



FINANCIAL STATEMENT DISCUSSION & ANALYSIS

For the year ended June 30, 2026

School District
No. 59 Peace
River South



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Introduction

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2026. It is based on currently known facts, decisions, and conditions. This report should be read in conjunction with the District's financial statements for the same period.

The purpose of a Financial Statement Discussion and Analysis is to provide an explanation of the information included in the financial statements and the trends and factors that influence them. The goal is to increase the reader's understanding of the financial statements.

The School District

School District No. 59 (Peace River South) has approximately 3,750 students and serves the communities of Chetwynd, Dawson Creek, Pouce Coupe, Tumbler Ridge and the surrounding rural area. We acknowledge the South Peace region is located within Treaty 8 Territory, a traditional travelling route for the Cree, Dunne-Za and Métis. The district has 15 elementary schools, 3 high schools and offers a distributed learning program.

The governing body of the School District is the Board of Education comprised of 7 trustees who are each elected for a four-year term 2022-2026. The day-to-day operations are managed by the administrative staff of the School District, led by the Superintendent of Schools.

Our Mission

To embrace, inspire, and value learning, meaningful communication, and integrity for each individual and for the communities we serve.

Strategic Plan

The 2024-2028 Strategic Plan identifies three areas of focus; each area has identified goals.

1. Student Success
2. Building Capacity
3. Communication

The Strategic Plan serves as a foundation for senior administration to develop operational initiatives to meet the goals of each priority in the overarching plan. Targets and fiscal responsibility (if required) are attached to each initiative and reviewed on an ongoing basis.





Composition of Financial Statements

The financial statements are prepared using fund accounting and are a consolidation of 3 separate funds: operating, special purpose and capital. Financial performance is difficult to ascertain in the audited statements as the three funds are combined. Financial details of each fund are reported in the supplementary schedules that follow the notes to the financial statements.

Key Audited Statements

1. Statement of Financial Position (Statement 1) summarizes financial assets, liabilities and accumulated surplus as at June 30, 2026.
2. Statement of Operations (Statement 2) summarizes revenues received and expenses incurred between July 1, 2025 and June 30, 2026.

Schedule 2 – Operating Fund

The Operating Fund accounts for the district's daily operating transactions. Annual and accumulated surpluses within the Operating Fund are an important indication of financial health. School districts are unable to incur an accumulated deficit position. When the district has an available accumulated surplus balance, those funds are available to use for future expenses and to reduce the financial risk of unforeseen circumstances. Accumulated surplus balances are subject to the Board's Accumulated Operating Surplus Policy 5010.

Schedule 3 – Special Purpose Funds

Special Purpose Funds are funds that are restricted for a specific purpose. These funds do not result in an accumulated surplus position but instead are accounted for as deferred revenue (deferral method). This is because revenue is only recognized as related expenses are incurred. If expenses for a program within a Special Purpose Fund exceed the revenues received, the deficit must be transferred to the Operating or Capital Fund depending on the nature of the expenditure. School districts are unable to incur a deficit position in any special purpose fund.

Schedule 4 – Capital Fund

The Capital Fund reports investments in, and financial activities related to, tangible capital assets, including land, buildings, furniture, vehicles, computers and equipment. Capital contributions are accounted for using the deferral method. Recognition of the capital funding revenue is spread out over the life of the related capital asset to match the amortization expense. Therefore, capital fund revenues reflected in the financial statements are not a reflection of actual funding received in a year. Because the amortization of revenue may not keep pace with the rate of amortization expense, the Capital Fund is the only fund that may reflect a deficit.

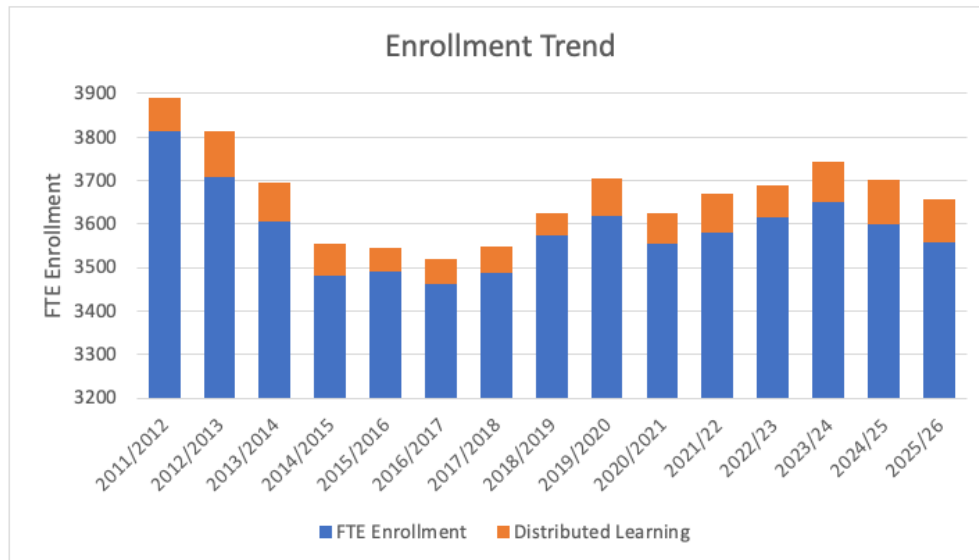


District Enrolment

	2025/26 Actual	2025/26 Prelim Budget	2024/25 Actual	Variance to Budget	% Change to Budget	Variance to Prior Year	% Change to Prior Year
Standard School	3,556.88	3,624.71	3,600.50	-67.84	-1.87%	-43.63	-1.21%
DL	100.25	90.00	100.50	10.25	11.39%	-0.25	-0.25%
Total FTE	3,657.13	3,714.71	3,701.00	-57.59	-1.55%	-43.88	-1.19%

Variance to Budget

The 2025/26 Preliminary Budget Enrolment estimates were submitted in February 2025. The variance between preliminary and actual enrolment is -57.59 FTE (1.55%) and shows a decrease in enrolment since the projections were made.





