



MANAGEMENT DISCUSSION & ANALYSIS REPORT

FOR THE YEAR ENDED, JUNE 30, 2025

2024-2025 MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (MD&A) highlights the operating results of the School District No. 36 (Surrey) for the year ended June 30, 2025. This MD&A should be read in conjunction with the audited financial statements and related notes for the year ended June 30, 2025.

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Board of Education

Surrey Schools (School District No. 36) Board of Education is comprised of elected trustees charged with the governance of the school district including establishing goals, policies, approving the annual budget and yearend financial statements. They are accountable to the provincial government and represent the school district in the communities of Surrey and White Rock. There are currently seven elected trustees.

The Board of Education trustees hold multifaceted roles and carry out many crucial duties, most notably to ensure quality learning opportunities for all students. The Board's responsibilities entail overseeing educational, operational, and ministerial aspects of the District. They advocate for enhanced government funding to meet educational, operational, and capital requirements, as well as promote District initiatives, services and achievements of students and staff.

The Board is committed to prudent use of public funds and fully embraces financial accountability and transparency in support of the District's educational mandate.



Figure 2

GUIDING PRINCIPLES

The Board of Education budget decisions for the 2024-2025 fiscal year were focused on supporting the District's Vision and Guiding Principles as identified in the District's Learning by Design, Long-Range Facilities, and Education plans.

We realize our vision through:

- ***Supporting the design of engaging learning environments for all students.***
- ***Creating operational efficiencies that prioritize resources to directly support learning.***
- ***Building relationships with community partners to broaden opportunities for students.***
- ***Advocating for necessary facilities and resources.***
- ***Supporting schools and workplaces that are safe and caring for all.***

Source: [Board Overview \(surreyschools.ca\)](https://surreyschools.ca)

STRATEGIC PLAN 2023 – 2028

OUR VISION: LEARNING BY DESIGN

“We prepare our learners to think creatively and critically, communicate skillfully, and demonstrate care for self and others.”

The Board works in partnership with staff, students, parents, and the community to support the District’s vision. The transformation of public education finds expression in the District’s Vision called *Learning by Design* which is to prepare our learners to think creatively and critically, communicate skillfully, and demonstrate care for self and others. This comprehensive Vision not only encapsulates our core values and beliefs, with a strong emphasis on fostering effective learning and engagement but also underscores our unwavering commitment to the principles of truth and reconciliation.

The 2023 – 2028 Surrey Schools Strategic Plan has been prepared in alignment with the B.C Ministry of Education and Child Care’s Framework for Enhancing Student Learning and outlines the steps that we are taking to fulfill the District’s Vision.



Our strategic plan offers an insightful glimpse into each area of inquiry, complete with direct links to our Enhancing Student Learning Report. This report serves as a comprehensive resource which provides the evidence to inform and drive how our district vision becomes a reality.

To ensure accountability and transparency, we continually ask ourselves three fundamental questions:

- 1.) How are we doing?
- 2.) How do we know?
- 3.) How does our evidence inform and shape our practice?

The inquiry process is used both at the district level and by individual schools, channeled through their Student Learning Plans, to actualize our District’s Vision. Each of our priority areas of inquiry is reinforced by a wealth of evidence, contextual understanding, and information.

2024-2025 FINANCIAL CONTEXT & SUMMARY

Fund Types

The District's financial statements are reported as a consolidation of three types of funds: Operating, Special Purpose, and Capital, described below. Using different fund types allows the District to clearly track and report on different types of organizational activities, such as day-to-day operations, managing specific initiatives, or building capital projects.

1.) Operating Funds

- a. Operating funds are used to support day-to-day District operational activities, e.g., instructional programs, schools, district administration, maintenance of facilities and transportation.
- b. A balanced operating fund budget is when operating expenditures equals revenues.

2.) Special Purpose Funds (SPFs)

- a. SPFs are funds provided by a funder/donor for the sole purpose of carrying out a specific function or initiative. Some examples include: the Feeding Futures program, scholarships, and specific Ministry funded initiatives such as the annual facility grant, classroom enhancement funds, etc.
- b. For SPFs, revenues should equal SPF related expenditures.

3.) Capital Funds

- a. Capital funds are provided by the Ministry for capital projects (e.g., construction of new schools or school expansions, land purchases) – generally speaking, capital assets have a useful life of greater than a single year.
- b. Capital funds can be transferred from the District's operating fund for capital purchases such as furniture, equipment, and machinery, not funded directly by the Ministry.
- c. Capital funds, however, cannot be transferred to the District's operating fund.
- d. For capital funds, revenues should exceed capital expenditures but variations in the capital fund's balance often arise due to the timing of revenue recognition. Any surplus or deficit in the capital fund does not have an impact on the District's operating fund but will be captured in the consolidated accumulated surplus/deficit balance.

Current State

As at June 30, 2025, the District's Consolidated Statement of Operations depicts a total surplus of \$68.0 million, broken down by fund as follows:

	OPERATING FUND	SPECIAL PURPOSE FUND	CAPITAL FUND	CONSOLIDATED
June 30, 2024, Accumulated Surplus Balance	\$9,718,310	\$800,000	\$590,943,789	\$601,462,099
2024-25 Net Surplus/(Deficit)	\$23,382,666	\$5,015	\$44,653,191	\$68,040,872
June 30, 2025, Accumulated Surplus Balance	\$33,100,976	\$805,015	\$635,596,980	\$669,502,971

Table 1

Accumulated Operating Surplus & Budget Contingency

After three consecutive years of challenging budget development, the District is pleased to report a significant improvement in its financial position, achieving a \$23.4 million surplus in the 2024–25 fiscal year operating fund. This marks a major turnaround from the structural deficits experienced in recent years and reflects the District’s ongoing commitment to long-term financial sustainability and the responsible stewardship of public funds.

As a result of this surplus, the District’s accumulated operating fund balance has grown to approximately 3.4% of total operating revenues. This aligns with budget best practices and the Ministry of Education’s Accumulated Operating Surplus Policy, providing a prudent reserve to manage unforeseen circumstances without compromising educational or operational services.

This financial recovery was driven by a series of deliberate and strategic budget decisions aimed at aligning annual operating expenses and revenues with key actions taken by the Board that included:

- **Optimizing Teaching Staff**
- **Elimination of Portable Moves**
- **Reduction in Transportation Costs**

The above measures created a critical financial buffer that also allows the District to respond to unexpected events – such as enrolment fluctuations, inflationary pressures, provincial debt potentially impacting government services funding, impact of tariffs via the current economic and political uncertainty between Canada and the United States, or emergency expenditures – without compromising the delivery of educational or operational services.

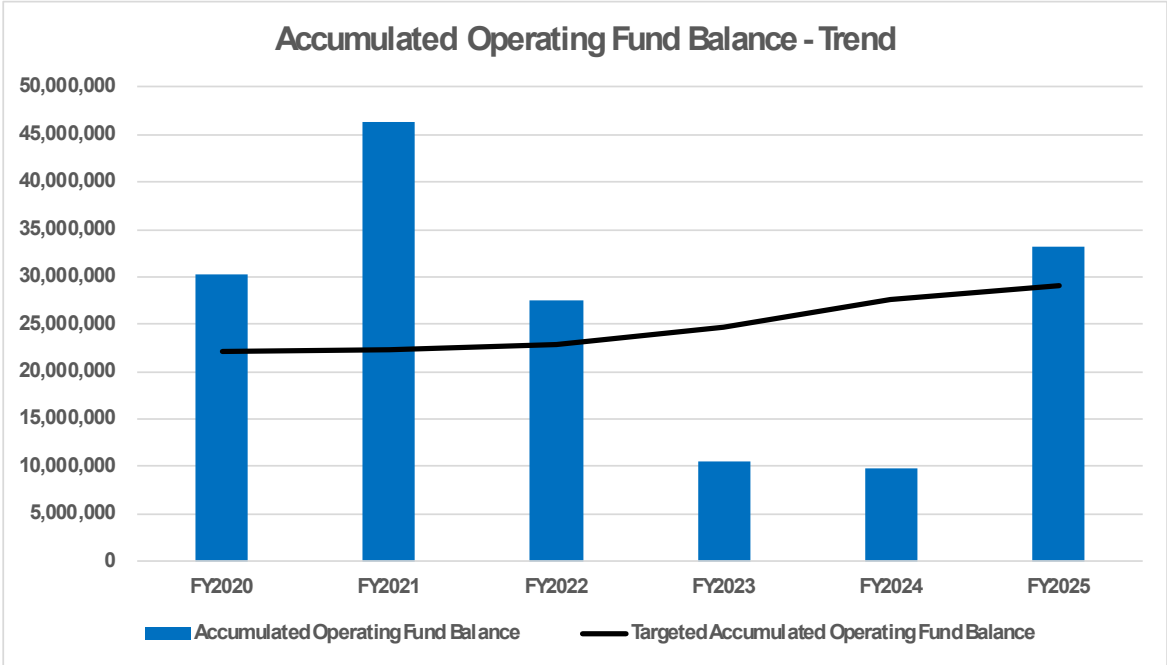


Figure 3

Although these strategic decisions have enabled the District to rebuild its accumulated operating fund balance from approximately 1% in prior years to the current 3.4% level, it’s important to recognize that this stability exists within a dynamic landscape. Several significant cost pressures remain – including rising operational expenses, evolving student needs, and infrastructure requirements – that will need to be addressed thoughtfully and proactively. The following discussion outlines key areas of continued budget pressures:

Student Enrollment & Organizational Capacity

The District continues to experience significant growth, increasing from approximately 73,000 to 81,000 full time equivalent students from 2021 to 2025. In terms of the required learning space, an increase of approximately 2,000 students per year (over four years) would require adding one secondary and one elementary school each year.

The District has consistently anticipated this expansion through its annual enrollment projections and submissions to the Ministry of Education and Childcare under its 5-year capital planning framework. Despite these efforts, capital funding approvals have averaged less than 10% of the requested amounts. Furthermore, once funding is secured, the process of constructing a new school typically spans about five years, underscoring the importance of timely approvals and proactive planning to keep pace with student needs.

