



School District No. 72 (Campbell River)

Financial Statement Discussion and Analysis

For the year ended June 30, 2025

Overview of the School District

School District 72 serves 5,700 students in a large geographic area on mid-Vancouver Island. It provides services to students through 12 elementary schools, 2 middle schools, 2 high schools, 1 alternate program, a distance learning program and an international program.

Over 400 teachers, 300 support staff and 50 administrative staff work to provide services to our students.

The board completed a new strategic plan in 2024. The strategic plan has three goals:

- Honour indigenous worldviews and perspectives
- Student-centred learning environments
- Evolving for tomorrow

Our goals are a high-level guide to schools, departments and leaders in creating objectives and focusing resources that align with our vision.

Financial Highlights

88% of the school district's revenue comes from the Ministry of Education and Child Care (MOECC). The level of funding is based on enrollment and unique needs for our geographic region. 6% of our revenue comes from Other Revenue which consists of our local education agreements with our local indigenous bands and an agreement with the Conseil Solaire francophone de la Colombie-Britannique and School Generated Funds. The remaining revenue comes from the recognition of deferred capital grants, international program, leases, investment income and miscellaneous revenue.

91% of our expenses are salary and benefit related. The balance of expenses are related to supplies, contracted services, utilities and amortization.

Financially, we finished the year with a decrease of our accumulated surplus (savings) by \$1,863,231. The variance of the budgeted deficit of \$2,016,123 to the \$1,863,231 actual deficit is due to underspending of the internally restricted reserves that were budgeted but not spent.

Surplus

Description	Budget	Actual	Difference
Revenue	92,479,340	94,523,153	(2,043,813)
Expenses	94,495,463	96,419,384	(1,923,921)
Surplus (Deficit)	(2,016,123)	(1,896,231)	(119,892)

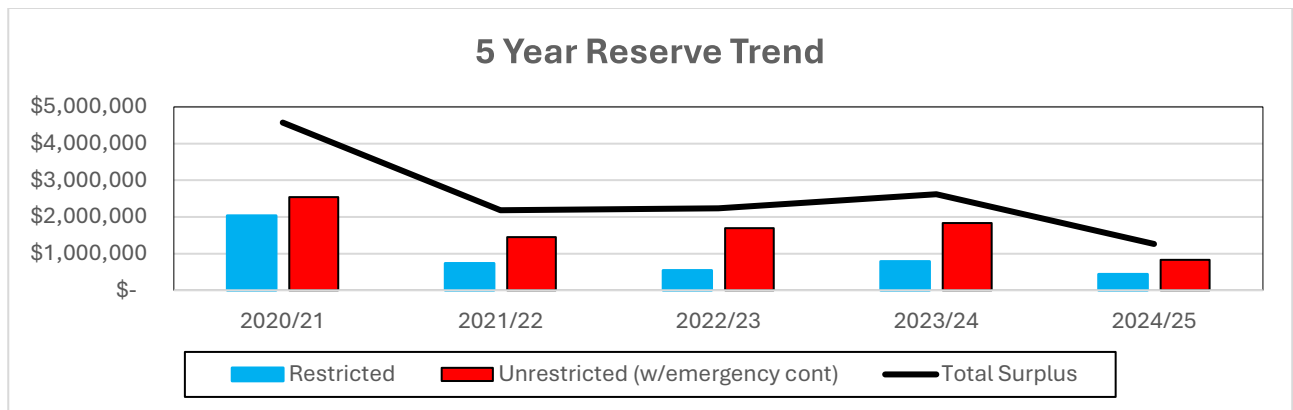
The overall accumulated surplus decrease was impacted by the \$1,359,365 deficit in operating accounts plus the capital surplus decrease of \$536,866.

Description	24/25	23/24	Difference
Accumulated Surplus - Capital	5,292,252	5,829,118	(536,866)
Accumulated Surplus - Operations	1,263,066	2,622,431	(1,359,365)
Total Accumulated Surplus	6,555,318	8,451,549	(1,896,231)

Our combined operating surplus decreased from \$2,622,431 to \$1,263,066. \$430,188 of which is internally restricted for specific purposes \$832,878 is available for emergencies with nothing left in unrestricted reserves. SD 72's operating surplus is the district's safety net for unexpected cost overruns. The internal restrictions decreased by \$359,365 while the unrestricted amount of \$1,000,000 was completely used. The district continues an emphasis on following the board's governance Accumulated Surplus policy limiting the use of restrictions for ongoing programs and referring new spending requests based on feedback from the budget process. During the completion of the 24/25 amended budget it was identified that the entire restricted reserve was required to balance the budget. This unexpected use of the unrestricted reserve was due to the increasing costs of employee benefits. A decision was made then to use the entire unrestricted reserve rather than cut spending mid-school year. This year there are no new recommended reserve items due to the challenging financial position of the district. The emergency contingency of \$832,878 remains the sole financial safety net for the 2025/26 operating year.

