

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

2025/26

Year Ended June 30, 2026



SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2026

The discussion and analysis of School District 62's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2026. The intent of the Financial Statement Discussion and Analysis (FSDA) is to look at the District's performance. The FSDA should be read in conjunction with the financial statements and note disclosures to enhance the overall understanding of School District 62's financial picture for the year.

THE SCHOOL DISTRICT

The District has over 14,000 students and serves the communities of Sooke, Port Renfrew, Metchosin, Highlands, Langford and Colwood. Surrounded by forests, ocean, mountains and lakes, we are located a short distance from Victoria, the capital city of the province of British Columbia. The District is one of the fastest growing school districts in the province.

The governing body of the School District is a Board of Education of seven school trustees who are each elected for a four-year term. The day-to-day matters are managed by the administrative staff of the School District, headed by the Superintendent of Schools.

More about the District including the traditional territories, the Board of Education, and the Strategic Plan can be found on the District website at www.sd62.bc.ca

FINANCIAL HIGHLIGHTS

The financial statements provide these insights into the results of this year's operations:

Operating Fund

- For the fiscal year 2025/26, the District Operating Fund had a surplus of \$3,273,555 (\$192,427,171 in revenues and \$189,152,914 in total expense and capital asset purchases). When added to the balance of \$7,637,049 at the beginning of the year, the accumulated surplus in the Operating Fund ended the year with a balance of \$10,910,604.
- This year-end balance is restricted for the following purposes:
 - o Due to the nature of constraints on funds: \$ 359,931
 - o For operations spanning multiple school years: \$ 4,934,399
 - o For anticipated unusual expenses identified by the Board: \$ 1,786,929
- The unrestricted accumulated operating surplus is \$3,829,345. This balance is 2% of the \$190,840,472 Operating Fund expenses budgeted for the year ending June 30, 2027.

Special Purpose Funds

- Special Purpose Funds had \$41,106,390 in total revenue and expenditures – an increase of 6% (\$2.3M) from the prior year.

Capital Fund

- The District had \$17,099,580 in tangible capital asset additions in the year – a decrease of 75% (\$50.2M) from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The District's financial statements include a Statement of Financial Position (Statement 1), Statement of Operations (Statement 2), Statement of Changes in Net Financial Assets (Debt) (Statement 4), Statement of Cash Flows (Statement 5), and note disclosures.

These statements present aggregated information and serve as a means by which the District demonstrates its accountability for the resources, obligations and financial affairs for which it is responsible. They report information required to make assessments of and judgments on government financial operations and management.

As the Statement of Financial Position and Statement of Operations will be of particular concern to the users of the financial statements, the focus of this discussion and analysis will be on these two statements.

STATEMENT OF FINANCIAL POSITION

The statement of financial position reports the financial position of the District at the financial statement date. Four key figures help describe the financial position of the District at the financial statement date: financial assets; non-financial assets; liabilities; and accumulated surplus or deficit.

	FY26	FY25	INCR / (DECR)	INCR /
	ACTUAL	ACTUAL	FROM	(DECR)
FINANCIAL POSITION			PRIOR YEAR	%
(in \$ thousands)	A	B	C = A-B	D = C/B
TOTAL FINANCIAL ASSETS	46,540	46,827	(288)	-1%
TOTAL NON FINANCIAL ASSETS	486,256	482,863	3,393	1%
TOTAL ASSETS	532,795	529,690	3,105	1%
TOTAL LIABILITIES	361,910	363,983	(2,073)	
ACCUMULATED SURPLUS	170,885	165,707	5,179	

The **financial assets** are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations (such as inventory). As at the statement date, the District had financial assets of \$46.5M which is a 1% (\$0.3M) decrease from the \$46.8M held the prior year. The decrease is primarily due to less (0.2M) accounts receivable from the prior year.

The **non-financial assets** of the District are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed or leased capital assets, and prepaid expenses. As at the statement date, the District had non-financial assets of \$486.3M which is a 1% (\$3.4M) increase from the \$482.9M held the prior year. The increase is due mainly to \$17.1M in tangible capital asset additions offset by \$14.2M in amortization for the year.

The **liabilities** are present obligations of the District to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

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YEAR ENDED JUNE 30, 2026

As at the statement date, the District had liabilities of \$361.9M which is a 1% (\$2.1M) decrease from the \$364.0M held the prior year. The decrease is primarily due to a decrease in deferred capital revenues (\$1.3M) and accounts payable (\$1.4M).

The **accumulated surplus or deficit** of the District is calculated as the sum of the total assets less the liabilities of the District. This indicator represents the net assets of the District.

	FY26	FY25	INCR / (DECR)	INCR /
	ACTUAL	ACTUAL	FROM	(DECR)
ACCUMULATED SURPLUS / (DEFICIT)			PRIOR YEAR	%
(in \$ thousands)	A	B	C = A-B	D = C/B
ENDOWMENTS	673	673	-	0%
INVESTED IN CAPITAL ASSETS	159,301	157,396	1,904	1%
LOCAL CAPITAL	-	-	-	100%
OPERATING	10,911	7,637	3,274	43%
TOTAL ACCUMULATED SURPLUS	170,885	165,707	5,178	3%

As at the statement date, the District had an accumulated surplus of \$170.9M which is a 3% (\$5.2M) increase from the \$165.7M held the prior year.

