represents more paid enrollments than at the same time last year. Last year there were two full year students registered and paid for the following year at June 30th, whereas this year there were two partial year and four full year students registered and paid for the following year at June 30th. Enrollment for the program dropped in the 2024-25 school year after an exceptionally high enrollment year in 2023-24 and is expected to be similar for 2025-26. Global economic conditions, political instability, and geographical conflict are all factors that can impact enrollment, as well as difficulties the District faces finding homestay accommodations in small communities.

Deferred revenue are the monies left unspent in the Special Purpose Funds, which are restricted for specific uses. This includes programs such as Community Link, Strong Start, and Ready Set Learn, and various targeted funds such as the Learning Improvement Fund, Early Care and Learning Fund, Mental Health in Schools Fund, Classroom Enhancement Fund, and the Annual Facilities Grant. Also included are school generated funds, scholarships and bursaries, and the employee housing fund. When funds are received, they are recognized as deferred revenue. Revenue is recognized only when related expenses are incurred.

Deferred revenue increased this year, mainly due to a new grant that was received late in the school year. This \$247k grant is intended to support professional development, information, and resources in the area of evidence-based approaches to literacy development and is to be expended over the next two years

Deferred capital revenue is recognized when capital grant funds are spent on capital asset purchases and is amortized as revenue over the life of the related asset. If an asset is disposed of, the full balance of the unamortized deferred capital revenue relating to that asset is recognized as revenue at the time of disposal. During the year, deferred capital revenue decreased by \$209k (\$1.16M increase last year). The sale and leaseback of Kyuquot Elementary Secondary School (“KESS”) was finalized in the 2024-25 school year which resulted in \$1.4M unamortized deferred capital revenue being recognized as revenue, therefore reducing the balance of deferred capital revenue. This decrease was offset by \$2.4M in capital asset additions from various projects around the District, including \$937k in upgrades and renovations at KESS, which the Ministry continues to fund as leasehold improvements via capital grants.

Asset Retirement Obligation is the cost the District must expend in the future to retire capital assets. This liability represents future remediation costs for asbestos, which requires special disposal, in some of the District’s buildings. There was no change to this liability in the current year as no significant work was done to remediate asbestos during the year.

Non-Financial Assets

Non-financial assets decreased by \$3.4M. The KESS disposal resulted in a \$4.7M decrease to tangible capital assets, which was offset by asset additions through the District’s robust capital program, funded mostly by the Ministry.

In Thousands	2025	2024	Change
Tangible Capital Assets	\$22,145	\$25,508	(\$3,363)
Prepaid Expenses	12	6	6
Total	\$22,157	\$25,514	(\$3,357)

Capital assets include land, buildings, furniture, vehicles and computer hardware. The assets purchased during the year totaled \$2.5M (\$4.3M last year).

\$2.3M was spent on building upgrades and equipment purchases funded by the Ministry of Education and Childcare. For buildings, spending included \$937k on continued upgrades and renovations at Kyuquot Elementary Secondary School (KESS), \$544k on PA system upgrades and building systems controls at all schools, and \$440k on various facilities upgrades throughout the District as part of the Annual Facility Grant. \$188k was spent on a new accessible playground at Captain Meares

Elementary Secondary School (CMES), and \$51k was spent on infrastructure and equipment to support foods programs.

\$46k of local capital funds were spent on new vehicles. \$176k of purchases was offset by a \$130k rebate received for an electric bus purchased in 2022. \$20k worth of furniture, equipment, and computer hardware was purchased through operating funds.

Accumulated Surplus

Operating surplus net of \$20k capital assets purchased from operating funds totaled \$589k, of which \$550k was transferred to local capital to fund future teacherages in Kyuquot. Accumulated surplus therefore increased by \$19k from operating funds. This brings the operating surplus to \$2.18M.

