School District 8
Kootenay Lake

Financial Discussion & Analysis

For the Year Ended June 30, 2026

ACKNOWLEDGMENT

We acknowledge, respect and honour the First Nations in whose traditional territories the Kootenay Lake School District operates and all Aboriginal people residing within the boundaries of School District No. 8.

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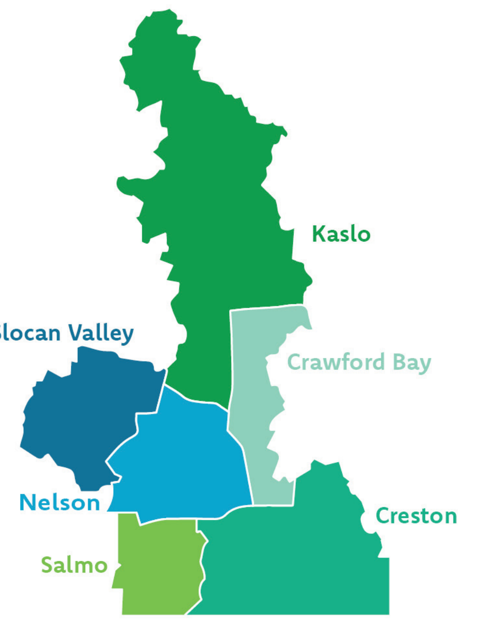
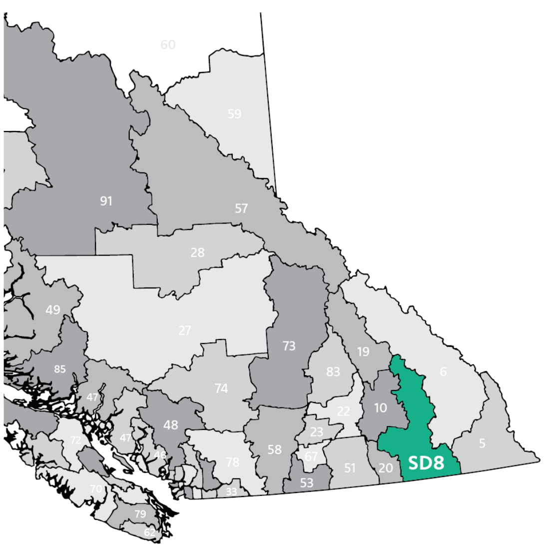
ABOUT THE DISTRICT

Located in the Kootenays in B.C., School District No. 8 (SD8) operates six families of schools serving the Lower Kootenay Band and the communities of Nelson, Salmo, Creston, Crawford Bay, Kaslo, the Slocan Valley and surrounding rural areas.

While most students live in Nelson and Creston, the district serves more than 15 rural communities. SD8 employs approximately 800 staff and the 2025-2026 operating budget was $86-million.



School District 8 Kootenay Lake Families of Schools



British Columbia School Districts
SD8 is one of 60 public school districts in B.C.

4,500 students

21 schools

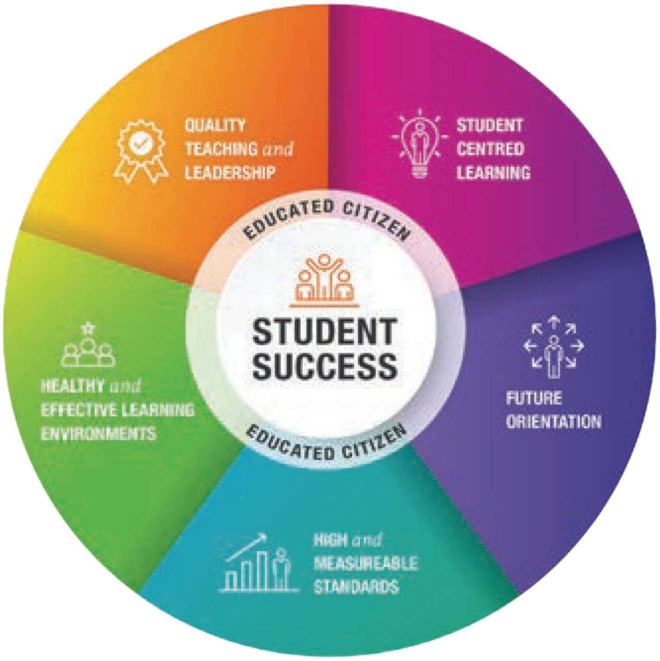
800 staff

STRATEGIC PLAN PRIORITIES

SD8's financial planning and results focus on meeting its strategic priorities outlined in the Strategic Plan. All SD8 financial decisions are guided by the district's mission, vision and values and are based on evidence and extensive consultation.

Strategies and structures support the learning success of individual Indigenous students, students with diverse abilities, and children and youth in care within each school. Together these district processes work to support the goals and vision of the Ministry of Education and Child Care Service Plan.

Aboriginal education (ABED) is core focus in the district, articulated through the Aboriginal Focus Area of belonging, success, truth before reconciliation, and history and culture. These plans are tied to SD8's strategic plan and the ministry service plan.



Mission

We inspire and support each learner to thrive in a caring learning environment.

