

SCHOOL DISTRICT



Financial Statement Discussion and Analysis

For the Year Ended
June 30, 2025

NECHAKO LAKES

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1.0 Overview

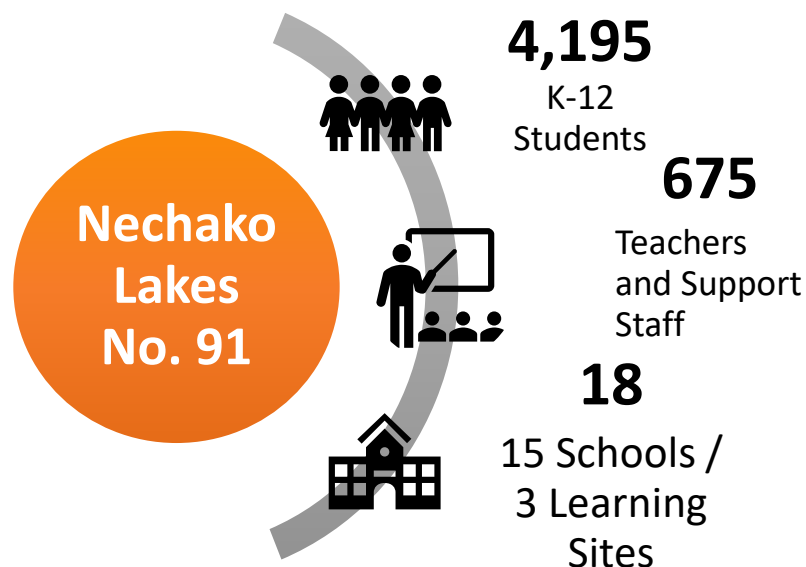
This document will discuss and analyze the financial performance of Nechako Lakes School District ("the District") for the fiscal year ending June 30, 2025, and will provide clarity to the variances from prior years. The financial statement represents the consolidation of three separate funds: operating, special purpose, and capital.

1.1 About Us

Nechako Lakes School District (SD91) gratefully acknowledges that we are situated on the traditional unceded territories of fourteen [First Nations](#) representing the Dakelh, Nedut'en and Wet'suwet'en peoples. The District encompasses five municipalities: the Districts of Fort St. James and Vanderhoof, and the Villages of Fraser Lake, Burns Lake, and Granisle.

The region has traditionally been reliant on forestry, mining, and agriculture but has seen an emerging tourism sector over the last decade. Our District's large geographic region has a population of just under 40,000 people. Each of our communities has experienced declining enrollment with some stabilization; however, we anticipate a further gradual decline of student enrollment in the coming school years. SD91 operates 15 standard schools in five communities. In addition to the community schools, Nechako Lakes also serves learners through [EBUS Academy](#), a Provincial Online Learning School (POLS) that enrolls over 1,000 full- and part-time online students. EBUS serves families and students across the province and is one of the most established and largest online schools in British Columbia.

In the 2024-25 school year, the District enrolled 4,195 students (2,825 in standard and alternate schools and the remainder in the Provincial Online Learning School). Within our standard schools, SD91 serves approximately 40% Indigenous learners (14% of whom are Indigenous on-reserve, 13% are Indigenous off-reserve, 9% First Nation non-status, 3.8% Metis, and less than 1% are Inuit). Approximately 2% of all learners are Children and Youth in Care (CYIC), and learners with designations represent 17% of all learners in our standard schools. In consideration of our total student body (4,309 students), learners with designations represent over 30% of our total enrollment.



2.0 Strategic Plan

The Board of Education has a Strategic Plan that will take us from 2020 to 2025 along with an annual strategic workplan. The plan articulates four primary goals:

