School District No. 57 (Prince George)

Financial Statement Discussion and Analysis

Year Ended June 30, 2025

Contents

INTRODUCTION

This is management's discussion and analysis of the financial results of the Board of Education of School District No. 57 (Prince George) (the "District") for the fiscal year ended June 30, 2025. Management prepared this analysis based on currently known facts, decisions and conditions.

Users of this document should read in conjunction with the District's financial statements for the year ended June 30, 2025, which are available on the District's website. This document guides the user through the various components of the financial statements and provides additional information and analysis.

The preparation of this financial statement discussion and analysis is management's responsibility.

The District's schools are located on the unceded ancestral lands of the Lheidli T'enneh First Nation, McLeod Lake Indian Band and the Simpcw First Nation. ***It is our honor to walk alongside our Indigenous communities in educating our students.***

The District is located in the center of the province, extending north to Mackenzie, south to Hixon, and east to McBride and Valemount. The District encompasses 52,000 square kilometers and is the second largest school district in the province in geographic size. The student population of approximately 13,000 school-age and adult students are enrolled in 32 elementary schools, and 8 secondary schools. Additionally, the District Learner Support Program provides alternate education programs, continuing and distance education programs and Provincial Resource Programs.

Employing approximately 2,000 staff in full-time and part-time positions, the District had an operating, capital and special purpose budget totaling approximately $216 million for the year ended June 30, 2025.

The District's work is governed by the Board of Education, which consists of seven Trustees elected from three Trustee Electoral Areas as follows: five from the Prince George Trustee Electoral Area, one from the Mackenzie Trustee Electoral Area and one from the Robson Valley Trustee Electoral Area.

The District's mission, described in its strategic plan: Through innovation, high standards and culturally responsive care, we nurture and empower all students where they are to be proud, confident and engaged lifelong learners.

UNDERSTANDING SCHOOL DISTRICT FINANCIAL STATEMENTS

Management report and Independent Auditor's Report

These two reports outline the responsibilities of management and the auditor regarding the financial statements.

Management is responsible for the integrity and objectivity of the financial statements. The financial statements are the sum of all of the individual transactions made during the year. Management is responsible for maintaining controls to ensure the District records and reports these transactions correctly.

The auditor, KPMG LLP, is responsible for gaining an understanding and performing testing to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The auditors concluded that the financial statements for the year ended June 30, 2025 present fairly, in all material respects, the financial position of the District.

Composition of the Financial Statements

The two key audited statements are:

- **Statement of Financial Position (Statement 1),** which summarizes the assets and liabilities on June 30th. This provides an indication of the financial health of the District.
- **Statement of Operations (Statement 2),** which summarizes the revenues received, and expenses incurred during the year ended June 30th, detailing the funding received by the District, and how the District spent that funding.

The Statement of Changes in Net Financial Assets, the Statement of Cash flows and the notes to the financial statements are also audited and provide additional details of the District's financial position and accounting policies.

The District accounts for its financial activities in three distinct areas: the operating fund, the special purpose fund and the capital fund. Following the notes to the financial statements are supplementary unaudited schedules that provide information about the individual funds that when combined, make up the account balances in the financial statements.

Changes in Accumulated Surplus (Deficit) (Schedule 1)

- Summarizes the surplus (deficit) for the year and accumulated surplus amounts for the three funds (Operating, Special Purpose and Capital Funds).

Operating Fund (Schedule 2)

- Includes the Districts operating grants and other operating revenues and expenses.

- Legislation requires that the District present a balanced budget for the Operating Fund, whereby budgeted expenditure does not exceed the total of budgeted revenues and any surplus operating funds carried forward from previous years.

Special Purpose Fund (Schedule 3)

- Includes grants and contributions that is restricted for a specific purpose.
- Any special purpose funds that are unspent at the end of the year are accounted for as deferred revenue, not as accumulated surplus. Deferred revenue may be used in the following fiscal year, but only spent in accordance with its original intended purpose. Certain special purpose funds may have to be repaid to the funding party if the revenue is unspent within specified time periods.

Capital Fund (Schedule 4)

- Includes:
  - the capital assets of the District, including buildings, furniture, equipment, computers and vehicles.
  - Funding from the Province or other parties that is specifically for the purchase of capital assets
  - Funds restricted by the Board for future capital asset purchases (local capital)
- Capital funding is accounted for using the deferral accounting method, where capital revenue is recorded in the financial statements over the life of the asset in order to match the amortization expense. Therefore, capital fund revenue is not equal to the actual capital funding received in the year.

Categories of Expense

The Ministry of Education and Child Care provides direction as to how Revenues and Expense are to be categorized and reported within our financial system and on our financial reports. Our accounting system is set up under these parameters in alignment with all school districts in the province, allowing the Ministry to consolidate them into their financial statements, and report out to the public on the sector as a whole.

The Ministry requires that we categorize costs within our accounting records and report costs under the following categories: Funds, Functions, Programs and Objects. Examples of each category are provided below:

Funds include the Operating, Special Purpose and Capital.

Functions are groups of related programs: Instruction, District Administration, Operations and Maintenance, and Transportation and Housing.

Programs are unique and identifiable activities within each function. Examples of Programs included in the Instruction Function includes: Regular Instruction, Career Programs, Library Services, Counselling, Special Education, English Language Learners, Indigenous Education and School Based Administration.

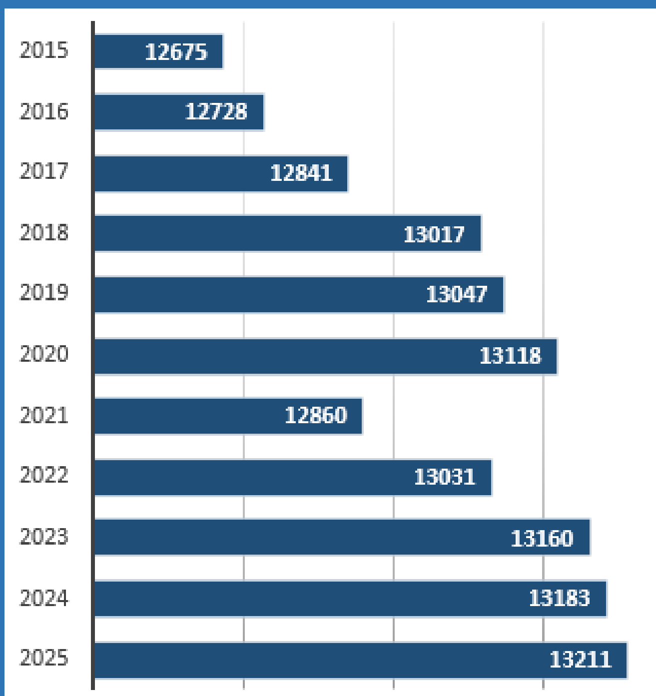
Objects are types of costs within programs. Examples include employee salaries, employee benefits, services, student transportation, supplies and utilities.