Vision

Our learners grow as global citizens in an innovative and inclusive community.

Values

Our values help shape the culture of our schools and workplaces. By upholding these beliefs and attitudes, we can build learning communities that will lead to the fulfilment of our mission.

Strategic Priorities

Lifelong Learners

We improve student learning through interest-based, competency-based, flexible and innovative approaches.

Connected Learners

We inspire learners to become curious, critical, and creative stewards of the natural world and the local and global community.

Caring and Inclusive Learning Culture

We promote physical and mental well-being through social-emotional learning to foster compassionate learners.

Cultural and Identity Development

We promote a positive sense of identity in culturally safe and responsive communities of learning.

Career Development

We prepare students to graduate with options for their future life and career goals.

FINANCIAL DISCUSSION AND ANALYSIS

Introduction

This document will discuss and analyze the financial performance of School District No. 8 (Kootenay Lake) for the fiscal year that ended on June 30, 2026 and will provide information in relation to the prior year and the amended annual budget. The district's financial statements represent the consolidation of three separate funds: operating, special purpose and capital. This is only an introduction and should be read in conjunction with the district's audited financial statements and accompanying notes.

District Funding and Enrolment

SD8 is funded through the Operating Grant received from the B.C. Ministry of Education and Child Care. The Operating Grant is based on student enrolment confirmed by each school district through completion of Form 1701 - Student Data Collection in September, February, and May. The district receives a fixed amount per full-time equivalent enrolled student (FTE). For each student identified with unique needs, the district receives a supplementary grant on top of the basic per-pupil grant which provides additional financial resources required to ensure schools respond to the needs of diverse learners, unique geographical features that affect students and schools, and other demographic factors. In grades kindergarten through nine, one student equates to one FTE. At the secondary level, in grades ten through twelve, students are funded based on the percentage of full-time enrolment. As a result, there is variation in funding for secondary students, as students may enrol in more or less than a full course load or seek learning opportunities and experiences outside of school to meet their credit requirements. Online learners are funded based on the percentage of full-time enrolment and are funded at a lower rate per student FTE than non-online learners.

Student Enrolment

The following table compares the student FTE enrolment compared to the previous year based on the September enrolment figures:

	September 2025 Enrolments	September 2024 Enrolments	Change	
	FTE	FTE	FTE	%
Standard, continuing education and alternate schools	4,323.3125	4,414.1875	(90.8750)	2.1%
Online Learning	294.6875	261.6875	33.000	12.6%
Adult	4.2500	3.2500	1.000	30.8%
Total FTEs	**4,622.2500**	**4,679.1250**	**(56.875)**	**(1.2%)**

As shown in this table, September enrolment decreased by 56.875 student FTE (1.2%) in 2025-2026 when compared to the prior year with increases in online learners partially offsetting the decrease in standard and alternate school learners. For online learners, the February and May 2026 enrolment counts showed a similar trend with 154.9529 student FTEs, surpassing the actual February and May 2025 enrolments of 135.7500 student FTEs.

Financial Planning Process

The annual budget cycle begins with the Board's endorsement of a process and timeline for budget adoption in the Board's Governance Framework and Learning Plan. By February 15th each year, the district must submit the expected student enrolment for the upcoming school year to the Ministry of Education and Child Care.

Provincial operating grant funding estimates are based on these initial student enrolment projections, which are released each March. The Board is required to approve an amended budget in February based on the preliminary Operating Grant and actual confirmed enrolment counts. Throughout the spring, SD8 carries out an internal and public consultation process to identify budget priorities that meet ministry guidelines and follow the Board of Education's strategic plan. The district incorporates those priorities into the preliminary operating budget as directed by the Board. Each year by June 30, the Board must adopt a final budget for the upcoming school year.

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Financial Statements – Accounting Policies and Funds

The financial statements of School District No. 8 (Kootenay Lake) have been prepared in accordance with the Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the British Columbia Treasury Board. Significant accounting and reporting practices are summarized in Note 2 of the financial statements. These include the following:

- Operating expenses are recorded in the year the good or service is received.
- Operating grants are not restricted in use and are recorded as revenue when received or receivable.
- Restricted contributions are recorded as deferred contributions until the funds are expended.
- Contributions for capital projects are recorded as deferred capital contributions once they are invested in capital assets.
- Capital assets and deferred capital contributions are amortized over the estimated useful life of the assets.

To meet reporting requirements, the following funds are utilized:

Operating Fund	• **Transactions include operating grants and other revenues used to fund instructional programs, school and district administration, facilities operations, maintenance, and transportation.** • **Boards of Education are required by the School Act to prepare a balanced budget for the Operating Fund (i.e. no deficit).**
Special Purpose Funds	• **Special Purpose Funds consist of targeted funding and related funding provided to the school district for a specific purpose and related expenditures.** • **Pursuant to Sections 156(4) and (5) of the School Act, each special purpose fund must be accounted for in accordance with the terms of that special purpose fund.** • **Unspent special purpose funds are carried forward to be used in future year(s) for their specified purpose.**
Capital Fund	• **Transactions include capital expenditures related to equipment and facility purchases as well as equipment and facility enhancements.** • **The funding source of these purchases and enhancements determines to which capital fund the expenditures will be charged.** • **Funding sources include Ministry of Education and Child Care Bylaw Capital, Ministry of Education and Child Care Restricted Capital, Other Provincially Restricted Capital, Land Capital as well as Local Capital.** • **The Capital Fund is not part of a Board's operating balanced budget and may be in deficit. As such a board may incur an annual deficit for the portion of amortization expense that exceeds amortization of deferred capital contributions.**

Statement of Operations – By Fund

The following table breaks out district operations for the year ended June 30, 2026 by Operating, Special Purpose and Capital funds, as well showing fund surpluses and transfers between funds.