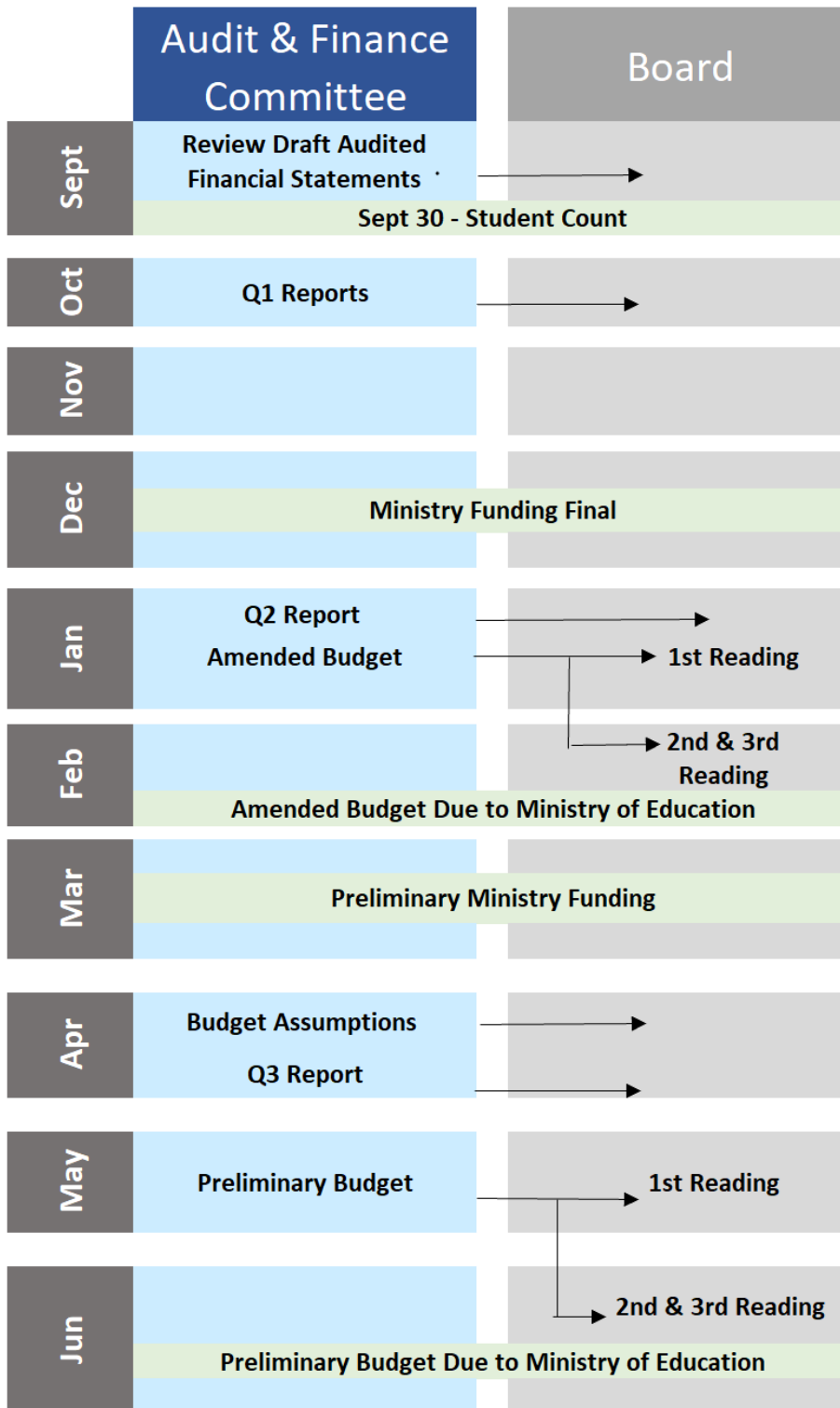
- Honour Diversity
- Engage our Workforce
- Create Student Success
- Enhance Connections

These goals are accompanied by a variety of objectives and activities that are guiding our work for the next several years. Monthly reporting to the Board is centred around these four strategic goals, and these reports are widely shared with our stakeholders, Indigenous communities, and parents.



3.0 Financial Governance and Planning Cycle

3.1 Planning Cycle (Timelines)



3.2 Audit and Finance Committee

Audit and Finance Committee

The Committee will provide input and feedback to the Board on matters related to the preparation and monitoring of the District's annual budget.

The current Committee consists of five (5) trustees of the Board: one (1) representative of the Principals' and Vice Principals' Association, and the District's management employees.

The Committee will carry out the following responsibilities:

a) Preparation of Preliminary Budget

- To review enrolment and staffing projections.
- To review preliminary budget documents.
- To provide input to the Board of Education on the preliminary annual budget.

b) Budget Monitoring

- To review quarterly financial statements relative to the annual budget.
- To review revisions to the preliminary annual budget prior to the preparation of the amended annual budget.
- To provide input to the Board of Education on the amended annual budget.



4.0 Financial Statement Composition Overview

The District uses fund accounting, and each of these funds has restrictions for each fund's revenues and expenditures. There are three funds that are reported in the financial statements:



OPERATING FUND

Includes revenue and expense related to the daily operation of the District, including school and administrative functions.



SPECIAL PURPOSE FUNDS

Funding is restricted for a specific purpose and includes School Generated Funds. These funds do not report a surplus as revenues are only recognized when the related expenditure occurs. There may be a deficit in this fund which is then transferred to the Operating Fund or Capital Fund depending on the nature of the expenditure.



CAPITAL FUND

This fund includes financial activities for tangible capital assets. The Ministry of Education and Child Care provides capital funding which is accounted for using the deferral accounting methodology whereby capital revenue is recorded over the life of the related asset to match the amortization expense recorded in the financial statements. Therefore, the revenue reported in the financial statements does not match the actual capital funding received in a year.

4.1 Statement of Financial Position

	2025	2024	Change	%
Financial Assets				
Cash and Cash Equivalents	17,463,468	15,094,480	2,368,988	14%
Accounts Receivable				
Due from Province - Ministry of Education	1,172,917	187,762	148,168	13%
Due from LEA/Direct Funding	810,832	325,328	194,503	24%
Other	377,824	244,372	(63,276)	-17%
Portfolio Investments	103,265	98,637	112	0%
Total Financial Assets	19,928,306	15,950,579	2,648,495	13%
Liabilities				
Accounts Payable and Accrued Liabilities	5,594,623	4,946,056	648,567	12%
Unearned Revenue	2,190			
Deferred Revenue	4,108,172	3,872,813	235,359	6%
Deferred Capital Revenue	49,441,380	44,255,709	5,185,671	10%
Employee Future Benefits	3,784,337	3,689,279	95,058	3%
Asset Retirement Obligation	5,479,694	6,462,634	-982,940	-18%
Total Liabilities	68,410,396	63,226,491	5,181,715	8%
Net Financial Debt	(48,482,090)	(47,275,912)	(1,206,178)	2%
Non-Financial Assets				
Tangible Capital Assets	69,735,996	65,208,636	4,527,360	6%
Restricted Assets Endowments	195,640	195,526	114	0%
Prepaid Expenses	278,743	234,246	44,497	16%
Total Non-Financial Assets	70,210,379	65,638,408	4,571,971	7%
Accumulated Surplus (Deficit)	21,728,289	18,362,496	3,365,793	15%

Explanation of Components of Financial Position

Financial Assets - \$19,928,306

Cash and Cash Equivalents - \$17,463,468 represent funding available to meet short term obligations such as Accounts Payable.