FINANCIAL HIGHLIGHTS

Enrolment

The District saw student enrolment growth of 28 FTE, as well as increases in the number of students with special needs designated for additional funding, English language learners, and Indigenous students. Overall enrolment increases had minimal impact on the Ministry of Education and Child Care operating grant; operating grant increases were mainly attributable to funding rate increases, and in increase in the number of students with special needs designated for additional funding.

SEPTEMBER ENROLMENT FTE BY FISCAL YEAR



SEPTEMBER ENROLMENT (FTE)

September	2025	2024
Standard (Regular) Schools	12,914.13	12,920.88
Continuing Education	0.00	0.25
Adult Education	6.88	8.75
Alternate Schools	219.00	158.00
Distributed Learning	71.44	95.06
Total Enrolment	13,211.45	13,182.94
Included in Total Enrolment (categories that receive additional per student funding)		
Designated Students	1,321	1,215
English Language Learning	1,364	1,269
Indigenous Education	3,920	3,858

Labour Settlement Funding and Wage Increases

Teachers and support staff received a 3% wage increase resulting from collective agreements that were negotiated by the Province. A portion of these increases were funded through student enrollment funding rates. In addition, the District received $1.8 million of Labour Settlement Funding for the remaining portion of the increases, as well as for comparable wage increases for non-unionized employees.

FINANCIAL ANALYSIS

Statement of Financial Position

The Statement of Financial Position (Statement 1 of the financial statements) presents the District's assets, liabilities and surplus, and includes all funds (Operating, Special Purpose and Capital Funds).

	2025	2024	$ Change	% Change
Financial Assets	46,117,500	41,021,283	5,096,217	12%
Liabilities	141,440,692	138,594,809	2,845,883	2%
Net Debt	95,323,192	97,573,526	(2,250,334)	-2%
Non-Financial Assets	146,986,147	144,233,350	2,752,797	2%
Accumulated Surplus	51,662,955	46,659,824	5,003,131	11%

Financial Assets include cash, receivables and portfolio investments. The increase in financial assets compared to the prior year resulted from the following:

- Increase of $3M in cash and cash equivalents primarily due to operating funding received in 2024/25 in excess of expenditures.
- Decrease of $1M in receivables due to the timing of receiving capital and special purpose funding from the Province.
- Increase of $3M in portfolio investments due to investing excess cash in Guaranteed Investment Certificates. Excess cash arose from funding for capital projects received in advance of construction, and operating funding received in 2024/25 in excess of expenditures.

Liabilities are obligations of the District to others arising from prior transactions, the settlement of which will require the use of current and future assets. The increase in liabilities from 2024 resulted mainly from the following:

- Increase in trade payables of $810K due to the timing of when invoices were received from vendors compared to the prior year.
- Increase in deferred revenue of $161K resulting from special purpose funds received from the Ministry of Education and Child Care in excess of expenditures
- Increase in deferred capital revenue of $541K resulting from the receipt of Ministry of Education and Child Care funding for projects funded by the various capital programs, less the current year's amortization.
- Increase in other liabilities, which are primarily payroll related liabilities, of $687K due to increased wage rates and the timing of pay period dates spanning the year end.
- Increase in Asset Retirement Obligation of $616K resulting from an increase in estimated future asbestos remediation costs resulting from inflation, net of remediation costs incurred in 2024/25.

Non-financial assets include tangible capital assets and prepaid expenses. Tangible capital assets are used in providing the services of the District and include buildings, equipment, furniture, technology and vehicles purchased or constructed by the District. The increase in non-financial assets is primarily related to the increase in capital assets with new assets purchased or constructed totaling $9.1M, less amortization of $6.6M.

Tangible Capital Asset additions and their funding source during 2025 include the following:

	Cost	Funding Source
Sites		
Austin Road Elementary demolition	871,000	Province – Childcare BC New Spaces Funding
Buildings		
Work in Progress - Mackenzie Childcare Building	3,794,000	Province – Childcare BC New Spaces Funding
Elevator (Lac de Bois)	1,066,000	Province – School Enhancement Program
HVAC upgrades (Beaverly, College Heights Elementary)	567,000	Province – Carbon Neutral Capital Program and Annual Facilities Grant
Building upgrades (various)	112,000	Operating Fund
Capitalized increase in estimated future costs of asbestos remediation	821,000	N/A - future asset retirement obligation
Furniture & Equipment		
Classroom and school furnishings and equipment	386,000	Operating Fund
Facilities equipment (mower)	234,000	Local Capital
School trades programs – shop equipment	31,000	Industry Training Authority grant
School furnishings and equipment	25,000	Special Purpose Fund (School Generated Funds - PAC)
Maintenance and Operations equipment (custodial and facilities)	17,000	Operating Fund
Kitchen equipment – school meals programs	10,000	Province – Special Purpose Fund
Classroom equipment	7,000	Province - Special Purpose Fund
Technology		
Classroom technology and (computers, laptops)	754,000	Operating Fund, Special Purpose Fund
District administration (networking and system hardware)	231,000	Operating Fund, Local Capital
Vehicles		
Refrigerated van – food program delivery	125,000	Province – Food Infrastructure Program
District fleet vehicle	54,000	Local Capital

Accumulated surplus of $51.7M is comprised of the operating fund surplus of $9.7M and the capital fund surplus of $41.9M. Unspent funding in the Special Purpose Fund is accounted for as deferred revenue (a liability) and does not form part of the District's accumulated surplus.

A district has an **Operating Fund Surplus** when its annual operating revenue exceeds annual expenditures. Transfers of operating surplus can then be made to the Local Capital Fund for capital asset purchases in future years. An operating surplus means that the District has financial resources that can be used to fund District operations for a period longer than one year. The ability to carry forward unspent funds enables a board to effectively plan for future years.

