

Financial Discussion & Analysis

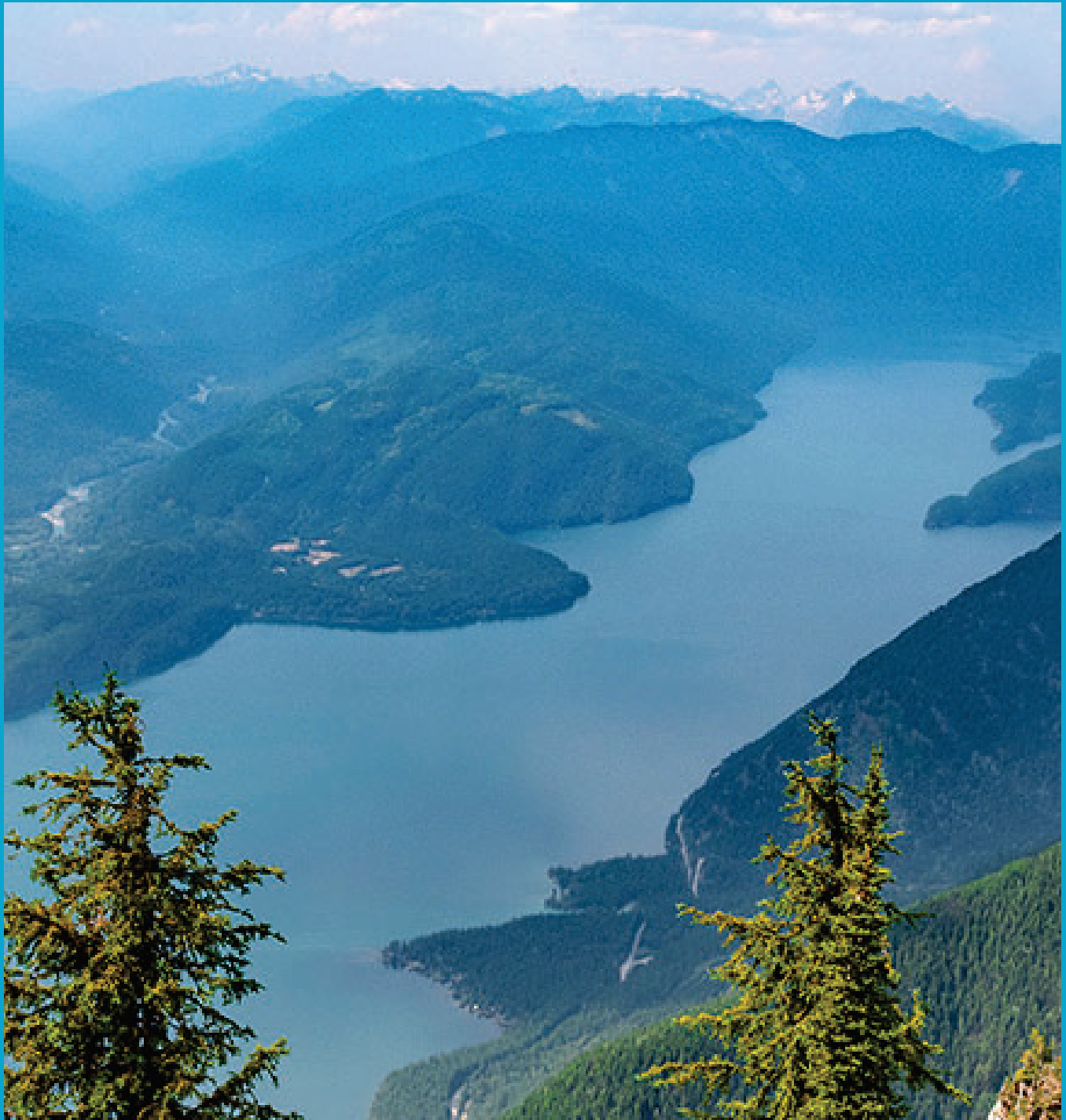
For the Year Ended June 30, 2025





ACKNOWLEDGMENT

We acknowledge, respect and honour the First Nations in whose traditional territories the Kootenay Lake School District operates and all Aboriginal people residing within the boundaries of School District No. 8.



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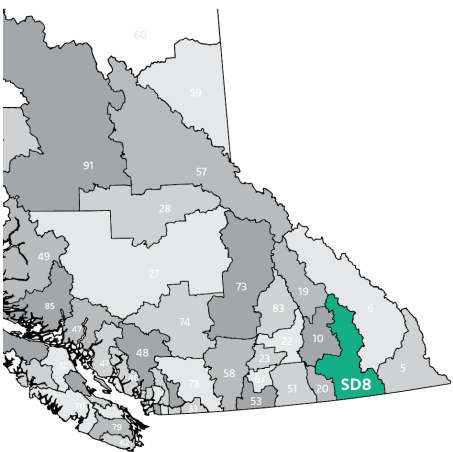
ABOUT THE DISTRICT

Located in the Central Kootenays in BC, School District No. 8 (SD8) operates six families of schools in the communities of Nelson, Salmo, Creston, Crawford Bay, Kaslo and the Slocan Valley with the majority of the students living in Nelson and Creston. The school district serves approximately 4,700 students and their families in over 15 rural communities and employs about 900 full- and part-time staff. The district's overall operating budget for 2024-25 was \$85 million.