Accounts Receivable - \$2,361,573 are monies owed to the district that primarily consist of GST rebates and draw claims from the Ministry of Education for capital projects.

- **Due from Province - \$1,172,917** includes reimbursements for expenses made on capital projects and buses.
- **Due from LEA/Direct Funding - \$810,832** relates to funding owed to the district from local First Nation Bands for their students attending District schools.
- **Other - \$377,824** receivables consist of GST rebates and other miscellaneous items.

Portfolio Investments - \$103,265 represents GIC's and Term Deposits.

Liabilities - \$68,410,396

Accounts Payable and Accrued Liabilities - \$5,594,623 - \$1,224,918 accounts payable; \$3,810,381 salaries and benefits payable; \$559,324 accrued vacation payable.

Unearned Revenue - \$2,190 – July rent at Muriel Mould

Deferred Revenue - \$4,108,172 refers to money not spent by June 30 in Special Purpose Funds. \$1,772,579 of that is School Generated Funds.

Deferred Capital Revenue - \$49,441,380 is money provided to the District from the Ministry for capital projects. This account will increase as new building projects are constructed and decrease to match the amortization on those buildings.

Employee Future Benefits - \$3,784,337 -relates to retirement payments to employees for years of service and are actuarial adjusted on an annual basis.

Asset Retirement Obligations - \$5,479,694 – estimate of the fair value of the obligation for removal and disposal of asbestos and other environmentally hazardous materials in district owned buildings.

Net Debt – (\$48,482,090)

Non-Financial Assets

Tangible Capital Assets - \$69,735,996 reflects the unamortized cost of land, buildings, and equipment owned by the district.

Restricted Assets – Endowments - \$195,640 are funds given to the district to earn investment income. The income can be used for scholarships and bursaries; however, the initial investment cannot be spent.

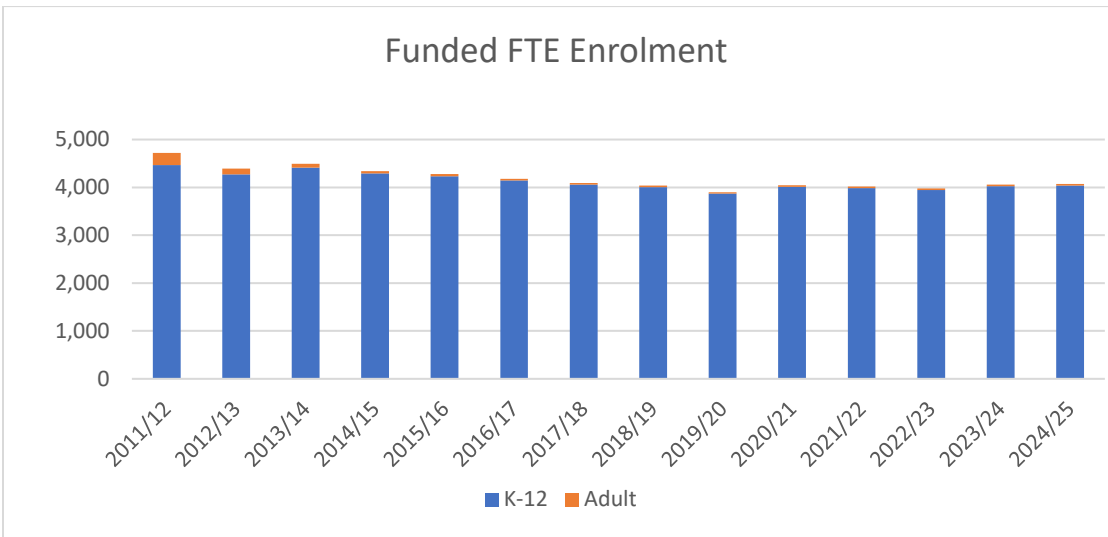
Prepaid Expenses - \$278,743 are expenditures that have been made for a future period (e.g., next year's insurance premiums paid in advance).

