

School District No 19 (Revelstoke)
Financial Statement Discussion & Analysis



Financial Statement Discussion & Analysis
for the year ended June 30, 2025



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Introduction

The following is a discussion and analysis of the School District's financial performance 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 audited financial statements for the same period.

The School District

Revelstoke is located on the Trans-Canada Highway adjacent to the Okanagan and Kootenay regions. The Revelstoke area offers year-round recreation opportunities with some of the best downhill skiing in North America, first rate cross country skiing, back country skiing, snowmobiling, hiking, fishing, moto cross, and mountain biking. In addition to outdoor pursuits, Revelstoke is a hub for artistic and cultural activities with a 275 seat state of the art performing arts theatre attached to the secondary school. It is a family friendly community with excellent services and programs for children. Within our school district, we proudly house one secondary school and three elementary schools. We serve a diverse student population of approximately 1,100 students and within our schools and school district, we embrace a rich tapestry of learners.

We would like to respectfully honour the four nations on whose land we live and learn: The Sinixt, the Secwepemc, the Ktunxa, and the Syilx Okanagan. A vital aspect of the district's identity is the ten percent of students in our district who have identified as being of Indigenous ancestry. We hold a deep-rooted partnership with the Indigenous Friendship Society, recognizing the shared territory. While no First Nation Bands or Nations physically reside in Revelstoke, we nurture growing alliances with First Nations spanning from Enderby, BC to Inchelium, WA.

Our commitment revolves around providing a safe, equitable learning environment where each learner's unique passions and interests are embraced, setting them on the path to success.

The governing body of the School District is a Board of Education made up of five trustees who are each elected for a four-year term. The day-to-day matters are managed by the administrative staff of the School District, headed by the Superintendent of schools.

Our Mission

Our school community is engaged in the pursuit of learning and knowledge that focuses on each individual developing to their potential and contributing to the well-being of all. We value Equity, Collaboration, Inclusiveness, Innovation, Integrity, Environmental Stewardship, Community Resilience, as well as Truth and Reconciliation.

Composition of Financial Statements

School district financial statements are prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that the

financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to the accounting for government transfers.

School districts present details of the Financial Statements in the form of three funds: Operating, Special Purpose, and Capital. This separation into 'funds' in the detailed schedules of the Financial Statements provides increased transparency and accountability of all funding provided by Government to the school district. This level of detail also serves to assist Boards of Education in providing sustainable operating budgets and services as well as infrastructure projects.

Financial performance is difficult to ascertain in the audited Financial Statements as the three funds are combined. Financial details of each fund are reported in the supplementary schedules that follow the Notes to the Financial Statements.

Key Audited Statements

1. Statement of Financial Position (Statement 1) summarizes all financial assets, liabilities and accumulated surplus as at June 30, 2025.
2. Schedule of Operating Operations (Schedule 2) summarizes revenues received and expenses incurred between July 1, 2024 and June 30, 2025 for Operations.

Schedule 2 – Operating Fund

Annual program revenues and expenses are reported in the operating fund and special purpose fund (see below). School districts are not permitted to budget for or incur an accumulated deficit. This means when a school district has an accumulated operating surplus available it can be used to budget for future expenditures. Unlike other government agencies, a school district can effectively "carry over" surplus funds to the next fiscal year, to balance its budget.

The Operating Fund accounts for the district's daily operating transactions. Annual and accumulated surplus within the operating fund is an important indication of financial health. Those surplus funds are available to use for future expenses and to reduce the financial risk of unforeseen circumstances.

The operating fund is where most of the district's operations are reported therefore considerable focus and analysis of the operating fund has been provided.

Schedule 3 – Special Purpose Funds

The special purpose fund includes grants and district generated funds that are restricted for a specific purpose. Annual and accumulated surplus is always zero because revenues are recognized only as related expenditures occur (deferral method of accounting). Special purpose funds are most often provided by third parties such as the Ministry of Education and Child Care. If expenses for a program within a special purpose fund exceed the revenues received, the deficit must be transferred to the operating or capital fund depending on the nature of the expenditure.



Schedule 4 – Capital Fund

Capital revenues offset amortization expense in the capital fund to the extent that assets are funded by provincial capital grants. As some capital investments are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund), the capital fund can report an annual deficit. This is permitted through Ministerial Order 033/09 which permits a deficit in the capital fund to the extent amortization of assets exceeds amortization of capital contributions.