In Thousands	2025	2024	Change
Operating	\$2,180	\$2,161	\$19
Capital	5,487	8,495	(3,008)
Total	\$7,667	\$10,656	(\$2,989)

Accumulated surplus represents the Board's residual interest in its assets after deducting liabilities. The operating balance is available to fund operations as it is carried over for future use. Some of these funds are restricted for professional development, future capital purchases, and school budgets, but the remainder is there to assist with new initiatives or provide a cushion for emergent needs. Local capital now totals \$1.6M (last year \$1.1M) which will be used for teacherages, new computer equipment, vehicles, capital projects required but not funded by the Ministry as well as other on-going expenses that need to be planned for.

The District had a slightly larger surplus than last year. Operating revenues were higher than expected, by \$63k for Ministry of Education and Childcare grants and Funding from First Nations combined. Overall operating expenses were \$804k under budget, largely due to unfilled positions, increased utilization of targeted funds, and underspent supplies budgets.

Statement of Operations

The Statement of Operations is a consolidation of revenues and expenditures of the operating, capital, and special purpose funds. Each of these funds is discussed separately below.

Consolidated revenues from all sources decreased to \$10.6M from \$14.7M last year. The main reason for this decrease is a \$3.3M loss recorded on the disposal of Kyuquot Elementary Secondary School. The site and buildings were sold to Ka:yu:k't'h/ Che:k'tles7et'h' First Nation for proceeds of \$10, with a net book value of \$4.7M and unamortized deferred capital revenue of \$1.4M.

The largest source of total revenue is generated from the Ministry of Education and Child Care. Ministry Grants decreased this year as more students were instead funded by First Nations Local Education Agreement (LEA) revenue. There was also less special purpose funding available for use, and the funds the District receives from funding protection continue to decline each year.

The next most significant revenues are generated from other sources which include First Nations LEA revenue, miscellaneous operating revenue, and recognition of deferred revenue in special purpose funds not funded by the Ministry of Education. Other revenue increased this year due to more students being funded by First Nations LEA rather than the Ministry. The remainder comes from international student fees, investment income, and amortization of deferred capital revenue.

In Thousands	2025		2024	
Ministry Grants	\$7,312	69%	\$7,996	54%
Tuition	182	2%	401	3%
Other Revenue	5,473	52%	5,322	36%
Rentals and Leases	11	0%	0	0%
Investment Income	161	2%	256	2%
Gain (Loss) on Sale	(3,301)	(31%)	0	0%
Amortization of Deferred Capital Revenue	785	7%	751	5%
Total	\$10,623	100%	\$14,726	100%

Operating Fund Revenue

In Thousands	2025	2024	Amended Budget	Variance from Prior Year	Variance from Budget
Ministry Grants	\$5,397	\$5,624	\$5,265	(\$227)	\$132
Tuition	182	401	200	(219)	(18)
LEA Revenue	5,159	4,804	5,228	355	(69)
Miscellaneous	51	162	36	(111)	15
Rentals and Leases	11	0	0	11	11
Investment Income	122	213	150	(91)	(28)
Total Revenue	\$10,922	\$11,204	\$10,879	(\$282)	\$43

The District received \$5.4M (\$5.6M last year) from the Ministry of Education and Childcare in the form of the operating grant which is based on student enrollment and other student and geographical factors. International tuition decreased back to typical levels at \$182k after a year of the highest enrolment the program has ever seen. LEA Revenue increased due to an increase in both FTE and the per student rate. Miscellaneous Revenue decreased due to the discontinuation of one-time external wage recoveries in the prior year, which was offset by a decrease in teacher wage expenditures. Investment income in the operating fund has decreased by \$91k this year due to falling interest rates combined with a slight reduction in cash on hand.

Operating Fund Expenditure

Overall expenditure in the operating fund decreased by \$329k.

