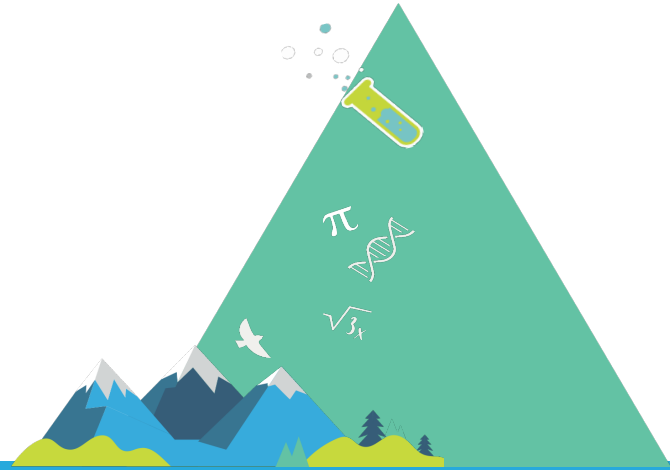




**ROCKY
MOUNTAIN**
School District #6



FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2025



The following Financial Statement Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes for School District No. 6 (Rocky Mountain) (the “District”) for the year ended June 30, 2025. The purpose of the Financial Statement Discussion and Analysis (“FS D&A”) is to highlight information and provide explanations, which enhance the reader’s understanding of the school district’s financial statements as well as the factors that influenced the financial results presented in these statements. The preparation of the Financial Statement Discussion and Analysis is the responsibility of the management of the school district.

This FS D&A contains forward-looking information such as the planned use of local capital funds and accumulated surplus. The purpose of the forward-looking information is to provide management's expectations regarding results of operations, performance, and it may not be appropriate for other purposes.

The FS D&A information has not been audited.



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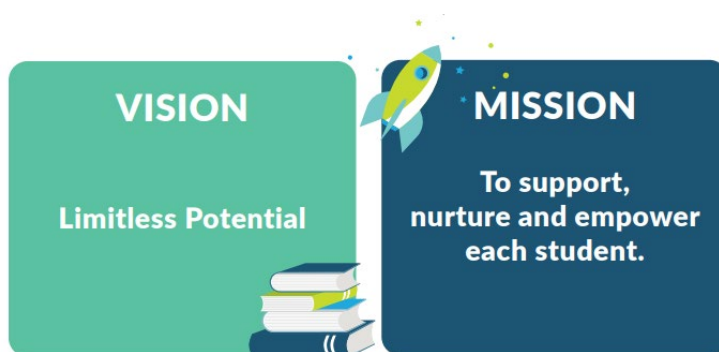
Overview of School District No. 6



School District 6 Rocky Mountain serves all communities from Golden to Kimberley. There are 14 schools and three alternate schools in three zones: Golden, including the community of Nicholson; Windermere, including Edgewater, Invermere, and Canal Flats; and Kimberley, including Marysville.

The District serves approximately 3,500 students and employs approximately 550 staff. Nine Trustees make up the Board of Education; three from each major community. The Board of Education engaged in the development of a strategic plan during 2023-24, building the vision, mission, values and priorities that set the stage for the next four years. The four priorities of the Board of Education, Equity and Inclusion, Success for Each Learner, Growing the Capacity of Self and Others, and Stewardship for the Future lay a solid foundation for continuous improvement.

School District 6 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 that acknowledges the past and paves the way for better future. The mission, vision and values guide all decisions, made by the Board of Education.



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 benefit 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 30. This provides an indication of the financial health of the District;
- **Statement of Operations**- summarizes the combined revenues received and expenses incurred during the twelve months between July 1 and June 30. This 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 the financial situation of the District.