Below is the historical use of our reserves over the last four years.

Draw on Reserves 20/21 to 24/25					
(Thousands (\$'000))	20/21 ACTUAL	21/22 ACTUAL	22/23 ACTUAL	23/24 ACTUAL	24/25 ACTUAL
Accumulated Surplus (Deficit), Beginning of Year	\$5,833	\$4,573	\$2,186	\$2,236	\$2,622
Additional use of Prior Year Appropriated Surplus	(\$1,260)	(\$2,387)	\$50	\$386	(\$1,359)
Accumulated Surplus (Deficit), End of Year	\$4,573	\$2,186	\$2,236	\$2,622	\$1,263



Operating Accounts

When we look at our operating budget and separate the spending of restricted reserve purchases from the annual operating accounts, we slightly underspent our budget and finished with a \$1,356,365 operating deficit vs the \$1,635,390 budgeted.

An unexpected challenge for 24/25 is the continued rapid increase in employee extended health and dental benefit premiums. Our benefit costs were \$322,980 over budget in 24/25. This was after increasing our benefits by \$526,337 over the preliminary budget and \$1,195,352 over the past year. Benefits are bargained at the provincial level, unfortunately the increases in cost have vastly exceeded the labour settlement funding provided by the MOECC to SD 72. For reference, the labour settlement funded roughly \$250,000 of the benefit improvements.

Operating revenue increased by \$2,384,061 from 2023/24. The increase consisted of:

- MOECC funding to cover teacher and support staff wage increases of \$2,847,848.
- decrease in labour settlement funding of \$474,018
- increase in childcare \$371,365
- decrease in interest income \$287,627.

Operating revenue seemed like a large increased of \$2,348,061 from 2023/24, however, this included the wage increases that transferred from the prior year's labour settlement funding. The child care revenue increased due to the growth in attendance. All 6 district operated childcare centres were operating in 24/25 versus a partial operating year in 23/24. The last notable revenue change is the decrease in interest income of \$281,627 as interest rates and the district's cash reserves reduced.

Special Purpose Fund

Our special purpose funds are funds held by the district for a specific purpose. They are provided by third parties with a directive on the use of funds. Due to this restriction, they are held in a special fund where they can be reported on a supporting schedule, separately from the operating accounts.

In 24/25 our Special Purpose Fund provided programs and services in the amount of \$10,465,497. The carry over balance from 23/24 to 24/25 increased by \$1,062,111:

- New for 2024/25 is the Professional Learning Grant for literacy. This program is focussed on improving literacy at schools. The total funding is \$225,839 for three years. Approximately \$75,000 will be spent each year supporting part of a literacy coordinator position. The remainder \$152,791 will be carried to 25/26 and 26/27.
- The largest growth in revenue with-in special purpose funds in the Classroom Enhancement Fund (CEF). Our CEF program grew by the annual wage increases and 2 FTE teachers to increase by \$510,036.
- The school district expanded the roll-out of the feeding futures program that resulted in a \$255,126 increase in spending over 23/24. The feeding futures program was implemented in 23/24 and continued to grow in 24/25 as we determine the best way to support healthy food programs to students in need. The annual funding was \$843,419 in 24/25.

Capital

The district's capital work was focussed on the Carihi fire remediation during 24/25. As a significant priority project, it delayed the commencement of the approved childcare phase II project and other minor repairs and maintenance projects. The MOECC also approved fewer projects than the prior year resulting in the completion of only three funded minor capital projects under the CNCP and SEP programs.

The AFG program saw an unexpected increase to \$1,583,542 from \$1,418,916 that assisted with the inflationary cost pressures for construction.

In November 2024 Carihi experienced a fire that impacted classrooms, the cafeteria and the gym. The remediation work included relocating students to other SD 72 facilities at Robron, Oyster River Elementary and École Phoenix. Costs were incurred setting up Robron and Oyster River for student use. Clean-up for the smoke damaged B-wing was quickly completed, which was re-occupied after spring break 2025.

Costs related to the damage are covered by school protection program for the remediation and the Ministry of Infrastructure for the rebuilding of A-wing and the gym. The school district is expected to front the approved costs and seek reimbursement from the respective program. The timing of the reimbursements are quite slow resulting in a negative impact to SD72's cash balance.