STATEMENT OF FINANCIAL POSITION METRICS

The following are some statement of financial position metrics that indicate the financial health of the District.

Working capital ratio / Current ratio is an indication of the ability of the District to meet its current financial obligations from the liquid assets it has at a point in time. The ratio is calculated as current assets divided by current liabilities.

If the ratio is less than 1.0, then the District may have trouble paying back creditors. If the ratio is greater than 1.0, then the District has working capital and may have the potential to invest and grow.

The District had a ratio of 1.56 as at June 30, 2026, which is consistent with the prior year and with neighbouring districts SD61 (1.1) and SD63 (1.62) from 2024/25.

Cash asset ratio is a measure of the District's ability to pay its short-term obligations. The ratio is calculated as cash and cash equivalents divided by total current liabilities. The District had a ratio of 1.41 as at June 30, 2026, a slight increase from the prior year (1.22). The District's ratio is within the Office of the Comptroller General of BC suggested ratio of greater than 1.0 and is consistent with neighbouring districts SD61 (1.05) and SD63 (1.14) from 2024/25.

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YEAR ENDED JUNE 30, 2026

		FY26	FY25	INCR / (DECR)
		ACTUAL	ACTUAL	FROM
	STATEMENT OF FINANCIAL POSITION METRICS (in \$ thousands)			PRIOR YEAR
	CURRENT ASSETS			
	CASH AND CASH EQUIVALENTS	\$ 43,016	\$ 41,786	\$ 1,229
	ACCOUNTS RECEIVABLE	\$ 3,482	\$ 5,041	\$ (1,558)
	PORTFOLIO INVESTMENTS	\$ 41	\$ -	\$ 41
	PREPAID EXPENSES (excluding the prepaid lease)	\$ 2,040	\$ 1,253	\$ 787
	OTHER ASSETS	\$ -	\$ 600	\$ (600)
A	TOTAL CURRENT ASSETS	\$ 48,580	\$ 48,680	\$ (101)
	CURRENT LIABILITIES			
	ACCOUNTS PAYABLE	\$ 14,665	\$ 16,087	\$ (1,423)
	UNEARNED REVENUE	\$ 6,427	\$ 6,383	\$ 43
	DEFERRED REVENUE (SPF BALANCES)	\$ 2,975	\$ 2,695	\$ 280
	DEFERRED CAPITAL REVENUE (UNSPENT)	\$ 6,501	\$ 9,116	\$ (2,615)
				\$ -
B	TOTAL CURRENT LIABILITIES	\$ 30,568	\$ 34,282	\$ (3,714)
	WORKING CAPITAL			
	LONG TERM LIABILITIES: EMPLOYEE FUTURE BENEFITS	\$ 7,100	\$ 6,761	\$ 339
	ACCUMULATED SURPLUS - LOCAL CAPITAL	\$ -	\$ -	\$ -
	ACCUMULATED SURPLUS - OPERATING FUND - RESTRICTED	\$ 10,911	\$ 7,637	\$ 3,274
C = A-B	TOTAL WORKING CAPITAL	\$ 18,011	\$ 14,398	\$ 3,613
D = A/B	CURRENT RATIO = CURRENT ASSETS / CURRENT LIABILITIES	1.5892	1.4200	0.17
	CASH ASSET RATIO = CASH AND CASH EQUIVALENTS / CURRENT LIAB	1.4072	1.2189	0.19

STATEMENT OF OPERATIONS

The Statement of Operations reports the surplus or deficit from operations in the accounting period. The statement displays the cost of District services provided in the period, the revenues it has recognized in the period and the difference between them.

The Statement of Operations consolidates all revenues and expenses by function reported for the Operating (Schedule 2), Special Purpose (Schedule 3) and Capital funds (Schedule 4).

The Operating Fund is where the majority of the District's operations are reported. As this will be of particular concern to the users of the financial statements, considerable focus and analysis is provided on the Operating Fund.

OPERATING FUND

The Operating Fund is comprised of four components: revenues, expenses, tangible capital assets purchased, and operating surplus or deficit. The summary schedule for the Operating Fund can be found in Schedule 2 – the Schedule of Operating Operations in the financial statements.

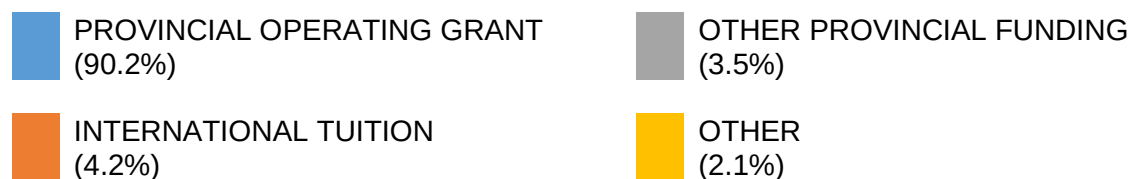
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REVENUES

The summary schedule for the District operating revenues can be found in Schedule 2A – the Schedule of Operating Revenue by Source.