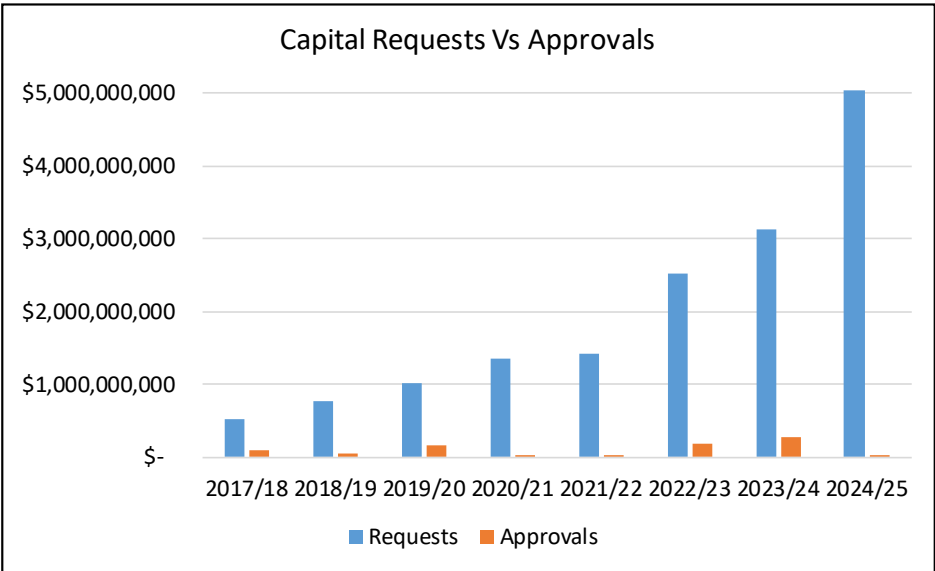


Figure 4

Ongoing provincial capital funding constraints continue to place significant pressure on the District's infrastructure and operating budget, contributing to notable capacity challenges across schools. To help mitigate the impact of enrollment growth, the District implemented alternative educational strategies such as extended day programs at specific schools and the introduction of modular classrooms—both of which offer adaptable, cost-effective solutions to maximize available learning spaces.

For fiscal 2026, the District will continue exploring alternative educational strategies, such as a balanced calendar approach to the academic year, and hybrid learning models, to minimize the impact of enrollment growth. By pursuing these measures, the District remains committed to providing quality learning environments while advocating for adequate capital funding support from the Ministry of Education and Childcare.

A further complication of the school capacity challenge is that this has also led to a decreased ability for the District to enhance its international revenue source, one of the few options available to the District to increase revenue.

Future student projections forecast that enrollment will reach over 84,000 by 2028 which will further strain the District’s capacity due to the lack of timely and adequate capital funding. Conversely, international enrollment is expected to remain relatively consistent at 750 students, due to limited classroom space capacity and geopolitical uncertainty.

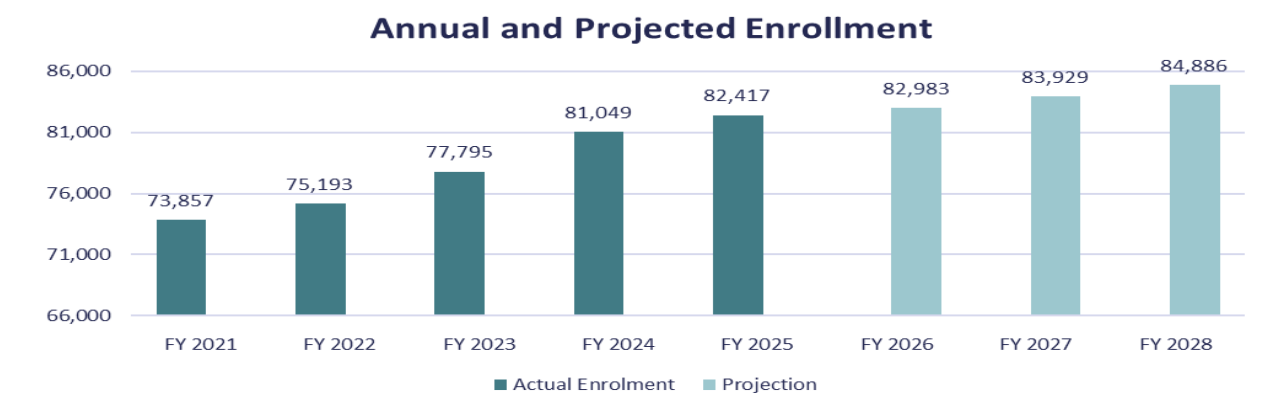


Figure 5

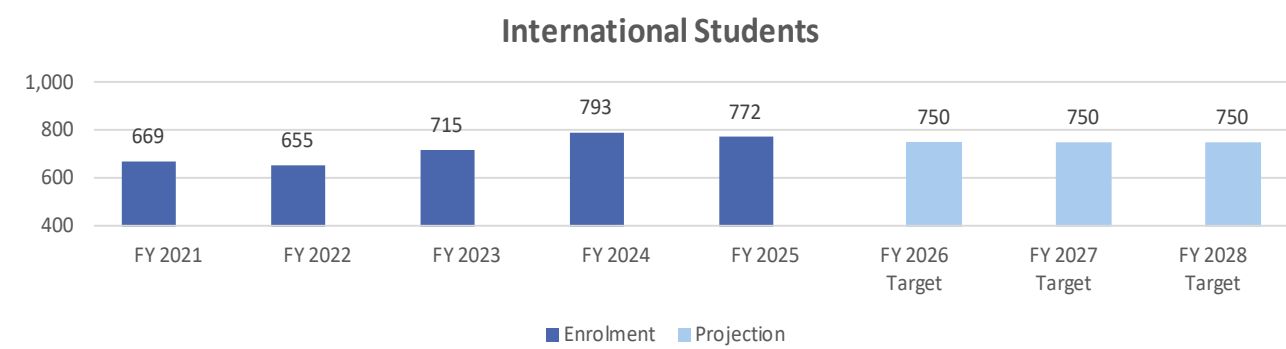


Figure 6

Labour Related Budget Pressures

In 2024-2025, the District employed close to 13,000 people. This includes over 7,700 full time equivalent positions, ranging from instructional and classroom support to school buildings and grounds maintenance. Labour costs represent the largest operating expense for the District, consuming approximately 90% of operating revenues. Teachers make up a significant portion of the labour force and total operating expenses, accounting for 54.3% of our budgeted full-time equivalent labour force. A complete breakdown of the District’s 2024-25 budgeted operating labour force is outlined below.

% OF TOTAL 2024-25 BUDGETED FTE

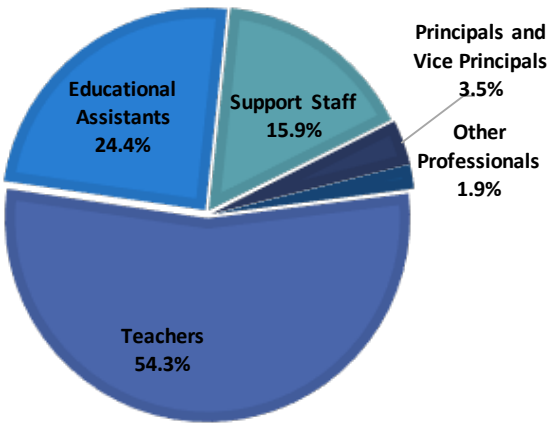


Figure 7

Non-ratioed Teacher Positions

The total number of teaching positions includes non-ratioed roles—positions not determined by student enrollment under the collective agreement. These roles, along with any negotiated salary and benefit increases, are not directly funded by the Ministry and must be fully supported through the District’s operating budget.

In light of ongoing funding constraints and labour shortages, the District took steps in fiscal 2025 to reassign several non-enrolling teachers back into classroom roles. This realignment has enhanced both student learning and staffing efficiency, although some of these positions remain in place.

Substitutes

Substitute staffing costs have increased significantly over the past four years, rising from approximately \$19.8 million in 2021 to \$41.9 million in 2025—an increase of 112%. This growth reflects a combination of factors, including changes in employee leave patterns that emerged during the global pandemic, as well as the District’s operational practice of utilizing replacement staff to cover both short-term/long-term absenteeism and unfilled vacancies. These costs have been fully absorbed by the District’s operating budget.

The District will continue to review these expenditures as part of its broader commitment to financial sustainability and effective workforce planning. This includes exploring strategies such as enhanced attendance support, refining the replacement staffing process, and reviewing the overall utilization of Teacher Teaching on Call (TTOC) staff. These efforts aim to ensure that substitute staffing practices remain both educationally responsive and fiscally responsible.

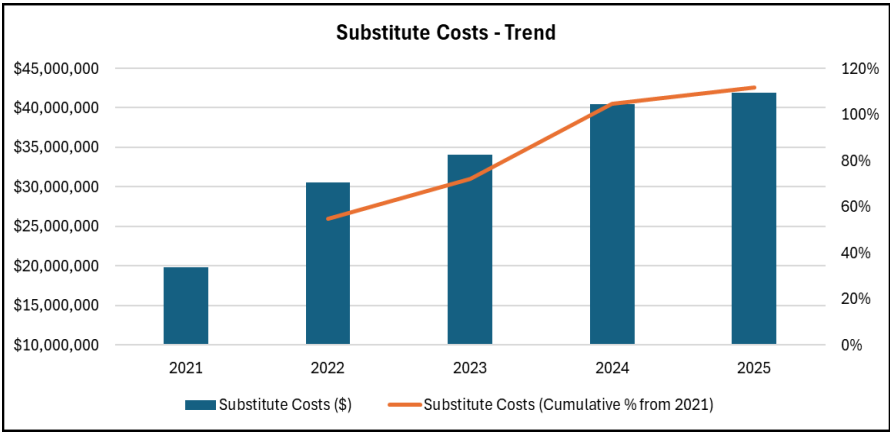


Figure 8

Special Education

The number of students with special needs continues to rise, with enrollment projected to reach approximately 6,100 by 2028. Under the current service delivery model, the District allocated approximately \$45 million from its operating budget – over and above the targeted special education funding provided by the Ministry. This additional investment represents 37% of the total Ministry allocation for special education to the Surrey School District.