Although the rebuild has been approved by the Ministry of Infrastructure in principle, a final project total has not been determined. SD 72 has to submit estimated project costs for review and approval by the treasury branch.

SD 72 rents the Cedar Annex to the non-profit Laichwiltach Family Life Society (LFLS). A fire occurred at the Cedar Annex rendering the building not habitable in July of 2024. Funding to repair a non-K-12 use building is not available from the Ministry of Infrastructure nor the School Protection Program. LFLS has brought in portable office buildings and continues occupy several outbuildings at the site. Rents have been reduced to reflect the reduced facility use. The decision on the future repair or removal of the building is still to be determined.

Financial Analysis of the School District

Financial Assets	2025 Actual	2024 Actual	Variance	Change
Cash and Cash Equivalents	15,952,702	17,740,067	(1,787,365)	(10.08%)
Accounts Receivable – MOECC	2,186,630	1,775,645	410,985	23.15%
Accounts Receivable – Prov	2,350,295	-	2,350,295	100.00%
Accounts Receivable – FN	520,800	902,981	(382,181)	(42.32%)
Accounts Receivable – Other	198,978	321,515	(122,537)	(38.11%)
Total Financial Assets	21,209,405	20,740,208	469,197	2.26%
Liabilities				
Accounts Payable	10,392,875	10,556,370	(163,495)	(1.55%)
Unearned Revenue	946,273	800,461	145,812	18.22%
Deferred Revenue	1,803,989	1,910,756	(106,767)	(5.59%)
Deferred Capital Revenue	71,286,746	68,283,882	3,002,864	4.40%
Employee Future Benefits	1,442,940	1,485,634	(42,694)	(2.87%)
Asset Retirement Obligation	13,871,171	14,157,307	(286,136)	(2.02%)
Total Liabilities	99,743,994	97,194,410	2,549,584	2.62%
Net Financial Assets (Debt)				
	(78,534,589)	(76,454,202)	(2,080,387)	2.72%
Non-Financial Assets				
Tangible Capital Assets	84,480,204	84,491,140	(10,936)	(0.01%)
Prepaid Expenses	609,703	414,611	195,092	47.05%
Total Non-Financial Assets	85,089,907	84,905,751	184,156	0.22%
Accumulated Surplus (Deficit)	6,555,318	8,451,549	(1,896,231)	(22.44%)

Reference Notes for the Financial Assets:

- Cash and Cash equivalents have decreased while we wait for reimbursement for our Carihi fire rebuild expenses. The overall operating deficit also contributed to the decrease in the cash balance.
- The increase in Accounts Receivable – First Nations improved for 24/25 due to the invoices being issued earlier in the year resulting in the Q3 payments being made during the year.
- The Accounts Receivable – MOECC increased because we are waiting for reimbursement for expenditures on our capital projects that are in progress at the end of June including the Carihi fire rebuild.
- Accounts Receivable Other – reduced due to major invoices paid before the year-end.
- Unearned revenue – a larger prepayment of tuition increased the 24/25 unearned revenue.
- Prepaid invoices increased due a deposit provided for a modular kitchen with estimated delivery in August 2025.

Statement 2 (Income Statement)

Revenues	2025 Actual	2024 Actual	Change	Variance
Ministry of Education and Child Care	83,448,197	76,405,329	7,042,868	9.22%
Other Provincial	41,394	158,871	(117,477)	(73.94%)
Tuition	1,027,148	939,264	87,884	9.36%
Other Revenue	5,859,808	5,731,124	128,684	2.25%
Rentals and Leases	236,097	165,707	70,390	42.48%
Investment Income	428,767	715,226	(286,459)	(40.05%)
Amortization of Deferred Capital Revenue	3481,742	3,297,210	184,532	5.60%
Total Revenue	94,523,153	87,412,731	7,110,422	8.13%
Expenses				
Instruction	72,899,799	68,003,535	4,896,264	7.20%
District Administration	3,819,020	3,489,152	329,868	9.45%
Operations and Maintenance	17,450,087	13,909,963	3,540,124	25.45%
Transportation and Housing	2,250,478	2,151,727	98,751	4.59%
Total Expense	96,419,384	87,554,377	8,865,007	10.13%
Surplus (Deficit) for the year	(1,896,231)	(141,646)	(1,754,585)	1,238.71%

Reference Notes for the Income Statement:

- Other Provincial saw a decrease due to the relocation of MCFD child care funding to Other Revenues Child Care Fees.
- Rentals and leases increased with the renting of Oyster River Elementary for an election office and the commencement of rent payable at the Quadra Childcare site.
- Investment income is down because of the declining interest rates and lower cash balance.
- Operations and Maintenance experienced a write down in liability and the corresponding asset due to the damage at Carihi school and Cedar Annex due to the demolition from the fires.