	2025	2024	$ Change
Operating surplus, beginning of year	9,114,846	6,760,735	2,354,111
Surplus (deficit) from operations	5,980,885	5,661,320	319,565
Capital Assets purchased	(876,988)	(977,209)	100,221
Transfers to Local Capital	(4,500,000)	(2,330,000)	(2,170,000)
Operating Surplus, end of year	**9,718,743**	**9,114,846**	603,897

Boards can set aside (internally restrict) a portion of operating surplus for items that are linked to multi-year strategic objectives and future operational needs. There are three categories of **internally restricted surplus**:

- Restricted due to the nature of constraints on the funds: Districts receive grants from the Ministry for specific or targeted purposes. If these funds aren't spent, the balance is internally restricted to be used for future years. Districts may have commitments to spend certain operating funds, in future years, on identified activities. These commitments may be legally binding or they may be implied commitments, such as funds donated to a school but not explicitly restricted by the donor.
- Restricted for anticipated unusual expenses identified by the board: to support effective planning, there will be situations where management identifies one-time and intermittent projects that will not be funded by revenues in that year, such as short term or variable staffing needs, or implementation of new initiatives.
- Restricted for operations spanning multiple school years: to support effective operational planning there will be situations where operating surplus funds may need to be carried over to future years (i.e. future year's Operating budget, schools and department surplus, operating projects in progress, future technology and capital project reserves that have not yet been identified for specific initiatives, and educational programs spanning multiple years, such as online learning programs.

Unrestricted Operating Surplus is the portion of accumulated operating surplus that has not been designated for specific uses. From time to time, boards may require emergency or contingency funds for unexpected increases expenses or decreases in revenues. In these situations, boards need to have access to enough funds to continue to provide educational services and maintain regular operations.

Details of restricted and unrestricted operating surplus as of June 30, 2025 are outlined in the table below:

Operating Fund Surplus	2025	2024	$ change
Internally Restricted – nature of constraints on funds:			
Ministry of Education and Child Care			
Indigenous Education - targeted	792,490	539,285	253,205
Indigenous Education Council funding	86,514	-	86,514
Specific Purpose Funds	526,017	504,117	21,900
Recreation Trusts and Other Funds	160,097	152,738	7,359
	1,565,118	1,196,140	368,978
Internally Restricted – anticipated unusual expenses			
Communications support	70,000	70,000	-
Department optimization reviews	40,000	60,000	-20,000
Digital transformation initiatives	175,000	-	175,000
Long Range Facilities Plan	-	35,000	-35,000
Policy review	50,000	40,000	10,000
Principal & Vice-Principal professional development initiative	58,000	-	58,000
Recruitment and retention	100,000	100,000	-
Superintendent initiatives	50,000	50,000	-
Strategic Plan refresh	100,000	-	100,000
Unexpected health emergency response equipment	60,000	-	60,000
YMCA program	75,000	75,000	-
	778,000	430,000	348,000
Internally Restricted – operations spanning multiple school years			
School surpluses	1,838,464	1,600,599	237,865
School capital projects	97,403	586,714	-489,311
Department and program surpluses:	758,509	651,503	107,006
Facilities and technology reserves	960,754	1,067,093	-106,339
	3,655,130	3,905,909	-250,779
Total Internally Restricted Surplus	**5,998,248**	**5,532,049**	**466,199**
Unrestricted Operating Surplus (Contingency)	3,720,495	3,582,797	137,698
Total Available for Future Operations	**9,718,743**	**9,414,846**	**603,897**

There are two types of **Capital Fund Surplus**:

- **Invested in Tangible Capital Assets surplus** of $34.8M represents capital investments that are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund). Then, as these assets are amortized, the amortization expense is deducted from the Invested in Tangible Capital Assets surplus. Therefore, the balance in this fund is to cover future amortization costs and is not available for other purposes.

- **Local Capital surplus** of $7.1M is comprised of previous years' available operating surplus transferred to Local Capital with board approval, and investment income earned on these funds.

Local Capital Surplus	2025	2024
Local Capital surplus, beginning of year	3,349,507	1,221,390
Capital assets purchased from local capital	-905,784	-261,179
Investment income	130,633	59,296
Transfers from Operating	4,500,000	2,330,000
Local Capital Surplus, end of year	**7,074,356**	**3,349,507**

Local Capital Surplus, end of year	2025
Capital infrastructure replacement	5,961,058
Building improvements - John McInnis Centre	200,000
Facilities equipment replacement	432,116
District fleet vehicle replacement	481,181
Total Local Capital Surplus	**7,074,355**

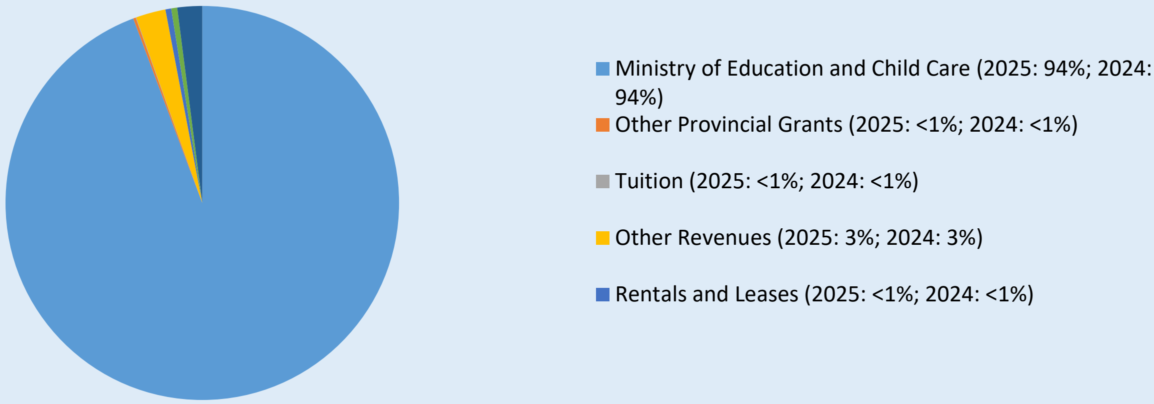
Revenue

The Statement of Operations (Statement 2 of the financial statements) presents the District's revenues, for the year from all funds combined (Operating, Special Purpose and Capital Funds), and are summarized in the table below.

