



School District No. 57 (Prince George)

Financial Statement Discussion and Analysis

Year Ended June 30, 2026

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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, 2026. 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, 2026, 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 honour 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 kilometres and is one of the largest school districts in the province in geographic size. The District serves approximately 13,000 students enrolled in 31 elementary schools, and 8 secondary schools. Additionally, the District Learner Support Program provides alternate education programs, and continuing 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 \$217 million for the year ended June 30, 2026.

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.

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, 2026 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 District's operating grants and other operating revenues and expenses.

- Legislation requires that the District present a balanced budget for the Operating Fund, whereby budgeted expenditures do 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 are 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 intended purpose. Certain special purpose funds may have to be returned to the funding organization 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 expenses are to be categorized and reported within the District's financial system and financial reports. The 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 the District categorize costs within 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 include: Regular Instruction, Career Programs, Library Services, Counselling, Special Education, English Language Learners, Indigenous Education and School Based Administration.

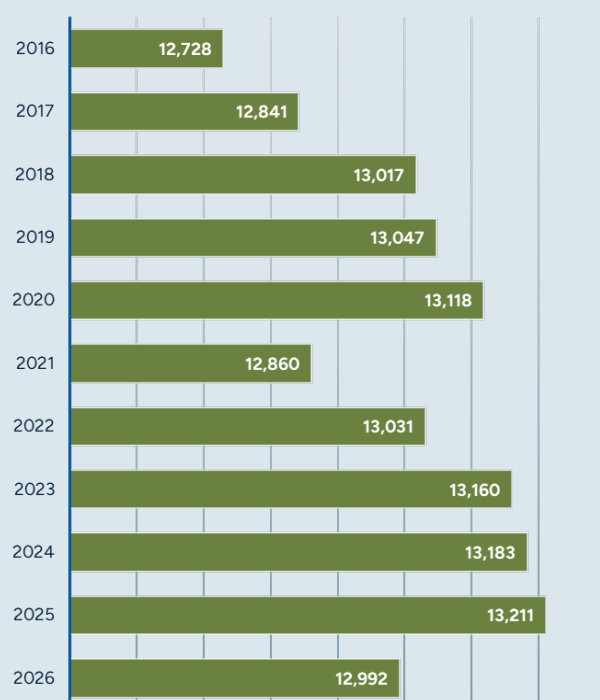
Objects are types of costs within programs. Examples include employee salaries, employee benefits, services, student transportation, supplies and utilities.

FINANCIAL HIGHLIGHTS

Enrolment

The District saw an overall student enrolment decline of 219 FTE (full-time equivalent), however, also saw an increase in the number of students with unique needs designated for additional funding. The overall increase in the Ministry of Education and Child Care operating grant was the net result of an increase in funding for students with unique needs and a decrease in funding due to enrollment decline.

SEPTEMBER ENROLMENT FTE BY FISCAL YEAR



SEPTEMBER ENROLMENT (FTE)

September	2026	2025
Standard (Regular) Schools	12,760	12,914
Continuing Education	-	-
Adult Education	2	7
Alternate Schools	230	219
Distributed Learning	-	71
Total Enrolment	12,992	13,211
Included in Total Enrolment (categories that receive additional per student funding)		
Designated Students	1,439	1,321
English Language Learning	1,306	1,364
Indigenous Education	3,914	3,920

Labour Settlement Funding and Wage Increases

Teachers received a 3% wage increase resulting from collective agreements that were negotiated by the Province. Non-unionized employees received wage increases ranging from 2% to 2.5%. These increases were funded by the Province with operating and special purpose labour settlement grants of approximately \$3.5 million.

The Province and unionized support staff (CUPE) reached a provincial agreement that includes a 3% wage increase retroactive to July 1, 2025. Because local bargaining is still in progress and provincial funding allocations are not yet confirmed, the related wage costs and the associated provincial funding are not reflected in the District's June 30, 2026 financial statements. These amounts will be included in the District's financial results once the collective agreement is ratified and funding allocations are confirmed.

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).

	2026	2025	\$ Change	% Change
Financial Assets	46,621,885	46,117,500	504,385	1%
Liabilities	139,540,095	141,440,692	(1,900,597)	-1%
Net Debt	(92,918,210)	(95,323,192)	2,404,982	-3%
Non-Financial Assets	145,723,120	146,986,147	(1,263,027)	-1%
Accumulated Surplus	52,804,910	51,662,955	1,141,955	2%

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

- Decrease of \$1.1 million in cash primarily due to excess cash being invested in Guaranteed Investment Certificates (GICs).
- Decrease of \$850 thousand in receivables due to the timing of receiving capital and special purpose funding from the Province and GST rebates from the federal government.
- Increase of \$2.5 million in portfolio investments due to investing excess cash in GICs. Excess cash arose from funding for capital projects received in advance of construction, and operating funding received in fiscal 2026 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 decrease in liabilities from 2025 to 2026 resulted mainly from the following:

- Decrease in trade payables of \$1.2 million due to the timing of when invoices were received from vendors compared to the prior year.
- Increase in deferred revenue of \$110 thousand resulting from special purpose funds received from the Ministry of Education and Child Care in excess of expenditures
- Decrease in deferred capital revenue of \$2 million 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 \$1.1 million due to increased wage rates and the timing of pay period dates spanning the year end.
- Increase in Asset Retirement Obligation of \$75 thousand resulting from an increase in estimated future asbestos remediation costs resulting from inflation, net of remediation costs incurred in 2026.

