



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

2024-2025

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Introduction

This report is a discussion and analysis of the financial results for the fiscal year ended June 30, 2025 for the Greater Victoria School District (the “District”). It is a summary of the District’s financial activities based on currently known facts, decisions, and conditions. The financial results are discussed in comparison with the financial results for the fiscal year ended June 30, 2024 and the annual budget for 2024-2025. This report should be read in conjunction with the District’s 2024-2025 audited financial statements.

District Overview

The District wishes to recognize and acknowledge the Esquimalt and Songhees Nations, on whose traditional territories we live, we learn, and we do our work. The District is advised by the Indigenous Education Council (“IEC”) to support the work of Indigenous Education and all Indigenous students within the District. The IEC represents Four Indigenous Houses that advise the District, which are the Esquimalt First Nation, the Songhees First Nation, the Métis Nation of Greater Victoria, and the Urban Peoples’ House Indigenous Advisory.

The District is the largest of three school districts on lower Vancouver Island and spans the municipalities of Esquimalt, Oak Bay, Victoria, and portions of the Highlands, Saanich, and View Royal. The District provides quality education to 20,109 students within 28 elementary schools, ten middle schools, and seven secondary schools, as well as two alternative sites.

Additionally, the District has 20 child care centres operating on school grounds, serving children ages zero to five, as well as six StrongStart BC centres. Each year, the District is also proud to host 1,736 International Students attending short- and long-term programs supported by our International Education Program at their Uplands Campus, and 150 adult learners through the Continuing Education Program. The District also offers a variety of Programs of Choice, including French Immersion.

Strategic Plan

The District is guided by its 2020-2028 Strategic Plan as outlined below:



Mission

We nurture each student's learning and well-being in a safe, responsive and inclusive learning community.



Vision

Each student within our world-class learning community has an opportunity to fulfill their potential and pursue their aspirations.

Goal 1

Create an inclusive and culturally responsive learning environment that will support and improve all learners' personal and academic success.

Strategy 1:

Develop and support high quality learning opportunities through the implementation of curriculum in order to improve student achievement.

Strategy 2:

Engage and collaborate with students, families and staff to provide an inclusive learning environment that will enhance and support student learning, identities and well-being.

Strategy 3:

Address the inequity of outcomes for diverse learners in literacy, numeracy, engagement and completion rates.

Goal 2

Create a culturally responsive learning environment that will support Indigenous learners' personal and academic success.

Strategy 1:

Critically examine personal and systemic biases, attitudes, beliefs, values and practices to increase student and staff understanding and appreciation of Indigenous worldviews, histories and perspectives.

Strategy 2:

Engage and collaborate with local Nations, Indigenous educators, Indigenous community leaders, Elders and families to enhance Indigenous student learning and well-being and identity.

Strategy 3:

Address the inequity of outcomes for Indigenous learners in literacy, numeracy, attendance and graduation rates.

Goal 3

Create an inclusive and culturally responsive learning environment that will support all learners' physical and mental well-being.

Strategy 1:

Continue to provide professional learning opportunities to all staff in K-12 to further support implementation of social emotional learning, physical literacy and mental health literacy that improves outcomes for students and classrooms.

Strategy 2:

Work in collaboration with Ministry of Children & Family Development to provide joint educational planning and support for children and youth in care that helps develop the child's personality, talents and mental and physical abilities to the fullest for current and future success.

Strategy 3:

Engage and collaborate with families to encourage awareness of and engagement in physical literacy and mental health literacy that improves outcomes for students in classrooms and at home.

Strategy 4:

Address the inequity of opportunity for all learners to maximize physical health and mental well-being.

Core Values

Engagement

We work to actively engage students in their education and make them feel connected to their learning

Equity

We give each student the opportunity to fulfill their potential

Innovation

We are innovative and consistently seek ways to make positive change

Integrity

We are ethical and fair

Transparency

We are accountable for the decisions we make and how we make them

Partnerships

We create open and respectful partnerships with each member of our learning community

Respect

We respect ourselves, others and the environment

Social Responsibility

We share responsibility to work with and inspire students to create a better world

Sustainability

We are proactive in the stewardship of the resources of our organization, our community and our planet

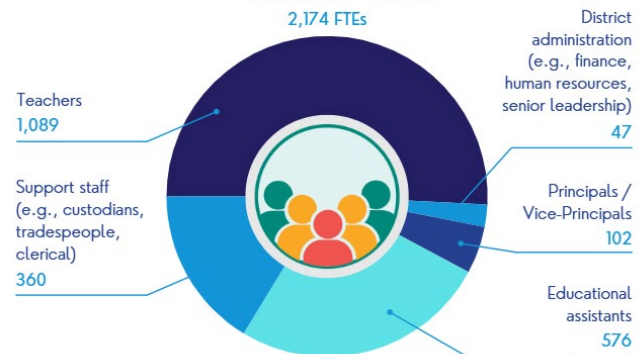
A Year in Review 2024-2025

Operating Fund

Where the Money Comes From
(Revenues)



Our Staff Team
2,174 FTEs



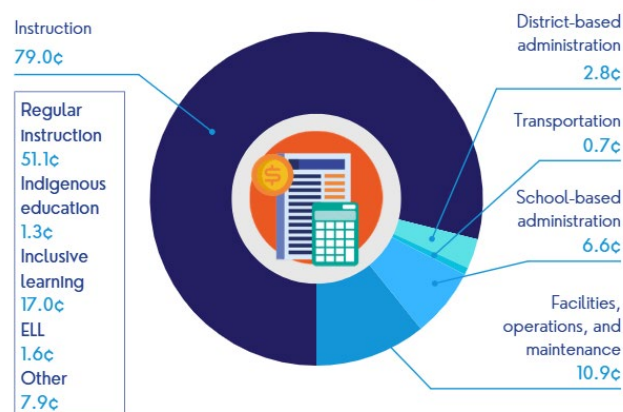
Where the Money Goes
(Expenditures)



Our Student Population = 21,621 FTE



How Each Dollar is Spent



Our District

Indigenous Education

1,482 self-identified Indigenous students

500+ students attended the SD 61 Tri-District Lahal Tournament

46 schools supported by the IED Library and its hand-on learning kits, bi-monthly newsletters, and curricular connections to resources

1,400+ educators attended the 3rd annual Indigenous Storytelling Festival

Launch of the Spirit of Alliances Support and Wellness Framework, with professional development sessions and resources available to all schools

Launch of the Campus Cousins program, including a Grade 8 transition day and a two-day training retreat at Camp Pringle



Student Voice

Representatives from all middle and secondary schools participated in Student Connections meetings

Monthly meetings with representatives from all secondary schools as part of our Representative Advisory Council of Students

French Immersion (FRIM)

3,917 students enrolled

25 teachers and **5** facilitators participated in a professional learning series with a focus on oral language development

13 new career FRIM teachers participated in a learning series to support new career teachers

55% reduction in attrition from grade 8 to grade 9 FRIM

Inclusive Education

292 staff trained in NVCI (non-violent crisis intervention)

291 referrals for collaborative support for priority students in schools

3 free, intensive, three-week Educational Assistant Bridge Training programs



Mental Health and Well-Being

Over 30,000 views of monthly Mental Health and Wellness SNAPSHOT newsletter

11 Mental Health & Wellness Grants focused on student voice and student-led initiatives at each grant school

Sexual Orientations and Gender Identities (SOGI)

50 Participation from Trustees, Staff, Parents and Students in Victoria Pride Parade



Victoria International Education

1,736 students from **28** countries / regions bringing cultural diversity and learning opportunities to our District

1,082 long-term and **654** short-term students

26 partnership agreements with schools around the world

829 registered homestay families

828 registered study abroad agencies from 37 countries managed and supported

Our District Continued

Early Learning and Child Care

4,521 children registered for StrongStart

3,000+ children attending child care on school grounds

23 ECEs work alongside kindergarten teachers in priority schools

10 Ministry funded child care 'new spaces' in progress

20 child care centres operating on school grounds, serving children ages zero to five



English Language Learners (ELL) and Welcome & Learning Centre

2,483 ELL students

85 newcomer families to Canada and District supported through Welcome & Learning Centre

50+ participants in weekly after-school programming

Pathways & Partnerships

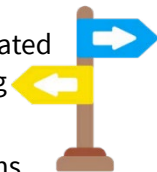
8,000 staff and K-8 students participated in hands-on, career-focused learning opportunities

60 new youth apprentice registrations

900+ career-related courses taken by secondary students in post-secondary and industry

280 secondary students participate in a springboard opportunity, including Viking Air, VIC PD, VIHA, Navy, WITT and others

1,600 grade 8 middle school students' tours of Camosun College



Information Technology for Learning

Development of district-wide AI strategy

Parent and student digital services enhancement

Rollout of Ministry-mandated Education Data Exchange (EDX) system

Phase 2: District-wide staff/classroom technology life cycle (TTOC loaner program)

Student device life cycling and 3-year budget plan

Phase 1: district websites technology modernization

Phase 1: cloud strategy; consolidate school file storage and decommission ESXi servers

MDM (EndPoint) management tool consolidation



Facilities

13,342 district-wide maintenance work orders completed

10 food program sites completed

1 portable placement move

2 boiler upgrades and **4** roofing upgrades completed

29 tec package, **46** network infrastructure and **18** security upgrades

1 site unit ventilator and **2** direct digital controls upgrades completed

Financial Statement Overview

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of British Columbia, supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board. This Section requires that the financial statements be prepared in accordance with Canadian public sector accounting standards with some exceptions as reported in Note 2 of the financial statements.