The most significant District operating revenues are generated from three sources: the operating grant, international tuition, and other Ministry of Education grants.

OPERATING REVENUE ALLOCATION



The District's operating revenues of \$192.43M increased by 7% (\$12.78M) over the prior year. Against a budget of \$187.08M, the \$192.43M in revenues resulted in a favourable revenue variance of 3% (\$5.35M) above budget.

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY26	FY26	FY25	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
						PRIOR YEAR	%
OPERATING REVENUES (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
PROVINCIAL OPERATING GRANT	173,331	173,489	164,691	158	0%	8,798	5%
OTHER PROVINCIAL FUNDING	1,915	6,777	3,358	4,862	254%	3,419	102%
FUNDING FROM FIRST NATIONS	631	753	613	122	19%	140	23%
CONTINUING ED TUITION	90	73	125	(17)	(19%)	(52)	(42%)
INTERNATIONAL TUITION	8,187	8,028	7,715	(159)	(2%)	313	4%
MISCELLANEOUS	1,485	1,672	1,437	187	13%	235	16%
RENTALS AND LEASES	589	768	610	179	30%	158	26%
INVESTMENT INCOME	854	867	1,093	13	2%	(226)	(21%)
TOTAL OPERATING REVENUES	187,081	192,427	179,643	5,346	3%	12,784	7%

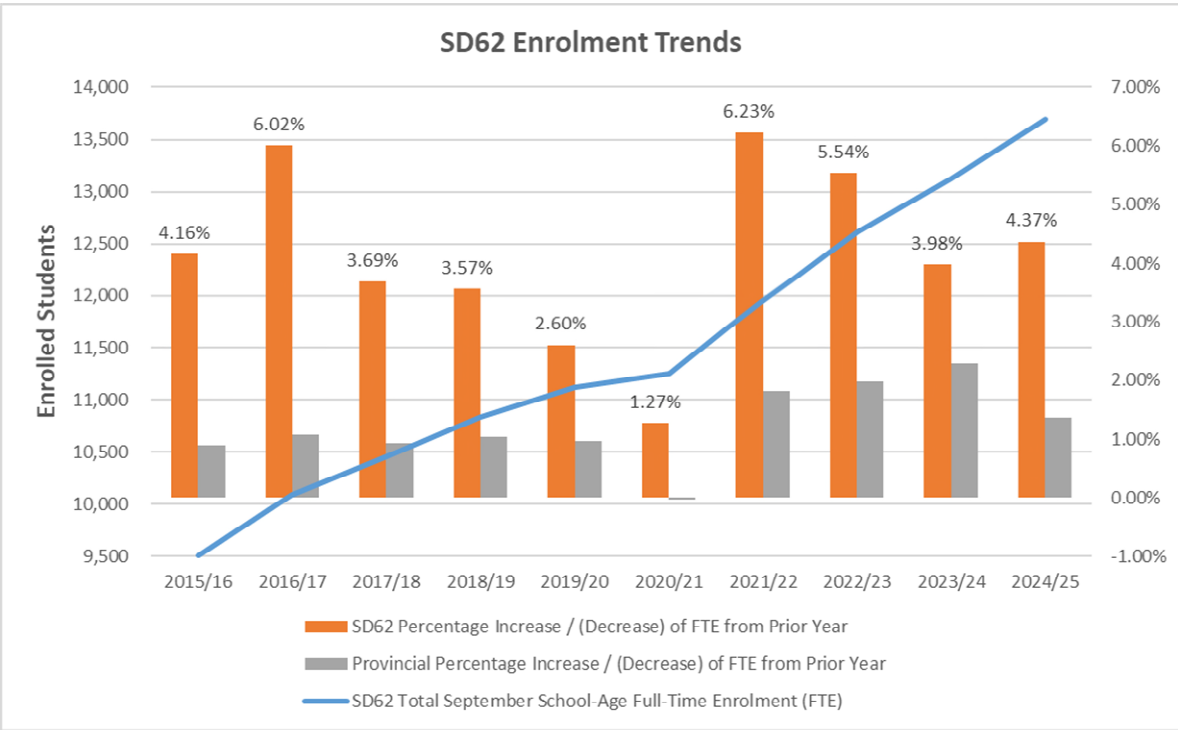
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The \$5.3M in additional revenues was largely from \$4.9M in Other Provincial Funding related to labour settlement funding announced after the budget was finalized.

Operating Grant

The Funding Allocation System allocates the General Operating Grants using individual district enrolments and specific factors that apply to each school district.

As highlighted in the graph below, enrolment has increased every year over the past decade.



Prior to 2021/22 the enrolment growth had slowed from 3.69% in 2017/18 to 1.27% in 2020/21. In 2021/22 the district experienced a significant increase in enrolment growth (6.23%) over the prior year. However, that growth rate is declining. The growth rate was 4.37% in 2024/25 and in 2025/26 was 2.67%. The 2.67% growth in the District is in stark contrast to a 0.45% decline in enrolment provincially in 2025/26. Additionally, at an average enrolment increase of 4.56% over the past 5 years, the District's growth is significantly higher than the provincial average (1.39%) over the same time period.