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 due to assets purchased or constructed totaling \$5.2 million, less amortization of \$6.6 million.

Tangible Capital Asset additions and their funding source during 2026 include the following:

	Cost	Funding Source
Sites		
Mackenzie Child Care Facility	19,000	Province – ChildcareBC New Spaces Funding
Central Fort George Child Care Facility	9,000	Province – ChildcareBC New Spaces Funding
Buildings		
HVAC upgrades (Beverly, College Heights Elementary, CHSS, PGSS)	1,200,000	Province – Minor Capital Programs, Annual Facilities Grant
Mackenzie Child Care Building	932,000	Province – ChildcareBC New Spaces Funding
Austin Road Child Care Building	629,000	Province – ChildcareBC New Spaces Funding
Modular Classrooms (Heritage Elementary)	377,000	Local Capital
Central Fort George Child Care Building	161,000	Province – ChildcareBC New Spaces Funding
Building upgrades (various)	102,000	Operating and Special Purpose Funds
Capitalized increase in estimated future costs of asbestos remediation	203,000	N/A - future asset retirement obligation
Furniture & Equipment		
Classroom and school furnishings and equipment	661,000	Operating Fund
Kitchen equipment – school meals programs	113,000	Province – Special Purpose Fund & Minor Capital Program
Facilities equipment	63,000	Local Capital
Maintenance and Operations equipment (custodial and facilities)	41,000	Operating Fund
School equipment	21,000	Special Purpose Fund (School Generated Funds - PAC)
Mackenzie Child Care equipment	14,000	Province – ChildcareBC New Spaces Funding
School trades programs – shop equipment	12,000	Industry Training Authority grant
Classroom and school furnishings and equipment	8,000	Local Capital
Technology		
Classroom technology (computers, laptops)	525,000	Operating Fund, Special Purpose Fund
Vehicles		
District fleet vehicles	66,000	Local Capital

Accumulated surplus of \$52.8 million is comprised of the operating fund surplus of \$9.5 million and the capital fund surplus of \$43.3 million. 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.

	2026	2025	\$ Change
Operating surplus, beginning of year	9,718,743	9,114,846	603,897
Surplus (deficit) from operations	2,821,085	5,980,885	-3,159,800
Capital Assets purchased	-866,831	-876,988	10,157
Transfers to Local Capital	-2,200,000	-4,500,000	2,300,000
Operating Surplus, end of year	9,472,997	9,718,743	-245,746

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 are not 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 projects or intermittent costs 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 and future technology and capital project reserves that have not yet been identified for specific initiatives).

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, 2026 are outlined in the table below:

Operating Fund Surplus	2026	2025	\$ change
Internally Restricted – nature of constraints on funds:			
Ministry of Education and Child Care			
Indigenous Education - targeted	538,965	792,490	-253,525
Indigenous Education Council funding	72,804	86,514	-13,710
Specific Purpose Funds	630,039	526,017	104,022
Recreation Trusts and Other Funds	164,552	160,097	4,455
	1,406,360	1,565,118	-158,758
Internally Restricted – anticipated unusual expenses			
Additional non-enrolling teacher requirement	385,000	-	385,000
Communications support	50,000	70,000	-20,000
Department optimization reviews	-	40,000	-40,000
Digital transformation initiatives	389,000	175,000	214,000
Outdoor Education Initiative	50,000	-	50,000
Policy review	25,000	50,000	-25,000
Principal & Vice-Principal professional development initiative	75,000	58,000	17,000
Recruitment and retention	100,000	100,000	-
Superintendent initiatives	50,000	50,000	-
Strategic Plan refresh	75,000	100,000	-25,000
Teacher mentorship initiative – year 1 of 3	75,000	-	75,000
Instructional support for technology in classroom	130,500	-	130,500
Unexpected health emergency response equipment	-	60,000	-60,000
YMCA program	75,000	75,000	-
	1,479,500	778,000	701,500
Internally Restricted – operations spanning multiple school years			
School surpluses	1,628,941	1,838,464	-209,523
School capital projects	11,556	97,403	-85,847
Department and program surpluses	638,443	758,509	-120,066
Facilities and technology reserves	810,232	960,754	-150,522
	3,089,172	3,655,130	-565,958
Total Internally Restricted Surplus	5,975,032	5,998,248	-23,216
Unrestricted Operating Surplus (Contingency)	3,497,965	3,720,495	-222,530
Total Available for Future Operations	9,472,997	9,718,743	-245,746