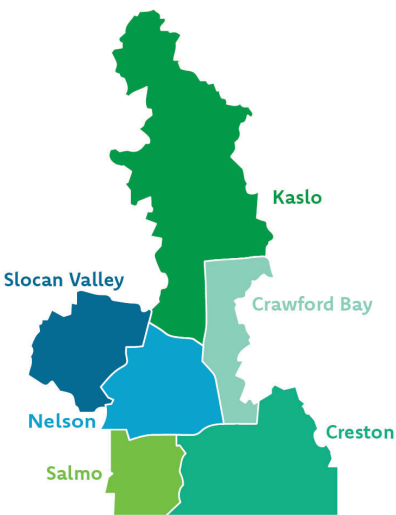
SD8 serves the Lower Kootenay Band located in Creston, B.C. According to the B.C. Adolescent Health Survey for SD8, of the Indigenous student population, which constitutes 15% of the student body, 56% identified as First Nations, 45% as Métis, and 8% as having another Indigenous background. Additionally, 9% of students identified with diverse abilities, and less than 1% of students are identified as children and youth in care.

Climate change is raising the risk of more frequent and severe wildfires that will result in smoke during the summer months and affect surrounding areas in shoulder seasons as well.

Residents in the Kootenay Lake area have the highest median age of all the economic regions in the province. Unemployment in this region has consistently been higher than the provincial average. Workforce recruitment is a significant challenge for the district.



British Columbia School Districts



School District 8 Kootenay Lake Families of Schools

4,700
students

23
schools

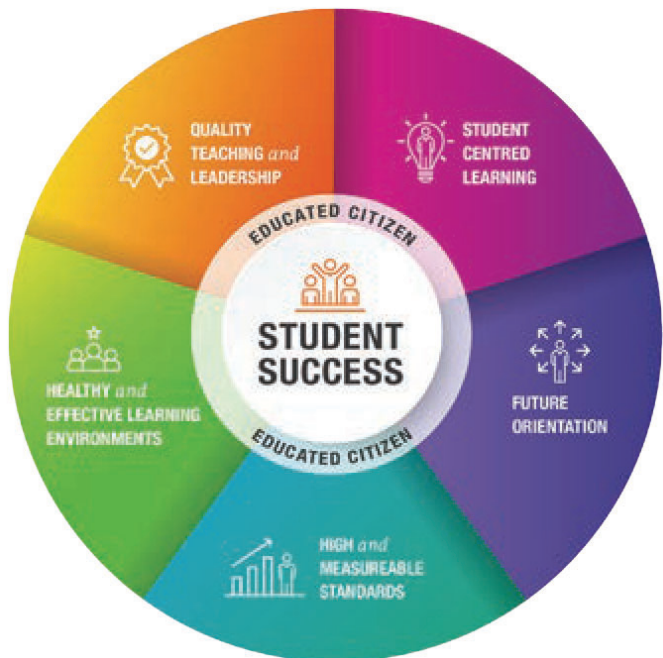
900
staff

STRATEGIC PLAN PRIORITIES

SD8's financial planning and results focus on meeting its strategic priorities outlined in the Strategic Plan. All SD8 financial decisions are guided by the district's mission, vision and values and are based on evidence and extensive consultation.

Strategies and structures support the learning success of individual Indigenous students, students with diverse abilities, and children and youth in care within each school. Together these district processes work to support the goals and vision of the Ministry of Education and Child Care Service Plan.

Aboriginal education (ABED) is core focus in the district, articulated through the Aboriginal Focus Area of belonging, success, truth before reconciliation, and history and culture. These plans are tied to SD8's strategic plan and the ministry service plan.



Mission

We inspire and support each learner to thrive in a caring learning environment.

Vision

Our learners grow as global citizens in an innovative and inclusive community.

Values

Our values help shape the culture of our schools and workplaces. By upholding these beliefs and attitudes, we can build learning communities that will lead to the fulfilment of our mission.

Strategic Priorities

Lifelong Learners

We improve student learning through interest-based, competency-based, flexible and innovative approaches.



Connected Learners

We inspire learners to become curious, critical, and creative stewards of the natural world and the local and global community.



Caring and Inclusive Learning Culture

We promote physical and mental well-being through social-emotional learning to foster compassionate learners.



Cultural and Identity Development

We promote a positive sense of identity in culturally safe and responsive communities of learning.



Career Development

We prepare students to graduate with options for their future life and career goals.



FINANCIAL DISCUSSION AND ANALYSIS

Introduction

This document will discuss and analyze the financial performance of School District No. 8 (Kootenay Lake) for the fiscal year that ended on June 30, 2025 and will provide information in relation to the prior year and the amended annual budget. The district's financial statements represent the consolidation of three separate funds: operating, special purpose and capital. This is only an introduction and should be read in conjunction with the district's audited financial statements and accompanying notes.

District Funding and Enrolment

SD8 is funded through the Operating Grant received from the B.C. Ministry of Education and Child Care. The Operating Grant is based on student enrolment confirmed by each school district through completion of [Form 1701 - Student Data Collection](#) in September, February, and May. The district receives a fixed amount per full-time equivalent enrolled student (FTE). For each student identified with unique needs, the district receives a supplementary grant on top of the basic per-pupil grant which provides additional financial resources required to ensure schools respond to the needs of diverse learners, unique geographical features that affect students and schools, and other demographic factors. In grades kindergarten through nine, one student equates to one FTE. At the secondary level, in grades ten through twelve, students are funded based on the percentage of full-time enrolment. As a result, there is variation in funding for secondary students, as students may enrol in more or less than a full course load or seek learning opportunities and experiences outside of school to meet their credit requirements. Online learners are funded based on the percentage of full-time enrolment and are funded at a lower rate per student FTE than non-online learners.