Accumulated Surplus (Deficit) - \$21,728,289

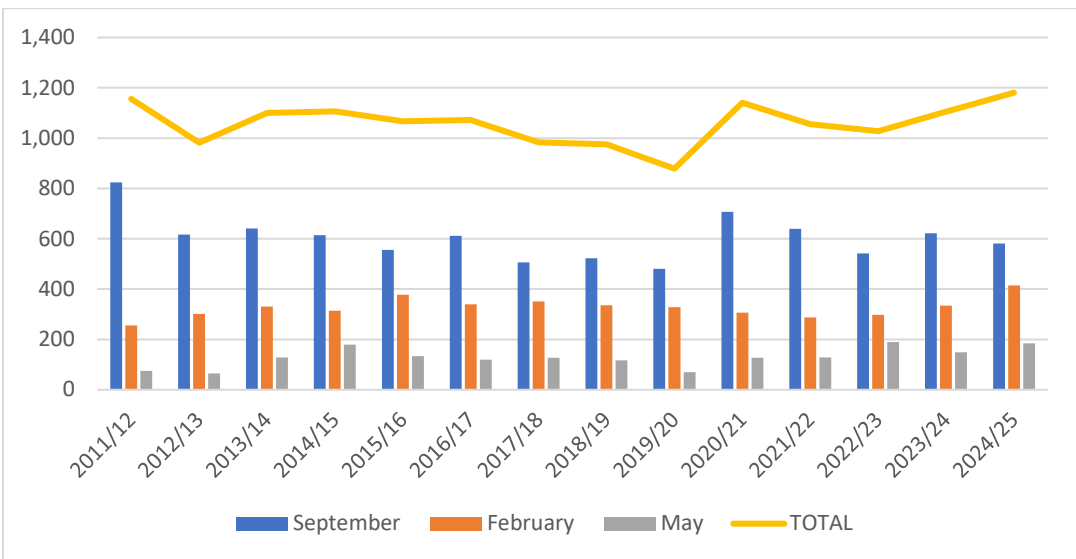
5.0 Highlights

5.1 Enrolment

Each of our communities has experienced declining enrollment with some stabilization; however, we anticipate a further gradual decline of student enrollment in the coming school years.



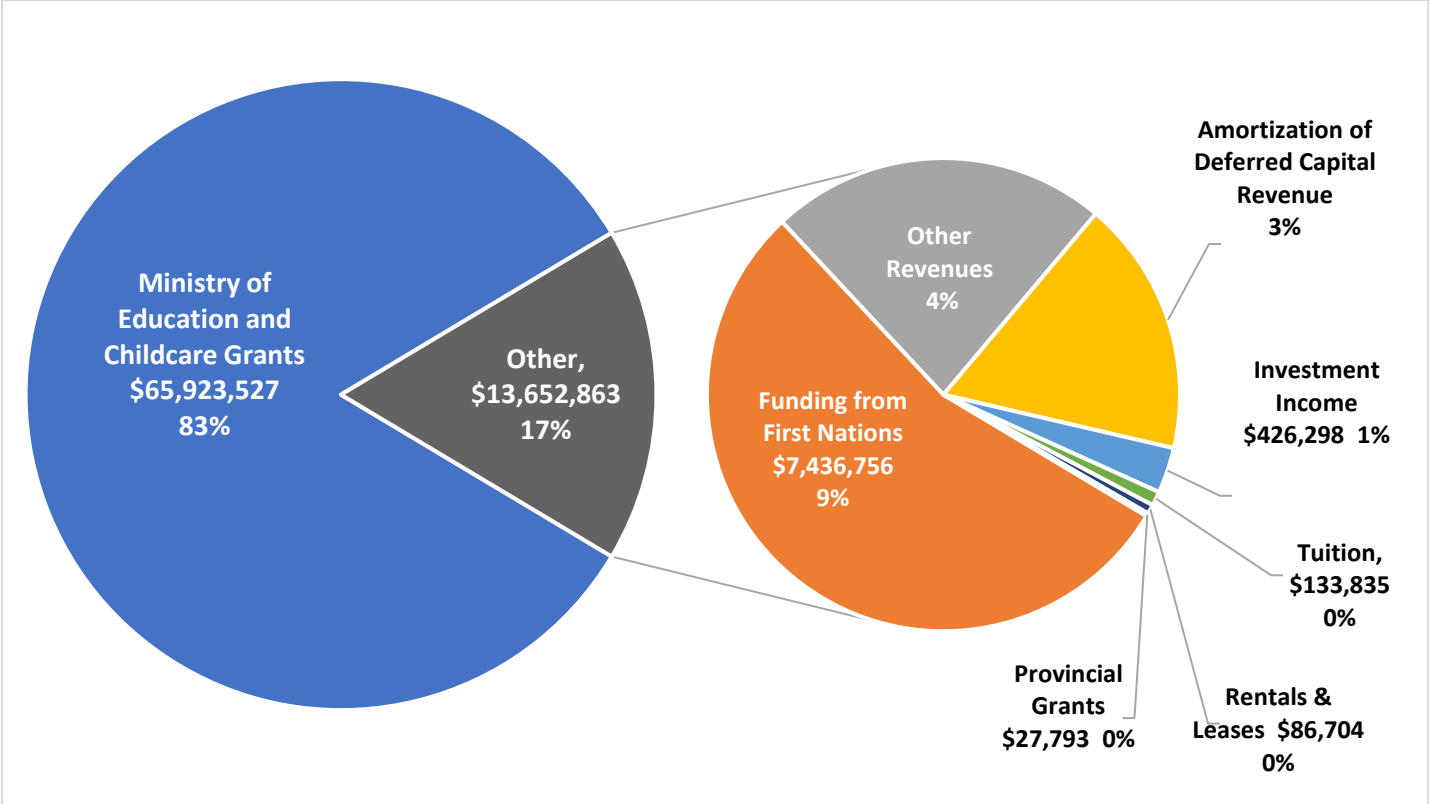
In addition to the community schools, Nechako Lakes also serves learners through [EBUS Academy](#), a Provincial Online Learning School (POLS) that enrolls over 1,000 full- and part-time online students. EBUS serves families and students across the province and is one of the most established and largest online schools in British Columbia.



