



School District No. 84 (Vancouver Island West)

Financial Statement Management Discussion and Analysis

Year Ended June 30, 2026

Contents

Introduction.....	3
Key Highlights	3
Enrolment Trends.....	3
Composition of the Financial Statements	4
Statement of Financial Position	5
Financial Assets	5
Liabilities	5
Non-Financial Assets.....	7
Accumulated Surplus	7
Statement of Operations	9
Operating Fund Revenue.....	10
Operating Fund Expenditure.....	11
Special Purpose Fund	13
Capital Fund	14
Summary and Other Significant Matters	15
Contacting Management	16

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, 2026. 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.

Key Highlights

Overall, the District’s financial position remained strong in the 2025/26 school year.

	2026	2025
Surplus (Deficit) for the year	\$143k	(\$2.99M)
Operating Surplus for the year	\$341k	\$19k
Accumulated Operating Surplus	\$2.52M	\$2.18M
Total Revenue	\$13.95M	\$10.62M
Total Expenses	\$13.81M	\$13.61M
Cash Balance	\$5.69M	\$5.32M
Student Enrolment	305 FTE	313.4 FTE

Enrolment Trends

After a large increase in 2022/23 and smaller increases in the following years, enrolment began to decline in 2025/26.

	2025/26	2024/25	2023/24	2022/23	2021/22
Total Student FTE	305	313.4	309.9	306	268.5

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, 2026. 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, 2025 and June 30, 2026. 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, financial assets increased by \$554k, primarily due to an increase in cash and accounts receivable.

In Thousands	2026	2025	Change
Cash	\$5,694	\$5,316	\$378
Accounts Receivable	734	558	176
Total	\$6,428	\$5,874	\$554

Included in Cash in 2025 is a Certificate of Deposit (COD) held by the Ministry of Finance which had slightly lower rates of return to the bank. The majority of this amount (approx. \$891k) was transferred to the bank during 2026 to increase interest income. The bank rate in June was 2.7% (3.2% last year) and total cash held by the bank was approximately \$5.56M.

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 increased from the prior year by \$1.17M.

In Thousands	2026	2025	Change
AP and Accrued Liabilities	\$751	\$1,091	(\$340)
Employee Future Benefits	52	58	(6)
Unearned Tuition Revenue	101	109	(8)
Deferred Revenue	953	571	382
Deferred Capital Revenue	18,827	17,762	1,065
Asset Retirement Obligation	849	773	76
Total	\$21,533	\$20,364	\$1,169

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 and a decrease 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 decrease represents slightly less paid enrollments than at the same time last year. Enrollment for the program in the 2025-26 school year was similar to the 2024-25 school year and is expected to remain similar for 2026-27. 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, Ready Set Learn, Feeding Futures and the National School Foods Program, 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 by \$382k during the year, largely attributable to \$350k received in 2025-26 to be spent in 2026-27 and 2027-28 for the District Early Learning and Child Care Leads Project.

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. Deferred capital revenue increased by \$1.1M. This reflects \$1.8M transferred from deferred revenue for capital additions, offset by \$912k in amortization of deferred capital revenue. In the prior year, deferred capital revenue decreased by \$209k due to the sale and leaseback of Kyuquot Elementary Secondary School (“KESS”).

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. Asset Retirement Obligation increased by \$76k, reflecting increased estimated costs due to inflation.

Non-Financial Assets

Non-financial assets increased by \$758k. This was largely driven by an increase to tangible capital assets of \$713k.

In Thousands	2026	2025	Change
Tangible Capital Assets	\$22,858	\$22,145	\$713
Prepaid Expenses	57	12	45
Total	\$22,915	\$22,157	\$758

Capital assets include land, buildings, furniture and equipment, vehicles, and computer hardware. Assets purchased during the year totaled \$1.9M (\$2.5M last year).

\$1.8M was spent on building upgrades and equipment purchases funded by the Ministry of Education and Child Care (\$2.3M last year). For buildings, significant spending included \$571k on continued upgrades and renovations at KESS, \$231k on renovations to the gym storage and washrooms plus a partial demolition at Captain Meares Elementary Secondary School (“CMESS”), \$200k on PA system upgrades, and \$633k on various facilities upgrades throughout the District as part of the Annual Facility Grant. \$48k was spent on infrastructure and equipment to support foods programs.