The schedules at the end of the financial statements are in a format prescribed by the Ministry of Education and Child Care (the “Ministry”). 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** – accounts for District grants and other operating revenues as well as the District operating expenses. As the District must present a balanced Operating Fund budget, any surplus is carried forward to future years or deficits are reduced from unrestricted surplus.
- **Schedule 3: Special Purpose** – accounts for grant and other contributions whereby spending is for specified activities. As these are targeted funding, any unspent funds are accounted as deferred revenue, not accumulated surplus. They carryforwards are typically available for the same purpose in the following year, although there are some amounts which are recovered back to the Ministry.
- **Schedule 4: Capital** – accounts for District investment in capital assets, local capital as well as bylaw capital and Ministry of Education restricted capital.



Enrollment and Staffing

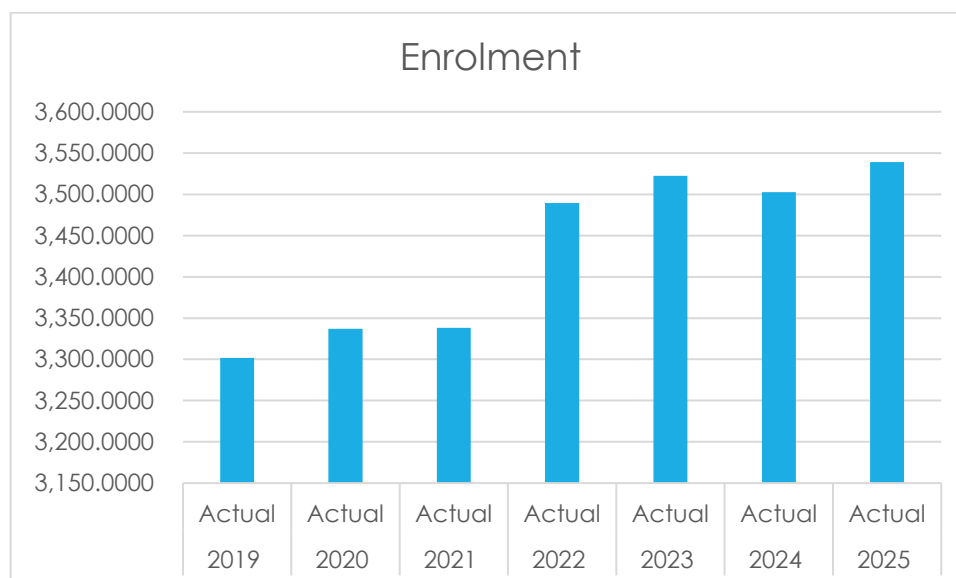
The operations of the District are dependent on continued grant funding from the Ministry primarily based on student enrolment, students identified with special needs and other demographic and geographical factors. Expenditures are primarily associated with staffing and related compensation and benefits.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

Enrolment

Provincial grant funding is primarily based on student enrolment, unique student needs, and unique geographical requirements, with additional funding for adult and summer school education. The District continues to see a growth in enrolment, as illustrated in the chart below.

Forecasting Enrolment

The District uses local knowledge to forecast enrolment based on the information available. Up until 2021, the District encountered minimal growth. In 2022, the District realized a large growth in enrolment largely due to net migration to the area. This was a result of a combination of factors which included: a large, multi-year capital project near Golden along Highway 1 where hundreds of workers (and families) moved to the area; and a trend caused mainly from COVID-19 where smaller communities realized movement of people from larger cities such as Kelowna and Calgary. The enrolment decreased slightly in 2024. The District is assessing the long-term impact to the capacity of the facilities through the update of the long range facility plan completed in Fall 2024. The District continues to advocate for the replacement of Eileen Madson Primary (Invermere) and major renovation at Selkirk Secondary. Refer to the District website ([Capital Planning](#)) for more information on the current capital plans approved by the Board of Education.