Statement of Financial Position

The Statement of Financial Position presents the District's financial assets and liabilities at a point in time. This statement provides two key performance measures of the District's ability to finance its operations and provide future service: Net Financial Asset (Net Debt) and Accumulated Surplus (Deficit).

Net Financial Asset (Debt)

Net Debt is a term unique to public sector financial reporting. It is the difference between a district's financial assets and liabilities at a point in time. This measure provides readers with valuable information regarding the district's requirement to generate future revenues to fund past services and transactions.

School districts will show a Net Financial Debt position due to funding, primarily provided by the Ministry of Education and Child Care, to support capital projects. This balance is reported under the title "Deferred Capital Revenue." Different from a true liability, these funds do not have to be repaid and are decreased (amortized) over time. If the Deferred Capital Revenue balance were eliminated from consideration, the District would be in a Net Financial Asset position.

Accumulated Surplus (Deficit)

The Accumulated Surplus (Deficit) represents the net recognized economic resources (all assets and liabilities) of a district at the date of the financial statements. This measure provides the net economic position of a district from all years' operations at a point in time.

The District was in an Accumulated Surplus position as at June 30, 2026.



	June 30, 2026 Actual \$	June 30, 2025 Actual \$	Increase (Decrease) \$	Increase (Decrease) %
Financial Assets				
Cash & Cash Equivalents	15,246,302	20,636,158	-5,389,856	-26%
Accounts Receivable				
Due from Province	1,420,780	-	1,420,780	0%
Due from First Nations	444,064	-	444,064	#DIV/0!
Other	288,457	399,646	-111,189	-28%
Total Financial Assets	17,399,603	21,035,804	-3,636,201	-17%
Liabilities				
Accounts Payable and Accrued Liabilities	3,175,785	3,632,462	-456,677	-13%
Unearned Revenue	99,543	64,093	35,450	55%
Deferred Revenue	1,948,849	2,011,212	-62,363	-3%
Deferred Capital Revenue	47,665,080	39,029,709	8,635,371	22%
Employee Future Benefits	1,085,058	1,123,487	-38,429	-3%
Asset Retirement Obligation	7,100,000	6,151,717	948,283	
Total Liabilities	61,074,315	52,012,680	9,061,635	17%
Net Financial Assets (Debt)	(43,674,712)	(30,976,876)	-12,697,836	41%
Non - Financial Assets				
Tangible Capital Assets	56,020,728	44,704,625	11,316,103	25%
Prepaid Expenses	231,794	261,109	-29,315	-11%
Total Non-Financial Assets	56,252,522	44,965,734	11,286,788	25%
Accumulated Surplus (Deficit)	12,577,810	13,988,858	-1,411,048	-10%

Assets

Cash & Cash Equivalents have decreased. This is largely due to the Crescent Park Elementary Expansion Project for which \$5 million in deferred revenue was received in 2023/24 in advance of the expenses being incurred. During 2025/26, dollars received and kept from the prior year were expended on the capital project.

Accounts Receivable relating to the Province is due to dollars owing relating to capital projects and incident recovery programming. Further, amounts were receivable from education services provided for Indigenous students and were received after the year end.

Accounts Receivable (Other) are amounts owed to the District and primarily consist of a GST rebate and other receivables, both of which decreased from the prior year.



Liabilities

Accounts Payable (Other) is comprised of amounts the District owes and primarily consists of salaries and benefits payable and accrued vacation payable. The variance noted is due to amounts owing in the prior year for nominal roll refunds to West Moberly First Nations and Saulteau First Nations.

Deferred Revenue refers to unused funds from the Special Purpose Funds. The majority of this balance consists of school generated funds, Early Care & Learning (ECL), and a professional learning grant.

Deferred Capital Revenue relates to funding provided by the BC Government (primarily the Ministry of Education and Child Care) for capital projects and is decreased as the tangible capital assets are amortized. For the year ended June 30, 2026, Deferred Capital Revenue increased due to increased spending on capital assets and work in progress capital projects, namely the Crescent Park Elementary expansion project, modular classrooms in Tumbler Ridge, and various smaller capital projects.

The Accrued Employee Future Benefits liability is actuarially calculated annually and includes vested sick leave, accumulating non-vested sick leave, early retirement, retirement/severance, vacation, overtime and death benefits resulting from employment contract provisions.

The Asset Retirement Obligation represents an estimate of remediation costs for buildings and properties owned by the school district. The increase noted is due to cost escalation for remediation.

Non-Financial Assets

Tangible Capital Assets reflect the remaining unamortized cost of land, buildings, furniture, vehicles, computers and equipment. Prepaid Expenses are a result of making advance payments for a good or service that will be received in the future. At June 30, 2026, the prepaid balance is made up primarily of software licenses and other subscription renewals, membership fees, insurance and school supply and agenda orders in advance of the new fiscal year.