Year Ended June 30, 2026	Operating Fund	Special Purpose Funds	Capital Funds	Totals
Revenues				
Provincial Grants				
Ministry of Education & Child Care	65,688,531	13,630,848	–	79,319,379
Other	294,434	83,708	–	378,142
Tuition	1,070,413	–	–	1,070,413
Other Revenue	702,043	2,021,953	–	2,723,996
Rentals & Leases	179,720	–	–	179,720
Investment Income	343,732	46,472	3,620	393,824
Amortization of Deferred Capital Revenue	–	–	3,343,772	3,343,772
Total Revenue	**68,278,873**	**15,782,981**	**3,347,392**	**87,409,246**
Expenses				
Instruction	48,718,555	15,472,488		64,191,043
District Administration	4,532,498	–		4,532,498
Operations & Maintenance	9,503,217	248,200	4,324,847	14,076,264
Transportation & Housing	3,304,327	30,851	–	3,335,178
Total Expense	**66,058,597**	**15,751,539**	**4,324,847**	**86,134,983**
Surplus (Deficit)	2,220,276	31,442	(977,455)	1,274,263
Net Transfers from/(to) Other Funds				
Transfers for Tangible Capital Asset Purchases	(493,542)	(31,442)	524,984	–
Total Net Transfers	**(493,542)**	**(31,442)**	**524,984**	**-**
Total Surplus (Deficit) for the year	**1,726,734**	**-**	**(452,471)**	**1,274,263**
Accumulated Surplus, beginning of year	**7,505,262**	**-**	**20,455,498**	**27,960,760**
Accumulated Surplus, end of year	**9,231,996**	**-**	**20,003,027**	**29,235,023**

SD8 generated total revenues of $87.4 million in 2025–2026, consisting of $68.3 million in the Operating Fund, $15.8 million in Special Purpose Funds, and $3.3 million in the Capital Fund.

Total expenses were $86.1 million, with $64.2 million (75%) allocated to instruction, $4.5 million (5%) to district administration, $14.1 million (16%) to operations and maintenance, and $3.3 million (4%) to transportation and housing. The distribution of expenditures among these functional areas remained consistent with 2024–2025.

During the year, $0.5 million in Operating Fund revenues and $31,000 in Special Purpose Fund revenues were invested in tangible capital assets. These amounts are reflected in net transfers from the respective funds to the Capital Fund for tangible capital asset purchases.

As a result, SD8 reported Accumulated Surpluses of $9.2 million in the Operating Fund and $20.0 million in the Capital Fund as of June 30, 2026.

Statement of Operations – All Funds

The following table compares the year ended June 30, 2026 to the prior year and to the amended budget for the Operating Fund, Special Purpose Fund and Capital Fund combined, summarizing key information in Statement 2 of the financial statements.

Year Ended June 30, 2026	2025-2026 Actual	2024-2025 Actual	Increase (Decrease)	2025-2026 Amended Budget	Variance to Amended Budget
Revenues					
Provincial Grants					
Ministry of Education & Child Care	79,319,379	77,092,214	2,227,165	78,133,867	1,185,512
Other	378,142	407,928	(29,786)	337,488	40,654
Federal Grants	-	188,365	(188,365)	-	-
Tuition	1,070,413	1,052,227	18,186	954,982	115,431
Other Revenue	2,723,996	2,812,672	(88,676)	2,696,597	27,399
Rentals & Leases	179,720	160,581	19,139	105,000	74,720
Investment Income	393,824	485,776	(91,952)	279,778	114,046
Gain (Loss) on Disposal of Tangible Capital Assets	-	9,086	(9,086)	-	-
Amortization of Deferred Capital Revenue	3,343,772	3,093,404	250,368	3,334,708	9,064
Total Revenue	**87,409,246**	**85,302,253**	**2,106,993**	**85,842,420**	**1,566,826**
Expenses					
Salaries	55,311,024	54,806,029	504,995	55,236,451	(74,573)
Employee Benefits	14,766,122	14,495,938	270,184	14,284,416	(481,706)
Total Salaries and Benefits	**70,077,146**	**69,301,967**	**775,179**	**69,520,867**	**(556,279)**
Supplies and Services	11,732,990	12,004,061	(271,071)	13,153,054	1,420,064
Amortization of Tangible Capital Assets	4,324,847	4,072,455	252,392	4,310,904	(13,943)
Total Expense	**86,134,983**	**85,378,483**	**756,500**	**86,984,825**	**849,842**
Surplus for the Year	**1,274,263**	**(76,230)**	**1,350,493**	**(1,142,405)**	**2,416,668**

Operating Revenues and Expenses Compared to Prior Year

Total revenues from all funds increased by $2.1 million (2.5%) to $87.4 million in 2025-2026. Ministry of Education and Child Care grants increased primarily due to an additional $0.6 million in labour settlement funding and $1.5 million in Special Purpose Fund revenues. Federal grants decreased by $0.2 million. Lower investment balances resulted in reduced investment income. Amortization of Deferred Capital Revenue increased by $0.3 million, reflecting additional revenue recognized from provincially funded tangible capital assets.