There is no cash held in the Capital Fund. The school district may have MOECC Restricted Capital, but again, no cash resides in the Capital Fund for this. The Minister of Education and Child Care can direct how MOECC Restricted Capital can be used. Examples of capital fund expenditures include additions to land, buildings, furniture, computers, vehicles, and equipment. Capital fund revenues reflected in the financial statements are not a reflection of actual funding received in a year.

The district also has Local Capital which the Board has control over how it is used. Examples of Local Capital Fund expenditures are to support the technology evergreen program, provide enhancements to district facilities, or to purchase vehicles for the white fleet.

Asset Retirement Obligation

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some district owned buildings that will undergo major renovations or demolition in the future. A reasonable estimate of the fair value of the obligation has been recognized using the modified retroactive approach as at July 1, 2022. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined. These costs have been capitalized as part of the assets' carrying value and are amortized over the assets' estimated useful lives.

District Enrollment

The district's enrollment has fluctuated over the past 14 years with a low of 923.88 to a projected high of 1,103.938 in 2024/25. Enrolment projections for 2025/26 are 1,090 full time equivalents.

Revelstoke is still in the growth phase of its development as a resort city and housing prices have risen significantly. This has resulted in movement of some families in and out of town due to the cost of living. The future enrollment is difficult to project given that the resort component of the growth has resulted in more seasonal residents.

SD 93 (Conseil Scolaire Francophone De La Colombie-Britannique ("CSF")) offers a French language education program in Revelstoke and their program impacts the enrollment in the District.

This is a summary of the enrollment over the past fourteen years:

2012/13	1,014.750
2013/14	954.000



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2014/15	927.250
2015/16	923.880
2016/17	954.880
2017/18	969.250
2018/19	1,032.625
2019/20	1,007.563
2020/21	1,022.313
2021/22	1,045.125
2022/23	1,072.063
2023/24	1,062.860
2024/25	1,103.938
2025/26	1,090.00 projected

Employees

Salaries and employee benefits are the highest operational expense of the school district accounting for 87.36 % of Operating Costs in the 2024/2025 fiscal year, up from 87.11 % in 2023/2024.

The district employed 136.30 staff in October of 2019, 136.54 in October of 2020, 139.372 in October of 2021, 142.134 in April 2022, 145.9207 FTE in 2022/23, 149.824 in 2023/24 and 151.2686 in the 2024/25 Amended Budget. Staffing will often increase throughout the school year as student and school needs become known. Additional grants from the provincial government provide the funding for a number of the new positions although it should be noted that these grants may not be provided in future years. The staffing component does not include specialists who are brought in as consultants to provide services to students when the district is not able to hire for a specific position or a fulltime position is not required.

Statement of Financial Position

A copy of the audited Financial Statements as of June 30, 2025, is attached to this paper (Appendix A). The Statement of Financial Position is Statement 2 in the audited statements.

Assets

Cash & Cash Equivalents has increased due to Certificate of Approvals being withdrawn in anticipation of receiving invoices from contractors on major projects. The work wasn't completed within the fiscal year leading to surplus cash being held by the district. Work on the projects was carried out during the



summer of 2025 and it is expected that the majority of the additional cash will be spent by September 30, 2025.

Accounts Receivable are amounts owed to the District and primarily consist of the GST rebate, reimbursement for salaries for a union president, lease payments receivable and miscellaneous other costs owed to the District. The majority of the outstanding accounts were paid by July 31, 2025.

The district invested some of the surplus cash in term deposits with Cascadia Credit Union, three in a one year term and one in a two year term.

Liabilities

Accounts Payable is comprised of amounts the district owes and primarily consist of salaries and benefits payable, accrued vacation pay, teacher twelve month pay, and invoices related to ongoing capital projects. It decreased slightly this year mainly due to benefit expenditures owing as of June 30, 2025 and the timing of the payrolls at year end.

Unearned revenue increased from the prior year due to a 2025/2026 lease payment being received in June of 2025. This will be used in its entirety in 2025/2026. Other deferred revenue refers to unused funds from outside agencies in the form of targeted grants that were not expended in the year in which they were received. One of the larger projects has been delayed pending the equipment being manufactured and it is expected that the equipment will arrive in September 2025.