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

- **Invested in Tangible Capital Assets surplus** of \$34.8 million represents capital investments that are funded by operating revenues (recorded as transfers of accumulated operating surplus to the capital fund). 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 \$8.5 million 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	2026	2025
Local Capital surplus, beginning of year	7,074,356	3,349,507
Capital assets purchased from local capital	-910,491	-905,784
Investment income	182,711	130,633
Transfers from Operating	2,200,000	4,500,000
Local Capital Surplus, end of year	8,546,576	7,074,356

Local Capital Surplus, end of year	2026	2025
Capital infrastructure projects:		
Wifi equipment replacement	1,800,000	1,000,000
Classroom audiovisual equipment project	2,200,000	-
Heritage Elementary portables	200,000	-
School shop equipment replacement	200,000	-
Other	2,729,275	5,161,058
Facilities equipment replacement	568,119	481,181
District vehicle fleet replacement	849,182	432,117
Total Local Capital Surplus, end of year	8,546,576	7,074,356

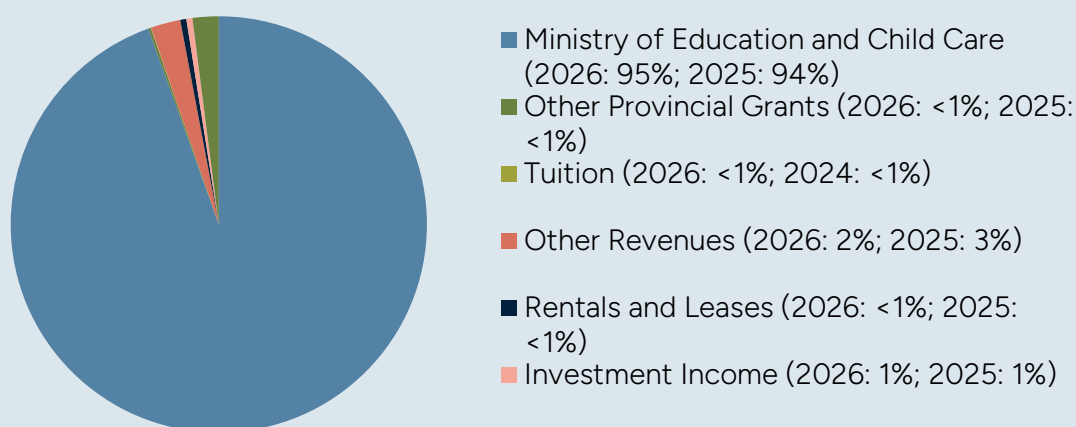
Revenue

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.

	2026	2025	\$ Change	% Change
Ministry of Education and Child Care	206,210,501	201,181,162	5,029,339	2%
Other Provincial Grants	423,175	445,180	-22,005	-5%
Tuition	78,500	88,107	-9,607	-11%
Other Revenues	5,027,756	5,233,985	-206,229	-4%
Rentals and Leases	1,027,994	1,014,244	13,750	1%
Investment Income	1,032,775	1,047,952	-15,177	-1%
Amortization of Deferred Capital Revenue	4,419,114	4,348,722	70,392	2%
Total Revenue	218,219,815	213,359,352	4,860,463	2%

District revenue for 2026 increased by \$4.9 million (2%) over the prior year. This increase is comprised of increases in operating, special purpose and capital fund revenue. A review of each fund separately provides a clearer understanding of the sources of this growth.

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 95% 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 2026 Operating fund revenues to the 2026 budget and to 2025 actual revenue (Schedule 2 of the financial statements).

	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual		\$	%	\$	%
Province – MECC	177,211,103	180,983,445	176,434,902	3,772,342	2%	4,548,543	3%
Province - Other	215,180	233,425	251,180	18,245	8%	-17,755	-7%
Tuition	70,650	78,500	88,107	7,850	11%	-9,607	-11%
Other Revenue	1,377,169	1,660,379	1,805,493	283,210	21%	-145,114	-8%
Rentals and Leases	1,015,000	1,027,994	1,014,244	12,994	1%	13,750	1%
Investment Income	770,000	798,177	859,763	28,177	4%	-61,586	-7%
Total Revenue	180,659,102	184,781,920	180,453,689	4,122,818	2%	4,328,231	2%

Provincial Grants – Ministry of Education - There was a 3% increase in funding from the Ministry compared to the prior year. The Ministry's per-student funding rates remained unchanged. The increase was primarily due to a special grant to fund the provincially negotiated 3% teacher wage increase, and non-unionized staff wage increases of 2% to 2.5%. Additionally, there was funding for an increased number of students designated with unique needs.