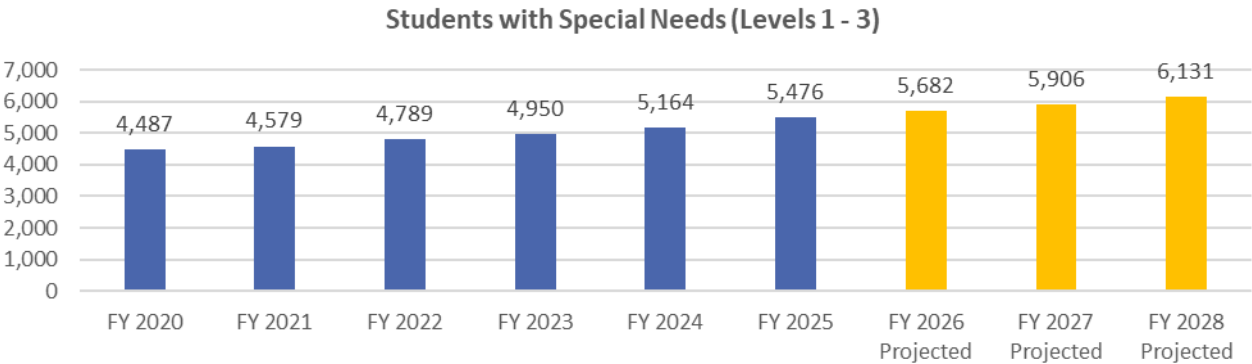


Figure 9

Non-educational Support

As the District continues to grow, resource constraints have become more pronounced, making it necessary to manage the budget more efficiently. The District’s budget methodology will continue to ensure alignment of resources with its strategic vision and priority practices, while also prioritizing key areas of its business operations and maintenance of its information technology systems. The following outlines the District’s allocation of budgeted full-time equivalent labour, subsequent to the September student snap shot, by employee category, over the past 6 years.

Budgeted FTE	FY 2020	FY 2021	FY 2022	FY 2023	FY2024	FY2025
Teachers	4,098	4,064	4,117	4,203	4,296	4,228
Educational Assistants	1,762	1,852	1,844	1,918	1,898	1,901
Support Staff	1,192	1,307	1,216	1,224	1,231	1,243
Principals and Vice Principals	254	260	261	264	270	272
Other Professionals	112	114	116	120	136	149
Total FTE	7,418	7,597	7,554	7,729	7,831	7,793

Table 2

Aging Infrastructure

The District continues to face significant challenges related to aging infrastructure—challenges that remain as pressing today as in previous years. Like many public sector organizations across British Columbia and beyond, the District is managing the growing demands of maintaining aging buildings, modernizing IT systems, and ensuring safe, efficient, and future-ready learning environments.

Despite the financial recovery experienced in fiscal 2024–25, which resulted in a \$23.4 million surplus, these infrastructure pressures persist and remain largely unfunded by external sources. As such, the burden of addressing these needs continues to fall on the District’s operating budget. Failure to appropriately maintain capital resources and/or upgrade or replace IT systems could impact the District’s ability to provide quality education, maintain operational efficiency, and ensure a safe environment for students, staff, and the community. The following areas remain key concerns:

Outdated Enterprise Resource Planning (ERP) System

Our existing ERP system was implemented in the 1980s and no longer adequately supports the educational and operational requirements, especially in consideration of the rapid growth of the District. For example, the ERP does not support effective data integration across IT platforms, resulting in inefficiencies, such as an increased manual workload for staff, and delays in accessing financial data for decision-making. This lack of integration also leads to decreased productivity, and increases maintenance costs each year due to frequent repairs and temporary fixes. The District continues to explore modern ERP solutions to support data-driven decision-making and operational efficiency.

Internet Redundancies

The District’s internet infrastructure continues to lack built-in redundancies—meaning there are no backup systems or alternative pathways in place to maintain connectivity when the primary connection goes down. Redundancy is a critical component of resilient infrastructure, designed to ensure that operations can continue smoothly even if part of the system goes down. Without it, any technical issue can result in complete service interruptions, causing unexpected outages that disrupt digital learning for students and hinder essential administrative tasks. These breakdowns not only compromise educational outcomes and productivity but also lead to increased costs from downtime and the urgent need for technical support to restore services.

Asset Refresh Process

The District lacks a systematic refresh process to maintain and upgrade its assets which includes everything from technological infrastructure to physical facilities, equipment, and machinery. Historically, the District has only been able to set aside approximately \$4.0 million of its operating funds to cover annual capital needs (e.g., technological, physical facilities, vehicles, equipment, and machinery); however, this is woefully insufficient compared to the maintenance and upgrades required for its assets on a periodic basis. Our transportation fleet is also aging, with many vehicles beyond their optimal service life. Similarly, the result is higher maintenance costs and increased safety risk in the absence of adequate budgetary funds.

Overall, the reliance on outdated assets leads to frequent breakdowns, increased maintenance costs, and service delivery inefficiencies. The historically limited budget available for a dedicated asset refresh process has restricted the District's ability to invest in new technologies that can enhance educational outcomes and improve operational efficiency. This can result in the District falling behind in providing students with the modern learning environments they need to succeed.

Aging Physical Infrastructure

The District is facing challenges with its aging physical infrastructure. The annual student growth noted above has placed additional strain on the District's building and facilities. This growth has naturally led to accelerated wear and tear on the existing physical infrastructure. Despite this, the District received \$15.1 million, representing approximately 1% of its total building costs, to maintain and upgrade its schools. This is an insufficient allocation of capital funds to carry out building upgrades, replacement of building components (e.g. walls, roofs, plumbing, etc.), lowering operating costs, and extending the life cycle of buildings that represent a total cost of \$1.6 billion.

As the District's physical infrastructure continue to age, the need for more substantial investment becomes increasingly urgent. Without adequate capital funding, there is a risk of compromising the safety, efficiency, and functionality of schools. The District continues to advocate for more robust capital funding to address these critical needs.

Inflationary Impact

The District's primary source of revenue, being the Ministry of Education and Childcare operating grants, only reflects funding for labour settlements for teachers and support staff, wage lifts for non-unionized exempt staff, and student enrollments; no additional funding for inflation or other factors is provided.

Forward Looking

Balanced Calendar / Tri-semester

The Board of Education has initiated a preliminary exploration of alternative calendar and scheduling models, including the balanced calendar and tri-semester options. This work will involve a comprehensive cost analysis and assessments of potential impacts on students, staff, and school operations. These models are considered as part of a broader, long-term strategy to address ongoing enrolment pressures.

To date, the District has implemented extended day schedules and is in the process of introducing hybrid learning models to maximize existing space and instructional capacity. While these measures are helping to alleviate immediate pressures, further options—such as a balanced calendar—may be explored in the future, once current strategies have been fully implemented and evaluated. Any consideration of such changes would be subject to extensive consultation with students, families, staff, and the broader community, and would be several years away.

In parallel, the Board continues to advocate strongly for new school construction and additions with the Province, while also seeking practical, short-term solutions to manage enrolment growth across the District. These efforts reflect the Board's ongoing commitment to ensuring all students have access to safe, supportive, and high-quality learning environments.

New Enterprise Resource Planning System (ERP)

The process of implementing a new ERP system is currently underway. The new system will streamline financial processes, improve data accuracy, and provide timely financial information to the District's leadership team. This technological investment will also improve the District's ability to manage budgets effectively and enhance its decision-making process.

Through these efforts, the District aims to maintain fiscal responsibility and achieve long-term financial stability, while fostering an environment that supports educational excellence.

Budget Methodology

The budget development process will continue to be designed to ensure that annual expenditures do not exceed annual revenues. This alignment will help maintain financial balance and prevent structural deficits, fostering long-term sustainability. Budget allocations will prioritize initiatives that align with the District's strategic vision and priority practices that are directly funded by the Ministry. Robust risk assessments will also be integrated to identify areas requiring additional focus, ensuring resources are directed towards the most impactful areas.

Targeted Accumulated Operating Surplus & Budget Contingency

While the District successfully achieved its target of a 3% accumulated operating surplus by the end of fiscal 2025, the 2026 budget does not currently include an in-year contingency. The absence of such a contingency limits the District's flexibility to respond to emerging needs or unforeseen risks without placing pressure on core educational and operational priorities.

To support long-term financial sustainability, the District will incorporate a contingency allocation within the annual budget development process. This contingency will be embedded within planned expenditures and serve as a proactive measure to maintain the accumulated operating surplus at an optimal level. As the reserve balance stabilizes, contingency funds may be strategically deployed throughout the fiscal year to address evolving District priorities and emergent needs.

This approach ensures that the District can remain responsive and resilient—supporting students, staff, and schools—without compromising the delivery of high-quality education. In this way, the District continues to reinvest in the system meaningfully, ensuring that financial stewardship directly supports classroom success.

Strategic Allocation of Staff Resources

Building on the work initiated in the previous year, the District will continue its efforts in 2026 to strategically reallocate non-enrolling (non-ratioed) teaching positions into classroom roles. These positions, which are not directly tied to student enrolment or funded through the Ministry's per-student allocation, represent an opportunity to meet growing enrolment demands using existing certified staff. This approach supports the District's dual objective of maintaining high-quality instruction while managing financial sustainability.

Labour Relations and Collective Bargaining

The collective agreements for both the Canadian Union of Public Employees (CUPE) and the Surrey Teachers' Association (STA) expired in June 2025. While the District has maintained a strong and respectful working relationship with its local union partners, the broader provincial bargaining process, particularly with the BC Teachers' Federation (BCTF), remains a key area of attention, as it is coordinated at the provincial level and largely outside of local control.

Despite these complexities, the District continues to engage in respectful and constructive dialogue with its union partners, with a shared focus on student achievement, professional growth, and system-wide success. This collaborative approach has contributed to positive outcomes at the local level, including the successful conclusion of local teacher bargaining component of the broader collective agreement.

Looking ahead, the District remains committed to fostering strong relationships with its employee groups and supporting a stable, respectful, and productive labour environment that prioritizes the needs of students and staff alike.

BUDGET AND FINANCIAL PLANNING CYCLE

The Board’s vision and goals and strategic priorities drive budget decisions and operational plans. The Board’s Finance Committee began its deliberations in November 2023 and held several meetings in subsequent months focused on preparing and presenting the 2024-2025 budget to the Board of Education for approval at the May 8, 2024, Regular Public Board Meeting.

The expected student enrolment was submitted to the Ministry of Education and Childcare in mid-February 2024 for the upcoming year. The operating grant funding was based on these enrolment projections and announced by the Ministry of Education and Childcare in March of 2024. Student enrolment projections were used to estimate staffing and resource requirements.