Schedule 2A - Operating Revenue

	2025 Budget	2025 Actual	Diff \$	Diff %	Reason
Provincial Grants MOECC	71,129,171	71,467,876	338,75	0.48%	On target to budget
Provincial Other – Child Care		25,467	25,467	100.00%	New revenue stream
Tuition	1,031,350	1,027,148	(4,202)	(0.71%)	On target to budget
LEA/Direct Funding from First Nations	2,361,978	2,269,380	(92,598)	(3.92%)	On target to budget
Other School District/Education Authorities	480,240	480,573	333	0.07%	On target to budget
Contracted Services (Student Services)	71,626	82,486	10,860	15.16%	Service provided increased time after the budget was set
Miscellaneous revenue	148,419	171,345	22,296	15.45%	BMO and BC Hydro grant rebates
Child Care Fees	335,266	381,242	45,976	13.71%	Childcare fees are split between parent and MOECC. The proportion often changes during the year.
Rentals and leases	163,000	236,097	73,097	44.84%	New child care space and Elections Canada renting Oyster River.
Investment Income	400,000	388,874	(11,126)	(2.78%)	Decrease in interest rate and cash balance
TOTAL	\$76,121,050	\$76,530,488	\$409,438	0.54%	

Schedule 2B - Operating Expense by Object

	2025 Budget	2025 Actual	Diff \$	Diff %	Reason
Teachers	32,384,846	32,758,870	374,024	1.15%	On target to budget
Principals & Vice Principals	4,778,209	4,639,665	(138,544)	(2.90%)	On target to budget
Other Professionals	2,354,402	2,664,814	310,412	13.18%	CEF admin costs did not cover budgeted allocation, consultant paid from supplies budget
Educational Assistants	7,279,782	7,360,868	81,086	1.11%	EA absenteeism is being over backfilled
Support Staff	7,642,998	7,694,352	51,354	0.67%	On target to budget
Teachers Teaching On Call	1,818,407	1,899,430	81,023	4.46%	Higher sick replacement usage than expected.
Employee Benefits	13,317,048	13,640,028	322,980	2.43%	On target to budget
Services	2,323,530	1,664,380	(659,150)	(28.37%)	Unspent services budget was transferred to staffing. The transfer was not reflected in the budget schedule.
Student Transportation	46,860	53,412	6,552	13.98%	Boarding allowance demand higher than estimated
Professional Dues and Travel	768,028	849,539	81,511	10.61%	Teacher Pro-D used reserves that were not included in this year's budget
Rentals and Leases	67,700	80,626	12,926	19.09%	Multi-function device charge backs were double counted due to timing.
Dues and Fees	86,300	87,454	1,154	1.34%	On target to budget
Insurance	203,024	187,362	(15,662)	(7.71%)	On target to budget
Supplies	2,442,453	2,204,263	(238,190)	(9.75%)	On target to budget
Utilities	1,472,500	1,571,289	98,789	6.71%	Increase due to colder winter inflation
TOTAL	\$76,986,087	\$77,356,352	\$370,265	0.48%	

Reserves – Special Purpose, Year to Year Change

Statement of Operations - Special Purpose Fund

Program	24/25 This Year Spending	23/24 Last Year Spending	Difference	Deferred Revenue Balance	Comments
Ministry of Education Funded					
Annual Facilities Grant (AFG)	263,177	263,177	0	-	
Oasis/Headstart PRP	210,659	192,950	17,709	-	
Strong Start	128,000	128,000	0	-	
Learning Improvement Fund	277,009	250,066	26,943	-	
Community LINK	631,399	627,933	3,466	-	
French Language (OLEP)	209,887	463,405	(253,518)	-	Received additional programing grant for prior year
Ready Set Learn	19,486	34,661	(15,175)	29,405	
First Nations Student Transportation	119,705	106,710	12,995	75,654	Extra-curricular bus grant not fully used
Mental Health in Schools	73,086	9,676	63,410	58,564	Program was used for full year 24/25
Changing Results for Young Readers	36,877	9,357	(36,877)	-	Program was used for full year 24/25
Classroom Enhancement Funding (CEF) (Staffing)	4,370,852	3,860,816	510,036	-	
CEF (Overhead)	332,681	319,209	13,472	-	
CEF (Remedies)	104,772	110,391	(5,619)	5,649	
Student & Family Affordability	200,773	168,708	32,065	-	Balance will be spent during the next two years
Feeding Futures	684,667	429,541	255,126	451,141	Full year program began in 23/24
Early Care & Learning	175,000	177,862	(2,862)	-	
Early Learning Dual Credit	37,000	-	37,000	-	
Professional Learning Grant	75,000	-	75,000	152,791	Year one of a three year literacy grant
Early Years to Kindergarten	34,990	-	34,990	3,844	
Sub-Total	\$7,985,020	\$7,152,462	\$768,161	\$777,048	