The increase in provincial grant revenue from the Ministry compared to the 2026 budget was mainly due to funding labour settlement funding received after the budget was prepared, as well as funding for the February enrollment count for students with unique needs being higher than budgeted.

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.

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. Investment income was less than the prior year due to lower interest rates.

Special Purpose Fund Revenues

	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Province – MECC	21,664,529	21,118,245	20,764,293	-546,284	-3%	353,952	2%
Province – Other	189,750	189,750	194,000	-	0%	-4,250	-2%
Other Revenue	3,587,522	3,367,377	3,428,492	-220,145	-6%	-61,115	-2%
Investment Income	55,000	51,887	57,556	-3,113	-6%	-5,669	-10%
Total Revenue	25,496,801	24,727,259	24,444,341	-769,542	-3%	282,918	1%

Provincial Grants – Ministry of Education and Child Care: Special purpose revenue from the Ministry was \$354 thousand higher overall than the prior year, mainly due to increased funding and spending due to wage rate increases, as well as increased funding for school meal 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 \$220 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.

2026 Revenue & Expense		Purpose
Special Purpose Funds – Ministry of Education and Child Care		
Annual Facility Grant (AFG) fund	\$667,343	routine maintenance of school facilities for accessibility upgrades, electrical, plumbing, and interior and exterior constructions upgrades, roofing and site upgrades. For 2026, the District was approved for \$4,682,758 in funding. \$667,343 is received as a special purpose grant and the remaining amount is received through the capital fund.
Learning Improvement fund	614,205	augments Education Assistant hours providing additional supports to complex learners.
Strong Start fund	340,000	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	71,091	events for children aged three to five and their parents/caregivers to support early learning and facilitate a smooth transition to kindergarten
Official Languages in Education Programs (OLEP)	237,895	supports core French language programs and curriculum resources
Community Link	2,552,662	supports programs to improve the educational performance of vulnerable students, including both academic achievement and social functioning
Classroom Enhancement	12,197,972	supports teacher staffing costs and overhead staffing costs resulting from the restoration of class size and composition language
First Nations Student Transportation	142,501	BC Tripartite Education Agreement funded grant supports approved jointly constructed transportation plans for First Nations students living on reserve
Mental Health in Schools	104,888	supports District priorities for mental health and wellbeing in the school community
Early learning funds (various)	10,132	Supports pre-Kindergarten programs
Student & Family Affordability Fund	2,410	Supports families with costs of school supplies, education related fees, and dealing with food insecurity that impacts student learning
Early Care and Learning	175,000	expansion of District child care programs on school grounds
Feeding Futures & National School Food Programs	2,408,742	supports school food programs, funding staff and food purchases to provide meals and snacks to students
Dual Credit Program Expansion	151,362	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
Professional Learning Grant	34,720	Supports professional learning for teachers and support staff in evidence-based approaches to literacy development, and literacy information and resources for parents and caregivers
Provincial Resource Programs	1,407,322	The District hosts two provincial resource programs which are funded through Provincial Resource Program funding. These two programs provide educational services at the University Hospital of Northern BC and provincially through the Fetal Alcohol Spectrum Disorder (FASD) Outreach Program.

Capital Fund Revenues

	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Province – MECC	3,946,219	4,108,811	3,981,967	162,592	4%	126,844	3%
Investment Income	-	182,711	130,633	182,711	-	52,078	40%
Amortization of Deferred Capital Revenue	4,418,000	4,419,114	4,348,722	1,114	-	70,392	2%
Total Revenue	8,364,219	8,710,636	8,461,322	346,417	4%	249,314	3%

Provincial Grants – Ministry of Education and Child Care is comprised of the portion of the Ministry's Annual Facility Grant that is spent on facility maintenance, as well as the portion of Ministry funding the District receives for capital projects such as site purchases or improvements and asbestos remediation. The increase in Ministry capital revenue in 2026 reflects a \$1 million increase in the Annual Facility Grant spent on maintenance rather than capital improvements, and a \$850 thousand decrease in asbestos remediation costs associated with funded capital projects.

Expenses

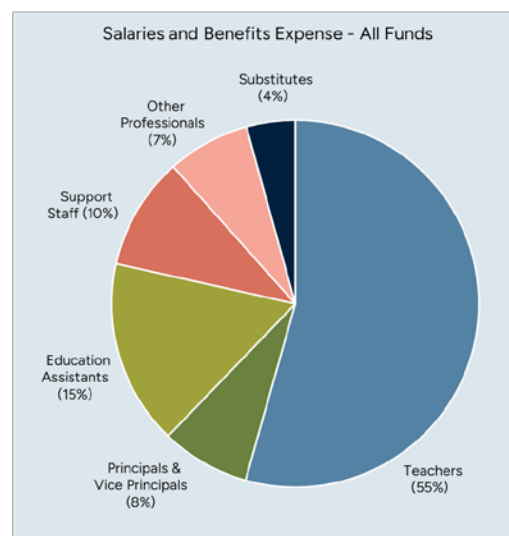
District expenses (all funds combined) for 2026 increased \$8.7 million (4%) over the prior year, and were \$1.7 million higher than budget, as detailed in the table below.