\$69k of Local Capital funds were spent on new vehicles. \$24k worth of furniture and equipment, and \$26k worth of computer hardware was purchased through operating funds.

The \$76k asset retirement obligation adjustment is reflected in an increase to the cost of buildings.

Accumulated Surplus

Operating surplus before transfers totaled \$492k. After transfers of \$51k for tangible capital asset purchases and \$100k to Local Capital, the operating fund increased by \$341k, bringing the operating surplus to \$2.52M.

In Thousands	2026	2025	Change
Operating	\$2,521	\$2,180	\$341
Capital	5,289	5,487	(198)
Total	\$7,810	\$7,667	\$143

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 \$1.7M (last year \$1.6M). The Board continues to reserve Local Capital for strategic long-term investments including teacher housing, technology renewal, replacement vehicles,

capital projects required but not funded by the Ministry, as well as other ongoing expenses that need to be planned for.

The District's operating surplus before transfers for tangible capital asset purchases and Local Capital was similar to and slightly lower than last year. Operating revenues were higher than expected, by \$133k for Ministry of Education and Child Care grants and Funding from First Nations combined. Overall operating expenses were \$600k under budget, largely due to underspent services and supplies budgets.

The accumulated operating surplus is broken down as follows:

In Thousands	
Internally Restricted (appropriated) by Board for:	
Constraints on funds	\$189
Anticipated unusual expenses	275
Operations spanning multiple years	1,146
Subtotal Internally Restricted	\$1,610
Unrestricted Operating Surplus (Contingency)	911
Total Available for Future Operations	\$2,521

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 increased to \$13.95M from \$10.6M last year. The prior year included a \$3.3M loss on disposal of tangible capital assets, which significantly reduced reported revenue in 2024/25. Excluding that one-time loss, total revenue was generally stable, with increases in Ministry operating and special purpose funding, tuition, rentals and leases, and amortization of deferred capital revenue, partially offset by lower other revenue and investment income.

The largest source of total revenue continues to be Ministry of Education and Child Care grants. Ministry grants increased from \$7.3M to \$7.85M. A greater proportion of students were funded by the Ministry as opposed to First Nations Local Education Agreements compared to the prior year. This is also reflected in a decrease in Other Revenue, which also includes miscellaneous operating revenue and recognition of deferred revenue in special purpose funds not funded by the Ministry of Education.

In Thousands	2026		2025	
Ministry Grants	\$7,849	56%	\$7,312	69%
Tuition	237	2%	182	2%
Other Revenue	4,809	34%	5,473	51%
Rentals and Leases	22	0%	11	0%
Investment Income	121	1%	161	2%
Gain (Loss) on Sale	0	0%	(3,301)	(31%)
Amortization of Deferred Capital Revenue	912	7%	785	7%
Total	\$13,950	100%	\$10,623	100%

Operating Fund Revenue

In Thousands	2026	2025	Amended Budget	Variance from Prior Year	Variance from Budget
Ministry Grants	\$5,822	\$5,397	\$5,572	\$425	\$250
Tuition	237	182	200	55	37
LEA Revenue	4,668	5,159	4,786	(491)	(118)
Miscellaneous	9	51	15	(42)	(6)
Rentals and Leases	22	11	23	11	(1)
Investment Income	75	122	100	(47)	(25)
Total Revenue	\$10,833	\$10,922	\$10,696	(\$89)	\$137

The District received \$5.8M (\$5.4M last year) from the Ministry of Education and Child Care in the form of the operating grant which is based on student enrolment and other student and geographical factors. Ministry Grants were higher than budget due to labour settlement grants received during the year that were not yet finalized at the time of the budget, and students that were budgeted as LEA-funded but were instead funded by the Ministry. This is offset by LEA Revenue being below budget. Overall, LEA Revenue decreased due to a 9% decrease in the number of students funded by LEA. International tuition increased to \$238k from \$182k. Miscellaneous Revenue decreased as some smaller grants received in the prior year were not continued. Investment income in the operating fund decreased to \$75k from \$122k, reflecting lower interest rates and more investment income allocated to capital and special purpose funds. Operating revenues were \$137k above budget overall, mainly due to labour settlement funding received from the Ministry related to wage increases during the year.