Student Enrolment

The following table compares the student FTE enrolment compared to the previous year based on the September enrolment figures:

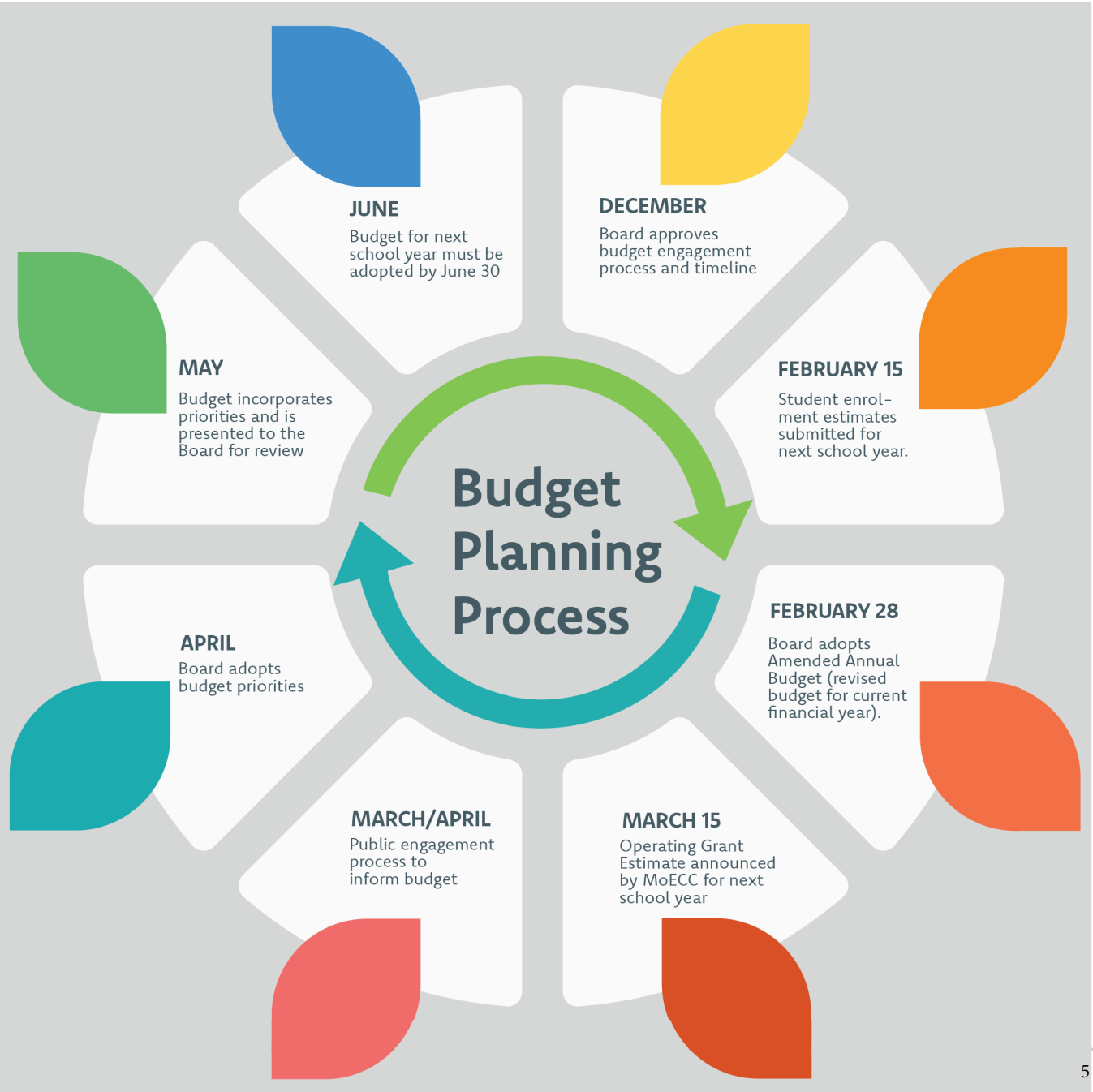
	September 2024 Enrolments	September 2023 Enrolments	Change	
	FTE	FTE	FTE	%
Standard, continuing education and alternate schools	4,414.1875	4,499.1250	(84.9375)	(1.9%)
Online Learning	261.6875	273.3125	(11.6250)	(4.3%)
Adult	3.2500	1.7500	1.5000	85.7%
Total FTEs	4,679.1250	4,774.1875	(95.0625)	(2.0%)

As can be seen in this table, September enrolment decreased by 95.0625 student FTE (2.0%) in 2024-2025 when compared to the prior year. In contrast, the February and May enrolment 2025 counts for online learning were 79.0625 student FTEs and 56.6875 student FTEs surpassing the actual 2023-2024 and projected 2024-2025 figures.

Financial Planning Process

The annual budget cycle begins with the Board’s endorsement of a process and timeline for budget adoption in the Board’s Governance Framework and Learning Plan. By February 15th each year, the district must submit the expected student enrolment for the upcoming school year to the Ministry of Education and Child Care.

Provincial operating grant funding estimates are based on these initial student enrolment projections, which are released each March. The Board is required to approve an amended budget in February based on the preliminary Operating Grant and actual confirmed enrolment counts. Throughout the spring, SD8 carries out an internal and public consultation process to identify budget priorities that meet ministry guidelines and follow the Board of Education’s strategic plan. The district incorporates those priorities into the preliminary operating budget as directed by the Board. Each year by June 30, the Board must adopt a final budget for the upcoming school year.



Financial Statements – Accounting Policies and Funds

The financial statements of School District No. 8 (Kootenay Lake) have been prepared in accordance with the Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the British Columbia Treasury Board.

Significant accounting and reporting practices are summarized in Note 2 of the financial statements. These include the following:

- Operating expenses are recorded in the year the good or service is received.
- Operating grants are not restricted in use and are recorded as revenue when received or receivable.
- Restricted contributions are recorded as deferred contributions until the funds are expended.
- Contributions for capital projects are recorded as deferred capital contributions once they are invested in capital assets.
- Capital assets and deferred capital contributions are amortized over the estimated useful life of the assets.