In Thousands	2025	2024	Amended Budget	Variance from Prior Year	Variance from Budget
Teachers	\$2,209	\$2,487	\$2,350	(\$278)	(\$141)
Principals/Vice Principals	1,800	1,891	1,882	(91)	(82)
Education Assistants	389	214	399	175	(10)
Support Staff	881	1,086	1,057	(205)	(176)
Excluded Staff	942	897	987	45	(45)
Substitutes	266	178	229	88	37
	6,487	6,753	6,904	(266)	(417)
Employee Benefits	1,435	1,539	1,527	(104)	(92)
Service and Supplies	2,412	2,369	2,706	43	(294)
Total Expenditures	\$10,334	\$10,661	\$11,137	(\$327)	(\$803)

Wages and Benefits

- Total staff costs in the operating fund have decreased due to discontinuing some temporary positions, utilizing more targeted funding to offset staffing costs, and difficulty filling multiple positions throughout the year.
- Teacher wages have decreased as some one-time additional positions and one position fully recovered via external billing from the previous year were not continued this year.
- Principal and Vice Principal wages have decreased due to a larger portion of administrative wages being allocated to CEF overhead under special purpose funds and the promotion of Directors of Instruction to Assistant and Deputy Superintendent, which are included under Excluded Staff.
- Education Assistant (EA) wages have increased as new positions have been added. There has also been more success in filling EA positions this year due to the investment in support staff training initiatives jointly between the District and CUPE Local 2769.
- Support Staff wages have decreased in the operating fund as targeted funding was utilized to cover more positions. The District has also experienced difficulty in filling some specialized support positions.
- Excluded Staff wages have increased due to the promotion of Directors of Instruction to Assistant and Deputy Superintendent and the Assistant Secretary Treasurer to Secretary Treasurer.

- Substitute salaries have increased in line with a provincial trend of increased leaves as well as costs associated with difficulties filling positions throughout the year.
- Employee Benefits have decreased due to professional development costs being recategorized under services and supplies in the current year.

Services and Supplies

- Total services and supplies costs have increased by \$43k.
- Overall, services and supplies costs represent 23% of the total operating expenditures, similar to 22% last year.
- Services costs increased due to targeted numeracy support budgeted for the year, increased costs for inclusive education services, increased legal costs, and changes in the allocation and spending of Indigenous Education Targeted funding.
- Professional development and travel costs decreased as the District's teacher training program came to an end.
- Dues and fees costs decreased as prior year costs for both continual and one-time initiatives were discontinued.
- Supplies costs decreased as some school recuperated from overspending in the previous year and due to changes in the allocation and spending of Indigenous Education Targeted funding.
- Utilities costs increased substantially over the prior year, mainly due to increased hydro costs from new heat pumps at Gold River Secondary School. These costs are somewhat offset by a reduction in oil costs from previous years. There was also an increase to water costs associated with repaired irrigation systems in Gold River.

Special Purpose Fund

Special purpose revenues are restricted grants designated for specific purposes or programs.

Overall revenues decreased by \$556k over the prior year. Many of the same grants were provided. There was a \$120k decrease in overall funding for the Classroom Enhancement funds due to changes in enrolment. The Early Care & Learning grant of \$175k was received again, used to further develop early learning programs and offset existing staffing and service costs focused on early learning. \$350k was received again for the Feeding Futures Fund, along with an additional \$10k of federal food program funding. A new \$247k grant for literacy professional development and resources over the next two years was received this year. The additional \$100k received last year for the Student and Family Affordability Fund was unfortunately not continued this year. \$5k investment income initially recorded in the operating fund was allocated to the special purpose funds.

In Thousands	2025	2024	Amended Budget	Variance from Prior Year	Variance from Budget
Ministry of Education	\$1,915	\$2,372	\$2,022	(\$457)	(\$107)
Other Revenue	263	356	373	(93)	(110)
Investment Income	5	11	-	(6)	5
Total Revenues	\$2,183	\$2,739	\$2,395	(\$556)	(\$212)

The majority of expenditures in this fund are spent on instruction. The largest contribution is from Classroom Enhancement funds received including \$772k for teacher staffing. Any amount unspent from these funds is recovered by the Ministry. The District accounted for the total spending which was used to meet the class size and composition language. \$327k was spent on school food programs, \$156k was spent on early learning, and \$196k was spent on mental health and social supports through the Community Link and Mental Health in Schools grants.

