

Financial Statement Discussion and Analysis

For the Year Ended June 30, 2025

The following is a discussion and analysis of the District’s financial performance for the fiscal year ended June 30, 2025. It is based on currently known facts, decisions, and conditions. The purpose of the Financial Statement Discussion and Analysis is to highlight information and provide explanations which enhance the reader’s understanding of the District’s financial statements. This analysis is only an introduction and should be read in conjunction with the District’s financial statements for the same period. The preparation of the Financial Statement Discussion and Analysis is the responsibility of the management of the District.

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OVERVIEW OF THE SCHOOL DISTRICT

School District 28 Quesnel serves the communities of Quesnel, Wells and Nazko. The District serves approximately 3,000 students and employs approximately 600 staff. There are 12 elementary schools, one junior school, one secondary school, one alternate school and a on-line learning school. Seven trustees make up the Board of Education and engage in the development of a strategic plan, building the vision, mission, values and priorities which will set the stage for the District.

The School District is located on the traditional and unceded territory of the Lhtako Dene Nation. Approximately one-third of the student population is of Indigenous ancestry. Indigenous students from the First Nations of Nazko, Lhtako, ʔEsdilagh, and Lhoosk'uz, as well as students who are Métis, and Inuit attend School District 28 schools. School District 28 is committed to true and lasting reconciliation with Indigenous peoples. Our Indigenous partnerships are essential to the success of this plan and together we will journey toward a better future.

The mission, vision and values guide all decisions, made by the Board of Education.

Mission

The Mission of the Quesnel School District is to inspire all students to embrace learning as a way of life and create quality learning environments, that nurture safe and positive relationships and honour diverse and individual student differences which will enable students to be responsible citizens of the global community.

Vision

As humble leaders in education we aim to nurture the individual distinctions of students and staff to prepare all students to excel in an ever-changing world.

Values

Together we can...

Put Students at the Center
Be Caring and Respectful
Collaborate with all Partners
Be Innovative and Resourceful
Ensure Equity and Inclusion
Be Invested in Students and Staff



UNDERSTANDING THE FINANCIAL STATEMENTS

The District uses fund accounting and deferral accounting and each of its funds has specific restrictions in accounting for funds received and expended. These methods are primarily used in the public sector where the goal is to avoid budget deficits while providing the greatest benefits to the public by strategically allocating the resources that are available. In this respect, school districts are expected to ensure that resources are allocated in the most efficient way possible to achieve the goals for students.

The two key audited statements are:

- Statement of Financial Position – summarizes the combined assets and liabilities at June 30th.
- Statement of Operations – summarizes the combined revenues received and expenses incurred during the twelve months between July 1 and June 30. This statement provides an indication of the funding received by the District and how that funding was spent.



A Statement of Changes in Net Debt, Statement of Cash Flows and the Notes to the Financial Statements are also audited and provide further analysis of District finances.

The schedules at the end of the notes to the financial statements are in a format prescribed by the Ministry of Education and Childcare (MECC). These schedules provide more detail specific to each of the three funds (Operating, Special Purpose and Capital funds). The balances in these schedules are consistent, when combined together, with the financial statements. These schedules are comprised of:

- **Schedule 1: Accumulated Surplus** – summarizes the surplus for the year and accumulated surplus amounts from each of the three funds.
- **Schedule 2: Operating Fund** - accounts for the District's daily operating transactions. Annual and accumulated surplus within the operating fund are an important indication of financial health. School districts are unable to incur an accumulated deficit position. When the District has an available accumulated surplus balance, those funds are available to use for future expenses and to reduce the financial risk of unforeseen circumstances. The operating fund is where most of the District's operations are reported.
- **Schedule 3: Special Purpose Fund** - accounts for grant and other contributions whereby spending is for specific activities. As these are targeted funding, any unspent funds are accounted as deferred revenue, not accumulated surplus.
- **Schedule 4: Capital Fund** - reports investments in and financial activities related to tangible capital assets, including land, buildings, furniture, computers and equipment. Capital contributions are accounted for using the deferral method. Recognition of the capital funding revenue is spread out over the life of the related capital asset to match the amortization expense. Therefore, capital fund revenues reflected in the financial statements are not a reflection of actual funding received in a year.