The financial statements are comprised of audited statements and notes to the financial statements, as well as unaudited schedules which support the information presented in the audited statements. Statements 1 to 5 show the financial results for the District on a consolidated basis for the operating, special purpose and capital funds (Statement 3 Remeasurement Gains and Losses does not apply to the District). Schedules 2 to 4 report the financial information for each of the funds and are explained below:

- Operating revenues and expenses are reported in Schedules 2 to 2C
- Special Purpose revenues and expenses are reported in Schedules 3 and 3A
- Capital revenues, expenses, capital asset additions and dispositions, and changes in deferred capital revenues are reported in Schedules 4 to 4D.

OPERATING

Includes revenues and expenses related to the daily operation of the District, including school and administrative functions, facilities operations and transportation. Any surplus at year end is carried forward to future years.

SPECIAL PURPOSE

Includes restricted grants and other funding subject to a legislative or contractual restriction on its use.

Revenues are recognized as expenditures are incurred. Any funds received in excess of expenditures are recorded as deferred revenue, not as surplus.

CAPITAL

Includes financial activities for tangible capital assets, including sites, buildings, furniture & equipment, vehicles, computer hardware and software funded from Ministry of Education and

Child care capital grants, local capital, operating and special purpose funds.

Financial Overview

As reported in the consolidated statement of operations (Statement 2), the District's revenues exceeded its expenses, resulting in a surplus for the year of \$1.9 million compared to a deficit of \$0.2 million in the annual budget and a deficit of \$0.5 million in the prior year.

	2025 Budget	2025 Actual	2024 Actual
Revenues	\$315,413,580	\$330,347,692	\$308,970,489
Expenses	(315,594,874)	(328,427,850)	(309,503,685)
Surplus (Deficit) for the year	(181,294)	1,919,842	(533,196)
Operating Surplus (Deficit) including Interfund Transfers	(1,897,592)	2,164,763	2,218,660
Special Purpose Surplus (Deficit) including Interfund Transfers	-	-	-
Capital Surplus (Deficit) including Interfund Transfers	1,716,298	(244,921)	(2,751,856)
Surplus (Deficit) for the year	\$(181,294)	\$1,919,842	\$(533,196)

The 2024-2025 school year saw growth in enrolment for the fourth year since the COVID-19 pandemic. This has resulted in an increase in the operating grant from the Ministry of Education and Child Care (the "Ministry"). As a result of increased enrolment, variable operating expenses, such as staffing and supplies, have also increased.

Labour settlement funding (LSF) for the 1% cost-of-living adjustment (COLA) for teachers, support staff, non-educator exempt and administrators in leadership roles, and the 2% salary increase for administrators in leadership roles was provided subsequent to the preparation of the annual budget.

International enrolment saw a decrease in 2024-2025 compared to 2023-2024. The District's Victoria International Education (VIE) is a significant contributor to the District's overall financial status. During the year, VIE ended up in a surplus position, which increased the year end District surplus.

As interest rates in Canada decreased, the District saw a decrease in investment income.

The District sold a portion of land situated at 1765 Lansdowne Road, which resulted in a gain on the disposal of \$3.8 million.

Other new sources of revenue confirmed since the annual budget was prepared include four Special Purpose Grants: Classroom Enhancement Fund – Remedies, Inclusion Outreach Literacy, a K-12 Literacy Supports Professional Learning Grant and National School Food Program funding.

The District's year end surplus exceeded the February 2025 estimates by \$2.1 million. This was due to additional surplus generated by VIE, conservative budgeting practices to ensure year end budgeted targets were met, additional interest and rentals revenue, savings from budgeted benefit estimates and staffing vacancies. This was partially offset by a write down of the old Cedar Hill Middle School and a change in the measurement of the Asset Retirement Obligation.

The District acquired tangible capital assets, including work in progress, totaling \$41.4 million, which includes a change in the Asset Retirement Obligation of \$2.3 million. Significant additions included continued work on Cedar Hill Middle School replacement project, exterior structural upgrade work at Oaklands Elementary, various Annual Facility Grant projects, technology and infrastructure upgrades and new child care builds.

Financial Analysis

Statement of Financial Position – Statement 1

The Statement of Financial Position is a consolidation of all funds – Operating, Special Purpose and Capital. It summarizes the assets, liabilities and accumulated surplus (deficit). The following table provides a comparative analysis of the District's net financial position for fiscal years ending June 30, 2025 and June 30, 2024.

	2025	2024	\$ Change	% Change
Financial Assets				
Cash and Cash Equivalents	\$86,453,150	\$76,453,189	\$9,999,961	13%
Accounts Receivable	4,987,272	5,894,838	(907,566)	-15%
Portfolio Investments	499,886	499,829	57	0%
Total Financial Assets	91,940,308	82,847,856	9,092,452	11%
Liabilities				
Accounts Payable and Accrued Liabilities	38,818,134	41,652,807	(2,834,673)	-7%
Unearned Revenue	11,538,045	13,267,939	(1,729,894)	-13%
Deferred Revenue	7,111,973	7,512,586	(400,613)	-5%
Deferred Capital Revenue	342,089,421	310,134,976	31,954,445	10%
Employee Future Benefits	3,354,236	3,386,055	(31,819)	-1%
Asset Retirement Obligation	26,102,153	23,832,319	2,269,834	10%
Total Liabilities	429,013,962	399,786,682	29,227,280	7%
Net Debt	(337,073,654)	(316,938,826)	(20,134,828)	6%
Non-Financial Assets				
Tangible Capital Assets	371,416,949	348,952,037	22,464,912	13%
Prepaid Expenses	964,912	1,375,154	(410,242)	9%
Total Non-Financial Assets	372,381,861	350,327,191	22,054,670	6%
Accumulated Surplus (Deficit)	\$35,308,207	\$33,388,365	\$1,919,842	6%

Cash

Cash and cash equivalents consist of deposits with CIBC and the Provincial Central Deposit Program (CDP). Funds deposited in the CDP are held by the Ministry of Finance and earn interest at the CIBC Prime Rate less 1.5%. Funds held in the CDP are available within forty-eight hours of a withdrawal request.

Cash and cash equivalents balance increased by \$10.0 million compared to the prior year primarily due to proceeds from the sale of a portion of land situated at 1765 Lansdowne Road.

Accounts Receivable

Accounts receivable has decreased by \$0.90 million due to reductions in the BCPSEA and PEBT surplus account of \$0.3 million and child care capital project receivables from the Ministry totalling \$0.6 million.

Accounts Payable

Accounts payable has decreased by \$2.8 million due to a decrease in capital holdbacks and schedule delay claims related to the Victoria High School seismic project as this project was completed during the year. Additionally, VIE liabilities decreased by \$1.0 million as there are 50 fewer students projected for 2025-2026 so less homestay fees for next year have been collected. The decrease has been partially offset by an increase in salaries and benefits payable due to an accrual related to an arbitration.

Unearned Revenue

Unearned revenue has decreased by \$1.7 million as there are 50 fewer international students expected for 2025-2026 so less tuition fees for next year have been collected.

Deferred Revenue

Deferred revenue decreased by \$0.4 million as the District received \$0.5 million in Student and Family Affordability Funds at the end of 2023-2024, which has mainly been spent. Additionally, School Generated Funds decreased as \$0.5 million in donations were received in prior years for a future capital project. These donations were moved to Unspent Deferred Capital Revenue in the current year. These decreases have been partially offset by a \$0.2 million Professional Learning Grant received at the end 2024-2025 which remains mostly unspent. Additionally, Classroom Enhancement Fund deferred revenue increased by \$0.3 million as there were more unspent funds remaining in staffing and remedies compared to 2023-2024.

Deferred Capital Revenue

Deferred capital revenue is funding received in support of capital projects. The change is shown in the table below:

	2025	2024	\$ Change
Deferred Capital Revenue—Opening	\$310,134,976	\$278,523,632	\$31,611,344
Funding received for capital projects	36,028,950	44,626,983	(8,598,033)
Investment Income	413,262	219,080	194,182
Restricted Portion of Proceeds on Disposal of Land	11,424,000	-	11,424,000
Maintenance expenses (non-capital)	(3,971,695)	(3,672,367)	(299,328)
Amortization of Deferred Capital Revenue	(11,118,382)	(9,562,352)	(1,556,030)
Revenue Recognized on Write-off of Building	(821,690)	-	(821,690)
Closing Deferred Capital Revenue	\$342,089,421	\$310,134,976	\$31,954,445

The majority of funds were received for the Cedar Hill Middle School replacement project (\$22.6 million), the Child Care Capital Funding Program for new child care spaces on District property (\$2.8 million), Annual Facilities Grant (\$4.4 million) and the Ministry of Education and Child Care Restricted portion of proceeds on the disposal of a portion of land situated at 1765 Lansdowne Road.

Asset Retirement Obligation

Asset retirement obligations are legal liabilities 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. The obligation has been measured at current cost of remediating the asbestos contained in the buildings. In the current year, the District reviewed the remediation cost and revised the asset retirement obligation to reflect the current cost, which resulted in a \$2.2 million increase in the liability.

Tangible Capital Assets

Tangible capital assets represent the net balance of tangible capital assets less accumulated amortization. The cost of assets is recognized over their respective expected useful lives through recording of amortization expense. Furniture and equipment, vehicles, and computer hardware and software are all deemed to be disposed of at the end of their useful life, so an entry is made to remove the asset and accumulated amortization from the books once these assets have been fully amortized.