As detailed in the table below, there was a 2.9% (534.13 FTE) increase in total enrolment from the prior year across all categories and supplements.

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YEAR ENDED JUNE 30, 2026

	BUDGET FY26	ACTUAL FY26	ACTUAL FY25	SAVINGS / (PRESSURE) FY26	SAVINGS / (PRESSURE) % FY26	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
ENROLMENT (in FTE)	A	B	C	D = B-A	E = D/A	F = B-C	G = F/C
SEPTEMBER							
STANDARD (REGULAR) SCHOOLS	13,654.00	13,654.00	13,296.81	-	0.0%	357.19	2.7%
CONTINUING EDUCATION	52.75	52.75	33.06	-	0.0%	19.69	59.5%
ALTERNATE SCHOOLS	212.00	212.00	233.00	-	0.0%	(21.00)	(9.0%)
DISTRIBUTED LEARNING	141.38	141.38	131.31	-	0.0%	10.06	7.7%
HOME SCHOOLING & COURSE CHALLENGES	50.00	50.00	46.00	-	0.0%	4.00	8.7%
DESIGNATED STUDENTS	1,580.00	1,580.00	1,461.00	-	0.0%	119.00	8.1%
ENGLISH LANGUAGE LEARNING	1,489.00	1,489.00	1,480.00	-	0.0%	9.00	0.6%
INDIGENOUS EDUCATION	1,302.00	1,302.00	1,286.00	-	0.0%	16.00	1.2%
ADULT EDUCATION	12.63	12.63	9.19	-	0.0%	3.44	37.4%
TOTAL SEPTEMBER COUNT	18,493.75	18,493.75	17,976.38	-	0.0%	517.38	2.9%
FEBRUARY COUNT	202.00	280.56	238.44	78.56	38.9%	42.13	17.7%
MAY COUNT	52.00	63.00	88.38	11.00	21.2%	(25.38)	(28.7%)
TOTAL ENROLMENT	18,747.75	18,837.31	18,303.19	89.56	0.5%	534.13	2.9%

The increased enrolment along with funding level increases resulted in a 5% (\$8.8M) increase in the operating grant from the prior year.

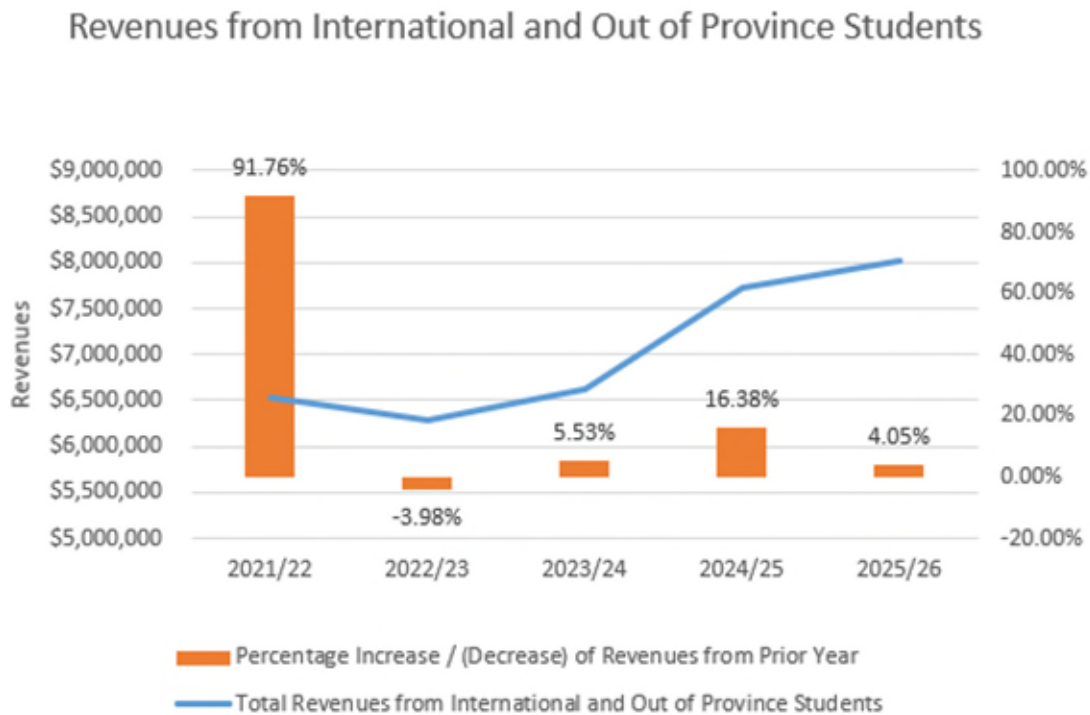
Other Provincial Funding

There was a \$3.42M increase in other Ministry of Education and Child Care grants compared to the prior year, primarily due to a \$3.08M increase in Labour Settlement Funding. Other provincial funding revenues totaled \$6.78M for the year, which was \$4.9M more than budgeted due to labour settlement funding announced after the budget was finalized.

International Tuition

The International Program has stabilized following a sharp revenue increase in 2021/22 after travel restrictions were lifted following the pandemic. For 2025/26, revenues rose by \$0.33M from the previous year, reaching \$8.03M.