To meet reporting requirements, the following funds are utilized:

Operating Fund	<ul style="list-style-type: none"> • Transactions include operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation. • Boards of Education are required by the School Act to prepare a balanced budget for the Operating Fund (i.e. no deficit).
Special Purpose Funds	<ul style="list-style-type: none"> • Special Purpose Funds consist of targeted funding and related funding provided to the school district for a specific purpose and related expenditures. • Pursuant to Sections 156(4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund. • Unspent special purpose funds are carried forward to be used in future year(s) for their specified purpose.
Capital Fund	<ul style="list-style-type: none"> • Transactions include capital expenditures related to equipment and facility purchases as well as equipment and facility enhancements. • The funding source of these purchases and enhancements determines to which capital fund the expenditures will be charged. • Funding sources include Ministry of Education and Child Care Bylaw Capital, Ministry of Education and Child Care Restricted Capital, Other Provincially Restricted Capital, Land Capital as well as Local Capital. • The Capital Fund is not part of a Board's operating balanced budget and may be in deficit. As such a board may incur an annual deficit for the portion of amortization expense that exceeds amortization of deferred capital contributions.

Statement of Operations – By Fund

The following table breaks out district operations for the year ended June 30, 2025 by Operating, Special Purpose and Capital funds, as well showing fund surpluses and transfers between funds.

Year Ended June 30, 2025	Operating Fund	Special Purpose Funds	Capital Funds	All Funds Total
Revenues	\$	\$	\$	\$
Provincial Grants				
Ministry of Education & Child Care	64,955,316	12,136,898	-	77,092,214
Other	321,456	86,472	-	407,928
Federal Grants	188,365	-	-	188,365
Tuition	1,052,227	-	-	1,052,227
Other Revenue	673,733	2,138,939	-	2,812,672
Rentals & Leases	160,581	-	-	160,581
Investment Income	424,471	56,107	5,198	485,776
Gain (Loss) on Disposal of Tangible Capital Assets	-	-	9,086	9,086
Amortization of Deferred Capital Revenue	-	-	3,093,404	3,093,404
Total Revenue	67,776,149	14,418,416	3,107,688	85,302,253
Expenses				
Instruction	49,581,438	14,112,013	-	63,693,451
District Administration	4,792,147	-	-	4,792,147
Operations & Maintenance	9,130,932	211,158	4,072,455	13,414,545
Transportation & Housing	3,451,577	26,763	-	3,478,340
Total Expenses	66,956,094	14,349,934	4,072,455	85,378,483
Surplus (Deficit)	820,055	68,482	(964,767)	(76,230)
Net Transfers from/(to) Other Funds				
Transfers for Tangible Capital Asset Purchases	(769,047)	(68,482)	837,529	-
Total Net Transfers	(769,047)	(68,482)	837,529	-
Total Surplus (Deficit) for the year	51,008	-	(127,238)	(76,230)
Accumulated Surplus, beginning of year	7,454,254	-	20,582,736	28,036,990
Accumulated Surplus, end of year	7,505,262	-	20,455,498	27,960,760

The district generated \$85.3 million in revenue (\$67.8 million in the Operating Fund, \$14.4 million in the Special Purpose Funds, and \$3.1 million in the Capital Fund). Expenses totalled \$85.4 million with \$63.7 million (75%) for Instruction, \$4.8 million (5%) for district administration, \$13.4 million (16%) for operations and maintenance, and \$3.5 million (4%) for transportation and housing. Operating Fund revenues of \$0.8 million and Special Purpose Fund revenues of \$68K were used to invest in tangible capital assets. These amounts are reflected as net transfers from these funds to the Capital Fund for tangible capital asset purchases. The resulting Accumulated Surplus for the Operating Fund and the Capital Fund on June 30, 2025 are \$7.5 million and \$20.5 million respectively.

Statement of Operations – All Funds

The following table compares the year ended June 30, 2025 to the prior year and to the amended budget for the Operating, Fund, Special Purpose Fund and Capital Fund combined, summarizing key information in Statement 2 of the financial statements.

Year Ended June 30, 2025	2024-2025 Actual	2023-2024 Actual	Variance to 2023-2024 Actual	2024-2025 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Provincial Grants					
Ministry of Education & Child Care	77,092,214	77,056,962	35,252	76,966,928	125,286
Other	407,928	391,338	16,590	390,198	17,730
Federal Grants	188,365	-	188,365	116,410	71,955
Tuition	1,052,227	1,161,627	(109,400)	1,002,150	50,077
Other Revenue	2,812,672	2,760,753	51,919	2,276,797	535,875
Rentals & Leases	160,581	121,783	38,798	105,000	55,581
Investment Income	485,776	554,915	(69,139)	499,000	(13,224)
Gain (Loss) on Disposal of Tangible Capital Assets	9,086	-	9,086	-	9,086
Amortization of Deferred Capital Revenue	3,093,404	2,955,837	137,567	3,091,410	1,994
Total Revenue	85,302,253	85,003,215	299,038	84,447,893	854,360
Expenses					
Salaries	54,806,029	53,274,051	1,531,978	54,978,587	172,558
Employee Benefits	14,495,938	13,612,246	883,692	13,768,009	(727,929)
Total Salaries and Benefits	69,301,967	66,886,297	2,415,670	68,746,596	(555,371)
Supplies and Services	12,004,061	12,059,626	(55,565)	12,527,024	522,963
Amortization of Tangible Capital Assets	4,072,455	3,944,816	127,639	4,059,750	(12,705)
Total Expenses	85,378,483	82,890,739	2,487,744	85,333,370	(45,113)
Surplus for the Year	(76,230)	2,112,476	(2,188,706)	(885,477)	809,247

Revenues and Expenses Compared to Prior Year

Total revenues from all funds increased by \$0.3 million (4%) to \$85.3 million in 2024–2025. New federal grants of \$0.2 million were received. Lower enrolments in the International Education programs reduced tuition revenue by \$0.1 million and lower interest rates reduced investment income by \$0.1 million. Amortization of Deferred Capital Revenue increased by \$0.1 million due to recognizing additional revenue from tangible capital assets funded by the Province.