Cost	Balance at June 30, 2024	Additions	Deemed Disposals	Transfers (WIP)	Balance at June 30, 2025
Sites	\$ 11,978,240	\$ -	\$ (5,817)	\$ -	\$ 11,972,423
Site Improvements	2,778,382	-	-	325,000	3,103,382
Site Improvements—WIP	12,086	389,676	-	(325,000)	76,762
Buildings	517,639,147	2,350,355	(4,570,478)	9,332,285	524,751,309
Buildings—WIP	18,741,902	34,240,736	-	(9,332,285)	43,650,353
Furniture & Equipment	19,244,340	626,057	(632,498)	1,666,337	20,904,236
Furniture & Equipment—WIP	183,624	1,839,774	-	(1,666,337)	357,061
Vehicles	2,398,703	-	(82,918)	-	2,315,785
Computer Hardware	9,333,285	1,898,773	(639,926)	87,272	10,679,404
Computer Hardware—WIP	-	87,272	-	(87,272)	-
Total	\$582,309,709	\$41,432,643	\$ (5,931,637)	\$ -	\$617,810,715

Accumulated Amortization	Balance at June 30, 2024	Additions	Deemed Disposals	Transfers (WIP)	Balance at June 30, 2025
Sites	\$ -	\$ -	\$ -	\$ -	\$ -
Site Improvements	1,328,919	294,088	-	-	1,623,007
Buildings	219,483,332	13,366,834	(3,513,910)	-	229,336,256
Furniture & Equipment	7,887,124	2,007,430	(632,498)	-	9,262,056
Vehicles	814,804	235,724	(82,918)	-	967,610
Computer Hardware	3,843,493	2,001,270	(639,926)	-	5,204,837
Total	\$233,357,672	\$17,905,346	\$ (4,869,252)	\$ -	\$246,393,766

Tangible capital assets increased by \$22.5 million from the prior year. Capital additions totaling \$41.4 million include a change in the Asset Retirement Obligation of \$2.3 million and asset additions of \$39.1 million. Significant additions include \$21.5 million related to Cedar Hill Middle School replacement project, \$2.1 million related to exterior structural upgrade work at Oaklands Elementary, and \$3.9 million in new child care builds funded by the ChildCareBC New Spaces Fund.

Special Purpose (\$0.3M)	Operating (\$2.6M)	Local Capital (\$3.6M)	Deferred Capital Revenue (\$32.6M)
Gym Equipment	Technology and Network Infrastructure	Cedar Hill Middle School Replacement	Cedar Hill Middle School Replacement
Computer Technology	Inclusive Learning Specialized Equipment		Oaklands Elementary Exterior Structural Upgrade
Playground Equipment	Classroom Furniture and Equipment		Lambrick Park Building Envelope
Feeding Futures Equipment	Sundance-Bank Portable		School Food Infrastructure
Outdoor Classroom	Facilities Equipment		Various AFG projects
	Theatre Equipment		Child Care Spaces
	Computer Technology		Vic High Seismic
			Colquitz HVAC Upgrade

Accumulated Surplus (Deficit)

Board Policy 3170 Operating Surplus outlines a clear, transparent understanding of the reasonable accumulation and planned use of operating surplus and also allows the Board to restrict portions of its operating surplus for future use to address Board priorities.

For the fiscal year ended June 30, 2025, the net change to the total accumulated surplus was an increase of \$1.9 million, summarized below:

	2025	2024	\$ Change
Constraints on funds	\$ 586,761	\$ 431,510	\$ 155,251
Anticipated unusual expenses	742,578	625,008	117,570
Operations spanning multiple years	8,645,742	7,003,800	1,641,942
Total Internally Restricted Surplus—Operating Fund	9,975,081	8,060,318	1,914,763
Unrestricted Operating Surplus (Contingency)	1,250,000	1,000,000	250,000
Invested in Tangible Capital Assets	23,791,164	24,307,004	(515,840)
Local Capital Surplus	291,962	21,043	270,919
Total Accumulated Surplus	\$35,308,207	\$33,388,365	\$1,919,842

Constraints on funds increased by \$0.2 million as new restricted funds were received in 2024-2025 that remained partially unspent at June 30, including Indigenous Education Council Funding, BCSSA Indigenous Grant and South Island Partnership grants.

Anticipated unusual expenses increased by \$0.1 million due to an increase in a potential arbitration settlement estimate.

Operations spanning multiple years increased by \$1.6 million due to additional funds set aside to help offset future years' operating deficits.

Unrestricted operating surplus (contingency) increased by \$0.3 million. At June 30, 2024, the unrestricted operating surplus (contingency) balance was \$1.0 million. At June 30, 2025, an additional \$0.3 million of unrestricted operating surplus has been added to the unrestricted operating surplus (contingency), bringing the balance up to \$1.3 million.

Invested in Tangible Capital Assets decreased by \$0.5 million. The sale of a portion of land situated at 1765 Lansdowne Road generated a gain on sale of \$3.8 million, which was transferred to Local Capital. Tangible Capital Assets were transferred to Invested in Capital Assets from the Operating and Special Purpose Funds (\$2.9 million) and from Local Capital (\$3.6 million). However, there was an Asset Retirement Obligation change of \$2.3 million and a write-down of the old Cedar Hill Middle School of \$0.2 million. Additionally, Amortization of Tangible Capital Assets exceeded Amortization of Deferred Capital Revenue by \$4.5 million.

Local Capital Surplus increased by \$0.3 million as a result of a \$3.8 million transfer from Invested in Tangible Capital Assets from the sale of land, additional interest revenue and a transfer from Operating totalling \$0.1 million. This was offset by \$3.6 million in expenditures related to the Cedar Hill Middle School replacement project.

Board Policy 3170 Operating Surplus sets a goal for unrestricted operating surplus (contingency) at 2-4% of the prior year's operating expenses. The purpose of maintaining an unrestricted operating surplus at this level is to support effective planning that includes risk mitigation for emergencies or unexpected increases in expenses and/or decreases in anticipated revenues to continue to provide educational services and maintain regular operations without implementing one-time service cuts.

Per Schedule 2 of the 2024-2025 Financial Statements, the prior year operating expenses were \$248.7 million. The minimum unrestricted operating surplus (contingency) should be \$5.0 million. With a current balance of \$1.3 million, the District will need to consider how to address future operating deficits while increasing the contingency by \$3.7 million over the coming years.

	2025 Actual	2025 Projected	Actual to Projected	2024 Actual
Project Budgets	\$ 2,757,368	\$1,845,863	\$ 911,505	\$3,315,548
School Level Funds	755,255	700,000	55,255	855,971
Purchase Order Commitments	505,482	235,000	270,482	248,681
Planned Surplus to Balance 2024-2025 Budget	-	-	-	1,897,592
Planned Surplus to Balance 2025-2026 Budget	3,637,526	3,366,139	271,387	1,742,526
Planned Surplus to Balance 2026-2027 Budget	2,319,450	-	2,319,450	-
Unrestricted Operating Surplus - Contingency	1,250,000	1,000,000	250,000	1,000,000
Accumulated Surplus (Deficit), end of year	\$11,225,081	\$7,147,002	\$4,078,079	\$9,060,318

At June 30, 2025, the projected operating surplus increased by \$4.1 million compared to the 2024-2025 Amended Annual Budget projections prepared in February 2025. Several factors, outlined below, contributed to the increase.

1. Conservative spending in response to potential deficit and inability to spend budgets

Knowing the Board had set aside \$3.6 million in projected surplus to balance the 2025-2026 budget, departments and schools exercised conservative budgeting out of caution. This was a proactive strategy to safeguard the District's financial health. As a result of these savings, professional learning opportunities, programs and services were not delivered, which directly impacted student learning and staff professional growth.

Schools and departments found it challenging to allocate the necessary time and resources to develop and implement projects and professional learning opportunities due to vacancies and daily operational demands.

These factors resulted in an increase in school and department surplus of \$0.3 million.

2. Staffing vacancies, hiring challenges and lower than projected Teacher Average Salary

There were additional unanticipated savings on Educational Assistant, Clerical and School Assistant salaries due to employees taking unpaid leaves and no replacements to fill these leaves and the inability to fill vacancies in the Information Technology for Learning department, which generated a surplus of \$0.9 million. Budgeted teacher average salary was less than projected, resulting in a savings of \$0.5 million.

3. Additional Revenues

Interest revenue increased by \$0.3 million due to additional cash earning interest as a result of a land sale. Rentals and Leases revenue increased by \$0.4 million as a result of the 2024 BC Provincial General Election and higher than projected field revenue generated from the new artificial turf field at Victoria High. New grants were received, resulting in a surplus of \$0.4 million.

4. Employee Benefits

Savings in employee benefits generated a \$0.9 million savings as benefit rates for Canada Pension Plan, Employment Insurance, Extended Health and Dental ended up being less than projected.

5. Purchase Order Commitments

At June 30, 2025, Purchase Order Commitments totaled \$0.5 million, an increase of \$0.3 million over projections. Delays in receiving computer and technology equipment contributed to this surplus.