Operating Fund – Schedule 2

The Operating Fund provides the financial information relating to the primary operations of the school district, separate from capital activities and dollars identified for a special purpose.

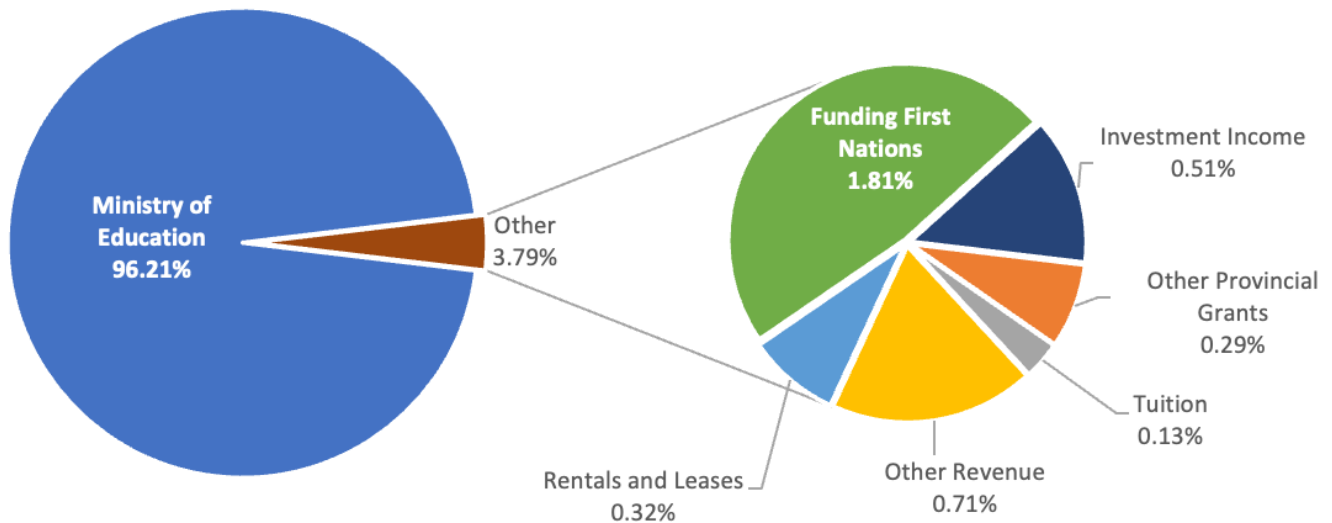
Revenues

Total operating revenues for the District were \$56.8 million for the 2025/26 school year. The Ministry of Education and Child Care funding makes up 96% of total operating revenue for the school district. This means the District is heavily reliant on the Base Operating Grant, which is calculated primarily on student enrolments.



Financial Statement Discussion & Analysis

	2025/2026 Actual	2025/2026 Budget	Variance to Budget	2024/2025 Actual	Variance to Prior Year
	\$	\$	\$	\$	\$
Revenues					
Provincial Grants					
Ministry of Education	54,636,622	53,915,128	721,494	54,393,293	243,329
Other	167,095	204,594	(37,499)	188,295	(21,200)
Tuition	74,553	74,553	-	63,627	10,926
Other Revenue	1,434,989	1,189,494	245,495	1,302,362	132,627
Rentals and Leases	183,522	180,000	3,522	176,715	6,807
Investment Income	292,356	425,000	(132,644)	767,215	(474,859)
Total Revenue	56,789,137	55,988,769	800,368	56,891,507	(102,370)
Expenses					
Instruction	43,481,193	44,225,014	(743,821)	42,519,213	961,980
District Administration	2,680,261	2,616,848	63,413	2,701,903	(21,642)
Operations and Maintenance	7,609,885	7,749,480	(139,595)	7,739,619	(129,734)
Transportation and Housing	4,163,511	4,020,018	143,493	4,295,021	(131,510)
Total Expense	57,934,850	58,611,360	(676,510)	57,255,756	679,094
Operating Surplus (Deficit)	(1,145,713)	(2,622,591)	1,476,878	(364,249)	(781,464)
Appropriation of Surplus	2,213,225	4,465,034	(2,251,809)	818,740	1,394,485
Net Transfers from other funds					
Tangible Capital Assets Purchased	(1,067,512)	(1,842,443)	774,931	(454,491)	(613,021)
Total Operating Surplus, End of Year	5,774,133	-	-	7,987,358	(2,213,225)





Revenues - Variance to Budget

Total Variance to Budget was an increase of \$800,368. Primarily, the increase in revenues relates to a one-time payment for retroactive compensation for teaching and exempt staff, with a noted decrease in investment income due to lower cash balances and lower than anticipated interest rates.

The Operating Grant, after consideration of the retroactive payments for compensation, had negligible percentage variance from budget.

Miscellaneous revenue is a year-to-year estimate and is estimated. Variance from the prior year is within normal expectations.

Revenues - Variance to Prior Year

Total Actual to Prior Year was consistent with the prior year at \$56,789,137.

Similar to the variance to budget, primarily the increase in revenues relates to a one-time payment for retroactive compensation for teaching and exempt staff, with a noted decrease in investment income due to lower cash balances and lower than anticipated interest rates.