Staffing is the most significant operational expenditure of school districts. During the Spring, the Administrators work with Finance and Human Resources to configure the schools for the following September. This process derives the number of classroom Teachers required. In addition, the configuration and student needs of each classroom are reviewed, and additional supports are allocated (Learning Services Teachers, Educational Assistants, Youth Care Workers and Indigenous Education Workers). This process determines a large part of the staffing complement and is finalized once enrolment numbers are confirmed in September.

	Fiscal 2024/25		Fiscal 2023/24	Variance from Budget		Variance from Prior Year	
	Amended Budget	Actual	Actual	\$	%	\$	%
Teachers	\$16,988,472	\$16,617,587	\$17,772,188	(\$370,885)	-2.18%	(\$1,154,601)	-6.95%
Principals and Vice Principals	\$3,722,046	\$3,983,887	\$3,810,595	\$261,841	7.03%	\$173,292	4.35%
Educational Assistants	\$3,635,057	\$3,632,264	\$3,712,479	(\$2,793)	-0.08%	(\$80,215)	-2.21%
Support Staff	\$4,936,957	\$4,940,059	\$4,796,517	\$3,102	0.06%	\$143,542	2.91%
Other Professionals	\$4,856,739	\$4,497,669	\$4,574,706	(\$359,070)	-7.39%	(\$77,037)	-1.71%
Substitutes	\$2,081,505	\$2,327,716	\$2,086,064	\$246,211	11.83%	\$241,652	10.38%
Total Salaries	\$36,220,776	\$35,999,182	\$36,752,549	(\$221,594)	-0.61%	(\$753,367)	-2.09%