Total expenses for all funds increased by \$2.5 million (3%) to \$85.4 million in 2024–2025 with salaries and benefits accounting for 97% of the overall increase.

Salaries increased by \$1.5 million (3%) consistent with the overall negotiated wage increase (3%). Teachers, educational assistants, and support staff salaries increased by \$1.2 million due to contractual wage settlements and progression increases. Principals, vice-principals, and other professionals remained constant despite salary increases due to the retirement of a staff member during the year and some savings from unfilled positions. Substitutes/Relief costs increased by \$0.3 million due to additional support staff and principal/vice-principal costs.

Benefits increased by \$0.9 million (6%) and grew as a percentage of salaries from 25.6% in 2023–2024 to 26.4% in 2024–2025. The increase as a percentage of salaries is related to higher CPP rates and health benefits costs.

Although total services and supplies only decreased by \$55K, the services and supplies in the Operating Fund decreased by \$512K while the services and supplies in the Special Purpose Funds increased by \$457K. More detail on expenses compared to 2023–2024 is provided in the Operating Fund Results, Special Purpose Fund Results and Capital Fund Results sections of this report. Amortization of Tangible Capital Assets increased by \$0.1 million (3%) related to additional tangible capital assets purchased/constructed.

Revenue and Expenses Compared to Budget

Total revenues from all funds were \$0.9 million (1%) above the amended budget due to additional revenue generated in the Operating Fund, specifically due to an unanticipated increase for online learning. Total expenses for 2024–2025 were aligned to the amended budget with additional amounts spent on salaries and benefits (\$0.6 million) mostly offset by savings on services and supplies (\$0.5 million). Approximately \$0.2 million of the savings on services and supplies relate to targeted operating funding. Unspent targeted funding will be carried forward for spending in future years. More detail on revenue and expenses compared to the amended budget is provided in the Operating Fund Results, Special Purpose Fund Results and Capital Fund Results sections of this report.



Salmo Elementary School Fun Day in June 2025.

Operating Fund Results

The following table compares the year ended June 30, 2025 to the prior year and to the amended budget for the Operating Fund, summarizing key information from Schedules 2, 2A, 2B and 2C in the financial statements.

Year Ended June 30, 2025	2024-2025 Actual	2023-2024 Actual	Variance to 2023-2024 Actual	2024-2025 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Provincial Grants					
Ministry of Education & Child Care	64,955,316	63,772,531	1,182,785	64,245,428	709,888
Other	321,456	307,036	14,420	303,850	17,606
Federal Grants	188,365	-	188,365	116,410	71,955
Tuition	1,052,227	1,161,627	(109,400)	1,002,150	50,077
Other Revenue	673,733	643,903	29,830	636,797	36,936
Rentals & Leases	160,581	121,783	38,798	105,000	55,581
Investment Income	424,471	528,942	(104,471)	478,000	(53,529)
Total Revenue	67,776,149	66,535,822	1,240,327	66,887,635	888,514
Expenses					
Salaries	46,194,206	43,484,556	2,709,650	46,302,220	108,014
Employee Benefits	12,329,423	11,196,496	1,132,927	11,601,723	(727,700)
Total Salaries and Benefits	58,523,629	54,681,052	3,842,577	57,903,943	(619,686)
Supplies and Services	8,432,465	8,944,931	(512,466)	9,056,829	624,364
Total Expenses	66,956,094	63,625,983	3,330,111	66,960,772	4,678
Surplus (Deficit) for the Year	820,055	2,909,839	(2,089,784)	(73,137)	893,192
Transfers for Tangible Capital Asset Purchases	(769,047)	(615,288)	(153,759)	(504,019)	(265,028)
Net Surplus (Deficit) for the Year	51,008	2,294,551	(2,243,543)	(577,156)	628,164

Revenues and Expenses Compared to Prior Year

Total revenues in the Operating Fund increased by \$1.2 million (2%) to \$67.8 million in 2024-2025. Operating grant rates per student increased for the basic allocation and students with unique needs by 3% which was offset by lower enrolments and lower labour settlement funding. New federal grants of \$0.2 million were received. Lower enrolments in the International Education programs reduced tuition revenue by \$0.1 million and lower interest rates reduced investment income by \$0.1 million.

Total expenses in the Operating Fund for 2024-2025 increased by \$3.3 million (5%) to \$67.0 million in 2024-2025 with salaries and benefits increases of \$3.8 million (7%) being offset by a decrease of \$0.5 million (6%) on services and supplies.

Changes in salaries by employee group included:

- Teachers, educational assistants, and support staff salaries increased \$2.3 million due to contractual wage settlements, progression increases, and a shift in funding for salaries between the Operating Fund and Special Purpose Funds.
- Principal and vice-principal salaries remained constant despite salary increases due to the use of relief staffing.
- Other Professionals increased by \$0.1 million slightly less than the 3% wages increases due to staff retirements and vacancies.
- Substitutes/Relief costs increased by \$0.3 million due to higher relief due to additional support staff and principal and vice-principal costs.

Benefits increased by \$1.1 million (11%) and grew as a percentage of salaries from 25.7% in 2023-2024 to 26.7% in 2024-2025. The increase as a percentage of salaries is related to higher CPP rates and health benefit costs.

Services and supplies expenses include services, student transportation, professional development and travel, rental and leases, dues and fees, insurance, supplies and utilities. Lower professional development and travel (\$0.2 million) and supplies (\$0.5 million) offset increases in services, rentals, and insurance, totalling \$0.2 million.



South Nelson Elementary School student artwork and stories were featured in the Rosemont Park Story Walk in May 2025.

Revenue and Expenses Compared to Budget

Total revenues in the Operating Fund for 2024–2025 were \$0.9 million (1%) above the amended budget. Most of the additional revenue related to the operating grant (\$0.7 million) with higher enrolments for the February and May counts for online learners.