Total expenses for all funds increased by $0.8 million (0.9%) to $86.1 million in 2025-2026. Salaries increased by $0.5 million (0.9%) due to labour settlements and approved salary increases, partially offset by lower relief salary expenditures across all employee groups. Employee benefits increased by $0.3 million (1.9%), driven by higher salary cost and health benefit costs. As a result, benefits as a percentage of salaries increased from 26.4% in 2024-2025 to 26.7% in 2025-2026. Additional analysis of salaries and benefits is provided in the Operating Fund Results and Special Purpose Fund Results sections of this report.

Services and supplies expenses include services, student transportation, professional development, travel, rental and leases, dues and fees, insurance, supplies and utilities. In the Operating Fund, lower spending on services ($0.3 million) and utilities ($70,000) were partially offset by higher spending on professional development and travel ($46,000) and higher supplies costs ($1.0 million). In the Special Purpose Funds, supplies and services decreased by $0.1 million.

Amortization of Tangible Capital Assets increased by $0.3 million (6.1%) related to additional tangible capital assets purchased/constructed.

Operating Revenue and Expenses Compared to Budget

Total revenues from all funds exceeded the amended budget by $1.6 million (1.8%), reflecting additional revenue of $2.2 million in the Operating Fund, partially offset by revenue that was $0.6 million below budget in the Special Purpose Funds. The Ministry of Education and Child Care provided an additional $1.8 million in Operating Fund revenue, consisting of $0.4 million through the operating grant and $1.4 million in labour settlement funding. The additional operating grant funding was generated by higher-than-budgeted February and May enrolment counts for online learners. Labour settlement funding supported compensation increases for all employee groups. Other revenue variances included higher tuition revenue from the International Program as a result of enrolments exceeding budget projections. The revenue shortfall in the Special Purpose Funds relates primarily to CommunityLINK funding that will be carried forward to future years.

Total expenses for 2025-2026 were $0.8 million (1.0%) below the amended budget. Salaries and benefits exceeded budget by $0.6 million (0.8%), primarily due to higher-than-budgeted benefit costs. These additional costs were more than offset by savings of approximately $1.4 million in supplies and services across the Operating Fund and Special Purpose Funds. In the Operating Fund, savings of approximately $0.8 million were realized through lower expenditure on contracted services, software licensees, professional development, travel, telephone, vehicle repairs, and utilities. A further $0.2 million in savings resulted from unspent Indigenous targeted funding, which will be carried forward and used in future years. In the Special Purpose Funds, savings of approximately $0.4 million were attributable to lower spending that will result in higher spending in subsequent years.

Operating Fund Results

The following table compares the year ended June 30, 2026 to the prior year and to the amended budget for the Operating Fund, summarizing key information from Schedules 2, 2A, 2B and 2C in the financial statements.

Year Ended June 30, 2026	2025-2026 Actual	2024-2025 Actual	Increase (Decrease)	2025-2026 Amended Budget	Variance to Amended Budget
Revenues					
Provincial Grants					
Ministry of Education & Child Care	65,688,531	64,955,316	733,215	63,875,377	1,813,154
Other	294,434	321,456	(27,022)	283,603	10,831
Federal Grants	-	188,365	(188,365)	-	-
Tuition	1,070,413	1,052,227	18,186	954,982	115,431
Other Revenue	702,043	673,733	28,310	641,597	60,446
Rentals & Leases	179,720	160,581	19,139	105,000	74,720
Investment Income	343,732	424,471	(80,739)	261,778	81,954
Total Revenue	**68,278,873**	**67,776,149**	**502,724**	**66,122,337**	**2,156,536**
Expenses					
Salaries	45,573,447	46,194,206	(620,759)	45,450,894	(122,553)
Employee Benefits	12,229,274	12,329,423	(100,149)	11,731,154	(498,120)
Total Salaries and Benefits	57,802,721	58,523,629	(720,908)	57,182,048	(620,673)
Supplies and Services	8,255,876	8,432,465	(176,589)	9,259,498	1,003,622
Total Expense	**66,058,597**	**66,956,094**	**(897,497)**	**66,441,546**	**382,949**
Surplus (Deficit) for the Year	**2,220,276**	**820,055**	**1,400,221**	**(319,209)**	**2,539,485**
Transfers for Tangible Capital Asset Purchases	(493,542)	(769,047)	275,505	(455,000)	(38,542)
Net Surplus (Deficit) for the Year	**1,726,734**	**51,008**	**1,675,726**	**(774,209)**	**2,500,943**

Operating Revenues and Expenses Compared to Prior Year

Operating Fund revenues increased $0.5 million (0.7%) from 2024-2025 to $68.3 million in 2025-2026. Operating grant rates per student increased by 1.1% for the basic allocation and students with unique needs; however, the grant revenue remained unchanged due to lower enrolments. Additional labour settlement funding of $0.7 million accounted for the increase in provincial grants received from the Ministry of Education and Child Care. Federal grants decreased by $0.2 million. Tuition revenue in the International Education programs remained relatively unchanged with similar enrolment levels. Lower investment balances contributed to lower investment income.