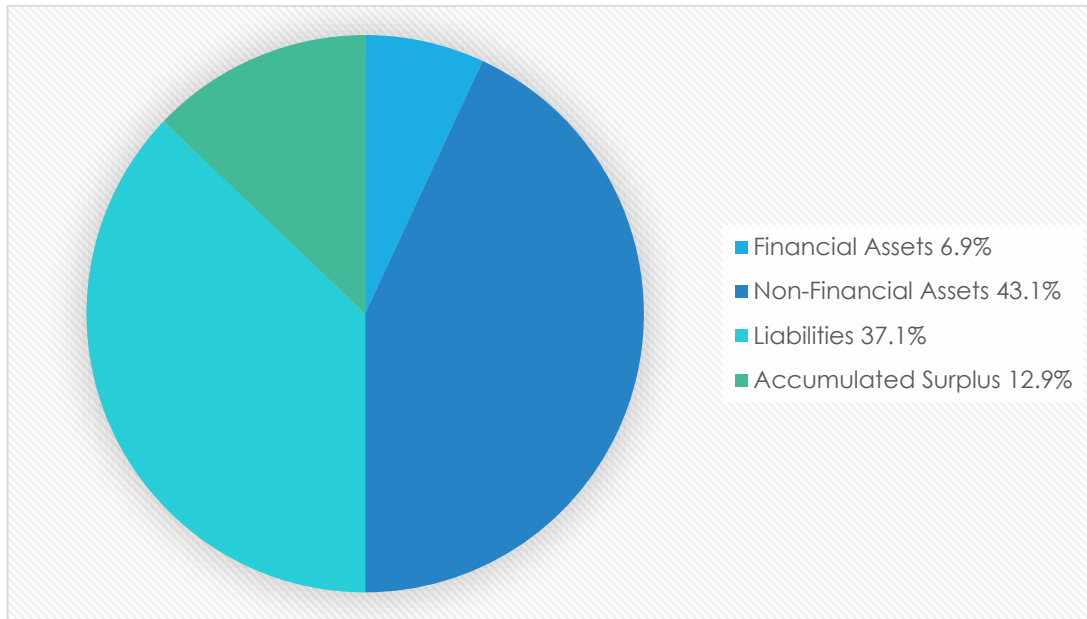


Statement of Financial Position

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

	2025	2024	\$	Variance %
Financial Assets				
Cash and Cash Equivalents	11,212,145	12,951,336	(1,739,191)	-13%
Accounts Receivable				
Due from Ministry of Education	33,745	29,390	4,355	15%
Due from LEA/Direct Funding	203,008	94,116	108,892	100%
Other	528,658	374,868	153,790	41%
Portfolio Investments	129,582	125,504	4,078	3%
Total Financial Assets	12,107,138	13,575,214	(1,468,076)	-11%
Liabilities				
Trade Accounts and Other Payables	4,865,938	5,078,433	(212,495)	-4%
Unearned Revenue	3,537,510	2,911,046	626,464	22%
Deferred Revenue	1,344,300	1,396,710	(52,410)	-4%
Deferred Capital Revenue	49,460,453	40,308,053	9,152,400	23%
Employee Future Benefits	584,439	580,542	3,897	1%
Capital Lease Obligations	323,331	381,611	(58,280)	-15%
Asset Retirement Obligations	4,786,000	4,786,000	0	0%
Total Liabilities	64,901,971	55,442,395	9,459,576	17%
Net Debt	(52,794,833)	(41,867,181)	(10,927,652)	26%
Non-Financial Assets				
Tangible Capital Assets	74,981,006	65,812,830	9,168,176	14%
Restricted Assets	54,031	54,031	0	0%
Prepaid Expenses	280,771	86,620	194,151	224%
Total Non-Financial Assets	75,315,808	65,953,481	9,362,327	14%
Accumulated Surplus	22,520,975	24,086,300	(1,565,325)	-6%





Financial Assets are assets that can be used to discharge liabilities and provide working capital funds in the normal course of operations. The decrease in financial assets from prior year resulted mainly from cash used from the New Spaces Fund for development of facilities in Marysville and Invermere. The projects commenced in 2023/24 and the cash is beginning to draw down to historical levels.

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 2023/24 resulted from changes in the following accounts:

- Increase to deferred revenue related to funds received for the International Program
- Increase in deferred capital revenue related to receipt of New Spaces funds for the development of childcare centres as noted above in cash.

The 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 become due. A ratio of less than one indicates that the District would have to borrow to meet short-term obligations. The current ratio is calculated as current assets divided by current liabilities. The District's current ratio is healthy and well above 1:1 (2025 – 1.2:1; 2024 – 1.3:1).



Tangible capital assets (TCA) are non-financial assets used in providing the services of the District and 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. The increase in TCA is comprised of new assets purchased totaling \$11.7M, Work-in progress of \$1.2M, less amortization of \$3.8M.

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 through the income statement.

Accumulated surplus or deficit represents the net assets or debt of the District. The District had a deficit for the 2024/25 fiscal year and continues to be in an accumulated surplus position.

	2025	2024
Accumulated Surplus, beginning of the year	24,086,300	25,571,181
Net Changes for the year	(1,565,326)	(1,484,881)
Accumulated Surplus, end of the year	<u>22,520,974</u>	<u>24,086,300</u>
Comprised of:		
Capital fund	22,310,855	23,283,339
Special Purpose fund	54,031	54,031
Operating fund	156,088	748,930
Total	<u>22,520,974</u>	<u>24,086,300</u>

The Capital fund surplus is comprised of \$22.3M invested in capital assets. Invested in capital assets in the net book value of the tangible capital assets less the balance of the deferred capital revenue.

Local capital is money that is set aside for future capital purchases. The District completed numerous projects during the year.