	2025	2024	$ Change	% Change
Ministry of Education and Child Care	201,181,162	193,151,181	8,029,981	4%
Other Provincial Grants	445,180	452,788	-7,608	-2%
Tuition	88,107	77,000	11,107	14%
Other Revenues	5,233,985	5,345,662	-111,677	-2%
Rentals and Leases	1,014,244	834,712	179,532	22%
Investment Income	1,047,952	1,011,549	36,403	4%
Amortization of Deferred Capital Revenue	4,348,722	4,375,902	-27,180	-1%
Total Revenue	**213,359,352**	**205,248,794**	**8,110,558**	**4%**

District revenue for 2025 increased $8 million (4%) over the prior year. This increase in District revenue is comprised of increases in operating, special purpose and capital fund revenue, and can be better understood by reviewing revenues of each of the funds separately.

As illustrated below, the proportions of the District's sources of revenue are consistent with the prior year, with grants from the Province of BC comprising 94% of revenue.



The revenues in each of the Operating, Special Purpose and Capital funds are discussed in more detail below.

Operating Fund Revenues

The following chart provides comparisons of 2025 Operating fund revenues to the 2025 budget and to 2024 actual revenue (Schedule 2 of the financial statements).

	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Province – MECC	176,282,182	176,434,902	169,418,097	152,720	0%	7,016,805	4%
Province - Other	215,180	251,180	258,788	36,000	17%	-7,608	-3%
Tuition	81,057	88,107	77,000	7,050	9%	11,107	14%
Other Revenue	1,320,902	1,805,493	1,808,222	484,591	37%	-2,729	0%
Rentals and Leases	978,000	1,014,244	834,712	36,244	4%	179,532	22%
Investment Income	810,000	859,763	948,286	49,763	6%	-88,523	-9%
Total Revenue	**179,687,321**	**180,453,689**	**173,345,105**	**766,368**	**0%**	**7,108,584**	**4%**

Provincial Grants – Ministry of Education - There was a 4% increase in funding from the Ministry, with approximately 3.4% attributable to Ministry funding rate increases, and the remainder attributable to minor increases in student enrollment numbers.

The increase in provincial grant revenue from the Ministry compared to the 2025 budget was mainly due to funding for graduated adult students and additional labour settlement funding received after the budget was prepared.

Other Provincial Grants - Other provincial grants are received mainly for career and trades programs such as automotive, electrical, heavy mechanical group trades and culinary arts, as well as an early learning program.

Tuition - Tuition revenue consists of international student tuition fees.

Other Revenues - Other revenues consist of items such as fees charged to SD93 Conseil Scolaire Francophone de la Colombie-Britannique, fees collected with respect to Local Education Agreements with First Nations, administrative fees charged to Provincial Resource Programs, cafeteria recoveries, purchasing card rebates, as well as one-time specific purpose grants received by schools and donations. The increase in Other Revenues compared to budget was mainly due to additional one-time specific purpose grants received by schools after the budget was prepared.

Rentals and Leases - District rental revenue is generated from both short-term and long-term rentals of sites and facilities to individuals and community groups. Rental revenue was higher than prior year and budget due to additional child care space rentals, and increases in rental rates to recover increased facility costs.

Investment Income - Interest income consists of interest earned on bank account balances, term deposits and guaranteed investment certificates and funds held in the Central Deposit Program. The Central Deposit Program allows the District to invest funds with the provincial government thereby accessing a favorable rate without any restrictions on withdrawals. Results are lower than the prior year due to lower interest rates.

Special Purpose Fund Revenues

	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Province – MECC	21,438,999	20,764,293	18,826,568	-674,706	-3%	1,937,725	10%
Province – Other	194,000	194,000	194,000	-	0%-	-	0%
Other Revenue	2,044,022	3,428,492	3,537,440	1,384,470	68%	-108,948	-3%
Investment Income	22,000	57,556	3,967	35,556	162%	53,589	1351%
Total Revenue	**23,699,021**	**24,444,341**	**22,561,975**	**745,320**	**3%**	**1,882,366**	**8%**

Special purpose fund revenue comes mainly from the Ministry of Education and Childcare (85%), and the majority of the other revenue is from school generated funds.

Provincial Grants – Ministry of Education and Childcare: Special purpose revenue from the Ministry was $1.9 million higher overall than the prior year, mainly due to increased funding and spending due to wage rate increases, as well as new funding for enhancing student opportunities for dual credit and work experience programs.

Provincial Grants – Other includes a grant from the Province for After School Arts and Sports Initiatives.

Other Revenue (from sources other than the Province) is mainly comprised of school generated funds and scholarship funds. Other revenue was $109 thousand less than last year, due to a decrease in school generated funds collected and spent on student activities.

The District has a variety of Ministry of Education funded grants included in special purpose funds, outlined below.

Special Purpose Funds – Ministry of Education and ChildCare	2025 Revenue & Expense	Purpose
Annual Facility Grant (AFG) fund	$667,343	routine maintenance of school facilities for accessibility upgrades, asbestos abatement, electrical, plumbing, and interior and exterior constructions upgrades, roofing and site upgrades such as drainage, sidewalks, paving and fencing. For 2024, the District was approved for $3,105,151 in funding. $667,343 is received as a special purpose grant and the remaining amount is received through the capital fund.
Learning Improvement fund	617,929	augment Education Assistant hours providing additional supports to complex learners.
Strong Start fund	320,000	Strong Start Early Learning Centers which provide school-based, drop-in programs for children from birth to age five along with their parents and caregivers
Ready, Set, Learn	79,175	events for children aged three to five and their parents/caregivers which are hosted to support early learning and facilitate a smooth transition to kindergarten
Official Languages in Education Programs (OLEP)	168,767	supports core French language programs and curriculum resources
Community LINK	2,495,029	LINK stands for Learning Includes Nutrition and Knowledge;-supports programs and initiatives to improve the educational performance of vulnerable students, including both academic achievement and social functioning
Classroom Enhancement	11,927,021	supports the teacher staffing costs and overhead staffing and equipment costs resulting from the restoration of class size and composition language
First Nations Student Transportation	149,799	BC Tripartite Education Agreement funded grant which supports approved jointly constructed transportation plans for First Nations students living (or ordinarily living) on reserve and is developed in consultation with the First Nations communities that the District has Local Education Agreements with
Mental Health in Schools	16,407	support District priorities for mental health and wellbeing in the school community
Student & Family Affordability Fund	432,397	In recognition of rising food costs and general inflation, supports families who are temporarily facing financial challenges with the costs of school supplies, education related fees, and dealing with food insecurity that impacts student learning
Early Care and Learning	187,420	expansion of District child care programs on school grounds
Dual Credit Program Expansion	263,854	Supports the development and expansion of student opportunities for dual credit programs, recognizing eligible post-secondary courses for grade 12 elective credit towards high school graduation
Work Experience Enhancement	50,000	Supports the development or enhancement of student work experience opportunities in the early childhood education, health and technology sectors
Feeding Futures	1,727,264	supports school food programs, funding staff and food purchases to provide meals and snacks to students
Provincial Resource Programs	1,650,302	The District hosts two provincial resource programs which are funded through Provincial Resource Program funding. These three programs provide educational services the University Hospital of Northern BC and provincially through the Fetal Alcohol Syndrome Disorder (FASD) Outreach Program.