5.2 Revenues

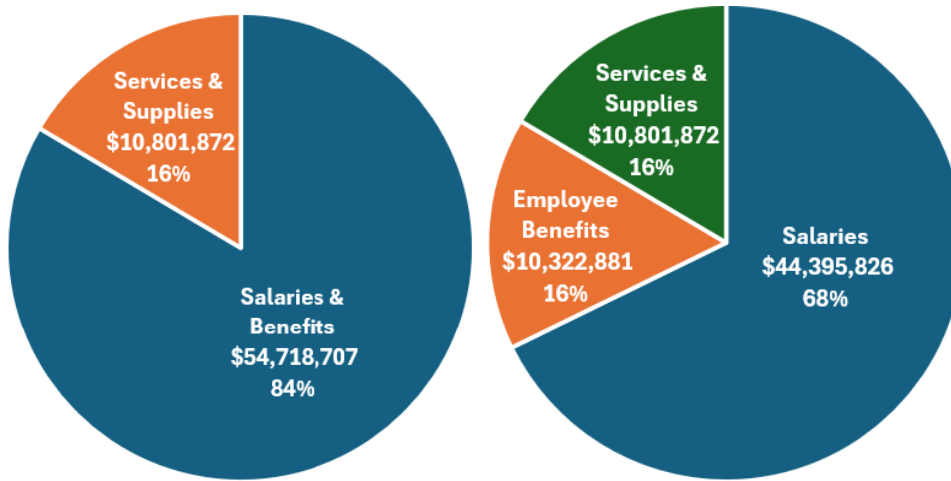
Total revenues for the district were \$79 million for 2024/25. Revenue is heavily reliant upon funding from the Provincial government. The grant is based on student enrolment compiled through a data collection process called 1701 in September, February, May, and July. The district receives a fixed amount per full-time equivalent student (FTE). The district also receives supplementary grants for students who are identified as having unique needs and for other demographic and geographical factors.

83% of the district's revenue is from Ministry of Education funding, 9% is funding from First Nations, 3% is associated with the recognition of deferred capital grants, and the balance of 5% through other revenue such as other facility rentals, bottle depot and investment income.

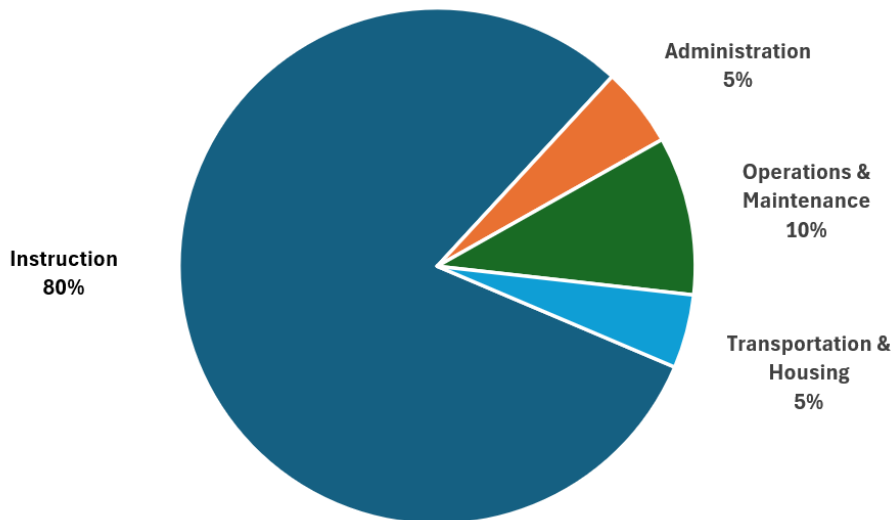


5.3 Expenditures

84% of the district's operating expenditures are associated with salaries and benefits. The balance of expenditures is related to supplies and services including utilities, professional development, and maintenance.



Looking at expenditures by program, 80% of expenditures are on Instruction, 5% on District Administration and 15% on Operations, Maintenance, and Transportation.



5.4 Reserves

Internally Restricted Surplus increased by \$2,901,498 in 2024/25 from \$536,974 to \$3,438,472.

	June 30, 2025	June 30, 2024
Operating Fund Accumulated Surplus		
<u>Nature of Constraints on Funds</u>		
Ministry of Education and Child Care		
Indigenous Education Targeted Funding	\$ 493,561	\$ 54,851
Indigenous Education Council Funding	67,754	
Specific Purpose Grants	814,021	482,123
<u>Anticipated Unusual Expenses Identified</u>		
Ministry Directive - Health Emergency Response Equipment	100,000	
Recruitment and Retention	40,000	
Strategic Plan Refresh	40,000	
2026 Trustee Elections	68,000	
<u>Operations Spanning the School Year</u>		
EBUS Curriculum Resource Reimbursements	878,514	
Maintenance Department - Equipment Replacement	258,664	
Transportation Department - Vehicle Replacement	35,000	
Subtotal of Internally Restricted	\$ 2,795,514	\$ 536,974
Unrestricted Operating Surplus	642,958	
Total Available for Future Operations	\$ 3,438,472	\$ 536,974

6.0 Financial Analysis of the School District as a Whole

6.1 Analysis of Operating Results to Amended Budget and Last Year

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2025. This section of the report is a summary of the District's financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, as well as in comparison with the amended budget. In the charts that follow, any reference to "budget" implies the amended budget. These sections are broken down into three areas: Revenues, Wages and Benefits, and Supplies and Services. This is only an introduction and should be read in conjunction with the District's financial statements.