The International Program incurred \$6.37M in expenses to generate \$8.03M in revenue, resulting in net revenues of \$1.66M for 2025/26—consistent with the prior year. These net revenues help fund discretionary programs across the District.



EXPENSES

The summary schedule for the District operating expenses can be found in Schedule 2B (the Schedule of Operating Expense by Object) and Schedule 2C (the Schedule of Operating Expense by Function, Program and Object).

The provincial averages are taken from data available to the public on the Ministry of Education financial reporting website. At the time of issuance of this report, the provincial actuals for fiscal 2026 were not yet available, as such the provincial budgets for fiscal 2026 were used for comparative purposes.

Expenses by Type (Object)

The District’s spending allocations by object were in line with provincial averages - with 89.9% of its expenses on salaries and benefits (Province = 89.0%) and 10.1% on services and supplies (Province = 11.0%).

The chart below further details spending allocations for the District in the year compared to provincial averages.

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FY26 EXPENSES BY OBJECT



TEACHERS SALARIES (SD62=36.3%; Prov=40.4%)	PVP SALARIES (SD62=6.0%; Prov=5.5%)
EA SALARIES (SD62=12.1%; Prov=9.0%)	SUPPORT STAFF SALARIES (SD62=9.1%; Prov=8.6%)
OTHER PROF. SALARIES (SD62=3.5%; Prov=3.0%)	SUBSTITUTES SALARIES (SD62=4.3%; Prov=4.0%)
EMPLOYEE BENEFITS (SD62=18.6%; Prov=18.6%)	TOTAL SERVICES AND SUPPLIES (SD62=10.1%; Prov=11.0%)

The District's operating expenditures of \$186.77M increased by 6.7% (\$11.75M) over the prior year. Against a budget of \$187.64M, the \$186.77M in expenditures resulted in savings of \$0.88M (0.5%).

	BUDGET FY26	ACTUAL FY26	ACTUAL FY25	SAVINGS / (PRESSURE) FY26	SAVINGS / (PRESSURE) % FY26	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
EXPENSES (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
TEACHERS SALARIES	67,198	67,819	63,672	(621)	(0.9%)	4,146	6.5%
PVP SALARIES	11,511	11,209	10,529	302	2.6%	680	6.5%
EA SALARIES	21,984	22,598	19,927	(614)	(2.8%)	2,671	13.4%
SUPPORT STAFF SALARIES	16,791	16,904	16,228	(112)	(0.7%)	676	4.2%
OTHER PROFESSIONAL SALARIES	6,927	6,547	6,251	380	5.5%	296	4.7%
SUBSTITUTES SALARIES	7,213	8,081	7,569	(868)	(12.0%)	511	6.8%
EMPLOYEE BENEFITS	35,640	34,830	32,197	810	2.3%	2,633	8.2%
TOTAL SERVICES AND SUPPLIES	20,380	18,779	18,643	1,600	7.9%	137	0.7%
TOTAL OPERATING EXPENSES	187,643	186,766	175,016	877	0.5%	11,750	6.7%

The \$0.88M in savings was largely due to total services and supplies (\$1.60M) and employee benefits (\$0.81M) offset by salary pressures driven from labour settlement increases that were approved after the budget was finalized.

The \$0.62M teacher salaries pressure is largely due to labour settlement increases that were approved after the budget was finalized offset by savings due to post and fill processes for positions. The \$0.87M pressure in substitutes salaries is largely driven by teachers-on-call needed to support classroom continuity.

The \$0.30M in principal and vice principal (PVP) salary savings and \$0.38M in other professional salary savings are largely attributable to vacancies that occurred during the year.

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The \$0.81 million in employee benefit savings is the result of a combination of factors, including staff turnover, a lower-than-anticipated utilization of benefits, and updated projections based on actuarial analysis.

The \$0.61 million pressure on EA salaries is primarily driven from labour settlement increases that were approved after the budget was finalized.