FINANCIAL HIGHLIGHTS

During the year, the District managed several large capital projects including:

- Carson Elementary replacement school project
- Exterior Envelope upgrade Bouchie Lake Elementary
- Playground equipment Barlow Creek Elementary
- Various others including roof, lighting, flooring and classroom upgrades

Other Significant Events:

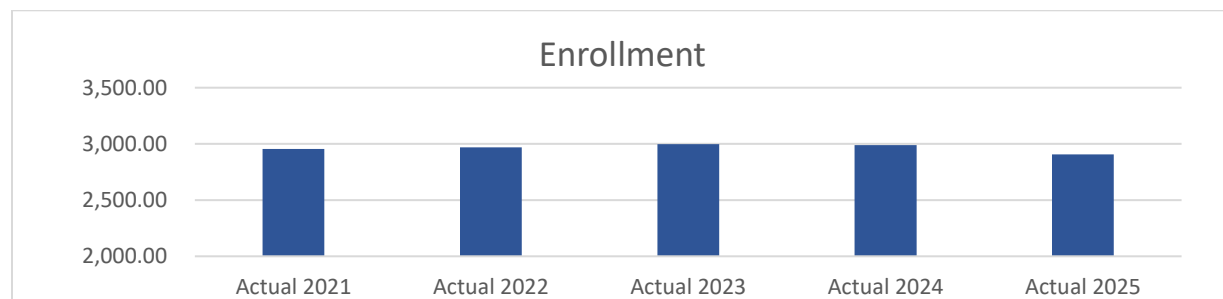
- The Board approved a budget for 2024/2025 school year of the reinvestment of accumulated surplus dollars of \$463,432. The District realized an operating surplus of \$1,078,455. The entire reinvestment plan was not realized due to difficulties hiring new staff to fill vacant positions.

Overall as of June 20, 2025, the District has strong financial health. This strong financial health can be contributed to sound financial management, planning and governance and is illustrated throughout this report.

Enrollment and Staffing

The operations of the District are dependent on continued grant funding from MECC primarily based on student enrollment, students identified with special needs and other demographic and geographical factors. Expenditures are primarily associated with staffing and related compensation and benefits. Student enrollment and staffing levels are reflected below.

Enrollment has been started to decline slightly. Staffing and expenses are adjusted each year to match enrollment and student needs.



Staffing is the most significant operational expenditure of school districts. There was a decrease to teaching staff to match enrollment needs. The following table is in Full Time Equivalent (FTE); the headcount is approximately 600 employees.

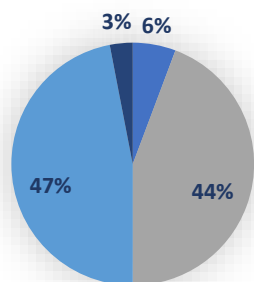
Full Time Equivalent (FTE)	24/25	23/24	Variance
Teachers	199	204	- 5
Principals and Vice Principals	22	22	-
Support Staff	199	199	-
Other Professionals	12	10	2
	432	435	- 3

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position is a consolidated snapshot of the District's financial position and includes all three funds (operating, special purpose and capital).

The following table provides a comparative analysis of the District's Net Financial Position for the fiscal years ending June 30, 2025 and 2024 with a review of the more significant year over year changes discussed below.