Capital Fund Revenues

	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Province – MECC	3,946,219	3,981,967	4,906,516	35,748	1%	-924,549	-19%
Investment Income	-	130,633	59,296	130,633	-	71,337	120%
Amortization of Deferred Capital Revenue	4,364,717	4,348,722	4,375,902	-15,995	-	-27,180	-1%
Total Revenue	**8,310.936**	**8,461,322**	**9,341,714**	**150,386**	**2%**	**-880,392**	**-9%**

Provincial Grants – Ministry of Education and Childcare is comprised of the portion of the Annual Facility Grant funding that the District receives from the Ministry that is spent on facility maintenance, as well as the portion of Ministry funding the District receives for capital projects that is spent on Site purchases or improvements and asbestos remediation. The decrease in Ministry capital revenue in 2025 reflects a larger portion of the Annual Facility Grant spent on maintenance rather than capital improvements, and a decrease in asbestos remediation costs associated with funded capital projects.

Expenses

District expenses (all funds combined) for 2025 increased $8.9 million (4%) over the prior year, and were $6 million less than budget, as detailed in the table below.

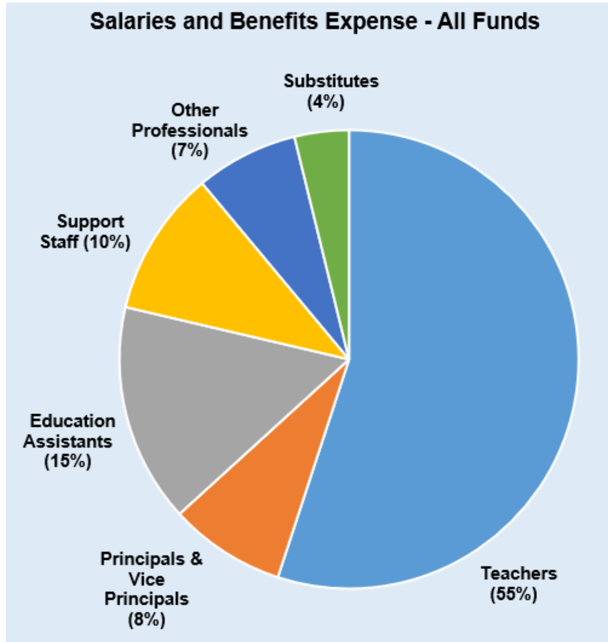
Total Expense – all funds	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Salaries							
Teachers	78,150,039	76,232,206	73,750,671	-1,917,833	-2%	2,481,535	3%
Principals & VPs	10,971,707	11,364,459	11,012,882	392,752	4%	351,577	3%
Education Assistants	22,405,585	21,391,098	19,475,613	-1,014,487	-5%	1,915,485	9%
Support Staff	14,125,304	14,246,151	13,921,610	120,847	1%	324,541	2%
Other Professionals	10,482,725	10,012,767	9,770,367	-469,958	-4%	242,400	2%
Substitutes	5,444,605	5,300,144	5,591,692	-144,461	-3%	-291,548	-5%
Total Salaries	**141,579,965**	**138,546,825**	**133,522,835**	**-3,033,140**	**-2%**	**5,023,990**	**4%**
Benefits	33,946,877	33,305,835	31,098,927	-641,042	-2%	2,206,908	7%
Total Salaries and Benefits	**175,526,842**	**171,852,660**	**164,621,762**	**-3,674,182**	**-2%**	**7,230,898**	**4%**
Services and Supplies	32,221,510	29,922,619	28,227,525	-2,298,891	-7%	1,695,094	5%
Amortization	6,568,000	6,580,942	6,645,840	12,942	0%	-64,898	-1%
Total Expense – all funds	**214,316,352**	**208,356,221**	**199,495,127**	**-5,960,131**	**-3%**	**8,861,094**	**4%**

District salaries expense was $3 million under budget (-2%), and 4% higher than the prior year, mainly due to 3% wage rate increases resulting from teacher and support staff collective agreements that were negotiated by the Province for 2025, as well as comparable wage increases for non-unionized employees. The increase over the prior year is also due to additional Education Assistants to support an increased number of students with special needs.

Benefits costs were 2% less than budget, consistent with salary costs being 2% less than budget. Benefits costs increased 7% compared to the prior year, which is attributable to wage rate increases, as well as increases in benefits rates.

Services and supplies costs were $2.3 million (7%) less than budget, and 5% higher than the prior year.

District expenses are comprised of the operating, special purpose and capital fund expenses which are discussed below.



Operating Fund Expenses (categorized by Function)

Operating expenses for 2025 were $6.8 million less than budgeted, and were $6.8 million higher than the prior year. The table below presents **operating expenses by function**, compared to the 2024 budget and to the prior year operating expenses.