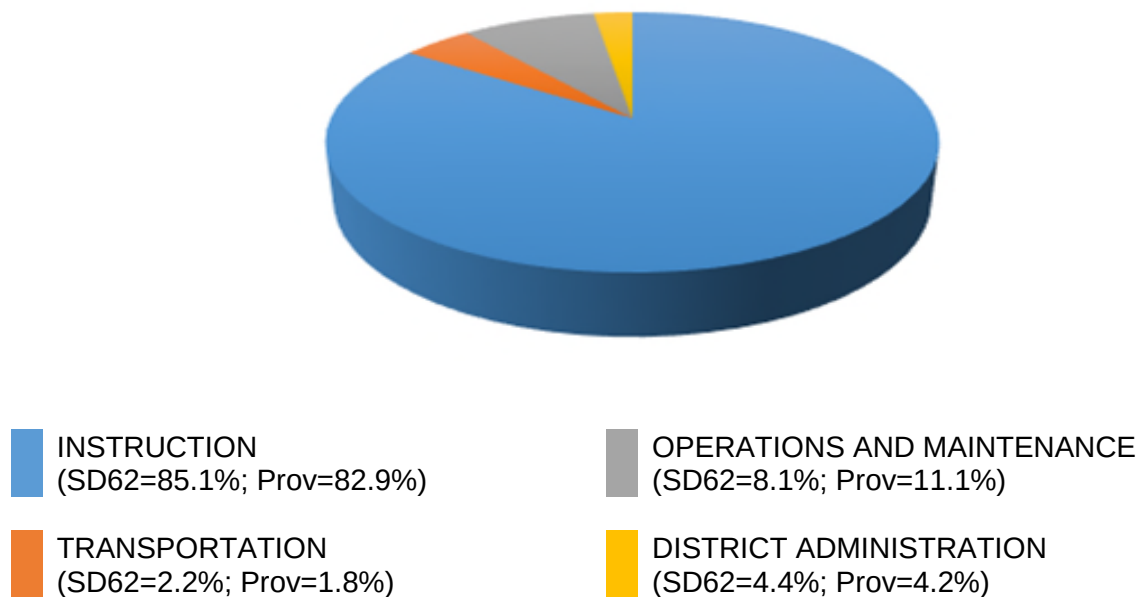
Expenses by Function

The District's expenditures can be categorized by the following functions: Instruction; District Administration; Operations and Maintenance; and Transportation. The functions are defined as follows:

- The **Instruction** function incorporates all programs related to the instruction of students.
- The **District Administration** function incorporates the cost of all programs related to district governance and district administration of educational, business, human resource and labour relations activities.
- The **Operations and Maintenance** function incorporates all programs related to the district's responsibility for the operation, maintenance and safety of sites, buildings, and equipment.
- The **Transportation** function incorporates programs involving the transportation of students.

Over 85% of the District's expenses are categorized under the Instruction function.

FY26 EXPENSES BY FUNCTION



SCHOOL DISTRICT NO. 62 (SOOKE)
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YEAR ENDED JUNE 30, 2026

The District's expense allocations are generally in line with the Provincial averages; however, the District's expenditures are slightly more heavily allocated towards Instruction and less in Operations and Maintenance than other Districts.

	BUDGET	ACTUAL	ACTUAL	SAVINGS /	SAVINGS /	INCR / (DECR)	INCR /
	FY26	FY26	FY25	(PRESSURE)	(PRESSURE) %	FROM	(DECR)
				FY26	FY26	PRIOR YEAR	%
EXPENSES BY FUNCTION (in \$ thousands)	A	B	C	D = A-B	E = D/A	F = B-C	G = F/C
INSTRUCTION	159,659	159,022	148,985	638	0%	10,037	7%
DISTRICT ADMINISTRATION	8,705	8,255	7,629	450	5%	626	8%
OPERATIONS AND MAINTENANCE	15,258	15,175	14,463	83	1%	712	5%
TRANSPORTATION	4,021	4,315	3,939	(294)	(7%)	376	10%
TOTAL OPERATING EXPENSES	187,643	186,766	175,016	877	0%	11,750	7%

Instruction

The District's Instruction expenses totaled \$159.02M for the year, reflecting a \$10.04M increase over the prior year. The \$10.04M increase was largely from Regular Instruction (\$4.89M – mainly teacher salaries and benefits), and Inclusive Education (\$3.64M – largely EA salaries and benefits).

Against a budget of \$159.66M, the \$159.02M expenditures resulted in savings of 0.4% (\$0.64M). The savings was largely due to savings in Regular Instruction (\$0.37M), School Administration (\$0.81M), and International Student Program (\$0.55M) offset by a pressure in Inclusive Education (\$0.70M).

District Administration

The District's District Administration expenses totaled \$8.26M for the year, an 8% (\$0.63M) increase over the prior year.

The increase was mainly driven by higher costs in Educational Administration (\$0.36M) stemming from the District's Indigenous Learning Day, along with an increase in Early Learning & Child Care (\$0.23M).

Against a budget of \$8.71M, the \$8.26M expenditures were under budget by \$0.45M largely attributable to vacancies that occurred during the year.

Operations and Maintenance

The District's Operations and Maintenance expenditures totaled \$15.18M for the year, representing a 5% (\$0.71M) increase over the prior year. This increase was primarily driven by higher costs in Maintenance Operations (\$0.87M - mainly support staff salaries and benefits) and Utilities (\$0.1M) offset by a reduction in administration (\$0.24M).

Against a budget of \$15.26M, the \$15.18M expenditures were primarily on budget for the year.

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Transportation

The District's Transportation expenditures totaled \$4.32M for the year, a 10% (\$0.38M) increase from the prior year. This was primarily due to an increase in salaries and benefits (\$0.32M).

Against a budget of \$4.02M, the \$4.32M in expenditures resulted in a 7% pressure (\$0.29M), mainly from higher bus driver salaries and benefits.

TANGIBLE CAPITAL ASSETS PURCHASED AND WORK IN PROGRESS

The amount of tangible capital assets purchased and tangible capital assets that are a work in progress can be found in Schedule 2 – the Schedule of Operating Operations in the financial statements. The District spent \$2.38M on tangible capital assets \$1.06M for portables and \$0.77M on electric bus charging infrastructure.