Operating fund expenses decreased by $0.9 million (1.3%) from 2024-2025 to $66.1 million in 2025-2026. Salaries and benefits decreased by $0.7 million (1.2%) while supplies and services decreased by $0.2 million (2.1%).

Changes in salaries by employee group included:

- Teachers - While contractual wage settlements resulted in additional salary costs, these increases were more than offset by changes in staffing levels and a shift in salary expenditures between the Operating Fund and Special Purpose Funds. As a result, overall teacher salary expenses were $0.7 million (3.1%) lower than in the previous year in the Operating Fund.
- Principal and vice-principal - Salaries increased by $0.1 million (2.3%) due to approved salary increases.
- Educational Assistants - Salaries increased by $0.2 million (6.2%), reflecting additional staffing and the impact of contractual wage settlements.
- Support Staff - Salaries increased by $0.3 million (3.9%) due to the filling of regular positions and contractual wage settlements.
- Other Professionals - Salaries decreased by $0.1 million (2.2%) as a result of staffing changes.
- Substitutes/Relief costs – Costs decreased by $0.4 million (12.9%), primarily due to lower relief costs for principals, educational assistants, and support staff, partially offset by higher teacher relief costs.

Benefits decreased by $0.1 million (0.8%) due to lower salary costs offset by higher health benefit costs. Benefits as a percentage of salaries were 26.8% in 2025-2026 compared to 26.7% in 2024-2025.

Services and supplies expenses include services, student transportation, professional development and travel, rental and leases, dues and fees, insurance, supplies and utilities. Lower spending on services ($0.3 million) and utilities ($70,000) was partially offset by higher spending on professional development and travel ($46,000) and higher supplies ($1.0 million), resulting in a net increase of $177,000 compared to 2024-2025.

Operating Revenue and Expenses Compared to Budget

Total operating fund revenues for 2025-2026 were $2.2 million (3.3%) above the amended budget. The Ministry of Education and Child Care provided an additional $1.8 million in funding, consisting of $0.5 million through the operating grant and $1.3 million in labour settlement funding. Higher February and May enrolment counts for online learners generated the additional operating grant. The labour settlement funding supported compensation increases for all employee groups.

Salaries were $0.1 million (0.3%) above the amended budget. Salaries for teachers, principals/vice principals, support staff, and other professionals were $0.7 million (1.7%) higher than budgeted due to labour settlements and approved salary increases. Salaries for educational assistants contributed approximately $0.1 million in savings, resulting from vacancies. Substitutes salaries also contributed approximately $0.5 million in savings, reflecting lower-than-expected relief costs across all employee groups.

Benefits were $0.5 million (4.2%) above the amended budget and were 26.8% of salaries compared to 25.8% in the amended budget. The increase as a percentage of salaries relates primarily to higher health benefit costs.

Supplies and services were $1.0 million (10.8%) below the amended budget. Savings of $0.8 million resulted from lower spending on contracted services, software licenses, professional development, travel, telephone, vehicle repairs, and utility costs. An additional $0.2 million in savings was attributable to lower expenditures from Indigenous targeted funds. These unspent Indigenous targeted funds will be carried forward and spent in future years.

Net Surplus

The net surplus before transfers for tangible capital asset purchases was $2.2 million. The transfers for tangible capital asset purchases totalled $0.5 million, consistent with the amended budget.

Special Purpose Fund Results

The following table compares the year ended June 30, 2026 to the prior year and to the amended budget for the Special Purpose Fund, summarizing key information from Schedule 3 of the financial statements.

Year Ended June 30, 2026	2025-2026 Actual	2024-2025 Actual	Increase (Decrease)	2025-2026 Amended Budget	Variance to Amended Budget
Revenues					
Provincial Grants					
Ministry of Education and Child Care	13,630,848	12,136,898	1,493,950	14,258,490	(627,642)
Other	83,708	86,472	(2,764)	53,885	29,823
Other Revenue	2,021,953	2,138,939	(116,986)	2,055,000	(33,047)
Investment Income	46,472	56,107	(9,635)	15,000	31,472
Total Revenue	**15,782,981**	**14,418,416**	**1,364,565**	**16,382,375**	**(599,394)**
Expenses					
Salaries	9,737,577	8,611,823	1,125,754	9,785,557	47,980
Employee Benefits	2,536,848	2,166,515	370,333	2,553,262	16,414
Total Salaries and Benefits	12,274,425	10,778,338	1,496,087	12,338,819	64,394
Supplies and Services	3,477,114	3,571,596	(94,482)	3,893,556	416,442
Total Expense	**15,751,539**	**14,349,934**	**1,401,605**	**16,232,375**	**480,836**
Surplus (Deficit) for the Year	**31,442**	**68,482**	**(37,040)**	**150,000**	**(118,558)**
Transfers for Tangible Capital Asset Purchases	(31,442)	(68,482)	37,040	(150,000)	118,558
Net Surplus (Deficit) for the Year	**-**	**-**	**-**	**-**	**-**