Total Expense – all funds	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Salaries							
Teachers	76,720,822	78,254,299	76,232,206	1,533,477	2%	2,022,093	3%
Principals & VPs	11,058,707	11,233,673	11,364,459	174,966	2%	-130,786	-1%
Education Assistants	23,426,033	23,485,500	21,391,098	59,467	-	2,094,402	9%
Support Staff	13,972,576	14,256,170	14,246,151	283,594	2%	10,019	-
Other Professionals	10,762,167	10,480,904	10,012,767	-281,263	10%	468,137	5%
Substitutes	5,422,510	6,186,176	5,300,144	763,666	-7%	886,032	13%
Total Salaries	141,362,815	143,896,722	138,546,825	2,533,907	2%	5,349,897	4%
Benefits	34,118,125	35,395,930	33,305,835	1,277,805	4%	2,090,095	6%
Total Salaries and Benefits	175,480,940	179,292,652	171,852,660	3,811,712	2%	7,439,992	4%
Services and Supplies	33,363,000	31,222,522	29,922,619	-2,140,478	-6%	1,299,903	5%
Amortization	6,580,000	6,562,686	6,580,942	-17,314	-	-18,256	-
Total Expense – all funds	215,423,940	217,077,860	208,356,221	1,653,920	1%	8,721,639	4%

District salaries expense was \$2.5 million over budget (2%), and 4% higher than the prior year, mainly due to funded 3% wage rate increases resulting from teacher collective agreements negotiated by the Province, as well as 2.0% - 2.5% increases for non-unionized employees that were not known at the time the budget was approved. The increase is also due to additional Education Assistants to support an increased number of students with special needs and increased costs for substitutes for school-based staff.

Benefits costs were 4% higher than budget and 6% higher than the prior year. This is due both to the increase in wage expenses as well as increases in benefits rates.

Services and supplies costs increased \$1.3 million (5%) from the prior year. Expenses by fund are discussed in more detail below.



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 2026 were \$1 million higher than budgeted and \$7.5 million higher than the prior year. The table below presents **operating expenses by function**, compared to the 2026 budget and to the prior year operating expenses.

Operating expenses by function	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual		\$	%	\$	%
Instruction	145,065,172	146,991,432	140,243,680	1,926,260	1%	6,747,752	5%
District Administration	8,460,614	8,207,937	7,442,147	-252,677	-3%	765,790	10%
Operations and Maintenance	22,329,228	21,940,718	21,408,154	-388,510	-2%	532,564	2%
Transportation and Housing	5,197,576	4,820,748	5,378,823	-376,828	-7%	-558,075	-10%
Total Operating Expense	181,052,590	181,960,835	174,472,804	908,245	1%	7,488,031	4%

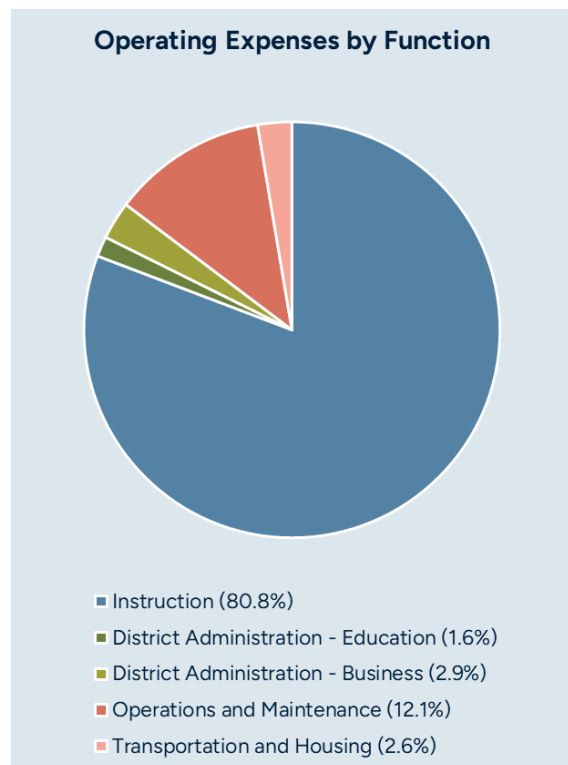
Instruction

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 \$6.7 million (5%) increase in costs compared to the prior year is primarily due to employee wage rate increases funded by the Ministry, benefits rate increases, additional staff to support students with unique needs, and increased costs of substitutes for school-based staff.