6. Carbon Tax Savings

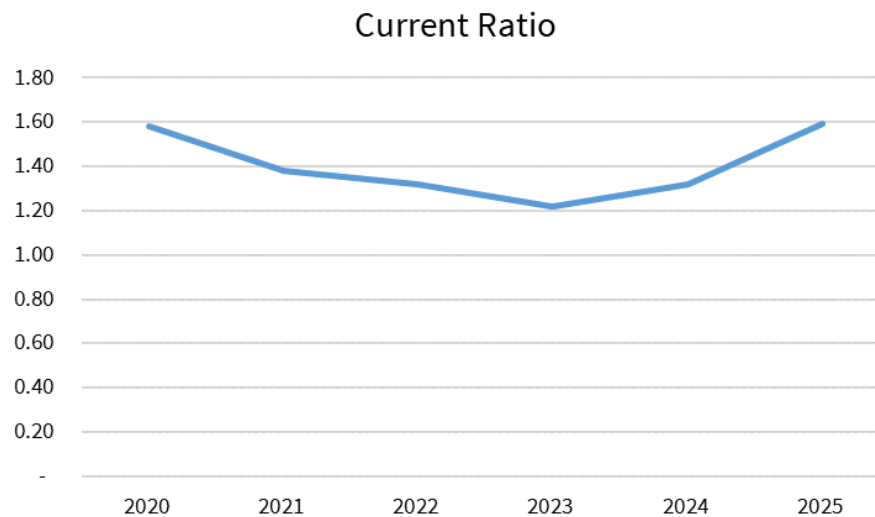
On March 31, 2025, the BC Government announced that it would be cancelling the carbon tax, effective April 1, 2025. This generated \$0.1 million of savings.

The additional operating surplus presents an opportunity to strengthen the District's financial position, fund strategic priorities and address shortfalls in the upcoming year.

Analysis of Financial Health

Net Debt is a term unique to public sector financial reporting. It is reported in the Statement of Financial Position and represents the difference between the District's financial assets and total liabilities at a point in time. At June 30, 2025, the District was in a net debt position, which means that future revenues must be generated to cover the cost of past transactions and events. The future amortization of Deferred Capital and Tangible Capital Assets will be used to fund the net debt position in the future. However, as the District continues to invest in tangible capital assets, net debt will continue to increase. Net debt increased by \$20.1 million compared to 2023-2024 as a result of the acquisition of tangible capital assets, partially offset by amortization of tangible capital assets.

The current ratio measures the ability to pay short-term obligations. A ratio greater than 1 means that sufficient current assets are on hand to meet current liabilities. In 2024-2025, the current ratio was 1.59 compared to 1.32 in 2023-2024.



Statement of Operations – Statement 2

Statement 2, the Statement of Operations, includes the revenues and expenditures for all three funds, Operating, Special Purpose and Capital. Each fund will be analyzed separately.

Operating Fund Analysis

Student Enrolment

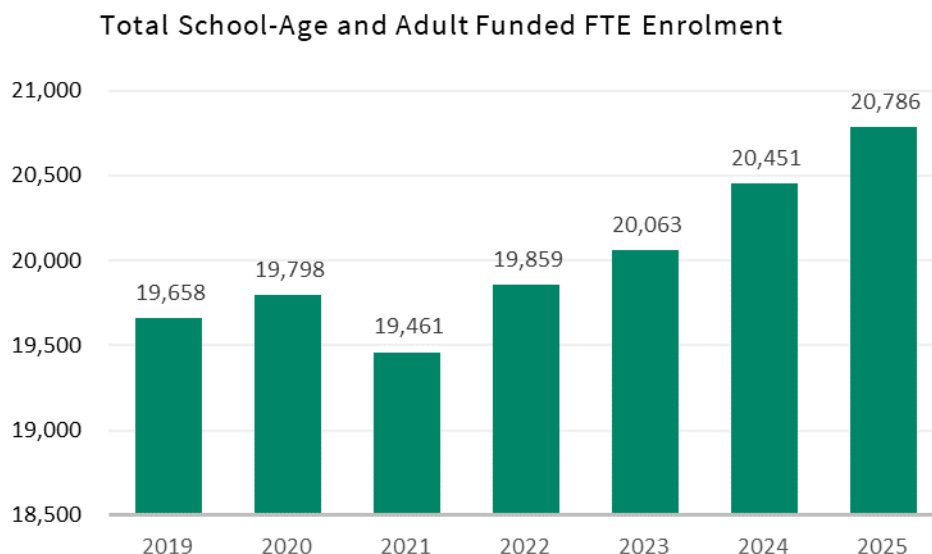
Ministry Funded

The operations of the District are primarily funded by the operating grant from the Ministry. The grant is based on student enrolment and is funded on a per FTE (full-time equivalent) basis. Students in grades kindergarten through nine are funded as 1.0 FTE and students in grades ten through twelve are funded based on the number of courses they take; eight courses equal 1.0 FTE.

Student enrolment in 2024-2025, including September, February and May final counts, saw an increase of 334.405 FTE compared to 2023-2024 and 141.610 FTE compared to the annual budget.

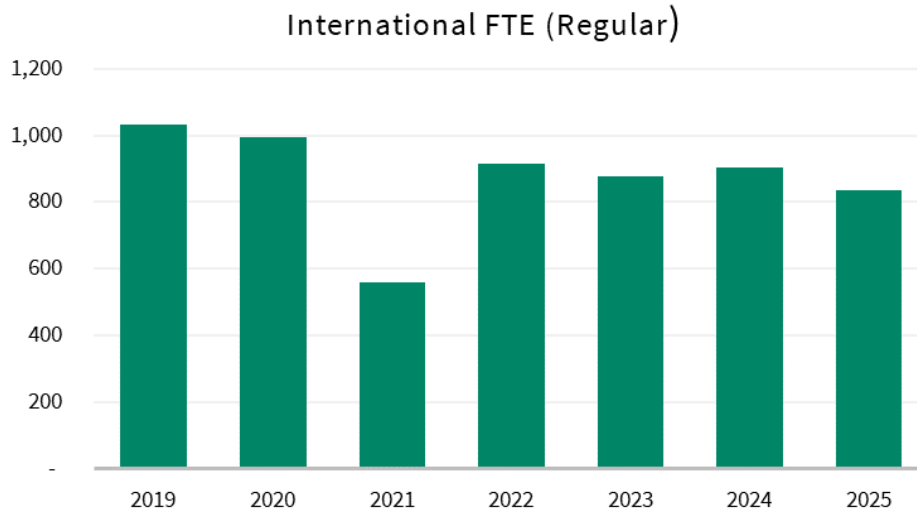
	2025 Actual	2025 Budget	2024 Actual	Actual to Prior Year	Actual to Budget
School Age	20,751.221	20,604.798	20,413.503	337.718	146.423
Adult	34.500	39.313	37.813	(3.313)	(4.813)
Total FTE	20,785.721	20,644.111	20,451.316	334.405	141.610

The graph below illustrates the District's annual FTE enrolment since 2018-2019. Enrolment levels dropped in 2020-2021 due to the COVID-19 Pandemic; however, they have since fully recovered.



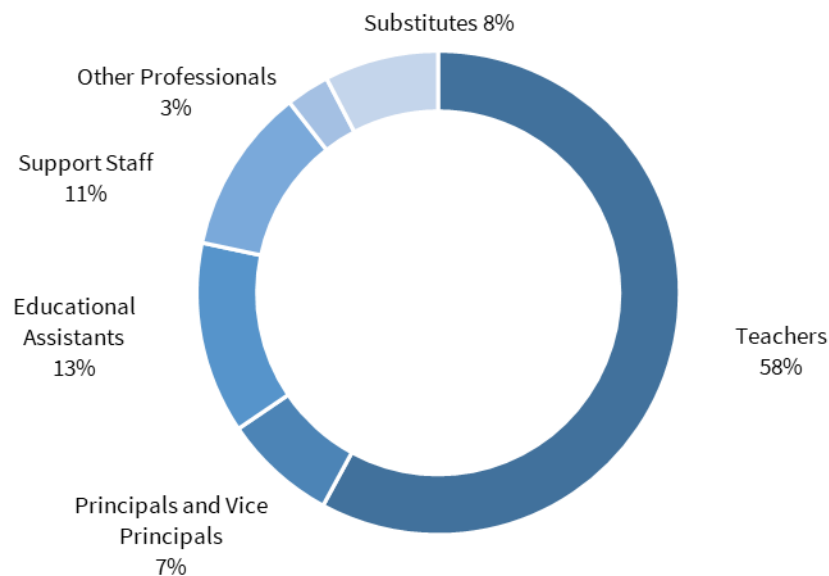
International

International enrolment saw a decrease in 2024-2025. Regular (long-term) international enrolment decreased by 70 FTE compared to 2023-2024 and 15 FTE compared to the annual budget. Short-term international enrolment decreased by 40 students compared to 2023-2024 and increased by 34 students compared to the annual budget.



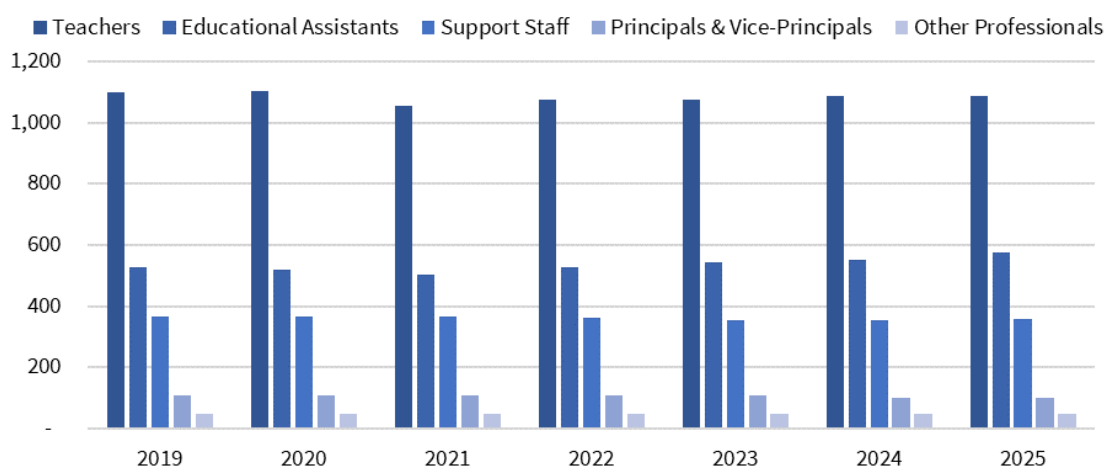
Staffing

Salaries and benefits account for 92% of the expenses within the Operating Fund. Ministry funded and international student enrolment directly impacts the number of school-based staff.