The salaries were aligned with the amended budget while unanticipated increased benefits costs generated a \$0.7 million (6%) unfavourable budget variance. This was offset by savings in services and supplies against the amended budget of \$0.6 million (7%).

Contracted services, internet storage costs, and snow removal costs contributed to the savings in services of \$0.2 million. Lower bus fuel costs in transportation contributed to savings in supplies. Additional savings in photocopy costs and supplies for various educational programs were realized and will result in carryforward amounts for the coming year's school budgets.

Net Surplus

The resulting net surplus was \$0.8 million. Approximately \$265K of the net surplus relates to unspent targeted indigenous funding, unspent contracted professional development expenses, and school supplies expenses that will be carried forward for spending in future years. The transfers to the Capital Fund for tangible capital asset purchases totalled \$0.8 million compared to \$0.5 million budgeted due to additional purchases of classroom furniture and equipment and technology assets.

Special Purpose Fund Results

The following table compares the year ended June 30, 2025 to the prior year and to the amended budget for the Special Purpose Fund, summarizing key information from Schedule 3 of the financial statements.

Year Ended June 30, 2025	2024–2025 Actual	2023–2024 Actual	Variance to 2023–2024 Actual	2024–2025 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Provincial Grants					
Ministry of Education and Child Care	12,136,898	13,284,431	(1,147,533)	12,721,500	(584,602)
Other	86,472	84,302	2,170	86,348	124
Other Revenue	2,138,939	2,116,850	22,089	1,640,000	498,939
Investment Income	56,107	18,244	37,863	15,000	41,107
Total Revenue	14,418,416	15,503,827	(1,085,411)	14,462,848	(44,432)
Expenses					
Salaries	8,611,823	9,789,495	(1,177,672)	8,676,367	64,544
Employee Benefits	2,166,515	2,415,750	(249,235)	2,166,286	(229)
Total Salaries and Benefits	10,778,338	12,205,245	(1,426,907)	10,842,653	64,315
Supplies and Services	3,571,596	3,114,695	456,901	3,470,195	(101,401)
Total Expenses	14,349,934	15,319,940	(970,006)	14,312,848	(37,086)
Surplus (Deficit) for the Year	68,482	183,887	(115,405)	150,000	(81,518)
Transfers for Tangible Capital Asset Purchases	(68,482)	(183,887)	115,405	(150,000)	81,518
Net Surplus (Deficit) for the Year	-	-	-	-	-

Revenues and Expenses Compared to Prior Year

Special Purpose Fund revenues for 2024-2025 were \$1.1 million (7%) lower than 2023-2024. Lower revenues from the Classroom Enhancement Fund (\$1.0 million) and CommunityLink (\$0.2 million) were offset by higher revenues in the Feeding Futures program (\$0.1 million).

The salaries and benefits decreased by \$1.4 million (12%) in the Special Purpose Funds due to the reduction in funding from the Classroom Enhancement Fund which was offset by increases in the Operating Fund. The supplies and services increased by \$0.5 million (15%) for additional amounts spent for the Annual Facility Grant, Community Link, Early Childhood Education Dual Credit Program, the Student and Family Affordability Fund, and the Feeding Futures program.

Revenue and Expenses Compared to Budget

Although total revenue was aligned to the amended budget, carryforward balances of \$0.6 million in the ministry-funded programs resulted in lower provincial grant revenue recognized in 2024-2025 than was budgeted. Additional revenue for school generated funds and donations resulted in a \$0.5 million favourable variance for Other Revenue. The Ministry-funded programs are described in more detail in the Special Purpose Results by Program section.

Although total expenses were aligned to the amended budget, salaries and benefits were \$64K lower than the amended budget while supplies and services were \$0.1 million higher than the amended budget. Additional services and supplies for the school generated funds offset lower services and supplies in the ministry-funded programs.



Two SD8 students try out welding during the Made for Trades program at Selkirk College in February 2025.

Special Purpose Results by Program

The following table shows variances to the prior year and to the amended budget for the special purpose programs, summarizing key information from Schedule 3A of the financial statements.

Year Ended June 30, 2025	2024-2025 Actual	2023-2024 Actual	Variance to 2023-2024 Actual	2024-2025 Amended Budget	Variance to Amended Budget
Provincial Grants – Ministry of Education & Child Care Funding	\$	\$	\$	\$	\$
Annual Facility Grant	279,640	279,640	-	279,640	-
Learning Improvement Fund	223,014	233,351	(10,337)	223,014	-
Strong Start	176,240	174,196	2,044	216,353	(40,113)
Ready, Set, Learn	27,694	43,314	(15,620)	41,650	(13,956)
OLEP	108,258	115,909	(7,651)	115,835	(7,577)
CommunityLink	523,510	740,104	(216,594)	795,022	(271,512)
Classroom Enhancement Fund (CEF)	9,605,390	10,640,571	(1,035,181)	9,621,529	(16,139)
First Nation Student Transportation	26,763	24,697	2,066	26,863	(100)
Mental Health in Schools	55,000	55,000	-	55,000	-
Changing Results for Young Children	8,303	1,663	6,640	8,303	-
Seamless Day Kindergarten	71,334	47,938	23,396	71,334	-
Early Childhood Education Dual Credit Program	45,975	102,619	(56,644)	45,975	-
Student & Family Affordability	167,223	140,154	27,069	203,904	(36,681)
Early Years to Kindergarten (SEY2KT)	17,510	10,571	6,939	27,429	(9,919)
Early Care and Learning (ECL)	175,000	175,000	-	175,000	-
Feeding Futures Fund	607,640	499,704	107,936	759,649	(152,009)
After School Sports & Arts Grant	55,463	52,786	2,677	59,348	(3,885)
Health Promoting Schools	31,009	31,516	(507)	27,000	4,009
Health Career Grants	3,700	-	3,700	5,000	(1,300)
Work Experience Enhancement Initiative	14,704	-	14,704	50,000	(35,296)
Other Internally Restricted Funding Revenue					
Scholarships and Bursaries	42,785	32,162	10,623	30,000	12,785
School Generated Funds	2,090,314	2,088,976	1,338	1,615,000	475,314
Donations	61,947	13,956	47,991	10,000	51,947
Total Revenue	14,418,416	15,503,827	(1,085,411)	14,462,848	(44,432)

Capital Fund Results

The following table compares the year ended June 30, 2025 to the prior year and to the amended budget for the Capital Fund, summarizing key information from Schedule 4 in the financial statements.