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 10% increase in costs compared to the prior year relates primarily to wage rate increases and technology modernization initiatives.



Operations and Maintenance

The Operations and Maintenance function represents 12% of the District's operating expenses and includes all costs related to the operation, maintenance and safety of sites, buildings, furniture, equipment and technology. It does not include any capital expenditures for District facilities. Overall, operations and maintenance costs were 2% higher than the prior year; the net result of decreases in wage and benefits and utilities costs and an increase in service and supplies costs for snow removal, painting and asphalt repairs. Costs were 2% lower than budgeted for 2026 primarily due to utilities costs being less than anticipated.

Transportation and Housing

The Transportation and Housing function includes all costs of student transportation and housing and were 10% lower than the prior year, primarily due to route efficiencies.

Operating Fund Expenses (categorized by Object)

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

Operating expenses by object	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Salaries	126,664,788	128,766,667	123,910,179	2,101,879	2%	4,856,488	4%
Benefits	30,582,505	31,729,671	29,794,444	1,147,166	4%	1,935,227	6%
Salaries & Benefits	157,247,293	160,496,338	153,704,623	3,249,045	2%	6,791,715	4%
Services & Supplies	23,805,297	21,464,497	20,768,181	-2,340,800	-10%	696,316	3%
Total Operating Expense	181,052,590	181,960,835	174,472,804	908,245	1%	7,488,031	4%

Salaries and Benefits

Overall, salaries expenses were higher than budget by \$2 million (2%). The increase was mainly the net result of funded wage rate increases for teachers and non-unionized staff and budget savings resulting from delays in filling positions due to labour market conditions.

Benefits costs are budgeted for as a percentage of salaries. Benefits costs were 4% higher than budgeted; a result of higher salary costs and benefit rate increases.

Salary costs by employee group are summarized below:

	2026 Budget	2026 Actual	Difference from Budget	% Difference
Teachers	66,091,904	67,320,619	1,228,715	2%
Principals & Vice Principals	10,730,641	10,901,947	171,306	2%
Education Assistants	21,945,006	22,039,439	94,433	0%
Support Staff	13,546,511	13,591,868	45,357	0%
Other Professionals	9,286,255	9,013,601	-272,654	-3%
Substitutes	5,064,471	5,899,193	834,722	16%
Total Operating Salaries Expense	126,664,788	128,766,667	2,101,879	2%

Teacher salary costs were 2% more than budget due to a funded 3% retroactive wage rate increase occurring after the budget was prepared. The costs of the wage rate increase were partially offset by budget savings from delays in filling positions due to labour market conditions.

Principal and Vice Principal costs were 2% higher than budget mainly due to a 2.5% retroactive funded wage rate increase occurring after the budget was prepared.

Other Professionals includes unionized professionals such as social workers, psychologists, speech-language specialists and clinicians, as well as other non-unionized employees. Wage costs were less than budget due to budget savings from delays in filling positions due to labour market conditions, partially offset by increased costs for funded wage increases of 2.5% to 3% for Other Professionals.