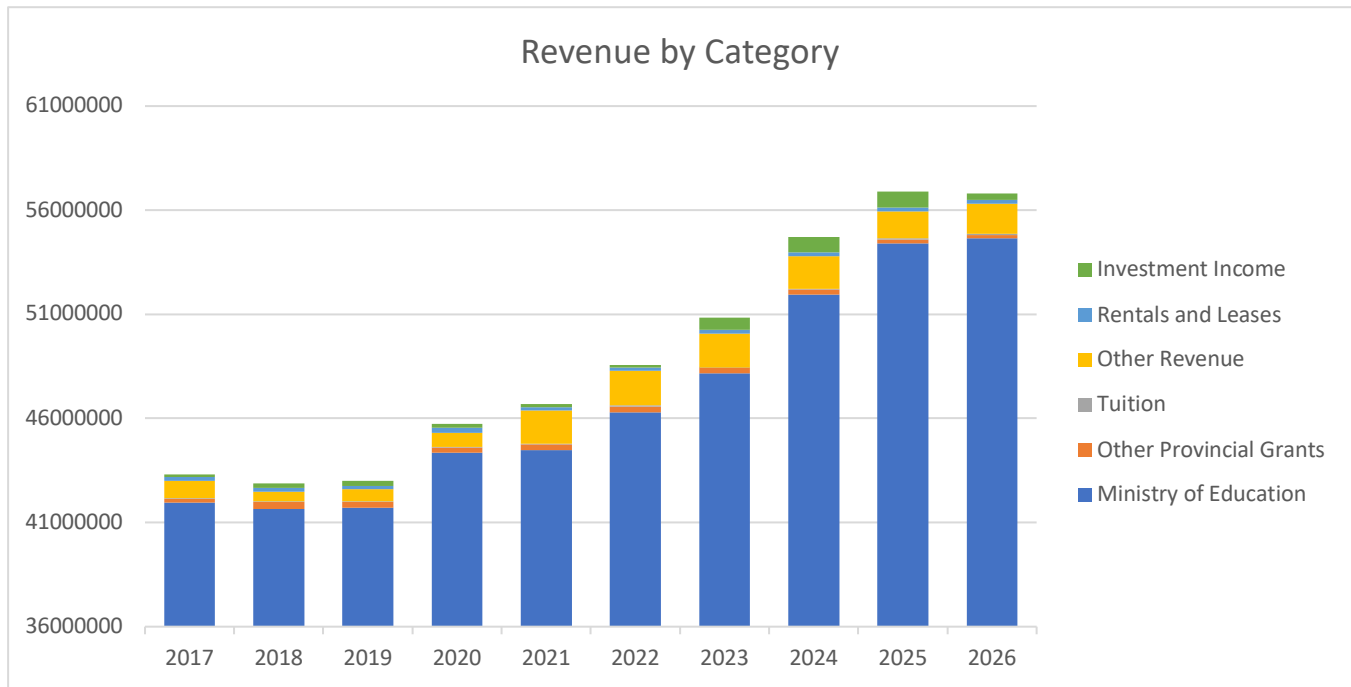
There was a noted increase in "Funding from First Nations" due to an increase in students enrolled and supported by our schools.

Below is a comparison of the funding line items in the operating grant:

	2025/26 Actual	2024/25 Actual	Change	Variance
Enrolment	3,657	3,701	(44)	-1.2%
Standard Schools	32,065,228	32,100,129	(34,901)	-0.1%
Online Learning	274,820	306,900	(32,080)	-10.5%
Home Schooling	8,000	6,500	1,500	23.1%
Enrolment Decline	55,243	56,597	(1,354)	-2.4%
Inclusive Supports	6,727,440	6,171,530	555,910	9.0%
English Language Learners	250,470	288,995	(38,525)	-13.3%
Indigenous Education	2,094,300	2,040,810	53,490	2.6%
Adult Education	5,036	-	5,036	
Equity of Opportunity Supplement	273,540	241,664	31,876	13.2%
Supplement for Salary Differential	1,148,152	1,306,317	(158,165)	-12.1%
Unique Geographic Factors	9,773,131	10,159,281	(386,150)	-3.8%
Curriculum and Learning Support Fund	32,790	33,236	(446)	-1.3%
Indigenous Education Council (IEC)	152,777	136,491	16,286	11.9%
September Enrolment	52,860,927	52,848,450	12,477	0.0%
February Enrolment	341,915	378,265	(36,350)	-9.6%
May Enrolment	205,660	206,370	(710)	-0.3%
Full Year Funding	53,408,502	53,433,085	(24,583)	0.0%
Less: Indigenous Services Canada	(1,236,103)	(1,030,404)	(205,699)	20.0%
Enrolment Based Operating Grant	52,172,399	52,402,681	(230,282)	-0.4%