In 2024-2025, 2,173.834 FTE employees were paid for out of the Operating Fund compared to 2,147.080 in 2023-2024. These figures do not include employees paid for from Special Purpose Funds (e.g. Classroom Enhancement Funds) or Capital Funds. The growth was mainly due to additional Educational Assistants, as Inclusive Learner enrolment has increased.

Operating Fund FTE



Operating Revenue

Approximately 90% of the District's operating revenue is derived from the operating grant, 7% from international education tuition and the remaining 3% is from other Provincial grants, other revenue, rentals and leases and investment income. Schedule 2A in the financial statements provides further detail by type of revenue.

	2025 Budget	2025 Actual	2024 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$233,113,195	\$240,589,789	\$228,370,346	\$7,476,594	\$12,219,443
Other Provincial Grants	283,750	243,951	285,084	(39,799)	(41,133)
Tuition	15,676,233	16,126,998	16,557,491	450,765	(430,493)
Other Revenue	3,004,812	3,438,344	3,216,326	433,532	222,018
Rentals and Leases	3,221,690	3,943,855	3,068,462	722,165	875,393
Investment Income	1,796,068	1,939,085	2,424,713	143,017	(485,628)
Total Revenue	\$257,095,748	\$266,282,022	\$253,922,422	\$9,186,274	\$12,359,600

Significant variances in operating revenue are highlighted below:

Ministry of Education and Child Care

The operating grant has increased by \$7.5 million compared to the annual budget and \$12.2 million to the prior year due to the following:

- Ministry funded student enrolment in 2024-2025, including September, February and May final counts, saw an increase of 141.61 FTE compared to the annual budget. This resulted in a \$1.3 million increase in the operating grant. Additionally, funding for unique student needs, including the February 2025 count, increased by \$3.5 million which included an increase in English Language Learners of \$0.3 million and an increase in Inclusive Education of \$3.3 million. The Supplement for Salary Differential increased by \$0.1 million compared to the annual budget due to the District having a higher average teacher salary than the Provincial average, relative to the annual budget.
- Student enrolment in 2024-2025, including September, February and May final counts, saw an increase of 334.41 FTE compared to 2023-2024. This resulted in a \$2.9 million increase in the operating grant. The per pupil funding level also increased by \$290, resulting in an increase of \$6.0 million in the operating grant. This additional funding was received to fund wage increases for teachers, support staff and non-educator exempt positions. Funding for unique student needs, including the February 2025 count, increased by \$4.0 million which included an increase in English Language Learners of \$0.3 million and an increase in Inclusive Education of \$3.7 million. The Supplement for Salary Differential increased by \$0.2 million compared to the prior year due to the District having a higher average teacher salary than the Provincial average relative to the prior year and the Supplement for Unique Geographic Factors increased by \$0.2 million.
- In 2024-2025, the District received \$2.4 million in Labour Settlement Funding compared to \$3.8 million in 2023-2024. The District received these grants to fund the 1% cost-of-living adjustment (COLA) for teachers, support staff, non-educator exempt and administrators in leadership roles, and the 2% salary increase for administrators in leadership roles. As funding for these increases was announced subsequent to the announcement of the operating grant, these increases were funded through a separate Labour Settlement Funding grant. Funding for wage increases for teachers, support staff and non-educator exempt staff was included in the preliminary budget through an increase in the per pupil funding level.

Tuition

Tuition has increased by \$0.5 million compared to the annual budget and decreased by \$0.4 million compared to the prior year.

Regular international enrolment decreased by 15 FTE compared to the annual budget. However, more students than projected paid tuition at the new rates introduced in 2024-2025, rather than the prior year rates. Additionally, short-term international enrolment increased by 34 students compared to the annual budget.

Regular international enrolment decreased by 70 FTE and short-term students decreased by 40 students compared to the prior year. However, this decrease in enrolment was partially offset by a \$500 per FTE increase in regular tuition rates in 2024-2025.

Other Revenue

Other revenue increased by \$0.4 million compared to the annual budget and by \$0.2 million compared to the prior year. International education revenues increased by \$0.3 million compared to the annual budget and \$0.1 million compared to the prior year as the rates for these fees have increased.

Other revenue increased by \$0.1 million compared to the annual budget and \$0.1 million compared to the prior year due to an increase in miscellaneous fees, including donations, grants and rebates.

Rentals and Leases

Rentals and Leases increased by \$0.7 million compared to the annual budget and \$0.9 million compared to the prior year. Additional revenue was received in the current year related to the 2024 BC Provincial General Election, field revenue generated from the new artificial turf field at Victoria High School and a new license to occupy. Additionally, rental and lease rates increased and new child care centres opened this year.

Investment Income

Investment income decreased by \$0.5 million compared to the prior year. Interest earned on the funds held in the CDP program decreased by 2.0% throughout the year, starting at 4.95% in July 2024 and ending at 2.95% in June 2025.

Operating Expenses

Approximately 92% of the District's expenses are salary and benefit costs. Schedules 2B and 2C provide detailed information about the operating expenses.

	2025 Budget	2025 Actual	2024 Actual	Actual to Budget	Actual to Prior Year
Salaries					
Teachers	\$111,628,325	\$112,111,079	\$107,984,513	\$482,754	\$4,126,566
Principals and Vice Principals	14,773,538	14,714,238	14,405,036	(59,300)	309,202
Educational Assistants	23,546,895	24,813,008	22,008,496	1,266,113	2,804,512
Support Staff	21,695,793	21,497,639	20,610,411	(198,154)	887,228
Other Professionals	5,434,157	5,641,312	5,263,707	207,155	377,605
Substitutes	12,357,749	14,813,362	13,470,099	2,455,613	1,343,263
Total Salaries	189,436,457	193,590,638	183,742,262	4,154,181	9,848,376
Employee Benefits	47,137,413	46,431,522	43,651,551	(705,891)	2,779,971
Services and Supplies					
Services	7,940,940	9,109,538	8,865,345	1,168,598	244,193
Student Transportation	1,056,234	1,223,488	1,138,356	167,254	85,132
Professional Development and Travel	589,539	877,598	756,487	288,059	121,111
Rentals and Leases	62,851	37,856	21,851	(24,995)	16,005
Dues and Fees	131,133	155,411	140,826	24,278	14,585
Insurance	599,177	635,781	557,948	36,604	77,833
Supplies	5,029,375	5,500,041	5,850,396	470,666	(350,355)
Utilities	4,698,750	3,923,015	3,961,817	(775,735)	(38,802)
Total Services and Supplies	20,107,999	21,462,728	21,293,026	1,354,729	169,702
Total Operating Expense	\$256,681,869	\$261,484,888	\$248,686,839	\$4,803,019	\$12,798,049

Significant variances in operating expenses are highlighted below:

Teachers

Teacher salaries increased by \$0.5 million compared to the annual budget. Teachers received a 1.0% cost-of-living adjustment subsequent to the preparation of the annual budget.

Teacher salaries increased by \$4.1 million compared to the prior year due to step increments for teachers not at the top step of their grid and a 2.0% general wage increase and a 1.0% cost-of-living adjustment July 1, 2024. There was also an increase in teacher FTE as a result of higher enrolment.

Principals and Vice-Principals

Principals and Vice-Principals salaries increased by \$0.3 million compared to the prior year due to performance-based salary increases.

Educational Assistants

Educational Assistants salaries increased by \$1.3 million compared to the annual budget. CUPE 947 received a 1.0% cost-of-living adjustment subsequent to the preparation of the 2024-2025 annual budget. Additionally, Inclusive Learning enrolment increased, resulting in hiring more Educational Assistants.

Educational Assistant salaries increased by \$2.8 million compared to the prior year due to a 2.0% general wage increase and a 1.0% cost-of-living adjustment July 1, 2024. Additionally, Inclusive Learning enrolment increased, resulting in more Educational Assistants hired.

Support Staff

Support Staff salaries decreased by \$0.2 million compared to the annual budget. CUPE 947 received a 1.0% cost-of-living adjustment subsequent to the preparation of the annual budget. However, there were unfilled vacancies in the Information Technology for Learning department, and clerical staff on leave with no available replacements.

Support Staff salaries increased by \$0.9 million compared to the prior year due to a 2.0% general wage increase and a 1.0% cost-of-living adjustment July 1, 2024.

Other Professionals

Other Professionals salaries increased by \$0.2 million compared to the annual budget due to performance-based salary increases provided subsequent to the preparation of the annual budget.

Other Professionals salaries increased by \$0.4 million compared to the prior year due to performance-based salary increases. Additionally, in the prior year there were unfilled vacancies that were filled in 2024-2025.

Substitutes

Substitutes salaries have seen an upward trend post COVID-19 pandemic due to the increase in the average number of daily absences per teacher. Substitute salaries also increased due to step increments for teachers teaching on call not at the top step of their grid and a 2.0% general wage increase and a 1.0% cost-of-living adjustment July 1, 2024.

Employee Benefits

Employee benefits decreased by \$0.7 million compared to the annual budget as benefit rates for Canada Pension Plan, Employment Insurance, Extended Health and Dental ended up being less than projected. This was partially offset by an increase in wage-sensitive benefits as a result of a 1.0% cost-of-living adjustment in employee salaries subsequent to the preparation of the annual budget.