Statement of Financial Position (In Thousands)	Jun 2025	Jun 2024	Increase (Decrease)	
	Actual \$	Actual \$	\$	%
Cash & Cash Equivalents	11,131	11,756	(625)	-5%
Receivable Due from Province - MECC	3,307	456	2,851	625%
AR Other	512	293	219	75%
Total Financial Assets	14,950	12,505	2,445	20%
Accounts Payable & Accrued Liabilities	1,514	446	1,068	239%
Unearned Revenue	3,333	3,333	0	0%
Deferred Revenue	1,008	895	113	13%
Deferred Capital Revenue	102,728	81,337	21,391	26%
Employee Future Benefits	931	919	12	1%
Asset Retirement Obligation	5,176	5,176	0	0%
Other Liabilities	2,138	2,168	(30)	-1%
Total Liabilities	116,828	94,274	22,554	24%
Net Financial Assets (Debt)	(101,878)	(81,769)	(20,109)	25%
Tangible Capital Assets	107,866	87,013	20,853	24%
Restricted Assets (Endowments)	122	122	0	0%
Prepaid Expenses	279	335	(56)	-17%
Supplies Inventory	50	35	15	43%
Total Non-Financial Assets	108,317	87,505	20,812	24%
Accumulated Surplus (Deficit)	6,439	5,736	703	12%



Financial Position Allocation

- Financial Assets
- Non-Financial Assets
- Liabilities
- Accumulated Surplus

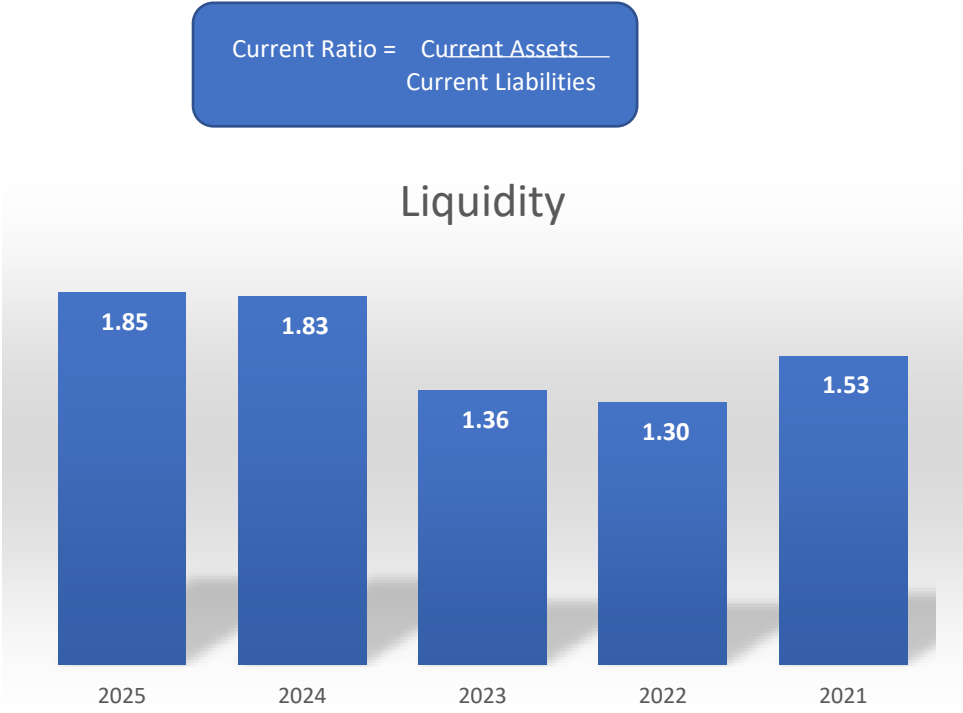
Financial Assets are assets that can be used to discharge liabilities and provide working capital funds in the normal course of operations. There was an increase in financial assets from the prior year resulting from timing of payments from the Ministry.

Liabilities are obligations of the District to others arising from prior transactions, the settlement of which will require the use of current and future financial assets. The increase in liabilities from the prior year is resulted from the construction of the new Carson School which increased deferred capital revenue.

Non-financial assets are assets that cannot be traded on the financial market and whose value is derived by its physical net worth.