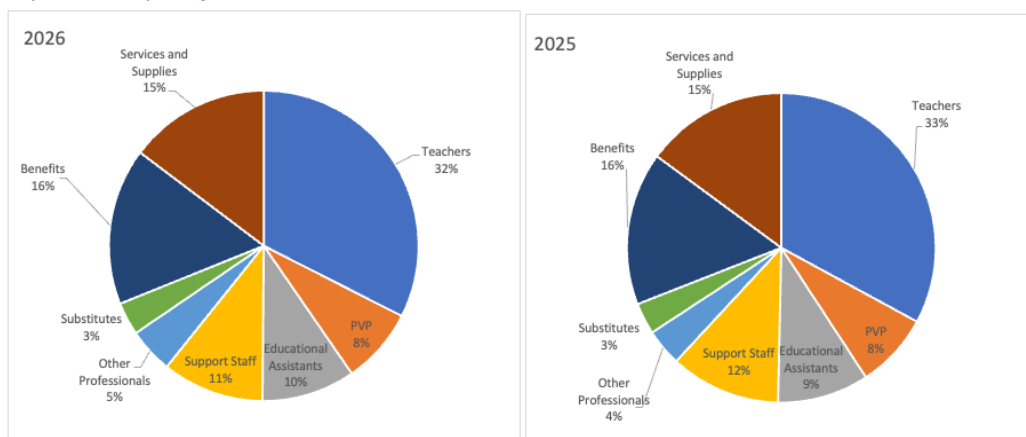
Comparisons of operating revenue from all sources over time are presented below:



Expenses

Of the School District's operating expenses, 85.3% (85.1% in 2024/25) are related to salaries and benefits, with most salaries (47%) paid to teachers. The remaining 14.7% of operating expenses are related to supplies and services including professional development, student transportation, utilities, and insurance.

Expenses by Object



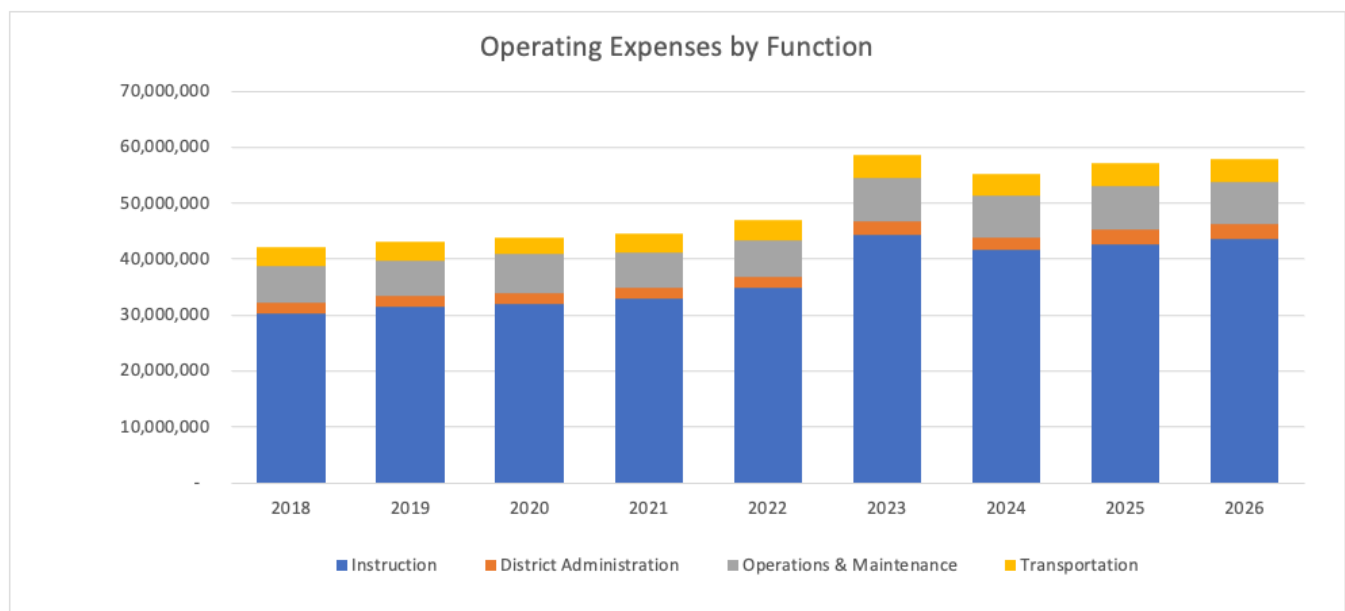
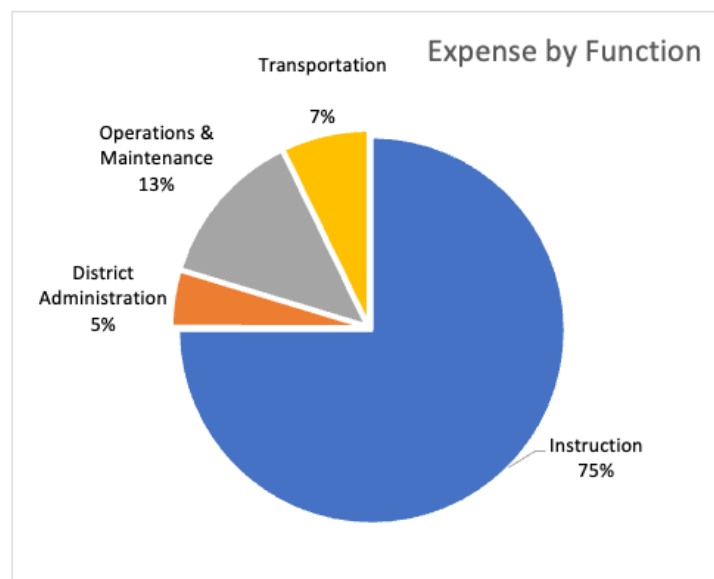
The percentages per function have remained steady within the district over many years.



Expenses by Function

The four functions are described below:

- **Instruction** function includes expenses related to the instruction of students.
- **District Administration** function includes expenses related to district governance and district administration of education, business and human resources.
- **Operations and Maintenance** function includes expenses related to the operation, maintenance and safety of buildings and equipment.
- **Transportation** function includes expenses involved with the transportation of students.