Special Purpose Revenues and Expenses Compared to Prior Year

Special Purpose Fund revenues for 2025-2026 were $1.4 million (9.5%) higher than 2024-2025. Higher revenues from the Classroom Enhancement Fund ($1.2 million), Feeding Futures ($0.1 million), Professional Learning Grant ($0.2 million) and National School Food Program ($0.2 million) were partially offset by lower revenues in the CommunityLink ($0.1 million), and Student & Family Affordability ($0.2 million).

The salaries and benefits increased by $1.5 million (13.9%) in the Special Purpose Funds due to the increased spending in the Classroom Enhancement Fund ($1.2 million), Feeding Futures ($0.1 million), and the Professional Learning Grant ($0.2 million). The Classroom Enhancement Fund which provides targeted funding to support teacher staff levels, increased as a result of the labour settlement costs and changes in staffing levels. The supplies and services decreased by $0.1 million (2.6%) with lower spending for the Student & Family Affordability Fund.

Special Purpose Revenue and Expenses Compared to Budget

Special Purpose Fund revenues for 2025-2026 were $0.6 million (3.7%) below the amended budget, while expenses were $0.5 million (3.0%) below the amended budget. As a result, a lower amount was transferred for tangible capital asset purchases than originally budgeted. The revenue and expenditure shortfalls were primarily attributable to CommunityLINK and will result in higher revenue and spending for CommunityLINK in future years.

Special Purpose Results by Program

TThe following table shows variances to the prior year and to the amended budget for the special purpose programs, summarizing key information from Schedule 3A of the financial statements.

Year Ended June 30, 2026	2025-2026 Actual	2024-2025 Actual	Increase (Decrease)	2025-2026 Amended Budget	Variance to Amended Budget
Provincial Grants - Ministry of Education & Child Care Funding					
Annual Facility Grant	279,640	279,640	-	279,640	-
Learning Improvement Fund	218,308	223,014	(4,706)	218,308	-
Strong Start	186,187	176,240	9,947	210,113	(23,926)
Ready, Set, Learn	40,315	27,694	12,621	58,056	(17,741)
OLEP	147,129	108,258	38,871	129,758	17,371
CommunityLink	430,119	523,510	(93,391)	1,030,560	(600,441)
Classroom Enhancement Fund (CEF)	10,830,366	9,605,390	1,224,976	10,630,033	200,333
First Nation Student Transportation	30,851	26,763	4,088	30,851	-
Mental Health in Schools	55,000	55,000	-	55,000	-
Changing Results for Young Children	-	8,303	(8,303)	-	-
Seamless Day Kindergarten	55,400	71,334	(15,934)	55,400	-
Early Childhood Education Dual Credit Program	-	45,975	(45,975)	-	-
Student & Family Affordability	3,197	167,223	(164,026)	36,681	(33,484)
Early Years to Kindergarten (SEY2KT)	5,367	17,510	(12,143)	9,919	(4,552)
Early Care and Learning (ECL)	175,000	175,000	-	175,000	-
Feeding Futures Fund	695,974	607,640	88,334	749,715	(53,741)
After School Sports & Arts Grant	53,181	55,463	(2,282)	53,885	(704)
Health Promoting Schools	30,527	31,009	(482)	27,000	3,527
Health Career Grants	-	3,700	(3,700)	-	-
Work Experience Enhancement Initiative	18,008	14,704	3,304	18,008	-
Professional Learning Grant	238,867	-	238,867	238,867	-
National School Food Program	221,120	-	221,120	305,581	(84,461)
Other Internally Restricted Funding Revenue					
Scholarships and Bursaries	57,660	42,785	14,875	30,000	27,660
School Generated Funds	2,010,765	2,090,314	(79,549)	2,015,000	(4,235)
Donations	-	61,947	(61,947)	25,000	(25,000)
Total Revenue	**15,782,981**	**14,418,416**	**1,364,565**	**16,382,375**	**(599,394)**

Capital Fund Results

The following table compares the year ended June 30, 2026 to the prior year and to the amended budget for the Capital Fund, summarizing key information from Schedule 4 in the financial statements.