Revenues

Operating	2024/25		2023/24	Increase (Decrease) vs. BUDGET		Increase (Decrease) from PRIOR YEAR	
	BUDGET	ACTUAL	ACTUAL	\$	%	\$	%
REVENUE							
Provincial Grants, Ministry of Education & Childcare	58,068,064	59,154,937	56,438,707	1,086,873	1.9%	2,716,230	4.6%
Provincial Grants, Other	50,000	27,793	76,860	(22,207)	(44.4%)	(49,067)	(176.5)%
LEA/Direct Funding from First Nations	7,593,345	7,436,756	6,671,219	(156,589)	(2.1%)	765,537	10.3%
Tuition	100,000	133,835	116,650	33,835	33.8%	17,185	12.8%
Other Revenue	301,070	1,267,420	629,018	966,350	321.0%	638,402	50.4%
Rentals and Leases	81,560	86,704	88,862	5,144	6.3%	(2,158)	(2.5%)
Investment Income	340,000	315,286	495,582	(24,714)	(7.3%)	(180,296)	(57.2%)
Total Revenue	66,534,039	68,422,731	64,516,898	1,888,692	2.8%	873,492	5.7%

Revenue was higher than budgeted mainly due to increased funding from the Ministry of Education and Childcare, a rise in EBUS Academy enrolment, and additional grants for career programs and food initiatives. These factors contributed to a stronger financial position for the district this year.

Ministry of Education and Childcare - \$1,086,873

- May enrolment increase for EBUS - \$843,107
- LEA Recovery - \$156,589
- Increase in graduated adult funding - \$69,697
- Additional grants for Childcare, Teacher Recruitment and PLN - \$17,480

Grants – Career Grants - **\$531,924** and Food Program related grants - **\$349,116**

6.1 Budgetary Highlights / Analysis of Operating Results to Budget and Last Year (continued)

Expenses

Operating Budget	2024/25		2023/24	Under (Over) vs. BUDGET		Increase (Decrease) from PRIOR YEAR	
	BUDGET	ACTUAL	ACTUAL	\$	%	\$	%
EXPENSE							
Salaries							
Teachers	23,370,704	22,770,371	22,684,177	600,333	2.57%	86,194	0.38%
Principals & VP's	4,435,161	4,407,817	4,416,264	27,344	0.62%	(8,447)	(0.19%)
Education Assistants	5,556,798	5,210,175	5,565,231	346,623	6.24%	(355,056)	(6.81%)
Support Staff	7,734,752	7,503,487	7,493,150	231,265	2.99%	10,337	0.14%
Other Professionals	2,874,651	2,822,296	3,103,877	52,355	1.82%	(281,581)	(9.98%)
Substitutes	1,627,567	1,681,680	1,753,422	(54,113)	(3.32%)	(71,742)	(4.27%)
Total Salaries	45,599,633	44,395,826	45,016,121	1,203,807	2.64%	(620,295)	(1.40%)
Employee Benefits	10,428,946	10,322,881	10,232,133	106,065	1.02%	90,748	0.88%
Total Salaries & Benefits	56,028,579	54,718,707	55,248,254	1,309,870	2.34%	(529,545)	(0.95%)
Services and Supplies	10,847,085	10,801,872	10,772,272	45,213	0.42%	29,600	(0.27%)
Total Expense	66,875,664	65,520,579	66,020,526	1,355,085	2.03%	(499,947)	(0.75%)

Total Expenditures: 2.03% underbudget.

Salaries & Benefits: 2.34% underbudget - \$1,309,870

Teachers' variance- **\$600,333**

- reserve for paid leave/death, retiring, maternity leave & LAIP came in \$183,465 under budget
- average teacher salary used for budget was higher than actuals (LOP, new teachers, replacements)
- a contingency/reserve was added in the event additional teachers were needed given the increased enrolment

Educational Assistants variance - **\$346,623**

- vacancies and difference between average hourly rate used for budget and actuals

Support Staff variance - **\$231,265**

- vacancies, positions not filled, and recoveries to capital projects

Benefits variance - **\$106,064** due to salary cost being under budget

Services and Supplies: .71% under budget \$45,213

Spending was adjusted to ensure that this came in lower than budget.

Net 2.07% under budget for Total Expenditures.

6.2 Special Purpose Funds

Special Purpose Fund balances represent funding for a specific purpose. The majority of funding is from the Ministry of Education and Child Care. Revenues match expenditure for specific program. Any Special Purpose Funds that are unspent at the end of the year remain as deferred revenues and are only to be spent in accordance with their original intended purpose.

The following table summarizes the transactions for the year.