Program	24/25 This Year Spending	23/24 Last Year Spending	Difference	Deferred Revenue Balance	Comments
Other					
School Generated Funds	2,294,392	2,134,617	159,775	796,653	
Scholarships	33,762	51,934	(18,172)	150,564	
District Trusts	152,323	64,373	87,950	6,970	
Van Kelp Foundation	-	-	-	72,754	
Sub-Total	\$2,480,477	\$2,250,924	\$229,553	\$1,026,941	
Schedule 3A Total	\$10,465,497	\$9,403,386	\$997,714	\$1,803,989	

Capital Assets

NEW SPACES CHILDCARE CENTRES

- SD 72 completed construction and opened all 7 approved childcare centres in 2025. The total project had approved funding for \$8,124,620. The project incurred was completed under budget at \$7,914,187. SD 72 has submitted to receive the final funding of \$2,350,295.
- SD 72 was approved for 4 additional childcare centres at École Phoenix, Penfield and the school board office in the amount of \$5,070,982. Planning costs began in 24/25 but have been minimal as of the year-end.

SCHOOL ENHANCEMENT FUNDED PROJECTS (SEP)

- Sayward was approved to replace and upgrade their roof. The approved budget was \$900,000
- Roof safety upgrades for all SD 72 buildings \$400,000. The Ministry of Education and Childcare responded quickly to SD72's request by approving this project to improve worker safety while access district building roofs.

PLAYGROUND EQUIPMENT PROGRAM

- Cortes Island School was funded for a playground replacement in 24/25.

Capital Assets – Cont’d

CARBON NEUTRAL CAPITAL FUNDED PROJECTS (CNCP)

- Sandowne HVAC Upgrades - \$603,510

BUS ACQUISITION PROGRAM (BUS)

- SD 72 purchased an electric school bus with a cost, net of federal rebates, of \$373,874.

Capital Budget Summary

Project	Approved Budget	Spent to June 30, 2025	Variance to Approved Budget	Estimated Final Expenditure
Southgate HVAC (CNCP)	\$603,510	\$589,547	\$13,963	\$589,547
Sayward roof upgrade (SEP)	900,000	725,191	174,809	725,191
Various School Roof Safety (SEP)	400,000	215,800	184,200	400,000
Totals	\$1,903,510	\$1,530,538	\$372,972	\$1,714,738

Local Capital/Surplus

- Two utility vehicles for maintenance \$84,326
- 10-year facility plan facilitation and report \$24,890 was completed in 24/25

ANNUAL FACILITIES GRANT (AFG)

The Annual Facility Grant is funding provided by the Ministry of Education for designated school capital or maintenance upgrades. The 24/25 AFG program was \$1,583,542. The following significant project summary is provided.

2024/25 AFG Projects valued over \$50,000 include:

- Resurfacing Southgate gym floor \$60,000
- Heat pump replacement Pinecrest \$60,000
- High voltage panel replacement at École Phoenix \$126,478
- Security panel replacement at Timberline Secondary \$68,933

Factors Bearing on the School District's Future/Other Potentially Significant Matters

Fire at Cedar Annex

A fire occurred at a school district leased facility on July 17, 2024. Building reviews estimates a repair cost of \$1,900,000 that is not covered by insurance. An application has been made to the Ministry of Infrastructure for \$900,000 in demolition funding but if rejected may require the board to cover the cost of either option. Future decisions will be made upon the Ministry of Infrastructure decision on funding.

Fire at Carihi

A fire also occurred at Carihi Secondary in November 2024. Work began immediately to continue student learning. The remediation work is being funded by the School Protection Program with the rebuild of the gym, cafeteria and band room to be funded by the Ministry of Infrastructure. Although the district hopes to recover all costs related to the rebuilding and re-occupation of Carihi, there may be unexpected costs.

Contacting Management

This financial report is designed to provide the school district's stakeholders with a more general but more detailed overview off the school district's finances and to demonstrate increased accountability for the public funds received by the school district.

If you have questions about this financial report, please contact the office of the secretary-treasurer at 250-830-2300.

You are encouraged to review the board's strategic plan, financial statements and other documents at <http://www.sd72.bc.ca/Pages/Publications.aspx>.