Year Ended June 30, 2026	2025-2026 Actual	2024-2025 Actual	Increase (Decrease)	2025-2026 Amended Budget	Variance to Amended Budget
Revenues					
Investment Income	3,620	5,198	(1,578)	3,000	620
Gain (Loss) on Disposal of Tangible Capital Assets	-	9,086	(9,086)	-	-
Amortization of Deferred Capital Revenue	3,343,772	3,093,404	250,368	3,334,708	9,064
Total Revenue	**3,347,392**	**3,107,688**	**239,704**	**3,337,708**	**9,684**
Expenses					
Amortization of Tangible Capital Assets	4,324,847	4,072,455	252,392	4,310,904	(13,943)
Total Expense	**4,324,847**	**4,072,455**	**252,392**	**4,310,904**	**(13,943)**
Surplus (Deficit) for the Year	**(977,455)**	**(964,767)**	**(12,688)**	**(973,196)**	**(4,259)**
Transfers for Tangible Capital Asset Purchases	524,984	837,529	(312,545)	605,000	(80,016)
Net Surplus (Deficit) for the Year	**(452,471)**	**(127,238)**	**(325,233)**	**(368,196)**	**(84,275)**

Unlike the Operating Fund which cannot have a deficit, the Capital Fund will generally have a deficit each year which relates to amortization expense exceeding amortization revenue. The net deficit before transfers is $1.0 million, which is consistent with the prior year. Transfers from the Operating Fund and Special Purpose Funds of $0.5 million were lower than budgeted and resulted in a net deficit of $0.5 million in the Capital Fund after transfers from the Operating Fund and Special Purpose Funds.

Unspent Deferred Capital Revenue

Unspent Deferred Capital Revenue and Local Capital balances in the Capital Fund are available for spending on tangible capital assets in the future, subject to approval for the restricted capital balances. The balances increase when grants are received, investment income is earned and decreases when amounts are spent on tangible capital assets.

	June 30, 2025 Balance	Increases	Decreases	June 30, 2026 Balance
Bylaw Capital	-	5,001,659	(5,001,659)	-
Restricted Capital – Ministry of Education and Child Care	764,616	19,754	(162,294)	622,076
Total	**764,616**	**5,021,413**	**(5,163,953)**	**622,076**

Bylaw Capital

Bylaw Capital represents Ministry of Education and Child Care capital grants drawn on Certificates of Approval (COA) for capital projects and includes amounts for specific capital projects funded by the Ministry of Education and Child Care, capital portion of the Annual Facility Grant, carbon neutral capital project funding, playground equipment funding and other project funding paid through a Certificate of Approval (COA). During the year, the school district received $5.0 million in bylaw capital funding which was used to upgrade buildings ($2.8 million), purchase buses ($2.0 million) and construct a school playground ($0.2 million).

Restricted Capital

The Ministry of Education and Child Care restricted capital represents the ministry's portion (usually 75%) of the proceeds on disposal of land and buildings, and any bylaw project surpluses on completed projects. The ministry's permission must be received to spend these funds. Increases from investment income earned offset amounts spent on tangible capital assets of $0.2 million. The ending accumulated surplus balance for the Ministry of Education and Child Care restricted decreased to $0.6 million as at June 30, 2026.

Statement of Financial Position

The following table shows the district's financial position as of June 30, 2026 compared to the prior year.

As at	June 30, 2026 Actual	June 30, 2025 Actual	Increase (Decrease)	Increase (Decrease)
Financial Assets				
Cash	23,162,505	19,358,901	3,803,604	20%
Accounts Receivable				
Due from Province - MoECC	416,367	925,721	(509,354)	(55%)
Other	350,108	712,444	(362,336)	(51%)
Portfolio Investments	483,149	415,304	67,845	16%
Total Financial Assets	**24,412,129**	**21,412,370**	**2,999,759**	**14%**
Liabilities				
Accounts Payable & Accrued Liabilities				
Due to Province	148,136	-	148,136	0%
Other	7,587,895	7,765,813	(177,918)	(2%)
Unearned Revenue	903,036	553,453	349,583	63%
Deferred Revenue	4,121,886	3,139,139	982,747	31%
Deferred Capital Revenue	55,704,522	54,026,881	1,677,641	3%
Employee Future Benefits	1,958,203	1,885,457	72,746	4%
Asset Retirement Obligation	2,240,535	2,240,535	-	0%
Total Liabilities	**72,664,213**	**69,611,278**	**3,052,935**	**4%**
Net Debt	**(48,252,084)**	**(48,198,908)**	**(53,176)**	**0%**
Non-Financial Assets				
Tangible Capital Assets	77,313,303	75,949,213	1,364,090	2%
Prepaid Expenses	343,071	333,460	9,611	3%
Total Non-Financial Assets	**77,656,374**	**76,282,673**	**1,373,701**	**2%**
Accumulated Surplus and Remeasurement Gains	**29,404,290**	**28,083,765**	**1,320,525**	**5%**

SD8's financial position remained strong in 2025-2026. Liabilities increased by $3.0 million; however, this increase was offset by a corresponding increase in financial assets, leaving net debt relatively unchanged. SD8's current ratio, a measure of its ability to pay short-term obligations, increased from 2.7 as of June 30, 2025 to 3.0 as of June 30, 2026. SD8 continues to hold its excess cash in in the Province of British Columbia's Central Deposit Program, where funds earn a secure return.

Financial Assets

Total financial assets increased by $3.0 million compared to the prior year, primarily due to higher cash and cash equivalents. Accounts receivable from the Ministry of Education and Child Care decreased, as the prior year included additional amounts receivable for capital project funding. Other receivables, which consist of amounts due from other school districts and third parties, decreased due to higher collections before year-end.