MULTI-YEAR LOCAL CAPITAL SURPLUS PLANNING AND REPORTING (in 000's)

Local Capital	June 30, 2025	Budgeted for 2026	Planned for 2027	Planned for 2028	Planned for 2029
Opening Balance	\$ 715	\$ -	\$ -	\$ 25	\$ 50
Total Sale of Property	-	-	-	-	-
Transfer from Operating	-	498	500	500	500
Investment Income	-	-	5	5	5
Uses of Local Capital					
Operations Capital Projects		-			
School Use	255	50	50	50	50
Capital lease payment	284	310	300	300	300
Capital lease interest	32	30	30	30	30
Vehicles/equipment	75	-	50	50	50
ERP System	50	50			
IT	19	58	50	50	50
Total Assets Purchased	\$ 715	\$ 498	\$ 480	\$ 480	\$ 480
Closing Balance	\$ -	\$ -	\$ 25	\$ 50	\$ 75



The operating surplus and planned use for the next three years is as follows:

MULTI-YEAR OPERATING SURPLUS PLANNING AND REPORTING (in 000's)

Schedule of Accumulated Operating Surplus	Opening Balance	Planned Use	Actual Use	Additions	Closing Balance	Planned	Planned	Planned	Expected Balance
	July 1, 2024	Current Year	Current Year		June 30, 2025	2026	2027	2028	
Internally Restricted Due to the Nature of Constraints on the Funds									
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
% of Operating Budget	\$ 52,500	0.0%			0.0%				0.0%
Internally Restricted Operating Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Operating Surplus	\$ 749	\$ -	\$ (593)	\$ -	\$ 156	\$ 135	\$ 150	\$ 150	\$ 591
% of Operating Budget	\$ 52,500	1.4%			0.3%				1.1%
Total Operating Fund Surplus	\$ 749	\$ -	\$ (593)	\$ -	\$ 156	\$ 135	\$ 150	\$ 150	\$ 591
% of Operating Budget	\$ 52,500	1.4%			0.3%				1.1%

Per District Practice 3200, the unrestricted operating surplus should be no less than 1% and no more than 3%. The District is below this but has a planned surplus for 2025-26 and is planning to be within the Board approved parameters of the surplus guidelines over the next two fiscal years.

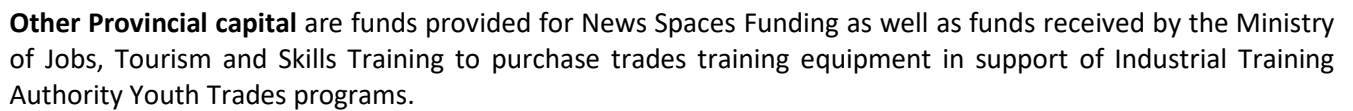
Capital Fund Balances are as Follows:

Capital Funds	June 30, 2025	June 30, 2024	Variance
Tangible Capital Assets	74,981,006	65,812,830	9,168,176
Other Provincial Capital	17,969,720	7,104,519	10,865,201
Local Capital Balance	-	715,145	(715,145)

(Ministry) Restricted capital are funds held on behalf of the Ministry of Education and require approval from the Ministry to be used. The balance at June 30, 2025 is \$nil.

Tangible Capital Assets are non-financial assets used in providing the services of the District and include sites, buildings, equipment, furniture, vehicles and technology purchased or constructed by the District. The balance in the financial statements is the historical cost of the assets less accumulated amortization to June 30.





Operating Operations

The District's revenue is heavily reliant upon the Operating Grant from the Ministry. Approximately 90% of District operating revenue comes in the form of an operating grant which is based on enrolment levels and other student and geographical factors. Approximately 7% of revenue is generated from International Education programs and the balance through other revenue programs such as special purpose funding, facility rental and lease income, investment income and donations.

85% of District expenditures are associated with salaries and benefits. The balance of expenditures are related to supplies and services including utilities, professional development, transportation and maintenance.

	Amended Budget	2025	2024	Variance
Revenue	61,096,221	64,685,522	62,066,067	2,619,455
Expenses	62,104,969	66,250,848	63,550,948	2,699,900
	(1,008,748)	(1,565,326)	(1,484,881)	(80,445)
Accumulated Surplus - Opening		24,086,300	25,571,181	(1,484,881)
Total Accumulated Surplus		22,520,974	24,086,300	(1,565,326)

Expenses by Function