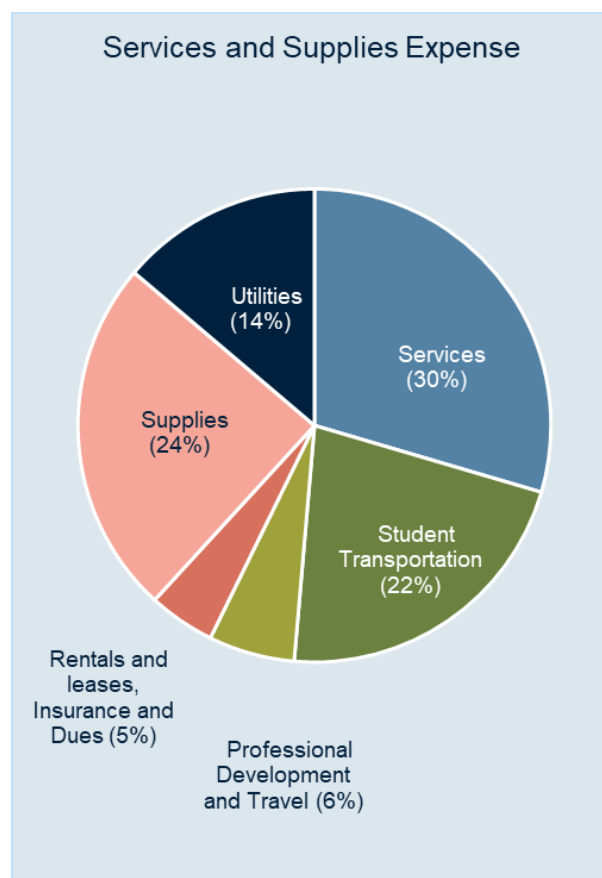
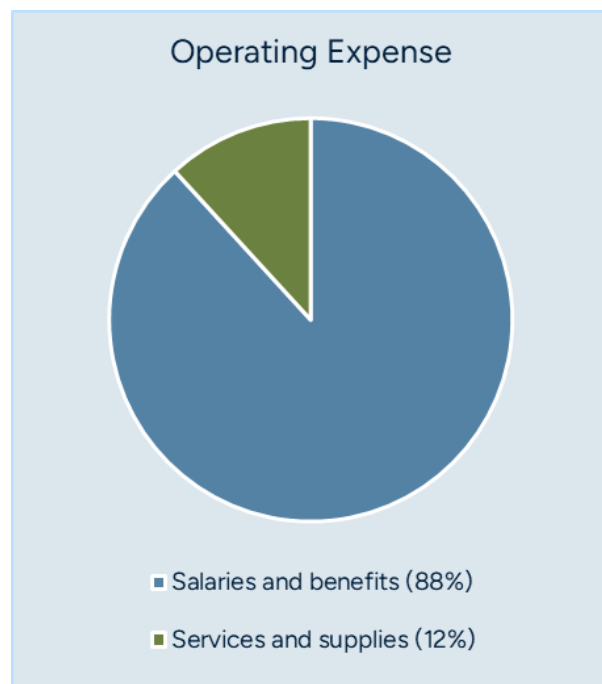
The cost of substitutes was 16% more than budgeted due to teacher wage rate increases and an increase in substitute coverage of short-term and long-term absences of school-based employees. Increased substitute coverage was a function of both an increase in the number of Education Assistant positions in the District, as well as an increase in casual employees available to cover absences.

Operating Services and Supplies Expense

Services and supplies expenses increased 3% compared to the prior year, and were 10% less than budgeted, as shown in the table below.

	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Services	6,527,081	6,342,349	4,946,831	-184,732	-3%	1,395,518	28%
Student Transportation	5,083,468	4,683,753	5,269,136	-399,715	-8%	-585,383	-11%
Professional Development & Travel	1,502,461	1,263,705	1,193,350	-238,756	-16%	70,355	6%
Rentals and Leases	1,051,541	406,336	524,443	-645,205	-61%	-118,107	-23%
Dues and Fees	117,295	117,964	115,373	669	1%	2,591	2%
Insurance	439,956	452,270	428,597	12,314	3%	23,673	6%
Supplies	5,785,908	5,235,633	5,184,131	-550,275	-10%	51,502	1%
Utilities	3,297,587	2,962,487	3,106,320	-335,100	-10%	-143,833	-5%
Total Services & Supplies Expense	23,805,297	21,464,497	20,768,181	-2,340,800	-10%	696,316	3%

Services and Supplies expense comprise 12% of the District's operating budget as illustrated below.



Services expense include items such as computer leases, software subscriptions, professional and technical services, repairs and maintenance contracts, snow removal and telephone services. Services costs were 28% higher than the prior year primarily due to technology related costs including computer lease costs and expenses for technology modernization initiatives. Previously, computer lease costs were reported with Rental and Lease expense, and are now included in Services expense to comply with Ministry expense classification guidelines.

Student Transportation expense includes contract student busing services to and from school, as well as costs for student transportation for curricular and extracurricular activities. Transportation costs were 11% less than the prior year and 8% less than budget primarily due to bus route efficiencies. Lower fuel prices also resulted in decreases in busing contract costs.

Professional Development and Travel expense were 6% higher than the prior year, and \$240K less than budget. The unspent budget relates to obligations under collective agreements where unspent funds 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 District. Costs were 23% less than the prior year and 61% less than budget due to computer leases in the 2026 Financial Statements being included in Services expense rather than rentals and leases.

Dues and Fees include membership fees and/or dues to professional organizations as determined by the policies, regulations and needs the District.

Insurance - This includes the expenditures for insurance coverage, premiums, and deductibles. Insurance costs were 5% 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) and an increase in automotive insurance costs. Actual costs were 3% higher than budget.

Supplies - This category consists of expenditures for supplies and materials of a consumable and/or non-capital nature. This includes learning resources, non-capitalized furniture and equipment and computer equipment. Supplies costs in 2026 were 1% higher than the prior year and \$550 thousand (11%) less than budget.

Utilities - This category includes costs such as electricity, heating, water and sewer, and garbage and recycling services. Utilities costs vary from year to year due to utility rates and climate conditions. In spite of increased utility rates, heating costs were less than budgeted and less than the prior year.