Special Purpose Funds primarily consists of Strong Start, Grants from Columbia Basin Trust, unspent funding for Mental Health in Schools, ministry funding under the Classroom Enhancement Fund, The Affordability Fund, Early Learning Administration Support, Changing Results for Young Children, and the Annual Facilities Grant. A new fund has been added with the establishment of the Professional Learning Grant in 2024/2025, most of which was not expended as of June 30, 2025.

Accrued future employee benefits (liabilities) is actuarial calculated and includes vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime, and death benefits.

Non-Financial Assets

Tangible capital assets reflect the unamortized cost of land, buildings, furniture, vehicle, computers, and equipment. There were Prepaid Expenses recorded in 2024/2025. They were mainly for three year prepaid contracts for various technology maintenance support services.

Operating Fund – Schedule 2

Schedule 2, Schedule of Operating Operations from the 2024/2025 Financial Statements is attached to this report (Appendix B).

Revenues

Total operating revenues for the district were \$17,183,348 for the 2024/2025 fiscal year. The Ministry of Education and Child Care (MOECC) funding maintained its share at 92.07 % of total operating revenue for the school district. This means the district is heavily reliant on the Base Operating Grant which is primarily based on student enrollment.

The MOECC Grant increased by 0.6% from the annual budget and minimally from the amended annual budget. The majority of the increase is due to funding for the employee contract settlements and an increase in student enrollment.

The balances for Other Revenue and Rentals/Leases should be combined for budget comparative purposes. This is due to the classification of revenue from other government agencies such as (School District No 6 (Rocky Mountain)) and School District No 93 (CSF) as required by the ministry. When combined, the balances increased by 7% over last year. This is due to a return to normal for school generated revenues and an increase in CSF student enrollment at the secondary level. This district has a higher than normal percentage of lease/rental revenue due to various partnerships with outside agencies.

Interest Revenue from the term deposits is recognized in the year that the term deposit matures.

Revenue increased as compared to the prior year mainly due to increases in government grants for enrollment increases, funding for collective agreement wage increases and geographical factors.

Expenses

87.37% of the School District's expenses are related to salaries and benefits for the various employee groups in the district. The employee groups include teachers, principals/vice-principals, support staff and exempt staff. The remaining 12.63% of operating expenses are related to supplies and services including professional development, specialist consulting services, student transportation, utilities, vehicle maintenance, and insurance.

Overall operating expenses are up 4.13% as compared to last year. This is mainly due to increases in staff salaries and benefits reflecting the provincial union contract settlements, additional staffing driven by changes in enrollment, costs related to increased absenteeism, and additional staffing to support students. Supplies and Services increased by the same amount due to an increase in the use of specialized consulting services to support students and general cost increases.



Expenses by Function

The district expenses can be reviewed by function, the four functions are described below.

- **Instruction** function includes expenses related to the instruction of students.
- **District Administration** function included expenses related to district governance and district administration of education, business and human resources.
- **Operations and Maintenance** function includes expenses related to the operation, maintenance and safety of buildings and equipment.
- **Transportation** function included expenses involved with the transportation of students.

The percentages per function have remained comparable over the last eight years.

Surplus

The school district ended the 2024/2025 fiscal year with a Total Operating Surplus of \$1,565,627, up from \$1,538,790. This includes Internally Restricted and Unrestricted surpluses. The Internally Restricted Surplus increased by \$118,645 due to the establishment of a reserve for the Indigenous Education Council funding and due to an increase in School Generated Funds reserves.

The Unrestricted Operating Surplus decreased by \$91,808 as a result of the district's operations in 2024/2025. The Amended 2024/2025 Budget provided for the use of \$412,551 from Unrestricted Operating Surplus. This was a planned reduction of reserves to support board approved initiatives and also to provide some protection for potential long term absences. The full planned use of reserves was not required to cover operating costs due to additional revenues being received and also due to some potential absences not materializing.