Typically, the Ministry of Education and Childcare announces the amended operating grant to be allotted to school districts in December which is based on the actual September confirmed funded student enrolment for the applicable fiscal year, and a quarter two forecast is then prepared by the District. For fiscal 2025, this quarter two forecast was adopted by the Board on February 12, 2025, as the “Amended Annual Budget” which is a ministerial reporting requirement that serves as a forecasting tool of District operations toward the fiscal year end.

Moving forward, the District’s future budget development processes will continue to align annual expenditures to annual revenues, without the appropriation of prior year reserves to balance the budget. This approach supports a stable accumulated operating surplus balance and ensures flexibility to respond to emerging needs without compromising educational or operational priorities.

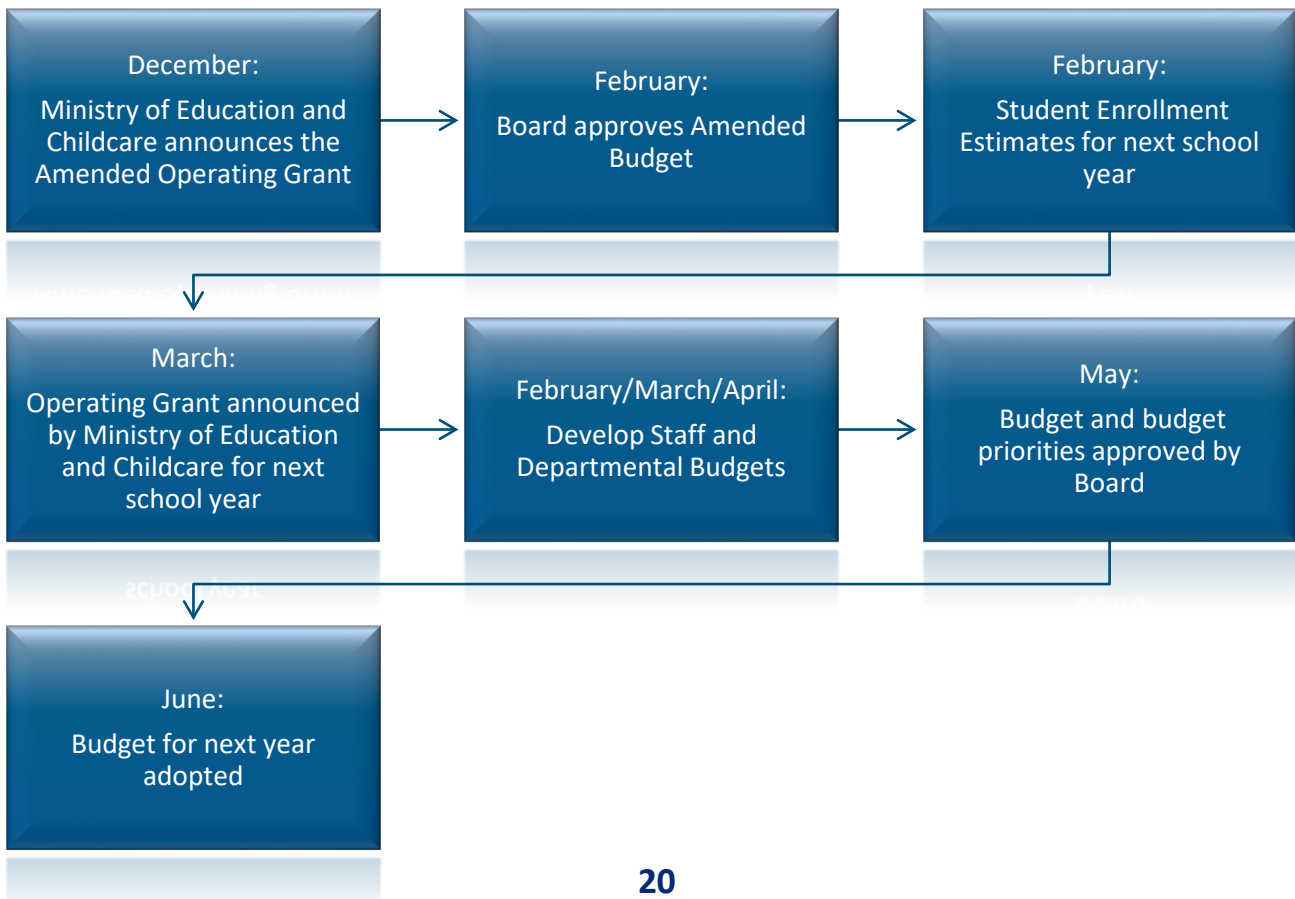


Figure 10

FINANCIAL STATEMENT OVERVIEW

The District's financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulation 198/2011 issued by the Province of British Columbia Treasury Board. This Section requires that financial statements be prepared in accordance with Canadian public sector accounting standards with some exceptions as reported in Note 2 of the financial statements. These exceptions refer to the accounting treatment of recognizing deferred revenue and deferred capital revenue of government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. Whereas Canadian public sector accounting standards (PSAS) would require such transfers be recognized as revenue at the time of acquisition of capital assets. The financial difference on the Statement of Financial Position and Statement of Operations are noted in the table below.

	As Presented	Adjustments	PSAS
Statement of Financial Position - Statement 1			
Total Financial Assets	\$208,567,464		\$208,567,464
Total Liabilities	1,117,194,103	(904,456,634)	212,737,469
Net Financial Assets (Net Debt)	(\$908,626,639)	\$904,456,634	(\$4,170,005)
Total Non-Financial Assets	1,578,551,068		1,578,551,068
Accumulated Surplus (Deficit)	\$669,924,429	\$904,456,634	\$1,574,381,063
Statement of Operations - Statement 2			
Accumulated Surplus (Deficit) from Operations, beginning of year	\$601,462,099	847,938,266	\$1,449,400,365
Surplus (Deficit) for the year	68,040,872	56,518,368	124,559,240
Accumulated Surplus (Deficit) from Operations, end of year	\$669,502,971	\$904,456,634	\$1,573,959,605

Table 3

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position presents the financial position of the school district by reporting the amounts of assets, liabilities, net assets, and accumulated surplus as of June 30th of each year.

The following table provides a comparative analysis of the District's Net Financial position for the fiscal years ending June 30, 2025, and June 2024. The variances are explained below:

	June 30, 2025	June 30, 2024	Variance	% Change
Financial Assets				
Cash and Cash Equivalents	\$149,649,397	\$152,952,487	(\$3,303,090)	(2.16%)
Accounts Receivable:				
Due from Province - Ministry of Education	16,774,555	5,859,976	10,914,579	186.26%
Due from Province - Other	764,792	69,760	695,032	996.32%
Due from First Nations	132,666	-	132,666	
Other	9,284,487	12,406,297	(3,121,810)	(25.16%)
Portfolio Investments	31,961,567	36,233,545	(4,271,978)	(11.79%)
Total Financial Assets	\$208,567,464	\$207,522,065	\$1,045,399	0.50%
Liabilities				
Accounts Payable and Accrued Liabilities:				
Due to Province - Ministry of Education				
Other	\$17,619,236	\$20,739,390	(\$3,120,154)	(15.04%)
Unearned Revenue	\$10,819,140	13,138,406	(2,319,266)	(17.65%)
Deferred Revenue	\$14,763,039	15,001,047	(238,008)	(1.59%)
Deferred Capital Revenue	\$907,417,498	873,624,656	33,792,842	3.87%
Employee Future Benefits	\$11,220,662	11,572,076	(351,414)	(3.04%)
Other Current Liabilities	\$98,390,081	92,141,064	6,249,017	6.78%
Asset Retirement Obligation	\$56,964,447	57,142,905	(178,458)	(0.31%)
Total Liabilities	\$1,117,194,103	\$1,083,359,544	\$33,834,559	3.12%
Net Financial Assets (Debt)	(\$908,626,639)	(\$875,837,479)	(\$32,789,160)	3.74%
Non-Financial Assets				
Tangible Capital Assets	\$1,575,078,028	\$1,472,314,595	\$102,763,433	6.98%
Restricted Assets (Endowments)	805,015	800,000	5,015	0.63%
Prepaid Expenses	2,668,025	4,202,524	(1,534,499)	(36.51%)
Total Non-Financial Assets	\$1,578,551,068	\$1,477,317,119	\$101,233,949	6.85%
Accumulated Surplus (Deficit)	\$669,924,429	\$601,479,640	\$68,444,789	11.38%

Table 4

Cash & Investments Summary

Cash and investments as of June 30, 2025, are summarized as follows:

Cash Position	June 30, 2025	June 30, 2024	Variance
Bank Deposits	\$149,649,397	\$137,998,778	\$11,650,619
Central Deposit - Ministry of Finance	0	14,953,709	(14,953,709)
Total Cash and cash equivalents	\$149,649,397	\$152,952,487	(\$3,303,090)
Investments	\$31,961,567	\$36,233,545	(4,271,978)
Total Cash & Investment Assets	\$181,610,964	\$189,186,032	(\$7,575,068)

Table 5

As at June 30, 2025, the District's cash reserves were held in both the Operating bank account and individual school bank accounts. The reported decrease of \$3.3 million in cash and cash equivalents primarily reflects the timing of disbursements related to District operations.

The reduction in investments is attributable to the maturity of approximately \$10 million in Guaranteed Investment Certificates (GICs) as at June 30, 2025. Of this amount, approximately \$5 million was reinvested, while the remaining balance was allocated to cash to support operational needs.

The elevated cash balance as at June 30, 2025, is a result of timing differences. The District anticipates settling current liabilities early in the new fiscal year, totaling approximately \$115 million, comprising \$17.6 million in accounts payable and \$98 million in other current liabilities.

Accounts Receivable

Accounts Receivable is made up of three categories: Due from Province-Ministry of Education and Childcare, Due from First Nations and Other. The year-over-year increase in the Due from Province – Ministry of Education and Childcare relates primarily to the timing of funding received from the province for funded capital projects and the classroom enhancement remedies program. The amounts that are receivable from Other are predominantly attributable to the timing of Goods and Services Tax (GST) rebates from the Federal Government, as well as School Site Acquisition Charges due from the City of White Rock and Surrey and security deposits held by both cities for construction purposes.