Employee benefits increased by \$2.8 million compared to the prior year as wage-sensitive benefits increased because of step increases, a 2.0% general wage increase and a 1.0% cost-of-living adjustment July 1, 2024. Additionally, employee benefit costs increased as a result of an increase in contribution limits for Canada Pension Plan that came into effect January 1, 2024 and an increase in Extended Health, Dental, Employment Insurance and WorkSafeBC rates.

Services

Services increased by \$1.2 million compared to the annual budget. Legal fees increased by \$0.4 million and international education agent fees increased by \$0.2 million. Contracted services related to school funded projects increased by \$0.2 million as these projects are funded by school and district supplies or carry forward funds from prior years so no funding was included in the annual budget. Facilities contracted services increased by \$0.3 million. There was also the reallocation of department and school-based budgets to reflect current year spending plans, and schools and departments spending budget carry forwards.

Services increased by \$0.2 million compared to the prior year. Legal fees increased by \$0.3 million and software maintenance increased by \$0.2 million, reflecting vendor increases. However, there was a decrease of \$0.1 million in bank service charges reflecting the move to KEV SchoolCash Online Value-Based Pricing and a decrease of \$0.2 million related to agent fees as international enrolment has decreased.

Student Transportation

Student Transportation increased by \$0.2 million compared to the annual budget as more bus runs were added due to increased Inclusive Learning enrolment.

Professional Development and Travel

Professional Development and Travel increased by \$0.3 million compared to the annual budget as the Greater Victoria Teachers' Association (GVTA) received additional professional development funds in the current year through the collective agreement. A cheque was issued to the GVTA, which was coded to professional development, whereas a portion of it was initially budgeted for in TTOC salaries and benefits. The increase is also a result of the reallocation of department and school-based budgets to reflect current year spending plans, and schools and departments spending budget carry forwards.

Professional Development and Travel increased by \$0.1 million compared to the prior year as the Greater Victoria Teachers' Association (GVTA) received additional professional development funds in the current year through the collective agreement.

Supplies

Supplies increased by \$0.5 million compared to the annual budget as a result of departments and schools spending budget carry forwards, additional supply allocations provided to schools and departments as a result of enrolment increases, and an increase in facilities supplies due to cost escalations.

Supplies decreased by \$0.4 million compared to the prior year. At June 30, 2023, there was a \$0.4 million purchase order commitment related to technology infrastructure which was carried forward to the prior year and spent once the products arrived; there were no carry forwards at June 30, 2024 to be spent in the current year related to technology infrastructure.

Utilities

Utilities decreased by \$0.8 million compared to the annual budget. There was a decrease in natural gas consumption due to warmer winter temperatures on average, continuous optimization program with BC Hydro and Fortis, and boiler upgrades that improved efficiency. Additionally, Facilities Services had a lot of success with their campaign to spread awareness about keeping exterior doors closed and using light switch stickers. On March 31, 2025, the BC Government announced that it would be cancelling the carbon tax, effective April 1, 2025, which generated an additional \$0.1 of savings.

Special Purpose Fund Analysis

Special Purpose Funds are presented in Schedules 3 and 3A of the financial statements. Any revenues received in excess of the expenses are recorded as deferred revenue, rather than surplus. The following table shows revenues and related expenses for the year ended June 30, 2025:

	2025 Budget	2025 Actual	2024 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$33,040,138	\$36,760,704	\$34,000,369	\$3,720,566	\$2,760,335
Other Revenue	6,904,227	8,175,010	7,444,825	1,270,783	730,185
Investment Income	327,327	197,153	347,110	(130,174)	(149,957)
Total Revenue	40,271,692	45,132,867	41,792,304	4,861,175	3,340,563
Expenses					
Instruction	39,343,061	44,004,778	40,783,816	4,661,717	3,220,962
Operations and Maintenance	828,631	826,264	825,837	(2,367)	427
Total Expenses	40,171,692	44,831,042	41,609,653	4,659,350	3,221,389
Surplus for the year	100,000	301,825	182,651	201,825	119,174
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	(100,000)	(301,825)	(182,651)	(201,825)	(119,174)
Total Net Transfers	(100,000)	(301,825)	(182,651)	(201,825)	(119,174)
Total Surplus (Deficit) for the year	\$ -	\$ -	\$ -	\$ -	\$ -

Ministry of Education and Child Care Revenue and Instruction Expense

Ministry of Education and Child Care Revenue increased by \$3.7 million compared to the annual budget and by \$2.8 million compared to the prior year as a result of the following:

- Provincial Resource Programs, which includes Special Education Technology, Ledger School, and Provincial Inclusion Outreach, decreased by \$0.2 million compared to the annual budget as a result of a reduction in administration fees provided to districts. The percentage decreased from 8% to 5% and was announced subsequent to the preparation of the annual budget. Additionally, there was an increase in unspent funds at June 30, 2025.
- Official Languages in Education Protocol (OLEP) increased by \$0.1 million compared to the annual budget. Districts were provided preliminary funding in 2024-2025 based on 2023-2024 funding until negotiations for the next OLEP agreement were finalized. Once the agreement was finalized, districts received updated funding amounts.
- The Classroom Enhancement Fund increased by \$3.5 million compared to the annual budget and \$2.1 million compared to prior year. The Classroom Enhancement Fund – Remedies grant not confirmed by the Ministry until after September 30. Additionally, staffing costs were based on preliminary estimates which increased once average salaries and FTE required to meet the class size and composition language requirements were determined.
- The Early Childhood Education Dual Credit Program decreased by \$0.2 million compared to the prior year. A partnership was formed between Camosun College and School Districts No. 62, No. 63 and No. 64 to assist in the development and administration of an early childhood education dual credit program. No funding was received in the current year.
- The Student and Family Affordability Fund increased by \$0.2 million compared to the prior year. In March 2024, the District received \$0.5 million which was carried forward and spent in the current year.
- Feeding Futures Fund increased by \$0.2 million compared to the prior year. Feeding Futures Fund was a new grant in 2023-2024. Schools were able to spend their funds more effectively as they had better established food programs in the current year than prior year.
- Health Career Grants increased by \$0.1 million compared to the annual budget and the prior year as funds were received after the preparation of the annual budget.
- National School Food Program, Inclusion Outreach Literacy and K-12 Literacy Supports Professional Learning Grant were new grants in 2024-2025.

Other Revenue and Instruction Expense

School Generated Funds increased by \$1.0 million compared to the annual budget and \$0.6 million compared to the prior year. In previous years, \$0.5 million in donations were received for the development of an artificial turf field. These donations were moved out of School Generated Funds and into Unspent Deferred Capital Revenue in 2024-2025. Additionally, there were some larger school purchases this year, including athletic uniforms and computer equipment.

The following table shows revenues and expenditures by fund, as well as a description of the fund's purpose:

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
Annual Facility Grant	Ministry of Education and Child Care and Investment Income	Projects required to maintain facility assets through their anticipated economic life and to prevent premature deterioration of these assets	\$ -	\$826,264	\$(826,264)	\$ -	\$ -
Learning Improvement Fund	Ministry of Education and Child Care	Funding to augment Education Assistants' hours to provide additional supports to priority students	-	817,401	(817,401)	-	-
Scholarships and Bursaries	Other and Investment Income	Collected from donors and awarded to students within the District	765,903	73,377	(43,398)	-	795,882
Special Education Technology (Provincial Resource Program)	Ministry of Education and Child Care	Outreach program hosted by SD39 that provides services to support students who require specialized technology	-	147,830	(143,503)	-	4,327
School Generated Funds (SGF)	Other and Investment Income	School-based funds obtained through fundraising activities, student fees or donations; held at the school level for use by the school	4,911,497	7,682,625	(8,267,905)	-	4,326,217

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
StrongStart	Ministry of Education and Child Care	Funding to support six early learning drop- in programs for children ages 0 to 5	18,595	192,000	(181,021)	-	29,574
Ready, Set, Learn	Ministry of Education and Child Care	Events for 3- to 5-year-olds and parents/ caregivers to support and facilitate smooth transition to kindergarten	63,042	71,050	(108,693)	-	25,399
OLEP (Federal French)	Ministry of Education and Child Care	Core French and French Immersion language programs and curriculum resources	14,529	521,347	(535,876)	-	-
CommunityLINK	Ministry of Education and Child Care	Funding to support the academic achievement and social functioning of vulnerable students	149,928	4,277,695	(4,399,150)	-	28,473
Classroom Enhancement Fund— Overhead, Staffing and Remedies	Ministry of Education and Child Care	Teacher staffing and overhead costs from the restoration of class size and composition teacher collective agreement language in 2017	282,123	25,543,570	(24,928,524)	(282,123)	615,046
First Nation Student Transportation	Ministry of Education and Child Care	Funding to support Indigenous students' transportation to school and extra-curricular activities	42,810	97,154	(100,275)	-	39,689
Mental Health in Schools	Ministry of Education and Child Care	Funding to support mental health and well-being in school communities	11,631	48,000	(11,656)	-	47,975