Accumulated Operating Reserves

The Board of Education has a policy to set an expectation for Accumulated Surplus (Policy 4.18). This policy will ensure the district is protected financially from financial forecasting risk and unforeseen circumstances which could negatively impact the education of students. The accumulated operating surplus serves as a contingency reserve for the risk's associated with unexpected increases in expenses and /or decreases in revenues related to major emergent operating issues, one-time costs, and intermittent projects. Part of the Accumulated Operating Surplus is targeted by the Board for various priorities so may impact the availability of the entire Accumulation to serve as a contingency reserve. Additional information is provided on this below.

As of June 30, 2025 the district had \$1,565,627 in operating surplus (\$1,538,790 in 2024/2025).

The portion of the operating surplus that is reserved for restricted purposes is \$918,575 (\$799,930 in 2023/2024). Restricted reserve funds are held for a specifically intended purpose. The Board has limited discretion on the use of these reserves as most have third party restriction or a commitment of some type on the use of the funds.



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As of June 30, 2025, the portion of the operating surplus that is unrestricted and available to support future operations is \$647,052 (\$738,860 in 2023/2024).

The breakdown of the internally restricted operating surplus where the Board has limited flexibility to reallocate to other areas is as follows:

	2025
Literacy Planning	\$ 4,261
Therapies Grant	34,086
Farwell Building Reserve	84,636
Screen Smart	17,144
Additional Support for Community Links	27,701
Additional Support for Ready Set Learn	11,116
Additional Support for Strong Start	11,089
Additional Support for Mental Health programs	31,189
Indigenous Education Council	47,687
Scholarships and Bursaries	6,429
CPR Technology	23,025
School Generated Funds	281,458
Support for Education Plan	7,810
Professional Development – Per Contracts	154,533
Health and Wellness – Breakfast Program	45,992
Aboriginal Targeted Surplus	27,573
School and Department Surpluses	<u>102,846</u>
Total of Internally Restricted Surplus	\$918,575
Unrestricted Operating Surplus	<u>647,052</u>
 Total Accumulated Operating	 <u>\$1,565,627</u>

The unrestricted accumulated operating surplus of \$647,052 is 3.8 % of the 2024/2025 operating budgeted expenditures (4.5 % in 2023/2024) and 3.7 % of the 2024/2025 amended operating budget (4.4 % 2023/2024).

Special Purpose Fund

The Special Purpose funds are utilized to track funding for designated purposes. The balances can often be deferred to subsequent years for the intended purpose. Some of the funds require ministry approval to carry forward and other funds that carry a surplus at the end of the year reduce the funding received in the next fiscal year.

The following table summarizes the Special Purpose Funds transactions for the year.

	Opening Balance	Revenue	Expenses	Closing Balance
Annual Facility Grant	\$ 25,183	\$65,380	\$ 64,872	\$25,691
Learning Improvement Fund	0	56,534	56,534	0
Strong Start	52,834	32,000	41,537	43,297
Ready, Set, Learn	12,691	7,350	5,087	14,954
OLEP	0	10,489	10,489	0
Community Link	68,816	118,513	130,035	57,294
Classroom Enhancement – Staffing	0	555,764	555,764	0
Classroom Enhancement – Remedy	0	9,495	9,495	0
Classroom Enhancement – Overhead	0	76,121	76,121	0
Mental Health in Schools	25,074	57,000	64,911	17,163
Changing Results for Young Children	36,242	11,250	15,997	31,495
Student and Family Affordability	160,590	0	48,699	111,891
SEY2KT	0	19,000	9,272	9,728
Early Care and Learning	0	175,000	175,000	0
Feeding Futures	116,349	363,620	342,086	137,883
Early Learning	8,996	0	0	8,996
Project Penny	30,522	0	30,522	0
National School Program	0	19,675	0	19,675
Professional Learning Grant	0	247,553	13,111	234,442
Columbia Basin Trust	83,103	4,500	0	87,603
Total	\$620,400	\$1,829,244	\$ 1,649,532	\$800,112

The balance in Columbia Basin Trust is due to the timing of when grants for targeted projects are received. In this case, a number of grants were received in the last quarter so the funds could not be spent. These projects will be undertaken in 2025/2026.