Accounts Payable and Accrued Liabilities

The year-over-year decrease in accounts payable and accrued liabilities of \$3.1 million is primarily due to lower accruals related to construction payments for capital projects and the timing of invoice payments.

Unearned Revenues

Unearned Revenues includes tuition fees received for courses to be delivered in future periods and receipt of proceeds for services or products to be delivered in a future period. The decrease of \$2.3 million in Unearned Revenues from the previous year (\$10.8 million at June 30, 2025, vs \$13.1 million at June 30, 2024) is due to decrease in deposits for 2025-2026 International Student fees; overall projected international enrollment is anticipated to decline in the next fiscal year.

2024-2025 MANAGEMENT DISCUSSION AND ANALYSIS

Unearned Revenue	June 30, 2024	Increase to Unearned Revenue	Revenue Recognized in the Period	June 30, 2025
Tuition Fees	\$12,692,136	\$11,610,379	(\$14,031,114)	\$10,271,401
Rental/Lease of Facilities	446,270	5,828,845	(5,727,376)	547,739
Total Unearned Revenue	\$13,138,406	\$17,439,224	(\$19,758,490)	\$10,819,140

Table 6

Deferred Revenues

Deferred Revenues represent special purpose fund balances, including unspent school generated funds. These amounts will be recognized as revenue and spent in future years as the expenses are incurred. The year-over-year change represents a decrease of approximately \$0.2 million, due to increased spending of District special purpose funds in 2024-25, e.g., Feeding Futures & Student and Family Affordability, relative to receipt of new funding.

Deferred Revenues	June 30, 2024	Increase to Unearned Revenue	Revenue Recognized in the Period	June 30, 2025
Provincial Grants - Ministry of Education	\$5,453,095	\$115,071,915	(\$114,654,859)	\$5,870,151
Provincial Grants - Other	715,786	727,106	(812,141)	630,751
Federal Grants	64,796	12,500	(61,168)	16,128
Other Revenue	8,725,527	21,201,736	(21,699,879)	8,227,384
Investment Income	41,843	64,892	(88,110)	18,625
Total Deferred Revenues	\$15,001,047	\$137,078,149	(\$137,316,157)	\$14,763,039

Table 7

Deferred Capital Revenues

These revenues relate to funds received in support of capital projects. The change in the Deferred Capital Revenue account is shown in the table below:

Deferred Capital Revenues	June 30, 2025	June 30, 2024	Change
Deferred Capital Revenue – Opening Balance	\$873,624,656	\$814,826,259	\$58,798,397
Additions – Funding Received in respect of Capital Projects	117,073,262	138,873,654	(21,800,392)
Current year transfers to revenue (site purchases) and amortization of Deferred Capital Revenue	(83,280,420)	(80,075,257)	(3,205,163)
Closing Deferred Capital Revenue Balance	\$907,417,498	\$873,624,656	\$33,792,842

Table 8

The closing Deferred Capital Revenue balance includes Work in Progress. The Work in Progress amount as of June 30, 2025, was \$71,303,206 (June 30, 2024: \$48,377,104).

Employee Future Benefits

This liability measures the estimated future costs to the district to provide employee benefits such as retirement allowances, sick pay, and death benefits.

Other Current Liabilities

Other Current Liabilities include Salaries and Benefits Payable, Accrued Vacation Payable and Teachers deferring a portion of their payroll to be paid over the July and August period. The increase of \$6.2 million over the previous year is primarily attributable to (1) an increase in classroom enhancement related remedy minutes in 2025 vs. 2024, (2) teacher lost preparation time increase year-over-year, (3) teachers deferring portion of their payroll over July & August – all of which are accrued at a higher rate than prior year due to collective agreement related wage increases in 2024-2025, and (4) WorkSafe payable increase as a result of higher rates vs. prior year.

Asset Retirement Obligation

Asset retirement obligations (“ARO”) are defined as costs expected to be incurred as a result of the retirement or disposal of a tangible capital asset (“TCA”). This new accounting standard, implemented by the District in fiscal 2022-23, stipulates that a liability must be recognized on the statement of financial position when a legal obligation to incur retirement costs in the future exists. In fiscal 2024-25, the District’s ARO was modestly reduced to \$56.9 million as approximately \$0.2 million of abatement costs were realized during the demolition of the old Grandview Heights Elementary school site.

Tangible Capital Assets and Amortization Expense

The District has an active Capital Project Office and has many active school construction projects. These projects include the construction of new or replacement buildings, upgrades to existing buildings and seismic upgrades. The funds spent on buildings, furniture and equipment, vehicles, and computer hardware are capitalized as Tangible Capital Assets. The costs of these assets are recognized over their respective expected useful lives through recording of an Amortization Expense. Furniture and equipment, vehicles, and computer hardware are deemed to be disposed of at the end of their useful life.

The District’s Tangible Capital Asset balances are recorded in the schedule below:

2024-2025 MANAGEMENT DISCUSSION AND ANALYSIS

	Land/Sites	Building	Furniture and Equipment	Vehicles	Computer Hardware	Work in Progress (WIP)	2025 Total
Cost							
Beginning of year	\$448,261,288	\$1,654,693,292	\$77,144,241	\$10,479,546	\$14,408,746	\$50,707,535	2,255,694,648
Additions	45,094,224	45,942,131	10,435,067	1,109,161	3,670,770	47,719,260	153,970,613
Disposals	-	(1,087,803)	-	-	-	-	(1,087,803)
Deemed Disposals	-	-	(2,401,512)	(599,588)	(3,545,321)	-	(6,546,421)
Transfer from / (to) WIP	-	21,872,069	-	-	-	(21,872,069)	-
Cost, end of year	\$493,355,512	\$1,721,419,689	\$85,177,796	\$10,989,119	\$14,534,195	\$76,554,726	\$2,402,031,037
Accumulated Amortization							
Beginning Balance	-	\$737,447,189	\$31,969,015	\$5,701,252	\$8,262,597	-	\$783,380,053
Amortization	-	39,123,352	8,116,101	1,073,433	2,894,294	-	\$51,207,180
Disposals	-	(1,087,803)	-	-	-	-	(\$1,087,803)
Deemed Disposals	-	-	(2,401,512)	(599,588)	(3,545,321)	-	(\$6,546,421)
Accumulated Amortization - Closing	-	\$775,482,738	\$37,683,604	\$6,175,097	\$7,611,570	-	\$826,953,009
Tangible Capital Assets - Net Book Value	\$493,355,512	\$945,936,951	\$47,494,192	\$4,814,022	\$6,922,625	\$76,554,726	\$1,575,078,028

Table 9

Prepaid Expenses

Prepaid expenses include materials and supplies held in Central Stores for use within the District, systems/license renewals, and prepayments of other operational services. The year-over-year decrease of \$1.5 million is due to a vendor pre-paid deposit made for the acquisition of prefabricated modulars at District sites during prior fiscal year 2023-24, all of which was applied to expenditures incurred in 2024-25 and subsequently amortized.

Accumulated Fund Balance (Reserves)

Board Policy 4010.1: Target Operating Surplus: Operating Fund Balance, outlines the objective of maintaining a reasonable operating fund balance, in accordance with the Ministry of Education and Childcare's financial health best practices for school districts model. Every entity requires some level of fund balance for cashflow purposes and to respond to unknown/emergent events. The amount that an operating fund balance can be retained is dependent on each district's unique set of circumstances.

For the fiscal year end of June 30, 2025, the net increase to the operating fund balance for the year was \$23.4 million, resulting in an ending total accumulated operating fund balance of \$33.1 million.

While the District's accumulated operating surplus has grown from approximately 1% in previous years to its current level of 3.4%, a testament to the effectiveness of recent strategic decisions, this financial position must be viewed within the context of ongoing challenges. The District continues to face considerable cost pressures, including escalating operational costs, shifting student needs, and critical infrastructure demands. Sustaining this surplus will require continued diligence, adaptability, and forward-thinking financial planning. Risks identified for 2025-2026 continue to consist of:

2024-2025 MANAGEMENT DISCUSSION AND ANALYSIS

- Financial sustainability
- Workforce capacity
- Capital projects financing
- Technology requirements and modernization of business systems
- Cyber Security
- Inflation and cost pressures, including supply chain issues and government policy changes

	Operating Fund	Special Purpose Fund	Capital Fund	June 30, 2025	June 30, 2024
Accumulated Fund Balance (Deficit), beginning of year	\$9,718,310	\$800,000	\$590,943,789	\$601,462,099	\$564,114,348
Prior Period Adjustments					
Changes for the year:					
Surplus (Deficit) for the year	32,209,657	2,796,229	33,034,986	68,040,872	37,347,751
Interfund transfers:					
Tangible Capital Assets Purchased	(5,097,110)	(2,791,214)	7,888,324	-	-
Local Capital	(3,729,881)		3,729,881	-	-
Other - Interfund Transfer ARO	-			-	-
Net Surplus (Deficit) for the year	\$23,382,666	\$5,015	\$44,653,191	\$68,040,872	\$37,347,751
Accumulated Fund Balance (Deficit), end of year	\$33,100,976	\$805,015	\$635,596,980	\$669,502,971	\$601,462,099

Table 10

The accumulated capital fund balance represents the total of “Investment in Capital Assets and Local Capital funds” from Schedule 4 of the supporting schedules to the financial statements. Details of Local Capital can be found in the Statement of Operations: Capital fund of this report.

Allocation of Accumulated Operating Fund Balance

Recommendations to the Board were provided to support the following internal restrictions upon Accumulated Operating Fund Balance. Of the \$33.1 million in the Accumulated Operating Fund Balance, \$20.8 million has been restricted for the purposes outlined below.

Accumulated Operating Fund Balance Detail	Amount
Addressing Outdated Enterprise Resource Planning System	\$16,000,000
Asset Refresh	3,000,000
Net School Operating Balance	826,353
Early Career Mentorship	214,035
Indigenous Learners Education Targeted Funds	635,787
Indigenous Education Council Targeted Funds	77,750
Education Assistance Training Funds	40,000
Unrestricted Fund Balance	12,307,051
Accumulated Operating Fund Balance, June 30, 2025	\$33,100,976

Table 11

STATEMENT OF OPERATIONS - CONSOLIDATED

The Statement of Operations summarizes an entity's revenues, expenses, and surplus (deficit) over the entire reporting period. The District's Statement of Operations is reported as a consolidation of the three funds: Operating, Special Purpose, and Capital. Each fund is reviewed separately.