- Tangible capital assets (TCA) include buildings, equipment, furniture, technology and vehicles purchased, constructed or contributed to the District. The balance in the financial statements is the historical cost of the assets less accumulated amortization to June 30, 2025. The increase in TCA is comprised of new assets purchased totaling \$24.4M less amortization of \$3.5M.
- Prepaid expenses result from the District making advanced payments for goods or services to be received in the future. The amount is initially recorded as an asset, but their value is expensed over time onto the income statement.
- Accumulated surplus or deficit represents the net assets or debt of the District. The District incurred a surplus for the 2024/25 fiscal year and continues to be in an accumulated surplus position.

The District has a strong financial position. In addition to the information above the current ratio is another indicator of a healthy financial position. Current ratio is a liquidity ratio that measures the District’s ability to pay off its current liabilities with current assets. A ratio greater than one is desirable as it means the District has the ability to pay current liabilities as they are due. A ratio of less than one indicates that the District would have to borrow to meet short term obligations.



The District’s ratio is well above one and shows a healthy financial position.

STATEMENT OF OPERATIONS

The Statement of Operations is a consolidated snapshot of the District's revenue and expenses and includes all three funds (operating, special purpose and capital).

Statement of Operations (In Thousands)	Operating	Special Purpose	Capital	Total	Jun 2024	Increase (Decrease) \$ %
Revenues						
Provincial Grants						
MECC	43,287	4,674	0	47,961	46,315	1,646 4%
Other	0	0	0	0	0	0 0%
Other revenue	270	834	0	1,104	915	189 21%
Gain (Loss) on Disposal of Capital		0	0	0	0	0
Rentals and Leases	188	0	0	188	188	0 0%
Investment Income	465	3	0	468	365	103 28%
Amort of Deferred Capital Rev	0	0	3,155	3,155	3,003	152 5%
Total Revenue	44,210	5,511	3,155	52,876	50,786	2,090 4%
Expenses						
Instruction	33,622	5,082	0	38,704	38,271	433 1%
District Administration	2,513	0	0	2,513	2,184	329 15%
Operations and Maintenance	4,691	254	2,996	7,941	7,317	624 9%
Transportation and Housing	2,305	175	535	3,015	2,856	159 6%
Total Expenses	43,131	5,511	3,531	52,173	50,628	1,545 3%
Surplus (Deficit) for the year	1,079	0	(376)	703	158	545 345%
Net Transfers (to) from other funds	0	0	0	0	0	0 0%
Accum Surplus (Deficit), opening	2,573	122	3,041	5,736	5,578	158 3%
Accum Surplus (Deficit), closing	3,652	122	2,665	6,439	5,736	703 12%

Understanding the Statement of Operations is made easier by understanding the changes that occurred in each fund. The sections following the Statement of Operations review go into more details for each fund.

Revenue for the District are almost entirely derived from MECC funding and are subject to change year over year depending on enrollment and various government programs and initiatives.

Expenses can be reviewed by four functions:

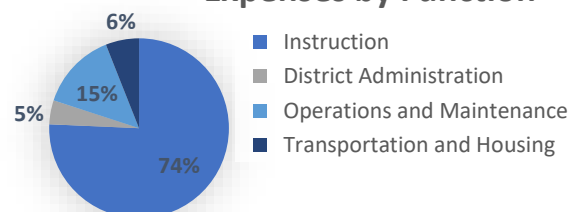
Instruction: expenses related to the instruction of students.

District Administration: expenses related to district governance and district administration of education, business and human resources.

Operations and Maintenance: expenses related to the operation, maintenance and safety of buildings and equipment.

Transportation: expenses involved with the transportation of students.