GRANT	SOURCE	OPENING	REVENUE	EXPENSE	CLOSING JUNE 30, 2025	DISCUSSION
Annual Facility Grant (AFG) Operating Portion	Ministry of Education	\$0	\$289,483	(\$289,483)	\$0	Please see discussion in the Capital Projects section under "Annual Facility Grant (AFG) Funding."
Learning Improvement Fund (LIF)	Ministry of Education	\$55,163	\$216,704	(\$190,795)	\$81,072	Funding used specifically to augment EAs hours providing additional support to complex learners.
Scholarships and Bursaries	Other and Investment Income	\$33,902	\$2,468	(\$1,500)	\$34,870	Funds collected from donors which are awarded to graduating students in the district to attend post-secondary schools.
School Generated Funds	Other and Investment Income	\$1,742,663	\$1,665,871	(\$1,635,955)	\$1,772,579	Fees and contributions raised at a school level. These amounts are targeted and used for the purpose that they were provided to the school.
Strong Start	Ministry of Education	\$124,215	\$161,000	(\$204,479)	\$80,736	Strong Start early learning centres provide school- based, drop-in programs for children from birth to age five and their parents or caregivers.
Ready, Set, Learn	Ministry of Education	\$91,983	\$28,400	(\$13,668)	\$106,715	Eligible RSL events for 3 to 5-year-olds and their parents are hosted to support early learning and facilitate a smooth transition to Kindergarten.
Official Languages in Education French Programs (OLEP)	Ministry of Education	\$179,373	\$89,490	(\$215,598)	\$53,265	Funding for core French language programs and curriculum resources.
Community LINK	Ministry of Education	\$36,967	\$583,164	(\$437,072)	\$183,059	Funding for programs and initiatives to improve the education performance of vulnerable students, including both academic achievement and social functioning.
Classroom Enhancement Fund (CEF) Overhead, Staffing and Remedies	Ministry of Education	\$0	\$3,975,431	(\$3,975,431)	\$0	Eligible expenses include teacher staffing, overhead staffing and equipment costs resulting from restoration of class size and composition language.
First Nation Student Transportation	Ministry of Education	\$82,031	\$74,207	(\$128,690)	\$27,548	Funding to assist on-reserve First Nation students with transportation to/from school and extra-curricular activities.

Mental Health in Schools	Ministry of Education	\$10,933	\$55,000	(\$60,064)	\$5,869	Fund for Mental Health literacy activities with a goal to build a safe, caring, and inclusive environment in schools.
Changing Results for Young Students (CR4YC)	Ministry of Education	\$6,919	\$6,750	(\$9,025)	\$4,644	Collaborative professional learning for early learning educators focused on improving social-emotional outcomes for young children.
Student & Family Affordability	Ministry of Education	\$142,675	\$0	(\$92,958)	\$49,717	Fund to directly support parents & guardians of K-12 students with costs associated with school supplies, education-related fees, and dealing with food insecurity.
Feeding Futures Fund	Ministry of Education	\$187,359	\$576,742	(\$764,101)	\$0	A BC initiative to support nutrition in schools with funds to build an equitable food program across the district.
Just B4	Ministry of Education	\$21,364	\$25,000	(\$14,714)	\$31,650	Licensed preschool programs (30 months to school age) that operate within the school setting.
Seamless Day Kindergarten	Ministry of Education	\$356,308	\$415,400	(\$91,972)	\$679,736	Program within the school that incorporates before-and-after school care in a licensed Kindergarten classroom.
Early Care & Learning	Ministry of Education	\$0	\$175,000	(\$175,000)	\$0	Supports and resources that enable educators working in the early years to explore emerging practices and research.
SEY2KT (Early Years to Kindergarten)	Ministry of Education	\$15,201	\$19,000	(\$6,245)	\$27,956	Provides opportunities for school districts and communities to work together and support young children in smooth transitions from home to school.
Early Childhood Education Dual Credit Program	Ministry of Education	\$14,805	\$76,000	(\$69,542)	\$21,263	Learners interested in ECE may take post-secondary courses while in high school.
Health Career Grants	Ministry of Education	\$5,000	\$0	\$0	\$5,000	Development and delivery of interactive, experiential learning activities in public sector health careers for Grades 6-9
Literacy Now Stewardship	Ministry of Education	\$35,784	\$47,108	(\$63,339)	\$19,553	Donations/Grants received by various donors, used to promote literacy learning in the District.
Fort St. James Woodlot	Other and Investment Income	\$712,998	\$44,605	(\$181,039)	\$576,564	Revenue consists of monies earned from harvest of trees grown on the woodlot and is used to purchase trade and technological educational equipment for Fort St. James Secondary School.
National School Food Program	BC Government/Government of Canada	\$0	\$116,043	\$26,730	\$89,313	Funds to advance Food Program
Professional Learning Grant	Ministry of Education	\$0	\$238,867	(\$3,023)	\$235,844	Provide professional learning opportunities to classroom teachers and support staff
Endowment Income	Other and Investment Income	\$17,170	\$8,874	(\$4,825)	\$21,219	Interest earned by invested endowment contributions, used to pay scholarships/bursaries for those endowments.
Total		\$3,872,813	\$8,890,607	(\$8,655,248)	\$4,108,172	

6.3 Capital Fund Accounts

Capital Fund schedules provide information on the district's tangible capital acquisitions and the net book value of these acquisitions. The Capital Fund includes capital expenditures related to land, buildings, computer hardware and software, vehicles and equipment that are funded from Ministry of Education and Child Care capital grants, land capital, local capital, the Operating Fund, and Special Purpose Funds.