	2025 Budget	2025 Actual	Variance to Budget	2024 Actual	Variance to 2024
Revenue:					
Provincial Grants - Ministry of Education	\$1,038,155,815	\$1,088,940,758	\$50,784,943	\$1,017,630,464	\$71,310,294
Provincial Grants - Other	755,190	1,185,921	430,731	1,181,579	4,342
Municipal Grants Spent on Sites	-	3,853,718	3,853,718	8,249,192	(4,395,474)
Federal Grants	4,127,891	4,458,879	330,988	3,967,229	491,650
Tuition	15,780,442	14,031,114	(1,749,328)	13,790,295	240,819
Other Revenue	24,598,270	27,843,170	3,244,900	25,769,913	2,073,257
Rentals And Leases	4,427,164	5,727,376	1,300,212	4,725,016	1,002,360
Investment Income	4,915,387	4,943,945	28,558	6,311,604	(1,367,659)
Gain (Loss) on Settlement of ARO	-	63,458	63,458	-	63,458
Amortization of Deferred Capital Revenues	35,659,844	38,071,196	2,411,352	36,032,846	2,038,350
Total Revenue	\$1,128,420,003	\$1,189,119,535	\$60,699,532	\$1,117,658,138	\$71,461,397
Expense:					
Instruction	\$959,341,560	\$946,747,549	(\$12,594,011)	\$904,246,108	\$42,501,441
District Administration	22,648,397	25,444,336	2,795,939	22,301,460	3,142,876
Operations & Maintenance	144,992,121	144,455,206	(536,915)	144,452,497	2,709
Transportation and Housing	5,332,630	4,436,587	(896,043)	9,310,322	(4,873,735)
Total Expense	\$1,132,314,708	\$1,121,083,678	(\$11,231,030)	\$1,080,310,387	\$40,773,291
Surplus (Deficit) for the year	(\$3,894,705)	\$68,035,857	\$71,930,562	\$37,347,751	\$30,688,106
Endowment Contributions	-	5,015	5,015	-	5,015
Surplus (Deficit) for the year	(\$3,894,705)	\$68,040,872	\$71,935,577	\$37,347,751	\$30,693,121

Table 12

STATEMENT OF OPERATIONS: OPERATING FUND

This statement reflects the day-to-day operations of the district. The following schedule compares the results for the period ending June 30, 2025, to the budget for the year and the prior year actual results.

	2025 Budget	2025 Actual	Variance to Budget	2024 Actual	Variance to 2024
Revenues:					
Provincial Grants - Ministry of Education	\$931,279,687	\$933,045,393	\$1,765,706	\$888,249,158	\$44,796,235
Provincial Grants - Other	388,800	373,780	(15,020)	388,800	(15,020)
Federal Grants	4,077,891	4,397,711	319,820	3,911,205	486,506
Tuition	15,780,442	14,031,114	(1,749,328)	13,790,295	240,819
Other Revenue	3,695,070	5,689,334	1,994,264	3,506,660	2,182,674
Rentals And Leases	4,319,464	5,618,825	1,299,361	4,611,176	1,007,648
Investment Income	4,395,387	4,405,055	9,668	5,364,635	(959,579)
Total Revenue	\$963,936,741	\$967,561,212	\$3,624,471	\$919,821,929	\$47,739,283
Expenses:					
Salaries					
Teachers	\$441,117,699	\$430,610,692	(\$10,507,007)	\$424,066,765	\$6,543,927
Principals and Vice-Principals	42,845,392	41,350,605	(1,494,787)	39,930,011	1,420,594
Educational Assistants	91,404,247	89,467,172	(1,937,075)	86,739,316	2,727,856
Support Staff	74,050,758	71,150,320	(2,900,438)	68,849,848	2,300,472
Other Professionals	18,679,776	18,079,324	(600,452)	15,622,000	2,457,324
Substitutes	39,116,770	41,885,576	2,768,806	40,489,182	1,396,394
Total Salaries	\$707,214,642	\$692,543,689	(\$14,670,953)	\$675,697,122	\$16,846,567
Employee Benefits	182,956,427	176,570,072	(6,386,355)	166,254,778	10,315,294
Total Salaries And Benefits	\$890,171,069	\$869,113,761	(\$21,057,308)	\$841,951,900	\$27,161,861
Services and Supplies:					
Services	\$20,746,775	\$21,147,599	\$400,824	\$26,768,709	(\$5,621,110)
Student Transportation	\$3,601,857	\$3,289,122	(312,735)	7,946,568	(4,657,446)
Professional Development and Travel	\$3,376,715	\$3,003,185	(373,530)	2,731,062	272,123
Rentals and Leases	\$1,121,571	\$932,981	(188,590)	1,029,988	(97,008)
Dues and Fees	\$1,401,012	\$1,453,220	52,208	1,431,738	21,482
Insurance	\$2,119,699	\$2,119,953	254	2,009,829	110,125
Supplies	\$22,582,467	\$22,043,432	(539,035)	21,129,912	913,520
Utilities	\$13,422,214	\$12,248,302	(1,173,912)	11,894,916	353,386
Total Services and Supplies	\$68,372,310	\$66,237,794	(\$2,134,516)	\$74,942,722	(\$8,704,928)
Total Operating Expense	\$958,543,379	\$935,351,555	(\$23,191,824)	\$916,894,622	\$18,456,933
Surplus (Deficit) for the year	\$5,393,362	\$32,209,657	\$26,816,295	\$2,927,307	\$29,282,351
Net Transfers to (from) other funds					
Capital Assets Purchased	(5,393,362)	(8,826,991)	(3,433,629)	(3,816,710)	(5,010,281)
Net Transfers to (from) other funds	(\$5,393,362)	(\$8,826,991)	(\$3,433,629)	(\$3,816,710)	(\$5,010,281)
Total Operating Surplus (Deficit), for the year	\$0	\$23,382,666	\$23,382,666	(\$889,403)	\$24,272,070

Table 13

Overview:

For the fiscal year 2024–2025, the District’s operations resulted in a surplus of \$23.4 million, marking a significant turnaround following three consecutive years of operating deficits that had cumulatively totaled approximately \$36 million. This positive result enabled the District to rebuild its accumulated operating surplus from \$9.7 million (1% of operating revenues) in 2023-24 to \$33.1 million (3.4% of operating revenues) at the end of 2024-25, aligning with budget best practices and Board Policy 4010.1: Target Operating Surplus. This policy is consistent with the Ministry of Education and Child Care’s financial health guidelines for school districts, which emphasize the importance of maintaining an adequate accumulated surplus to support long-term financial sustainability.

This recovery reflects the impact of strategic financial decisions and disciplined budget management. However, it is important to recognize that this improved financial position exists within a dynamic and challenging environment. Maintaining this momentum will require the District to continue aligning annual expenditures with revenues, optimizing resource allocations, and embedding contingency planning into future budgets. The discussion below provides further contextual analytics on the current year of operations:

Revenues:

The District receives 96.47% of its operating revenues from the Provincial Government with 3.53% received through tuition fees, other revenues, and some federal grants.

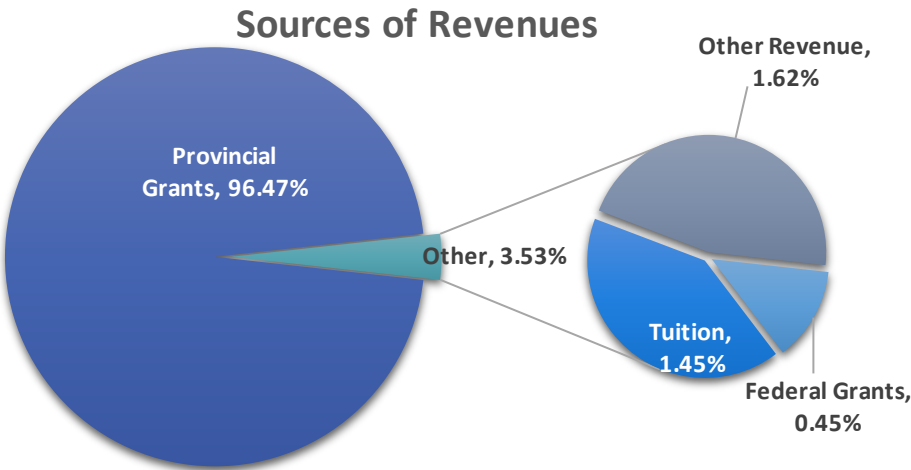


Figure 11

Analysis of Major Changes in Operating Revenue:

Revenue	Actual to Budget Comparison	2025 to 2024 Comparison
Provincial Grants (MOE and Other)	Operating grant revenue was slightly above budget for 2024-25, mainly due to slightly higher student enrollment in Feb and May, despite lower than budgeted numbers in September, along with small increases from labour settlement funding and teacher professional development support.	Year-over year increase results primarily from student growth and annual wage settlement increases per collective agreements.
Federal Grants	Grant funding increase due to amendments in existing federally funded Settlement Workers in Schools program.	Increased due to additional federal funds for Settlement Workers in Schools program.
Tuition Revenue	Tuition revenue fell short of budget expectations due to decreased actual international enrolment resulting from classroom capacity limitations.	No significant variance from prior year.
Other Revenue	Revenue exceeded budget mainly due to greater than anticipated revenues	Increased due to timing of Certificate of Recognition program

	generated from school teaching kitchen and filming events, along with the approval of prior year Certificate of Recognition incentive approved in 2025.	incentive payments via WorkSafe BC (i.e., 2024 incentive approve & paid in 2025).
Rentals and Leases	Revenue exceeded budget due to greater than anticipated rental activity at District facilities and Bell Centre.	Increased from prior year due to rental rate increases, coupled with an increase in the number of events booked vs. prior year.
Investment Income	In line with budget expectations.	Decreased from prior year due decreases in rates.

Table 14

Expenses:

Salaries Expenses

As a percentage of operating revenues, labour costs amounted to 89.83% versus 91.53% in the prior year.

As shown in the chart below, the bulk of the salaries paid by the District is for Teachers, followed by Educational Assistants, and then Support Staff.