Expenses by Function

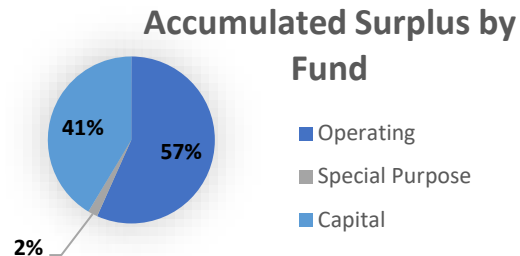


ACCUMULATED SURPLUS (DEFICIT)

Accumulated Surplus (Deficit) equals the contingency reserve for the District and represents the net assets or debt of the District. The District had a surplus for the 2024/25 fiscal year and continues to be in an accumulated surplus position.

The Accumulated Surplus consists of balances from the three funds:

- Operating (usable cash for the District with restrictions)
- Special purpose fund (endowment funds; restricted funds with specific purpose)
- Capital (the majority of the surplus balance 53%; not usable cash for the District)



	Jun 2025	Jun 2024	Increase (Decrease)	
Accumulated Surplus (In thousands)	\$	\$	\$	%
Operating Fund	3,652	2,573	1,078	42%
Special Purpose Fund	122	122	0	0%
Capital Fund	2,665	3,041	(375)	-12%
Accumulated Surplus	6,439	5,736	703	12%

Operating contingency reserves are necessary to cover emergent operating issues and to offset unrealized revenues.

Eligible expenses for operating contingency reserves include:

- Elimination of any deficit at the end of a fiscal year
- Cost pressures during the year
- Initial one-time and intermittent projects
- Coverage for disaster recovery expenditures
- Replacement of essential equipment
- To appropriate to balance the next year's budget

The operating fund accumulated surplus ("reserve") is the only surplus in the District's control and can be used to balance the budget. The Board had approved a one-time reinvestment of operating accumulated surplus of \$463,432 for the year end June 2025. The District realized a surplus of \$1,078,455. The reinvestment dollars spend were less than planned due to challenges with filling staffing positions.

The capital fund accumulated surplus change is a difference between the amortization of Deferred Capital Revenue (funds received from MECC for capital asset purchases) and amortization of Tangible Capital Assets.

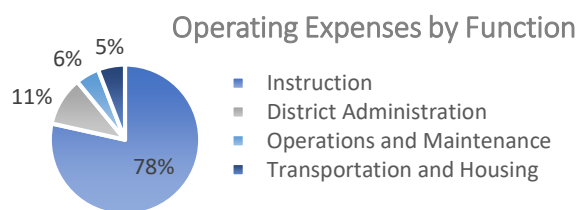
OPERATING FUND

Operating Operations (In thousands)	2024/2025 Actual	2024/2025 Budget	2023/2024 Actual	Variance to Budget	Variance to 23/24
Revenues					
Provincial Grants					
Ministry of Education	43,288	43,191	41,874	97	1,414
Other Revenue	270	30	91	240	179
Rentals and Leases	188	197	188	(9)	0
Investment Income	465	400	361	65	104
Total Revenue	44,211	43,818	42,514	393	1,697
Expenses					
Instruction	33,624	34,567	33,297	(943)	327
District Administration	2,513	2,631	2,184	(118)	329
Operations and Maintenance	4,691	4,599	4,219	92	472
Transportation and Housing	2,305	2,484	2,263	(179)	42
Total Expenses	43,133	44,281	41,963	(1,148)	1,170
Operating Surplus (Deficit) for the year	1,078	(463)	551	1,541	527
Net Transfers to Capital Fund	0	0	(170)	0	170
Total Operating Surplus (Deficit)	1,078	(463)	381	1,541	697

MECC funding makes up 97.9% of total operating revenue for the District; this means the District is almost solely reliant on the Base Operating Grant which is calculated mainly on student enrollments. The operating fund revenue increased by \$1.7M due to an increase in per student funding from the government and labour settlement funding. Overall, expenses increased by \$1.2M due mainly to an increase to all wages per the collective agreements.

The cost of instruction plus busing the students to school comprises 83% of the cost of the District, with the remaining 17% left to maintain the facilities and management of the District. Staffing is the most significant operational expenditure of school districts. The staffing for the District makes up 90% of the operating expenses.