Year Ended June 30, 2025	2024-2025 Actual	2023-2024 Actual	Variance to 2023-2024 Actual	2024-2025 Amended Budget	Variance to Amended Budget
Revenues	\$	\$	\$	\$	\$
Investment Income	5,198	7,729	(2,531)	6,000	(802)
Gain (Loss) on Disposal of Tangible Capital Assets	9,086	-	9,086	-	9,086
Amortization of Deferred Capital Revenue	3,093,404	2,955,837	137,567	3,091,410	1,994
Total Revenue	3,107,688	2,963,566	144,122	3,097,410	10,278
Expenses					
Amortization of Tangible Capital Assets	4,072,455	3,944,816	127,639	4,059,750	12,705
Total Expenses	4,072,455	3,944,816	127,639	4,059,750	12,705
Surplus (Deficit) for the Year	(964,767)	(981,250)	16,483	(962,340)	(2,427)
Transfers for Tangible Capital Asset Purchases	837,529	799,175	38,354	654,019	183,510
Net Surplus (Deficit) for the Year	(127,238)	(182,075)	54,837	(308,321)	181,083

Unlike the Operating Fund which cannot have a deficit, the Capital Fund will generally have a deficit each year which relates to amortization expense exceeding amortization revenue. The net deficit before transfers is \$1.0 million, which is consistent with the prior year. Transfers from the Operating Fund and Special Purpose Funds of \$0.9 million were higher than budgeted and resulted in a net deficit of \$0.1 million in the Capital Fund after transfers from the Operating Fund and Special Purpose Funds.

Unspent Deferred Capital Revenue

Unspent Deferred Capital Revenue and Local Capital balances in the Capital Fund are available for spending on tangible capital assets in the future, subject to approval for the restricted capital balances. The balances increase when grants are received, investment income is earned and decrease when amounts are spent on tangible capital assets.

	June 30, 2024 Balance	Increases	Decreases	June 30, 2025 Balance
	\$	\$	\$	\$
Bylaw Capital	-	5,910,473	(5,910,473)	-
Restricted Capital - Ministry of Education and Child Care	798,221	53,593	(87,198)	764,616
Local Capital	-	-	-	-
Total	798,221	5,964,066	(5,997,671)	764,616

Bylaw Capital

Bylaw Capital represents Ministry of Education and Child Care capital grants drawn on Certificates of Approval (COA) for capital projects and includes amounts for specific capital projects funded by the Ministry of Education and Child Care, capital portion of the Annual Facility Grant, carbon neutral capital project funding, playground equipment funding and other project funding paid through a Certificate of Approval (COA). During the year, the school district received \$5.9 million in bylaw capital funding which was used to upgrade buildings (\$3.8 million) and purchase buses (\$2.1 million).

Restricted Capital

The Ministry of Education and Child Care restricted capital represents the ministry's portion (usually 75%) of the proceeds on disposal of land and buildings, and any bylaw project surpluses on completed projects. The ministry's permission must be received to spend these funds. Increases from investment income earned and proceeds on disposal of \$0.1 million offset amounts spent on tangible capital assets of \$0.1 million. The ending accumulated surplus balance for the Ministry of Education and Child Care restricted capital remains at \$0.8 million on June 30, 2025.

Local Capital Reserve

The Board's Local Capital Reserve was generated in prior years from investment income and 25% of the proceeds received on excess real estate sold which are added to local capital. Local Capital Reserves were utilized in 2024-2025 to purchase operations equipment and vehicles.



Statement of Financial Position

The following table shows the district's financial position as at June 30, 2024 compared to the prior year.

As at	June 30, 2025 Actual	June 30, 2024 Actual	Increase (Decrease)	Increase (Decrease)
Financial Assets	\$	\$	\$	%
Cash	19,358,901	17,947,023	1,411,878	8%
Accounts Receivable				
Due from Province - MoECC	925,721	741,485	184,236	25%
Other	712,444	962,502	(250,058)	(26%)
Portfolio Investments	415,304	375,996	39,308	10%
Total Financial Assets	21,412,370	20,027,006	1,385,364	7%
Liabilities				
Accounts Payable				
Other	7,765,813	6,774,872	990,941	15%
Unearned Revenue	553,453	542,471	10,982	2%
Deferred Revenue	3,139,139	2,790,183	348,956	13%
Deferred Capital Revenue	54,026,881	51,156,219	2,870,662	6%
Employee Future Benefits	1,885,457	1,779,325	106,132	6%
Asset Retirement Obligation	2,240,535	2,240,535	-	0%
Total Liabilities	69,611,278	65,283,605	4,327,673	7%
Net Financial Assets (Debt)	(48,198,908)	(45,256,599)	(2,942,309)	7%
Non-Financial Assets				
Tangible Capital Assets	75,949,213	73,033,602	2,915,611	4%
Prepaid Expenses	333,460	351,858	(18,398)	(5%)
Total Non-Financial Assets	76,282,673	73,385,460	2,897,213	4%
Accumulated Surplus (Deficit) and Remeasurement Gains	28,083,765	28,128,861	(45,096)	(0%)

The financial position of the school district remained strong with net financial debt increases of \$2.9 million being offset by a similar increase in non-financial assets. The district's current ratio, which is a measure of the district's ability to pay short-term obligations or those due within one year decreased slightly from 2.90 as at June 30, 2024 to 2.70 as at June 30, 2025. The district holds its excess cash in the B.C. provincial government's Central Depository Program, where the funds earn a safe return.