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ACCUMULATED SURPLUS (DEFICIT)

Pursuant to *Section 156(12)* of the *School Act*, school districts must obtain prior approval from the Minister before incurring deficits in the operating fund. The District's year end position as reflected in the table below shows an accumulated operating surplus of \$10,910,604 of which \$7,081,259 is internally restricted and \$3,829,345 is unrestricted/contingency.

OPERATING FUND SURPLUS		
FOR THE FISCAL YEAR ENDING JUNE 30 2026		
		AMOUNT
A	OPERATING SURPLUS, BEGINNING OF YEAR	\$ 7,637,049
B	OPERATING SURPLUS / (DEFICIT), FOR THE YEAR 2025/26	\$ 3,273,555
C = A+B	OPERATING SURPLUS, END OF YEAR	\$ 10,910,604
INTERNALLY RESTRICTED SURPLUS		
Restricted Due to the Nature of Constraints on the Funds		
	Discretionary School Generated Funds	\$ 292,335
	Transportation Safety Fees	\$ 47,430
	Various unspent grants	\$ 20,166
	Total - Restricted Due to the Nature of Constraints on the Funds	\$ 359,931
Restricted for Operations Spanning Multiple School Years		
	District Stabilization	\$ 596,474
	Departmental Operations	\$ 448,755
	Saseenos Field Remediation	\$ 689,170
	Deferred Maintenance	\$ 500,000
	ERP Transition	\$ 1,150,000
	FY27 Space Mitigation	\$ 1,300,000
	E-Bus Infrastructure	\$ 250,000
	Total - Restricted for Operations Spanning Multiple School Years	\$ 4,934,399
Restricted for Anticipated Unusual Expenses Identified by the Board		
	26/27 Budgeted One-Time Reserve Draw	\$ 236,929
	School Major Equipment Replacement and Upgrades	\$ 1,400,000
	2026 Trustee Election	\$ 150,000
	Total - Restricted for Anticipated Unusual Expenses Identified by the Board	\$ 1,786,929
D	TOTAL INTERNALLY RESTRICTED SURPLUS	\$ 7,081,259
E = C-D	UNRESTRICTED SURPLUS	\$ 3,829,345

The unrestricted accumulated operating surplus of \$3,829,345 is 2% of the \$190,840,472 Operating Fund expenses currently budgeted for the year ended June 30, 2027.

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SPECIAL PURPOSE FUNDS

All restricted contributions received, except for capital contributions and unearned revenues (tuition, rentals, etc.) must be reported as special purpose funds. Revenues are recognized when the stipulation or restriction the contribution is subject to is met.

The following table compares the most material expenditures for the year to the prior year of the special purpose funds.

	FY26	FY25	INCR / (DECR)	INCR /
	ACTUAL	ACTUAL	FROM	(DECR)
			PRIOR YEAR	%
SPECIAL PURPOSE FUNDS (in \$ thousands)	A	B	C = A-B	D = C/B
ANNUAL FACILITIES GRANT	337	337	-	0%
LEARNING IMPROVEMENT FUND	624	571	53	9%
SCHOOL GENERATED FUNDS	4,190	4,062	128	3%
STRONG START	204	196	8	4%
READY, SET, LEARN	49	51	(2)	(4%)
OFFICIAL LANGUAGES IN EDUCATION PROTOCOL	307	305	2	0%
COMMUNITY LINK	759	807	(47)	(6%)
CLASSROOM ENHANCEMENT FUND	30,775	28,579	2,197	8%
FIRST NATION STUDENT TRANSPORTATION	27	32	(6)	(18%)
MENTAL HEALTH IN SCHOOLS	51	60	(9)	(16%)
SEAMLESS DAY KINDERGARTEN	84	27	58	217%
EARLY CARE AND LEARNING	38	195	(157)	(80%)
STUDENT AND FAMILY AFFORDABILITY FUND	0	354	(354)	(100%)
FEEDING FUTURES FUND	1,905	1,686	219	13%
PROFESSIONAL LEARNING GRANT	65	-	65	100%
NATIONAL SCHOOL FOOD PROGRAM	31	-	31	100%
FRENCH IMMERSION NUMERACY	86	-	86	100%
ACADEMIES	1,369	1,309	60	5%
OTHER	93	203	(110)	(54%)
TOTAL SPECIAL PURPOSE FUNDS EXPENSES	40,996	38,773	2,222	6%
CAPITAL PURCHASES	111	-	111	100%
TOTAL SPECIAL PURPOSE FUNDS	41,106	38,773	2,333	6%

The District's \$41.11M expenditures on Special Purpose Funds for the year was a 6% (\$2.33M) increase over the prior year. The majority of the increase was due to increased expenditures in the Classroom Enhancement Fund (\$2.20M), Feeding Futures Fund (\$0.22M) and School Generated Funds (\$0.13M).

SCHOOL DISTRICT NO. 62 (SOOKE)
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS (FSDA)
YEAR ENDED JUNE 30, 2026

CAPITAL FUND

The District's tangible capital asset additions of \$17,099,580 for the year were a 75% (\$50.18M) decrease from the prior year. The decrease is largely due to a decrease in expenditures in the Expansion Program (\$55.22M), offset by an increase in the Child Care Capital Funding Program (\$3.1M), and portables funded from operating (\$1.0M).