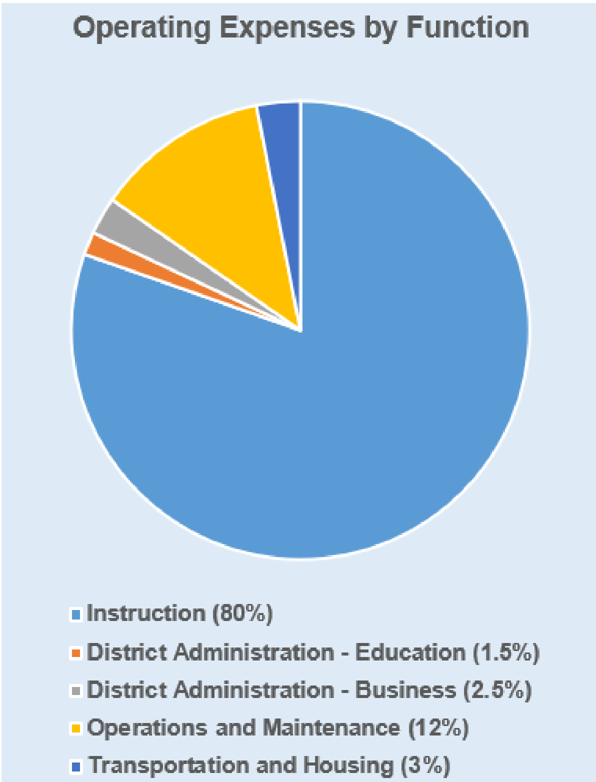
Operating expenses by function	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Instruction	145,618,184	140,243,680	134,205,506	-5,374,504	-4%	6,038,174	4%
District Administration	7,537,307	7,442,147	7,081,478	-95,160	-1%	360,669	5%
Operations and Maintenance	22,282,901	21,408,154	21,050,682	-874,747	-4%	357,472	2%
Transportation and Housing	5,784,720	5,378,823	5,346,119	-405,897	-7%	32,704	1%
Total Operating Expense	**181,223,112**	**174,472,804**	**167,683,785**	**-6,750,308**	**-4%**	**6,789,019**	**4%**

Instruction

The Instruction function includes all costs (wages, benefits, services and supplies) directly related to the instruction of students, including classroom instruction, library services, counselling, student supports, Indigenous education programs and school administration costs. Wages and benefits costs make up 96% of total instruction costs. The $6 million (4%) increase in costs compared to the prior year is primarily due to employee wage rates that were funded by the Ministry, as well as additional staff to support students with special needs.

District Administration

The District Administration function includes costs related to District governance and the administration of educational, business, human resources and labour relations activities and represent approximately 4% of the total operating expenses of the District. The 5% increase in costs compared to the prior year relate primarily to wage rate increases and technology modernization initiatives.



Operations and Maintenance

The Operations and Maintenance function represents 12% of the Districts operating expenses, and includes all costs related to the District's responsibility for the operation, maintenance and safety of sites, buildings, furniture, equipment and technology. It does not include any capital expenditures for District facilities. Operations and maintenance employee wage and benefits costs increased 3% from the prior year, which was partially offset by a reduction in services and supplies costs, for a net increase in costs of 2% over the prior year. Costs were 4% less than budgeted for 2025 due to savings in utilities costs resulting from the demolition of two buildings and moderate winter weather, as well as services and supplies costs being less than budgeted.

Transportation and Housing

The Transportation and Housing function includes all costs of student transportation and housing and were 1% higher than the prior year, primarily due to an inflation increase in bussing contract rates.

Operating Fund Expenses (categorized by Object)

Another way to look at the District's operating fund expenses is **categorized by object**, as shown in the table below.

Operating expenses by object	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Salaries	127,047,842	123,910,179	119,946,820	-3,137,663	-2%	3,963,359	3%
Benefits	30,455,175	29,794,444	27,942,058	-660,731	-2%	1,852,386	7%
Total Salaries and Benefits	157,503,017	153,704,623	147,888,878	-3,798,394	-2%	5,815,745	4%
Services and Supplies	23,720,095	20,768,181	19,794,907	-2,951,914	-12%	973,274	5%
Total Operating Expense	**181,223,112**	**174,472,804**	**167,683,785**	**-6,750,308**	**-4%**	**6,789,019**	**4%**

Salaries and Benefits

Overall, salaries expenses were less than budget by $3 million (2%). The District uses average salaries when budgeting for teachers, education assistants and school-based support staff, which causes actual results to vary from the budget as a result of staff turnover occurring throughout the year. Actual costs were less than budget also as a result from delays in filling positions due to labour market conditions.

Benefits costs are budgeted for as a percentage of salaries. Actual results vary from budget corresponding to variances in wage costs, as well as due to benefits plan rate adjustments and employee utilization of benefits plans. Benefits costs were 2% less than budgeted, which corresponds to salary costs being 2% less than budgeted.

Salary costs by employee group are summarized below:

	2025 Budget	2025 Actual	Difference from Budget	% Difference
Teachers	67,436,193	65,505,985	-1,930,208	-3%
Principals & Vice Principals	10,661,320	11,043,936	382,616	4%
Education Assistants	21,074,913	20,099,501	-975,412	-5%
Support Staff	13,726,153	13,717,690	-8,463	0%
Other Professionals	8,925,350	8,507,455	-417,895	-5%
Substitutes	5,223,913	5,035,612	-188,301	-4%
Total Operating Salaries Expense	**127,047,842**	**123,910,179**	**-3,137,663**	**-2%**

Teacher salary costs were 3% less than budget primarily because the budget is based on a projected average teacher's salary, however the actual salary costs vary depending on the experience level of the teachers hired. Also, the District has experienced delays in filling some positions due to labour market conditions.

Principal and Vice Principal costs were 4% higher than budget due to an increase in employees on leave.

Education Assistant salary costs were 5% less than budget primarily due to delays in filling budgeted positions as a result of labour market conditions.

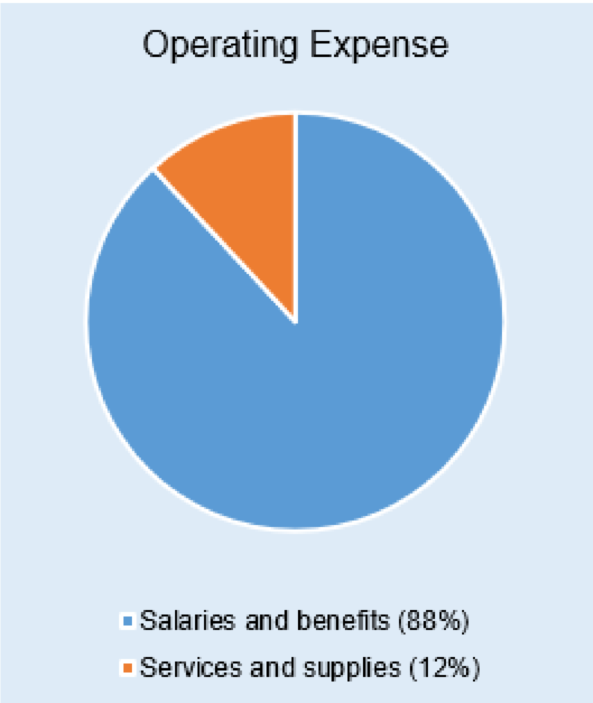
The cost of substitutes was 4% less than budgeted primarily due to a decrease in coverage required for absent school-based employees.