Operating Fund Expenditure

Overall expenditure in the operating fund increased slightly by \$7k and was \$600k under budget.

In Thousands	2026	2025	Amended Budget	Variance from Prior Year	Variance from Budget
Teachers	\$2,107	\$2,209	\$2,238	(\$102)	(\$131)
Principals/Vice Principals	1,540	1,800	1,563	(260)	(23)
Education Assistants	483	389	492	94	(9)
Support Staff	874	881	881	(7)	(7)
Excluded Staff	1,059	942	1,048	117	11
Substitutes	372	266	260	106	112
	6,435	6,487	6,482	(52)	(47)
Employee Benefits	1,456	1,435	1,415	21	41
Service and Supplies	2,450	2,412	3,044	38	(594)
Total Expenditures	\$10,341	\$10,334	\$10,941	\$7	(\$600)

Wages and Benefits

- Total salary and benefit costs in the operating fund decreased by \$30k and were close to budget overall.
- There was a wage increase for both teachers and excluded staff during the year that was not included in the budget as provincial bargaining was still in progress. The 2025-26 wage increase for support staff has not yet been finalized and has therefore not been expensed.
- Budgeted teacher wages decreased as some temporary positions were not renewed. Actual costs were under budget due to positions that remained vacant throughout the year. This is offset by over budget substitutes costs.
- Principal and Vice Principal wages were under budget due to an increase in allocations to special purpose funds. The decrease from prior year reflects senior leadership positions that were included in Principals and Vice Principals for a portion of the prior year which are now fully included in Excluded Staff, as well as lower wage costs overall associated with attrition.
- Educational Assistant (EA) wages increased and were close to budget. Sign language support staff were recategorized under EAs rather than support staff this year. There has also been continued 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 were stable year over year, decreasing slightly, and coming in close to budget.

- Excluded Staff wages increased during the year, mainly due to succession planning supporting the retirement of Superintendent Tarasoff and Assistant Superintendent Johnson. The Operations Supervisor position was added starting in April 2026.
- Substitute salaries increased and were over budget, largely due to vacant positions, offsetting the underspend in teacher wages.
- Employee Benefits increased due to benefits improvements and increased costs from benefits providers.

Services and Supplies

- Total services and supplies costs increased by \$38k and were \$594k under budget.
- Overall, services and supplies costs represented approximately 24% of total operating expenditures, similar to 23% last year.
- Services costs increased by \$114k but were \$199k under budget. The services budget was increased for additional inclusive education support, increased vehicle service costs, and new software used to track and measure student success. The underspend is mostly attributable to special health services, behaviour consulting, and homestay for the international program.
- Professional development and travel costs decreased by \$162k and were \$205k under budget. There were no further costs related to the teacher education program. Professional development was significantly underspent and overall travel costs decreased.
- Dues and fees costs remained relatively stable, decreasing very slightly.
- Supplies costs increased by \$89k and were \$188k under budget. School supply budget allocations were underspent overall, as were inclusive education supplies and maintenance supplies budgets.
- Utilities costs were stable year over year, following a substantial increase in the prior year.

Special Purpose Fund

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

Overall special purpose revenues decreased slightly by \$15k over the prior year. Many of the same grants were provided as last year. The Early Care & Learning grant of \$175k was received again, used to further develop early learning and childcare programs and offset existing staffing and service costs focused on early learning. 2025/26 was to be the last year for this grant, however the Ministry was able to provide funding for two additional years, which was fully received during the current year. A \$25k grant was received to support the District to develop a dual credit program for First Nation high school students to explore teaching as a career path, to be spent over the next two years. \$10k investment income was allocated to the special purpose funds.