During the year ended June 30, 2025, the District invested \$4.4 million in capital additions, as follows:

	2024/25
Various AFG Projects	1,560,746
SEP - Mapes - Exterior Wall	245,000
SEP - FLESS - Roofing	542,059
SEP - NVSS - Shop Envelope	10,212
CNCP - Multiple Sites - Electrical	350,000
FIP - Multiple Sites - Kitchen & Equipment Upgrade	120,338
New Spaces - David Hoy - Interior Upgrade	92,509
PEP - Mouse Playground	195,000
Buses	1,094,116
Work in Progress	180,450
Computer Hardware - Evelyn Dickson - Security Equipment	14,205
	<u>\$4,404,635</u>

Annual Facilities Grant (AFG), School Enhancement Projects (SEP), Carbon Neutral Capital Program (CNCP), Food Infrastructure Program (FIP), Playground Equipment Program (PEP)

6.4 Major Capital Projects

Approved funding for new childcare spaces at David Hoy and Grassy Plains Elementary

6.5 Capital Fund Balances

Specific balances in the Capital Fund are as follows:

Capital Funds	June 30, 2025	June 30, 2024	Change
Bylaw Capital	\$ 81,226	\$ 10,212	\$ 71,014
MECC Restricted Capital	674,541	674,541	-
Other Provincial Capital	906,080	929,525	(23,445)
Other Capital	9,995	9,995	-
Local Capital	1,576,814	1,484,831	91,983
	\$ 3,248,656	\$ 3,109,104	\$ 139,552

Bylaw Capital

Bylaw Capital represents Ministry of Education and Child Care capital grants drawn on Certificates of Approval (COA) for capital projects and includes amounts for specific capital projects funded by the Ministry of Education and Child Care, capital portion of the Annual Facility Grant, carbon neutral capital project funding, playground equipment funding, and other project funding paid through a COA.

MECC Restricted Capital

Ministry of Education and Child Care (MECC) restricted capital represents the Ministry's portion (usually 75%) of the proceeds on disposal of land and buildings, and any bylaw project surpluses on completed projects. The Ministry's permission must be received to spend these funds. There is current balance of \$674,541 at June 30th, 2025.

Other Provincial Capital

Other Provincial Capital of \$906,080 is advance funds for Childcare spaces – Grassy Plains.

Other Capital

Other Capital is comprised of funds from other non-provincial government sources such as municipal grants, PAC contributions for playgrounds, etc. The current balance - \$9,995 is funding raised for the LDSS track.

Local Capital Reserve

The Board's Local Capital Reserve of \$1,576,814 is designated for local capital expenditures.

6.6 Reserves – Operating, Special Purpose and Capital Balances

Reserves

	June 30, 2025	June 30, 2024
Operating Fund Accumulated Surplus		
<u>Nature of Constraints on Funds</u>		
Ministry of Education and Child Care		
Indigenous Education Targeted Funding	\$ 493,561	\$ 54,851
Indigenous Education Council Funding	67,754	
Specific Purpose Grants	814,021	482,123
<u>Anticipated Unusual Expenses Identified</u>		
Ministry Directive - Health Emergency Response Equipment	100,000	
Recruitment and Retention	40,000	
Strategic Plan Refresh	40,000	
2026 Trustee Elections	68,000	
<u>Operations Spanning the School Year</u>		
EBUS Curriculum Resource Reimbursements	878,514	
Maintenance Department - Equipment Replacement	258,664	
Transportation Department - Vehicle Replacement	35,000	
Subtotal of Internally Restricted	\$ 2,795,514	\$ 536,974
Unrestricted Operating Surplus	642,958	
Total Operating Fund Accumulated Surplus	\$ 3,438,472	\$ 536,974
Special Purpose Funds Surplus	\$ 195,640	\$ 195,526
Capital Fund Accumulated Surplus		
Contingency Reserve-Local Capital	\$ 1,576,814	\$ 1,484,831
Investment in Tangible Capital Assets	16,517,363	16,145,165
Total Capital Fund Accumulated Surplus	\$ 18,094,177	\$ 17,629,996
Total Accumulated Surplus	\$ 21,728,289	\$ 18,362,496

Operating Fund Surplus

The Board of Education is responsible for ensuring the District is protected financially from forecasting risk and unforeseen circumstances. Therefore, they have established an Accumulated Operating Surplus Policy that allows the District to budget for an accumulated operating surplus to serve as a contingency reserve for the risks associated with unexpected increases in expenses and/or decreases in revenues related to major emergent operating issues, one-time costs and intermittent projects.

The current balance is \$3,438,472.

Special Purpose Fund Surplus

This amount of \$195,640 is for endowments where the original donors have stipulated that the principal amounts cannot be spent. Investment income earned on the balances can be paid out as scholarships.

Capital Fund Surplus

There are two categories of Capital Fund Surpluses:

Local Capital Reserve represents a portion of accumulated operating surpluses designated to fund the purchase of Tangible Capital Assets. Local Capital Reserve is increased if the Board of Education passes a motion to transfer operating surpluses to Local Capital. The current balance is \$1,576,814.

The **Invested in Tangible Capital Assets reserve** represents capital investments that are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund). Then, as assets are amortized, a deficit is incurred in the capital fund which is applied against the Invested in Tangible Capital Assets reserve. Therefore, the balance in this fund is to cover future amortization costs and is not available for other purposes.

7.0 Contacting School District Financial Management

This financial report is designed to provide the District's stakeholders with a general overview of its finances and to demonstrate increased accountability for the public funds received by the District.

If you have questions about this financial report or need additional financial information, please contact the Secretary Treasurer's office at 250-567-2284.