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
Changing Results for Young Children (CR4YC)	Ministry of Education and Child Care	Funding to implement on-going collaborative professional learning among educators to support social-emotional learning outcomes for children in early years	16,323	11,250	(4,209)	-	23,364
Early Childhood Education Dual Credit Program	Ministry of Education and Child Care	Funding to expand dual credit opportunities for high school students interested in early childhood education	25,590	-	(25,590)	-	-
Student and Family Affordability Fund	Ministry of Education and Child Care	One-time funding to increase food security for students and their families, and to support students, parents, and caregivers with affordability concerns	634,839	-	(417,173)	-	217,666
Strengthening Early Years to Kindergarten Transitions (SEY2KT)	Ministry of Education and Child Care	Funding to provide opportunities for school districts and communities to work together in support of young children and their families	15,807	19,000	(19,736)	-	15,071
Early Care and Learning (ECL)	Ministry of Education and Child Care	Funding to assist the Ministry in establishing an integrated early learning and child care system	8,182	175,000	(183,182)	-	-
Feeding Futures School Food Program	Ministry of Education and Child Care	Funding to increase food security for students by expanding or creating school food programs	304,869	2,264,368	(2,165,441)	-	403,796
Health Career Grants	Ministry of Education and Child Care	Funding aimed to create and expand dual credit programs focused on health careers	5,000	182,600	(186,860)	-	740

Fund Name	Source	Purpose of Fund	Beginning Deferred Revenue	Received in the Year	Spent During the Year	Recovered by the Ministry	Ending Deferred Revenue
Professional Learning Grant	Ministry of Education and Child Care	Funding to provide professional learning for teachers and support staff in the areas of evidence-based approaches to literacy development and literacy information/resources for parents and caregivers	-	208,468	(1,840)	-	206,628
Ledger School (Provincial Resource Program)	Ministry of Education and Child Care	Funding to support a program that provides acute, in-patient, hospital based psychiatric services for children and youth on Vancouver Island	35,168	549,131	(474,214)	(35,168)	74,917
Provincial Inclusion Outreach (Provincial Resource Program)	Ministry of Education and Child Care	Funding to assist school teams and families in developing meaningful and inclusive programs for K-12 students with multiple and complex disabilities within BC schools	39,878	986,121	(907,170)	(39,878)	78,951
Estate Trust	Other and Investment Income	Estate donations where interest earned is used to provide scholarships and materials related to social studies to two schools	166,872	25,057	(45,027)	-	146,902
Inclusion Outreach Literacy	Ministry of Education and Child Care	Funding to support Inclusion Outreach's participation in the new K-12 Literacy Supports Initiative	-	283,840	(252,484)	-	31,356

Capital Fund Analysis

Capital funds are presented in Schedules 4 to 4D. The Capital Fund includes capital expenditures for items such as land, buildings, equipment and vehicles that are funded by Ministry capital grants, Local Capital, and transfers from the Operating and Special Purpose Funds.

The District's Capital Operations are funded from Deferred Capital Revenue, which includes Bylaw Capital, Ministry of Education and Child Care Restricted Capital, Other Provincial Capital, Other Capital and other sources, including Local Capital, and Operating and Special Purpose Funds.

Deferred Capital Revenue – Bylaw Capital

Bylaw Capital are funds received from the Ministry for capital plans (including site acquisitions, Expansion Program, Replacement Program, Bus Acquisition Program, Seismic Mitigation Program, Building Envelope Program, School Enhancement Program, Carbon Neutral Capital Program, and Playground Equipment Program).

Deferred Capital Revenue – Ministry of Education and Child Care Restricted Capital

These funds are generated through accrued cost savings realized from completed capital projects, revenues from the sale of capital assets, and investment income earned on these funds. In the current year, 75% of the proceeds from the sale of property located at 1765 Lansdowne Road totalling \$11.4 million were added to these funds in addition to a \$0.2 million surplus from a Bylaw Capital project which was completed during the year. Available funds at June 30, 2025 are \$15.1 million, of which \$1.1 million is restricted for the Oak Bay High School heat pump and \$0.5 million is restricted for solar panels at Cedar Hill Middle School.

Deferred Capital Revenue – Other Provincial Capital

Other Provincial Capital from the Ministry of Education and Child Care is funding received for the ChildCareBC New Spaces Fund. Other Provincial Capital from Other is funding received from Ministries within the Province. In 2024-2025, the District received \$2.8 million in funding through the ChildCareBC New Spaces Fund.

Deferred Capital Revenue – Other Capital

Other Capital is funding received from external parties. In the current year, the largest sources of funding received were for the Esquimalt High School and Victoria High School artificial turf fields.

Local Capital

Local Capital funds are generated by the District through revenues from the sale of capital assets, previous year's operating surpluses which have been transferred to Local Capital with Board approval, and investment income earned on these funds. In the current year, 25% of the proceeds from the sale of property located at 1765 Lansdowne Road totalling \$3.8 million were added to these funds.

Available funds at June 30, 2025 to use towards Capital Assets is \$0.3 million. A Board commitment of \$0.3 million has been made to purchase devices for students with Individual Education Plans (IEPs) and Annual Instructional Plans (AIPs).

Operating and Special Purpose Funds

Tangible Capital Assets purchased from Operating and Special Purpose Funds are paid for using school or department funds. Examples include new classroom furniture and equipment, technology, portable moves, and facilities equipment. These purchases are moved from the Operating Fund on Schedule 2 to the Capital Fund on Schedule 4 where they are amortized.

Schedule of Capital Operations—Schedule 4

	2025 Budget	2025 Actual	2024 Actual	Actual to Budget	Actual to Prior Year
Revenues					
Ministry of Education and Child Care	\$3,000,000	\$3,971,695	\$3,672,368	\$971,695	\$299,327
Investment Income	83,800	40,543	21,043	(43,257)	19,500
Gain (Loss) on Disposal of Tangible Capital Assets	3,808,000	3,802,183	-	(5,817)	3,802,183
Amortization of Deferred Capital Revenue	11,154,340	11,118,382	9,562,352	(35,958)	1,556,030
Total Revenue	18,046,140	18,932,803	13,255,763	886,663	5,677,040
Expenses					
Operations and Maintenance	3,000,000	3,971,695	3,672,368	971,695	299,327
Amortization of Tangible Capital Assets	15,741,313	15,635,512	13,783,974	(105,801)	1,851,538
Write-down of Building	-	234,879	-	234,879	234,879
Asset Retirement Obligation	-	2,269,834	1,750,851	2,269,834	518,983
Total Expenses	18,741,313	22,111,920	19,207,193	3,370,607	2,904,727
Capital Surplus (Deficit) for the year	(695,173)	(3,179,117)	(5,951,430)	(2,483,944)	2,772,313
Net Transfers (to) from other funds					
Tangible Capital Assets Purchased	2,411,471	2,605,352	2,761,491	193,881	(156,139)
Tangible Capital Assets—Work in Progress	-	287,969	438,083	287,969	(150,114)
Local Capital	-	40,875	-	40,875	40,875
Total Net Transfers	2,411,471	2,934,196	3,199,574	522,725	(265,378)
Total Capital Surplus (Deficit) for the year	\$1,716,298	\$(244,921)	\$(2,751,856)	\$(1,961,219)	\$2,506,935

Significant variances in Capital Revenues and Expenses are highlighted below:

Ministry of Education and Child Care Revenue and Operations and Maintenance Expense

Ministry of Education and Child Care Revenue is recognized when maintenance expenses (non-capital) funded through Bylaw Capital are incurred. Actual expenses were \$1.0 million higher than the annual budget and \$0.3 million higher than the prior year. In the current year, there were significant roofing projects including new roofing at Southpark Elementary and new floors at Central Middle School.

Gain (Loss) on Disposal of Tangible Capital Assets

The Gain (Loss) on Disposal of Tangible Capital Assets of \$3.8 million relates to the District's portion of the proceeds on the sale of property located at 1765 Lansdowne Road to the Conseil Scolaire Francophone de la Colombie-Britannique. The sale was completed in January 2025.

Amortization of Deferred Capital Revenue

Deferred Capital Revenues (DCRs) are contributions received for the purchase of capital assets. As the assets are put into use, the DCRs are brought (recognized) into revenue over the assets' useful life (amortized); one-half of the amortization is recorded in the year of acquisition. Amortization of Deferred Capital Revenue increased by \$1.6 million compared to the prior year as Victoria High School seismic project was complete in 2023-2024 and, therefore, an additional 50% of the DCRs were recognized into revenue in the current year.

Amortization of Tangible Capital Assets

As assets are put into use, the capital expenditures are expensed over the assets useful life (amortized). Amortization is \$1.9 million higher than the prior year as Victoria High School seismic project was complete in 2023-2024 and, therefore, an additional 50% of the Amortization was recognized in the current year.

Write-down of Building

A new Cedar Hill Middle School is being constructed and is set to open September 2025; the old school will be demolished in September 2025. There is no future service potential for the old school at June 30, 2025, therefore, the old building has been written down.

Asset Retirement Obligation

In the current year, the School District reviewed the current cost of remediating asbestos in buildings, and adjusted the Asset Retirement Obligation, resulting in an Accretion expense of \$2.3 million.

Net Transfers

Tangible Capital Assets Purchased and Tangible Capital Assets – Work in Progress reflect expenditures in the Operating and Special Purpose funds, which are moved to the Capital Fund where they are amortized. The transfer to Local Capital reflects a transfer from Operating to Local Capital for the future replacement of the Victoria High School artificial turf field. These funds are generated through rental revenue on the field.

Major Capital Projects Funding Received in 2024-2025

Seismic Mitigation Program \$23.5 million

The following projects continued to receive funding in 2024-2025:

The District received \$22.5 million of the \$45.4 million in total funding provided by the Ministry for the Cedar Hill Middle School replacement.



Cedar Hill Middle School conceptual drawing by KMBR Architects

The District received \$1.0 million of the \$97.0 million in total funding provided by the Ministry for the Victoria High School seismic project. This project was substantially complete last year, and students returned to classes in the updated school in April 2024.