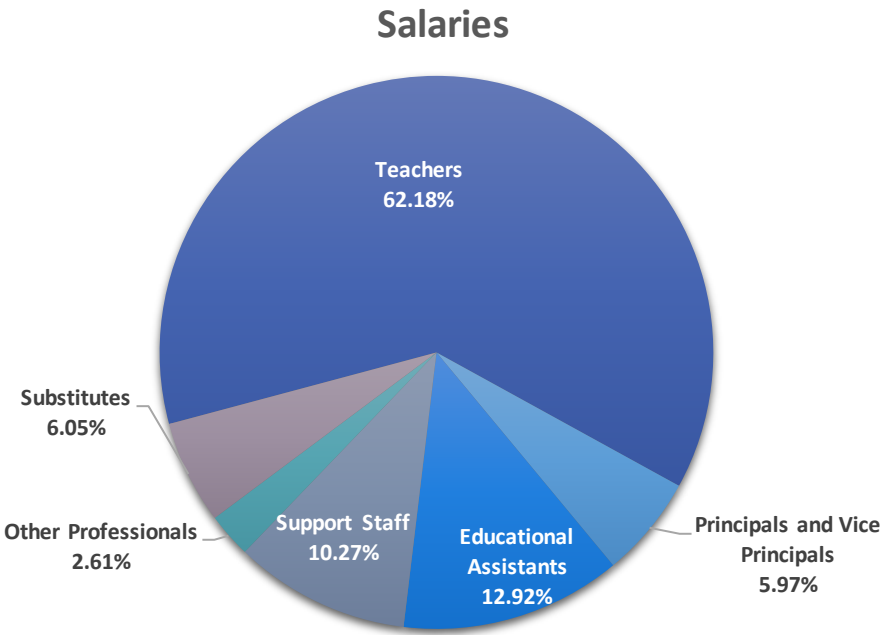


Figure 12

Labour Expense - Variance Analysis Explanations

Labour Expense	Actual to Budget Comparison	2025 to 2024 Comparison
Teachers	Teacher salaries were under budget by approximately \$10.5 million due to lower-than-expected September student	The \$6.5 million increase from the prior year was primarily driven by general wage increases of 3%,

	enrollments, which reduced overall teacher FTEs. Additional savings resulted from the increased use of Teachers Teaching on Call (TTOCs) and Administrator teaching time to cover position vacancies and long-term leaves.	offset by strategic resource optimization, including adjustments to Classroom Enhancement Fund – supported staffing and class size configurations.
Principals & Vice Principals	Principal expenses were approximately \$1.5 million under budget, mainly due to actual annual wage increase being slightly lower than budgeted, greater WorkSafe BC recoveries, and cost savings from actual average standard cost slightly lower than budgeted.	The increase of ~\$1.4 million from the prior year is primarily attributable to the annual wage lift and additional positions due to increased enrolment.
Educational Assistants	Educational Assistants salary expenses were approximately \$2.0 million under budget, primarily due to (1) higher-than-expected WorkSafe BC recoveries helping to offset overall EA – related costs, and (2) there was a lower-than-anticipated use of regular EA hours, due to employee leaves and/or absences; in such cases, substitute coverage is typically utilized and coded separately, resulting in reduced costs within the regular EA cost category.	The \$2.7 million increase from the prior year is from attributable to wage increases from the collective agreement.
Support Staff	Support Staff salaries were under budget by \$2.9 million due to greater than anticipated unfilled positions, coupled with greater than anticipated WCB recoveries & wage recoveries on externally funded projects.	The increase of \$2.3 million is mainly attributable to the wage increases from the collective agreement (3%).
Other Professionals	In line with budget expectations.	The increase of \$2.8 million over the previous year is primarily due to wage increases and additional positions associated with the District’s ERP modernization endeavor.
Substitutes	Substitute expenses were over budget by \$2.8 million mainly due to greater than anticipated replacement needs for Teachers and Educational Assistants.	The increase of \$1.4 million over the previous year is mainly due to salary increases from new collective agreements & increased usage of TTOCs in 2025.
Employee Benefits	Benefit expenditures were approximately \$6.4 million under budget, mainly due to lower costs across most employee groups and increased use of substitutes among teachers, support staff, and EAs, who receive a lower level of benefits compared to regular staff.	The increase of \$10 million over the previous year is mainly attributed to increased salary expenses, benefit improvements, and additional positions.

Table 15

Services and Supplies

As shown previously, the bulk of the District’s operating budget is used to cover Salary and Benefit costs with 6.85% to support Services & Supplies. The chart below shows the allocation of Services & Supplies:

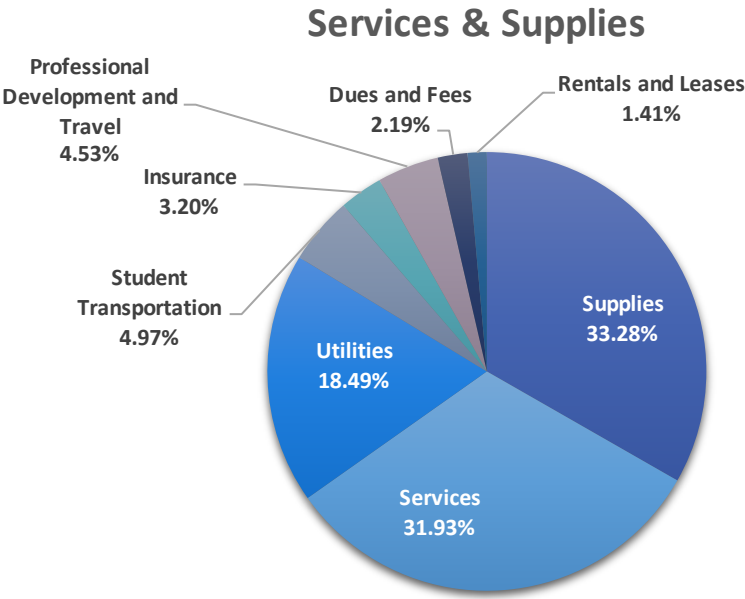


Figure 13
Operating Expense by Object – Variance Analysis Explanations

Operating Expenses by Object	Actual to Budget Comparison	2025 to 2024 Comparison
Services	Services were over budget by \$1.2 million due primarily to higher-than-anticipated legal services to support compliance and governance needs, software agreement cost pressures, consulting expenditures related to the District’s ERP modernization initiative, and replenishment of end-of-life equipment services to maintain operational continuity.	Services expenses were \$5.6 million less than the previous year mainly due to no more portables moved/acquired via the operating budget in 2025.
Student Transportation	Student transportation was under budget by \$0.3 million due to route optimizations reducing costs.	Student transportation expenses were \$4.7 million less than the previous year due to the District’s strategic decision to reduce transportation services in response to insufficient ministerial funding for the program.
Professional Development & Travel	Under budget \$0.3 million due to lower-than-anticipated professional development activity.	\$0.2 million greater than the previous year due to rate increases applicable via collective agreements on specific pro-d initiatives.

Rental & Leases	In line with budget expectations.	No significant variance from prior year.
Dues & Fees	In line with budget expectations.	No significant variance from prior year.
Insurance	In line with budget expectations.	\$0.1 million greater than prior year due to higher insurance premiums.
Supplies	Under budget by \$0.5 million due to greater-than-anticipated recoveries generated by schools & departments.	An increase of \$0.9 million compared to the prior year, primarily driven by reduced cost recoveries in 2025 due to the absence of portable relocations. Additionally, higher school-based disbursements generated as a result of increased facility rental activities.
Utilities	Reduction in utility costs, \$1.2 million under budget, driven by lower than anticipated consumption due to warmer weather, decrease in rates vs. budget, and removal of carbon tax.	Utilities expenses were \$0.3 million greater than the previous year mainly due to slightly higher rates.
Net Transfers to/from Other Funds	Capital purchases were \$3.4 million above budget driven by the replacement of critical end-of-life equipment & technology, as well as upfront costs for capital feasibility studies essential to future infrastructure planning.	Capital purchases were approximately \$5.0 million greater than prior year mainly due to replacement of end-of-life equipment & technology, and additional investment in the District’s IT infrastructure.

Table 16

STATEMENT OF OPERATIONS: SPECIAL PURPOSE FUND

The Special Purpose Fund consists of grants and donations received by the district that are to be specifically designated or targeted towards a specific program or activity. Any unspent fund balances represent the value of Deferred Revenue, on the Statement of Financial Position.

The table below details the funding available, received, and expended on the special purpose grants for fiscal 2025:

2024-2025 MANAGEMENT DISCUSSION AND ANALYSIS

MINISTRY OF EDUCATION FUNDING			
Funding Source	FY 2025 Funding Available	FY 2025 Revenue & Expenses	Intended Use
Annual Facilities Grant	2,367,946	2,367,946	Maintenance of Facility Assets
Classroom Enhancement Fund	91,208,922	90,147,930	Classroom Enhancement
Student & Family Affordability	1,970,925	1,769,942	Food Security and Family Assistance
CommunityLINK	4,550,413	4,550,413	Community based expenditures
Learning Improvement Fund	3,236,471	3,236,471	Complex classes that present challenging learning conditions
Provincial Resource Programs	1,266,147	1,199,556	Mental Health & Educational Programming
Early Learning Programs	1,465,263	1,232,963	Early learning development support
Literacy Professional Learning	204,125	-	Professional learning for teachers and support staff
Feeding Futures	11,057,177	8,132,836	Food Security
National School Food Program	973,259	-	Food Security
French Immersion Growth	139,283	138,585	Funds for French Immersion Growth
OLEP	698,103	596,251	French programs
Dual Credit Programs ECE & Health Career	336,141	217,143	Early learning development support
Mental Health in Schools	47,000	47,000	Mental Health
First Nation Student Transportation	101,621	93,776	Transportation needs for First Nation students.
Rapid Response Fund	44,595	-	Covid-19 Safety Plans
Intergrated Child & Youth (ICY) Resiliency	1,314,666	996,896	Mental Health and addictions care
OTHER PROVINCIAL/FEDERAL GOVERNMENT			
Funding Source	FY 2025 Funding Available	FY 2025 Revenue & Expenses	Intended Use
Indigenous Ed Windspeaker	67,214	61,168	Indigenous Learner's education program
Gang Prevention (BC)	777,697	606,863	Gang preventions
DONORS			
Funding Source	FY 2025 Funding Available	FY 2025 Revenue & Expenses	Intended Use
Community Schools Other	1,451,482	676,803	Community school initiatives
Donations	4,580,482	2,930,335	Donor specific activities (e.g., Instructional, Food)
Scholarships and Bursaries	1,418,761	503,517	Scholarships & Bursaries
Endowments	73,518	54,893	
OTHER			
Funding Source	FY 2025 Funding Available	FY 2025 Revenue & Expenses	Intended Use
School Generated Funds	21,332,296	16,864,150	School purchases
PAC Contributions	647,135	324,860	School purchases
Safe Schools Programs	201,139	117,251	Gang preventions
Physical Health Education	186,856	88,050	Physical health education
Surrey youth Resiliency	360,559	360,559	Gang preventions and intervention Programs
	152,079,196	137,316,157	

Table 17

STATEMENT OF OPERATIONS: CAPITAL FUNDS

The District's Capital Funds are made up of Local Capital, Ministry Restricted Capital, Land Capital, Other Provincial Capital, and Bylaw Capital Funds.