Liabilities

Total liabilities increased by $3.1 million compared to the prior year. Increases were reported in unearned revenue ($0.3 million), deferred revenue ($1.0 million), deferred capital revenue ($1.7 million), and employee future benefits ($0.1 million). The increase in unearned revenue was primarily attributable to higher enrolment in the International Student Program. Deferred revenue increased due to higher carryforward balances in Special Purpose Funds.

Deferred capital revenue increased because provincial funding received for capital projects of $5.0 million exceeded the recognition of $3.3 million in amortized deferred capital revenue during the year. Employee future benefits increased primarily because of service and interest costs. Accounts payable decreased by $0.2 million, reflecting a lower level of capital spending at year-end.

Non-Financial Assets

Non-financial assets increased by $1.4 million compared to the prior year. During the year, SD8 invested $5.7 million in tangible capital assets, including facility improvements ($3.0 million), vehicles ($2.0 million), furniture and equipment ($0.3 million), and computer hardware ($0.4 million). These additions were partially offset by amortization expense of $4.3 million.

Accumulated Surplus Discussion

The changes to and balances in the accumulated surplus accounts for the year are shown in the following table:

	June 30, 2026	June 30, 2025	Increase (Decrease)
Operating Fund	9,231,996	7,505,262	1,726,734
Special Purpose Funds	–	–	
Capital Fund	20,003,027	20,455,498	(452,471)
Accumulated Surplus Excluding Remeasurement Gains	**29,235,023**	**27,960,760**	**1,274,263**

The school district has $29.2 million in Accumulated Surplus excluding Remeasurement Gains as of June 30, 2026, of which $9.2 million is related to the Operating Fund and $20.0 million is related to the Capital Fund.

Operating Fund Accumulated Surplus

An accumulated surplus balance in the Operating Fund indicates that a school district has net resources that can be used to provide future services or acquire assets.

The school district's Policy 621: Accumulated Operating Surplus states that:

- The accumulated operating surplus will service as a contingency reserve for the risks associated with unexpected increases in expenses and/or decreases in revenues; one-time costs not included in the annual operating budget; and intermittent projects and initiatives.
- Achieving targeted surplus levels of 3% to 5% is important for achieving educational goals and addressing financial health, stability, and risk.
- Allocating surplus funds (i.e. internally restricting funds) supports long-term planning by mitigating changes in revenue and making provisions for unexpected events.

The Ministry of Education and Child Care also has policy related to operating surplus. It implemented the K-12 Public Education Accumulated Operating Policy on July 2021 to ensure consistency, transparency, and accountability for the use of educational operating funding that is not used in the year in which it was provided.

The Policy establishes three categories of Internally Restricted Operating Surplus:

- Restricted Due to the Nature of Constraints on the Funds – includes categories such as contractual obligations; funding required to meet the education spending targets; and school generated funds (not externally restricted).
- Restricted for Anticipated Unusual Expenses Identified by the Board – includes short-term, variable needs; new initiatives; emerging events; and self-insurance on assets.
- Restricted for Operations Spanning Multiple School Years – future years' operations/budget; school and department surplus/carry-forwards; operating projects in progress; technology, utilities, equipment and capital projects; purchase order commitments; and educational pilots spanning multiple years.

The following table provides the details on the portion of the district's Accumulated Operating Surplus that is internally restricted and unrestricted (subject to a motion being passed by the Board to appropriate additional amounts). The information is also contained in Note 19 of the financial statements.

	June 30, 2026 Balances	June 30, 2025 Balances	Change
Due to Nature of Constraints on Funds	409,355	342,791	66,564
For Unanticipated Unusual Expenses	1,273,159	403,261	869,898
For Operations Spanning Multiple School Years	4,405,538	3,652,225	753,313
Total Internally Restricted Operating Surplus	**6,088,052**	**4,398,277**	**1,689,775**
Unrestricted Operating Surplus	3,143,944	3,106,985	36,959
Total Accumulated Operating Surplus	**9,231,996**	**7,505,262**	**1,726,734**

The total internally restricted operating surplus is $6.1 million, subject to Board approval of a motion to appropriate an additional $1.7 million. Most of the internally restricted balance has been designated for Operations Spanning Multiple School Years and will be used to support classroom furniture and equipment purchases, vehicle replacements, technology upgrades, school surplus carryforwards, and operating projects in progress. These planned investments will help maintain a continued focus on staffing resources within the Operating Fund in future years.

Amounts restricted Due to the Nature of Constraints on Funds relate primarily to professional development contractual obligations and carryforward balances associated with Indigenous targeted and capacity funding. Amounts restricted For Unanticipated Unusual Expenses are intended to support student- and staff-focused initiatives, as well as process improvement and development activities.

Capital Fund Accumulated Surplus

There are two categories of accumulated surplus in the Capital Fund – Invested in Tangible Capital Assets and Local Capital, totalling $20.0 million. The accumulated surplus for Invested in Tangible Capital Assets is $19,990,321 and the accumulated surplus for Local Capital is $12,706. Only the portion pertaining to the Local Capital is available for internal restriction by the Board. The remainder of the accumulated surplus relating to Invested in Tangible Capital Assets must be left unrestricted.