Financial Assets

Total Financial Assets have increased by \$1.4 million compared to the prior year due to additional cash and cash equivalents. Accounts Receivable from the Ministry of Education and Child Care increased due to additional amounts owing for tangible capital asset funding. Other Receivables, which are amounts due from other school districts and third parties, decreased due to higher collections before year end.

Liabilities

Total liabilities have increased by \$4.3 million compared to the prior year. Increases included Accounts Payable (\$1.0 million), Deferred Revenue (\$0.3 million), Deferred Capital Revenue (\$2.9 million), and Employee Future Benefits (\$0.1 million). Accounts Payable balances increased due to a higher level of capital spending at year end and greater number of invoices related to the current year being paid in July 2025.

Deferred Revenue resulted from higher carryforward amounts in the Special Purpose Funds. Deferred Capital Revenue increased due to the provincial funding for capital projects of \$6.0 million exceeding the amortization of \$3.1 million for the 2024-2025 school year. Employee Future Benefits increases relate to service and interest costs.

Non-Financial Assets

Non-Financial Assets increased by \$2.9 million compared to the prior year due to additional tangible capital assets constructed or purchased of \$7.0 million including improvement to the district's facilities (\$4.0 million), vehicles (\$2.5 million), furniture and equipment (\$0.2 million) and computer hardware (\$0.3 million) offset by amortization of \$4.1 million.



The 12th Annual SD8 Youth Pow Wow happened at the Creston and District Community Complex on May 16. Students, staff and families took part from across all six families of schools.

Accumulated Surplus Discussion

The changes to and balances in the accumulated surplus accounts for the year are shown in the following table:

	June 30, 2024 Balance	June 30, 2025 Balance	Change
	\$	\$	\$
Operating Fund	7,454,254	7,505,262	51,008
Special Purpose Funds	-	-	-
Capital Fund	20,582,736	20,455,498	(127,238)
Accumulated Surplus Excluding Remeasurement Gains	28,036,990	27,960,760	(76,230)

The school district has \$28.0 million in Accumulated Surplus excluding Remeasurement Gains as of June 30, 2025 of which \$7.4 million is related to the Operating Fund and \$20.6 million is related to the Capital Fund.

Operating Fund Accumulated Surplus

An accumulated surplus balance in the Operating Fund indicates that a school district has net resources that can be used to provide future services or acquire assets.

The school district's Policy 621: Accumulated Operating Surplus states that:

- The accumulated operating surplus will service as a contingency reserve for the risks associated with unexpected increases in expenses and/or decreases in revenues; one-time costs not included in the annual operating budget; and intermittent projects and initiatives.
- Achieving targeted surplus levels of 3% to 5% is important for achieving educational goals and addressing financial health, stability, and risk.
- Allocating surplus funds (i.e. internally restricting funds) supports long-term planning by mitigating changes in revenue and making provisions for unexpected events.

The Ministry of Education and Child Care also has policy related to operating surplus. It implemented the K-12 Public Education Accumulated Operating Policy on July 2021 to ensure consistency, transparency, and accountability for the use of educational operating funding that is not used in the year in which it was provided. The Policy establishes three categories of Internally Restricted Operating Surplus:

1. Restricted Due to the Nature of Constraints on the Funds – includes categories such as contractual obligations; funding required to meet the education spending targets; and school generated funds (not externally restricted).
2. Restricted for Anticipated Unusual Expenses Identified by the Board – includes short-term, variable needs; new initiatives; emerging events; and self-insurance on assets.
3. Restricted for Operations Spanning Multiple School Years – future years' operations/budget; school and department surplus/carry-forwards; operating projects in progress; technology, utilities, equipment and capital projects; purchase order commitments; and educational pilots spanning multiple years.

The following table provides the details on the portion of the district's Accumulated Operating Surplus that is internally restricted and unrestricted (subject to a motion being passed by the Board to appropriate additional amounts). The information is also contained in Note 19 of the financial statements.

	June 30, 2024 Balances	June 30, 2025 Balances	Change
	\$	\$	\$
Due to Nature of Constraints on Funds	110,769	342,791	232,022
For Unanticipated Unusual Expenses	350,000	403,261	53,261
For Operations Spanning Multiple School Years	3,661,635	3,652,225	(9,410)
Total Internally Restricted Operating Surplus	4,122,404	4,398,277	275,873
Unrestricted Operating Surplus	3,331,850	3,106,985	(224,865)
Total Operating Accumulated Surplus	7,454,254	7,505,262	51,008

The total internally restricted operating surplus is \$4.4 million (subject to a motion being passed by the Board to appropriate an additional \$0.3 million). Most of the internally restricted balance is restricted for Operations Spanning Multiple School Years and will be used for classroom furniture and equipment, vehicle, technology upgrade, school surplus carryforwards, and operating projects in progress, allowing a continued focus on staffing resources within operating funds in the future.

The unrestricted surplus at \$3.1 million is 4.7% of the budgeted 2025–2026 operating expenses which is within the 3% to 5% range outlined in Policy 621: Accumulated Operating Surplus. This level of unrestricted operating surplus provides the district with financial stability over the long term.

Capital Fund Accumulated Surplus

There are two categories of accumulated surplus in the Capital Fund – Invested in Tangible Capital Assets and Local Capital, totalling \$20.4 million. The accumulated surplus for Invested in Tangible Capital Assets is \$20,446,412 and the accumulated surplus for Local Capital is \$9,086. Only the portion pertaining to the Local Capital is available for internally restricting by the Board. The remainder of the accumulated surplus relating to Invested in Tangible Capital Assets must be left unrestricted.



Caps flew at L.V. Rogers Secondary School as the Class of 2025 celebrated grade 12 graduation.