The actual operating revenue was \$393,000 higher than budgeted due mainly to insurance proceeds received during the year. Expenses were lower than budgeted by \$1,148,000, mainly due to difficulties with hiring new staff for vacant positions.



SPECIAL PURPOSE FUND

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

Special Purpose Fund (SPF) (In thousands)	2024/2025 Actual	2024/2025 Budget	2023/2024 Actual	Variance to Budget	Variance to 22/23
Provincial Grants	4,674	4,795	4,441	(121)	233
Other Revenue	834	875	824	(41)	10
Investment Income	3	3	3	0	0
Total Revenue	5,511	5,673	5,268	(162)	243
Instruction	5,082	5,289	4,973	(207)	109
District Administration	0	0	0	0	0
Operations and Maintenance	254	179	179	75	75
Transportation and Housing	175	205	116	(30)	59
Total Expenses	5,511	5,673	5,268	(162)	243
SPF Surplus (Deficit) for the year	0	0	0	0	0
Net Transfers to Capital Fund	0	0	0	0	0
Total SPF Surplus (Deficit)	0	0	0	0	0

Special purpose revenue and expenses increased from the prior year mainly due to the new Professional Learning funding of \$238,867. The actual results versus budget are similar and differ mainly due to amounts carried forward to the next year.



Special purpose funds are mainly funded from MECC for specific programs and initiatives. Other significant special purpose funding mainly comes from school generated funds, Breakfast Clubs of Canada, scholarships and bursaries.

Special Purpose Funds Breakdown	Opening Jun 24	Revenue	Expense	Closing Jun 25
Ministry of Education Grants				
Annual Facility Grant	-	179,130	179,130	-
Classroom Enhancement Fund	-	2,506,906	2,506,906	-
Community Links	-	568,856	568,856	-
Early Learning	24,850	355,700	332,275	48,275
First Nation Student Transportation	96,711	108,852	174,829	30,734
French Language	15,981	89,226	105,207	-
Learning Improvement Fund	-	149,597	149,597	-
Mental Health in Schools	-	55,000	51,752	3,248
Student & Family Affordability	134,900	-	117,586	17,314
Food Programs	-	503,533	413,291	90,242
Professional Learning Grant	-	238,867	-	238,867
Project Penny	100,000	-	74,883	25,117
Other Special Purpose Funds				
Breakfast Club	44,091	32,100	48,988	27,203
Career Grants	20,985	26,040	43,097	3,928
Scholarships and Bursaries	148,344	39,456	38,250	149,550
School Generated Funds	254,391	623,818	596,604	281,605
Various	54,856	147,172	109,906	92,122
Total	895,109	5,624,253	5,511,157	1,008,205

The closing balance represents carry forward balances available for next year. These amounts are shown as deferred revenue on the Statement of Financial position because the spending of these dollars are restricted based on initial contracts.

CAPITAL ASSETS

Tangible Capital Assets (Net of Amortization, in Thousands of Dollars)

	Beginning	Ending	\$ Change	% Change
Sites	4,763	4,763	0	0%
Buildings	76,266	97,297	21,031	28%
Furniture & Equipment	2,121	2,024	(97)	-5%
Vehicles	2,973	3,185	212	7%
Computer Software	193	100	(93)	-48%
Computer Hardware	697	497	(200)	-29%
	87,013	107,866	20,853	24%

The major change to capital assets is for Carson Elementary School which has increased Buildings by \$19.8 million. The District invested \$24.4 million in capital additions. Funding for these additions came from the MECC and New Child Care Spaces.

Ministry of Education and Child Care	\$ (000s)
Carson Elementary School Replacement	19,810
Bouchie Lake Exterior Envelope	1,490
Quesnel Junior School Replacement	925
Bus Replacement	750
Riverview Playground	195
Parkland Exterior upgrades	400
Various Roofing upgrades	175
General Facility upgrades	639
Total	24,384

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Office of the Secretary Treasurer at 250-992-8802.