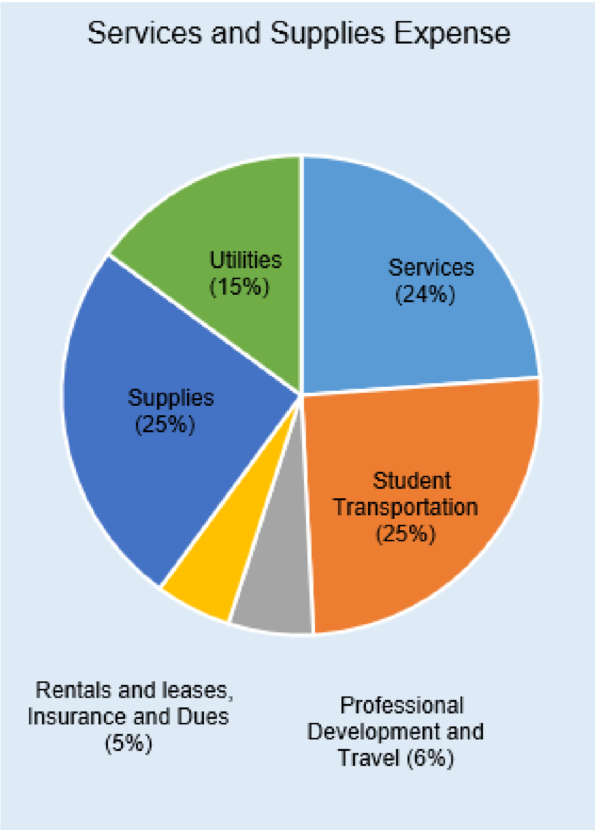
Operating Services and Supplies Expense

Services and supplies expenses increased 5% compared to the prior year, and were 12% less than budgeted, as shown in the table below.

	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Services	5,835,959	4,946,831	4,449,331	-889,128	-15%	497,500	11%
Student Transportation	5,669,406	5,269,136	5,232,173	-400,270	-7%	36,963	1%
Professional Development and Travel	1,539,231	1,193,350	1,086,749	-345,881	-22%	106,601	10%
Rentals and Leases	512,970	524,443	461,931	11,473	2%	62,512	14%
Dues and Fees	116,770	115,373	109,461	-1,397	-1%	5,912	5%
Insurance	440,852	428,597	421,454	-12,255	-3%	7,143	2%
Supplies	6,324,070	5,184,131	4,949,171	-1,139,939	-18%	234,960	5%
Utilities	3,280,837	3,106,320	3,084,637	-174,517	-5%	21,683	1%
Total Services & Supplies Expense	**23,720,095**	**20,768,181**	**19,794,907**	**-2,951,914**	**-12%**	**973,274**	**5%**

Services and Supplies expense comprise only 12% of the District's operating budget, as illustrated below, along with a breakdown of those services and supplies expenses.





Services expense include such things as software subscriptions, professional and technical services, repairs and maintenance contracts, snow removal, and telephone services. Services expense were 11% higher than the prior year primarily due to increased technology related costs.

Budgeted services expense includes estimated expenditure of prior year surplus returned to school and department budgets, and prior year surplus restricted for specific purposes, a portion of which was not spent in 2025, resulting in costs less than budget.

Student Transportation expense includes contract bussing services transporting students to and from school, as well as payments to bussing contractors, public carriers and individuals transporting student for curricular and extracurricular activities. Transportation costs were 1% higher than the prior year due to inflation increases in contract bussing rates and changes in fuel prices. A 7% budget savings was realized on contract transportation services primarily due to decreasing fuel prices and route efficiencies.

Professional Development and Travel expense includes costs incurred for training and travel. Costs included are registration fees, transportation, mileage allowances, meals, accommodation, per diem payments and other expenses. Costs were 10% higher than the prior year, and $345 thousand less than budget. Approximately $126 thousand of the unspent professional development budget relates to obligations under collective agreements where unspent funds will carry forward to future years.

Rentals and Leases expense is the cost of rental or lease of land, buildings, vehicles and equipment for temporary or long-term use by the Districts. Costs were 14% higher than the prior year due to the Districts transition to a leasing model for technology replacement, as well as higher lease rates on new fleet vehicles.

Dues and Fees -This includes membership fees and/or dues in professional organizations as determined by the policies, regulations and needs of the District.

Insurance - This includes the expenditures for all forms and types of insurance coverage, premiums, and deductibles. Insurance costs were 2% higher than the prior year due to an increase in the premium for the School Protection Program (property and liability insurance provided by the Province of BC). Actual costs were 3% less than budget.

Supplies - This category consists of expenditures for supplies and materials of a consumable and/or non-capital nature. This includes consumable supplies, learning resources, non-capitalized furniture and equipment and computer equipment. Supplies costs in 2025 were 5% higher than the prior year, and $1.1 million (18%) less than budget. Budgeted supplies expense includes estimated expenditure of prior year surplus returned to school and department budgets, a portion of which schools and departments did not spend in 2025.

Special Purpose Fund Expense (by Function)

Special Purpose Fund expenses for 2025 were $748 thousand (3%) more than budgeted, and were $2 million (9%) higher than the prior year. Please refer to the Special Purpose Fund Revenue section for a detailed description of the individual special purpose funds, and a breakdown of the revenue and expense by fund for the year.

Special purpose fund expenses, categorized by function, are summarized in the table below:

Special Purpose Expenses by Function	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Instruction	22,661,568	23,503,105	21,529,443	841,507	4%	1,973,662	9%
District Administration	76,620	76,620	110,890	0	0%	-34,270	-31%
Operations and Maintenance	667,343	667,343	667,343	0	-	0	-
Transportation and Housing	243,490	149,799	94,132	-93,691	-38%	55,667	59%
Total Special Purpose Fund Expense	**23,649,021**	**24,396,867**	**22,401,808**	**747,816**	**3%**	**1,995,029**	**9%**

Instruction

The majority of special purpose funds are intended for instruction purposes. Instruction costs were $2 million higher than last year, primarily due to funded increases in employee salary costs, as well as spending from new Ministry funding for enhancing student opportunities for dual credit and work experience programs.