Vic High School west entrance photo by Visually Speaking

Exterior Structural Upgrade \$2.0 million

The District received \$2.0 million of the \$7.7 million in total funding provided by the Ministry for the exterior structural upgrade at Oaklands Elementary School.

School Enhancement Program \$0.6 million

The School Enhancement Program aims to help school districts extend the life of their facilities through a wide range of improvement projects. In 2024-2025, the District received \$0.3 million for South Park Roofing and \$0.3 million for Central Middle School gym floors.

Food Infrastructure Program \$0.2 million

In 2023-2024, the Ministry allocated funding to school districts to increase food security for students by expanding or creating school food programs. In conjunction with this funding, they allocated additional capital funds to help school districts improve food preparation areas. The District received \$0.2 million in 2024-2025 which was used to install new kitchens and food preparation areas district wide.

Carbon Neutral Capital Program \$0.5 million

The Carbon Neutral Capital Program provides specific funding to energy-efficient projects that lower school district' carbon emissions. In 2024-2025, the District received \$0.5 million for Colquitz Middle School HVAC Upgrades.

Annual Facility Grant \$4.4 million

The Annual Facility Grant is provided to boards of education to be used at their discretion to address repair and maintenance priorities at schools to ensure these facilities are safe and functioning well. The District received \$4.4 million in 2024-2025. Larger projects included various ventilation system upgrades, Eagle View Elementary boiler upgrades, and various maintenance projects including various carpentry projects, roof repairs and painting.

Building Envelope Program \$1.0 million

The Building Envelope Program provides funding to school districts to help with the remediation of schools suffering damage from water ingress due to premature building envelope failure. In 2024-2025, the District received \$1.0 million of the \$1.2 million total budget for Lambrick Park Secondary.

ChildCareBC New Spaces Fund

The ChildCareBC New Spaces Fund is aimed at creating new licensed child care spaces throughout BC, improving access to child care for families who want affordable, quality care. In 2024-2025, there were 12 child care centres in progress, with a budget totalling \$21.0 million. New spaces at Lake Hill Elementary and Hillcrest Elementary opened during the year.

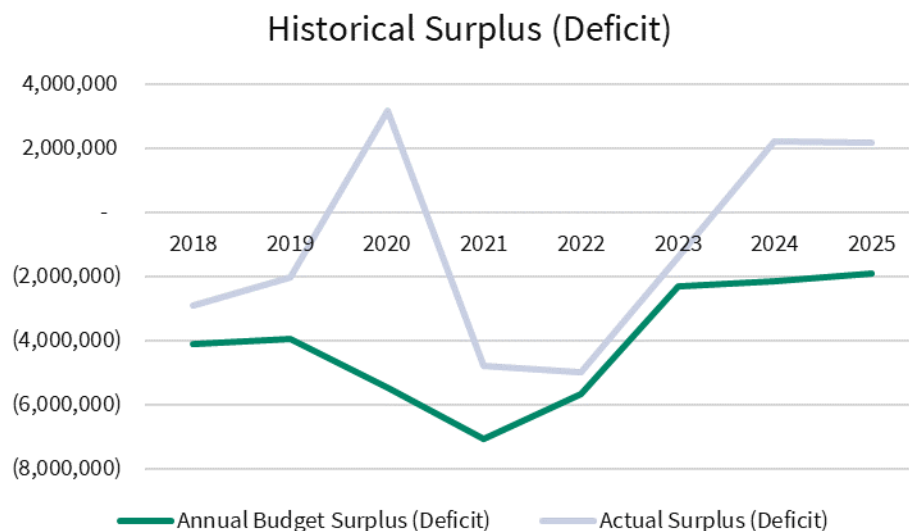
Future Financial Stability

There are several factors that could influence the District's financial situation during the 2025-2026 school year and beyond.

Structural Deficit

A structural deficit occurs when an organization's ongoing expenditures are continually greater than its revenues. Most of the District's revenue comes from Ministry grants, which are tied to enrolment. The District is projecting a decline in enrolment over the coming years. Combined with inflationary pressures, the structural deficit is expected to increase.

Per the chart below, the District has been able to find savings each year to put towards the structural deficit. However, this is not a sustainable practice.



To address the structural deficit, the District must make structural changes to the annual budget.

Some factors contributing to the District's structural deficit are:

- Non-enrolling staffing levels higher than what is required in the collective agreement
- Continued use of surplus to balance the budget
- Unfunded inflationary cost pressures
- Unfunded costs related to the restored class size and composition language
- Increasing replacement costs for staff absences and unfunded Employer Standards Act paid sick leave
- High costs associated with maintaining old buildings
- Inadequate funding for Special Purpose Funds, including CommunityLINK, StrongStart and Mental Health
- Continuing to offer programs and services that have no funding source or rely on surplus funds

Unrestricted Operating Surplus (Contingency)

The District currently holds an unrestricted operating surplus (contingency) of \$1.3 million. Board Policy 3170 Operating Surplus states that the District will maintain an unrestricted operating surplus (contingency) of 2-4% of the prior year's operating expenses, which is minimum of \$5.0 million. The purpose of maintaining an unrestricted operating surplus at this level is to mitigate the risk associated with emergencies or unexpected increases in expenses or reductions in revenue. By holding an unrestricted operating surplus (contingency) that is significantly lower than what is required, the District is at a higher risk of not being able to provide educational services or maintain regular operations without implementing one-time service cuts.

Declining Enrolment Projections

In December 2024, the District received three-year enrolment projections from Baragar Systems. The projections indicated that enrolment would decline in 2026-2027 and 2027-2028. Furthermore, the Education Analytic Office, Governance and Analytics Division in the Ministry of Education and Child Care has projected that by 2030, the District's population will decrease by almost 3,500 students. Changes in Federal government immigration policies and a decline in natural growth rate due to decreased fertility rates and an aging population contribute to this projected decrease. As 91% of the District's operating revenue comes from the Ministry through enrolment calculations, the District will have to find ways to supplement revenues to cover fixed expenditures that cannot be adjusted with enrolment changes.

Inflation and Cost Pressures

Operating grants from the Ministry account for 91% of Operating revenues; however, increases to the per pupil funding levels only reflect labour settlement funding for employee salaries. Other inflationary pressures, including rising employee benefit costs and increasing supply costs, continue to increase, while funding from the Ministry does not account for these other factors.

Recruitment and Retention

The challenge of hiring and retaining employees leads to increased workload for existing employees, resulting in burnout, decreased morale, and further attrition. Moreover, the lack of retention impacts succession planning, as it becomes challenging to identify and develop future leaders within the District. The District will have to identify ways of attracting and retaining its employees.

Aging Infrastructure

The District currently has over 3.2 million square feet (303,217 square meters) of space over 426 acres of land, with the average age of facilities being well over 62 years old compared to a Provincial average of 43 years. The overall Facility Condition Index for all of the District's facilities is 0.601, which reflects a critical rating. This means that the buildings are generally at the end of their lives, with consistent issues with the building envelopes, major building systems likely to fail and deferred maintenance at unacceptable levels. The current estimate of deferred maintenance based on Ministry data is \$469 million.

Technology

Technology continues to advance at a rapid pace and the use of technology in the classroom continues to grow. Funding to provide the required hardware, infrastructure, and supporting services will continue to be a challenge.

Cybersecurity

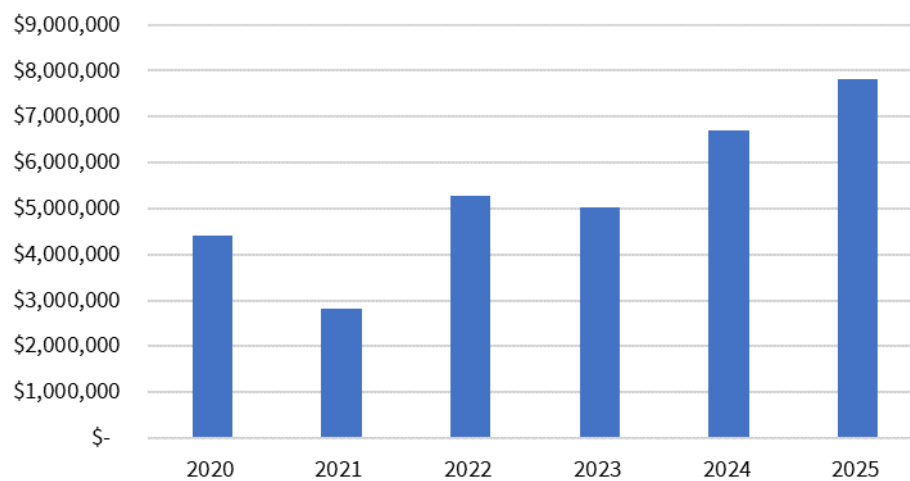
An increasing number of organizations, including school districts, are experiencing cybersecurity incidents. A successful cybersecurity attack can cause downtime, privacy breaches and money loss.

International Education

International education enrolment is a significant contributor to the District's overall financial status, supplementing the funding provided by the Ministry.

In 2024-2025, the international education program provided the District with an additional \$7.8 million to support the overall District, in addition to providing schools with 40.96 teacher FTE and \$0.5 million in supply budget allocations. Projected demographics within schools, availability of home stay families and changes in Federal immigration policies all impact the future of this program.

International Education Financial Contribution



Contacting the School District's Financial Management

This report is designed to provide a general but more detailed overview of the District's finances and to demonstrate increased accountability for the public funds received by the District. If you have questions about this report or need additional financial information, please contact the Office of the Secretary-Treasurer.