The specific balances in the Capital funds are presented in the table below:

Capital Fund	June 30, 2025	June 30, 2024	Variance
Local Capital	\$14,531,844	\$15,493,278	(\$961,434)
Ministry Restricted Capital	7,864,481	6,849,053	1,015,428
Land Capital	2,504,571	3,554,403	(1,049,832)
Other Provincial Capital	-	3,887,737	(3,887,737)
Bylaw Capital	-	19,612,283	(19,612,283)
Total Capital Fund	\$24,900,896	\$49,396,754	(\$24,495,858)

Table 18

Local Capital

These are funds generated by the District generally through transfers from the Operating Fund or sale of assets and are used for capital expenditures as determined by the District. Local capital decreased by \$1.0 million mainly due to District contributions to capital projects.

Funds Restricted in Local Capital

All funds in the local capital fund are restricted. The School District has \$14.5 million in Local Capital Reserve funds. The local capital funds are used to pay for capital asset acquisitions and act as a source of funding to pay for asset renewal and maintenance for District assets, not otherwise funded by other Provincial programs such as the Annual Facility Grant (AFG) or School Enhancement Program (SEP). The activity in the Local Capital Reserve can be explained in the table below:

Project	June 30, 2025	June 30, 2024	Variance
District Contributions toward Major Capital Projects (includes contingency for project overruns)	\$12,249,083	\$13,405,251	(\$1,156,168)
Telecommunications Upgrade	53,361	53,361	-
Climate Action Initiatives	1,261,936	1,185,447	76,489
School Improvements and Minor Capital Construction	967,464	849,219	118,245
Total Funds Restricted in Local Capital	\$14,531,844	\$15,493,278	(\$961,434)

Table 19

Ministry Restricted Capital

These funds are the proceeds from surplus Bylaw Capital projects, and/or proceeds from disposal of capital assets that were funded from the Ministry. The balance increased by \$1.0 million due to proceeds from surplus Bylaw capital projects of \$1.3 million and investment income of \$0.2 million, offset by capital project costs of \$0.5 million.

Land Capital

These are funds received from the Cities of Surrey and White Rock for School Site Acquisition charges. The decrease of \$1.1 million is attributable to site purchases of \$3.9 million, offset by funds received for school site acquisition charges of \$2.8 million.

Other Provincial Capital

Grants received from the Province to support capital initiatives decreased by net \$3.9 million. \$1.4 million additional funds were received for childcare spaces, offset by \$5.3 million in capital additions for the childcare spaces.

Bylaw Capital

At the end of the 2023–24 fiscal year, the District received and withdrew targeted funding from the Ministry of Education to support the purchase of prefabricated modular units. This action was taken based on the Ministry's guidance, with the understanding that the related expenditures would be incurred in the 2024–25 fiscal year. As planned, the District proceeded with the purchases in 2024–25, and the remaining funding was subsequently received and fully utilized. As a result, there is a year-over-year decrease of \$19.6 million in expenditures, reflecting the timing difference between when the funds were received and when the associated costs were realized.

ACTIVE CAPITAL PROJECTS

The district has several projects underway at various stages of progress.

Site	Capital Project	Date of Approval	Design Complete	Construction Completion	Target Occupancy
035 - Latimer Road Elementary	Pre-Fab addition	Oct 1, 2024	100%	0%	Sep 2026
047 - Guildford Park Secondary	Addition	Jun 09, 2023	100%	0%	Apr 2028
048 - Kwantlen Park Secondary	Addition	Feb 22, 2023	100%	4%	Jun 2027
057 - William Watson Elementary	Pre-Fab addition	Oct 2, 2024	100%	0%	Sep 2026
061 - Martha Currie Elementary	Pre-Fab addition	Jun 21, 2024	100%	0%	Sep 2026
064 - Old Yale Road Elementary	Pre-Fab addition	July 11, 2024	100%	0%	Sep 2026
090 - George Greenaway	Pre-Fab addition	Oct 28, 2024	100%	0%	Sep 2026
115 - Snokomish Elementary	New School	Apr 15, 2021	100%	90%	Mar 2026
145 - Woodland Park Elementary	Modulars	Nov 29, 2023	100%	92%	Sep 2025
150 - Tamanawis Secondary	Addition	May 09, 2023	100%	0%	Feb 2029
152 - Walnut Road Elementary	Modulars - Phase 2	Nov 29, 2023	100%	52%	Oct 2025
161 - Semiahmoo Trail Elementary	Addition	Aug 25, 2021	100%	99%	Jun 2025
167 - Fleetwood Park Secondary	New School	Jun 27, 2024	40%	0%	Jan 2030
175 - Clayton Heights Secondary	Addition	July 8, 2025	Design	0%	Nov 2030
177 - Grandview Heights Secondary	Addition	pending	PDR	0%	TBD
183 - Forsyth Road Elementary	Addition	Jun 20, 2024	75%	0%	Sep 2029
214 - Darts Hill Elementary	New School	pending	PDR	0%	TBD
115 - Snokomish Childcare	Childcare	Apr 15, 2021	100%	90%	Mar 2026
037 - FD Sinclair Childcare Centre	Childcare	Mar 28, 2023	100%	89%	Sep 2025

Table 20

FUTURE CONSIDERATIONS – RISKS AND OPPORTUNITIES

Financial Sustainability

The 2024–2025 fiscal year marked a significant financial recovery, with a \$23.4 million surplus that rebuilt the fund balance to \$33.1 million (3.4% of operating revenues), in alignment with Board Policy 4010.1: Target Operating Surplus and the Ministry of Education and Child Care’s financial health best practices.

To sustain this progress and support the District’s strategic priorities, a continued focus on sound financial management is essential. The District will maintain its commitment to enhanced forecasting and reporting, disciplined alignment of annual expenditures with revenues, the strategic allocation of budget resources, and maintenance of an adequate accumulated operating surplus balance to provide resilience against unforeseen events. Budget management will also remain a key performance metric for applicable staff.

In addition, using a risk-based approach, the District will proactively address critical operating pressures such as end-of-life equipment and infrastructure, rising operational costs, and evolving student needs. These challenges require thoughtful planning and resource optimization to ensure that financial decisions remain aligned with long-term sustainability goals and support the District’s ability to deliver high-quality educational services.

Workforce Capacity

We anticipate that the District will continue to experience enrolment growth in the coming years, coupled with the Fleetwood expansion. Continuous growth presents ongoing challenges to both instructional space and staffing capacity. The District, along with all other Metro/Lower Mainland school districts, is faced with recruiting challenges due to a lack of qualified candidates for both educational and non-educational roles. Concurrently, there is a continual need to maintain enough Teacher on Call and casual replacement staff to fill in for absences.

Succession planning of key roles is required to adequately plan for and replace potential vacancies in key management, teaching, principal, and vice principal positions. Ongoing efforts are underway to build professional capacity, and to ensure key roles are adequately trained. The District also continues to monitor workforce well-being and retention, recognizing mental health support and flexible work models as key enablers of long-term capacity.

Capital Projects Financing

Despite new school openings and additions that have added capacity for several thousand new students since 2018, the District’s capital plan continues to identify the need for additional schools, school additions and site acquisitions, driven by the anticipated continued enrolment growth. We work closely with the Ministry of Education and Childcare and have been able to provide significant contributions through the current process of jointly financing school construction projects between the Province and the District. The current growth of

student enrollment has necessitated the District to explore alternatives, such as extended day at 6 of its most crowded secondary schools, to help manage the increase in student enrollment.

In addition to addressing capacity needs, capital planning must also incorporate climate resilience by designing facilities that can withstand extreme temperatures and mitigate risks from severe rain events, including localized flooding.

Technology Requirements

The pandemic environment served as a catalyst to transform our use of technology to ensure continuity of instruction. Now, students, staff, teachers, and community members are looking to the District to continue to provide modern, robust, technological solutions both centrally and in our schools. Based on the growth experiences, efforts are underway to address our legacy systems to facilitate modernization, explore the potential of generative AI technology to enhance operational efficiencies, and achieve more real-time reporting on student progress. The changes in technological infrastructure needed require increased financial resources.

Cyber Security

In today's digital world, the increasing sophistication of cyber threats, including ransomware and third-party vulnerabilities, poses a significant risk to all organizations. As systems and infrastructure age, the threat increases. Systems must be kept current to mitigate cyber threats and to run our operations efficiently. The district must carefully monitor operations and educate staff and students about cyber security to ensure that our systems and information are securely protected. Keeping up with the rapid pace of technological change will require additional technical expertise and financial resources that will increase budgetary pressures.

Inflation and Economic Pressures

As with most organizations, the District continues to adjust to inflationary cost increases. As costs maintain an upward trend, provincial grant funding remains in that it does not cover inflationary factors. In addition, a shift in government priorities could also lead to changes in funding models. Additionally, evolving geopolitical and geoeconomic risks such as tariffs, trade disruptions, and supply chain instability poses downstream challenges to funding predictability and procurement planning. As these risks evolve, mitigation may require the District to adjust service or program levels accordingly.

CONTACTING MANAGEMENT

This financial report is intended to provide the School District's stakeholders with general information on the financial operations of the District for the financial period ending June 30, 2025.

If you have any questions about this financial report, please contact the Office of the Secretary Treasurer at 604-596-7733.

We encourage you to visit and review the Board's strategic vision and plan at <https://www.surreyschools.ca/About/Pages/default.aspx>