	FY26 ACTUAL	FY25 ACTUAL	INCR / (DECR) FROM PRIOR YEAR	INCR / (DECR) %
CAPITAL ADDITIONS (in \$ thousands)	A	B	C = A-B	D = C/B
CAPITAL FUND				
EXPANSION PROGRAM	4,410	59,633	(55,223)	(93%)
SCHOOL ENHANCEMENT PROGRAM	1,453	1,214	238	20%
SEISMIC MITIGATION PROGRAM	1	316	(315)	(100%)
CARBON NEUTRAL CAPITAL PROGRAM	735	987	(252)	(25%)
BUS ACQUISITION PROGRAM	760	1,809	(1,049)	(58%)
ANNUAL FACILITIES GRANT	1,667	314	1,354	432%
PLAYGROUNDS	-	195	(195)	(100%)
FOOD INFRASTRUCTURE PROGRAM	183	55	129	236%
CHILD CARE CAPITAL FUNDING PROGRAM	4,384	1,261	3,123	248%
LOCAL CAPITAL	-	300	(300)	(100%)
ZERO EMISSION TRANSIT FUND (ZETF)	914	762	151	20%
OTHER	104	-	104	100%
OPERATING FUND				
PORTABLES	1,058	43	1,015	2,339%
ELECTRIC BUS CHARGING INFRASTRUCTURE	770	81	689	849%
SASEENOS FIELD REMEDIATION	61	-	61	100%
OTHER	490	312	177	57%
SPECIAL PURPOSE FUND	111	-	111	100%
TOTAL CAPITAL ADDITIONS	17,100	67,282	(50,182)	(75%)

Some of the more significant capital projects include:

- **Expansion Program** – In 2025/26, an additional \$3.60M was invested in the ongoing construction of SCIANEW STELITKE Elementary, along with \$0.2M for the continued construction of prefabricated modulars at David Cameron Elementary schools. Additionally, \$0.58M was expended on the construction of the secondary school in North Langford.
- **School Enhancement Program** - \$0.73M was invested in energy upgrade projects at Belmont, Willway, and John Muir. Also, \$0.72M was spent on interior construction at EMCS.
- **Bus Acquisition Program** - \$0.76M was spent on the purchase of 2 electric school buses.
- **Child Care Capital Funding Program** – \$4.38M was spent on Childcare New Spaces at Hans Helgesen Elementary School.
- **ZETF** - \$0.91M was spent on electric bus charging infrastructure funded by the Zero Emission Transit Fund.
- **Operating Fund** – there were \$2.38M in Operating Fund tangible capital asset purchases including \$1.06M for portables and \$0.77M on electric bus charging infrastructure.

RISKS AND UNCERTAINTIES

The District's financial results and future financial position are affected by several factors that are subject to uncertainty. Management monitors these matters through enrolment forecasting, budget monitoring, workforce planning, capital-project oversight, and regular financial reporting.

- **Enrolment growth, funding, and capacity** – Actual enrolment may differ from the forecasts used to establish operating budgets, staffing plans, and capital priorities. Continued growth may also create school-capacity pressures before permanent space is available, resulting in costs for portables, transportation, site servicing, relocations, and other interim arrangements.
- **Funding adequacy and operating cost escalation** – Provincial funding increases may not fully align with changes in the District's operating costs, including employee benefits, utilities, insurance, technology, maintenance, contracted services, and supplies. Because much of the District's expenditure base is committed through staffing, legislation, collective agreements, and targeted programs, its ability to absorb unfunded cost increases is limited.
- **Workforce availability and employee costs** – Recruitment and retention challenges, vacancies, substitute usage, leave utilization, employee benefit rates, and changes in the District's workforce composition may cause salary and benefit costs to differ from budget. Staffing requirements may also change in response to enrolment growth, student needs, and collective agreement obligations.
- **Salary differential funding** – The District receives a Salary Differential Supplement as part of the provincial funding formula. The supplement is sensitive to changes in the District's average teacher salary relative to the provincial average and can fluctuate materially from year to year due to factors such as retirements, employee turnover, recruitment patterns, and provincial compensation trends. Changes in this supplement may result in operating revenues differing from budget assumptions. Over the past decade, annual funding under this supplement has ranged from approximately \$1.2 million to \$2.6 million.
- **Inclusive education and student support needs** - Changes in the number and complexity of students requiring additional supports may result in staffing and service requirements that differ from funding or budget assumptions.
- **International education** – International student enrolment and related net revenue may be affected by global economic conditions, federal immigration and study-permit policies, exchange rates, geopolitical events, and competition from other jurisdictions. A material change in net revenue could affect programs supported from this source.
- **Capital project delivery** – Capital projects are subject to construction-cost escalation, contractor and material availability, procurement outcomes, project scheduling, and changes in project requirements. These factors may affect project timing or create funding pressures to the extent they are not addressed through approved project budgets, contingencies, or additional funding.
- **Business interruption and external events** – Cybersecurity incidents, system failures, extreme weather, natural disasters, and other unexpected events may disrupt operations or result in emergency response, recovery, insurance, or facilities costs that cannot be predicted with certainty.