In Thousands	2025	2024	Amended Budget	Variance from Prior Year	Variance from Budget
Instruction	\$2,062	\$2,409	\$2,273	(\$347)	(\$211)
Operations	79	135	69	(56)	10
Transportation and Housing	42	78	52	(36)	(10)
Total Expenditures	\$2,183	\$2,622	\$2,394	(\$439)	(\$211)

Capital Fund

During the year, the District spent \$2.5M on new capital additions. The Ministry funded \$2.4M of capital projects, including significant facilities upgrades and renovations at KESS, a new playground at CMES, and other facilities upgrades across the District. \$46k of Local Capital funds were spent on new vehicles and \$21k of operating funds were used to purchase a new furniture, equipment, and computer hardware.

Capital fund unspent balances at year end are as follows:

In Thousands	2025	2024	Change
Restricted Capital Balance	\$117	\$113	\$4
Bylaw Capital	98	494	(396)
Local Capital	1,634	1,096	538
Total	\$1,849	\$1,703	\$146

Restricted capital represents the Ministry of Education's portion of the proceeds on disposal of land and buildings. Spending of this money must be approved by the Ministry and used for capital projects or site purchases. The increase is a result of interest income allocated to capital funds.

Bylaw capital is funding approved and available for capital projects. The decrease from prior year is a timing difference of when funds were transferred from the Ministry to the District and when the funds were spent.

Local capital is funds restricted by the Board for the purchase of capital assets. \$550k was transferred into Local Capital from the operating surplus to meet the future capital needs of the board. This represents a portion of the funds committed to building new teacherages in Kyuquot.

Summary and Other Significant Matters

Compared to the previous school year, 2024-25 was largely status quo. The disposal of Kyuquot Elementary Secondary School was a major difference that impacted the financial statements significantly. Otherwise, revenues and expenses were similar, the main differences being changes to interest rates, a decrease to international student tuition, and difficulties fully staffing all positions.

The District submitted a balanced budget to the Ministry of Education for the 2025-26 school year that will continue to deliver the mix of programs and services currently offered to students in our schools. Moving into 2025-26 and beyond, there are several factors that may impact the District's operations and financial position.

The Year Ahead:

- The Board has approved a new Strategic Plan for the years 2025-2030, which highlights three priorities for the District:
 - Learning – personal success and equity in outcomes
 - Relationships – well-being and a sense of belonging in the school community
 - Indigenous Ways of Knowing – a strong connection to the Nuuchah-nulth peoples, culture, language, and land
- Funds have been set aside from surplus reserve to enhance programming to improve student results in support of the Framework for Enhancing Student Learning
- There are no significant increases in enrolment expected in the District in the short term so it is anticipated that funding protection will remain in place for the foreseeable future, meaning operating funding will continue to decline gradually over time.
- Staff recruitment is still one of our top priorities as it is an on-going challenge to find qualified staff who are interested in working in remote locations, particularly as TTOCs. Having full-time TTOCs at most sites has been a successful initiative that is planned to continue. There is also a recruitment incentive being offered to qualified applicants for some positions.
- The District continues to partner with Nuuchah-nulth Tribal Council and educational institutions on Vancouver Island to train local and First Nations individuals to become teachers and teach in the District. The District has seen great success with this program in recruitment and retention of staff and it has helped provide the diversity and equity the District needs considering the large numbers of Indigenous students in the District.

Contacting Management

This financial report is designed to provide a general overview of the District's finances and to demonstrate accountability for the public funds received by the District

If you have questions about the financial report, please contact the Office of the Secretary Treasurer at 250-283-2241

You can also find additional information on the District on our web site: <https://sd84.bc.ca/>