Special Purpose Fund Expense (by Function)

Special Purpose Fund expenses for 2026 were \$314 thousand (1%) less than budgeted, and were \$204 thousand (1%) 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	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Instruction	23,990,909	23,725,720	23,503,105	-265,189	-1%	222,615	1%
District Administration	65,441	65,441	76,620	-	-	-11,179	-15%
Operations and Maintenance	667,343	667,343	667,343	-	-	-	-
Transportation and Housing	191,438	142,501	149,799	-48,937	-26%	-7,298	-5%
Total Special Purpose Fund Expense	24,915,131	24,601,005	24,396,867	-314,126	-1%	204,138	1%

Instruction

The majority of special purpose funds are intended for instructional purposes. Instruction costs were \$223 thousand higher than last year, primarily due to funded increases in employee salary costs, as well as spending from increased Ministry funding for school meal programs.

Instruction costs were \$265 thousand (1%) under budget, primarily due to school generated funds collected and spent on student activities being lower than budgeted, as well as various Provincial special purpose funds with unspent funds that will carry over for spending in the next year.

District Administration

The District operates two Provincial Resource Programs (PRP) funded by the Ministry of Education and Child Care. 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 fees are a percentage of funding received and the decrease in administration expense is reflective of the decrease in PRP funding.

Operations and Maintenance

The operations and maintenance expense includes expenditures from the Annual Facility Grant for routine maintenance of school facilities for accessibility upgrades, electrical, plumbing, interior and exterior constructions upgrades, and 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.

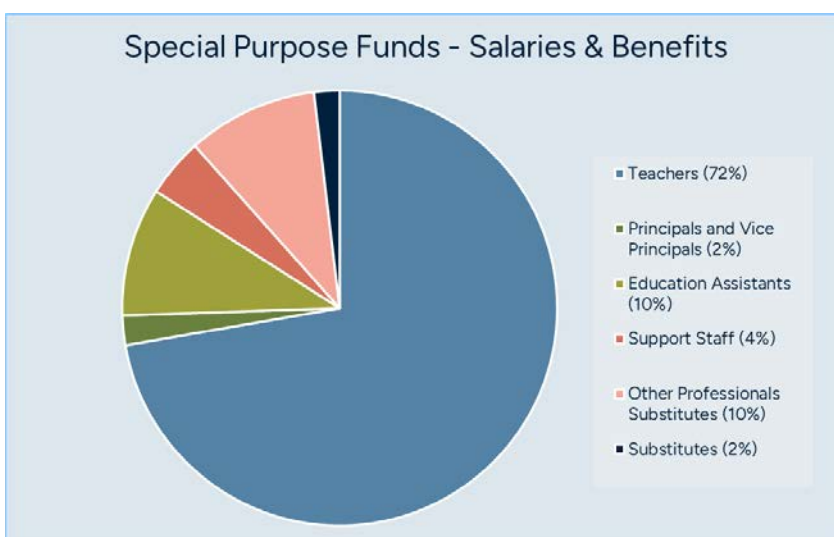
Transportation and Housing

Transportation costs relate to enhanced student transportation services for Indigenous students living on reserve funded from the First Nations Student Transportation Fund. This grant is 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 are less than budget and the prior year due to route efficiencies implemented during the year.

Special Purpose Fund Expense (by Object)

Special Purpose fund expense can also be reviewed by categories. Overall, salaries and benefits make up \$18.8 million (76%) of special purpose fund expense and services and supplies expenses make up the remaining \$5.8 million (24%) 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 District's 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	2026		2025	Difference from Budget		Difference from Prior Year	
	Budget	Actual	Actual	\$	%	\$	%
Operations and Maintenance	2,876,219	3,953,334	2,905,608	1,077,115	37%	1,047,726	36%
Amortization of Tangible Capital Assets	6,580,000	6,562,686	6,580,942	-17,314	-	-18,256	-
Total Capital Fund Expense	9,456,219	10,516,020	9,486,550	1,059,801	11%	1,029,470	11%

Operations and maintenance costs increased \$1.1 million (36%) from the prior year due to a \$418 thousand 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 2026.

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 may indicate challenges in meeting short term obligations. A higher liquidity ratio means that the District can meet its short-term obligations and can better respond to changing circumstances.

	2022	2023	2024	2025	2026
Financial Assets	27,397,972	31,387,877	41,021,283	46,117,500	46,621,885
Liabilities*	21,237,617	23,198,246	23,441,581	25,129,776	25,146,315
Liquidity Ratio	1.29	1.35	1.75	1.84	1.85

**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, mitigates financial risk and supports 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.

	2022	2023	2024	2025	2026
Operating Revenue	149,980,775	159,163,672	173,345,105	180,453,689	184,781,920
Accumulated Surplus	5,160,902	6,760,735	9,114,846	9,718,743	9,472,997
Surplus to Revenue	3.44%	4.25%	5.26%	5.39%	5.13%