In Thousands	2026	2025	Amended Budget	Variance from Prior Year	Variance from Budget
Ministry of Education	\$2,027	\$1,915	\$2,220	\$112	(\$193)
Other Revenue	131	263	183	(132)	(52)
Investment Income	10	5	-	5	10
Total Revenues	\$2,168	\$2,183	\$2,403	(\$15)	(\$235)

The majority of expenditures in this fund are spent on instruction. The largest contribution is from Classroom Enhancement funds received, which are used to meet the class size and composition language. This includes \$740k for teacher staffing, \$249k for associated overhead costs, and \$50k for remedies incurred. A balance of \$22k was unspent, related to vacant teaching positions. This amount will be recovered by the Ministry. \$381k was spent on school food programs, funded by both Feeding Futures and the National School Foods Program funding, allowing all students in all schools to access meals and snacks on a daily basis. \$203k was spent on mental health and social supports through the Community Link and Mental Health in Schools grants. \$161k was spent from the Early Care and Learning grant, supporting the Children's Health Hub, early learning programs, and the exploration of childcare needs in the district. \$79k from the Annual Facility Grant was spent on maintaining facility assets, and \$69k was spent from the Literacy Professional Development Grant on initiatives to improve literacy throughout the district.

In Thousands	2026	2025	Amended Budget	Variance from Prior Year	Variance from Budget
Instruction	\$2,053	\$2,062	\$2,282	(\$9)	(\$228)
Operations	79	79	79	0	0
Transportation and Housing	36	42	42	(6)	(7)
Total Expenditures	\$2,168	\$2,183	\$2,403	(\$15)	(\$235)

Capital Fund

During the year, the District spent \$1.9M on new capital additions. The Ministry funded \$1.8M of capital projects, including continued facilities upgrades and renovations at KESS, demolition and renovations at CMES, and various other facilities upgrades across the District. \$70k of Local Capital was used to purchase new vehicles, furniture, and equipment and \$51k of operating funds were used to purchase equipment and computer hardware.

Capital fund unspent balances at year end are as follows:

In Thousands	2026	2025	Change
Restricted Capital Balance	\$119	\$117	\$2
Bylaw Capital	259	98	161
Local Capital	1,700	1,634	66
Total	\$2,078	\$1,849	\$229

Restricted Capital represents the Ministry of Education and Child Care'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 balance increased slightly to \$119k as a result of investment income allocated to capital funds.

Bylaw Capital is funding approved and available for capital projects. The District received more funds than it spent during the year and therefore this balance increased.

Local Capital is funds restricted by the Board for the purchase of capital assets. During the year, \$100k was transferred into Local Capital from the operating surplus, representing a portion of the funds committed to building new teacherages in Kyuquot

Summary and Other Significant Matters

Compared to the previous school year, 2025/26 showed a positive consolidated annual surplus of \$143k after a significant prior-year deficit driven by the disposal of Kyuquot Elementary Secondary School. The District's financial position remained stable overall, with increased cash, higher deferred revenue balances, continued capital investment, and an increase in accumulated surplus.

The District submitted a balanced budget to the Ministry of Education and Child Care for the 2026/27 school year that will continue to deliver the mix of programs and services currently offered to students in our schools. Moving into 2026/27 and beyond, there are several factors that may impact the District's operations and financial position.

The Year Ahead:

- The Board's Strategic Plan for the years 2025-2030 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 Nuuchahnulth peoples, culture, language, and land
- Enrolment is projected to decline slightly in the short term, so it is anticipated that funding protection will remain in place for the foreseeable future. Therefore, operating funding will continue to decline gradually over time. This is in contrast to overall costs rising due to inflation, wage increases, and benefits enhancements, which means the District will continue to rely on accumulated surplus for service continuity in the near future.
- Funds have been set aside from accumulated operating surplus to support the continuation of existing services, enhance programming to improve student results in support of the Strategic Plan, and to balance future years' budgets.
- Funds have also been set aside from Local Capital as part of a joint commitment to build new teacher housing in partnership with the Ka'yuk't'h/ Che:k'tles7et'h' First Nations.
- Staff recruitment is still one of our top priorities as it is an ongoing challenge to find qualified staff who are interested in working in remote locations. There are recruitment incentives available to qualified applicants for some positions.
- The District continues to explore opportunities with educational institutions on Vancouver Island and other stakeholders 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 website: <https://sd84.bc.ca/>