Instruction costs were $842 thousand (4%) over budget, primarily due to school generated funds collected and spent on student activities being higher than budgeted.

District Administration

The District operates two Provincial Resource Programs (PRP) funded by the Ministry of Education and Childcare. Funding received by the District includes an administration fee, which is reported as District administration expense in PRP special purpose funds, and as revenue to the District in the operating fund. Administration expense decreased in 2025 due to one provincial program being eliminated by the Ministry in March 2024, as well as reduction in the administration fee rate provided by the Ministry.

Operations and Maintenance

The operations and maintenance expense includes expenditures from the Annual Facility Grant fund on routine maintenance of school facilities for accessibility upgrades, electrical, plumbing, and interior and exterior constructions upgrades, roofing and site upgrades such as drainage, sidewalks, paving and fencing. The District receives additional funding through the Annual Facility Grant program that is reported in the Capital Fund.

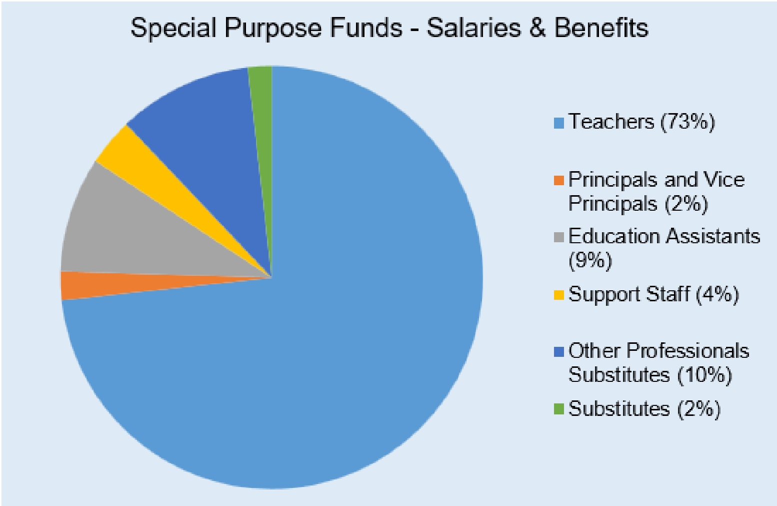
Transportation and Housing

Transportation costs relate to enhanced student transportation services for Indigenous students living on reserve that are funded from the First Nations Student Transportation Fund based on a joint submission by the District and First Nations to the BCTEA Transportation Committee pursuant to the BC Tripartite Education Agreement. Transportation costs increased from the prior year due to the addition of enhanced services, and were less than budget due to route efficiencies implemented during the year.

Special Purpose Fund Expense (by Object)

We can also look at Special Purpose fund expense categories by object. Overall, salaries and benefits make up $18.1 million (74%) of special purpose fund expense and services and supplies expenses make up the remaining $6.2 million (26%) of expenses.

The breakdown of salaries and benefits expense by employee group is illustrated to the right, with the majority being teacher positions funded by the Classroom Enhancement Fund.



Capital Fund Expense

The Annual Facility Grant from the Ministry funds building maintenance costs. Some maintenance projects are classified as capital in nature, and are accounted for as an increase in the cost of the building, rather than being expensed as operations and maintenance expense.

The operations and maintenance expense noted in the table below is the portion of Annual Facility Grant expense that was not classified as capital. Operations and maintenance expense will vary from year to year, depending on the nature of the Annual Facility Grant projects, and whether they are considered maintenance or capital costs.

The purchase or construction cost of the Districts capital assets is written off over the expected useful life of the asset, and the annual amount of this write off is the Amortization expense noted below.

Capital Expense	2025		2024	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	$	%	$	%
Operations and Maintenance	2,876,219	2,905,608	2,763,694	29,389	1%	141,914	5%
Amortization of Tangible Capital Assets	6,568,000	6,580,942	6,645,840	12,942	0%	-64,898	-1%
Total Capital Fund Expense	**9,444,219**	**9,486,550**	**9,409,534**	**42,331**	**0%**	**77,016**	**1%**

Operations and maintenance costs increased $142 thousand (5%) from the prior year due to an increase in the Annual Facility Grant from the Ministry, as well as a greater portion of the grant being spent on projects classified as maintenance rather than capital in 2025.

Details of the cost of capital assets purchased or constructed during the year are summarized in the Financial Position section of this document.

FINANCIAL HEALTH

Liquidity

Liquidity is measured as the ratio of financial assets to liabilities excluding deferred capital revenue and asset retirement obligation. A liquidity ratio of greater than one is desirable, indicating that the District can pay current liabilities as they are due. A liquidity ratio of less than one indicates that the District may potentially struggle to meet short term obligations. A higher liquidity ratio means that the District can meet its short-term obligations and can better respond to changing circumstances.

Liquidity	2021	2022	2023	2024	2025
Financial Assets	32,099,254	27,397,972	31,387,877	41,021,283	46,117,500
Liabilities*	23,585,390	21,237,617	23,198,246	23,441,581	25,129,776
Liquidity	**1.36**	**1.29**	**1.35**	**1.75**	**1.84**

**not including deferred capital revenue and asset retirement obligation*

Accumulated Surplus to Revenue

The chart below shows the District's operating revenues and accumulated net operating surplus over a five-year period. Accumulated operating surplus enables the Board to engage in long-term planning, mitigate financial risk and support consistent services to students. The surplus to revenue ratio is relatively stable over five years as the Board aims to maintain a contingency fund (unrestricted operating surplus) equal to 2% of Operating fund expenditures as well as restricting additional amounts of surplus for specific costs. Surplus is discussed in greater detail in the Financial Position section of this document.

Surplus to Revenue	2021	2022	2023	2024	2025
Operating Revenue	147,666,845	149,980,775	159,163,672	173,345,105	180,453,689
Accumulated Surplus	8,475,727	5,160,902	6,760,735	9,114,846	9,718,743
Surplus to Revenue	**5.74%**	**3.44%**	**4.25%**	**5.26%**	**5.39%**