Expenses - Variance to Budget

Operating expenses as compared to budget were \$676,510 less than the amended budget.

	Budget	Actual	Under / (Over)	%
Teachers and Principals/Vice-Principals	22,655,200	23,388,036	(732,836)	-3.2%
Education Assistants and Support Staff	12,426,484	11,823,878	602,606	4.8%
Other Professionals	2,721,160	2,727,597	(6,437)	-0.2%
Substitutes	2,077,627	1,987,470	90,157	4.3%
Benefits	9,094,983	9,474,119	(379,136)	-4.2%
Services & Supplies	9,635,906	8,533,750	1,102,156	11.4%
Total	58,611,360	57,934,850	676,510	1.2%

The increase noted in certified staffing resulted from a retroactive collective agreement settlement and retroactive increases in principal compensation determined near the end of the fiscal year. Support staffing was lower than budgeted due to a reduction in educational assistant staffing considering a realignment of staffing to student needs.

The reduction in benefits is related to a one-time reduction in the overall annual premiums reflecting lower actual usage of benefits.

A reduction in “Supplies and Services” is noted, resulting from a planned reduction in discretionary spending during the second half of the year as well as a reduction in programming for initiatives due to a shift in priorities starting in February 2026.

In particular, for expenditures under “Supplies and Services”, school budgets are decentralized. Allowable carry forwards from one year to the next are calculated as the actual amount or 3% of the school budget, whichever is less, and are represented by the \$304,005 in school surpluses carried to 2026/27. Overall district instruction accounts were spent below budget.

For 2025/26, detailed expenditure disclosures were reclassified for the current year to align to best practices, resulting in variances in the comparative and budget information from the prior year. Generally, the change in expenditure disclosures and variances from budget or the prior year can be noted on Schedule 2B “Schedule of Operating Expense by Object” and Schedule 2C, as follows:

- Other Professional Salaries: exempt staff (non-union) support salaries were disclosed under this category for 2025/26. In the prior year, both exempt and union support salaries were disclosed under “Support Staff Salaries”; and
- Student Transportation: costs relating to all student transportation operations on Schedule 2B now align to Schedule 2C. Previously, some transportation costs such as fuel were disclosed under “Utilities” on Schedule 2B.



Further variances noted on Schedule 2C, “Operating Expenses by Function, Program and Object”, include:

Administration was spent above budget by \$63,413

Notable variances included increases in legal expenses and exempt compensation approved by the BC Government, as well as increases in recruitment initiatives.

Operation and Maintenance was spent below budget by \$139,595

Total salaries and benefits were spent below budget, reflecting an increase in the use of school district staff to support annual facilities grant maintenance renewal, which is budgeted through the capital fund and special purpose funds.

Transportation was spent above budget by \$143,493

Costs relating to fuel and vehicle parts were higher than expected due to economic cost pressures.

Surplus

The school district ended the 2025/26 fiscal year with an operating deficit of \$1,145,713. The 2025/26 amended budget committed planned operating reserves of \$2,622,591.

There are certain balances within 2025/26 internally restricted operating reserves that are restricted for a specific use because of the purpose for which those dollars were allocated in 2025/26 or the source of the funding received, as shown below:

Indigenous Education	\$	67,784
Indigenous Education Council		261,716
School-based Surpluses		304,005
Just Before		37,593
Alberta School Sports		1,747
Integrated Child and Youth		108,386
Total	\$	781,231

The planned initiatives that were being funded from reserves in 2025/26 are detailed below as well as the year end carry forwards to 2026/27. Actual use of dollars may be amended to reflect the amended budget approved later in 2026/27.



OPERATING

Internally Restricted (appropriated) by Board for:

	2026	2025
School-based Surpluses	\$304,005	\$180,383
Indigenous Education Surplus	67,784	74,421
Indigenous Education Council Surplus	261,716	136,107
Capital Projects	100,000	1,700,000
Service Improvement Allocation	-	18,585
Ministry Grants WEX and ICY	108,386	207,373
Just Before	37,593	8,659
Alberta School Sports	1,747	-
Department Carry Forwards	-	107,566
AED Equipment	-	33,000
Budget Allocation 2026-27	650,000	1,034,901
Capital Asset Additions	250,000	170,500
Strategic Initiatives	500,000	673,000
Operating Contingency	242,903	-
Subtotal Internally Restricted	2,524,133	4,344,495
Unrestricted Operating Reserve – Risk Mitigation	3,250,000	3,642,863
Total Operating Reserves	5,774,133	7,987,358

CAPITAL

Investment in Tangible Capital Assets	6,628,187	5,826,010
Local Capital	175,490	175,490
Subtotal Capital Surplus	6,803,677	6,001,500

ACCUMULATED SURPLUS

\$12,577,810	\$13,988,858
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In February 2024, the Board carried a resolution to leverage the Ministry funding for the Crescent Park Expansion project with \$1.7 million from reserves to incorporate the library currently being housed in a detached annex into the school building, as well as to relocate the office to a more central location in the school across from the new library.

Although the project commenced in the 2023/24 school year, the majority of construction costs and the need for the Board's contribution occurred in the 2025/26 school year. The amount of dollars contributed from internally restricted reserves during 2025/26 to support the expansion was \$905,132.