Capital Fund

The school district invested \$1,747,532 in capital additions. These projects included the continuation of the LED lighting replacement projects at Begbie View Elementary School and Revelstoke Secondary School, renovations at Columbia Park Elementary School, renovations at the Farwell School site, electrical service upgrades at both Columbia Park and Arrow Heights Schools, and a number of smaller projects at various schools. Some of the projects listed will not be completed until December 2025. Funding to make these additions came from the following sources: \$1,113,262 from the Ministry of Education and Child Care, \$290,248 from the Ministry of Education, Child Care Spaces program,

\$75,532 from the District Operating Fund, \$237,968 from Local Capital and \$30,522 from Project Penny.

Specific balances in the Capital Fund are as follows:

Bylaw Capital – Ministry of Education and Child Care \$ 2,908,701 (an increase of \$2,373,697 from 2023/2024 due to delays in projected project completion)

Other Provincial Capital 170,425 (funding for the Farwell project)

Restricted Capital 8,870 (unchanged from 2023/2024)

Local Capital 2,274,909 (a net decrease of \$175,468 from 2023/2024)

Bylaw Capital represents approved Ministry of Education and Child Care funding, including the capital portion of the annual facilities grant, carbon neutral capital program, school enhancement program, playground equipment program and the bus replacement program.

Restricted Capital represents the Ministry of Education and Child Care's portion of the proceeds on disposals of property in which the district received ministry support to make the initial purchase. The district requires MOECC approval to spend these funds.

There are two capital fund surpluses:

The **Local Capital** fund of \$2,274,909 represents accumulated surpluses designated to fund the purchase of Tangible Capital Assets. This balance can increase if the board makes a motion to transfer operating surpluses to Local Capital or when the district receives the unrestricted portion on sales or property. All expenditures from this fund require prior board approval. Increases to local capital are due to interest income recorded for the year and an annual allocation from the operating budget. Decreased to Local Capital are due to board approved expenditures and in 2024/2025, were related to the major Farwell Renovation.

The **Investment in Tangible Capital Assets** fund of \$2,481,464 represents capital investments that are funded by operating funds (shows as a net transfer from other funds). As an asset is amortized, the surplus will decrease. The balance is used to fund future amortization costs and does not represent funds that are available for other purposes.

Other Significant Matters

The district has identified the following areas that have increased significantly and will be reviewed on an ongoing basis.

- International Student registration given the control that third parties such as the federal government have on student entry into Canada and the approval of the number of students is controlled by a third party.
- Continued significant increase in replacement costs to cover sick leaves
- A small Increase in cleaning and utility costs in both labour and supplies



- Increased need for specialist services and equipment based to support the needs of diverse students
- Revenue from third party leases and enrolment forms a significant revenue stream for a district our size. This has to be monitored as decisions made by the third parties can have a significant impact on the districts ability to maintain services.

Plan for Student Success

A new Strategic Plan was developed during the 2023/2024 school year. This plan will guide the District's financial priorities and resources for the next four years.

School Capacity

The district continues to have excess capacity in all schools based on ministry criteria. However, on an operational level, the number of programs being offered combined with the increase in enrollment is having an impact on all schools in the district such as some schools have no classrooms available for additional classes. A four classroom expansion for Begbie View Elementary School has been included in the district's major capital plan, although not requested until 2028 when enrollment is expected to support the expansion. A portion of the Local Capital Reserve Fund has been targeted to support this project once it gets ministry approval. The District leases part of Arrow Heights Elementary School to School District No 93. Enrollment in Arrow Heights School is increasing so the district taken back most of the in-school leased space. That has resulted in five portables being placed on the property which is the maximum number that the property can hold without impacting play areas and natural vegetation.

Infrastructure

Given the age of schools in the district, they are in good condition due to the continued support of the ministry with the district's capital project requests. All HVAC systems, with the exception of the leased Farwell School, are less than ten years old. The two older schools have each had renovations totalling more than a \$3.0 million dollars over the past seven years so are in good condition. The secondary school and one elementary school are now thirteen years old and have been maintained with the support of the Annual Facility Grant.

The conversion to LED lighting has been completed in two elementary schools with the conversion on the remaining two schools in progress. These remaining conversions should be completed by August 31, 2025.

Contact Management

This financial report was completed with the purpose of providing a general overview of the School District's finances as at June 30, 2025 and to demonstrate the District's accountability for the funding received.

If you have any questions about the report, please contact the Secretary Treasurer's office at 250-837-2101.