Accumulated Operating Reserves

Policy 5010 Accumulated Operating Surplus states that the Board of Education is responsible for ensuring the District is protected financially from financial forecasting risk and unforeseen circumstances which could negatively impact the education of students and service delivery. The accumulated operating surplus serves as a contingency reserve for the risk associated with unexpected increases in expenses and/or decreases in revenues related to major emergent operating issues, one-time costs and intermittent projects. Regulation 5010 states the Board of Education will attempt to maintain an unrestricted operating fund balance of 5% of annual operating expenses.

As at June 30, 2026, the district has \$5,774,133 in operating reserves, of which \$2,524,133 is restricted for specific purposes and \$3,250,000 is unrestricted. Restricted reserve funds are held for an intended purpose. The unrestricted operating surplus represents 5.6% of the 2025/26 annual operating expenses and is within the Board's Policy 5010 requirement.

	2021	2022	2023	2024	2025	2026
Internally Restricted	2,058,880	3,643,721	2,305,371	3,506,179	4,344,495	2,524,133
Unrestricted	6,530,601	6,441,631	7,188,301	5,299,919	3,642,863	3,250,000
Total Operating Surplus	\$ 8,589,481	\$ 10,085,352	\$ 9,493,672	\$ 8,806,098	\$ 7,987,358	\$ 5,774,133

Unrestricted Surplus
as a % of annual
operating expenses

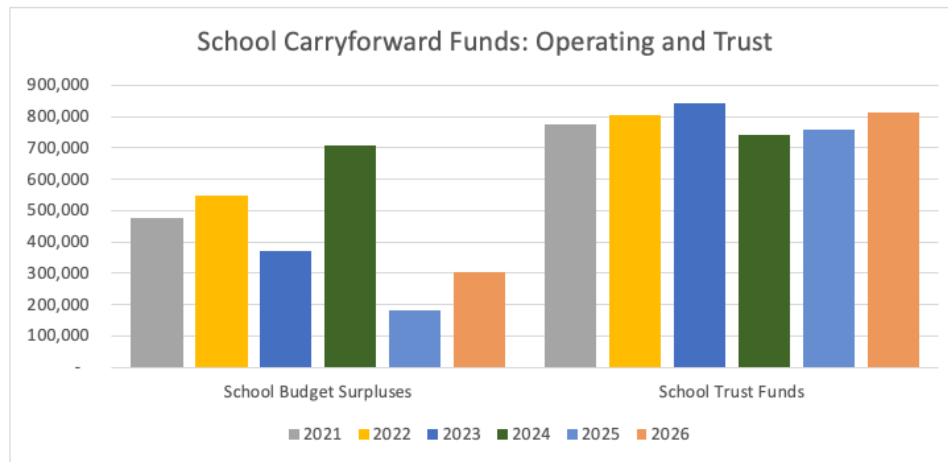
15% 14% 14% 10% 6% 6%

School Funds

The District practices school-based budgeting which allows schools that end the year in a surplus or deficit position to carry forward balances. These balances are restricted at year-end and then pulled out of reserves at the beginning of each school year for the schools to apply to their new budget. For the last four years, school surpluses greater than 2.5-3% of budget were restricted to ensure the best use of available dollars.

	2021	2022	2023	2024	2025	2026
School Budget Surpluses	477,553	547,586	371,294	709,326	180,383	304,005
School Trust Funds	775,774	804,636	840,937	740,962	757,177	811,833
School Funds Total	\$ 1,253,327	\$ 1,352,222	\$ 1,212,231	\$ 1,450,288	\$ 937,560	\$ 1,115,838

School trust funds are tracked and maintained by the school administrator and secretary. Most of these funds exist for a specific purpose (field trips, graduation fundraising, hot lunch programs, yearbook sales, etc.). The school trust funds are tracked within a special purpose fund called School Generated Funds and are not part of the operating budget. There are no restrictions on the carry forward in the school trust account, although school principals are encouraged to review multi-year static category balances to determine if they can be repurposed for other school initiatives. This avoids year-over-year balances that are not used for students.



Special Purpose Fund – Schedule 3

The Special Purpose Funds (SPF) are designated for service delivery and capital asset purposes. The balances are deferred to subsequent years for their intended purpose.

The following table summarizes the transactions for the year:

	Opening	Dollars Received	Expense & Capital	Closing
Ministry of Education Grants				
Annual Facility Grant	-	261,466	(261,466)	-
Learning Improvement Fund	97,123	185,178	(197,905)	84,396
StrongStart	35,124	204,000	(233,484)	5,640
Ready Set Learn	20,121	31,850	(33,587)	18,384
French Language	19,822	104,587	(124,409)	-
Community Links	31,919	416,681	(375,231)	73,369
Mental Health in Schools	46,924	55,000	(63,001)	38,923
First Nation Student Transportation	30,353	(13,086)	(4,200)	13,067
Classroom Enhancement Fund	193,763	4,382,536	(4,576,299)	-
Early Childhood Education Dual Credit Program	63,885	-	(39,700)	24,185
Student & Family Affordability Fund	23,306	-	(23,306)	-
Just B4	-	25,000	(25,000)	-
Early Care & Learning Grant	92,384	533,330	(150,073)	475,641
Feeding Futures	142,756	509,028	(583,361)	68,423
Health Careers Grants	45,831	(4,400)	(28,349)	13,082
SEY2KT (Early Years to Kindergarten)	9,579	-	(9,579)	-
National School Food Program	106,842	160,260	(206,752)	60,350
French Language Assistants	-	40,000	(40,000)	-
Dual Credit Pathway	-	50,000	-	50,000
Literacy Professional Learning Grant	238,867	-	(74,134)	164,733
Other Special Purpose Funds				
School Generated Funds	757,177	1,615,226	(1,560,570)	811,833
Tumbler Ridge Recovery	-	1,350,626	(1,350,626)	-
Early Learning Funds	46,801	7,052	(17,095)	36,758
Career Grants	8,635	5,000	(3,570)	10,065
Total	2,011,212	9,919,334	(9,981,697)	1,948,849



Capital Fund – Schedule 4

During the year, the District undertook and completed various capital projects as indicated in the following table:

Ministry of Education

Annual Facilities Grant	\$ 1,674,452
Dawson Creek Central Windows	288,641
Network Refresh Project	51,517
Tremblay Elementary HVAC	1,076,284
Tremblay Playground	193,555
Vehicles	3,749
Total	\$ 3,288,198

Work in Progress:

Crescent Park Elementary Expansion Project	\$ 7,423,661
Minor Capital	16,858
Total	\$ 7,440,519

Total Ministry of Education	\$ 10,728,717
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District Operating Fund

Technology Offices Renovation	239,483
Photocopiers	22,180
Custodial and Grounds Equipment	29,368
Vehicles	110,832
Total	\$ 401,863

Work in Progress:

Crescent Park Elementary Expansion Project	\$ 905,132
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Total District Operating Fund	\$ 1,306,995
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New Spaces Child Care

Work in Progress:

Consulting and Design - Tumbler Ridge and Dawson Creek	\$ 484,540
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Total New Spaces Child Care	\$ 484,540
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Tumbler Ridge Modulars

Total Tumbler Ridge Modulars	\$ 2,802,075
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The School District invested \$6.5 million in capital additions and a further \$8.8 million in capital additions not yet completed called “work in progress” for a total investment of \$15.3 million.

Once the capital projects are complete and put into use, they will move from work in progress to the asset pool and begin to be amortized.

The estimate for the school district’s asset retirement obligation (ARO) was increased by approximately \$950,000, which increased the unamortized portion of capital buildings and the ARO liability by the same amount.

The Capital Fund, reported as the Investment in Tangible Capital Assets, includes the unamortized portion of capital assets and spent and unspent deferred capital contributions. Also included in the capital fund are dollars identified as an internally restricted capital reserve for future capital purchases.

Specific balances in the Capital Fund are as follows:

Capital Fund	June 30, 2026	June 30, 2025	Change
Unspent Deferred Capital	5,372,537	6,302,809	(930,272)
Deferred Capital	42,292,543	32,726,900	9,565,643
Local Capital	175,490	175,490	-
Total	47,840,570	39,205,199	8,635,371

The \$5,372,537 of Unspent Deferred Capital primarily includes dollars held for the Dawson Creek and Tumbler Ridge New Spaces Child Care centre funding. Also included is \$173,535 in funding not spent on the Pouce Coupe Expansion project that the ministry approved to transfer to Ministry of Education and Child Care Restricted Capital.

In 2020, the District also entered into a twenty-year capital lease with a local utility for which \$1,000 capital lease revenue is received annually.

There are two capital fund surpluses:

The **Local Capital** fund of \$175,490 represents accumulated surpluses designated to fund the purchase of Tangible Capital Assets. This balance can increase if the Board makes a motion to transfer operating surpluses to Local Capital or when the district receives the unrestricted portion (25%) from sales of property.

The **Investment in Tangible Capital Assets** fund of \$6,628,187 represents capital investments that are funded by operating funds (shows as a net transfer from other funds). As an asset is amortized (shown as an expense), the surplus will decrease. Therefore, the balance is used to fund future amortization costs and does not represent funds that are available for other purposes.



Other Significant Matters

Tumbler Ridge Recovery

On February 10, 2026, staff, students, families, and the community of Tumbler Ridge experienced a tragedy. Since the incident, significant investments into the recovery have occurred. The following highlights the financial impacts to the year-end financial operations of the school district as of June 30, 2026.

Special Purpose Funds

Grants and expenditures of \$1,350,626 are recorded.

Capital Assets Purchased

Modular classrooms and associated costs for installation, as well as supports to create a modular classroom complex, totaled \$2,802,075 and are recorded in the financial statements.

Building Remediation

On July 21, 2026, the School District and the Government of British Columbia entered into a memorandum of agreement to dispose of, through remediation, a school building and associated site improvements in the community of Tumbler Ridge. The Government of British Columbia will be conducting the disposal directly, including the costs of the remediation. Land will be brought to a state allowing for a future use, with the costs at this time being undetermined.

New School Build

The Government of British Columbia, in partnership with the Federal Government, has made commitments for a new school building at a new school site. The timeline and costs for the new high school are undetermined at this time.

Future Supports

The Government of British Columbia has committed to providing funding to support students and staff. As of June 30, 2026, supports for up to \$2.8 million are available to the school district until March 31, 2027. Funding and supports after March 31, 2027 are undetermined at this time.

Contact Management

This financial report was completed for the purpose of providing a general overview of the School District's finances as at June 30, 2026 and demonstrating the District's accountability for the funding it receives.

If you have any questions about the report, please contact the Secretary Treasurer's office at 250-782-8571.